

Chino California,
April 19, 2024

For Immediate Release

CHINO COMMERCIAL BANCORP REPORTS
6% INCREASE IN NET EARNINGS

Chino, California, April 19, 2024 – 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 first quarter ended March 31, 2024.

Net earnings for the first quarter of 2024, were \$1.24 million, which represents an increase of \$75.2 thousand or 6.4% in comparison with the same quarter last year. Net earnings per basic and diluted share were \$0.39 for the first quarter of 2024 and \$0.36 for the same quarter in 2023, respectively.

Dann H. Bowman, President and Chief Executive Officer, stated, “We are very pleased with the Bank’s performance in Q1’24. Loan quality remains very strong, with the Bank having only one delinquent loan at quarter-end, and no pending foreclosures, or OREO. Despite rising costs of doing business, so far, our small business customers have been able to adjust, and in several cases we have even seen improved financial performance. At this time the Bank has adequate capital and liquidity to continue to lend to its customers, and is expanding lending in the Inland Empire.

In 2023 the Bank became a member of the Card Brand Association and began to directly process Merchant Services for its customers. Not only does this service introduce an additional non-interest source of revenue, but the Bank has also been able to provide significant savings and transparency to a number of our small business customers. Since the Pandemic of 2020, efficient and cost effective processing of electronic payments has become a very important part of managing cash flow and business operations. In the future we can envision expanding this service outside of our immediate market; and the revenue from this service becoming an increasingly important part of the Bank’s business model.

In March, the Bank received preliminary approval from the OCC to open a new branch office in Corona. During March the Bank also completed the purchase of a commercial office building, at 1035 Montecito Avenue, Corona, CA, which will serve as the new Corona branch office. The Corona branch will be the Bank’s fifth location, and is expected to open in 4Q’24.”

Financial Condition

At March 31, 2024, total assets were \$461.5 million, an increase of \$15.1 million or 3.38% over \$446.4 million at December 31, 2023. Total deposits increased by \$15.4 million or 4.8% to \$335.2 million as of March 31, 2024, compared to \$319.8 million as of December 31, 2023. At March 31, 2024, the Company’s core deposits represent 98.08% of the total deposits.

Gross loans increased by \$1.5 million or 1.0% to \$180.5 million as of March 31, 2024, compared to \$179.0 million as of December 31, 2023. The Bank had three non-performing loans for the quarter ended March 31, 2024, and as of December 31, 2023. OREO properties remained at zero as of March 31, 2024 and December 31, 2023 respectively.

Earnings

The Company posted net interest income of \$3.3 million for the three months ended March 31, 2024 and \$3.2 million for the same quarter last year, respectively. Average interest-earning assets were \$469.3 million with average interest-bearing liabilities of \$276.9 million, yielding a net interest margin of 2.87% for the first quarter of 2024, as compared to the average interest-earning assets of \$380.3 million with average interest-bearing liabilities of \$168.7 million, yielding a net interest margin of 3.39% for the first quarter of 2023.

Non-interest income totaled \$773.5 thousand for the first quarter of 2024, or an increase of 30.05% as compared with \$594.8 thousand earned during the same quarter last year. The majority of the increase is attributed to the Company's merchant services processing revenue that reached \$132.8 thousand, representing an increase of \$91.8 thousand during the first quarter as compared to \$41.0 thousand for the same period last year.

General and administrative expenses were \$2.4 million for the three months ended March 31, 2024, and \$2.1 million for the same period last year. The largest component of general and administrative expenses was salary and benefits expense of \$1.5 million for the first quarter of 2023 and \$1.4 million for the same period last year.

Income tax expense was \$490 thousand, which represents an increase of \$25 thousand or 5.47% for the three months ended March 31, 2024, as compared to \$464 thousand for the same quarter last year. The effective income tax rate for the first quarter of 2024 was approximately 28.2%, and 28.4% for the same quarter last year.

