

CHINO COMMERCIAL BANCORP REPORTS
Quarterly and Full Year Earnings

Chino, California, January 19, 2018 – The Board of Directors of Chino Commercial Bancorp (OTC: CCBC), the parent company of Chino Commercial Bank, N.A., announced the net earnings for the Bank and the consolidated holding company, for the fourth quarter ended December 31, 2017, with net earnings before taxes of \$588 thousand, or an increase of 9.1%, compared with earnings before taxes of \$539 thousand for the same quarter last year. Net after-tax income for the fourth quarter ending December 31, 2017 was \$280 thousand, which represents a 14.9% decrease, compared with net income of \$329 thousand for the same quarter last year. The decrease in net income for the fourth quarter 2017 was attributable to a one-time deferred tax adjustment in order to comply with the Tax Reform Act signed into law in December 2017. Net income per basic and diluted share for the fourth quarter of 2017 was \$0.18 as compared to \$0.27 for the same quarter last year.

The Company's net after-tax income for the full year ended December 31, 2017 increased 8.1% to \$1.571 million as compared with net earnings of \$1.453 million for the same period in 2016. Even though net after-tax earnings were higher in 2017 as compared with 2016, because of additional shares issued during the year, the basic and diluted earnings per share were \$1.17 in 2017 as compared with \$1.18 in 2016.

Dann H. Bowman, President and Chief Executive Officer, stated, "The Company had an excellent year in 2017, posting new record levels of Deposits, Loans, Revenue and Net Earnings. The Tax Reform Act will reduce the corporate income tax rate beginning in 2018; however, for 2017 it resulted in a one-time increased tax burden, because of the reduction to the Company's deferred tax asset.

"In 2017 the Company raised \$4.4 million in additional capital and issued 318,088 shares of additional common stock. The capital raise was oversubscribed and will allow the Company to offer new products and expand into new markets. The Bank recently filed an application with the Office of the Comptroller of the Currency to establish a fourth branch office in Upland. We are excited about expanding into this community, which we believe will significantly contribute to the Company's growth and profitability."

Financial Condition

At December 31, 2017, total assets were \$192.8 million, an increase of \$17.7 million or 10.1% over \$175.1 million at December 31, 2016. Total deposits increased by 8.4% or \$11.6 million during the year to \$149.1 million, compared to \$137.6 million as of December 31, 2016. At December 31, 2017, the Company's core deposits represent 90.8% of the total deposits.

Gross loans increased by 11.9% or \$13.0 million as of December 31, 2017 to \$122.6 million, as compared with \$109.5 million as of December 31, 2016. The Bank did not have any nonperforming loans for the quarter ended December 31, 2017, and one nonperforming loan as of December 31, 2016, respectively. OREO properties remained at zero as of December 31, 2017 and December 31, 2016, respectively.

Earnings

The Company posted net interest income of \$1.6 million and \$1.5 million for the three months ended December 31, 2017 and 2016, respectively, or an increase of \$158 thousand or 10.7%. Average interest-earning assets were \$179.4 million with average interest-bearing liabilities of \$101.0 million, yielding a net interest

margin of 3.62% for the fourth quarter of 2017, as compared to the average interest-earning assets of \$161.8 million with average interest-bearing liabilities of \$85.9 million, yielding a net interest margin of 3.64% for the fourth quarter of 2016.

Non-interest income totaled \$372 thousand for the fourth quarter of 2017, or a decrease of 3.0% as compared with \$383 thousand earned during the same quarter last year. Service charges on deposit accounts increased by \$43 thousand or 18.0% to \$241 thousand, primarily due to an increase in income from returned items, overdraft charges, and analysis fees. Dividend income from restricted stock decreased to \$40.1 thousand for the fourth quarter of 2017, compared to \$99 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 fourth quarter of 2017 and 2016, respectively.

