

Chino California,
July 21, 2023

For Immediate Release

CHINO COMMERCIAL BANCORP REPORTS SECOND QUARTER EARNINGS

Chino, California, July 21, 2023 – 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, 2023. Net earnings for the second quarter of 2023, were \$1.3 million, or an increase of 2.53%, as compared with earnings of \$1.2 million for the same quarter last year. Net earnings per basic and diluted share was \$0.39 for the second quarter of 2023, and \$0.38 for the same quarter last year.

Net earnings year to date increased by 12.3% or by \$300 thousand to \$2.4 million, as compared to \$2.1 million for the same period last year. Net earnings per basic and diluted share was \$0.76 for the period ending June 30, 2023 and \$0.76 for the same period last year.

Dann H. Bowman, President and Chief Executive Officer, stated, “The fundamentals of the Company remain strong, with the Bank having only one delinquent loan at quarter-end, and revenue up significantly over the same period last year. The Net Interest Margin for the Bank, as a percent, has contracted slightly as deposits re-price faster than earning assets, however, this compression has been partially overcome through increased total assets. In general, we are optimistic about the opportunities for growth and expansion over the next several years. We believe the economic engine of the Inland Empire is strong and diverse, and the Bank is well positioned to help small business customers in our market.”

Financial Condition

At June 30, 2023, total assets were \$453.4 million, an increase of \$53.5 million or 13.4% over \$399.8 million at December 31, 2022. Total deposits decreased by \$6.7 million or 2.0% to \$330.8 million as of June 30, 2023, compared to \$337.5 million as of December 31, 2022. At June 30, 2022, the Company’s core deposits represent 97.7% of the total deposits.

Gross loans decreased by \$4.3 million or 2.37% to \$177.0 million as of June 30, 2022, compared to \$181.2 million as of December 31, 2022. The Bank had three non-performing loans for the quarter ended June 30, 2023, and two non-performing loans as of December 31, 2022. OREO properties remained at zero as of June 30, 2023 and December 31, 2022 respectively.

Earnings

The Company posted net interest income of \$3.2 million for the three months ended June 30, 2023 and \$3.3 million for the same quarter last year. The decrease is primarily attributed to non-reoccurring PPP loan fees recognized in the second quarter of 2022. Average interest-earning assets were \$431.5 million with average interest-bearing liabilities of \$224.3 million, yielding a net interest margin of 3.00% for the second quarter of 2023, as compared to the average interest-earning assets of \$383.4 million with average interest-bearing liabilities of \$157.5 million, yielding a net interest margin of 3.48% for the second quarter of 2022.

Non-interest income totaled \$645.8 thousand for the second quarter of 2023, or an increase of 15.10% as compared with \$561.0 thousand earned during the same quarter last year. The majority of the increase is attributed to service charges on deposit accounts and other fees.

General and administrative expenses were \$2.2 million for the three months ended June 30, 2023, and \$1.9 million for the same period last year. The largest component of general and administrative expenses was salary and benefits expense of \$1.4 million for the second quarter of 2023 and \$1.2 million for the same period last year.

Income tax expense was \$504 thousand, which represents an increase of \$11 thousand or 2.4% for the three months ended June 30, 2023, as compared to \$492 thousand for the three months ended June 30, 2022. The effective income tax rate for the second quarter of 2022 and 2021 were approximately 28.5%, for both periods.

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 Bankcorp and Subsidiary
Consolidated Statements of Financial Condition

	As of	
	6/30/2023	12/31/2022
	unaudited	audited
Assets		
Cash and due from banks	\$ 99,055,945	\$ 36,436,018
Cash and cash equivalents	99,055,945	36,436,018
Fed Funds Sold	4,647	-
	4,647	-
Investment securities available for sale , net of zero allowance for credit losses	6,517,757	6,347,231
Investment securities held to maturity , net of zero allowance for credit losses	155,865,013	160,668,959
Total Investments	162,382,770	167,016,191
Loans held for investment, net of allowance for credit losses of \$4,444,921 in 2023, and \$4,100,516 in 2022	172,014,468	176,555,783
Stock investments, restricted, at cost	3,126,100	2,045,200
Fixed assets, net	5,518,847	5,626,850
Accrued interest receivable	1,102,968	1,153,613
Bank owned life insurance	8,148,613	8,054,491
Other assets	2,012,556	2,947,830
Total assets	<u>\$ 453,366,914</u>	<u>\$ 399,835,974</u>
Liabilities		
Deposits		
Noninterest-bearing	187,740,177	204,189,323
Interest-bearing	143,061,127	133,263,940
Total deposits	330,801,304	337,453,262
Federal Home Loan Bank advances	15,000,000	15,000,000
Federal Reserve Bank borrowings	57,000,000	-
Subordinated debt	10,000,000	10,000,000
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Accrued interest payable	853,137	124,947
Other liabilities	1,893,419	1,815,062
Total liabilities	<u>418,640,860</u>	<u>367,486,270</u>
Shareholders' Equity		
Common stock, no par value, 10,000,000 shares authorized and 3,211,981 shares issued and outstanding at June 30, 2023 and December 31, 2022	10,502,558	10,502,558
Retained earnings	26,421,206	24,269,527
Accumulated other comprehensive loss - unrecognized loss on available for sale, net of taxes	(2,197,710)	(2,422,382)
Total shareholders' equity	<u>34,726,053</u>	<u>32,349,703</u>
Total liabilities and shareholders' equity	<u>\$ 453,366,914</u>	<u>\$ 399,835,974</u>

