

## **Cornerstone Community Bancorp Reports Financial Results For the Fourth Quarter and Full Year Ended December 31, 2020**

**Red Bluff, CA – January 21, 2021** – Cornerstone Community Bancorp (OTC Pink: CRSB) announced today its financial results for the fourth quarter ended December 31, 2020.

The Company reported net income of \$2,059,000 for the three months ended December 31, 2020 compared to net income of \$884,000 for the same period last year. Diluted earnings per share were \$1.36 for the three months ended December 31, 2020 compared to \$0.58 for the same period last year.

The return on average assets for the three months ended December 31, 2020 was 1.68% and the return on average equity was 27.70%. The tax-equivalent net interest margin was 3.81% for the three months ended December 31, 2020 compared to 4.03% for the same period last year and the efficiency ratio declined to 39.69% for the three months ended December 31, 2020 compared to 58.78% for the same period last year.

For the year ended December 31, 2020, the Company reported net income of \$4,626,000 compared to net income of \$3,452,000 for the same period last year. Diluted earnings per share were \$3.04 for the year ended December 31, 2020 compared to \$2.27 for the same period last year.

The return on average assets for the year ended December 31, 2020 was 1.09% and the return on average equity was 16.53%.

Net income for the year ended December 31, 2020 reflects a \$1.6 million provision for credit losses related to the economic uncertainties of the COVID-19 pandemic.

President and CEO, Jeff Finck stated, “We had a record quarter and year. During the year, our team was busy helping both new and existing customers through the Paycheck Protection Program (PPP) application process. During the fourth quarter, the team was helping them navigate the forgiveness process. These efforts served to strengthen relationships with existing customers and attract new ones.”

### **Net Interest Income**

Net interest income increased to \$4,465,000 for the quarter ended December 31, 2020 compared to \$2,834,000 for the same quarter last year. Fourth quarter 2020 net interest income was driven by accelerated PPP fee recognition from borrower forgiveness processing. For the year ended December 31, 2020, net interest income increased to \$13,836,000 compared to \$10,971,000 for the same period last year.

The Company's tax-equivalent net interest margin was 3.81% for the fourth quarter of 2020 and 3.45% for the year ended December 31, 2020.

### **Provision for credit losses**

There was no provision for credit losses recorded for the quarter ended December 31, 2020 compared to \$100,000 for the same quarter last year. For the year ended December 31, 2020, the Company recorded a \$1,600,000 provision for credit losses compared to \$340,000 for the same period last year.

### **Non-Interest Income**

Non-interest income for the quarter ended December 31, 2020 was \$345,000 compared to \$201,000 for the quarter ended December 31, 2019. For the year ended December 31, 2020, non-interest income was \$1,239,000 compared to \$1,206,000 for the same period last year.

### **Non-Interest Expense**

Non-interest expense was \$1,909,000 for the quarter ended December 31, 2020 compared to \$1,784,000 for the same period last year. For the year ended December 31, 2020, non-interest expense was \$7,156,000 compared to \$7,071,000 for the same period last year.

### **Balance Sheet**

Interest-bearing deposits increased \$74.2 million at December 31, 2020 compared to December 31, 2019. Investment securities increased \$37.0 million at December 31, 2020 compared to December 31, 2019.

Total loans, net of unearned income at December 31, 2020 were \$332.2 million compared to \$241.7 million at December 31, 2019.

Total deposits were \$433.3 million at December 31, 2020 compared to total deposits of \$253.4 million at December 31, 2019.

### **Credit Quality**

The allowance for loan losses was \$4,009,000, or 1.21% of loans, net of unearned income at December 31, 2020, compared to \$2,409,000, or 1.00% of loans, net of unearned income at December 31, 2019. There were no nonperforming assets at December 31, 2020 and December 31, 2019.

### **Capital**

At December 31, 2020, shareholders' equity totaled \$30.1 million compared to \$25.8 million at December 31, 2019. Book value was \$20.87 per share at December 31, 2020 compared to \$17.79 per share at December 31, 2019.

During the fourth quarter of 2020, the Company repurchased 49,800 shares of its common stock for a total of \$900,368.

## **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](http://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 2020), 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)

