



**Cornerstone Community Bank**  
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## **Cornerstone Community Bank Is Filling The Need For A Strong Successful Community Bank In Red Bluff, California**

**Financial  
Community Bank  
(CRSB-OTC: BB)**

**Jeffrey P. Finck  
President and CEO**

### **BIO:**

Jeff Finck holds a BA degree in Economics from CSU Chico and is a graduate of Pacific Coast Banking School. Prior to joining Cornerstone, Jeff worked with North Valley Bank as a commercial lender.

### **Company Profile:**

Cornerstone Community Bank is a community-oriented, locally owned and managed bank headquartered in Red Bluff, California. We've built our bank to serve the needs of our community, placing special emphasis on making relationships with individuals and businesses in Tehama, Shasta, Butte and Glenn Counties and the surrounding areas. We strive to meet your needs by offering a variety of deposit and savings products, competitive rates on certificates of deposit (CDs) and individual retirement accounts (IRAs), and a wide selection of consumer and commercial loans and lines of credit that we can tailor to suit you, our friends and neighbors.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Finck, every bank has their own philosophy; what is the vision at Cornerstone?

**Mr. Finck:** Cornerstone Community Bank came about by businessmen that formulated an idea that Red Bluff, California needed a community bank - again. In the past there was a strong successful

community bank that sold out and ultimately ended up becoming Umqua Bank. They felt there was a void, there was no more local decisions being made and the need was present for a bank with local ownership and decision making and wanted to meet that need. Therefore, they formed an idea that grew from there.

**CEOCFO:** How long ago was that?

**Mr. Finck:** The bank was opened in October of 2006.

**CEOCFO:** How has the vision held up?

**Mr. Finck:** Very well and I know the community has embraced us. We are very much enjoying the backlash from folks that want a change from major banks. When customers come in here, our staff knows who they are and will greet them by name, it's a return to a business practice that customers remember and enjoy.

**CEOCFO:** What is the economic scenario in the community you serve?

**Mr. Finck:** The economic scenario is depressed; there are a limit number of major employers. For now, the local economy is relatively static in terms of both population and economic growth.

**CEOCFO:** How do you break down between consumer and commercial, and would you like to see the mix change?

**Mr. Finck:** We have never accepted the premise that a community bank has to be either a consumer or strictly a business bank. There are those in the field that will say you cannot be both, we have argued with that and recognize that ultimately we are both. We have a trained staff; we provide a lot of value added to business clients. We also recognize as a community bank that there are a number of individuals that need products and

services and we fulfill those needs as well.

**CEOCFO:** Do most of your business clients do their personal banking with you as well?

**Mr. Finck:** Yes.

**CEOCFO:** Is there a particular type of business that you focus on?

**Mr. Finck:** There is no focus, because there is no concentration of any single business. So it is not like being in the Bay Area, and we can say we are going to target and go after the software industry, or we are only going to cater to the manufacturing industry. Therefore, we are banking the entire community. We are true generalist when it comes to practicing our craft.

**CEOCFO:** Would you give us an example of what one of your customers would find that is so different at Cornerstone?

**Mr. Finck:** What our customers find is experienced and friendly service. We can say that we're community bank and it starts from the directorship. People that operate their businesses in this community have grown up in this community; have raised their kids in this community. So anytime somebody comes in the door, somebody on our teller line is asking them 'how is your mom; is she getting better or somebody else comes in and 'how is the new baby?' Given the size and population of the town, which is roughly 15,000, if one of my staff doesn't know who is walking in the door, they at least know somebody in common. So we have that kind of niche, but with that comes our ability to really assess the community how best to serve our community through corporate citizenship. Therefore, we are very selective on what

we sponsor. For example, the major high school basketball tournament this year lost its lead sponsor and was at risk of being cancelled. That is where we could step in, knowing how important the event was for the community and to do our part to keep the event alive. The other thing that really defines us is that the vast majority of our shareholders live right here in this town. We are not answering to the market makers in our stock; we are very much accountable to those people that entrusted their dollars to us to begin with. So they walk into the bank and they want to know how the bank is doing. They take a direct interest in the bank and they take a lot of pride in being part of the success of it as well.

