

# **PUBLIC DISCLOSURE**

**May 12, 2025**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Cornerstone Community Bank  
RSSD # 3485420**

**500 Riverside Way  
Red Bluff, California 96080**

**Federal Reserve Bank of San Francisco  
101 Market Street  
San Francisco, California 94105**

*NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.*

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## INSTITUTION RATING

### ***Institution's Community Reinvestment Act (CRA) Rating***

Cornerstone Community Bank is rated "SATISFACTORY"

*The following table shows the performance ratings for the lending and community development tests.*

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	LENDING TEST	COMMUNITY DEVELOPMENT TEST
OUTSTANDING		
SATISFACTORY	x	x
NEEDS TO IMPROVE		
SUBSTANTIAL NONCOMPLIANCE		

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit (LTD) ratio.
- A majority of the bank's loans originated in the Assessment Area (AA).
- A reasonable distribution of loans throughout the bank's AA.
- A reasonable distribution of small business loans by business revenue.
- Neither the bank nor the Federal Reserve Bank of San Francisco received any CRA-related complaints since the previous evaluation.
- Community development (CD) activity reflects adequate responsiveness to CD needs of its AA.

## INSTITUTION

### *Description of Institution*

Cornerstone Community Bank (Cornerstone/bank) is a full-service community bank headquartered in Red Bluff, California, and operates as a wholly owned subsidiary of Cornerstone Community Bancorp. The bank serves the California counties of Shasta and Tehama, with four full-service branches in Red Bluff, Anderson, and two in Redding. As of December 31, 2024, Cornerstone reported total assets of \$657.9 million.

The bank provides a comprehensive suite of financial services for both consumers and businesses. Consumer offerings include checking and savings accounts with digital services, certificates of deposit and individual retirement accounts, as well as loans and lines of credit including auto and Home Equity. Commercial services include business banking with merchant solutions, and credit facilities including construction and real estate loans.

Exhibit 1 below represents the bank's loan portfolio as of December 31, 2024, according to the bank's Consolidated Reports of Condition and Income.

EXHIBIT 1 LOANS AND LEASES AS OF DECEMBER 31, 2024		
Loan Type	\$ (000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	345,781	69.3
Construction & Land Development	49,166	9.9
Secured by 1-4 Family Residential Real Estate	34,505	6.9
Multi-Family Residential Real Estate	14,203	2.8
Farmland & Agriculture	11,855	2.4
Consumer Loans & Credit Cards	9,654	1.9
State, Political Subdivisions and All Other	33,699	6.8
<b>Total (Gross)</b>	<b>498,863</b>	<b>100.0</b>

Cornerstone did not face any legal or financial impediments during the review period that would have prevented it from helping to meet the credit needs of its AA consistent with its business strategy, size, financial capacity, and local economic conditions.

### *Description of Assessment Area*

The bank's sole AA is comprised of the Redding-Red Bluff, California Combined Statistical Area (CSA), which consists of Tehama and Shasta counties in their entirety. Tehama County is located in Northern California, and Red Bluff is the county's largest city. Shasta County is one of the northernmost counties in California and located directly north of Tehama County, Redding is its largest city. In 2024, the combined population of the AA was 247,984.<sup>1</sup>

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<sup>1</sup> U.S. Census Bureau, 2020 Population Estimates, Shasta and Tehama counties; available from: [https://data.census.gov/profile/Shasta\\_County,\\_California?g=050XX00US06089](https://data.census.gov/profile/Shasta_County,_California?g=050XX00US06089)

As of June 30, 2024, the AA had 12 Federal Deposit Insurance Corporation-insured commercial institutions operating 46 offices. The bank operated four branches in the area, with deposits totaling \$595.9 million, representing 10.7 percent of the market.<sup>2</sup>

Moody's Analytics' Précis U.S. Metro Report for Redding, California, dated May 13, 2024,<sup>3</sup> indicates that the local economy is experiencing a moderate recovery, with notable developments across several key sectors:

Labor Market and Employment:

Redding's labor market has shown signs of stabilization. While job growth has been modest, the unemployment rate has remained relatively steady, suggesting a balanced labor supply and demand.<sup>4</sup> Sectors such as Healthcare and Professional Services have contributed positively to employment figures, offsetting declines in industries like Manufacturing and Leisure and Hospitality.<sup>5</sup>

Healthcare Sector:

