

Cornerstone Community Bancorp Reports Financial Results For the First Quarter Ended March 31, 2019

Red Bluff, CA – April 16, 2019 – Cornerstone Community Bancorp (OTC Pink: CRSB) announced today its financial results for the first quarter ended March 31, 2019.

The Company reported net income of \$785,000 for the three months ended March 31, 2019 compared to net income of \$562,000 for the same period last year. Diluted earnings per share were \$0.52 for the three months ended March 31, 2019 compared to \$0.39 for the same period last year.

The return on average assets for the three months ended March 31, 2019 was 1.18% and the return on average equity was 13.84%. The net interest margin expanded to 4.35% for the three months ended March 31, 2019 compared to 4.10% for the same period last year and the efficiency ratio declined to 59.44% for the three months ended March 31, 2019 compared to 66.05% for the same period last year.

President and CEO, Jeff Finck, stated, “We are off to a solid start in 2019 with continued growth in loans and deposits. In the next few months, we will be relocating just down the street from our East Cypress Avenue location to our newly constructed building on Hartnell Avenue.”

Net Interest Income

Net interest income increased to \$2,629,000 for the quarter ended March 31, 2019 compared to \$2,228,000 for the same quarter last year.

Provision for credit losses

The Company recorded a \$90,000 provision for credit losses for the quarter ended March 31, 2019 compared to \$64,000 for the same quarter last year.

Non-Interest Income

Non-interest income for the quarter ended March 31, 2019 was \$325,000 compared to \$161,000 for the quarter ended March 31, 2018.

Non-Interest Expense

Non-interest expense was \$1,756,000 for the quarter ended March 31, 2019 compared to \$1,578,000 for the same period last year.

Balance Sheet

The Company had total assets at March 31, 2019 of \$266.0 million compared to \$240.7 million at March 31, 2018.

Total loans, net of unearned income at March 31, 2019 were \$214.5 million compared to \$188.9 million at March 31, 2018.

Total deposits were \$231.0 million at March 31, 2019 compared to total deposits of \$207.6 million at March 31, 2018.

Credit Quality

The allowance for loan losses was \$2,235,000, or 1.04% of loans, net of unearned income at March 31, 2019, compared to \$1,907,000, or 1.01% of loans, net of unearned income at March 31, 2018. There were no nonperforming assets at March 31, 2019 and March 31, 2018.

Capital

At March 31, 2019, shareholders' equity totaled \$23.0 million compared to \$18.3 million at March 31, 2018. Book value per share increased by 12.7% to \$16.02 per share at March 31, 2019 compared to \$14.22 per share at March 31, 2018. During the second quarter of 2018, the Company completed a private placement of \$2.1 million of its common stock. In the offering, the Company issued 119,285 shares of its common stock at a purchase price of \$17.5 per share.

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)

