

CHINO COMMERCIAL BANCORP REPORTS
34% INCREASE IN NET EARNINGS

Chino, California, July 16, 2021 – 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, 2021. Net earnings for the second quarter 2021, were \$867 thousand, or an increase of 33.8%, as compared with earnings of \$648 thousand for the same quarter last year. The increase in earnings is primarily attributed to the increase in loan interest and loan fee income. Net earnings per basic and diluted share was \$0.32 for the second quarter of 2021, and \$0.24 for the same quarter last year.

Dann H. Bowman, President and Chief Executive Officer, stated, “The second quarter of 2021 marks continued improvement for the Company, with total Deposits, and Earnings reaching new record levels. The competitive market for the Bank is very strong, and as the economy of Southern California returns to pre-pandemic levels, we see even more opportunities in the future. We are also pleased to report that loan quality remains very strong, with the Bank having no delinquent loans at quarter-end, no pending foreclosures, and no OREO. Despite the challenges of the last year, we are optimistic about the opportunities for growth and expansion in the future”

Financial Condition

At June 30, 2021, total assets were \$353.3 million, an increase of \$38.5 million or 12.2% over \$314.8 million at December 31, 2020. Total deposits increased by 14.4% or \$37.2 million to \$294.9 million as of June 30, 2021, compared to \$257.7 million as of December 31, 2020. At June 30, 2021, the Company’s core deposits represent 97.5% of the total deposits.

Gross loans decreased by 1.7 % or \$3.3 million as of June 30, 2021 to \$192.4 million, as compared with \$195.7 million as of December 31, 2020, primarily due to pay downs on loans made under the Payroll Protection Program. The Bank had one non-performing loan for the quarters ended June 30, 2021, and December 31, 2020. OREO properties remained at zero as of June 30, 2021 and December 31, 2020 respectively.

Much of the increases in total assets and deposits over the last 14 months is attributable to the Bank’s response to the overwhelming demand for SBA PPP loans to small businesses. Overall, since the program started the Bank approved and funded 688 PPP loans with an outstanding balance of \$45.9 million as of June 30, 2021, a decrease of 21.1% or \$12.3 million as compared \$58.2 million outstanding as of March 31, 2021.

The Company issued a 20% stock dividend on July 6, 2021 to shareholders of record as of June 17, 2021. This dividend increased the number of shares outstanding by 445,991 bringing the total shares outstanding to 2,676,799.

On May 21, 2021, the Company completed a \$10 million subordinated note offering. The Notes have a maturity date of June 1, 2031 and carry a fixed rate of interest of 4.250% for the first five years. Thereafter, the Notes will pay interest at 3-month SOFR plus 356 basis points, resetting quarterly. The Notes include a right of prepayment without penalty on or after June 1, 2026. The Notes have been structured to qualify as Tier 2 capital for regulatory purposes.

Earnings

The Company posted net interest income of \$2.6 million for the three months ended June 30, 2021 and \$2.3 million for the same quarter last year. Average interest-earning assets were \$325,987 million with average interest-bearing liabilities of \$143.8 million, yielding a net interest margin of 3.17% for the second quarter of 2021, as compared to the average interest-earning assets of \$225.9 million with average interest-bearing liabilities of \$123.7 million, yielding a net interest margin of 4.03% for the second quarter of 2020.

Non-interest income totaled \$526.3 thousand for the second quarter of 2021, or an increase of 47.1% as compared with \$357.8 thousand earned during the same quarter last year. The majority of the increase is attribute to increases to income on deposit accounts and other fees.

General and administrative expenses were \$1.7 million for the three months ended June 30, 2021, and \$1.6 million for the same period last year. The largest component of general and administrative expenses was salary and benefits expense of \$1.0 million for the second quarter of 2021 and \$971 thousand for the same period last year.

Income tax expense was \$341.7 thousand which represents an increase of \$73 thousand or 27.3% for the three months ended June 30, 2021, as compared to \$268.5 thousand for the three months ended June 30, 2020. The effective income tax rate for the second quarter of 2021 and 2020 were approximately 28.3% and 29.3% 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, 2021 and December 31, 2020

	June 30, 2021	December 31, 2020
	(unaudited)	(audited)
ASSETS:		
Cash and due from banks	\$ 100,937,665	\$ 58,075,217
Federal funds sold	-	-
Total cash and cash equivalents	100,937,665	58,075,217
Interest-bearing deposits in other banks	-	-
Investment securities available for sale	34,049,096	32,370,042
Investment securities held to maturity (fair value approximates \$15,894,696 at June 30, 2021 and \$19,556,250 at December 31, 2020)	15,187,264	18,626,525
Total investments	49,236,360	50,996,567
Loans		
Construction	414,072.00	1,014,462
Real estate	120,008,857	119,302,116
Commercial	71,850,187	75,237,752
Installment	124,245	110,475
Credit Cards	-	-
Gross loans	192,397,361	195,664,805
Unearned fees and discounts	(2,028,154)	(1,678,642)
Loans net of unearned fees and discount	190,369,207	193,986,163
Allowance for loan losses	(3,667,239)	(3,271,921)
Net loans	186,701,968	190,714,242
Fixed assets, net	6,036,251	6,145,711
Accrued interest receivable	929,968	1,013,732
Stock investments, restricted, at cost	1,835,200	1,554,200
Bank-owned life insurance	4,782,958	4,721,232
Other assets	2,854,209	1,618,717
Total assets	\$ 353,314,579	\$ 314,839,618
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 178,220,559	\$ 145,433,815
Interest bearing		
NOW and money market	77,243,129	76,774,242
Savings	24,917,172	21,467,034
Time deposits less than \$250,000	10,169,696	4,473,409
Time deposits of \$250,000 or greater	4,391,327	9,563,300
Total deposits	294,941,883	257,711,800
Accrued interest payable	147,013	137,487
Borrowings from Federal Home Loan Bank (FHLB)	15,000,000	25,000,000
Accrued expenses & other payables	1,724,977	1,674,150
Subordinated debt	10,000,000	-
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	324,906,873	287,616,437
SHAREHOLDERS' EQUITY		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 2,676,799 shares at June 30, 2021 and December 31, 2020, respectively.	10,502,558	10,502,557
Retained earnings	18,134,140	16,428,258
Accumulated other comprehensive income/(loss)	(228,992)	292,366
Total shareholders' equity	28,407,706	27,223,181
Total liabilities & shareholders' equity	\$ 353,314,579	\$ 314,839,618

