

## **Cornerstone Community Bancorp Reports Financial Results For the Second Quarter Ended June 30, 2023**

**Red Bluff, CA – July 25, 2023** – Cornerstone Community Bancorp (OTC Pink: CRSB) announced today its financial results for the second quarter ended June 30, 2023.

The Company reported net income of \$1,864,000 for the three months ended June 30, 2023 compared to net income of \$1,706,000 for the same period last year. Diluted earnings per share were \$1.22 for the three months ended June 30, 2023 compared to \$1.12 for the same period last year.

The return on average assets for the three months ended June 30, 2023 was 1.20% and the return on average equity was 19.71%. The tax-equivalent net interest margin was 3.73% for the three months ended June 30, 2023 compared to 3.32% for the same period last year.

For the six months ended June 30, 2023, the Company reported net income of \$3,559,000 compared to net income of \$3,381,000 for the same period last year. Diluted earnings per share were \$2.34 for the six months ended June 30, 2023 compared to \$2.21 for the same period last year.

The return on average assets for the six months ended June 30, 2023 was 1.16% and the return on average equity was 19.47%.

President and CEO, Matt Moseley stated, “I am proud of Cornerstone’s performance as our team continues to work hard to meet the financial needs of our customers and our community.”

### **Net Interest Income**

Net interest income increased to \$5,541,000 for the quarter ended June 30, 2023 compared to \$4,605,000 for the same quarter last year. For the six months ended June 30, 2023, net interest income increased to \$10,720,000 compared to \$8,955,000 for the same period last year.

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

The Company recorded a \$220,000 provision for credit losses on loans during the three months ended June 30, 2023 compared to \$55,000 for the same period last year. For the six months ended June 30, 2023, the Company recorded a \$330,000 provision for credit losses compared to \$73,000 for the same period last year.

### **Non-Interest Income**

Non-interest income for the quarter ended June 30, 2023 was \$353,000 compared to \$266,000 for the quarter ended June 30, 2022. For the six months ended June 30, 2023, noninterest income was \$662,000 compared to \$530,000 for the same period last year.

## **Non-Interest Expense**

Non-interest expense was \$3,085,000 for the quarter ended June 30, 2023 compared to \$2,426,000 for the same period last year. For the six months ended June 30, 2023, non-interest expense was \$6,108,000 compared to \$4,669,000 for the same period last year.

## **Balance Sheet**

Total loans, net of unearned income, at June 30, 2023 were \$447.3 million compared to \$399.2 million at June 30, 2022.

Total deposits were \$569.3 million at June 30, 2023 compared to total deposits of \$539.6 million at June 30, 2022.

## **Credit Quality**

The allowance for credit losses on loans was \$5,617,000, or 1.26% of loans, net of unearned income, at June 30, 2023, compared to \$5,132,000, or 1.29% of loans, net of unearned income, at June 30, 2022. Nonperforming assets totaled \$233,000 at June 30, 2023. There were no nonperforming assets at June 30, 2022.

## **Capital**

At June 30, 2023, shareholders' equity totaled \$38.3 million compared to \$31.7 million at June 30, 2022. At June 30, 2023, the Company's book value per common share was \$25.89 compared to \$21.51 at June 30, 2022.

At June 30, 2023, the Bank's estimated total risk-based capital ratio was 12.89% and its tier 1 capital to risk weighted assets ratio was 11.77%. 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**

