

## **Cornerstone Community Bancorp Reports Financial Results For the First Quarter Ended March 31, 2024**

**Red Bluff, CA – April 24, 2024** – Cornerstone Community Bancorp (OTC Pink: CRSB) announced today its financial results for the first quarter ended March 31, 2024.

The Company reported net income of \$1,394,000 for the three months ended March 31, 2024 compared to net income of \$1,695,000 for the same period last year. Diluted earnings per share were \$0.91 for the three months ended March 31, 2024 compared to \$1.11 for the same period last year.

The return on average assets for the three months ended March 31, 2024 was 0.86% and the return on average equity was 12.69%. The tax-equivalent net interest margin was 3.18% for the three months ended March 31, 2024 compared to 3.65% for the same period last year.

President and CEO, Matt Moseley stated, “The banking industry as a whole continues to be challenged with increasing liability costs and deposit competition. While Cornerstone has experienced an increase in cost of funds, the rate of increase is stabilizing and we continue to gain market share in the communities we serve. In March, Cornerstone rolled out a new and state of the art digital banking platform. The investment in new customer facing technology is already paying off and we have acquired new relationships as a result. In April, recognizing an opportune time to hedge interest rate risk, Cornerstone entered into an interest rate swap agreement that provides protection in a rising rate environment with limited overall cost if rates fall. While the economy will certainly present challenges, as it always does, our team is well prepared and will continue to execute on our strategy to run a safe and sound community bank that generates strong returns for our shareholders.”

### **Net Interest Income**

Net interest income decreased to \$4,884,000 for the quarter ended March 31, 2024 compared to \$5,180,000 for the same quarter last year.

### **Provision for credit losses on loans**

The Company recorded a \$144,000 provision for credit losses on loans for the quarter ended March 31, 2024 compared to \$110,000 for the same period last year.

### **Non-Interest Income**

Non-interest income for the quarter ended March 31, 2024 was \$356,000 compared to \$310,000 for the quarter ended March 31, 2023.

### **Non-Interest Expense**

Non-interest expense was \$3,202,000 for the quarter ended March 31, 2024 compared to \$3,024,000 for the same period last year.

## **Balance Sheet**

Total loans, net of unearned income, at March 31, 2024 were \$488.2 million compared to \$431.5 million at March 31, 2023.

Total deposits were \$590.0 million at March 31, 2024 compared to total deposits of \$565.7 million at March 31, 2023.

## **Credit Quality**

The allowance for credit losses on loans was \$5,957,000, or 1.22% of loans, net of unearned income, at March 31, 2024, compared to \$5,397,000, or 1.25% of loans, net of unearned income, at March 31, 2023. There were no nonperforming assets at March 31, 2024 compared to \$233,000 at March 31, 2023.

## **Capital**

At March 31, 2024, shareholders' equity totaled \$44.6 million compared to \$36.4 million at March 31, 2023. At March 31, 2024, the Company's book value per common share was \$29.99 compared to \$24.57 at March 31, 2023.

At March 31, 2024, the Bank's estimated total risk-based capital ratio was 12.89% and its tier 1 capital to risk weighted assets ratio was 11.80%. The Bank remains well capitalized under the regulatory framework for prompt corrective action.

## **About Cornerstone Community Bancorp**

Cornerstone Community Bancorp, a bank holding company headquartered in Red Bluff, California, serves the Red Bluff, Redding and Anderson communities through its wholly-owned subsidiary, Cornerstone Community Bank with a headquarters office in Red Bluff, two banking offices in Redding and one in Anderson. 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 Coronavirus Aid, Relief and Economic Security Act of 2022), 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.*

