



# CORNERSTONE BANCORP, INC.

OTC Pink: CNBP / \$64.40  
April 25, 2020



## FIRST QUARTER 2020 HIGHLIGHTS (At or for period ended 3/31/20)

- Total assets measured \$686.9 million and shareholders' equity equaled \$37.7 million at IQ20.
- Profitability has been driven by strong loan growth. Loans, net of the allowance for loan losses, increased \$80.8 million (19.6%) while deposits and repurchase agreements increased \$101.1 million (19.3%) year-over-year.
- For IQ20, the net interest margin (NIM) was 3.23% compared to 3.55% for IQ19.
- Noninterest expenses were \$5.1 million in IQ20 compared to \$4.1 million in IQ19. The IQ19 results included a \$505,000 recovery of expense from the resolution of a troubled credit.
- The Bank closed IQ20 with a Tier I Leverage Capital Ratio of 8.38%.
- Book value per share was \$37.94 at IQ20, down \$23.58 per share from a year ago, due to the 2019 special dividend of \$35.00 per share.
- Trust assets decreased 3.8% to \$695.1 million at IQ20 from \$722.8 million at IQ19.
- Market volatility and disruption was high during IQ20 as a result of the spread of COVID-19. Its impact affected the net interest margin as well as the market value of Trust assets.
- Overall asset quality is strong at IQ20.
- The Bank secured delegated authority from the SBA to participate in the Paycheck Protection Program. ("PPP") and began taking applications from its business clients immediately after the program was opened. Through the first phase of the program, the Bank had approved and funded 563 loans totaling \$165.6 million under this program.
- Management's attention has focused on adjusting CNBP's business practices to protect our staff and clients during this time.

## 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 and Naperville.

### Corporate Information

Cornerstone Bancorp, Inc  
Phone: (847.654.3000)

[www.cornerstonenb.com](http://www.cornerstonenb.com)

Email: [IR@cornerstonenb.com](mailto:IR@cornerstonenb.com)

### Market Makers

Janney Montgomery Scott  
Chicago, IL  
(312.242.0433)

Raymond James  
Chicago, IL  
(800.800.4693)

Stock Price (4/24/20)	\$64.40
Shares Outstanding	994.1 K
TTM EPS	\$5.74
Market Value	\$64.0 M
Book Value per Share	\$37.94
Price/Book	1.70x
Price/Earnings	13.43x
NIM (annualized)	3.23%
ROAA (IQ20)	0.70%
ROAE (IQ20)	12.40%



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

<b>Income Statement</b>	<b>For the Quarter Ending</b>			<b>Years Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>% Change</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
Net Interest Income	5,367	4,991	7.5%	20,594	19,854
Provision for Loan Losses	-	-	N/A	-	(400)
Noninterest Income	1,425	1,163	22.5%	5,352	4,381
Noninterest Expense	5,155	4,140	24.5%	18,949	15,661
Provision for Income Taxes	452	546	-17.2%	1,897	2,434
<b>Net Income</b>	<b>\$ 1,185</b>	<b>\$ 1,468</b>	<b>-19.3%</b>	<b>\$ 5,100</b>	<b>\$ 6,540</b>

**Ratios**

Return on Average Assets *	0.70%	1.03%	-31.5%	0.83%	1.18%
Return on Average Stockholders' Equity *	12.40%	13.83%	-10.3%	14.00%	14.36%
Net Interest Margin	3.23%	3.55%	-9.0%	3.40%	3.61%
Allowance As A % Of Loans Outstanding	1.42%	1.67%	-15.1%	1.50%	1.66%
Dividends Per Share	\$ -	\$ -	N/A	\$ 35.00	\$ 15.00
Earnings Per Share	\$ 1.19	\$ 2.08	-42.6%	\$ 6.63	\$ 9.28
Book Value Per Share	\$ 37.94	\$ 61.52	-38.3%	\$ 38.23	\$ 59.12

<b>Balance Sheet Data</b>	<b>End of Period</b>			<b>End of Period</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>% Change</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
Total Assets	\$ 686,931	\$ 583,977	17.6%	\$ 633,145	\$ 568,895
Loans, Net of Allowance for Loan Loss	\$ 492,133	\$ 411,364	19.6%	\$ 463,814	\$ 413,806
Deposits and Repurchase Agreements	\$ 624,814	\$ 523,762	19.3%	\$ 572,617	\$ 512,220
Trust Preferred Securities	\$ 10,310	\$ 10,310	0.0%	\$ 10,310	\$ 10,310
Other Borrowings	\$ 9,190	\$ 2,750	234.2%	\$ 8,500	\$ 2,500
Stockholders' Equity	\$ 37,711	\$ 43,478	-13.3%	\$ 38,005	\$ 41,781
Trust Assets	\$ 695,140	\$ 722,847	-3.8%	\$ 783,631	\$ 675,577

**Stock Value Per Common Share Data**

Price-To-Earnings Ratio	13.43	9.26	45.1%	9.67	8.41
Price-To-Book Value Ratio	1.70	1.27	33.9%	1.68	1.32
Book Value Per Share	\$ 37.94	\$ 61.52	-38.3%	\$ 38.23	\$ 59.12
Number of Shares Outstanding	994,088	706,713		994,088	706,713
Average Number of Shares Outstanding	998,088	706,713		923,436	706,539
Stock Price - High	\$ 64.40	\$ 78.00		\$ 78.00	\$ 93.00
Low	\$ 64.30	\$ 78.00		\$ 53.00	\$ 68.00
Ending	\$ 64.40	\$ 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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