

## **CHINO COMMERCIAL BANCORP REPORTS**

### **9.5% INCREASE IN NET EARNINGS**

The Board of Directors of Chino Commercial Bank, N.A. (OTC:CCBC) announced the results of operations for the year ended December 31, 2016 with net income of \$1,453,103, or an increase of 9.5% over net income of \$1,327,370 for December 31, 2015. Net income per basic and diluted share for the year ended December 31, 2016 was \$1.18 as compared to \$1.08 per share for the year ended December 31, 2015.

Net income for the fourth quarter ended December 31, 2016 was \$329,476, or an increase of 3.4%, as compared with net income of \$318,620 for the same quarter last year. Net income per basic and diluted share for the fourth quarter of 2016 was \$0.27 as compared to \$0.26 for the same quarter last year.

Dann H. Bowman, President and Chief Executive Officer stated, “We are very pleased with the performance of the Bank in 2016. This year the Bank set new records for total deposits, loans and earnings. The Company’s net earnings for fiscal year 2016 were up over 9.4%, representing a return on beginning equity of 12%. Deposit and Loan balances increased during the year by 5.5% and 17.5% respectively, allowing the Bank to show improved stability of earnings and efficiency.”

#### Financial Condition

At December 31, 2016, total assets were \$175.1 million, an increase of \$13.7 million or 8.5% over \$161.4 million at December 31, 2015. Total deposits increased by 5.5% or \$7.2 million during the year to \$137.6 million, compared to \$130.3 million as of December 31, 2015. At December 31, 2016, the Company’s core deposits represent 96.8% of the total deposits.

Gross loans increased by 17.5% or \$16.3 million as of December 31, 2016 to \$109.5 million as compared with \$93.2 million as of December 31, 2015. The Bank had one nonperforming loan at the end of the fourth quarter and no nonperforming loans as of December 31, 2015. OREO properties remained at zero as of December 31, 2016, and December 31, 2015, respectively.

#### Earnings

The Company posted net interest income of \$1,478,873 and \$1,355,351 for the three months ended December 31, 2016 and 2015, respectively, or an increase of \$123,522 or 9.1%. Average interest-earning assets were \$161.87 million with average interest-bearing liabilities of \$85.9 million, yielding a net interest margin of 3.64% for the fourth quarter of 2016, as compared to the average interest-earning assets of \$150.7 million with average interest-bearing liabilities of \$75.4 million, yielding a net interest margin of 3.57% for the fourth quarter of 2015.

Non-interest income totaled \$383,362 for the fourth quarter of 2016, or an increase of 2.2% as compared with \$375,022 earned during the same quarter last year. Service charges on deposit accounts decreased 12.5% to \$241,256 primarily due to a decrease in income from returned items and overdraft charges. Dividend income from restricted stock increased to \$99,694 for the fourth quarter of 2016, compared to \$51,951 for the same quarter in 2015. Income from bank-owned life insurance remained consistent at \$25,891 in the fourth quarter of 2016 and \$25,875 in the fourth quarter of 2015.



General and administrative expenses were \$1,283,729 for the three months ended December 31, 2016, as compared to \$1,176,051 for the fourth quarter of 2015. The largest component of general and administrative expenses was salary and benefits expense of \$791,133 for the fourth quarter of 2016, as compared to \$690,496 for the same quarter last year. Regulatory assessments increased to \$37,611 in the fourth quarter of 2016 in comparison with \$33,767 in the fourth quarter of 2015. Advertising and marketing expenses increased 37.5% to \$22,598 in the fourth quarter of 2016 from \$16,438 for the same period last year.

