



CORNERSTONE BANCORP, INC.

OTC Pink: CNBP / \$55.00

October 16, 2020

THIRD QUARTER 2020 HIGHLIGHTS (At or for period ended 9/30/20)

Income Statement Highlights

- Net income for 3Q20 totaled \$1.9 million, or \$1.87 per share.
- Interest and fees recognized on Paycheck Protection Program (PPP) loans totaled \$1.3 million in 3Q20. For the year, PPP has accounted for \$3.3 million of revenue.
- For 3Q20, the net interest margin was 2.82% compared to 3.27% for 3Q19. Interest income on PPP loans at a 1% loan rate is the main reason for the change in net interest margin.
- The activity in the Mortgage Division continued at a record pace in Q320 as interest rates remain at historically low levels. The Bank sold 267 loans totaling \$75 million and realized gross revenue of \$1.8 million during the quarter.
- Noninterest expense was \$6.2 million in 3Q20 compared to \$5.4 million in 3Q19. The 3Q20 results include \$942,000 of expenses related to the Mortgage Division compared to \$232,000 in 3Q19.

Balance Sheet Highlights

- Total assets measured \$906.4 million and tangible shareholders' equity equaled \$45.0 million at 3Q20.
- PPP loans totaled \$208.1 million while the remainder of the loan portfolio totaled \$449.2 million, \$22 million (4.6%) lower than 2Q20. The COVID-19 pandemic has led to a slowdown in the working capital needs for many clients.
- The allowance for loan losses was 1.64% of loans, exclusive of PPP loans which are 100% guaranteed by the Small Business Administration.
- At the close of 2Q20, 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 3Q20 with a Tier 1 Leverage Capital Ratio of 8.30%.
- Tangible book value per share was \$45.22 at 3Q20, \$15.30 higher than a year ago.

Other Matters

- Trust assets increased 1.0% to \$755.6 million at 3Q20 from \$748.4 million at 3Q19.
- 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, operating lines of credit and a full suite of treasury management products and services.

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 Schaumburg.



Corporate Information

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Market Makers

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Janney Montgomery Scott

Chicago, IL

312.242.0433

Monroe Financial Partners, Inc

Chicago, IL

312.327.2530

Stock Price (10/16/20) \$55.00

Shares Outstanding 994.1 K

Market Value \$54.6 M

TTM EPS \$6.95

Price/TTM EPS 7.91x

Tangible Book Value/Share \$45.22

Price/Tangible Book Value 1.22x

NIM (annualized) 2.82%

ROAA (3Q20) 0.84%

ROAE (3Q20) 17.03%



Income Statement	For the Quarter Ending			Year To Date	
	30-Sep-20	30-Sep-19	% Change	30-Sep-20	30-Sep-19
Net Interest Income	6,188	5,151	20.1%	18,807	15,410
Provision for Loan Losses	150	-	0.0%	250	-
Noninterest Income	2,800	1,404	99.4%	7,322	3,893
Noninterest Expense	6,271	5,406	16.0%	17,437	14,222
Provision for Income Taxes	713	314	127.3%	2,356	1,383
Net Income	\$ 1,854	\$ 835	121.9%	6,086	3,698

Ratios

Return on Average Assets *	0.84%	0.52%	61.0%	0.94%	0.86%
Return on Average Stockholders' Equity *	17.03%	12.41%	37.3%	18.39%	13.54%
Net Interest Margin	2.82%	3.27%	-13.7%	3.18%	3.48%
Allowance As A % Of Loans Outstanding **	1.64%	1.58%	4.1%	1.64%	1.58%
Dividends Per Share	\$ -	\$ 35.00		\$ -	\$ 35.00
Earnings Per Share	\$ 1.87	\$ 1.76	6.1%	\$ 6.12	\$ 5.81

Balance Sheet Data

	End of Period			End of Period	
	30-Sep-20	30-Sep-19	% Change	31-Dec-19	31-Dec-18
Total Assets	\$ 906,371	\$ 639,767	41.7%	\$ 633,145	\$ 568,895
Loans, Net of Allowance for Loan Loss	\$ 649,858	\$ 441,080	47.3%	\$ 463,814	\$ 413,806
Deposits and Repurchase Agreements	\$ 824,290	\$ 578,093	42.6%	\$ 572,617	\$ 512,220
Trust Preferred Securities	\$ 10,310	\$ 10,310	0.0%	\$ 10,310	\$ 10,310
Other Borrowings	\$ 19,753	\$ 21,985	-10.2%	\$ 8,500	\$ 2,500
Tangible Stockholders' Equity	\$ 44,955	\$ 23,662	90.0%	\$ 38,005	\$ 41,781
Trust Assets	\$ 755,578	\$ 748,430	1.0%	\$ 783,631	\$ 675,577

Stock Value Per Common Share Data

Price-To-Earnings Ratio *	7.43	9.18	-19.0%	9.67	8.41
Price-To-Tangible Book Value Ratio	1.22	2.14	-43.2%	1.68	1.32
Tangible Book Value Per Share	\$ 45.22	\$ 29.92	51.2%	\$ 38.23	\$ 59.12
Number of Shares Outstanding	994,088	790,963		994,088	706,713
Average Number of Shares Outstanding	994,088	737,239		923,436	706,539
Stock Price - High	\$ 55.00	\$ 78.00		\$ 78.00	\$ 93.00
Low	\$ 52.51	\$ 53.00		\$ 53.00	\$ 68.00
Ending	\$ 55.00	\$ 64.00	-14.1%	\$ 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

** - Excludes PPP loans which are 100% SBA guaranteed