

CHINO COMMERCIAL BANCORP REPORTS
4% INCREASE IN QUARTERLY NET EARNINGS

Chino, California, October 16, 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 third quarter ended September 30, 2020. Net earnings for the third quarter 2020, were \$664 thousand, or an increase of 3.72%, as compared with earnings of \$640 thousand for the same quarter last year. The moderate increase 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 \$0.30 for the third quarter of 2020, and \$0.29 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 during the third quarter, and year-to-date. We have seen a tremendous surge in demand for credit by our small business customers over the last six months, with total loans increasing by 34% year-to-date. Loan quality also remains very strong, with the Bank having no loan delinquencies and no foreclosed properties at quarter-end. Similarly, deposits have also increased by \$62 million, or 34% year-to-date, which has allowed the Bank to meet the increased loan demands of its customers.

We believe that during tough times like these, the Bank’s value proposition stands out the most, and we may have many more opportunities to gain new banking relationships. 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 September 30, 2020, total assets were \$303.5 million, an increase of \$74.0 million or 32.2% over \$229.5 million at December 31, 2019. Total deposits increased by 34.4% or \$61.9 million to \$242.0 million as of September 30, 2020, compared to \$180.2 million as of December 31, 2019. At September 30, 2020, the Company’s core deposits represent 96.5% of the total deposits.

Gross loans increased by 33.9% or \$48.9 million as of September 30, 2020 to \$193.3 million, as compared with \$144.4 million as of December 31, 2019. The Bank had one non-performing loan for the quarters ended September 30, 2020, and December 31, 2019. OREO properties remained at zero as of September 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 396 PPP loans with an outstanding balance of \$50.2 million as of September 30, 2020.

Earnings

The Company posted net interest income of \$2.4 million for the three months ended September 30, 2020 and \$2.1 million for the same quarter last year. Average interest-earning assets were \$304.4 million with average interest-bearing liabilities of \$135.8 million, yielding a net interest margin of 3.31% for the third quarter of 2020, as compared to the average interest-earning assets of \$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.

Non-interest income totaled \$396.0 thousand for the third quarter of 2020, or a decrease of 16.2% as compared with \$473.0 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 September 30, 2020, and \$1.7 million for the same period last year. The largest component of general and administrative expenses was salary and benefits expense of \$999.5 thousand for the third quarter of 2020 and \$969.0 thousand for the same period last year.

Income tax expense was \$266.0 thousand which represents an increase of \$9.7 thousand or 3.82% for the three months ended September 30, 2020, as compared to \$256.0 thousand for the three months ended September 30, 2019. The effective income tax rate for the third quarter of 2020 and 2019 were approximately 28.6% and 28.5% respectively, and for the nine months ending September 30, 2020 and 2019, the effective income tax rates were 28.8% and 27.7% 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.

Contact: Dann H. Bowman, President and CEO or Melinda M. Milincu, Vice President and CFO, Chino Commercial Bancorp and Chino Commercial Bank, N.A., 14245 Pipeline Avenue, Chino, CA. 91710, (909) 393-8880.

CHINO COMMERCIAL BANCORP
CONSOLIDATED BALANCE SHEET
September 30, 2020 and December 31, 2019