Healthcare continues to be a significant driver of Redding's economy. The sector has seen consistent employment growth, supported by the expansion of local medical facilities and an increasing demand for health services.<sup>6</sup>

Housing Market:

The housing market in Redding has experienced a slowdown, single-family home prices have seen limited growth, and permitting activity has been sluggish.<sup>7</sup> This trend reflects broader economic uncertainties and a cautious approach from both builders and buyers.<sup>8</sup>

Retail and Professional Services:

Retail activity has been mixed with some areas showing resilience while others face challenges due to changing consumer behaviors and economic pressures.<sup>9</sup> Professional services have provided a stabilizing influence, contributing to job creation and economic diversification.<sup>10</sup>

Shasta County

As of July 1, 2023, the estimated population of Shasta County was 180,366, which was a slight decrease of approximately 1 percent from the 2020 Census count of 182,156.<sup>11</sup> The county's demographic profile included 21.5 percent of residents under the age of 18 and 21.9 percent aged 65 or older.<sup>12</sup>

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<sup>2</sup> Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2024; available from: <https://banks.data.fdic.gov/bankfindsuite/SOD/marketShare?displayResults=&instType=&institutionType=banks&institutionTypeTimeSeries=&lastYear=2024&locations=marketSelect&pageNumber=1&reportType=depositMarketShare&resultLimit=10&searchPush=true&sortField=STNAME&sortOrder=ASC&totalsType=>

<sup>3</sup> Moodys.com

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> USCensus.gov, QuickFacts: Shasta County, California (2023)

<sup>12</sup> Ibid.

The employed labor force included approximately 76,300 individuals, as of 2022, marking a 1 percent increase from the previous year.<sup>13</sup> Major employment sectors include Healthcare and Social Assistance (12,725 employees); Retail Trade (9,242 employees); and Construction (6,324 employees). State-level data indicates that approximately 67,000 residents both live and work within the county.<sup>14</sup>

According to data published by the City of Redding and other local sources, the primary employers in Shasta County are Mercy Medical Center Redding (approximately 1,832 employees); Shasta County Government (approximately 1,750 employees); City of Redding (approximately 1,129 employees); and Shasta Regional Medical Center (approximately 663 employees).<sup>15</sup> Other notable employers include Redding Rancheria, Walmart, and the Shasta Union High School District.<sup>16</sup>

Based on data from the 2019-2023 American Community Survey (ACS), the county's median annual household income is \$71,931, while the per capita income is \$38,746. Approximately 14.4 percent of the population lives below the poverty level.<sup>17</sup> These figures reflect modest growth from earlier ACS estimates (2018-2022), when the median annual household income was \$68,347 and per capita income was \$36,458.<sup>18</sup>

Shasta County supports a diverse array of small businesses across Healthcare, Retail, Construction, Accommodation and Food Services, and Professional Services. While specific establishment counts are not detailed in U.S. Census data, County Business Patterns data indicates that: the vast majority of businesses in the county employ fewer than 50 individuals; sole-proprietors comprise a significant portion of the small business base; and small businesses contribute an estimated 47 to 50 percent of private-sector employment in the county, consistent with statewide trends in California.<sup>19</sup>

There is a demonstrated need for expanded access to microloans, Small Business Administration (SBA) backed loans, and flexible financing tailored to businesses with revenues under \$1 million. Local employers report difficulty recruiting and retaining skilled workers, particularly in Trades, Healthcare, and Customer Service. There is a need for vocational and continuing education programs aligned with industry demand.<sup>20</sup>

#### Tehama County

As of July 1, 2023, the estimated population of Tehama County was 65,520 residents. The county experienced marginal growth since 2022, which stood at 65,484.<sup>21</sup> The county's demographic composition includes approximately 23.3 percent of residents under the age of 18; approximately 20.7 percent of residents aged 65 or older.<sup>22</sup>

Local and state sources indicate stable employment levels between 2020 and 2023. As of 2023, the employed civilian population was approximately 25,550.<sup>23,24</sup> The county's job base included

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<sup>13</sup> DataUSA (Shasta County, California)

<sup>14</sup> Ibid.

<sup>15</sup> City of Redding Economic Profile

<sup>16</sup> Ibid.

<sup>17</sup> US Census.gov, American Community Survey (2018-2023)

<sup>18</sup> Ibid.

