

## **Cornerstone Community Bancorp Reports Financial Results For the Second Quarter Ended June 30, 2024**

**Red Bluff, CA – July 18, 2024** – Cornerstone Community Bancorp (OTC Pink: CRSB) announced today its financial results for the second quarter ended June 30, 2024.

The Company reported net income of \$1,443,000 for the three months ended June 30, 2024 compared to net income of \$1,864,000 for the same period last year. Diluted earnings per share were \$0.94 for the three months ended June 30, 2024 compared to \$1.22 for the same period last year.

The return on average assets for the three months ended June 30, 2024 was 0.86% and the return on average equity was 12.86%. The tax-equivalent net interest margin was 3.21% for the three months ended June 30, 2024 compared to 3.73% for the same period last year.

For the six months ended June 30, 2024, the Company reported net income of \$2,837,000 compared to net income of \$3,559,000 for the same period last year. Diluted earnings per share were \$1.85 for the six months ended June 30, 2024 compared to \$2.34 for the same period last year.

The return on average assets for the six months ended June 30, 2024 was 0.86% and the return on average equity was 12.78%.

President and CEO, Matt Moseley stated, “The banking industry continues to experience margin pressure but Cornerstone has seen a slight improvement in net interest margin as deposit cost increases have begun to flatten out and assets reprice higher. This trend is expected to continue in the near term. Core relationships continue to expand due to the bank’s focus on personalized customer service combined with top tier digital banking and other desirable product offerings.”

### **Net Interest Income**

Net interest income decreased to \$5,107,000 for the quarter ended June 30, 2024 compared to \$5,541,000 for the same quarter last year. For the six months ended June 30, 2024, net interest income decreased to \$9,991,000 compared to \$10,720,000 for the same period last year.

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

The Company recorded a \$169,000 provision for credit losses on loans for the three months ended June 30, 2024 compared to \$220,000 for the three months ended June 30, 2023. For the six months ended June 30, 2024, the Company recorded a \$313,000 provision for credit losses on loans compared to \$330,000 for the same period last year.

### **Non-Interest Income**

Non-interest income for the quarter ended June 30, 2024 was \$367,000 compared to \$353,000 for the quarter ended June 30, 2023. For the six months ended June 30, 2024, noninterest income was \$723,000 compared to \$662,000 for the same period last year.

### **Non-Interest Expense**

Non-interest expense was \$3,310,000 for the quarter ended June 30, 2024 compared to \$3,085,000 for the same period last year. For the six months ended June 30, 2024, non-interest expense was \$6,513,000 compared to \$6,108,000 for the same period last year.

### **Balance Sheet**

Total loans, net of unearned income, at June 30, 2024 were \$498.0 million compared to \$447.3 million at June 30, 2023.

Total deposits were \$595.4 million at June 30, 2024 compared to total deposits of \$569.3 million at June 30, 2023.

### **Credit Quality**

The allowance for credit losses on loans was \$6,126,000, or 1.23% of loans, net of unearned income, at June 30, 2024, compared to \$5,617,000, or 1.26% of loans, net of unearned income, at June 30, 2023. Nonperforming assets were \$362,000 at June 30, 2024 compared to \$233,000 at June 30, 2023.

### **Capital**

At June 30, 2024, shareholders' equity totaled \$45.8 million compared to \$38.3 million at June 30, 2023. At June 30, 2024, the Company's book value per common share was \$30.78 compared to \$25.89 at June 30, 2023.

At June 30, 2024, the Bank's estimated total risk-based capital ratio was 12.85% and its tier 1 capital to risk weighted assets ratio was 11.75%. 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 2023), 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)**

