

Cornerstone Community Bancorp Reports Financial Results For the First Quarter Ended March 31, 2015

Red Bluff, CA – April 29, 2015 – Cornerstone Community Bancorp (OTCQB: CRSB) announced today its financial results for the first quarter ended March 31, 2015.

The Company reported net income of \$226,000 for the three months ended March 31, 2015 compared to net income of \$131,000 for the same period last year, an increase of \$95,000, or 73%. Diluted earnings per share for the three months ended March 31, 2015 were \$0.17 compared to \$0.10 for the same period last year, an increase of \$0.07, or 70%.

The return on average assets for the three months ended March 31, 2015 was 0.58% compared to 0.41% for the three months ended March 31, 2014. The return on average equity was 6.49% for the three months ended March 31, 2015 compared to 4.11% for the same period last year.

President and CEO Jeff Finck commented, “Loan growth continues to drive the Company forward. The 23% growth in loans led to the Company’s 73% increase in net income for the first quarter.”

Net Interest Income

Net interest income was \$1,513,000 for the quarter ended March 31, 2015 representing an increase of \$194,000, or 15%, from \$1,319,000 for the same period one year earlier. The net interest margin decreased to 4.11% during the quarter ended March 31, 2015 compared to 4.42% during the same period last year.

Provision for credit losses

There was no provision for credit losses recorded for the quarter ended March 31, 2015 compared to \$24,000 for the same period last year.

Non-Interest Income

Non-interest income for the quarter ended March 31, 2015 was \$178,000 compared to \$110,000 for the quarter ended March 31, 2014.

Non-Interest Expense

Non-interest expense was \$1,307,000 for the quarter ended March 31, 2015 compared to \$1,192,000 for the same period one year earlier.

Balance Sheet

The Company had total assets at March 31, 2015 of \$167.2 million, compared to \$126.8 million at March 31, 2014, representing growth of \$40.4 million, or 32%.

Total loans outstanding at March 31, 2015 were \$127.0 million compared to \$103.1 million at March 31, 2014, representing an increase of \$23.9 million, or 23%.

Total deposits were \$147.7 million at March 31, 2015 compared to total deposits of \$111.6 million at March 31, 2014, representing an increase of \$36.1 million, or 32%.

Credit Quality

The allowance for loan losses was \$1,608,000, or 1.27% of loans, net of unearned income at March 31, 2015, compared to \$1,415,000, or 1.42% of loans, net of unearned income at March 31, 2014. Nonperforming assets at March 31, 2015 were \$423,000 compared to \$202,000 at March 31, 2014. The bank recognized \$3,000 in net loan recoveries during the quarter ended March 31, 2015.

Capital

At March 31, 2015, shareholders' equity totaled \$14.0 million compared to \$12.8 million at March 31, 2014, an increase of \$1.2 million, or 9.4%.

