



OTC Pink: CNBP / \$52.51
July 28, 2020

SECOND QUARTER 2020 HIGHLIGHTS (At or for period ended 6/30/20)

Income Statement Highlights

- The Bank's participation in the Paycheck Protection Program (PPP) during 2Q20 was significant closing 922 loans totaling \$207.3 million. Interest and fees recognized on PPP loans totaled \$2.0 million in 2Q20.
- For 2Q20, the net interest margin (NIM) was 3.54% compared to 3.64% for 2Q19.
- Mortgage interest rates declined sharply during 2Q20 triggering a significant level of activity. During 2Q20, the Bank sold a record 234 loans totaling \$70 million and realized gains of \$2.1 million. Mortgage revenue will also have a material impact on the financial results for 3Q20.
- Noninterest expenses were \$6.0 million in 2Q20 compared to \$4.7 million in 2Q19. The 2Q20 results include \$712,000 higher expenses related to the Mortgage Division than 2Q19 due to the high level of lending activity.

Balance Sheet Highlights

- Total assets measured \$864.9 million and shareholders' equity equaled \$42.9 million at 2Q20.
- The remainder of the loan portfolio declined by \$28 million (5.6%) during 2Q20 in response to the COVID-19 pandemic shutdown which led our clients to have less demand for product and, therefore, need for credit.
- The allowance for loan losses closes 2Q20 at 1.54% of loans, exclusive of the PPP loans which are 100% guaranteed by the Small Business Administration.
- The Company secured a \$10 million credit facility to support the Bank's significant growth due to the high level of PPP loans funded during 2Q20. The Bank closed 2Q20 with a Tier 1 Leverage Capital Ratio of 8.42%.
- Book value per share was \$43.15 at 2Q20, down \$20.84 per share from a year ago, due to the 2019 special dividend of \$35.00 per share.

Other Matters

- Trust assets decreased 1.1% to \$734.5 million at 2Q20 from \$743.0 million at 2Q19.
- Management remains focused on protecting our staff and clients during this time. To that end, we have limited lobby access while still providing our full suite of services to our clients.

About Cornerstone Bancorp, Inc.

Founded in 2000, Cornerstone Bancorp, Inc., and its wholly-owned subsidiary, Cornerstone National Bank & Trust Company (collectively "Cornerstone") is committed to serving the commercial banking and investment needs of families and family-owned businesses. Cornerstone serves its clients by investing heavily in people and technology, providing an uncommon relationship experience. Cornerstone has been successful in attracting new clients and talent as the Chicago market consolidates and large banks deemphasize relationships in favor of an institutional approach.

Cornerstone is a leader in commercial lending services including equipment, real estate and construction loans and operating lines of credit as well as business checking accounts and association loans for condominium and townhome associations.

For individuals and families, wealth management services are offered, including investment management, trust and custody services, retirement plans, and estate and guardianship administration.

Headquartered in Palatine, Illinois, Cornerstone maintains offices in Crystal Lake, Lake Zurich, Naperville and announces the recent opening of an office in Schaumburg.



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Stock Price (7/28/20)	\$52.51
Shares Outstanding	994.1 K
Market Value	\$52.2 M
TTM EPS	\$6.84
Price/TTM EPS	7.68x
Book Value per Share	\$43.15
Price/Book	1.22x
NIM (annualized)	3.54%
ROAA (2Q20)	1.47%
ROAE (2Q20)	30.27%



Financial Highlights (Unaudited)
 (\$ in Thousands, Except Share and Per Share Data)

Income Statement	For the Quarter Ending			Year To Date	
	30-Jun-20	30-Jun-19	% Change	30-Jun-20	30-Jun-19
Net Interest Income	7,252	5,268	37.7%	12,619	10,259
Provision for Loan Losses	100	-	N/A	100	-
Noninterest Income	3,097	1,326	133.6%	4,522	2,489
Noninterest Expense	6,011	4,676	28.6%	11,166	8,816
Provision for Income Taxes	1,191	523	127.7%	1,643	1,069
Net Income	\$ 3,047	\$ 1,395	118.4%	\$ 4,232	\$ 2,863

Ratios					
Return on Average Assets *	1.47%	0.95%	54.9%	0.77%	1.04%
Return on Average Stockholders' Equity *	30.27%	12.58%	140.7%	15.98%	13.81%
Net Interest Margin	3.54%	3.64%	-2.7%	3.40%	3.59%
Allowance As A % Of Loans Outstanding	1.54%	1.57%	-1.9%	1.54%	1.57%
Dividends Per Share	\$ -	\$ -	N/A	\$ -	\$ -
Earnings Per Share	\$ 3.06	\$ 1.97	55.3%	\$ 4.26	\$ 4.05
Book Value Per Share	\$ 43.15	\$ 63.99	-32.6%	\$ 43.15	\$ 63.99

Balance Sheet Data	End of Period			End of Period	
	30-Jun-20	30-Jun-19	% Change	31-Dec-19	31-Dec-18
Total Assets	\$ 864,851	\$ 607,220	42.4%	\$ 633,145	\$ 568,895
Loans, Net of Allowance for Loan Loss	\$ 671,264	\$ 444,751	50.9%	\$ 463,814	\$ 413,806
Deposits and Repurchase Agreements	\$ 785,210	\$ 544,683	44.2%	\$ 572,617	\$ 512,220
Trust Preferred Securities	\$ 10,310	\$ 10,310	0.0%	\$ 10,310	\$ 10,310
Other Borrowings	\$ 19,440	\$ 2,750	606.9%	\$ 8,500	\$ 2,500
Stockholders' Equity	\$ 42,892	\$ 45,225	-5.2%	\$ 38,005	\$ 41,781
Trust Assets	\$ 734,476	\$ 742,971	-1.1%	\$ 783,631	\$ 675,577

Stock Value Per Common Share Data					
Price-To-Earnings Ratio	4.26	9.86	-56.8%	9.67	8.41
Price-To-Book Value Ratio	1.22	1.22	-0.2%	1.68	1.30
Book Value Per Share	\$ 43.15	\$ 63.99	-32.6%	\$ 38.23	\$ 59.90
Number of Shares Outstanding	994,088	706,713		994,088	706,713
Average Number of Shares Outstanding	994,088	706,713		923,436	705,017
Stock Price - High	\$ 64.40	\$ 78.00		\$ 78.00	\$ 93.00
Low	\$ 52.51	\$ 78.00		\$ 53.00	\$ 68.00
Ending	\$ 52.51	\$ 78.00		\$ 64.10	\$ 78.00

* - Quarter returns are based on annualized Net Income; Year-To-Date returns are based on the Last Twelve Months' (LTM) Net Income

The IR Group

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