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|--|---------------------------|--------------------------|
| | (unaudited) | (audited) |
| ASSETS: | | |
| Cash and due from banks | \$ 58,947,773 | \$ 4,363,753 |
| Federal funds sold | - | 32,415,000 |
| Total cash and cash equivalents | 58,947,773 | 36,778,753 |
| Interest-bearing deposits in other banks | - | 496,000 |
| Investment securities available for sale | 20,898,615 | 7,977,936 |
| Investment securities held to maturity (fair value approximates \$21,683,834 at September 30, 2019 and \$28,625,251 at December 31, 2019) | 20,746,017 | 28,367,056 |
| Total investments | 41,644,632 | 36,840,992 |
| Loans | | |
| Construction | 504,317.00 | - |
| Real estate | 116,703,080 | 115,633,626 |
| Commercial | 75,976,104 | 28,522,543 |
| Installment | 125,276 | 232,328 |
| Credit Cards | 605 | - |
| Gross loans | 193,309,382 | 144,388,497 |
| Unearned fees and discounts | (1,980,007) | (438,380) |
| Loans net of unearned fees and discount | 191,329,375 | 143,950,117 |
| Allowance for loan losses | (2,854,821) | (2,391,765) |
| Net loans | 188,474,554 | 141,558,352 |
| Fixed assets, net | 6,217,571 | 6,401,773 |
| Accrued interest receivable | 857,321 | 619,856 |
| Stock investments, restricted, at cost | 1,554,200 | 1,440,900 |
| Bank-owned life insurance | 4,689,392 | 4,595,584 |
| Other assets | 1,120,288 | 1,270,936 |
| Total assets | \$ 303,505,731 | \$ 229,507,145 |
| LIABILITIES: | | |
| Deposits | | |
| Non-interest bearing | \$ 137,441,270 | \$ 88,412,668 |
| Interest bearing | | |
| NOW and money market | 72,437,052 | 64,520,387 |
| Savings | 19,060,564 | 12,209,281 |
| Time deposits less than \$250,000 | 9,723,027 | 9,537,555 |
| Time deposits of \$250,000 or greater | 3,372,125 | 5,471,451 |
| Total deposits | 242,034,038 | 180,151,342 |
| Accrued interest payable | 119,202 | 203,246 |
| Borrowings from Federal Home Loan Bank (FHLB) | 30,000,000 | 20,000,000 |
| Accrued expenses & other payables | 1,717,161 | 1,686,979 |
| Subordinated notes payable to subsidiary trust | 3,093,000 | 3,093,000 |
| Total liabilities | 276,963,401 | 205,134,567 |
| SHAREHOLDERS' EQUITY | | |
| Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 2,230,808 shares at September 30, 2020 and December 31, 2019, respectively. | 10,502,558 | 10,502,557 |
| Retained earnings | 15,729,577 | 13,803,528 |
| Accumulated other comprehensive income/(loss) | 310,195 | 66,493 |
| Total shareholders' equity | 26,542,330 | 24,372,578 |
| Total liabilities & shareholders' equity | \$ 303,505,731 | \$ 229,507,145 |

CHINO COMMERCIAL BANCORP
CONSOLIDATED STATEMENTS OF NET INCOME

| | For the three months ended | | For the nine months ended | |
|---|----------------------------|-------------------|---------------------------|---------------------|
| | September 30 | | September 30 | |
| | 2020 | 2019 | 2020 | 2019 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Interest income | | | | |
| Interest and fee income on loans | \$ 2,301,354 | \$ 1,973,170 | \$ 6,582,760 | \$ 5,901,963 |
| Interest on federal funds sold and FRB deposits | 14,828 | 186,073 | 140,741 | 325,775 |
| Interest on time deposits in banks | - | 7,953 | 1,856 | 31,858 |
| Interest on investment securities | 232,571 | 298,567 | 687,225 | 911,201 |
| Total interest income | <u>2,548,753</u> | <u>2,465,763</u> | <u>7,412,582</u> | <u>7,170,797</u> |
| Interest Expense | | | | |
| Interest on deposits | 63,271 | 251,358 | 315,906 | 704,973 |
| Other borrowings | 125,396 | 123,303 | 386,868 | 274,273 |
| Total interest expense | <u>188,667</u> | <u>374,661</u> | <u>702,774</u> | <u>979,246</u> |
| Net interest income | 2,360,086 | 2,091,102 | 6,709,808 | 6,191,551 |
| Provision for loan losses | 215,000 | - | 370,000 | 40,000 |
| Net interest income after provision for loan losses | <u>2,145,086</u> | <u>2,091,102</u> | <u>6,339,808</u> | <u>6,151,551</u> |
| Non-interest income | | | | |
| Service charges on deposit accounts | 306,081 | 393,926 | 951,624 | 1,148,014 |
| Other miscellaneous income | 39,864 | 22,603 | 115,869 | 165,999 |
| Dividend income from restricted stock | 18,421 | 24,567 | 53,243 | 71,014 |
| Income from bank-owned life insurance | 31,578 | 31,433 | 93,808 | 78,798 |
| Total non-interest income | <u>395,944</u> | <u>472,529</u> | <u>1,214,544</u> | <u>1,463,825</u> |
| Non-interest expenses | | | | |
| Salaries and employee benefits | 999,501 | 968,967 | 2,993,873 | 2,938,952 |
| Occupancy and equipment | 155,160 | 158,623 | 462,687 | 477,028 |
| Data and item processing | 154,317 | 120,869 | 441,393 | 345,767 |
| Advertising and marketing | 20,802 | 12,813 | 107,167 | 66,168 |
| Legal and professional fees | 42,100 | 146,738 | 133,490 | 212,962 |
| Regulatory assessments | 33,480 | 32,541 | 82,687 | 94,517 |
| Insurance | 10,567 | 9,504 | 27,813 | 27,616 |
| Directors' fees and expenses | 32,520 | 37,580 | 98,014 | 104,400 |
| Other expenses | 162,981 | 179,999 | 502,659 | 508,580 |
| Total non-interest expenses | <u>1,611,428</u> | <u>1,667,634</u> | <u>4,849,783</u> | <u>4,775,990</u> |
| Income before income tax expense | 929,602 | 895,997 | 2,704,569 | 2,839,386 |
| Income tax expense | 265,522 | 255,752 | 778,520 | 787,823 |
| Net income | <u>\$ 664,080</u> | <u>\$ 640,245</u> | <u>\$ 1,926,049</u> | <u>\$ 2,051,563</u> |
| Basic earnings per share | \$ 0.30 | \$ 0.29 | \$ 0.86 | \$ 0.92 |
| Diluted earnings per share | \$ 0.30 | \$ 0.29 | \$ 0.86 | \$ 0.92 |