	<b>06/30/24</b>	<b>03/31/24</b>	<b>12/31/23</b>	<b>09/30/23</b>	<b>06/30/23</b>
<b>ASSETS</b>					
Cash and due from banks	\$ 7,571	\$ 6,389	\$ 8,623	\$ 5,492	\$ 8,482
Federal funds sold	-	-	-	-	-
Interest bearing deposits in other financial institutions	43,025	45,955	19,694	23,970	34,076
Available for sale debt securities, at fair value	89,089	90,767	93,065	90,086	93,889
Loans held for sale	-	-	-	-	-
Loans, net of unearned income	498,048	488,179	482,212	470,060	447,339
Allowance for credit losses on loans	(6,126)	(5,957)	(5,813)	(5,813)	(5,617)
Loans, net	491,922	482,222	476,399	464,247	441,722
Premises and equipment, net	14,418	14,433	14,326	14,437	14,492
Other assets	32,514	30,812	30,827	31,241	29,724
Total assets	<u>\$ 678,537</u>	<u>\$ 670,578</u>	<u>\$ 642,934</u>	<u>\$ 629,472</u>	<u>\$ 622,385</u>
<b>LIABILITIES</b>					
Deposits:					
Demand noninterest-bearing	\$ 102,419	\$ 99,278	\$ 101,396	\$ 100,791	\$ 109,775
Demand interest-bearing	167,720	159,542	166,221	190,645	179,508
Money market and savings	176,644	182,797	174,882	176,373	177,976
Time deposits	148,582	148,384	122,035	107,894	101,991
Total deposits	595,365	590,001	564,534	575,703	569,250
Borrowings and other obligations	20,000	20,000	20,000	-	-
Subordinated debentures	11,781	11,775	11,769	11,762	11,756
Interest payable and other liabilities	5,637	4,252	3,464	3,512	3,070
Total liabilities	<u>632,784</u>	<u>626,028</u>	<u>599,767</u>	<u>590,977</u>	<u>584,076</u>
<b>SHAREHOLDERS' EQUITY</b>					
Common stock	15,268	15,231	15,163	15,130	15,140
Retained Earnings	40,476	39,033	37,639	35,747	33,827
Accumulated other comprehensive income (loss)	(9,991)	(9,714)	(9,635)	(12,382)	(10,658)
Total shareholders' equity	<u>45,754</u>	<u>44,550</u>	<u>43,167</u>	<u>38,495</u>	<u>38,309</u>
Total liabilities and shareholders' equity	<u>\$ 678,537</u>	<u>\$ 670,578</u>	<u>\$ 642,934</u>	<u>\$ 629,472</u>	<u>\$ 622,385</u>
Total equity / total assets	6.74%	6.64%	6.71%	6.12%	6.16%
Book value per share	\$ 30.78	\$ 29.99	\$ 29.16	\$ 26.01	\$ 25.89
Shares outstanding	1,486,692	1,485,472	1,480,472	1,479,862	1,479,862

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

	Three months ended			Six months ended	
	06/30/24	03/31/24	06/30/23	06/30/24	06/30/23
<b>INTEREST INCOME</b>					
Loans	\$ 7,363	\$ 7,006	\$ 5,955	\$ 14,369	\$ 11,506
Federal funds sold	-	-	2	-	3
Investment securities	792	728	734	1,520	1,458
Other	611	419	667	1,030	1,134
Total interest income	8,766	8,152	7,358	16,919	14,101
<b>INTEREST EXPENSE</b>					
Deposits:					
Interest-bearing demand	331	301	209	632	456
Money market and savings	1,217	1,146	675	2,363	1,254
Time deposits	1,722	1,432	784	3,154	1,373
Other	389	389	149	778	298
Total interest expense	3,659	3,268	1,817	6,927	3,381
Net interest income	5,107	4,884	5,541	9,991	10,720
Provision for credit losses	169	144	220	313	330
Net interest income after provision for credit losses	4,938	4,740	5,321	9,678	10,390
<b>NON-INTEREST INCOME</b>					
Service charges on deposit accounts	72	75	75	147	137
Gain on sale of loans	-	-	-	-	-
Gain (loss) on sale of other real estate owned	-	-	-	-	-
Gain (loss) on sale of securities	-	-	-	-	-
Other non-interest income	295	281	278	576	525
Total non-interest income	367	356	353	723	662
<b>OPERATING EXPENSES</b>					
Salaries and benefits	1,880	1,801	1,668	3,681	3,317
Premises and fixed assets	265	267	266	532	579
Other	1,165	1,134	1,151	2,299	2,212
Total operating expenses	3,310	3,202	3,085	6,513	6,108
Income before income taxes	1,995	1,894	2,589	3,889	4,944
Income taxes	552	500	725	1,052	1,385
<b>NET INCOME</b>	<b>\$ 1,443</b>	<b>\$ 1,394</b>	<b>\$ 1,864</b>	<b>\$ 2,837</b>	<b>\$ 3,559</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	\$ 0.97	\$ 0.94	\$ 1.26	\$ 1.91	\$ 2.41
Diluted earnings per share	\$ 0.94	\$ 0.91	\$ 1.22	\$ 1.85	\$ 2.34
Average common shares outstanding	1,486,370	1,484,318	1,479,862	1,485,344	1,479,862
Average common and equivalent shares outstanding	1,529,714	1,529,931	1,522,072	1,529,814	1,523,716
<b>PERFORMANCE MEASURES</b>					
Return on average assets	0.86%	0.86%	1.20%	0.86%	1.16%
Return on average equity	12.86%	12.69%	19.71%	12.78%	19.47%
Tax-equivalent net interest margin	3.21%	3.18%	3.73%	3.19%	3.69%
Efficiency ratio	60.47%	61.10%	52.34%	60.78%	53.66%