



Contact: Daniel J. Hollowed
Vice President, Chief Financial Officer
(847) 654-3000

The IR Group

Cornerstone Bancorp Earns \$1.40 Million in Fourth Quarter and \$5.10 Million for the Year 2019

Palatine, IL – January 23, 2020 – **Cornerstone Bancorp, Inc. (OTC Pink: CNBP)**, the bank holding company for Cornerstone National Bank & Trust Company (collectively “Cornerstone”), today reported net income of \$1.40 million, or \$1.47 per diluted share, for the fourth quarter of 2019, compared to \$1.46 million, or \$2.07 per diluted share, for the fourth quarter of 2018. For the year, net income totaled \$5.10 million, or \$6.63 per diluted share, compared to \$6.54 million, or \$9.28 per diluted share, in 2018. Fourth quarter profitability was fueled by 12.1% loan growth and 11.8% deposit growth year-over-year with excellent asset quality. All 2019 results are unaudited.

“Our solid 2019 financial results reflect the stability and strength of our banking franchise,” stated Gerald F. Fitzgerald, Jr., Chairman, President & CEO. “We continue to enhance the company by investing in talented people, improving internal processes to become more efficient, and investing in new technology to better serve our clients. We hired a significant number of new commercial banking staff during the past year, the cost of which led to a decrease in earnings compared to the prior year. We believe that by investing in these talented banking teams, we have the components in place to increase our operating performance in the coming year.”

Fourth Quarter and Full Year 2019 Highlights:

- The Company paid a special dividend to shareholders of \$35 per share on July 15, 2019. This was funded by \$4.5 million of a dividend from Cornerstone National Bank & Trust Company and additional debt of \$20.2 million incurred by the Company. The dividend totaled \$24.7 million.
- Private placements of new stock were completed on August 27, 2019, and November 1, 2019, raising \$15.6 million of new equity. The proceeds from these capital raises were used to repay \$14.5 million of the debt incurred to fund the special dividend.
- Net income was \$1.40 million, or \$1.47 per diluted share, in the fourth quarter of 2019, compared to \$1.46 million, or \$2.07 per diluted share, in the fourth quarter of 2018.
- For 4Q19, the net interest margin (NIM) was 3.20% compared to 3.51% for 4Q18.
- Profitability has been driven by strong loan growth. Loans, net of the allowance for loan losses, increased \$50.0 million, or 12.1%, while deposits and repurchase agreements increased \$60.4 million, or 11.8%, year-over-year.
- Total assets increased 11.3% to \$633.1 million, at year-end, compared to \$568.9 million a year earlier.
- Shareholders’ equity was \$38.0 million at 4Q19 compared to \$41.8 million at 4Q18 due to the capital transactions noted above.
- Trust assets increased 16.0% to \$783.6 million, at 4Q19, from \$675.6 million at 4Q18.
- Book value per share was \$38.23 at 4Q19, down \$20.89 per share from a year ago, due to the 2019 special dividend of \$35.00 per share.

- The Bank continues to be well capitalized, with a Tier 1 Leverage Capital Ratio of 8.47% at December 31, 2019 compared to 9.57% at December 31, 2018.

About Cornerstone Bancorp, Inc.

Founded in 2000, Cornerstone Bancorp, Inc., and its wholly-owned subsidiary, Cornerstone National Bank & Trust Company, 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 banking services including acquisition, equipment, real estate and construction loans, and operating lines of credit. Cornerstone also provides an enhanced suite of treasury management services as well as 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. In December 2019, Cornerstone began trading on the Pink® Open Market under the symbol "CNBP," after previously being privately held. Visit us on the web at www.cornerstonenb.com.