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>03/31/15</u>	<u>12/31/14</u>	<u>09/30/14</u>	<u>06/30/14</u>	<u>03/31/14</u>
ASSETS					
Cash and due from banks	\$ 3,982	\$ 2,750	\$ 2,657	\$ 4,268	\$ 3,203
Federal funds sold	-	-	-	-	-
Interest-bearing deposits	21,281	6,070	10,401	11,113	533
Investment securities	10,511	11,149	11,378	14,988	15,250
Loans held for sale	-	-	-	3,072	3,134
Loans, net of unearned income	127,045	124,547	115,954	108,796	99,960
Allowance for loan losses	(1,608)	(1,605)	(1,607)	(1,464)	(1,415)
Loans, net	125,437	122,942	114,347	107,332	98,545
Premises and equipment, net	851	909	958	1,010	1,049
Other assets	5,157	5,295	5,202	5,288	5,134
Total assets	<u>\$ 167,219</u>	<u>\$ 149,115</u>	<u>\$ 144,943</u>	<u>\$ 147,071</u>	<u>\$ 126,848</u>
LIABILITIES					
Deposits:					
Demand noninterest-bearing	\$ 29,852	\$ 24,707	\$ 23,566	\$ 23,434	\$ 19,198
Demand interest-bearing	20,607	21,566	15,817	17,128	19,404
Money market and savings	54,169	42,114	45,221	45,942	41,072
Time deposits of less than \$100,000	16,239	17,939	17,824	17,719	13,298
Time deposits of \$100,000 or more	26,798	28,606	28,656	29,321	18,579
Total deposits	147,665	134,932	131,084	133,544	111,551
Federal Home Loan Bank borrowings	-	-	-	-	2,000
Subordinated debentures	4,870	-	-	-	-
Interest payable and other liabilities	668	456	510	454	464
Total liabilities	<u>153,203</u>	<u>135,388</u>	<u>131,594</u>	<u>133,998</u>	<u>114,015</u>
SHAREHOLDERS' EQUITY					
Common stock	13,185	13,161	13,095	12,981	12,960
Retained Earnings	615	414	160	(65)	(234)
Accumulated other comprehensive income (loss)	216	152	94	157	107
Total shareholders' equity	14,016	13,727	13,349	13,073	12,833
Total liabilities and shareholders' equity	<u>\$ 167,219</u>	<u>\$ 149,115</u>	<u>\$ 144,943</u>	<u>\$ 147,071</u>	<u>\$ 126,848</u>
Total equity / total assets	8.38%	9.21%	9.21%	8.89%	10.12%
Book value per share	\$ 11.19	\$ 10.96	\$ 10.84	\$ 10.79	\$ 10.59

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

	Three months ended		
	03/31/15	12/31/14	03/31/14
INTEREST INCOME			
Loans	\$ 1,587	\$ 1,552	\$ 1,275
Federal funds sold	-	-	-
Investment securities	77	83	155
Other	18	17	10
Total interest income	<u>1,682</u>	<u>1,652</u>	<u>1,440</u>
INTEREST EXPENSE			
Deposits:			
Interest-bearing demand	6	5	5
Money market and savings	35	27	58
Time deposits	87	91	57
Other	41	-	1
Total interest expense	<u>169</u>	<u>123</u>	<u>121</u>
Net interest income	1,513	1,529	1,319
Provision for credit losses	-	-	24
Net interest income after provision for credit losses	<u>1,513</u>	<u>1,529</u>	<u>1,295</u>
NON-INTEREST INCOME			
Service charges on deposit accounts	22	32	19
Gain on sale of SBA loans	-	-	-
Gain (loss) on sale of other real estate owned	-	-	-
Gain on sale of securities	-	-	(6)
Other non-interest income	156	130	97
Total non-interest income	<u>178</u>	<u>162</u>	<u>110</u>
OPERATING EXPENSES			
Salaries and benefits	733	715	638
Premises and fixed assets	140	138	139
Other	434	413	415
Total operating expenses	<u>1,307</u>	<u>1,266</u>	<u>1,192</u>
Income before income taxes	384	425	213
Income taxes	158	171	82
NET INCOME	<u>\$ 226</u>	<u>\$ 254</u>	<u>\$ 131</u>
EARNINGS PER SHARE			
Basic earnings per share	<u>\$ 0.18</u>	<u>\$ 0.20</u>	<u>\$ 0.11</u>
Diluted earnings per share	<u>\$ 0.17</u>	<u>\$ 0.19</u>	<u>\$ 0.10</u>
Average common shares outstanding	<u>1,252,000</u>	<u>1,247,652</u>	<u>1,212,000</u>
Average common and equivalent shares outstanding	<u>1,342,315</u>	<u>1,339,125</u>	<u>1,316,906</u>
PERFORMANCE MEASURES			
Return on average assets	0.58%	0.68%	0.41%
Return on average equity	6.49%	7.43%	4.11%
Net interest margin	4.11%	4.26%	4.42%
Efficiency ratio	77.29%	74.87%	83.41%