<sup>19</sup> U.S. Census Bureau, County Business Patterns

<sup>20</sup> Small Business Administration, Office of Advocacy

<sup>21</sup> US Census.gov, QuickFacts: Shasta County, California (2020)

<sup>22</sup> Ibid.

<sup>23</sup> US Census.gov, QuickFacts: Tehama County, California (2023)

<sup>24</sup> Shastaedg.org

approximately 17,735 positions, as of 2020, with significant employment in Healthcare, Education, Government, and Agriculture.<sup>25</sup> The county's major employers include Tehama County Government (approximately 1,456 employees), City of Red Bluff (approximately 814 employees), St. Elizabeth Community Hospital (approximately 858 employees), Red Bluff Union High School District approximately 2,064 employees), and various agricultural employers (approximately 537 employees).<sup>26</sup>

Based on the 2019-2023 ACS, the median annual household income in 2023 was \$61,834, the per capita income was \$35,527, resulting in 15.4 percent of the county's residents living in poverty. While the median household income is below the statewide average, it is consistent with similarly rural counties. The poverty rate reflects moderate economic vulnerability.<sup>27</sup>

Tehama County has a robust base of small businesses rooted in Agriculture, Healthcare, Education, Government Services, and Construction. The business community is largely composed of sole proprietors and small employer firms. Agriculture is the leading sector, with many family-run and seasonal operations. Most businesses have fewer than 20 employees. Similar to Shasta County, small businesses represent a large share of total employment.<sup>28</sup>

Given the county's agricultural base, there is a demand for technical assistance with value-added processing, sustainable practices, and access to local and regional markets. The United States Department of Agriculture (USDA) rural business programs and cooperative extension services can play a key role.<sup>29</sup> Barriers to capital are especially pronounced among rural entrepreneurs, including farm operators, tradespeople, and home-based businesses. Flexible loan products and grant support for startup costs and equipment purchases are needed. With a relatively small labor pool, workforce development in the trades, healthcare, and agricultural management is critical. Programs that build career pathways for youth and underemployed adults are especially needed.<sup>30</sup>

Small businesses in both Shasta and Tehama Counties are central to regional economic stability and growth. While each county presents distinct sectoral strengths-Shasta in Healthcare and Retail, Tehama in Agriculture and Public Services, both face shared challenges related to access to capital, infrastructure, and workforce readiness.

Exhibit 2 on the following page presents key demographic and business information used to help develop a performance context for the assessment area.

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<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> US Census.gov, American Community Survey (2019-2023)

<sup>28</sup> California Labor Market Information Division (LMID)

<sup>29</sup> USDA Economic Research Service

<sup>30</sup> Small Business Administration, Office of Advocacy

<b>EXHIBIT 2</b> <b>ASSESSMENT AREA DEMOGRAPHICS</b> <b>2024 REDDING-RED BLUFF</b>								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	14,342	22.7
Moderate	17	26.6	17,247	27.3	2,784	16.1	11,213	17.7
Middle	32	50.0	32,422	51.3	3,070	9.5	12,691	20.1
Upper	15	23.4	13,505	21.4	774	5.7	24,928	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>64</b>	<b>100.0</b>	<b>63,174</b>	<b>100.0</b>	<b>6,628</b>	<b>10.5</b>	<b>63,174</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	30,346	16,102	25.8	53.1	10,909	35.9	3,335	11.0
Middle	55,799	31,114	49.8	55.8	18,949	34.0	5,736	10.3
Upper	19,961	15,304	24.5	76.7	3,128	15.7	1,529	7.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>106,106</b>	<b>62,520</b>	<b>100.0</b>	<b>58.9</b>	<b>32,986</b>	<b>31.1</b>	<b>10,600</b>	<b>10.0</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2,444	22.6	2,258	22.3	166	25.9	20	26.3
Middle	6,392	59.0	5,987	59.2	367	57.2	38	50.0
Upper	1,994	18.4	1,867	18.5	109	17.0	18	23.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>10,830</b>	<b>100.0</b>	<b>10,112</b>	<b>100.0</b>	<b>642</b>	<b>100.0</b>	<b>76</b>	<b>100.0</b>
Percentage of Total Businesses:				93.4		5.9		0.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	156	37.1	149	37.8	6	23.1	1	100.0
Middle	192	45.6	174	44.2	18	69.2	0	0.0
Upper	73	17.3	71	18.0	2	7.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>421</b>	<b>100.0</b>	<b>394</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
Percentage of Total Farms:				93.6		6.2		0.2

Source: 2024 FFIEC Census Data  
2024 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.