	12/31/20	09/30/20	06/30/20	03/31/20	12/31/19
<b>ASSETS</b>					
Cash and due from banks	\$ 3,811	\$ 5,455	\$ 6,350	\$ 4,965	\$ 6,038
Federal funds sold	14,166	5,045	10,402	17,385	4,575
Interest-bearing deposits	77,045	62,110	73,310	18,928	2,825
Investment securities	50,336	50,699	16,173	13,144	13,355
Loans held for sale	-	-	-	-	-
Loans, net of unearned income	332,176	342,416	333,620	250,353	241,662
Allowance for loan losses	(4,009)	(4,009)	(4,009)	(3,859)	(2,409)
Loans, net	328,167	338,407	329,611	246,494	239,253
Premises and equipment, net	11,581	10,992	11,095	11,180	11,216
Other assets	12,255	12,577	11,882	11,330	11,093
Total assets	<u>\$ 497,361</u>	<u>\$ 485,285</u>	<u>\$ 458,823</u>	<u>\$ 323,426</u>	<u>\$ 288,355</u>
<b>LIABILITIES</b>					
Deposits:					
Demand noninterest-bearing	\$ 108,147	\$ 103,824	\$ 96,395	\$ 58,357	\$ 52,352
Demand interest-bearing	108,097	104,819	90,633	51,608	52,058
Money market and savings	146,655	87,035	79,550	77,273	74,560
Time deposits of less than \$100,000	15,418	21,103	22,925	26,503	18,395
Time deposits of \$100,000 or more	55,021	54,695	51,919	54,274	56,016
Total deposits	433,338	371,476	341,422	268,015	253,381
Borrowings and other obligations	15,000	78,136	83,136	23,000	3,000
Subordinated debentures	16,645	4,923	4,920	4,917	4,914
Interest payable and other liabilities	2,294	1,854	1,765	1,382	1,235
Total liabilities	<u>467,277</u>	<u>456,389</u>	<u>431,243</u>	<u>297,314</u>	<u>262,530</u>
<b>SHAREHOLDERS' EQUITY</b>					
Common stock	14,584	15,462	15,440	15,336	15,264
Retained Earnings	15,136	13,077	11,841	10,557	10,510
Accumulated other comprehensive income (loss)	364	357	299	219	51
Total shareholders' equity	30,084	28,896	27,580	26,112	25,825
Total liabilities and shareholders' equity	<u>\$ 497,361</u>	<u>\$ 485,285</u>	<u>\$ 458,823</u>	<u>\$ 323,426</u>	<u>\$ 288,355</u>
Total equity / total assets	6.05%	5.95%	6.01%	8.07%	8.96%
Book value per share	\$ 20.87	\$ 19.38	\$ 18.50	\$ 17.63	\$ 17.79
Shares outstanding	1,441,241	1,491,041	1,491,041	1,481,041	1,452,041

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

	Three months ended			Year ended	
	12/31/20	09/30/20	12/31/19	12/31/20	12/31/19
<b>INTEREST INCOME</b>					
Loans	\$ 4,761	\$ 3,695	\$ 3,349	\$ 15,424	\$ 13,065
Federal funds sold	2	1	40	24	175
Investment securities	162	161	65	495	238
Other	51	33	130	174	444
Total interest income	4,976	3,890	3,584	16,117	13,922
<b>INTEREST EXPENSE</b>					
Deposits:					
Interest-bearing demand	55	51	50	181	139
Money market and savings	80	79	241	464	906
Time deposits	155	198	351	944	1,465
Other	221	186	108	692	441
Total interest expense	511	514	750	2,281	2,951
Net interest income	4,465	3,376	2,834	13,836	10,971
Provision for credit losses	-	-	100	1,600	340
Net interest income after provision for credit losses	4,465	3,376	2,734	12,236	10,631
<b>NON-INTEREST INCOME</b>					
Service charges on deposit accounts	55	49	61	222	255
Gain on sale of loans	61	-	-	247	417
Gain (loss) on sale of other real estate owned	-	-	-	-	-
Gain (loss) on sale of securities	-	91	-	91	-
Other non-interest income	229	156	140	679	534
Total non-interest income	345	296	201	1,239	1,206
<b>OPERATING EXPENSES</b>					
Salaries and benefits	970	979	887	3,280	3,636
Premises and fixed assets	182	200	239	891	859
Other	757	760	658	2,985	2,576
Total operating expenses	1,909	1,939	1,784	7,156	7,071
Income before income taxes	2,901	1,733	1,151	6,319	4,766
Income taxes	842	497	267	1,693	1,314
<b>NET INCOME</b>	<b>\$ 2,059</b>	<b>\$ 1,236</b>	<b>\$ 884</b>	<b>\$ 4,626</b>	<b>\$ 3,452</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	\$ 1.39	\$ 0.83	\$ 0.61	\$ 3.12	\$ 2.41
Diluted earnings per share	\$ 1.36	\$ 0.81	\$ 0.58	\$ 3.04	\$ 2.27
Average common shares outstanding	1,477,361	1,491,041	1,442,639	1,483,575	1,435,255
Average common and equivalent shares outstanding	1,511,365	1,522,872	1,527,238	1,522,714	1,521,093
<b>PERFORMANCE MEASURES</b>					
Return on average assets	1.68%	1.05%	1.16%	1.09%	1.22%
Return on average equity	27.70%	17.36%	13.87%	16.53%	14.33%
Tax-equivalent net interest margin	3.81%	2.99%	4.03%	3.45%	4.21%
Efficiency ratio	39.69%	52.81%	58.78%	47.47%	58.07%