General and administrative expenses were \$1.3 million for the three months ended December 31, 2017, and December 31, 2016, respectively. The largest component of general and administrative expenses was salary and benefits expense of \$803 thousand for the fourth quarter of 2017, as compared to \$791 thousand for the same quarter last year. Regulatory assessments remained consistent at about \$38 thousand for the fourth quarter of 2017 and 2016, respectively. Advertising and marketing expenses increased by \$28 thousand or 122.7% to \$50 thousand in the fourth quarter of 2017 from \$23 thousand for the same period last year. The Company engaged a marketing company to assist with advertising efforts during 2017.

Income tax expense was \$307 thousand which represents an increase of \$98 thousand or 47.03% for the three months ended December 31, 2017 as compared to \$209 thousand for the three months ended December 31, 2016. The effective income tax rate for the fourth quarter of 2017 and 2016 is approximately 52.3% and 38.8%, respectively. The increase in the income tax expense as well as the effective tax rate is entirely attributed to the deferred tax adjustment recorded to comply with the Tax Reform Act signed into law in December 2017.

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, and changes in interest rates, loan portfolio performance, and other factors.

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

	December 31, 2017	December 31, 2016
	(unaudited)	(audited)
ASSETS:		
Cash and due from banks	34,157,668	\$ 30,498,888
Total cash and cash equivalents	34,157,668	30,498,888
Interest-bearing deposits in other banks	1,240,000	2,480,000
Investment securities available for sale	3,131,027	3,924,102
Investment securities held to maturity (fair value approximates \$21,104,000 at December 31, 2017 and \$18,240,000 at December 31, 2016)	21,389,552	18,407,741
Total investments	25,760,579	24,811,843
Loans		
Real estate	99,585,847	87,306,627
Commercial	22,679,268	21,822,341
Installment	337,455	424,818
Gross loans	122,602,570	109,553,786
Unearned fees and discounts	(365,091)	(348,359)
Loans net of unearned fees and discount	122,237,479	109,205,427
Allowance for loan losses	(2,094,723)	(1,845,447)
Net loans	120,142,756	107,359,980
Fixed assets, net	5,875,381	6,000,404
Accrued interest receivable	531,771	295,102
Stock investments, restricted, at cost	2,084,129	1,935,300
Bank-owned life insurance	3,386,754	3,285,963
Other assets	861,969	904,338
Total assets	\$ 192,801,007	\$ 175,091,818
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 74,766,694	\$ 68,613,998
Interest bearing		
NOW and money market	47,030,167	52,873,006
Savings	7,897,948	5,165,730
Time deposits less than \$250,000	5,727,789	4,438,254
Time deposits of \$250,000 or greater	13,703,790	6,471,260
Total deposits	149,126,388	137,562,248
Accrued interest payable	65,160	27,902
Borrowings from Federal Home Loan Bank (FHLB)	20,000,000	20,000,000
Accrued expenses & other payables	1,012,535	872,374
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	173,297,083	161,555,524
SHAREHOLDERS' EQUITY		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 1,549,420 shares at December 31, 2017 and 1,231,332 issued and outstanding at December 31, 2016, respectively.	10,502,558	6,089,466
Retained earnings	9,020,564	7,449,608
Accumulated other comprehensive income/(loss)	(19,198)	(2,780)
Total shareholders' equity	19,503,924	13,536,294
Total liabilities & shareholders' equity	\$ 192,801,007	\$ 175,091,818