## ***Scope of Examination***

Cornerstone exceeded the small bank threshold on January 1, 2022, and as such its CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) *Interagency Examination Procedures for Intermediate Small Institutions*, which consist of the Lending and Community Development Tests. The evaluation period for the Lending Test was June 1, 2024, through December 31, 2024. Small farm loans were too low in volume to produce a meaningful analysis and were not considered in the overall assessment. The evaluation period for the CD Test was January 1, 2022, through May 12, 2025.

A review of the bank's Public File was conducted; since the previous examination, the bank has modified its branch structure as follows:

- In 2017 the bank opened a new location at 1845 California Street, Redding.
- In 2018 the Red Bluff branch relocated from 237 South Main Street to 500 Riverside Way.
- In 2019 the Redding branch relocated from 150 East Cypress Avenue to 192 Hartnell Avenue.
- In 2022 the bank opened a new location at 2727 Ventura Street, Anderson.

Cornerstone's responsiveness to consumer complaints was not evaluated since the bank had not received any CRA-related complaints during the review period.

A full-scope review of the bank's Redding-Red Bluff, California CSA Assessment Area, was conducted.

## **LENDING TEST**

The Lending Test was based on the following criteria:

- Loan volume compared to deposits (LTD Ratio)
- Lending inside versus outside the assessment area (Lending Assessment Area)
- Dispersion of lending throughout the assessment area (Lending Distribution by Geography), and
- Lending to businesses of different revenue sizes (Lending Distribution by Business Revenue)

The Lending Test evaluation was based on a representative sample of small business loans originated, purchased or renewed between June 1, 2024, and December 31, 2024. A total of 40 small business loans were considered in the evaluation of Lending in Assessment Area. Of that total, 29 small business loans were extended within the bank's AA and were used in the evaluation of Lending Distribution by Geography and Lending Distribution by Business Revenue.

## **COMMUNITY DEVELOPMENT TEST**

The Community Development Test included an evaluation of the responsiveness of Cornerstone's CD activities to community needs and opportunities as well as the bank's capacity to participate in such activities. The evaluation was based on qualified CD loans, donations, and services provided by the bank from January 1, 2022, to May 12, 2025.

Three community representatives were contacted in connection with the evaluation regarding credit needs and market conditions within the AA. Contacts represented organizations focused on supporting local businesses through advocacy, professional development, marketing resources, and policy

engagement. The organizations also facilitate access to small business funding opportunities, such as SBA, Economic Development Administration, USDA loans and private grants. Community contacts echoed the credit needs noted above and added that limited industry diversification was also a challenge within the AA. While jobs are available, a lack of affordable housing restricts workforce growth, though housing remains more affordable than in areas like the San Francisco Bay Area, supply is limited. As such, there is a demand for small business lending and capital to support housing development.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### *Lending Test*

Cornerstone's overall performance under the lending test is satisfactory. The lending levels, relative to deposits, are reasonable, and a majority of loans were extended within the bank's assessment area. The overall dispersion of loans in moderate income geographies is reasonable. However, the distribution of small business loans among businesses of different revenue sizes is poor.

### LOAN-TO-DEPOSIT RATIO

Overall, Cornerstone's LTD ratio is reasonable. The LTD ratio averaged 78.6 percent over the past 12 quarters from March 31, 2022, to December 31, 2024. The ratio is consistent with the average LTD ratio of 79.9 percent noted at the previous evaluation.<sup>31</sup> The ratio ranged from a low of 75.3 percent as of March 31, 2023, to a high of 84.3 percent as of December 31, 2023.<sup>32</sup> The bank's deposits grew by approximately 5.3 percent between the first quarter of 2023 and the second quarter of 2024.<sup>33</sup> During the same period, loan growth, primarily driven by expansions in commercial real estate and commercial lending, increased by about 15.6 percent from the first quarter of 2023 to the fourth quarter of 2024.<sup>34</sup>

Cornerstone was compared to three similarly situated institutions to evaluate its average LTD performance. The institutions were identified based on asset size, geographic location, and lending focus. Cornerstone's LTD ratio was above average when compared to the institutions identified. Exhibit 3 below illustrates Cornerstone's LTD ratio compared to the similarly situated institutions.<sup>35</sup>