Income tax expense was \$209,030 for the three months ended December 31, 2016 as compared to \$197,455 for the three months ended December 31, 2015. The effective income tax rate for the fourth quarter of 2016 and 2015 is approximately 38.8% and 38.3%, 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

**CHINO COMMERCIAL BANCORP**  
**CONSOLIDATED BALANCE SHEET**  
 December 31, 2016 and December 31, 2015

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
	(unaudited)	(audited)
<b>ASSETS:</b>		
Cash and due from banks	30,498,888	\$ 24,898,140
Total cash and cash equivalents	30,498,888	24,898,140
Interest-bearing deposits in other banks	2,480,000	4,960,000
Investment securities available for sale	3,924,102	4,931,068
Investment securities held to maturity (fair value approximates \$18,240,000 at December 31, 2016 and \$23,115,000 at December 31, 2015)	18,407,741	23,100,106
Total investments	24,811,843	32,991,174
<b>Loans</b>		
Real estate	87,306,627	72,756,410
Commercial	21,822,341	20,053,905
Installment	424,818	433,764
Gross loans	109,553,786	93,244,079
Unearned fees and discounts	(348,359)	(251,911)
Loans net of unearned fees and discount	109,205,427	92,992,168
Allowance for loan losses	(1,845,447)	(1,667,204)
Net loans	107,359,980	91,324,964
Fixed assets, net	6,000,404	6,021,446
Accrued interest receivable	295,102	395,685
Stock investments, restricted, at cost	1,935,300	1,766,500
Bank-owned life insurance	3,285,963	3,183,247
Other assets	904,338	803,048
Total assets	\$ 175,091,818	\$ 161,384,204
<b>LIABILITIES:</b>		
Deposits		
Non-interest bearing	\$ 68,613,998	\$ 74,431,378
Interest bearing		
NOW and money market	52,873,006	40,980,418
Savings	5,165,730	4,815,198
Time deposits less than \$250,000	6,471,260	3,913,644
Time deposits of \$250,000 or greater	4,438,254	6,208,083
Total deposits	137,562,248	130,348,721
Accrued interest payable	27,902	25,229
Borrowings from Federal Home Loan Bank (FHLB)	20,000,000	15,000,000
Accrued expenses & other payables	872,374	843,691
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	161,555,524	149,310,641
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 1,231,332 shares at December 31, 2016 and December 31, 2015, respectively.	6,089,466	6,089,466
Retained earnings	7,449,608	6,000,577
Accumulated other comprehensive income/(loss)	(2,780)	(16,480)
Total shareholders' equity	13,536,294	12,073,563
Total liabilities & shareholders' equity	\$ 175,091,818	\$ 161,384,204