| | For the three months ended | | For the nine months ended | |
|--|----------------------------|---------|---------------------------|--------|
| | September 30 | | September 30 | |
| | 2020 | 2019 | 2020 | 2019 |
| KEY FINANCIAL RATIOS | | | | |
| (unaudited) | | | | |
| Annualized return on average equity | 10.06% | 10.94% | 10.03% | 12.00% |
| Annualized return on average assets | 0.87% | 1.12% | 0.94% | 1.28% |
| Net interest margin | 3.31% | 4.63% | 3.87% | 4.47% |
| Core efficiency ratio | 58.47% | 65.05% | 61.20% | 62.39% |
| Net chargeoffs/(recoveries) to average loans | -0.007% | -0.013% | -0.06% | -0.05% |

AVERAGE BALANCES

(thousands, unaudited)

| | | | | |
|---------------------------------|------------|------------|------------|------------|
| Average assets | \$ 304,432 | \$ 227,861 | \$ 274,626 | \$ 213,618 |
| Average interest-earning assets | \$ 283,374 | \$ 179,188 | \$ 231,302 | \$ 185,080 |
| Average gross loans | \$ 186,761 | \$ 133,543 | \$ 167,713 | \$ 136,350 |
| Average deposits | \$ 242,964 | \$ 184,145 | \$ 215,248 | \$ 176,746 |
| Average equity | \$ 26,394 | \$ 23,419 | \$ 25,609 | \$ 22,792 |

CREDIT QUALITY

(unaudited)

| | End of period | |
|--|--------------------|-------------------|
| | September 30, 2020 | December 31, 2019 |
| Non-performing loans | \$ 120,129 | \$ 120,423 |
| 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 | 1.48% | 1.73% |
| Nonperforming assets as a percentage of total loans and OREO | 0.06% | 0.08% |
| Allowance for loan losses to non-performing loans | 2376.46% | 1986.14% |

OTHER PERIOD-END STATISTICS

(unaudited)

| | | |
|---|--------|--------|
| Shareholders equity to total assets | 8.75% | 10.62% |
| Net loans to deposits | 77.87% | 78.58% |
| Non-interest bearing deposits to total deposits | 56.79% | 49.08% |
| Total capital to total risk-weighted assets | 19.45% | 18.30% |
| Tier 1 capital to total risk-weighted assets | 21.70% | 20.16% |
| Community Bank Leverage Ratio | 11.49% | 13.74% |