

Cornerstone Community Bancorp Reports Financial Results For the First Quarter Ended March 31, 2018

Red Bluff, CA – April 19, 2018 – Cornerstone Community Bancorp (OTC Pink: **CRSB**) announced today its financial results for the first quarter ended March 31, 2018.

The Company reported net income of \$562,000 for the three months ended March 31, 2018 compared to net income of \$390,000 for the same period last year. Diluted earnings per share were \$0.39 for the three months ended March 31, 2018 compared to \$0.29 for the same period last year.

The return on average assets for the three months ended March 31, 2018 was 0.96% and the return on average equity was 12.26%.

President and CEO, Jeff Finck, stated, “2018 is off to an excellent start with double-digit growth in loans, deposits and earnings. Credit quality remains pristine with no nonperforming assets at quarter-end.”

Net Interest Income

Net interest income increased by 25% to \$2,228,000 for the quarter ended March 31, 2018 compared to \$1,783,000 for the same quarter last year.

Provision for credit losses

The Company recorded a \$64,000 provision for credit losses for the quarter ended March 31, 2018 compared to \$150,000 for the same period last year.

Non-Interest Income

Non-interest income for the quarter ended March 31, 2018 was \$161,000 compared to \$375,000 for the quarter ended March 31, 2017.

Non-Interest Expense

Non-interest expense was \$1,578,000 for the quarter ended March 31, 2018 compared to \$1,344,000 for the same period last year.

Balance Sheet

The Company had total assets at March 31, 2018 of \$240.7 million compared to \$200.0 million at March 31, 2017.

Total loans, net of unearned income at March 31, 2018 were \$188.9 million compared to \$159.8 million at March 31, 2017, representing an increase of \$29.1 million, or 18.2%.

Total deposits were \$207.6 million at March 31, 2018 compared to total deposits of \$166.0 million at March 31, 2017, representing an increase of \$41.6 million, or 25.0%.

Credit Quality

The allowance for loan losses was \$1,907,000, or 1.01% of loans, net of unearned income at March 31, 2018, compared to \$1,773,000, or 1.11% of loans, net of unearned income at March 31, 2017. There were no nonperforming assets at March 31, 2018 compared to \$8,000 at March 31, 2017.

Capital

At March 31, 2018, shareholders' equity totaled \$18.3 million compared to \$16.2 million at March 31, 2017. Book value per share increased by 8.7% to \$14.22 per share at March 31, 2018 compared to \$13.08 per share at March 31, 2017.

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 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>03/31/18</u>	<u>12/31/17</u>	<u>09/30/17</u>	<u>06/30/17</u>	<u>03/31/17</u>
ASSETS					
Cash and due from banks	\$ 3,364	\$ 4,630	\$ 4,465	\$ 3,516	\$ 3,809
Federal funds sold	20	20	20	20	20
Interest-bearing deposits	24,932	17,077	24,930	13,739	16,773
Investment securities	10,942	12,274	12,486	12,793	13,052
Loans held for sale	1,849	-	-	2,603	-
Loans, net of unearned income	188,883	184,814	173,452	169,070	159,768
Allowance for loan losses	(1,907)	(1,847)	(1,847)	(1,778)	(1,773)
Loans, net	186,976	182,967	171,605	167,292	157,995
Premises and equipment, net	5,846	5,121	3,102	2,006	1,854
Other assets	6,753	6,950	7,001	8,605	6,460
Total assets	<u>\$ 240,682</u>	<u>\$ 229,039</u>	<u>\$ 223,609</u>	<u>\$ 210,574</u>	<u>\$ 199,963</u>
LIABILITIES					
Deposits:					
Demand noninterest-bearing	\$ 42,223	\$ 38,348	\$ 37,977	\$ 33,101	\$ 27,439
Demand interest-bearing	27,514	26,311	25,434	24,610	23,392
Money market and savings	73,936	68,715	65,909	59,759	60,877
Time deposits of less than \$100,000	17,959	18,510	18,333	19,020	18,984
Time deposits of \$100,000 or more	45,933	44,731	43,658	42,565	35,317
Total deposits	207,565	196,615	191,311	179,055	166,009
Federal Home Loan Bank borrowings	9,000	9,000	9,000	9,000	12,000
Subordinated debentures	4,895	4,892	4,890	4,887	4,885
Interest payable and other liabilities	933	821	955	868	865
Total liabilities	<u>222,393</u>	<u>211,328</u>	<u>206,156</u>	<u>193,810</u>	<u>183,759</u>
SHAREHOLDERS' EQUITY					
Common stock	13,429	13,333	13,258	13,115	13,092
Retained Earnings	4,843	4,282	4,113	3,557	3,050
Accumulated other comprehensive income (loss)	17	96	82	92	62
Total shareholders' equity	<u>18,289</u>	<u>17,711</u>	<u>17,453</u>	<u>16,764</u>	<u>16,204</u>
Total liabilities and shareholders' equity	<u>\$ 240,682</u>	<u>\$ 229,039</u>	<u>\$ 223,609</u>	<u>\$ 210,574</u>	<u>\$ 199,963</u>
Total equity / total assets	7.60%	7.73%	7.81%	7.96%	8.10%
Book value per share	\$ 14.22	\$ 13.99	\$ 13.90	\$ 13.53	\$ 13.08

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

	Three months ended		
	03/31/18	12/31/17	03/31/17
INTEREST INCOME			
Loans	\$ 2,531	\$ 2,495	\$ 1,999
Federal funds sold	-	-	-
Investment securities	78	78	81
Other	88	98	65
Total interest income	<u>2,697</u>	<u>2,671</u>	<u>2,145</u>
INTEREST EXPENSE			
Deposits:			
Interest-bearing demand	14	13	11
Money market and savings	127	120	94
Time deposits	203	185	126
Other	125	127	131
Total interest expense	<u>469</u>	<u>445</u>	<u>362</u>
Net interest income	2,228	2,226	1,783
Provision for credit losses	64	-	150
Net interest income after provision for credit losses	<u>2,164</u>	<u>2,226</u>	<u>1,633</u>
NON-INTEREST INCOME			
Service charges on deposit accounts	49	47	44
Gain on sale of loans	17	102	243
Gain (loss) on sale of other real estate owned	-	-	-
Gain (loss) on sale of securities	-	-	-
Other non-interest income	95	94	88
Total non-interest income	<u>161</u>	<u>243</u>	<u>375</u>
OPERATING EXPENSES			
Salaries and benefits	876	799	737
Premises and fixed assets	150	143	144
Other	552	535	463
Total operating expenses	<u>1,578</u>	<u>1,477</u>	<u>1,344</u>
Income before income taxes	747	992	664
Income taxes	185	808	274
NET INCOME	<u>\$ 562</u>	<u>\$ 184</u>	<u>\$ 390</u>
EARNINGS PER SHARE			
Basic earnings per share	<u>\$ 0.44</u>	<u>\$ 0.15</u>	<u>\$ 0.32</u>
Diluted earnings per share	<u>\$ 0.39</u>	<u>\$ 0.13</u>	<u>\$ 0.29</u>
Average common shares outstanding	<u>1,276,923</u>	<u>1,261,647</u>	<u>1,233,978</u>
Average common and equivalent shares outstanding	<u>1,424,197</u>	<u>1,382,565</u>	<u>1,338,511</u>
PERFORMANCE MEASURES			
Return on average assets	0.96%	0.32%	0.78%
Return on average equity	12.26%	4.11%	9.68%
Net interest margin	4.10%	4.09%	3.78%
Efficiency ratio	66.05%	59.82%	62.28%