# CHINO COMMERCIAL BANCORP

## CHINO COMMERCIAL BANCORP CONSOLIDATED STATEMENTS OF NET INCOME

	(unaudited)			
	For the three months ended		For the year ended	
	December 31		December 31	
	2016	2015	2016	2015
Interest income				
Interest and fee income on loans	\$ 1,418,399	\$ 1,262,845	\$ 5,465,664	\$ 4,879,254
Interest on federal funds sold and FRB deposits	40,677	20,931	129,893	48,306
Interest on time deposits in banks	7,945	13,056	38,596	81,249
Interest on investment securities	121,584	142,525	545,090	445,896
Total interest income	<u>1,588,605</u>	<u>1,439,357</u>	<u>6,179,243</u>	<u>5,454,705</u>
Interest Expense				
Interest on deposits	73,516	59,969	268,336	232,831
Other borrowings	36,216	24,037	142,675	83,065
Total interest expense	<u>109,732</u>	<u>84,006</u>	<u>411,011</u>	<u>315,896</u>
Net interest income	1,478,873	1,355,351	5,768,232	5,138,809
Provision for loan losses	<u>40,000</u>	<u>38,247</u>	<u>202,410</u>	<u>42,288</u>
Net interest income after provision for loan losses	<u>1,438,873</u>	<u>1,317,104</u>	<u>5,565,822</u>	<u>5,096,521</u>
Non-interest income				
Service charges on deposit accounts	241,256	275,640	1,088,993	1,148,730
Other miscellaneous income	16,521	21,556	154,167	81,434
Dividend income from restricted stock	99,694	51,951	221,499	151,381
Income from bank-owned life insurance	25,891	25,875	102,716	102,453
Total non-interest income	<u>383,362</u>	<u>375,022</u>	<u>1,567,375</u>	<u>1,483,998</u>
Non-interest expenses				
Salaries and employee benefits	791,133	690,496	2,882,535	2,655,057
Occupancy and equipment	102,348	114,130	416,781	424,715
Data and item processing	106,385	99,441	391,691	386,793
Advertising and marketing	22,598	16,438	76,074	56,437
Legal and professional fees	46,227	42,934	184,900	158,540
Regulatory assessments	37,611	33,767	141,000	126,580
Insurance	8,608	8,471	34,180	33,278
Directors' fees and expenses	26,983	26,460	108,013	107,310
Other expenses	141,836	143,914	516,982	479,978
Total non-interest expenses	<u>1,283,729</u>	<u>1,176,051</u>	<u>4,752,156</u>	<u>4,428,688</u>
Income before income tax expense	538,506	516,075	2,381,041	2,151,831
Income tax expense	<u>209,030</u>	<u>197,455</u>	<u>927,938</u>	<u>824,461</u>
Net income	<u>\$ 329,476</u>	<u>\$ 318,620</u>	<u>\$ 1,453,103</u>	<u>\$ 1,327,370</u>
Basic earnings per share	\$ 0.27	\$ 0.26	\$ 1.18	\$ 1.08
Diluted earnings per share	\$ 0.27	\$ 0.26	\$ 1.18	\$ 1.08
Tax rate	38.8%	38.3%	39.0%	38.3%



# CHINO COMMERCIAL BANCORP

	For the three months ended		For the year ended	
	December 31		December 31	
	2016	2015	2016	2015
<b>KEY FINANCIAL RATIOS</b>				
(unaudited)				
Annualized return on average equity	10.62%	10.63%	10.73%	11.54%
Annualized return on average assets	0.75%	0.77%	0.85%	0.88%
Net interest margin	3.64%	3.57%	3.70%	3.77%
Core efficiency ratio	68.93%	67.97%	64.78%	66.87%
Net chargeoffs/(recoveries) to average loans	-0.01%	-0.01%	0.02%	-0.10%
<b>AVERAGE BALANCES</b>				
(thousands, unaudited)				
Average assets	\$ 176,301	\$ 164,614	\$ 170,152	\$ 150,004
Average interest-earning assets	\$ 161,809	\$ 150,657	\$ 155,719	\$ 136,231
Average gross loans	\$ 106,639	\$ 88,730	\$ 101,710	\$ 87,066
Average deposits	\$ 143,072	\$ 132,235	\$ 136,436	\$ 122,691
Average equity	\$ 12,414	\$ 11,988	\$ 13,541	\$ 11,504
<b>CREDIT QUALITY</b>				
(unaudited)				
	End of period			
	<u>December 31, 2016</u>	<u>December 31, 2015</u>		
Non-performing loans	<u>\$ 521,696</u>	<u>\$ -</u>		
Non-performing loans to total loans	0.48%	0.00%		
Non-performing loans to total assets	0.30%	0.00%		
Allowance for loan losses to total loans	1.68%	1.79%		
Nonperforming assets as a percentage of total loans and OREO	0.48%	0.00%		
Allowance for loan losses to non-performing loans	353.74%	n/a		
<b>OTHER PERIOD-END STATISTICS</b>				
(unaudited)				
Shareholders equity to total assets	7.73%	7.48%		
Net Loans to deposits	78.04%	70.06%		
Non-interest bearing deposits to total deposits	49.88%	57.10%		
Total capital to total risk-weighted assets	15.37%	16.15%		
Tier 1 capital to total risk-weighted assets	15.32%	15.82%		
Tier 1 leverage ratio	10.24%	9.79%		
Common equity tier 1	15.32%	15.82%		