

CHINO COMMERCIAL BANCORP REPORTS
27% INCREASE IN NET EARNINGS

The Board of Directors of Chino Commercial Bancorp (OTC: CCBC), the parent company of Chino Commercial Bank, N.A., announced the results of operations for the Bank and the consolidated holding company for the third quarter ended September 30, 2017 with net earnings of \$459 thousand, or an increase of 27%, compared with net income of \$361 thousand for the same quarter last year. Net income per basic share for the third quarter of 2017 was \$0.33 as compared to \$0.29 for the same quarter last year.

Dann H. Bowman, President and Chief Executive Officer stated, “In addition to the excellent third quarter earnings results, the Company also recently completed a successful stock offering, in which demand for the shares exceeded the amount of stock available. With the increase in capital and the strength of the local economy, we are very pleased and optimistic regarding growth opportunities for the Bank. In general, this is a very good time for the Bank and we are very excited about the future.”

Financial Condition

At September 30, 2017, total assets were \$198.3 million, an increase of \$23.2 million or 13.2% over \$175.1 million at December 31, 2016. Total deposits increased by 12.5% or \$17.3 million during the year to \$154.8 million, compared to \$137.6 million as of December 31, 2016. At September 30, 2017, the Company’s core deposits represent 90.5% of the total deposits.

Gross loans increased by 6.3% or \$6.9 million as of September 30, 2017 to \$116.4 million, as compared with \$109.5 million as of December 31, 2016. The Bank did not have any nonperforming loans for the quarter ended September 30, 2017, and one nonperforming loan as of December 31, 2016, respectively. OREO properties remained at zero as of September 30, 2017 and December 31, 2016, respectively.

Earnings

The Company posted net interest income of \$1.6 million and \$1.4 million for the three months ended September 30, 2017 and 2016, respectively, or an increase of \$197 thousand or 13.8%. Average interest-earning assets were \$176.7 million with average interest-bearing liabilities of \$101.2 million, yielding a net interest margin of 3.65% for the third quarter of 2017, as compared to the average interest-earning assets of \$161.8 million with average interest-bearing liabilities of \$81.3 million, yielding a net interest margin of 3.51% for the third quarter of 2016.

Non-interest income totaled \$389 thousand for the third quarter of 2017, or a decrease of 1.6% as compared with \$395 thousand earned during the same quarter last year. Service charges on deposit accounts increased by \$8 thousand or 2.8% to \$309 thousand, primarily due to an increase in income from returned items and overdraft charges. Dividend income from restricted stock decreased to \$36 thousand for the third quarter of 2017, compared to \$49 thousand for the same quarter in 2016, due to the Federal Home Loan Bank change in dividend payout percentage policy. Income from Bank-owned life insurance remained consistent at about \$25 thousand in the third quarter of 2017 and 2016, respectively.

General and administrative expenses were \$1.2 million for the three months ended September 30, 2017, and September 30, 2016, respectively. The largest component of general and administrative expenses was salary and benefits expense of \$732 thousand for the third quarter of 2017, as compared to \$704 thousand for the same

quarter last year. Regulatory assessments remained consistent at about \$37 thousand for the third quarter of 2017 and 2016, respectively. Advertising and marketing expenses increased by \$6 thousand or 31.7% to \$25 thousand in the third quarter of 2017 from \$19 thousand for the same period last year. The Company engaged a marketing company to assist with advertising efforts during 2017.

Income tax expense was \$300 thousand for the three months ended September 30, 2017 as compared to \$230 thousand for the three months ended September 30, 2016. The effective income tax rate for the third quarter of 2017 and 2016 is approximately 39.5% and 38.9%, 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 therefrom, changes in interest rates, loan portfolio performance, and other factors.

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CHINO COMMERCIAL BANCORP
CONSOLIDATED BALANCE SHEET
September 30, 2017 and December 31, 2016

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	(unaudited)	(audited)
ASSETS:		
Cash and due from banks	43,683,972	\$ 30,498,888
Total cash and cash equivalents	<u>43,683,972</u>	<u>30,498,888</u>
Interest-bearing deposits in other banks	2,232,000	2,480,000
Investment securities available for sale	3,320,992	3,924,102
Investment securities held to maturity (fair value approximates \$22,090,000 at September 30, 2017 and \$18,240,000 at December 31, 2016)	22,191,147	18,407,741
Total investments	<u>27,744,139</u>	<u>24,811,843</u>
Loans		
Real estate	97,711,885	87,306,627
Commercial	18,223,393	21,822,341
Installment	479,720	424,818
Gross loans	116,414,998	109,553,786
Unearned fees and discounts	(359,786)	(348,359)
Loans net of unearned fees and discount	116,055,212	109,205,427
Allowance for loan losses	(1,980,787)	(1,845,447)
Net loans	<u>114,074,425</u>	<u>107,359,980</u>
Fixed assets, net	5,862,851	6,000,404
Accrued interest receivable	441,474	295,102
Stock investments, restricted, at cost	1,962,226	1,935,300
Bank-owned life insurance	3,361,418	3,285,963
Other assets	1,158,428	904,338
Total assets	<u>\$ 198,288,933</u>	<u>\$ 175,091,818</u>
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 76,143,930	\$ 68,613,998
Interest bearing		
NOW and money market	50,998,655	52,873,006
Savings	7,348,894	5,165,730
Time deposits less than \$250,000	5,690,422	4,438,254
Time deposits of \$250,000 or greater	14,642,767	6,471,260
Total deposits	<u>154,824,668</u>	<u>137,562,248</u>
Accrued interest payable	69,094	27,902
Borrowings from Federal Home Loan Bank (FHLB)	20,000,000	20,000,000
Accrued expenses & other payables	1,058,103	872,374
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	<u>179,044,865</u>	<u>161,555,524</u>
SHAREHOLDERS' EQUITY		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 1,549,420 shares at September 30, 2017 and 1,231,332 issued and outstanding at December 31, 2016, respectively.	10,502,558	6,089,466
Retained earnings	8,740,206	7,449,608
Accumulated other comprehensive income/(loss)	1,304	(2,780)
Total shareholders' equity	<u>19,244,068</u>	<u>13,536,294</u>
Total liabilities & shareholders' equity	<u>\$ 198,288,933</u>	<u>\$ 175,091,818</u>