### **Contacts**

Matthew B. Moseley  
President & CEO  
530.222.1460

Patrick E. Phelan  
Chief Financial Officer  
530.222.1460

**CORNERSTONE COMMUNITY BANCORP**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
**(Dollars in Thousands)**

	<u>03/31/24</u>	<u>12/31/23</u>	<u>09/30/23</u>	<u>06/30/23</u>	<u>03/31/23</u>
<b>ASSETS</b>					
Cash and due from banks	\$ 6,389	\$ 8,623	\$ 5,492	\$ 8,482	\$ 7,365
Federal funds sold	-	-	-	-	124
Interest bearing deposits in other financial institutions	45,955	19,694	23,970	34,076	44,706
Available for sale debt securities, at fair value	90,767	93,065	90,086	93,889	95,139
Loans held for sale	-	-	-	-	-
Loans, net of unearned income	488,179	482,212	470,060	447,339	431,475
Allowance for credit losses on loans	(5,957)	(5,813)	(5,813)	(5,617)	(5,397)
Loans, net	482,222	476,399	464,247	441,722	426,079
Premises and equipment, net	14,433	14,326	14,437	14,492	14,492
Other assets	30,812	30,827	31,241	29,724	28,906
Total assets	<u>\$ 670,578</u>	<u>\$ 642,934</u>	<u>\$ 629,472</u>	<u>\$ 622,385</u>	<u>\$ 616,812</u>
<b>LIABILITIES</b>					
Deposits:					
Demand noninterest-bearing	\$ 99,278	\$ 101,396	\$ 100,791	\$ 109,775	\$ 125,008
Demand interest-bearing	159,542	166,221	190,645	179,508	165,203
Money market and savings	182,797	174,882	176,373	177,976	180,996
Time deposits	148,384	122,035	107,894	101,991	94,542
Total deposits	590,001	564,534	575,703	569,250	565,749
Borrowings and other obligations	20,000	20,000	-	-	-
Subordinated debentures	11,775	11,769	11,762	11,756	11,750
Interest payable and other liabilities	4,252	3,464	3,512	3,070	2,954
Total liabilities	<u>626,028</u>	<u>599,767</u>	<u>590,977</u>	<u>584,076</u>	<u>580,452</u>
<b>SHAREHOLDERS' EQUITY</b>					
Common stock	15,231	15,163	15,130	15,140	15,113
Retained Earnings	39,033	37,639	35,747	33,827	31,963
Accumulated other comprehensive income (loss)	(9,714)	(9,635)	(12,382)	(10,658)	(10,716)
Total shareholders' equity	<u>44,550</u>	<u>43,167</u>	<u>38,495</u>	<u>38,309</u>	<u>36,360</u>
Total liabilities and shareholders' equity	<u>\$ 670,578</u>	<u>\$ 642,934</u>	<u>\$ 629,472</u>	<u>\$ 622,385</u>	<u>\$ 616,812</u>
Total equity / total assets	6.64%	6.71%	6.12%	6.16%	5.89%
Book value per share	\$ 29.99	\$ 29.16	\$ 26.01	\$ 25.89	\$ 24.57
Shares outstanding	1,485,472	1,480,472	1,479,862	1,479,862	1,479,862

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

	Three months ended		
	03/31/24	12/31/23	03/31/23
<b>INTEREST INCOME</b>			
Loans	\$ 7,006	\$ 6,862	\$ 5,551
Federal funds sold	-	-	1
Investment securities	728	751	724
Other	419	426	467
Total interest income	<u>8,152</u>	<u>8,039</u>	<u>6,744</u>
<b>INTEREST EXPENSE</b>			
Deposits:			
Interest-bearing demand	301	291	247
Money market and savings	1,146	904	579
Time deposits	1,432	1,245	589
Other	389	160	149
Total interest expense	<u>3,268</u>	<u>2,600</u>	<u>1,564</u>
Net interest income	4,884	5,439	5,180
Provision for credit losses	144	-	110
Net interest income after provision for credit losses	<u>4,740</u>	<u>5,439</u>	<u>5,070</u>
<b>NON-INTEREST INCOME</b>			
Service charges on deposit accounts	75	70	62
Gain on sale of loans	-	-	-
Gain (loss) on sale of other real estate owned	-	-	-
Gain (loss) on sale of securities	-	-	-
Other non-interest income	281	288	247
Total non-interest income	<u>356</u>	<u>358</u>	<u>310</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	1,801	1,865	1,649
Premises and fixed assets	267	263	313
Other	1,134	1,045	1,061
Total operating expenses	<u>3,202</u>	<u>3,173</u>	<u>3,024</u>
Income before income taxes	1,894	2,624	2,355
Income taxes	500	732	660
<b>NET INCOME</b>	<u>\$ 1,394</u>	<u>\$ 1,892</u>	<u>\$ 1,695</u>
<b>EARNINGS PER SHARE</b>			
Basic earnings per share	<u>\$ 0.94</u>	<u>\$ 1.28</u>	<u>\$ 1.15</u>
Diluted earnings per share	<u>\$ 0.91</u>	<u>\$ 1.24</u>	<u>\$ 1.11</u>
Average common shares outstanding	<u>1,484,318</u>	<u>1,479,948</u>	<u>1,479,862</u>
Average common and equivalent shares outstanding	<u>1,529,931</u>	<u>1,523,488</u>	<u>1,525,267</u>
<b>PERFORMANCE MEASURES</b>			
Return on average assets	0.86%	1.19%	1.13%
Return on average equity	12.69%	18.94%	19.20%
Tax-equivalent net interest margin	3.18%	3.55%	3.65%
Efficiency ratio	61.10%	54.74%	55.09%