CHINO COMMERCIAL BANCORP
CONSOLIDATED STATEMENTS OF NET INCOME

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income				
Interest and fee income on loans	\$2,536,482	\$2,212,961	\$5,184,945	\$4,281,406
Interest on federal funds sold and FRB deposits	23,835	12,982	40,100	125,913
Interest on time deposits in banks	-	-	-	1,856
Interest on investment securities	218,100	240,502	431,543	454,654
Total interest income	<u>2,778,417</u>	<u>2,466,445</u>	<u>5,656,588</u>	<u>4,863,829</u>
Interest Expense				
Interest on deposits	48,752	74,802	98,546	252,635
Other borrowings	155,818	126,817	277,882	261,472
Total interest expense	<u>204,570</u>	<u>201,619</u>	<u>376,428</u>	<u>514,107</u>
Net interest income	2,573,847	2,264,826	5,280,160	4,349,722
Provision for loan losses	<u>170,000</u>	<u>105,000</u>	<u>370,000</u>	<u>155,000</u>
Net interest income after provision for loan losses	<u>2,403,847</u>	<u>2,159,826</u>	<u>4,910,160</u>	<u>4,194,722</u>
Non-interest income				
Service charges on deposit accounts	391,238	276,859	739,336	645,542
Other miscellaneous income	80,061	36,908	141,776	76,008
Dividend income from restricted stock	23,917	12,852	47,025	34,823
Income from bank-owned life insurance	31,162	31,195	61,726	62,230
Total non-interest income	<u>526,378</u>	<u>357,814</u>	<u>989,863</u>	<u>818,603</u>
Non-interest expenses				
Salaries and employee benefits	1,032,909	971,010	2,081,133	1,994,372
Occupancy and equipment	151,628	157,841	307,914	307,527
Data and item processing	164,107	152,588	320,655	287,076
Advertising and marketing	27,236	36,091	54,420	82,169
Legal and professional fees	46,167	46,750	90,432	91,390
Regulatory assessments	36,561	30,947	70,041	49,207
Insurance	10,106	8,412	19,929	17,246
Directors' fees and expenses	32,880	32,280	65,160	65,494
Other expenses	219,444	164,954	514,180	343,876
Total non-interest expenses	<u>1,721,038</u>	<u>1,600,873</u>	<u>3,523,864</u>	<u>3,238,357</u>
Income before income tax expense	1,209,187	916,767	2,376,159	1,774,968
Income tax expense	<u>341,717</u>	<u>268,474</u>	<u>670,277</u>	<u>512,998</u>
Net income	<u>\$ 867,470</u>	<u>\$ 648,293</u>	<u>\$1,705,882</u>	<u>\$1,261,970</u>
Basic earnings per share	\$ 0.32	\$ 0.24	\$ 0.64	\$ 0.47
Diluted earnings per share	\$ 0.32	\$ 0.24	\$ 0.64	\$ 0.47

	For the three months ended		For the three months ended	
	June 30		June 30	
	2021	2020	2021	2020
KEY FINANCIAL RATIOS				
(unaudited)				
Annualized return on average equity	13.00%	10.12%	12.69%	10.01%
Annualized return on average assets	0.99%	0.94%	1.01%	0.99%
Net interest margin	3.17%	4.03%	3.37%	4.27%
Core efficiency ratio	55.51%	61.04%	56.20%	62.66%
Net chargeoffs/(recoveries) to average loans	-0.008%	-0.004%	-0.016%	-0.056%

AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 350,226	\$ 275,931	\$ 338,983	\$ 254,818
Average interest-earning assets	\$ 325,987	\$ 225,944	\$ 315,817	\$ 204,980
Average gross loans	\$ 196,470	\$ 171,676	\$ 196,228	\$ 158,084
Average deposits	\$ 303,611	\$ 218,505	\$ 291,780	\$ 201,238
Average equity	\$ 26,684	\$ 25,631	\$ 26,886	\$ 25,215

CREDIT QUALITY

(unaudited)

	End of period	
	June 30, 2021	December 31, 2020
Non-performing loans	<u>\$ 119,797</u>	<u>\$ 107,672</u>
Non-performing loans to total loans	0.06%	0.06%
Non-performing loans to total assets	0.03%	0.03%
Allowance for loan losses to total loans	1.91%	1.67%
Nonperforming assets as a percentage of total loans and OREO	0.06%	0.06%
Allowance for loan losses to non-performing loans	3061.21%	3038.79%

OTHER PERIOD-END STATISTICS

(unaudited)

Shareholders equity to total assets	8.04%	8.65%
Net loans to deposits	63.30%	74.00%
Non-interest bearing deposits to total deposits	60.43%	56.43%
Company Leverage Ratio	9.06%	11.44%