EXHIBIT 3 LTD RATIO COMPARISON		
Bank	Total Assets as of December 31, 2024 (\$000s)	Average Net LTD Ratio
Cornerstone	\$657.9	78.6%
Similarly Situated Institution #1	\$783	57.0%
Similarly Situated Institution #2	\$536.3	51.4%
Similarly Situated Institution #3	\$655.7	89.4%
Similarly Situated Institution #4	\$1,622.9	66.7%
Similarly Situated Institution #5	\$531.7	77.6%

<sup>31</sup> Call Reports 03/31/2023- 06/30/2024

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> Historical CRA LTD Data

## LENDING IN ASSESSMENT AREA

As depicted in Exhibit 4 below, a majority of the bank's small business loans, both in terms of number and dollar volume, originated within the bank's AA. This distribution of loans demonstrates that the bank's credit activities are focused within its AA.

EXHIBIT 4 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA JUNE 1, 2024 – DECEMBER 31, 2024								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Small Business	29	72.5	7,212	72.3	11	27.5	2,757	27.7
<b>Total Loans</b>	29	72.5	7,212	72.3	11	27.5	2,757	27.7

## LENDING DISTRIBUTION BY GEOGRAPHY

Overall, Cornerstone's geographic distribution of small business loans is reasonable. The bank's AA does not contain any low-income census tracts and, therefore, the evaluation focuses on the bank's lending performance in moderate-income tracts. As illustrated in Exhibit 5 below, Cornerstone originated five business loans, or 17.2 percent of its total business lending, in moderate-income census tracts. This level of lending is slightly below the aggregate lending level of 22 percent. By dollar volume, lending in moderate-income tracts accounted for 18.4 percent of total business loans, which is favorable to the aggregate level of 19.8 percent. Given that 22.6 percent of the businesses in the AA are located in moderate-income census tracts, the bank's performance reflects a reasonable penetration compared to both peer activity and the distribution of area businesses.

EXHIBIT 5 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS REDDING-RED BLUFF ASSESSMENT AREA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
<b>Low</b>	0	0.0	0.0	0	0.0	0.0	0.0
<b>Moderate</b>	5	17.2	22.0	1,330	18.4	19.8	22.6
<b>Middle</b>	15	51.7	52.0	4,253	59.0	55.0	59.0
<b>Upper</b>	9	31.0	25.1	1,629	22.6	25.0	18.4
<b>Unknown</b>	0	0.0	0.0	0	0.0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0.9	0	0.0	0.2	
<b>Total</b>	29	100.0	100.0	7,212	100.0	100.0	100.0

Source: 2024 FFIEC Census Data  
2024 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

## LENDING DISTRIBUTION BY BUSINESS REVENUE

The overall distribution of borrowers reflects poor penetration among business customers of different revenue sizes. As illustrated in Exhibit 6 below, small businesses are defined as having Gross Annual Revenue of \$1 million or less. The bank's performance in lending to small businesses with gross annual revenues of \$1 million or less reflects a significantly lower level of activity compared to the aggregate. Specifically, the bank originated 34.5 percent of its total small business loans to businesses within this revenue category, compared to the aggregate level of 56.7 percent. This lending pattern does not reflect the composition of the local business landscape, where 57.8 percent of businesses have a gross annual revenue of \$1 million or less. Despite the significant presence of these smaller businesses, the bank's lending to them is limited, resulting in poor penetration to small businesses.

Analysis by loan size further indicates variance from peer benchmarks. The bank originated 11 loans for \$100,000 or less, representing 37.9 percent of total small business loans, which is substantially below the aggregate level of 94.1 percent. Conversely, the bank made eight loans in the \$100,000 to \$250,000 range, representing 27.6 percent of lending by number, which is well above the aggregate level of 2.9 percent. This suggests a concentration in mid-sized loan amounts and a lower penetration in serving the smallest business borrowers.

EXHIBIT 6							
BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
REDDING-RED BLUFF ASSESSMENT AREA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	10	34.5	56.7	842	11.7	25.3	93.4
Over \$1 Million	18	62.1		6,345	88.0		5.9
Revenue Unknown	1	3.4		25	0.3		0.7
Total	29	100.0		7,212	100.0		100.0
By Loan Size							
\$100,000 or Less	11	37.9	94.1	517	7.2	38.6	
\$100,001 - \$250,000	8	27.6	2.9	1,785	24.8	14.6	
\$250,001 - \$1 Million	10	34.5	3.0	4,910	68.1	46.8	
Total	29	100.0	100.0	7,212	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	9	90.0		442	52.5		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	1	10.0		400	47.5		
Total	10	100.0		842	100.0		

Source: 2024 FFIEC Census Data  
2024 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

## RESPONSE TO COMPLAINTS

The bank has not received any CRA-related complaints since the previous examination.

