

Cornerstone Community Bancorp Reports Financial Results For the First Quarter Ended March 31, 2016

Red Bluff, CA – April 22, 2016 – Cornerstone Community Bancorp, (OTC Pink: **CRSB**), announced today its financial results for the first quarter ended March 31, 2016.

The Company reported net income of \$203,000 for the three months ended March 31, 2016 compared to net income of \$226,000 for the same period last year. Diluted earnings per share for the three months ended March 31, 2016 were \$0.15 compared to \$0.17 for the same period last year.

The return on average assets for the three months ended March 31, 2016 was 0.46% and the return on average equity was 5.44%.

President and CEO, Jeff Finck, stated, “Loan totals continued to increase at a solid pace year-over-year and 2016 deposit growth is off to a good start with a \$9.2 million increase since the beginning of the year.”

Net Interest Income

Net interest income was \$1,538,000 for the quarter ended March 31, 2016 compared to \$1,513,000 for the same quarter one year earlier.

Provision for credit losses

There was no provision for credit losses for the quarters ended March 31, 2016 and March 31, 2015.

Non-Interest Income

Non-interest income for the quarter ended March 31, 2016 was \$115,000 compared to \$178,000 for the quarter ended March 31, 2015.

Non-Interest Expense

Non-interest expense was \$1,309,000 for the quarter ended March 31, 2016 compared to \$1,307,000 for the same period one year earlier.

Balance Sheet

The Company had total assets at March 31, 2016 of \$180.8 million, compared to \$167.2 million at March 31, 2015.

Total loans outstanding at March 31, 2016, were \$139.7 million compared to \$127.0 million at March 31, 2015, representing an increase of \$12.7 million, or 10%.

Total deposits were \$145.3 million at March 31, 2016 compared to total deposits of \$147.7 million at March 31, 2015.

Credit Quality

The allowance for loan losses was \$1,620,000, or 1.16% of loans, net of unearned income at March 31, 2016, compared to \$1,608,000, or 1.27% of loans, net of unearned income at March 31, 2015. Nonperforming assets at March 31, 2016 were \$373,000 compared to \$423,000 at March 31, 2015.

Capital

At March 31, 2016, shareholders' equity totaled \$14.9 million compared to \$14.0 million at March 31, 2015.

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 a banking office 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 press release contains forward-looking statements. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of Cornerstone Community Bancorp and on information available to management at the time these statements were made. There are a number of factors, many of which are beyond Cornerstone Community Bancorp's control, which could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards and tax laws, may adversely affect the businesses in which Cornerstone Community Bancorp is engaged; (6) competitors may have greater financial resources and develop products that enable such competitors to compete more successfully than Cornerstone

Community Bancorp; and (7) adverse changes may occur in the securities markets or with respect to inflation. 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)