Forward Looking Statement

This release may contain "forward-looking statements" that are subject to risks and uncertainties. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. All statements, other than statements of historical fact, regarding our financial position, business strategy and management's plans and objectives for future operations are forward-looking statements. When used in this report, the words "anticipate," "believe," "estimate," "expect," and "intend" and words or phrases of similar meaning, as they relate to Cornerstone or management, are intended to help identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that management's expectations as reflected in forward-looking statements are reasonable, we cannot assure readers that those expectations will prove to be correct. Forward-looking statements are subject to various risks and uncertainties that may cause our actual results to differ materially and adversely from our expectations as indicated in the forward-looking statements. These risks and uncertainties include our ability to maintain or expand our market share or net interest margins, and to implement our marketing and growth strategies. Further, actual results may be affected by our ability to compete on price and other factors with other financial institutions; customer acceptance of new products and services; the regulatory environment in which we operate; and general trends in the local, regional and national banking industry and economy, as those factors relate to our cost of funds and return on assets. In addition, there are risks inherent in the banking industry relating to collectability of loans and changes in interest rates. Many of these risks, as well as other risks may have a material adverse impact on our operations and business.

FINANCIAL TABLES TO FOLLOW

Financial Highlights (2019 Results Are Unaudited)
(\$ in Thousands, Except Share and Per Share Data)

	For the Quarter Ending			Year To Date	
	12/31/2019 (Unaudited)	31-Dec-18	% Change	12/31/2019 (Unaudited)	31-Dec-18
Income Statement					
Net Interest Income	5,184	4,956	4.6%	20,594	19,854
Provision for Loan Losses	-	-	0.0%	-	(400)
Noninterest Income	1,459	1,061	37.5%	5,352	4,381
Noninterest Expense	4,726	4,041	17.0%	18,949	15,661
Provision for Income Taxes	515	514	0.1%	1,897	2,434
Net Income	1,402	\$ 1,462	-4.1%	5,100	6,540

Ratios

Return on Average Assets *	0.85%	1.02%	-16.4%	0.83%	1.18%
Return on Average Stockholders' Equity *	19.38%	13.95%	38.8%	14.00%	14.36%
Net Interest Margin	3.20%	3.51%	-8.8%	3.40%	3.61%
Allowance As A % Of Loans Outstanding	1.50%	1.66%	-9.5%	1.50%	1.66%
Dividends Per Share	\$ -	\$ -		\$ 35.00	\$ 15.00
Earnings Per Share	\$ 1.47	\$ 2.07	-28.8%	\$ 6.63	\$ 9.28
Book Value Per Share	\$ 38.23	\$ 59.12	-35.3%	\$ 38.23	\$ 59.12

	End of Period			End of Period	
	12/31/2019 (Unaudited)	31-Dec-18	% Change	31-Dec-17	31-Dec-16
Balance Sheet Data					
Total Assets	\$ 633,145	\$ 568,895	11.3%	\$ 535,508	\$ 529,554
Loans, Net of Allowance for Loan Loss	\$ 463,814	\$ 413,806	12.1%	\$ 369,095	\$ 318,661
Deposits and Repurchase Agreements	\$ 572,617	\$ 512,220	11.8%	\$ 478,715	\$ 470,183
Trust Preferred Securities	\$ 10,310	\$ 10,310	0.0%	\$ 10,310	\$ 10,310
Other Borrowings	\$ 8,500	\$ 2,500	240.0%	\$ -	\$ -
Stockholders' Equity	\$ 38,005	\$ 41,781	-9.0%	\$ 45,121	\$ 47,839
Trust Assets	\$ 783,631	\$ 675,577	16.0%	\$ 716,302	\$ 694,997

Stock Value Per Common Share Data

Price-To-Earnings Ratio	9.67	8.41	15.0%	11.03	11.09
Price-To-Book Value Ratio	1.68	1.32	27.1%	1.05	0.98
Book Value Per Share	\$ 38.23	\$ 59.12	-35.3%	\$ 65.05	\$ 69.46
Number of Shares Outstanding	994,088	706,713		693,671	694,150
Average Number of Shares Outstanding	923,436	706,539		692,395	695,632
Stock Price - High	\$ 78.00	\$ 93.00		\$ 78.00	\$ 68.00
Low	\$ 53.00	\$ 68.00		\$ 68.00	\$ 61.00
Ending	\$ 64.10	\$ 78.00		\$ 68.00	\$ 68.00

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

Transmitted on GlobeNewswire on January 22, 2020 at 8:00 a.m. CST.