

Cornerstone Community Bancorp Reports Financial Results For the Fourth Quarter and Full Year Ended December 31, 2023

Red Bluff, CA – January 23, 2024 – Cornerstone Community Bancorp (OTC Pink: **CRSB**) announced today its financial results for the fourth quarter and full year ended December 31, 2023.

The Company reported net income of \$1,892,000 for the three months ended December 31, 2023 compared to net income of \$1,926,000 for the same period last year. Diluted earnings per share were \$1.24 for the three months ended December 31, 2023 compared to \$1.27 for the same period last year.

The return on average assets for the three months ended December 31, 2023 was 1.19% and the return on average equity was 18.94%. The tax-equivalent net interest margin was 3.55% for the three months ended December 31, 2023 compared to 3.61% for the same period last year.

For the year ended December 31, 2023, the Company reported net income of \$7,371,000 compared to net income of \$7,243,000 for the same period last year. Diluted earnings per share were \$4.84 for the year ended December 31, 2023 compared to \$4.74 for the same period last year.

The return on average assets for the year ended December 31, 2023 was 1.18% and the return on average equity was 19.36%.

President and CEO, Matt Moseley stated, “2023 was a challenging year for the financial industry as a whole due to the interest rate environment as well as the failure of a few large regional banks earlier in the year. Cornerstone Community Bank navigated those challenges well due to our community bank business model that focuses on taking care of the needs of our customers and truly valuing them. I am very proud of our team and thankful to the communities we serve for another great year.”

Net Interest Income

Net interest income increased to \$5,439,000 for the quarter ended December 31, 2023 compared to \$5,156,000 for the same quarter last year. For the year ended December 31, 2023, net interest income increased to \$21,805,000 compared to \$19,307,000 for the same period last year.

Provision for credit losses on loans

No provision for credit losses on loans was recorded for the three months ended December 31, 2023 nor the three months ended December 31, 2022. For the year ended December 31, 2023, the Company recorded a \$530,000 provision for credit losses on loans compared to \$113,000 for the same period last year.

Non-Interest Income

Non-interest income for the quarter ended December 31, 2023 was \$358,000 compared to \$265,000 for the quarter ended December 31, 2022. For the year ended December 31, 2023, noninterest income was \$1,389,000 compared to \$1,060,000 for the same period last year.

Non-Interest Expense

Non-interest expense was \$3,173,000 for the quarter ended December 31, 2023 compared to \$2,750,000 for the same period last year. For the year ended December 31, 2023, non-interest expense was \$12,449,000 compared to \$10,118,000 for the same period last year.

Balance Sheet

Total loans, net of unearned income, at December 31, 2023 were \$482.2 million compared to \$420.4 million at December 31, 2022.

Total deposits were \$564.5 million at December 31, 2023 compared to total deposits of \$534.8 million at December 31, 2022.

Credit Quality

The allowance for credit losses on loans was \$5,813,000, or 1.21% of loans, net of unearned income, at December 31, 2023, compared to \$5,159,000, or 1.23% of loans, net of unearned income, at December 31, 2022. There were no nonperforming assets at December 31, 2023 and December 31, 2022.

Capital

At December 31, 2023, shareholders' equity totaled \$43.2 million compared to \$33.3 million at December 31, 2022. At December 31, 2023, the Company's book value per common share was \$29.16 compared to \$22.48 at December 31, 2022.

At December 31, 2023, the Bank's estimated total risk-based capital ratio was 12.83% and its tier 1 capital to risk weighted assets ratio was 11.74%. 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

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.

