

Chino California,
July 19, 2024

For Immediate Release

CHINO COMMERCIAL BANCORP REPORTS
2% INCREASE IN YTD NET EARNINGS

Chino, California, July 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 second quarter ended June 30, 2024.

Net earnings year-to-date increased by 1.65% or by \$40.8 thousand, to \$2.48 million, as compared to \$2.43 million for the same period last year. Net earnings per share was \$0.77 for the period ending June 30, 2024 and 0.76 for the same period last year. Net earnings for the second quarter of 2024, were \$1.23 million, which represents an decrease of \$34.4 thousand or 2.7% in comparison with the same quarter last year. Net earnings per basic and diluted share were \$0.38 for the second quarter of 2024 and \$0.39 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 during the second quarter, with total asset reaching new record levels. The economic strength of the Inland Empire remains very strong, allowing for tremendous growth opportunities for the Bank. In addition to the asset growth, Loan quality remains very strong, with the Bank having no delinquent loans at quarter-end, and no pending foreclosures, or OREO.

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. For virtually every business, efficient and cost effective processing of electronic payments has become a very important part of managing cash flow. 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 Office of the Comptroller of the Currency 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 June 30, 2024, total assets were \$468.0 million, an increase of \$21.6 million or 4.84% over \$446.4 million at December 31, 2023. Total deposits increased by \$19.9 million or 6.2% to \$339.7 million as of June 30, 2024, compared to \$319.8 million as of December 31, 2023. At June 30, 2024, the Company’s core deposits represent 97.76% of the total deposits.

Gross loans increased by \$15.6 million or 8.7% to \$194.6 million as of June 30, 2024, compared to \$179.0 million as of December 31, 2023. The Bank had three non-performing loans for the quarter ended June 30, 2024, and as of December 31, 2023. OREO properties remained at zero as of June 30, 2024 and December 31, 2023 respectively.

Earnings

The Company posted net interest income of \$3.2 million for the three months ended June 30, 2024 and for the same quarter last year, respectively. Average interest-earning assets were \$432.2 million with average interest-bearing liabilities of \$240.2 million, yielding a net interest margin of 2.96% for the second quarter of 2024, as compared to the average interest-earning assets of \$431.5 million with average interest-bearing liabilities of \$224.3 million, yielding a net interest margin of 3.03% for the second quarter of 2023.

Non-interest income totaled \$822.0 thousand for the second quarter of 2024, or an increase of 27.29% as compared with \$645.8 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 \$148.8 thousand, representing an increase of \$102.3 thousand during the second quarter as compared to \$46.3 thousand for the same period last year.

General and administrative expenses were \$2.3 million for the three months ended June 30, 2024, and \$2.2 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 for the same period last year.

Income tax expense was \$485 thousand, which represents a decrease of 18 thousand or 3.58% for the three months ended June 30, 2024, as compared to \$504 thousand for the same quarter last year. The effective income tax rate for the second quarter of 2024 was approximately 28.3%, and 28.5% 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 Bancorp and Subsidiary
Consolidated Statements of Financial Condition

	As of	
	6/30/2024	12/31/2023
	unaudited	audited
Assets		
Cash and due from banks	\$ 41,646,706	\$ 35,503,719
Cash and cash equivalents	41,646,706	35,503,719
Fed funds sold	33,525	25,218
	33,525	25,218
Investment securities available for sale , net of zero allowance for credit losses	6,647,591	6,736,976
Investment securities held to maturity , net of zero allowance for credit losses	205,737,609	208,506,305
Total investments	212,385,201	215,243,282
Loans held for investment, net of allowance for credit losses of \$4,460,100 in 2024, and \$4,465,622 in 2023	189,541,846	174,352,293
Stock investments, restricted, at cost	3,576,000	3,126,100
Fixed assets, net	7,209,508	5,466,358
Accrued interest receivable	1,497,988	1,439,178
Bank owned life insurance	8,362,049	8,247,174
Other assets	3,773,487	3,010,916
Total assets	\$ 468,026,309	\$ 446,414,237
Liabilities		
Deposits		
Noninterest-bearing	179,094,579	167,131,411
Interest-bearing	160,640,596	152,669,374
Total deposits	339,735,175	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	1,395,354	2,156,153
Other liabilities	1,799,851	1,876,474
Total liabilities	428,023,380	408,926,412
Shareholders' Equity		
Common stock, no par value, 10,000,000 shares authorized and 3,211,970 shares issued and outstanding at June 30, 2024 and December 31, 2023	10,502,558	10,502,557
Retained earnings	31,396,156	28,920,732
Accumulated other comprehensive loss - unrecognized loss on available for sale, net of taxes	(1,895,784)	(1,935,464)
Total shareholders' equity	40,002,930	37,487,824
Total liabilities and shareholders' equity	\$ 468,026,309	\$ 446,414,237