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	06/30/23	03/31/23	12/31/22	09/30/22	06/30/22
<b>ASSETS</b>					
Cash and due from banks	\$ 8,482	\$ 7,365	\$ 5,628	\$ 6,011	\$ 5,230
Federal funds sold	-	124	123	122	121
Interest-bearing deposits	34,076	44,706	25,212	57,618	48,277
Investment securities available for sale, at fair value	93,889	95,139	94,435	95,511	102,692
Loans held for sale	-	-	-	-	-
Loans, net of unearned income	447,339	431,475	420,415	400,480	399,156
Allowance for credit losses on loans	(5,617)	(5,397)	(5,159)	(5,172)	(5,132)
Loans, net	441,722	426,079	415,256	395,308	394,024
Premises and equipment, net	14,492	14,492	14,601	14,671	14,691
Other assets	29,724	28,906	27,326	21,261	20,588
Total assets	\$ 622,385	\$ 616,812	\$ 582,581	\$ 590,502	\$ 585,623
<b>LIABILITIES</b>					
Deposits:					
Demand noninterest-bearing	\$ 109,775	\$ 125,008	\$ 126,946	\$ 129,236	\$ 130,249
Demand interest-bearing	179,508	165,203	136,655	138,630	131,623
Money market and savings	177,976	180,996	182,787	201,316	201,106
Time deposits	101,991	94,542	88,430	76,121	76,576
Total deposits	569,250	565,749	534,818	545,303	539,554
Borrowings and other obligations	-	-	-	-	-
Subordinated debentures	11,756	11,750	11,744	11,738	11,732
Interest payable and other liabilities	3,070	2,954	2,755	2,892	2,631
Total liabilities	584,076	580,452	549,317	559,933	553,917
<b>SHAREHOLDERS' EQUITY</b>					
Common stock	15,140	15,113	15,075	14,964	15,079
Retained Earnings	33,827	31,963	30,294	28,368	26,432
Accumulated other comprehensive income (loss)	(10,658)	(10,716)	(12,105)	(12,763)	(9,805)
Total shareholders' equity	38,309	36,360	33,264	30,569	31,706
Total liabilities and shareholders' equity	\$ 622,385	\$ 616,812	\$ 582,581	\$ 590,502	\$ 585,623
Total equity / total assets	6.16%	5.89%	5.71%	5.18%	5.41%
Book value per share	\$ 25.89	\$ 24.57	\$ 22.48	\$ 20.81	\$ 21.51
Shares Outstanding	1,479,862	1,479,862	1,479,862	1,469,091	1,474,091

	Three months ended			Six Months Ended	
	06/30/23	03/31/23	06/30/22	06/30/23	06/30/22
<b>INTEREST INCOME</b>					
Loans	\$ 5,955	\$ 5,551	\$ 4,485	\$ 11,506	\$ 8,833
Federal funds sold	2	1	-	3	-
Investment securities	734	724	464	1,458	835
Other	667	467	146	1,134	204
Total interest income	7,358	6,744	5,095	14,101	9,872
<b>INTEREST EXPENSE</b>					
Deposits:					
Interest-bearing demand	209	247	64	456	110
Money market and savings	675	579	147	1,254	264
Time deposits	784	589	131	1,373	238
Other	149	149	148	298	305
Total interest expense	1,817	1,564	490	3,381	917
Net interest income	5,541	5,180	4,605	10,720	8,955
Provision for credit losses on loans	220	110	55	330	73
Net interest income after provision for credit losses	5,321	5,070	4,550	10,390	8,882
<b>NON-INTEREST INCOME</b>					
Service charges on deposit accounts	75	62	62	137	133
Gain on sale of loans	-	-	-	-	-
Gain (loss) on sale of other real estate owned	-	-	-	-	-
Gain (loss) on sale of securities	-	-	-	-	-
Other non-interest income	278	247	204	525	397
Total non-interest income	353	310	266	662	530
<b>OPERATING EXPENSES</b>					
Salaries and benefits	1,668	1,649	1,219	3,317	2,365
Premises and fixed assets	266	313	194	579	385
Other	1,151	1,061	1,013	2,212	1,919
Total operating expenses	3,085	3,024	2,426	6,108	4,669
Income before income taxes	2,589	2,355	2,390	4,944	4,743
Income taxes	725	660	684	1,385	1,362
<b>NET INCOME</b>	\$ 1,864	\$ 1,695	\$ 1,706	\$ 3,559	\$ 3,381
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	\$ 1.26	\$ 1.15	\$ 1.16	\$ 2.41	\$ 2.30
Diluted earnings per share	\$ 1.22	\$ 1.11	\$ 1.12	\$ 2.34	\$ 2.21
Average common shares outstanding	1,479,862	1,479,862	1,472,168	1,479,862	1,470,721
Average common and equivalent shares outstanding	1,522,072	1,525,267	1,529,540	1,523,716	1,530,890
<b>PERFORMANCE MEASURES</b>					
Return on average assets	1.20%	1.13%	1.18%	1.16%	1.17%
Return on average equity	19.71%	19.20%	20.33%	19.47%	19.23%
Tax-equivalent net interest margin	3.73%	3.65%	3.32%	3.69%	3.25%
Efficiency ratio	52.34%	55.09%	49.80%	53.66%	49.23%