	03/31/19	12/31/18	09/30/18	06/30/18	03/31/18
ASSETS					
Cash and due from banks	\$ 5,744	\$ 7,002	\$ 5,275	\$ 4,139	\$ 3,364
Federal funds sold	8,836	20	20	20	20
Interest-bearing deposits	11,186	24,730	23,686	24,066	24,932
Investment securities	7,720	9,284	9,548	10,651	10,942
Loans held for sale	-	-	-	-	1,849
Loans, net of unearned income	214,476	209,330	202,300	193,989	188,883
Allowance for loan losses	(2,235)	(2,152)	(2,022)	(1,947)	(1,907)
Loans, net	212,241	207,178	200,278	192,042	186,976
Premises and equipment, net	10,154	8,740	7,777	6,958	5,846
Other assets	10,151	9,407	6,930	6,877	6,753
Total assets	<u>\$ 266,032</u>	<u>\$ 266,361</u>	<u>\$ 253,514</u>	<u>\$ 244,753</u>	<u>\$ 240,682</u>
LIABILITIES					
Deposits:					
Demand noninterest-bearing	\$ 50,564	\$ 50,862	\$ 49,063	\$ 44,751	\$ 42,223
Demand interest-bearing	38,434	37,875	34,312	29,565	27,514
Money market and savings	74,628	75,015	71,729	72,319	73,936
Time deposits of less than \$100,000	15,099	15,778	16,456	19,482	17,959
Time deposits of \$100,000 or more	52,250	52,763	48,155	45,671	45,933
Total deposits	230,975	232,293	219,715	211,788	207,565
Federal Home Loan Bank borrowings	6,000	6,000	6,000	6,000	9,000
Subordinated debentures	4,906	4,903	4,900	4,897	4,895
Interest payable and other liabilities	1,190	1,100	1,161	1,021	933
Total liabilities	<u>243,071</u>	<u>244,296</u>	<u>231,776</u>	<u>223,706</u>	<u>222,393</u>
SHAREHOLDERS' EQUITY					
Common stock	15,088	15,001	15,584	15,551	13,429
Retained Earnings	7,842	7,058	6,173	5,507	4,843
Accumulated other comprehensive income (loss)	31	6	(19)	(11)	17
Total shareholders' equity	<u>22,961</u>	<u>22,065</u>	<u>21,738</u>	<u>21,047</u>	<u>18,289</u>
Total liabilities and shareholders' equity	<u>\$ 266,032</u>	<u>\$ 266,361</u>	<u>\$ 253,514</u>	<u>\$ 244,753</u>	<u>\$ 240,682</u>
Total equity / total assets	8.63%	8.28%	8.57%	8.60%	7.60%
Book value per share	\$ 16.02	\$ 15.56	\$ 15.47	\$ 14.97	\$ 14.22

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

	Three months ended		
	03/31/19	12/31/18	03/31/18
INTEREST INCOME			
Loans	\$ 3,130	\$ 2,966	\$ 2,531
Federal funds sold	14	-	-
Investment securities	63	70	78
Other	121	198	88
Total interest income	<u>3,328</u>	<u>3,234</u>	<u>2,697</u>
INTEREST EXPENSE			
Deposits:			
Interest-bearing demand	22	22	14
Money market and savings	216	177	127
Time deposits	344	317	203
Other	117	119	125
Total interest expense	<u>699</u>	<u>635</u>	<u>469</u>
Net interest income	2,629	2,599	2,228
Provision for credit losses	90	130	64
Net interest income after provision for credit losses	<u>2,539</u>	<u>2,469</u>	<u>2,164</u>
NON-INTEREST INCOME			
Service charges on deposit accounts	45	59	49
Gain on sale of loans	149	-	17
Gain (loss) on sale of other real estate owned	-	-	-
Gain (loss) on sale of securities	-	-	-
Other non-interest income	131	102	95
Total non-interest income	<u>325</u>	<u>161</u>	<u>161</u>
OPERATING EXPENSES			
Salaries and benefits	934	887	876
Premises and fixed assets	182	173	150
Other	640	617	552
Total operating expenses	<u>1,756</u>	<u>1,677</u>	<u>1,578</u>
Income before income taxes	1,108	953	747
Income taxes	323	69	185
NET INCOME	<u>\$ 785</u>	<u>\$ 884</u>	<u>\$ 562</u>
EARNINGS PER SHARE			
Basic earnings per share	<u>\$ 0.55</u>	<u>\$ 0.63</u>	<u>\$ 0.44</u>
Diluted earnings per share	<u>\$ 0.52</u>	<u>\$ 0.57</u>	<u>\$ 0.39</u>
Average common shares outstanding	<u>1,432,208</u>	<u>1,407,785</u>	<u>1,276,923</u>
Average common and equivalent shares outstanding	<u>1,516,515</u>	<u>1,541,133</u>	<u>1,424,197</u>
PERFORMANCE MEASURES			
Return on average assets	1.18%	1.36%	0.96%
Return on average equity	13.84%	15.99%	12.26%
Net interest margin	4.35%	4.26%	4.10%
Efficiency ratio	59.44%	60.76%	66.05%