CHINO COMMERCIAL BANCORP
CONSOLIDATED STATEMENTS OF NET INCOME

(unaudited)

	For the three months ended		For the year ended	
	September 30		September 30	
	2017	2016	2017	2016
Interest income				
Interest and fee income on loans	\$ 1,564,413	\$ 1,354,618	\$ 4,523,485	\$ 4,047,265
Interest on federal funds sold and FRB deposits	108,167	36,165	241,780	89,201
Interest on time deposits in banks	7,032	10,272	21,045	30,651
Interest on investment securities	148,121	134,864	407,413	423,522
Total interest income	<u>1,827,733</u>	<u>1,535,919</u>	<u>5,193,723</u>	<u>4,590,639</u>
Interest Expense				
Interest on deposits	107,328	69,390	259,212	194,820
Other borrowings	95,086	38,028	218,462	106,459
Total interest expense	<u>202,414</u>	<u>107,418</u>	<u>477,674</u>	<u>301,279</u>
Net interest income	1,625,319	1,428,501	4,716,049	4,289,360
Provision for loan losses	55,000.0	30,000	110,000	164,370
Net interest income after provision for loan losses	<u>1,570,319</u>	<u>1,398,501</u>	<u>4,606,049</u>	<u>4,124,990</u>
Non-interest income				
Service charges on deposit accounts	309,215	300,936	918,252	847,737
Other miscellaneous income	18,184	19,700	54,361	137,646
Dividend income from restricted stock	36,381	48,962	109,302	121,805
Income from bank-owned life insurance	25,223	25,657	75,455	76,825
Total non-interest income	<u>389,003</u>	<u>395,255</u>	<u>1,157,370</u>	<u>1,184,013</u>
Non-interest expenses				
Salaries and employee benefits	731,943	704,158	2,248,259	2,091,401
Occupancy and equipment	109,829	111,480	314,502	314,434
Data and item processing	85,632	76,524	247,479	285,305
Advertising and marketing	24,934	18,935	77,050	53,477
Legal and professional fees	38,518	51,143	149,376	138,674
Regulatory assessments	37,607	36,539	112,824	103,389
Insurance	8,685	8,562	25,374	25,572
Directors' fees and expenses	32,484	27,192	90,576	81,030
Other expenses	131,619	168,047	367,484	373,185
Total non-interest expenses	<u>1,201,251</u>	<u>1,202,580</u>	<u>3,632,924</u>	<u>3,466,467</u>
Income before income tax expense	758,071	591,176	2,130,495	1,842,536
Income tax expense	299,516	229,917	839,896	718,908
Net income	<u>\$ 458,555</u>	<u>\$ 361,259</u>	<u>\$ 1,290,599</u>	<u>\$ 1,123,628</u>
Basic earnings per share	\$ 0.33	\$ 0.29	\$ 1.01	\$ 0.91
Diluted earnings per share	\$ 0.33	\$ 0.29	\$ 1.01	\$ 0.91
Tax rate	39.5%	38.9%	39.4%	39.0%

	For the three months ended		For the year ended	
	September 30		September 30	
	2017	2016	2017	2016
KEY FINANCIAL RATIOS				
(unaudited)				
Annualized return on average equity	11.29%	11.05%	11.66%	11.79%
Annualized return on average assets	0.96%	0.82%	0.94%	0.89%
Net interest margin	3.65%	3.51%	3.73%	3.73%
Core efficiency ratio	59.64%	65.94%	61.85%	63.33%
Net chargeoffs/(recoveries) to average loans	-0.01%	-0.01%	-0.03%	0.03%

AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 191,547	\$ 176,458	\$ 183,985	\$ 168,120
Average interest-earning assets	\$ 176,693	\$ 161,774	\$ 169,227	\$ 153,680
Average gross loans	\$ 114,760	\$ 104,499	\$ 112,304	\$ 100,087
Average deposits	\$ 145,223	\$ 140,514	\$ 142,519	\$ 134,204
Average equity	\$ 16,246	\$ 13,076	\$ 14,760	\$ 12,704

CREDIT QUALITY

(unaudited)

	End of period	
	September 30, 2017	December 31, 2016
Non-performing loans	\$ -	\$ 536,696
Non-performing loans to total loans	0.00%	0.48%
Non-performing loans to total assets	0.00%	0.30%
Allowance for loan losses to total loans	1.70%	1.68%
Nonperforming assets as a percentage of total loans and OREO	0.00%	0.48%
Allowance for loan losses to non-performing loans	n/a	353.74%

OTHER PERIOD-END STATISTICS

(unaudited)

Shareholders equity to total assets	9.71%	7.73%
Net loans to deposits	73.68%	78.04%
Non-interest bearing deposits to total deposits	49.18%	49.88%
Total capital to total risk-weighted assets	18.82%	15.37%
Tier 1 capital to total risk-weighted assets	20.18%	15.32%
Tier 1 leverage ratio	13.40%	10.24%
Common equity tier 1	20.18%	15.32%