



CORNERSTONE BANCORP, INC.

OTC Pink: CNBP / \$64.10
January 21, 2020



FOURTH QUARTER 2019 HIGHLIGHTS (At or for period ended 12/31/19)

- Total assets measured \$633.1 million and shareholders' equity equaled \$38.0 million at 4Q19.
- Paid a dividend to shareholders of \$35 per share on 7/15/19. 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 8/27/19 and 11/01/19, 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.
- During the past year, we have attracted a significant number of new commercial banking staff. The additional up-front expenses led to a decrease in earnings per share to \$1.47 per share in 4Q19 from \$2.07 per share in 4Q18. We expect the additional talent to benefit future earnings.
- Profitability has been driven by strong loan growth. Loans, net of the allowance for loan losses, increased \$50.0 million (12.1%) while deposits and repurchase agreements increased \$60.4 million (11.8%) year-over-year.
- For 4Q19, the net interest margin (NIM) was 3.20% compared to 3.51% for 4Q18.
- The Bank closed 4Q19 with a Tier I Leverage Capital Ratio of 8.47% compared to 9.57% at 4Q18.
- Book value per share was \$38.23 at 12/31/19, down \$20.89 per share from a year ago, due to the 2019 special dividend of \$35.00 per share.
- Trust assets increased 16.0% to \$783.6 million at 12/31/19 from \$675.6 million at 12/31/18.
- Management continues to enhance CNBP's franchise, investing in talented people, improving internal processes to become more efficient, and investing in new technology to better serve their 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 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, families, and corporations, wealth management services are offered, including investment management, trust and custody services, retirement plans, and estate and guardianship administration.

Corporate Information

Cornerstone Bancorp, Inc
Phone: (847.654.3000)

www.cornerstonenb.com

Email: IR@cornerstonenb.com

Market Makers

Janney Montgomery Scott
Chicago, IL
(312.242.0433)

Raymond James
Chicago, IL
(800.800.4693)

Stock Price (1/21/20)	\$64.10
Shares Outstanding	994.1 K
4Q19 EPS	\$1.47
Market Value	\$63,721M
Book Value per Share	\$38.23
Price/Book	1.68x
Price/Earnings	9.67x
NIM (annualized)	3.40%
ROAA (LTM)	0.83%
ROAE (LTM)	14.00%



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

The IR Group

The company described in this report is a client of The IR Group, Inc., a securities industry relations firm. This report was prepared using information obtained from management and from publications available to the public. This report does not purport to be a complete statement of all material facts and is not to be construed as a recommendation or solicitation to buy or sell securities of the company described herein. Upon receiving a request at <http://www.theIRGroup.com/contact.html>, The IR Group will provide a package of information on the client company. The IR Group is compensated by the client company for services rendered on a continuing basis and consequently, the amount of such compensation related to the preparation and distribution of this report is not separately determinable. The IR Group and/or its employees and/or members of their families, may have a long position in the securities of the company described herein.