

CHINO COMMERCIAL BANCORP REPORTS
25.5% YEAR TO DATE 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, 2019, with net earnings of \$640 thousand, or an increase of 7.5%, compared with net income of \$595 thousand for the same quarter last year. Year to date net earnings were \$2.1 million, or an increase of 25.5%, compared with net income of \$1.6 million for the period ending September 30, 2018. Net income per basic and diluted share was \$0.29 for the third quarter of 2019 and \$0.27 for the same quarter 2018, respectively.

Dann H. Bowman, President and Chief Executive Officer, stated, “The Bank’s operating performance in the third quarter and year-to-date has been very strong. Credit quality remains solid with the Bank having no credit losses over the first three quarters of this year, and no foreclosed properties.

Economic conditions in the Inland Empire continue to improve and the business climate is very good. With the Bank’s strong balance sheet, we have the capacity to expand our lending within the community and continue to grow the organization.”

Financial Condition

At September 30, 2019, total assets were \$235.5 million, an increase of \$33.5 million or 16.6% over \$201.9 million at December 31, 2018. Total deposits increased by 9.2% or \$15.8 million during the third quarter to \$186.8 million, compared to \$171.0 million as of December 31, 2018. At September 30, 2019, the Company’s core deposits represent 94.5% of the total deposits.

Gross loans decreased by 1.1% or \$1.4 million as of September 30, 2019 to \$130.7 million, as compared with \$132.2 million as of December 31, 2018, as a result of an unexpected increase in prepayments received during the third quarter. The Bank had one nonperforming loan for the quarter ended September 30, 2019, and none as of December 31, 2018, respectively. OREO properties remained at zero as of September 30, 2019 and December 31, 2018, respectively.

Earnings

The Company posted net interest income of \$2.1 million and \$1.8 million for the three months ended September 30, 2019 and 2018, respectively, or an increase of \$241 thousand or 13.0%. Average interest-earning assets were \$179.2 million with average interest-bearing liabilities of \$116.1 million, yielding a net interest margin of 4.63% for the third quarter of 2019, as compared to the average interest-earning assets of \$180.8 million with average interest-bearing liabilities of \$95.0 million, yielding a net interest margin of 4.06% for the third quarter of 2018.

Non-interest income totaled \$472.5 thousand for the third quarter of 2019, or an increase of 24.2% as compared with \$380.6 thousand earned during the same quarter last year. Service charges on deposit accounts, the largest component of non-interest income, increased by \$79.8 thousand or 25.4% to \$314 thousand, primarily due to an increase in income from returned items, overdraft charges, and analysis fees.

General and administrative expenses were \$1.7 million for the three months ended September 30, 2019, and \$1.4 million for the same period last year. The largest component of general and administrative expenses was salary and benefits expense of \$969 thousand for the third quarter of 2019, as compared to \$863 thousand for the same quarter last year. Occupancy and equipment expenses increased by \$27 thousand or 21% to \$159 thousand in the third quarter of 2019 from \$131 thousand for the same period last year. The increase in occupancy and equipment is mostly attributed to opening the Upland branch in the fourth quarter of 2018.

Income tax expense was \$256 thousand which represents an increase of \$17 thousand or 7% for the three months ended September 30, 2019 as compared to \$239 thousand for the three months ended September 30, 2018. The effective income tax rate for the third quarters of 2019 and 2018 is approximately 28.5% and 28.6%, 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, customer 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
September 30, 2019 and December 31, 2018

	September 30, 2019	December 31, 2018
	(unaudited)	(audited)
ASSETS:		
Cash and due from banks	\$ 5,046,800.00	\$ 25,451,866
Federal funds sold	46,295,000	-
Total cash and cash equivalents	51,341,800	25,451,866
Interest-bearing deposits in other banks	496,000	1,988,000
Investment securities available for sale	8,877,538	5,914,736
Investment securities held to maturity (fair value approximates \$32,892,236 at September 30 2019 and \$26,092,226 at December 31, 2018)	32,511,655	26,623,343
Total investments	41,885,193	34,526,079
Loans		
Real estate	105,941,315	107,902,821
Commercial	24,560,974	24,029,989
Installment	242,194	241,077
Gross loans	130,744,483	132,173,887
Unearned fees and discounts	(313,175)	(345,054)
Loans net of unearned fees and discount	130,431,308	131,828,833
Allowance for loan losses	(2,398,035)	(2,292,478)
Net loans	128,033,273	129,536,355
Fixed assets, net	5,948,829	6,063,350
Accrued interest receivable	622,646	585,506
Stock investments, restricted, at cost	1,440,900	1,248,400
Bank-owned life insurance	4,563,683	3,484,885
Other assets	1,623,831	1,091,805
Total assets	\$ 235,460,155	\$ 201,988,246
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 87,766,284	\$ 83,237,014
Interest bearing		
NOW and money market	73,022,149	66,046,085
Savings	11,370,267	9,870,263
Time deposits less than \$250,000	9,485,251	4,191,717
Time deposits of \$250,000 or greater	5,182,823	7,674,742
Total deposits	186,826,774	171,019,821
Accrued interest payable	158,447	64,794
Borrowings from Federal Home Loan Bank (FHLB)	20,000,000	5,000,000
Accrued expenses & other payables	1,515,853	1,101,417
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	211,594,074	180,279,032
SHAREHOLDERS' EQUITY		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 2,230,808 shares at September 30, 2019 and December 31, 2018, respectively.	10,502,557	10,502,557
Retained earnings	13,301,271	11,251,915
Accumulated other comprehensive income/(loss)	62,253	(45,258)
Total shareholders' equity	23,866,081	21,709,214
Total liabilities & shareholders' equity	\$ 235,460,155	\$ 201,988,246

