

Cornerstone Community Bancorp Reports Financial Results For the Fourth Quarter and Full Year Ended December 31, 2021

Red Bluff, CA – January 20, 2022 – Cornerstone Community Bancorp (OTC Pink: CRSB) announced today its financial results for the fourth quarter and full year ended December 31, 2021.

The Company reported net income of \$1,967,000 for the three months ended December 31, 2021 compared to net income of \$2,059,000 for the same period last year. Diluted earnings per share were \$1.29 for the three months ended December 31, 2021 compared to \$1.36 for the same period last year.

The return on average assets for the three months ended December 31, 2021 was 1.41% and the return on average equity was 21.63%. The tax-equivalent net interest margin was 3.59% for the three months ended December 31, 2021 compared to 3.81% for the same period last year and the efficiency ratio was 43.43% for the three months ended December 31, 2021 compared to 39.69% for the same period last year.

For the year ended December 31, 2021, the Company reported record net income of \$7,915,000 compared to net income of \$4,626,000 for the same period last year. Diluted earnings per share were \$5.25 for the year ended December 31, 2021 compared to \$3.04 for the same period last year.

The return on average assets for the year ended December 31, 2021 was 1.46% and the return on average equity was 23.35%.

President and CEO, Jeff Finck stated, “We are very pleased with our 2021 results. Loans and deposits grew at a strong pace. We look forward to 2022 with the opening of our Anderson branch in the first quarter.”

Net Interest Income

Net interest income increased to \$4,781,000 for the quarter ended December 31, 2021 compared to \$4,465,000 for the same quarter last year. For the year ended December 31, 2021, net interest income increased to \$17,993,000 compared to \$13,836,000 for the same period last year.

Provision for credit losses

Provision for credit losses were \$150,000 for the quarter ended December 31, 2021 compared to no provision for the same quarter last year. For the year ended December 31, 2021, the Company recorded a \$1,050,000 provision for credit losses compared to \$1,600,000 for the same period last year.

Non-Interest Income

Non-interest income for the quarter ended December 31, 2021 was \$365,000 compared to \$345,000 for the quarter ended December 31, 2020. For the year ended December 31, 2021, non-interest income was \$2,378,000 compared to \$1,239,000 for the same period last year.

Non-Interest Expense

Non-interest expense was \$2,235,000 for the quarter ended December 31, 2021 compared to \$1,909,000 for the same period last year. For the year ended December 31, 2021, non-interest expense was \$8,200,000 compared to \$7,156,000 for the same period last year.

Balance Sheet

Total loans, net of unearned income at December 31, 2021 were \$387.4 million compared to \$332.2 million at December 31, 2020.

Total deposits were \$547.7 million at December 31, 2021 compared to total deposits of \$433.3 million at December 31, 2020.

Credit Quality

The allowance for loan losses was \$5,059,000, or 1.31% of loans, net of unearned income at December 31, 2021, compared to \$4,009,000, or 1.21% of loans, net of unearned income at December 31, 2020. There were no nonperforming assets at December 31, 2021 and December 31, 2020.

Capital

At December 31, 2021, shareholders' equity totaled \$37.0 million compared to \$30.1 million at December 31, 2020. Book value was \$25.31 per share at December 31, 2021 compared to \$20.87 per share at December 31, 2020.

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 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 2021), 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)

