

**CHINO COMMERCIAL BANCORP REPORTS**  
**SECOND QUARTER EARNINGS**

Chino, California, July 17, 2020 – 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 second quarter ended June 30, 2020. Net earnings for the second quarter 2020, were \$648 thousand, or a decrease of 17.60%, as compared with earnings of \$787 thousand for the same quarter last year. The decrease in earnings is primarily attributed to an increase in provision for loan losses due to current economic conditions created by the COVID-19 pandemic. Net earnings per basic and diluted share was \$0.29 for the second quarter of 2020, and \$0.35 for the same quarter last year.

Dann H. Bowman, President and Chief Executive Officer, stated: “Despite the turmoil caused by COVID 19, the Bank continues to perform well. During May and June, the Bank made over \$33 million in loans to its small business customers, helping them to weather the economic down-turn and remain in business. In addition, the Bank granted across the board, loan payment deferments for three months to its borrowers, providing additional cash relief. Many of the loans provided were SBA PPP loans, which may qualify for debt forgiveness in the future.

We believe that during tough times like these, the Bank’s value proposition stands out the most. Values such as being responsive to our customers, returning phone calls and taking the time to understand each unique situation, make a difference. We have a great team, a great market, and we are excited about the prospects for the Company over the next several years.”

**Financial Condition**

At June 30, 2020, total assets were \$304 million, an increase of \$74.5 million or 32.5% over \$229.5 million at December 31, 2019. Total deposits increased by 35% or \$63 million to \$243 million as of June 30, 2020, compared to \$180 million as of December 31, 2018. At June 30, 2020, the Company’s core deposits represent 96.4% of the total deposits.

Gross loans increased by 29.8% or \$42.9 million as of June 30, 2020 to \$145.6 million, as compared with \$144.3 million as of December 31, 2019. The Bank had one non-performing loan for the quarters ended June 30, 2020, and December 31, 2019. OREO properties remained at zero as of June 30, 2020 and December 31, 2019 respectively.

The increases in total assets, deposits and loans are attributed to Bank’s response to the overwhelming request of PPP loans. Overall, the Bank approved and funded 389 PPP loans totaling \$49.7 million as of June 30, 2020.

**Earnings**

The Company posted net interest income of \$2.3 million for the three months ended June 30, 2020 and \$2.1 million for the same quarter last year. Average interest-earning assets were \$226 million with average interest-bearing liabilities of \$123.7 million, yielding a net interest margin of 4.03% for the second quarter of 2020, as compared to the average interest-earning assets of \$188.8 million with

average interest-bearing liabilities of \$107.6 million, yielding a net interest margin of 4.39% for the second quarter of 2019.

Non-interest income totaled \$357.8 thousand for the second quarter of 2020, or a decrease of 36.8 % as compared with \$566.3 thousand earned during the same quarter last year. The majority of the decrease is attribute to a significant decrease in overdraft fees.

General and administrative expenses were \$1.6 million for the three months ended June 30, 2020, and for the same period last year. The largest component of general and administrative expenses was salary and benefits expense of \$1 million for the second quarter of 2020 and 2019, respectively.

Income tax expense was \$268 thousand which represents a decrease of \$12 thousand or 4.41% for the three months ended June 30, 2020, as compared to \$280 thousand for the three months ended June 30, 2019. The effective income tax rate for the second quarter of 2020 and 2019 were approximately 29.3% and 26.3% respectively, and for the six months ending June 30, 2020 and 2019, the effective income tax rates were 28.9% and 27.4% 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, and changes in interest rates, loan portfolio performance, and other factors.

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**CHINO COMMERCIAL BANCORP**

CONSOLIDATED BALANCE SHEET

June 30, 2020 and December 31, 2019

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	(unaudited)	(audited)
<b>ASSETS:</b>		
Cash and due from banks	\$ 67,677,789	\$ 4,363,753
Federal funds sold	-	32,415,000
Total cash and cash equivalents	<u>67,677,789</u>	<u>36,778,753</u>
Interest-bearing deposits in other banks	-	496,000
Investment securities available for sale	17,095,449	7,977,936
Investment securities held to maturity (fair value approximates \$23,730,210 at June 30, 2019 and \$28,625,251 at December 31, 2019)	22,824,800	28,367,056
Total investments	<u>39,920,249</u>	<u>36,840,992</u>
<b>Loans</b>		
Construction	-	-
Real estate	115,616,265	115,633,626
Commercial	71,654,016	28,522,543
Installment	102,157	232,328
Credit Cards	5,568	-
Gross loans	<u>187,378,006</u>	<u>144,388,497</u>
Unearned fees and discounts	(2,211,135)	(438,380)
Loans net of unearned fees and discount	<u>185,166,871</u>	<u>143,950,117</u>
Allowance for loan losses	(2,622,866)	(2,391,765)
Net loans	<u>182,544,005</u>	<u>141,558,352</u>
Fixed assets, net	6,292,249	6,401,773
Accrued interest receivable	789,192	619,856
Stock investments, restricted, at cost	1,554,200	1,440,900
Bank-owned life insurance	4,657,814	4,595,584
Other assets	585,782	1,270,936
Total assets	<u>\$ 304,021,280</u>	<u>\$ 229,507,145</u>
<b>LIABILITIES:</b>		
<b>Deposits</b>		
Non-interest bearing	\$ 141,571,928	\$ 88,412,668
Interest bearing		
NOW and money market	72,506,000	64,520,387
Savings	16,610,552	12,209,281
Time deposits less than \$250,000	8,883,737	9,537,555
Time deposits of \$250,000 or greater	3,653,492	5,471,451
Total deposits	<u>243,225,709</u>	<u>180,151,342</u>
Accrued interest payable	144,928	203,246
Borrowings from Federal Home Loan Bank (FHLB)	30,000,000	20,000,000
Accrued expenses & other payables	1,622,981	1,686,979
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	<u>278,086,618</u>	<u>205,134,567</u>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 2,230,808 shares at June 30, 2020 and December 31, 2019, respectively.	10,502,558	10,502,557
Retained earnings	15,065,498	13,803,528
Accumulated other comprehensive income/(loss)	366,606	66,493
Total shareholders' equity	<u>25,934,662</u>	<u>24,372,578</u>
Total liabilities & shareholders' equity	<u>\$ 304,021,280</u>	<u>\$ 229,507,145</u>

