

## **CHINO COMMERCIAL BANCORP REPORTS**

### **SECOND QUARTER NET INCOME**

Chino, California, July 17, 2015 – The Board of Directors of Chino Commercial Bancorp (“CCBC”), the parent company of Chino Commercial Bank, N.A., announced net earnings for the Company and the consolidated Bank for the second quarter ended June 30, 2015, of \$353,552, or \$0.34 per basic and diluted share, as compared with net income of \$363,551 or \$0.35 per basic and diluted share for the same quarter in 2014. The cause for the reduction was the recognition of extraordinary income of \$130,000 through the reversal of Loan Loss Reserve in 2014, which did not reoccur in 2015. Net income excluding extraordinary items for the second quarter was \$340,752 or an increase of \$57,814 or 20% over \$282,938 for the same quarter last year.

Year-to-date earnings for the six months ended June 30, 2015 were \$672,420 or an increase of 14.4% over net income of \$587,972 for the same period last year. Year-to-date net income per basic and diluted share as of June 30, 2015 was \$0.66 as compared with \$0.57 for the same period last year, or an increase of 14.4%. Net earnings year-to-date of \$0.66 represents a return on average equity of 12.02%.

Dann H. Bowman, President and Chief Executive Officer, stated, “The second quarter of 2015 marks a new record for the Company with total Deposits, total Loans and total Revenue all reaching new highs. The competitive market for the Bank is very good and as the economy in Southern California continues to improve we are optimistic regarding the potential for further expansion in our markets.

We are also pleased to report that the Bank’s loan quality is also very strong, with only one being delinquent at quarter-end, and the Bank having no non-performing Loans and no OREO. We have also been very fortunate in having no credit losses year-to-date.”

#### Financial Condition

At June 30, 2015, total assets were \$145.9 million, an increase of \$15.7 million or 12.1% over \$130.1 million at December 31, 2014. This is a direct result of the growth in the Company’s deposits which increased by 4.5% or \$5.1 million to \$120.6 million at June 30, 2015, as compared with \$115.4 million at December 31, 2014. At June 30, 2015, the Company’s non-interest bearing deposits was 55.7% of total deposits and its core deposits was 94.7% of the total deposits.

Loans increased by \$2.7 million or 3.3% to \$86.2 million during the first half of 2015 as compared with \$83.5 million on December 31, 2014. The Bank’s loan quality remained consistent during the second quarter as nonperforming assets and OREO remained at zero at June 30, 2015 and December 31, 2014, respectively.

#### Earnings

The Company posted net interest income of \$1,247,489 for the quarter ended June 30, 2015 as compared to \$1,069,079 for the quarter ended June 30, 2014. For the six months ended June 30, 2015, the Company posted net interest income of \$2.5 million compared to \$2.0 million for the first six months of 2014, an increase of \$466,577 or 23.3%.

Average interest-earning assets were \$131.5 million with average interest-bearing liabilities of \$64.1 million, yielding a net interest margin of 3.85% for the second quarter of 2015; as compared to the average interest-earning assets of \$112.5 million with average interest-bearing liabilities of \$54.6 million, yielding a net interest margin of 3.85% for the second quarter of 2014.

Non-interest income totaled \$389,686 for the second quarter of 2015, or a decrease of 2.4% from \$399,385 during the second quarter of 2014. Service charges on deposit accounts decreased 12.3% to \$301,395 due to a decrease in income from returned items and overdraft charges. Dividend income from restricted stock increased to \$43,105 during the second quarter of 2015, from \$9,020 for the second quarter of 2014. This increase is mostly attributed to a 103.3% increase in the restricted stock investment as well as a special dividend received by the Company during the second quarter of 2015 on this investment.

General and administrative expenses were \$1,061,226 for the three months ended June 30, 2015, as compared to \$1,006,265 for the second quarter of 2014. The largest component of general and administrative expenses was salary and benefits expense of \$650,690 for the second quarter of 2015, as compared to \$575,021 for the three months ended June 30, 2014. Regulatory assessments increased to \$30,683 or 1.9% in the second quarter of 2015, compared to \$30,121 in the second quarter of 2014. Legal, Audit, and Other Professional fees decreased by 16.4% to \$37,390 in the second quarter of 2015, from \$44,703 in the quarter ended June 30, 2014 due to an overall decrease in audit fees.