	<u>12/31/21</u>	<u>09/30/21</u>	<u>06/30/21</u>	<u>03/31/21</u>	<u>12/31/20</u>
ASSETS					
Cash and due from banks	\$ 4,552	\$ 4,765	\$ 5,450	\$ 5,417	\$ 3,811
Federal funds sold	121	2,600	2,256	5,761	14,166
Interest-bearing deposits	77,933	24,636	28,549	68,283	77,045
Investment securities	108,253	110,470	75,258	52,084	50,336
Loans held for sale	-	-	-	1,102	-
Loans, net of unearned income	387,374	388,532	390,748	382,253	332,176
Allowance for loan losses	(5,059)	(4,909)	(4,509)	(4,409)	(4,009)
Loans, net	382,315	383,623	386,239	377,844	328,167
Premises and equipment, net	14,488	13,567	13,013	12,767	11,581
Other assets	15,622	14,863	14,972	13,974	12,724
Total assets	<u>\$ 603,284</u>	<u>\$ 554,524</u>	<u>\$ 525,737</u>	<u>\$ 537,232</u>	<u>\$ 497,830</u>
LIABILITIES					
Deposits:					
Demand noninterest-bearing	\$ 174,282	\$ 141,734	\$ 126,107	\$ 126,481	\$ 108,147
Demand interest-bearing	131,368	131,964	126,724	122,506	108,097
Money market and savings	163,946	150,149	150,086	163,232	146,655
Time deposits of less than \$100,000	13,662	13,180	13,393	15,812	15,418
Time deposits of \$100,000 or more	64,449	63,111	56,993	57,299	55,021
Total deposits	547,707	500,138	473,303	485,330	433,338
Borrowings and other obligations	5,000	5,000	5,000	5,000	15,000
Subordinated debentures	11,720	11,715	11,709	11,703	16,645
Interest payable and other liabilities	1,838	2,151	1,933	3,776	2,763
Total liabilities	<u>566,265</u>	<u>519,004</u>	<u>491,945</u>	<u>505,809</u>	<u>467,746</u>
SHAREHOLDERS' EQUITY					
Common stock	14,913	14,814	14,771	14,681	14,584
Retained Earnings	23,051	21,084	18,999	17,183	15,136
Accumulated other comprehensive income (loss)	(945)	(378)	22	(441)	364
Total shareholders' equity	37,019	35,520	33,792	31,423	30,084
Total liabilities and shareholders' equity	<u>\$ 603,284</u>	<u>\$ 554,524</u>	<u>\$ 525,737</u>	<u>\$ 537,232</u>	<u>\$ 497,830</u>
Total equity / total assets	6.14%	6.41%	6.43%	5.85%	6.04%
Book value per share	\$ 25.31	\$ 24.37	\$ 23.22	\$ 21.65	\$ 20.87
Shares outstanding	1,462,591	1,457,591	1,455,091	1,451,091	1,441,241

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

	Three months ended			Year ended	
	12/31/21	09/30/21	12/31/20	12/31/21	12/31/20
INTEREST INCOME					
Loans	\$ 4,759	\$ 4,772	\$ 4,761	\$ 18,361	\$ 15,424
Federal funds sold	1	-	2	4	24
Investment securities	385	360	162	1,124	495
Other	60	35	51	180	174
Total interest income	5,205	5,167	4,976	19,669	16,117
INTEREST EXPENSE					
Deposits:					
Interest-bearing demand	49	46	55	187	181
Money market and savings	109	96	80	385	464
Time deposits	107	107	155	452	944
Other	159	162	221	652	692
Total interest expense	424	411	511	1,676	2,281
Net interest income	4,781	4,756	4,465	17,993	13,836
Provision for credit losses	150	400	-	1,050	1,600
Net interest income after provision for credit losses	4,631	4,356	4,465	16,943	12,236
NON-INTEREST INCOME					
Service charges on deposit accounts	65	62	55	244	222
Gain on sale of loans	-	396	61	1,231	247
Gain (loss) on sale of other real estate owned	-	-	-	-	-
Gain (loss) on sale of securities	-	-	-	(45)	91
Other non-interest income	300	256	229	948	679
Total non-interest income	365	714	345	2,378	1,239
OPERATING EXPENSES					
Salaries and benefits	1,175	1,048	970	3,870	3,280
Premises and fixed assets	192	212	182	782	891
Other	868	877	757	3,548	2,985
Total operating expenses	2,235	2,137	1,909	8,200	7,156
Income before income taxes	2,761	2,933	2,901	11,121	6,319
Income taxes	794	848	842	3,206	1,693
NET INCOME	\$ 1,967	\$ 2,085	\$ 2,059	\$ 7,915	\$ 4,626
EARNINGS PER SHARE					
Basic earnings per share	\$ 1.35	\$ 1.43	\$ 1.39	\$ 5.44	\$ 3.12
Diluted earnings per share	\$ 1.29	\$ 1.38	\$ 1.36	\$ 5.25	\$ 3.04
Average common shares outstanding	1,459,667	1,456,531	1,477,361	1,454,507	1,483,575
Average common and equivalent shares outstanding	1,518,908	1,512,738	1,511,365	1,507,561	1,522,714
PERFORMANCE MEASURES					
Return on average assets	1.41%	1.53%	1.68%	1.46%	1.09%
Return on average equity	21.63%	23.52%	27.70%	23.35%	16.53%
Tax-equivalent net interest margin	3.59%	3.66%	3.81%	3.50%	3.45%
Efficiency ratio	43.43%	39.07%	39.69%	40.25%	47.47%