Chino Commercial Bancorp and Subsidiary
Consolidated Statements of Net Income

	For the three month ended		For the six months ended	
	30-Jun		30-Jun	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income				
Interest and fees on loans	2,801,198	2,388,004	5,528,999	4,778,163
Interest on investment securities	1,945,563	1,144,162	3,881,668	2,277,748
Other interest income	489,331	1,174,803	1,520,279	1,580,037
Total interest income	<u>5,236,092</u>	<u>4,706,968</u>	<u>10,930,945</u>	<u>8,635,948</u>
Interest expense				
Interest on deposits	1,054,734	616,992	2,087,669	993,852
Interest on borrowings	997,524	864,373	2,310,217	1,235,776
Total interest expense	<u>2,052,258</u>	<u>1,481,364</u>	<u>4,397,886</u>	<u>2,229,628</u>
Net interest income	3,183,833	3,225,604	6,533,059	6,406,320
Provision for loan losses	1,794	(90,520)	(1,139)	(88,384)
Net interest income after provision for loan losses	<u>3,182,040</u>	<u>3,316,124</u>	<u>6,534,198</u>	<u>6,494,704</u>
Noninterest income				
Service charges and fees on deposit accounts	460,658	399,977	900,515	759,877
Interchange fees	102,761	105,226	195,033	208,385
Earnings from bank-owned life insurance	58,579	47,812	114,875	94,123
Merchant services processing	148,770	46,436	281,538	87,391
Other miscellaneous income	51,250	46,320	103,522	90,758
Total noninterest income	<u>822,019</u>	<u>645,770</u>	<u>1,595,483</u>	<u>1,240,533</u>
Noninterest expense				
Salaries and employee benefits	1,420,868	1,366,733	2,922,295	2,719,668
Occupancy and equipment	168,404	158,968	332,473	321,409
Merchant services processing	73,394	24,791	144,603	35,462
Other expenses	624,150	641,742	1,280,128	1,256,687
Total noninterest expense	<u>2,286,816</u>	<u>2,192,234</u>	<u>4,679,499</u>	<u>4,333,226</u>
Income before income tax expense	1,717,243	1,769,660	3,450,182	3,402,010
Provision for income taxes	485,492	503,534	974,758	967,435
Net income	<u>\$ 1,231,751</u>	<u>\$ 1,266,126</u>	<u>\$ 2,475,424</u>	<u>\$ 2,434,575</u>
Basic earnings per share	\$ 0.38	\$ 0.39	\$ 0.77	\$ 0.76
Diluted earnings per share	\$ 0.38	\$ 0.39	\$ 0.77	\$ 0.76

Chino Commercial Bancorp and Subsidiary
Financial Highlights

Key Financial Ratios (unaudited)	For the three month ended 30-Jun		For the six months ended 30-Jun	
	2024	2023	2024	2023
Annualized return on average equity	12.65%	14.92%	12.89%	14.70%
Annualized return on average assets	1.07%	1.12%	1.05%	1.14%
Net interest margin	2.96%	3.00%	2.91%	3.18%
Core efficiency ratio	57.09%	56.63%	57.57%	56.67%
Net chargeoffs/(recoveries) to average loans	-0.008%	-0.010%	0.002%	-0.017%
Average Balances (thousands, unaudited)				
Average assets	458,364	452,401	475,291	427,314
Average interest-earning assets	432,215	431,488	450,774	406,253
Average interest-bearing liabilities	240,214	224,283	258,566	196,631
Average gross loans	187,788	177,412	184,961	179,516
Average deposits	331,039	330,835	330,473	329,648
Average equity	39,172	34,028	38,623	33,402
End of period				
	6/30/2024	12/31/2023		
Credit Quality				
Non-performing loans	459,494	492,242		
Non-performing loans to total loans	0.24%	0.27%		
Non-performing loans to total assets	0.10%	0.11%		
Allowance for credit losses to total loans	2.29%	2.49%		
Nonperforming assets as a percentage of total loans and OREO	0.24%	0.27%		
Allowance for credit losses to non-performing loans	970.65%	907.20%		
Other Period-end Statistics				
Shareholders equity to total assets	8.55%	8.40%		
Net loans to deposits	55.79%	54.52%		
Non-interest bearing deposits to total deposits	52.72%	52.26%		
Company leverage ratio	9.82%	9.26%		