## ***Community Development Test***

Cornerstone's performance under the Community Development Test is adequate. In forming this conclusion, the evaluation considered the bank's capacity to lend, the community's credit and development needs, the demographic and economic characteristics of the bank's AA, and the opportunities for community development activities. The bank's responsiveness was evaluated in light of both qualitative and quantitative factors and its performance context, including demographic data provided by federal, state, and local agencies; information obtained from community contacts actively involved with community development initiatives; and the bank's own records. Additionally, the evaluation considered the performance of similarly situated institutions- based on asset size, geographic location, and community development focus- which, in most cases, demonstrated a higher level of community development activity and broader engagement across a range of community development needs.

The bank has demonstrated adequate commitment through its CD activities; however, opportunities remain to expand its efforts to more fully align with the broader economic priorities of its AA. While performance reflects a reasonable responsiveness given the bank's financial and operational capacity, there is room for improvement in the depth and breadth of its community development impact.

Shasta and Tehama Counties are characterized by moderate-to-high poverty rates (14.4 percent and 15.4 percent, respectively), median household incomes below state averages, and significant small business reliance. Both counties face challenges related to workforce development, and access to affordable capital for entrepreneurs- particularly around rural, agricultural, and small businesses.

Local and state data highlight the need for: expanded access to microloans and small business lending; investment in job training and vocational programs; support for affordable housing; increased support for nonprofit and community-based organizations; and technical assistance for agricultural and sole proprietors. Community contacts emphasized this demand.

### **COMMUNITY DEVELOPMENT LENDING**

The bank originated a total of 26 community development loans amounting to \$16.8 million. The majority of these loans support projects that met a documented need for community development services in moderate-income census tracts. Notable examples include:

- \$1.5 million dollar loan to a non-profit primary healthcare system that provides low-cost medical care to underserved population of Shasta County, addressing critical health service gaps.
- \$7 million dollar loan to construct 87 affordable housing units fully financed through Low-Income Housing Tax Credits and bonds, meeting a persistent regional need for affordable housing stock.

### **COMMUNITY DEVELOPMENT DONATIONS**

The bank made 75 qualified donations totaling \$72,630. These funds were primarily directed toward organizations that provide community services to low-moderate-income (LMI) youth, aligning with community-identified needs related to education, mentorship, and social support. While the donation

amounts were modest, they were targeted at organizations with a direct impact on LMI populations, demonstrating an awareness of local service gaps.

## COMMUNITY DEVELOPMENT SERVICES

Bank employees provided a total of 471 hours of community development service across 24 organizations. The majority of these hours were contributed to nonprofits that serve LMI youth and deliver essential community services, including financial education and mentoring. A representative example includes:

- 54 service hours provided by bank employees serving as board members for an organization that offers financial literacy education to LMI youth- directly supporting efforts to build long-term economic empowerment within low-to-moderate income communities.

These service activities indicate employee engagement and a degree of Cornerstone's commitment to addressing community needs, particularly through governance and technical support roles.

While these efforts reflect a degree of responsiveness to community needs, the bank's overall activity levels are modest relative to the size of the bank and the scale of community development opportunities present within the bank's AA as depicted in Exhibit 7 below.

EXHIBIT 7 COMMUNITY DEVELOPMENT ACTIVITIES								
Assessment Area	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	Hours
Redding-Red Bluff	23	\$16,229	0	0	66	\$65	157	423
Broader Statewide or Regional Area	0	0	0	0	0	0	0	0
Total	23	\$16,229	0	0	66	\$65	157	423

## Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, we conducted a review of the bank's compliance with consumer protection laws and regulations and found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations that were inconsistent with helping to meet community credit needs.

## GLOSSARY OF TERMS

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies are designated based on population size, density, and dispersion if they help to meet essential community needs, including the needs of low- and moderate-income individuals.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-scope review:** Performance under the lending and community development tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower

distribution, and total number and dollar amount of investments), and qualitative factors (for example, responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the lending and community development tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of an MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.



**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.