Chino Commercial Bankcorp and Subsidiary
Consolidated Statements of Net Income

	For the three month ended 30-Jun		For the six month ended 30-Jun	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest Income				
Interest and fees on loans	2,388,004	2,591,015	4,778,163	4,904,212
Interest on investment securities	1,144,162	842,810	2,277,748	1,192,224
Other interest income	1,174,803	155,183	1,580,037	236,595
Total interest income	4,706,968	3,589,007	8,635,948	6,333,031
Interest Expense				
Interest on deposits	616,992	48,804	993,852	91,321
Interest on borrowings	864,373	212,719	1,235,776	419,222
Total interest expense	1,481,364	261,522	2,229,628	510,543
Net Interest Income	3,225,604	3,327,485	6,406,320	5,822,488
Provision For Loan Losses	(90,520)	247,125	(88,384)	42,530
Net Interest Income After Provision For Loan Losses	3,316,124	3,080,360	6,494,704	5,779,958
Noninterest Income				
Service charges and fees on deposit accounts	399,977	316,619	759,877	619,107
Interchange fees	105,226	127,618	208,385	234,375
Earnings from bank-owned life insurance	47,812	45,018	94,123	89,151
Other miscellaneous income	92,755	71,780	178,149	130,468
Total noninterest income	645,770	561,035	1,240,533	1,073,101
Noninterest Expense				
Salaries and employee benefits	1,366,733	1,191,030	2,719,668	2,435,342
Occupancy and equipment	150,482	152,959	304,074	312,722
Other expenses	675,019	570,640	1,309,485	1,126,106
Total noninterest expense	2,192,234	1,914,629	4,333,226	3,874,169
Income before income tax expense	1,769,660	1,726,766	3,402,010	2,978,890
Provision for income taxes	503,534	491,913	967,435	843,824
Net Income	\$ 1,266,126	\$ 1,234,853	\$ 2,434,575	\$ 2,135,066
Basic earnings per share	\$ 0.39	\$ 0.38	\$ 0.76	\$ 0.66
Diluted earnings per share	\$ 0.39	\$ 0.38	\$ 0.76	\$ 0.66

Chino Commercial Bankcorp and Subsidiary
Financial Highlights

Key Financial Ratios (unaudited)	For the three month ended			
	2023	2022	2023	2022
Annualized return on average equity	14.88%	16.70%	14.58%	14.47%
Annualized return on average assets	1.12%	1.22%	1.14%	1.07%
Net interest margin	3.00%	3.48%	3.18%	3.12%
Core efficiency ratio	56.63%	49.24%	56.67%	56.18%
Net chargeoffs/(recoveries) to average loans	-0.010%	-0.011%	-0.011%	-0.022%
Average Balances (thousands, unaudited)				
Average assets	452,401	405,447	427,314	397,719
Average interest-earning assets	431,476	383,414	406,246	376,011
Average interest-bearing liabilities	224,283	157,531	196,631	155,217
Average gross loans	177,412	175,736	179,516	175,021
Average deposits	330,835	345,793	329,648	338,115
Average equity	34,028	29,579	33,402	29,517
	End of period			
	6/30/2023	12/31/2022		
Credit Quality				
Non-performing loans	520,726	404,095		
Non-performing loans to total loans	0.29%	0.22%		
Non-performing loans to total assets	0.11%	0.10%		
Allowance for credit losses to total loans	2.51%	2.26%		
Nonperforming assets as a percentage of total loans and OREX	0.29%	0.22%		
Allowance for credit losses to non-performing loans	853.60%	1014.74%		
Other Period-end Statistics				
Shareholders equity to total assets	7.66%	7.92%		
Net loans to deposits	52.00%	52.32%		
Non-interest bearing deposits to total deposits	56.75%	60.51%		
Company Leverage Ratio	8.85%	8.12%		