

Cornerstone Community Bancorp Reports Financial Results For the First Quarter Ended March 31, 2021

Red Bluff, CA – April 13, 2021 – Cornerstone Community Bancorp (OTC Pink: **CRSB**) announced today its financial results for the first quarter ended March 31, 2021.

The Company reported net income of \$2,046,000 for the three months ended March 31, 2021 compared to net income of \$47,000 for the same period last year. Diluted earnings per share were \$1.38 for the three months ended March 31, 2021 compared to \$0.03 for the same period last year.

The return on average assets for the three months ended March 31, 2021 was 1.56% and the return on average equity was 26.41%. The tax-equivalent net interest margin was 3.43% for the three months ended March 31, 2021 compared to 4.09% for the same period last year and the efficiency ratio declined to 35.61% for the three months ended March 31, 2021 compared to 58.65% for the same period last year.

President and CEO, Jeff Finck stated, “We had a solid performance in the first quarter. Our team continued to help both new and existing customers through the Paycheck Protection Program (PPP) application and forgiveness process.”

Net Interest Income

Net interest income increased to \$4,217,000 for the quarter ended March 31, 2021 compared to \$2,842,000 for the same quarter last year. First quarter 2021 net interest income was driven by accelerated PPP fee recognition from borrower forgiveness processing.

Provision for credit losses

Provision for credit losses were \$400,000 for the quarter ended March 31, 2021 compared to \$1,450,000 for the same quarter last year.

Non-Interest Income

Non-interest income for the quarter ended March 31, 2021 was \$877,000 compared to \$394,000 for the quarter ended March 31, 2020.

Non-Interest Expense

Non-interest expense was \$1,814,000 for the quarter ended March 31, 2021 compared to \$1,898,000 for the same period last year.

Balance Sheet

Total loans, net of unearned income at March 31, 2021 were \$382.3 million compared to \$250.4 million at March 31, 2020.

Total deposits were \$485.3 million at March 31, 2021 compared to total deposits of \$268.0 million at March 31, 2020.

Credit Quality

The allowance for loan losses was \$4,409,000, or 1.15% of loans, net of unearned income at March 31, 2021, compared to \$3,859,000, or 1.54% of loans, net of unearned income at March 31, 2020. There were no nonperforming assets at March 31, 2021 and March 31, 2020.

Capital

At March 31, 2021, shareholders' equity totaled \$31.4 million compared to \$26.1 million at March 31, 2020. Book value was \$21.65 per share at March 31, 2021 compared to \$17.63 per share at March 31, 2020.

During the fourth quarter of 2021, the Company repurchased 500 shares of its common stock for a total of \$9,500.

About Cornerstone Community Bancorp

Cornerstone Community Bancorp, a bank holding company headquartered in Red Bluff, California, serves the Red Bluff and Redding communities through its wholly-owned subsidiary, Cornerstone Community Bank with a headquarters office in Red Bluff and two banking offices in Redding. The Bank provides commercial banking services to small and mid-size businesses, including professional service firms, real estate developers and investors and not-for-profit organizations and to their owners and other individuals. Additional information about the Bank is available on its website at www.bankcornerstone.com

Forward-Looking Statements

This release may contain certain forward-looking statements that are based on management's current expectations regarding economic, legislative, and regulatory issues that may impact Cornerstone Community Bancorp's earnings in future periods. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "intend," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Factors that could cause future results to vary materially from current management expectations include, but are not limited to, natural disasters (such as wildfires and earthquakes), pandemics such as COVID-19 and the economic impact caused directly by the disease and by government responses thereto, general economic conditions, economic uncertainty in the United States and abroad, changes in interest rates, deposit flows, real estate values, costs or effects of acquisitions, competition, changes in accounting principles, policies or guidelines, legislation or regulation (including the Tax Cuts & Jobs Act of 2017 and the Coronavirus Aid, Relief and Economic

Security Act of 2021), interruptions of utility service in our markets for sustained periods, and other economic, competitive, governmental, regulatory and technological factors (including external fraud and cybersecurity threats) affecting Cornerstone Community Bancorp's operations, pricing, products and services. Forward-looking statements speak only as of the date they are made. Except as required by law, Cornerstone Community Bancorp does not undertake to update forward-looking statements to reflect subsequent circumstances or events.