**CEOCFO:** How do you reassure people over the last couple of years that stability will return and that Cornerstone will flourish?

**Mr. Finck:** Everyone has an opinion about their bank and often times there is a lot of spin going on, but with us, we are really sticking to the numbers. We are talking about where we were, and we didn't disguise the fact that in 2008 we had a loss of about \$ 1.4 million, and then in 2009 during the very difficult time where we turned that around and made a profit. We were proactive at taking a number of steps in 2008 to beef up our loan loss reserve. We wanted the majority of the pain and shock to be left in that past year and then move forward in 2009. We spend time looking at the numbers across the board on a comparative basis and we will look at our peer group analysis and let people know where we are performing. Fortunately, we can keep our heads high when we look at peer group comparisons. Then there is the fact that the majority of the peer group lost money and we made money. None of it right now is normal yet, I think the whole industry is waiting for some normalcy to return. We are going to make sure we are engaging all the sound tenets of the business, that we are looking at recurring cash flow, and we are looking at making sure there is adequate cash injection in any deal. We also want to know the borrower and being

in a small community we can know our borrowers, and in those cases when we need to stretch we have a little bit more comfort because we know character, we know how long somebody has been in business, how good of operators they are. So a lot of that adds to our performance.

**CEOCFO:** Are there products and services you would like to add to what you are offering now?

**Mr. Finck:** The nice thing about technology in today's world is you don't have to be big to have most of it anymore. We utilize remote capture deposit, online banking, and cash management services. The one area I look at with great interest is mobile banking and it is our philosophy that we are not going to lead in the technology area or try to lead in new product advancement, but we will be very quick to follow if the adoption rate starts proving that we ought to. We are looking at mobile banking and my test is always

**When customers come in here, our staff knows who they are and will greet them by name, it's a return to a business practice that customers remember and enjoy. - Jeffrey P. Finck**

as a fifty-year-old, is this something I am going to use? And what segments of the populations get excited about it and actually uses the application. If we start seeing demand for that product, this will probably be the next area of expansion for us in terms of our product offering.

**CEOCFO:** Cornerstone shows your first annual profit, tell me about that?

**Mr. Finck:** We had a lot to turn around, actually, as a de novo by nature, in normal times the first four to six quarters you are going to lose money. We were heading on about nine quarters of loses and we had to take a number of steps to become very cost conscious, watch the expense side, but equally important manage the balance sheet. I took over as CEO in December of 2008, so it was really going back to sound business practices; manage your expenses not from the point of strangling the company, but looking at where those resources are being applied and making sure they are being applied as productively as possible. 2009 was a

positive year for our bank; we were successful in growing both deposits and loans.

**CEOCFO:** Do most of the customers come in by word-of-mouth, or do you do much advertising?

**Mr. Finck:** Well I was asked the question how many business development officers we have on our staff; I pondered it for just a bit and I replied '19', which is our entire staff. We arm our staff with good information; at our weekly staff meetings, we share with our staff a lot of information that is not shared at other banks. We talk to them about the interest rates sensitivity and why we have to manage our cost of funds and why we have to price loans as such and how critical certain aspects of everything we do are. Every person in the bank gets at least a rudimentary understanding of the management of the bank, and can articulate sound reasons to bank at Cornerstone.

**CEOCFO:** In closing, what is ahead for the Cornerstone Community Bank?

**Mr. Finck:** Greatness! We believe that banking is so critical to commerce that we need to do things as well as we can. We need to have value-added service to the business community. We want to provide extraordinary service as a partner to our business clients. We want to make sure that we perfect to the best extent possible everything we do on the transaction and product service offerings to the individual. It is our belief that if we execute the fundamentals properly, then everybody who is associated with the bank is a winner. Those people that are attached to it, and that derive their livelihood from it, they win. There is a stable source of employment for them. Our shareholders win because we have consistent good returns and at some point in time, multiples of those returns will be reflected in our share price. The community wins because we know the community we operate in and act as a good corporate citizen. We look at it very holistically, that the bank can and should be operated in a manner where everyone associated with the bank wins.