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	
	3/31/2024	12/31/2023
	unaudited	audited
Assets		
Cash and due from banks	\$ 44,803,814	\$ 35,503,719
Cash and cash equivalents	44,803,814	35,503,719
Fed funds sold	30,175	25,218
	30,175	25,218
Investment securities available for sale , net of zero allowance for credit losses	6,615,525	6,736,976
Investment securities held to maturity , net of zero allowance for credit losses	210,812,408	208,506,305
Total investments	217,427,933	215,243,282
Loans held for investment, net of allowance for credit losses of \$4,443,654 in 2023, and \$4,465,622 in 2023	175,570,771	174,352,293
Stock investments, restricted, at cost	3,126,100	3,126,100
Fixed assets, net	7,225,018	5,466,358
Accrued interest receivable	1,596,955	1,439,178
Bank owned life insurance	8,303,469	8,247,174
Other assets	3,398,462	3,010,916
	3,398,462	3,010,916
Total assets	\$ 461,482,698	\$ 446,414,237
Liabilities		
Deposits		
Noninterest-bearing	175,979,729	167,131,411
Interest-bearing	159,203,159	152,669,374
	159,203,159	152,669,374
Total deposits	335,182,888	319,800,785
Federal Home Loan Bank advances	8,000,000	15,000,000
Federal Reserve Bank borrowings	64,000,000	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	722,181	2,156,153
Other liabilities	1,789,798	1,876,474
	1,789,798	1,876,474
Total liabilities	422,787,867	408,926,412
Shareholders' Equity		
Common stock, no par value, 10,000,000 shares authorized and 3,211,970 shares issued and outstanding at March 31, 2024 and December 31, 2023	10,502,558	10,502,557
Retained earnings	30,164,405	28,920,732
Accumulated other comprehensive loss - unrecognized loss on available for sale, net of taxes	(1,972,133)	(1,935,464)
	(1,972,133)	(1,935,464)
Total shareholders' equity	38,694,830	37,487,824
Total liabilities and shareholders' equity	\$ 461,482,698	\$ 446,414,237

Chino Commercial Bankcorp and Subsidiary
Consolidated Statements of Net Income

	For the three month ended	
	31-Mar	
	2024	2023
	(unaudited)	(unaudited)
Interest income		
Interest and fees on loans	2,727,801	2,390,159
Interest on investment securities	1,936,105	1,133,586
Other interest income	1,030,948	405,234
Total interest income	<u>5,694,854</u>	<u>3,928,979</u>
Interest expense		
Interest on deposits	1,032,935	376,861
Interest on borrowings	1,312,693	371,403
Total interest expense	<u>2,345,628</u>	<u>748,264</u>
Net interest income	3,349,226	3,180,716
Provision for loan losses	(2,933)	2,136
Net interest income after provision for loan losses	<u>3,352,159</u>	<u>3,178,580</u>
Noninterest income		
Service charges and fees on deposit accounts	439,857	359,899
Interchange fees	92,271	103,159
Earnings from bank-owned life insurance	56,295	46,311
Merchant services processing	132,768	40,955
Other miscellaneous income	52,272	44,439
Total noninterest income	<u>773,464</u>	<u>594,763</u>
Noninterest expense		
Salaries and employee benefits	1,501,427	1,352,935
Occupancy and equipment	160,581	153,591
Merchant services processing	71,209	10,671
Other expenses	659,466	623,795
Total noninterest expense	<u>2,392,683</u>	<u>2,140,992</u>
Income before income tax expense	1,732,939	1,632,350
Provision for income taxes	489,266	463,901
Net income	<u>\$ 1,243,673</u>	<u>\$ 1,168,449</u>
Basic earnings per share	<u>\$ 0.39</u>	<u>\$ 0.36</u>
Diluted earnings per share	<u>\$ 0.39</u>	<u>\$ 0.36</u>

Chino Commercial Bankcorp and Subsidiary
Financial Highlights

	For the three month ended	
	31-Mar	
	2024	2023
Key Financial Ratios (unaudited)		
Annualized return on average equity	13.07%	14.26%
Annualized return on average assets	1.01%	1.16%
Net interest margin	2.87%	3.39%
Core efficiency ratio	58.04%	56.71%
Net chargeoffs/(recoveries) to average loans	-0.010%	-0.008%
 Average Balances (thousands, unaudited)		
Average assets	494,406	401,948
Average interest-earning assets	469,307	380,256
Average interest-bearing liabilities	276,918	168,672
Average gross loans	182,133	181,162
Average deposits	318,818	328,448
Average equity	38,073	32,770
	End of period	
	3/31/2024	12/31/2023
Credit Quality		
Non-performing loans	475,062	492,242
Non-performing loans to total loans	0.26%	0.27%
Non-performing loans to total assets	0.10%	0.11%
Allowance for credit losses to total loans	2.46%	2.49%
Nonperforming assets as a percentage of total loans and OREO	0.26%	0.27%
Allowance for credit losses to non-performing loans	935.38%	905.82%
 Other Period-end Statistics		
Shareholders equity to total assets	8.38%	8.40%
Net loans to deposits	52.38%	54.52%
Non-interest bearing deposits to total deposits	52.50%	52.26%
Company leverage ratio	8.85%	9.26%