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CORNERSTONE COMMUNITY BANCORP
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Dollars in Thousands)

	03/31/21	12/31/20	09/30/20	06/30/20	03/31/20
ASSETS					
Cash and due from banks	\$ 5,417	\$ 3,811	\$ 5,455	\$ 6,350	\$ 4,965
Federal funds sold	5,761	14,166	5,045	10,402	17,385
Interest-bearing deposits	68,283	77,045	62,110	73,310	18,928
Investment securities	52,084	50,336	50,699	16,173	13,144
Loans held for sale	1,102	-	-	-	-
Loans, net of unearned income	382,253	332,176	342,416	333,620	250,353
Allowance for loan losses	(4,409)	(4,009)	(4,009)	(4,009)	(3,859)
Loans, net	377,844	328,167	338,407	329,611	246,494
Premises and equipment, net	12,767	11,581	10,992	11,095	11,180
Other assets	13,974	12,724	12,577	11,882	11,330
Total assets	<u>\$ 537,232</u>	<u>\$ 497,830</u>	<u>\$ 485,285</u>	<u>\$ 458,823</u>	<u>\$ 323,426</u>
LIABILITIES					
Deposits:					
Demand noninterest-bearing	\$ 126,481	\$ 108,147	\$ 103,824	\$ 96,395	\$ 58,357
Demand interest-bearing	122,506	108,097	104,819	90,633	51,608
Money market and savings	163,232	146,655	87,035	79,550	77,273
Time deposits of less than \$100,000	15,812	15,418	21,103	22,925	26,503
Time deposits of \$100,000 or more	57,299	55,021	54,695	51,919	54,274
Total deposits	485,330	433,338	371,476	341,422	268,015
Borrowings and other obligations	5,000	15,000	78,136	83,136	23,000
Subordinated debentures	11,703	16,645	4,923	4,920	4,917
Interest payable and other liabilities	3,776	2,763	1,854	1,765	1,382
Total liabilities	<u>505,809</u>	<u>467,746</u>	<u>456,389</u>	<u>431,243</u>	<u>297,314</u>
SHAREHOLDERS' EQUITY					
Common stock	14,681	14,584	15,462	15,440	15,336
Retained Earnings	17,183	15,136	13,077	11,841	10,557
Accumulated other comprehensive income (loss)	(441)	364	357	299	219
Total shareholders' equity	31,423	30,084	28,896	27,580	26,112
Total liabilities and shareholders' equity	<u>\$ 537,232</u>	<u>\$ 497,830</u>	<u>\$ 485,285</u>	<u>\$ 458,823</u>	<u>\$ 323,426</u>
Total equity / total assets	5.85%	6.04%	5.95%	6.01%	8.07%
Book value per share	\$ 21.65	\$ 20.87	\$ 19.38	\$ 18.50	\$ 17.63
Shares outstanding	1,451,091	1,441,241	1,491,041	1,491,041	1,481,041

CORNERSTONE COMMUNITY BANCORP
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollars in Thousands)

	Three months ended		
	03/31/21	12/31/20	03/31/20
INTEREST INCOME			
Loans	\$ 4,451	\$ 4,761	\$ 3,356
Federal funds sold	2	2	17
Investment securities	162	162	90
Other	32	51	45
Total interest income	<u>4,647</u>	<u>4,976</u>	<u>3,508</u>
INTEREST EXPENSE			
Deposits:			
Interest-bearing demand	47	55	35
Money market and savings	87	80	186
Time deposits	124	155	331
Other	172	221	114
Total interest expense	<u>430</u>	<u>511</u>	<u>666</u>
Net interest income	4,217	4,465	2,842
Provision for credit losses	400	-	1,450
Net interest income after provision for credit losses	<u>3,817</u>	<u>4,465</u>	<u>1,392</u>
NON-INTEREST INCOME			
Service charges on deposit accounts	58	55	72
Gain on sale of loans	700	61	186
Gain (loss) on sale of other real estate owned	-	-	-
Gain (loss) on sale of securities	(45)	-	-
Other non-interest income	164	229	136
Total non-interest income	<u>877</u>	<u>345</u>	<u>394</u>
OPERATING EXPENSES			
Salaries and benefits	679	970	939
Premises and fixed assets	179	182	252
Other	956	757	707
Total operating expenses	<u>1,814</u>	<u>1,909</u>	<u>1,898</u>
Income before income taxes	2,880	2,901	(112)
Income taxes	834	842	(159)
NET INCOME	<u>\$ 2,046</u>	<u>\$ 2,059</u>	<u>\$ 47</u>
EARNINGS PER SHARE			
Basic earnings per share	<u>\$ 1.41</u>	<u>\$ 1.39</u>	<u>\$ 0.03</u>
Diluted earnings per share	<u>\$ 1.38</u>	<u>\$ 1.36</u>	<u>\$ 0.03</u>
Average common shares outstanding	<u>1,447,763</u>	<u>1,477,361</u>	<u>1,480,668</u>
Average common and equivalent shares outstanding	<u>1,485,953</u>	<u>1,511,365</u>	<u>1,532,685</u>
PERFORMANCE MEASURES			
Return on average assets	1.56%	1.68%	0.06%
Return on average equity	26.41%	27.70%	0.71%
Tax-equivalent net interest margin	3.43%	3.81%	4.09%
Efficiency ratio	35.61%	39.69%	58.65%