	<u>03/31/16</u>	<u>12/31/15</u>	<u>09/30/15</u>	<u>06/30/15</u>	<u>03/31/15</u>
ASSETS					
Cash and due from banks	\$ 3,007	\$ 3,206	\$ 1,575	\$ 3,172	\$ 3,982
Federal funds sold	20	-	-	-	-
Interest-bearing deposits	18,009	15,877	15,647	16,364	21,281
Investment securities	14,645	9,640	9,906	10,097	10,511
Loans held for sale	-	-	-	3,309	-
Loans, net of unearned income	139,660	137,057	137,725	133,744	127,045
Allowance for loan losses	(1,620)	(1,619)	(1,613)	(1,612)	(1,608)
Loans, net	138,040	135,438	136,112	132,132	125,437
Premises and equipment, net	1,051	1,013	995	793	851
Other assets	6,029	6,208	8,092	5,313	5,157
Total assets	<u>\$ 180,801</u>	<u>\$ 171,382</u>	<u>\$ 172,327</u>	<u>\$ 171,180</u>	<u>\$ 167,219</u>
LIABILITIES					
Deposits:					
Demand noninterest-bearing	\$ 23,678	\$ 22,269	\$ 23,797	\$ 29,223	\$ 29,852
Demand interest-bearing	20,843	20,605	20,143	17,667	20,607
Money market and savings	53,240	45,256	43,381	39,605	54,169
Time deposits of less than \$100,000	14,334	15,092	15,125	16,277	16,239
Time deposits of \$100,000 or more	33,219	32,889	34,735	33,895	26,798
Total deposits	145,314	136,111	137,181	136,667	147,665
Federal Home Loan Bank borrowings	15,000	15,000	15,000	15,000	-
Subordinated debentures	4,876	4,874	4,874	4,872	4,870
Interest payable and other liabilities	697	734	736	512	668
Total liabilities	<u>165,887</u>	<u>156,719</u>	<u>157,791</u>	<u>157,051</u>	<u>153,203</u>
SHAREHOLDERS' EQUITY					
Common stock	13,280	13,257	13,234	13,209	13,185
Retained Earnings	1,510	1,307	1,162	803	615
Accumulated other comprehensive income (loss)	124	99	140	117	216
Total shareholders' equity	14,914	14,663	14,536	14,129	14,016
Total liabilities and shareholders' equity	<u>\$ 180,801</u>	<u>\$ 171,382</u>	<u>\$ 172,327</u>	<u>\$ 171,180</u>	<u>\$ 167,219</u>
Total equity / total assets	8.25%	8.56%	8.44%	8.25%	8.38%
Book value per share	\$ 11.91	\$ 11.71	\$ 11.61	\$ 11.29	\$ 11.19

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

	Three months ended		
	03/31/16	12/31/15	03/31/15
INTEREST INCOME			
Loans	\$ 1,750	\$ 1,754	\$ 1,587
Federal funds sold	-	-	-
Investment securities	75	74	77
Other	42	33	18
Total interest income	<u>1,867</u>	<u>1,861</u>	<u>1,682</u>
INTEREST EXPENSE			
Deposits:			
Interest-bearing demand	10	11	6
Money market and savings	69	62	35
Time deposits	115	115	87
Other	135	140	41
Total interest expense	<u>329</u>	<u>328</u>	<u>169</u>
Net interest income	1,538	1,533	1,513
Provision for credit losses	-	-	-
Net interest income after provision for credit losses	<u>1,538</u>	<u>1,533</u>	<u>1,513</u>
NON-INTEREST INCOME			
Service charges on deposit accounts	36	33	22
Gain on sale of SBA loans	-	-	-
Gain (loss) on sale of other real estate owned	-	(100)	-
Gain (loss) on sale of securities	-	-	-
Other non-interest income	79	76	156
Total non-interest income	<u>115</u>	<u>9</u>	<u>178</u>
OPERATING EXPENSES			
Salaries and benefits	702	704	733
Premises and fixed assets	141	139	140
Other	466	455	434
Total operating expenses	<u>1,309</u>	<u>1,298</u>	<u>1,307</u>
Income before income taxes	344	244	384
Income taxes	141	100	158
NET INCOME	<u>\$ 203</u>	<u>\$ 144</u>	<u>\$ 226</u>
EARNINGS PER SHARE			
Basic earnings per share	<u>\$ 0.16</u>	<u>\$ 0.12</u>	<u>\$ 0.18</u>
Diluted earnings per share	<u>\$ 0.15</u>	<u>\$ 0.11</u>	<u>\$ 0.17</u>
Average common shares outstanding	<u>1,252,000</u>	<u>1,252,000</u>	<u>1,252,000</u>
Average common and equivalent shares outstanding	<u>1,345,145</u>	<u>1,347,958</u>	<u>1,342,315</u>
PERFORMANCE MEASURES			
Return on average assets	0.46%	0.33%	0.58%
Return on average equity	5.44%	3.90%	6.49%
Net interest margin	3.65%	3.66%	4.11%
Efficiency ratio	79.19%	84.18%	77.29%