Income tax expense was \$220,057 for the three months ended June 30, 2015, as compared to \$228,648 for the three months ended June 30, 2014. The effective income tax rate for the second quarter of 2015 and 2014 is approximately 38.4% and 38.6%, respectively.

### **Forward-Looking Statements**

The statements contained in this press release that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on the Company. Readers are cautioned not to unduly rely on forward-looking statements. Actual results may differ from those projected. These forward-looking statements involve risks and uncertainties including but not limited to the health of the national and California economies, the Company's ability to attract and retain skilled employees, customers' service expectations, the Company's ability to successfully deploy new technology and gain efficiencies there from, changes in interest rates, loan portfolio performance, and other factors.

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**CHINO COMMERCIAL BANCORP**  
**CONSOLIDATED BALANCE SHEET**  
June 30, 2015 and December 31, 2014

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
	(unaudited)	(audited)
<b>ASSETS:</b>		
Cash and due from banks	\$ 16,756,088	\$ 5,529,963
Total cash and cash equivalents	16,756,088	5,529,963
Interest-bearing deposits in other banks	9,872,000	\$ 19,048,000
Investment securities available for sale	1,516,619	1,637,579
Investment securities held to maturity (fair value approximates \$21,810,000 at June 30, 2015 and \$11,493,000 at December 31, 2014)	21,762,562	11,370,815
Total investments	33,151,181	32,056,394
<b>Loans</b>		
Construction	1,079,498	613,802
Real estate	64,387,788	65,070,148
Commercial	20,433,885	17,437,492
Installment	305,917	339,519
Gross loans	86,207,088	83,460,961
Unearned fees and discounts	(229,631)	(211,142)
Loans net of unearned fees and discount	85,977,457	83,249,819
Allowance for loan losses	(1,555,931)	(1,536,241)
Net loans	84,421,526	81,713,578
Fixed assets, net	5,890,717	5,971,324
Accrued interest receivable	346,027	312,508
Stock investments, restricted, at cost	1,457,400	716,700
Bank-owned life insurance	3,131,737	3,080,794
Other assets	723,867	751,466
Total assets	\$ 145,878,543	\$ 130,132,727
<b>LIABILITIES:</b>		
Deposits		
Non-interest bearing	\$ 67,180,638	\$ 64,657,125
Interest bearing		
NOW and money market	39,314,351	35,665,321
Savings	3,656,309	4,119,507
Time deposits less than \$100,000	4,083,165	4,367,455
Time deposits of \$100,000 or greater	6,354,386	6,631,526
Total deposits	120,588,849	115,440,934
Accrued interest payable	24,298	26,066
Borrowings from Federal Home Loan Bank (FHLB)	10,000,000	-
Accrued expenses & other payables	712,077	772,134
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	134,418,224	119,332,134
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 1,026,349 shares at June 30, 2015 and 916,550 December 31, 2014, respectively.	6,089,466	4,579,730
Retained earnings	5,345,627	6,185,281
Accumulated other comprehensive income	25,226	35,582
Total shareholders' equity	11,460,319	10,800,593
Total liabilities & shareholders' equity	\$ 145,878,543	\$ 130,132,727