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

	<u>12/31/23</u>	<u>09/30/23</u>	<u>06/30/23</u>	<u>03/31/23</u>	<u>12/31/22</u>
ASSETS					
Cash and due from banks	\$ 8,623	\$ 5,492	\$ 8,482	\$ 7,365	\$ 5,628
Federal funds sold	-	-	-	124	123
Interest-bearing deposits	19,694	23,970	34,076	44,706	25,212
Investment securities	93,065	90,086	93,889	95,139	94,435
Loans held for sale	-	-	-	-	-
Loans, net of unearned income	482,212	470,060	447,339	431,475	420,415
Allowance for loan losses	(5,813)	(5,813)	(5,617)	(5,397)	(5,159)
Loans, net	476,399	464,247	441,722	426,079	415,256
Premises and equipment, net	14,326	14,437	14,492	14,492	14,601
Other assets	30,827	31,241	29,724	28,906	27,326
Total assets	<u>\$ 642,934</u>	<u>\$ 629,472</u>	<u>\$ 622,385</u>	<u>\$ 616,812</u>	<u>\$ 582,581</u>
LIABILITIES					
Deposits:					
Demand noninterest-bearing	\$ 101,396	\$ 100,791	\$ 109,775	\$ 125,008	\$ 126,946
Demand interest-bearing	166,221	190,645	179,508	165,203	136,655
Money market and savings	174,882	176,373	177,976	180,996	182,787
Time deposits	122,035	107,894	101,991	94,542	88,430
Total deposits	564,534	575,703	569,250	565,749	534,818
Borrowings and other obligations	20,000	-	-	-	-
Subordinated debentures	11,769	11,762	11,756	11,750	11,744
Interest payable and other liabilities	3,464	3,512	3,070	2,954	2,755
Total liabilities	599,767	590,977	584,076	580,452	549,317
SHAREHOLDERS' EQUITY					
Common stock	15,163	15,130	15,140	15,113	15,075
Retained Earnings	37,639	35,747	33,827	31,963	30,294
Accumulated other comprehensive income (loss)	(9,635)	(12,382)	(10,658)	(10,716)	(12,105)
Total shareholders' equity	43,167	38,495	38,309	36,360	33,264
Total liabilities and shareholders' equity	<u>\$ 642,934</u>	<u>\$ 629,472</u>	<u>\$ 622,385</u>	<u>\$ 616,812</u>	<u>\$ 582,581</u>
Total equity / total assets	6.71%	6.12%	6.16%	5.89%	5.71%
Book value per share	\$ 29.16	\$ 26.01	\$ 25.89	\$ 24.57	\$ 22.48
Shares outstanding	1,480,472	1,479,862	1,479,862	1,479,862	1,479,862

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

	Three months ended			Year ended	
	12/31/23	09/30/23	12/31/22	12/31/23	12/31/22
INTEREST INCOME					
Loans	\$ 6,862	\$ 6,517	\$ 5,178	\$ 24,885	\$ 19,029
Federal funds sold	-	-	1	3	2
Investment securities	751	739	676	2,948	2,054
Other	426	558	515	2,118	1,073
Total interest income	8,039	7,814	6,370	29,954	22,158
INTEREST EXPENSE					
Deposits:					
Interest-bearing demand	291	289	214	1,036	454
Money market and savings	904	798	450	2,956	974
Time deposits	1,245	933	401	3,551	821
Other	160	148	149	606	602
Total interest expense	2,600	2,168	1,214	8,149	2,851
Net interest income	5,439	5,646	5,156	21,805	19,307
Provision for credit losses	-	200	-	530	113
Net interest income after provision for credit losses	5,439	5,446	5,156	21,275	19,194
NON-INTEREST INCOME					
Service charges on deposit accounts	70	63	66	270	266
Gain on sale of loans	-	-	-	-	-
Gain (loss) on sale of other real estate owned	-	-	-	-	-
Gain (loss) on sale of securities	-	-	-	-	-
Other non-interest income	288	306	199	1,119	794
Total non-interest income	358	369	265	1,389	1,060
OPERATING EXPENSES					
Salaries and benefits	1,865	1,781	1,567	6,963	5,340
Premises and fixed assets	263	268	242	1,110	854
Other	1,045	1,119	941	4,376	3,924
Total operating expenses	3,173	3,168	2,750	12,449	10,118
Income before income taxes	2,624	2,647	2,671	10,215	10,136
Income taxes	732	727	745	2,844	2,893
NET INCOME	\$ 1,892	\$ 1,920	\$ 1,926	\$ 7,371	\$ 7,243
EARNINGS PER SHARE					
Basic earnings per share	\$ 1.28	\$ 1.30	\$ 1.31	\$ 4.98	\$ 4.92
Diluted earnings per share	\$ 1.24	\$ 1.26	\$ 1.27	\$ 4.84	\$ 4.74
Average common shares outstanding	1,479,948	1,479,862	1,474,754	1,479,884	1,472,381
Average common and equivalent shares outstanding	1,523,488	1,524,640	1,520,935	1,523,893	1,526,734
PERFORMANCE MEASURES					
Return on average assets	1.19%	1.21%	1.32%	1.18%	1.24%
Return on average equity	18.94%	19.58%	24.23%	19.36%	21.36%
Tax-equivalent net interest margin	3.55%	3.68%	3.61%	3.65%	3.43%
Efficiency ratio	54.74%	52.67%	50.73%	53.67%	49.68%