**CHINO COMMERCIAL BANCORP**  
**CONSOLIDATED STATEMENTS OF NET INCOME**

	For the three months ended		For the six months ended	
	June 30		June 30	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income				
Interest and fee income on loans	\$ 2,212,961	\$ 1,976,912	\$ 4,281,406	\$ 3,928,793
Interest on federal funds sold and FRB deposits	12,982	69,291	125,913	139,702
Interest on time deposits in banks	-	12,019	1,856	23,906
Interest on investment securities	240,502	346,401	454,654	612,633
Total interest income	<u>2,466,445</u>	<u>2,404,623</u>	<u>4,863,829</u>	<u>4,705,034</u>
Interest Expense				
Interest on deposits	74,802	236,598	252,635	453,614
Other borrowings	126,817	101,539	261,472	150,970
Total interest expense	<u>201,619</u>	<u>338,137</u>	<u>514,107</u>	<u>604,584</u>
Net interest income	2,264,826	2,066,486	4,349,722	4,100,450
Provision for loan losses	<u>105,000</u>	<u>-</u>	<u>155,000</u>	<u>40,000</u>
Net interest income after provision for loan losses	<u>2,159,826</u>	<u>2,066,486</u>	<u>4,194,722</u>	<u>4,060,450</u>
Non-interest income				
Service charges on deposit accounts	276,859	398,023	645,542	754,088
Other miscellaneous income	36,908	120,424	76,008	143,398
Dividend income from restricted stock	12,852	23,973	34,823	46,447
Income from bank-owned life insurance	31,195	23,854	62,230	47,366
Total non-interest income	<u>357,814</u>	<u>566,274</u>	<u>818,603</u>	<u>991,299</u>
Non-interest expenses				
Salaries and employee benefits	971,010	959,657	1,994,372	1,969,985
Occupancy and equipment	157,841	165,273	307,527	318,405
Data and item processing	152,588	119,999	287,076	224,898
Advertising and marketing	36,091	47,037	82,169	53,355
Legal and professional fees	46,750	32,807	91,390	66,225
Regulatory assessments	30,947	32,541	49,207	61,976
Insurance	8,412	9,108	17,246	18,112
Directors' fees and expenses	32,280	33,051	65,494	66,820
Other expenses	164,954	165,605	343,876	328,584
Total non-interest expenses	<u>1,600,873</u>	<u>1,565,078</u>	<u>3,238,357</u>	<u>3,108,360</u>
Income before income tax expense	916,767	1,067,682	1,774,968	1,943,389
Income tax expense	<u>268,474</u>	<u>280,874</u>	<u>512,998</u>	<u>532,071</u>
Net income	<u>\$ 648,293</u>	<u>\$ 786,808</u>	<u>\$ 1,261,970</u>	<u>\$ 1,411,318</u>
Basic earnings per share	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.63
Diluted earnings per share	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.63

	For the three months ended		For the six months ended	
	June 30		June 30	
	2020	2019	2020	2019
<b>KEY FINANCIAL RATIOS</b>				
(unaudited)				
Annualized return on average equity	10.12%	13.81%	10.01%	12.59%
Annualized return on average assets	0.94%	1.49%	0.99%	1.37%
Net interest margin	4.03%	4.39%	4.27%	4.40%
Core efficiency ratio	61.04%	59.45%	62.66%	61.05%
Net chargeoffs/(recoveries) to average loans	-0.004%	-0.030%	-0.06%	-0.04%

#### AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 275,931	\$ 211,083	\$ 254,818	\$ 206,331
Average interest-earning assets	\$ 225,944	\$ 188,824	\$ 204,980	\$ 188,073
Average gross loans	\$ 171,676	\$ 138,658	\$ 158,084	\$ 137,775
Average deposits	\$ 218,505	\$ 174,089	\$ 201,238	\$ 172,984
Average equity	\$ 25,631	\$ 22,794	\$ 25,215	\$ 22,427

#### CREDIT QUALITY

(unaudited)

	End of period	
	June 30, 2020	December 31, 2019
Non-performing loans	<u>\$ 120,423</u>	<u>\$ 120,423</u>
Non-performing loans to total loans	0.06%	0.08%
Non-performing loans to total assets	0.04%	0.05%
Allowance for loan losses to total loans	1.40%	1.73%
Nonperforming assets as a percentage of total loans and OREO	0.06%	0.08%
Allowance for loan losses to non-performing loans	2178.05%	1986.14%

#### OTHER PERIOD-END STATISTICS

(unaudited)

Shareholders equity to total assets	8.53%	10.62%
Net loans to deposits	75.05%	78.58%
Non-interest bearing deposits to total deposits	58.21%	49.08%
Community Bank Leverage Ratio	9.27%	13.74%