CHINO COMMERCIAL BANCORP
CONSOLIDATED STATEMENTS OF NET INCOME

	For the three months ended		For the year ended	
	September 30		September 30	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest income				
Interest and fee income on loans	\$ 1,973,170	\$ 1,778,205	\$ 5,901,963	\$ 5,184,331
Interest on federal funds sold and FRB deposits	186,073	123,758	325,775	318,445
Interest on time deposits in banks	7,953	8,638	31,858	15,748
Interest on investment securities	298,567	162,810	911,201	454,877
Total interest income	<u>2,465,763</u>	<u>2,073,411</u>	<u>7,170,797</u>	<u>5,973,401</u>
Interest Expense				
Interest on deposits	251,358	191,937	704,973	423,419
Other borrowings	123,303	31,527	274,273	151,852
Total interest expense	<u>374,661</u>	<u>223,464</u>	<u>979,246</u>	<u>575,271</u>
Net interest income	2,091,102	1,849,947	6,191,551	5,398,130
Provision for loan losses	<u>-</u>	<u>20,000</u>	<u>40,000</u>	<u>150,000</u>
Net interest income after provision for loan losses	<u>2,091,102</u>	<u>1,829,947</u>	<u>6,151,551</u>	<u>5,248,130</u>
Non-interest income				
Service charges on deposit accounts	393,926	314,173	1,148,014	919,280
Other miscellaneous income	22,602	21,547	166,000	65,488
Dividend income from restricted stock	24,567	20,429	71,014	80,261
Income from bank-owned life insurance	31,433	24,453	78,798	73,465
Total non-interest income	<u>472,528</u>	<u>380,602</u>	<u>1,463,826</u>	<u>1,138,494</u>
Non-interest expenses				
Salaries and employee benefits	968,967	863,178	2,938,952	2,595,776
Occupancy and equipment	158,623	131,149	477,028	367,372
Data and item processing	120,869	99,786	345,767	288,075
Advertising and marketing	12,813	25,448	66,168	83,284
Legal and professional fees	146,738	39,110	212,962	112,263
Regulatory assessments	32,541	33,928	94,517	100,984
Insurance	9,504	9,005	27,616	26,568
Directors' fees and expenses	37,580	29,482	104,400	88,444
Other expenses	179,998	145,184	508,581	434,826
Total non-interest expenses	<u>1,667,633</u>	<u>1,376,270</u>	<u>4,775,991</u>	<u>4,097,592</u>
Income before income tax expense	895,997	834,279	2,839,386	2,289,032
Income tax expense	<u>255,752</u>	<u>238,910</u>	<u>787,823</u>	<u>653,799</u>
Net income	<u>\$ 640,245</u>	<u>\$ 595,369</u>	<u>\$ 2,051,563</u>	<u>\$ 1,635,233</u>
Basic earnings per share	\$ 0.29	\$ 0.27	\$ 0.92	\$ 0.73
Diluted earnings per share	\$ 0.29	\$ 0.27	\$ 0.92	\$ 0.73

CHINO COMMERCIAL BANCORP

KEY FINANCIAL RATIOS (unaudited)	For the three months ended September 30		For the year ended September 30	
	2019	2018	2019	2018
	Annualized return on average equity	10.94%	11.43%	12.00%
Annualized return on average assets	1.12%	1.20%	1.28%	1.11%
Net interest margin	4.63%	4.06%	4.47%	4.10%
Core efficiency ratio	65.05%	61.70%	62.39%	62.69%
Net chargeoffs/(recoveries) to average loans	-0.013%	-0.013%	-0.05%	-0.02%

AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 227,861	\$ 197,849	\$ 213,631	\$ 195,609
Average interest-earning assets	\$ 179,188	\$ 180,829	\$ 185,080	\$ 176,094
Average gross loans	\$ 133,543	\$ 130,398	\$ 136,350	\$ 127,027
Average deposits	\$ 184,145	\$ 172,476	\$ 176,746	\$ 161,613
Average equity	\$ 23,419	\$ 20,836	\$ 22,792	\$ 20,325

CREDIT QUALITY

(unaudited)

	End of period	
	September 30, 2019	December 31, 2018
Non-performing loans	\$ 121,693	\$ -
Non-performing loans to total loans	0.09%	0.00%
Non-performing loans to total assets	0.05%	0.00%
Allowance for loan losses to total loans	1.83%	1.73%
Nonperforming assets as a percentage of total loans and OREO	0.09%	0.00%
Allowance for loan losses to non-performing loans	1970.57%	n/a

OTHER PERIOD-END STATISTICS

(unaudited)

Shareholders equity to total assets	10.14%	10.75%
Net loans to deposits	68.53%	75.74%
Non-interest bearing deposits to total deposits	46.98%	48.67%
Total capital to total risk-weighted assets	19.20%	19.19%
Tier 1 capital to total risk-weighted assets	21.18%	20.93%
Tier 1 leverage ratio	13.93%	14.80%
Common equity tier 1	21.18%	20.93%