**CHINO COMMERCIAL BANCORP**  
CONSOLIDATED STATEMENTS OF NET INCOME  
(unaudited)

	For the three months ended		For the year ended	
	June 30		June 30	
	2015	2014	2015	2014
Interest income				
Interest and fee income on loans	\$ 1,202,183	\$ 1,029,558	\$ 2,387,628	\$ 1,943,905
Interest on federal funds sold and FRB deposits	10,102	11,353	11,214	21,440
Interest on time deposits in banks	22,994	33,616	53,189	63,228
Interest on investment securities	89,933	63,749	170,579	116,135
Total interest income	<u>1,325,212</u>	<u>1,138,276</u>	<u>2,622,610</u>	<u>2,144,708</u>
Interest Expense				
Interest on deposits	57,621	54,691	113,439	109,668
Other borrowings	20,102	14,506	36,470	28,916
Total interest expense	<u>77,723</u>	<u>69,197</u>	<u>149,909</u>	<u>138,584</u>
Net interest income	1,247,489	1,069,079	2,472,701	2,006,124
Provision for loan losses	2,340	(130,000)	3,798	(129,089)
Net interest income after provision for loan losses	<u>1,245,149</u>	<u>1,199,079</u>	<u>2,468,903</u>	<u>2,135,213</u>
Non-interest income				
Service charges on deposit accounts	301,395	343,529	607,397	694,905
Other miscellaneous income	19,661	20,852	38,535	68,904
Dividend income from restricted stock	43,105	9,020	61,479	23,338
Income from bank-owned life insurance	25,525	25,984	50,943	51,797
Total non-interest income	<u>389,686</u>	<u>399,385</u>	<u>758,354</u>	<u>838,944</u>
Non-interest expenses				
Salaries and employee benefits	650,690	575,021	1,314,229	1,162,417
Occupancy and equipment	99,280	102,528	202,281	202,330
Data and item processing	96,081	95,004	189,419	191,986
Advertising and marketing	14,757	20,263	26,285	44,006
Legal and professional fees	37,390	44,703	82,626	105,017
Regulatory assessments	30,683	30,121	61,202	58,342
Insurance	8,471	8,431	16,336	16,844
Directors' fees and expenses	27,663	28,172	54,080	54,841
Other expenses	96,211	102,022	190,548	190,191
Total non-interest expenses	<u>1,061,226</u>	<u>1,006,265</u>	<u>2,137,006</u>	<u>2,025,974</u>
Income before income tax expense	573,609	592,199	1,090,251	948,183
Income tax expense	220,057	228,648	417,831	360,211
Net income	<u>\$ 353,552</u>	<u>\$ 363,551</u>	<u>\$ 672,420</u>	<u>\$ 587,972</u>
Basic earnings per share	\$ 0.34	\$ 0.35	\$ 0.66	\$ 0.57
Diluted earnings per share	\$ 0.34	\$ 0.35	\$ 0.66	\$ 0.57

## CHINO COMMERCIAL BANCORP

	For the three months ended		For the year ended	
	June 30		June 30	
	2015	2014	2015	2014
<b>KEY FINANCIAL RATIOS</b>				
(unaudited)				
Annualized return on average equity	12.49%	14.50%	12.02%	11.87%
Annualized return on average assets	0.97%	1.16%	0.97%	0.96%
Net interest margin	3.85%	3.85%	3.97%	3.69%
Core efficiency ratio	64.82%	68.53%	66.14%	71.21%
Net chargeoffs/(recoveries) to average loans	-0.01%	-0.21%	-0.02%	-0.23%

### AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 145,442	\$ 125,519	\$ 139,180	\$ 122,725
Average interest-earning assets	\$ 131,473	\$ 112,537	\$ 125,516	\$ 109,709
Average gross loans	\$ 87,189	\$ 64,079	\$ 86,865	\$ 64,204
Average deposits	\$ 115,698	\$ 111,594	\$ 112,541	\$ 108,934
Average equity	\$ 11,321	\$ 10,027	\$ 11,190	\$ 9,911

### CREDIT QUALITY

(unaudited)

	End of period	
	June 30, 2015	December 31, 2014
Non-performing loans	\$ -	\$ -
Non-performing loans to total loans	0.00%	0.00%
Non-performing loans to total assets	0.00%	0.00%
Allowance for loan losses to total loans	1.80%	1.84%
and OREO	0.00%	0.00%
Allowance for loan losses to non-performing loans	n/a	n/a

### OTHER PERIOD-END STATISTICS

(unaudited)

	June 30, 2015	December 31, 2014
Shareholders equity to total assets	7.86%	8.30%
Net Loans to deposits	70.01%	70.78%
Non-interest bearing deposits to total deposits	55.71%	56.01%
Total capital to total risk-weighted assets	16.80%	16.72%
Tier 1 capital to total risk-weighted assets	16.31%	16.01%
Tier 1 leverage ratio	10.48%	11.18%
Common equity tier 1	16.31%	n/a