CHINO COMMERCIAL BANCORP
CONSOLIDATED STATEMENTS OF NET INCOME

	For the three months ended		For the year ended	
	December 31		December 31	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest income				
Interest and fee income on loans	\$ 1,562,601	\$ 1,418,399	\$ 6,086,085	\$ 5,465,664
Interest on federal funds sold and FRB deposits	117,777	40,673	359,557	129,894
Interest on time deposits in banks	5,353	7,945	26,398	38,596
Interest on investment securities	145,098	121,584	552,510	545,090
Total interest income	<u>1,830,829</u>	<u>1,588,601</u>	<u>7,024,550</u>	<u>6,179,244</u>
Interest Expense				
Interest on deposits	107,280	73,516	366,492	268,336
Other borrowings	<u>87,061</u>	<u>36,216</u>	<u>305,524</u>	<u>142,676</u>
Total interest expense	<u>194,341</u>	<u>109,732</u>	<u>672,016</u>	<u>411,012</u>
Net interest income	1,636,488	1,478,869	6,352,534	5,768,232
Provision for loan losses	<u>100,000</u>	<u>40,000</u>	<u>210,000</u>	<u>199,950</u>
Net interest income after provision for loan losses	<u>1,536,488</u>	<u>1,438,869</u>	<u>6,142,534</u>	<u>5,568,282</u>
Non-interest income				
Service charges on deposit accounts	284,681	241,256	1,202,933	1,062,812
Other miscellaneous income	21,323	16,521	75,684	180,347
Dividend income from restricted stock	40,681	99,694	149,983	221,499
Income from bank-owned life insurance	25,336	25,891	100,791	102,716
Total non-interest income	<u>372,021</u>	<u>383,362</u>	<u>1,529,391</u>	<u>1,567,374</u>
Non-interest expenses				
Salaries and employee benefits	803,215	791,133	3,051,474	2,882,535
Occupancy and equipment	110,354	102,348	424,856	416,781
Data and item processing	88,103	86,049	335,582	316,821
Advertising and marketing	50,321	22,598	127,371	76,074
Legal and professional fees	46,706	46,227	196,082	184,900
Regulatory assessments	37,929	37,611	150,753	141,000
Insurance	9,102	8,608	34,475	34,180
Directors' fees and expenses	29,638	26,983	120,214	108,013
Other expenses	<u>145,455</u>	<u>162,168</u>	<u>512,940</u>	<u>594,311</u>
Total non-interest expenses	<u>1,320,823</u>	<u>1,283,725</u>	<u>4,953,747</u>	<u>4,754,615</u>
Income before income tax expense	587,686	538,506	2,718,178	2,381,041
Income tax expense	<u>307,328</u>	<u>209,030</u>	<u>1,147,224</u>	<u>927,938</u>
Net income	<u>\$ 280,358</u>	<u>\$ 329,476</u>	<u>\$ 1,570,954</u>	<u>\$ 1,453,103</u>
Basic earnings per share	\$ 0.18	\$ 0.27	\$ 1.17	\$ 1.18
Diluted earnings per share	\$ 0.18	\$ 0.27	\$ 1.17	\$ 1.18
Tax rate	52.3%	38.8%	42.2%	39.0%

	For the three months ended		For the year ended	
	December 31		December 31	
	2017	2016	2017	2016
KEY FINANCIAL RATIOS				
(unaudited)				
Annualized return on average equity	6.25%	9.82%	10.45%	11.31%
Annualized return on average assets	0.58%	0.75%	0.84%	0.85%
Net interest margin	3.62%	3.64%	3.70%	3.70%
Core efficiency ratio	65.76%	68.93%	62.85%	64.82%
Net chargeoffs/(recoveries) to average loans	-0.01%	-0.01%	-0.04%	0.02%

AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 194,156	\$ 176,301	\$ 186,548	\$ 170,152
Average interest-earning assets	\$ 179,445	\$ 161,809	\$ 171,802	\$ 155,719
Average gross loans	\$ 117,395	\$ 106,639	\$ 113,587	\$ 101,710
Average deposits	\$ 149,863	\$ 143,072	\$ 144,370	\$ 136,436
Average equity	\$ 17,946	\$ 13,416	\$ 15,037	\$ 12,848

CREDIT QUALITY

(unaudited)

	End of period	
	December 31, 2017	December 31, 2016
Non-performing loans	\$ -	\$ 521,696
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	1.71%	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	10.12%	7.73%
Net loans to deposits	80.56%	78.04%
Non-interest bearing deposits to total deposits	50.14%	49.88%
Total capital to total risk-weighted assets	18.43%	15.37%
Tier 1 capital to total risk-weighted assets	19.76%	15.32%
Tier 1 leverage ratio	13.41%	10.24%
Common equity tier 1	19.76%	15.32%