



CORNERSTONE BANCORP, INC.



FOURTH QUARTER 2018 HIGHLIGHTS (At or for period ended 12/31/18)

- Total assets measured \$569 million and shareholders' equity equaled \$42.3 million at 4Q18.
- 4Q18 profits increased 129% to \$1.5 million, or \$2.07 per share, compared to \$638,000, or \$0.92 per share in 4Q17. Net interest income was \$499,000 higher in 4Q18 compared to 4Q17. The provision for income taxes in 4Q17 also included a charge of \$649,000 to comply with the Tax Cut and Jobs Act of 2017 enacted at year end 2017.
- Profitability has been driven by strong loan growth. Loans, net of the allowance for loan losses, increased \$44.7 million (12.1%) while deposits and repurchase agreements increased \$33.1 million (6.9%) year-over-year.
- For 4Q18, the net interest margin (NIM) was 3.51% compared to 3.25% for 4Q17.
- A special dividend of \$15 per share was paid to shareholders in 2018 totaling \$10,585,695. The Bank closes 2018 with Tier I Leverage Capital Ratio of 9.57%.
- Tangible book value per share was \$59.90, down \$5.82 per share from a year ago, due to the 2018 special dividend totaling \$15.00 per share.
- Trust assets declined 5.7% to \$675.6 million at 4Q18 from \$716.3 million at 4Q17.
- 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 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 the 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.

Investor Information

Stock Transfer Agent

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Corporate Information

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|------------------------|-----------|
| Stock Price (12/31/18) | \$78.00 |
| Shares Outstanding | 706.7 K |
| 4Q18 EPS | \$2.07 |
| Market Value | \$55,124M |
| Book Value per Share | \$59.90 |
| Price/Book | 1.30x |
| Price/Earnings | 8.41x |
| NIM (annualized) | 3.61% |
| ROAA (LTM) | 1.18% |
| ROAE (LTM) | 14.38% |



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

| Income Statement | For the Quarter Ending | | | Year To Date | |
|----------------------------|-------------------------------|------------------|-----------------|---------------------|------------------|
| | 31-Dec-18 | 31-Dec-17 | % Change | 31-Dec-18 | 31-Dec-17 |
| Net Interest Income | 4,956 | 4,457 | 11.2% | 19,854 | 16,988 |
| Provision for Loan Losses | - | (300) | -100.0% | (400) | (800) |
| Noninterest Income | 1,061 | 1,019 | 4.1% | 4,381 | 4,271 |
| Noninterest Expense | 4,041 | 3,758 | 7.5% | 15,661 | 14,355 |
| Provision for Income Taxes | 514 | 1,380 | -62.8% | 2,434 | 3,438 |
| Net Income | \$ 1,462 | \$ 638 | 129.2% | \$ 6,540 | \$ 4,266 |

| Ratios | | | | | |
|--|----------|----------|--------|----------|----------|
| Return on Average Assets * | 1.02% | 0.46% | 121.3% | 1.18% | 0.79% |
| Return on Average Stockholders' Equity * | 13.94% | 5.19% | 168.7% | 14.38% | 8.65% |
| Net Interest Margin | 3.51% | 3.25% | 7.9% | 3.61% | 3.18% |
| Allowance As A % Of Loans Outstanding | 1.66% | 1.72% | -3.4% | 1.66% | 1.72% |
| Dividends Per Share | \$ - | \$ 10.00 | N/A | \$ 15.00 | \$ 10.00 |
| Earnings Per Share | \$ 2.07 | \$ 0.92 | 125.8% | \$ 9.28 | \$ 6.16 |
| Tangible Book Value Per Share | \$ 59.90 | \$ 65.72 | -8.9% | \$ 59.90 | \$ 65.72 |

| Balance Sheet Data | End of Period | | | End of Period | |
|---------------------------------------|----------------------|------------------|-----------------|----------------------|------------------|
| | 31-Dec-18 | 31-Dec-17 | % Change | 31-Dec-16 | 31-Dec-15 |
| Total Assets | \$ 568,895 | \$ 535,508 | 6.2% | \$ 529,554 | \$ 509,457 |
| Loans, Net of Allowance for Loan Loss | \$ 413,806 | \$ 369,095 | 12.1% | \$ 318,661 | \$ 303,030 |
| Deposits and Repurchase Agreements | \$ 512,219 | \$ 479,075 | 6.9% | \$ 470,183 | \$ 451,102 |
| Trust Preferred Securities | \$ 10,310 | \$ 10,310 | 0.0% | \$ 10,310 | \$ 10,310 |
| Tangible Stockholders' Equity | \$ 42,334 | \$ 45,588 | -7.1% | \$ 48,217 | \$ 45,465 |
| Trust Assets | \$ 675,577 | \$ 716,302 | -5.7% | \$ 694,997 | \$ 596,657 |

| Stock Value Per Common Share Data | | | | | |
|--|----------|----------|--------|----------|----------|
| Price-To-Earnings Ratio | 8.41 | 11.04 | -23.9% | 11.09 | 10.59 |
| Price-To-Tangible Book Value Ratio | 1.30 | 1.03 | 25.8% | 0.98 | 0.96 |
| Tangible Book Value Per Share | \$ 59.90 | \$ 65.72 | -8.9% | \$ 69.46 | \$ 63.33 |
| Number of Shares Outstanding | 706,713 | 693,671 | | 694,150 | 717,910 |
| Average Number of Shares Outstanding | 706,539 | 692,019 | | 695,632 | 724,594 |
| Stock Price - High | \$ 93.00 | \$ 78.00 | | \$ 68.00 | \$ 61.00 |
| Low | \$ 68.00 | \$ 68.00 | | \$ 61.00 | \$ 49.00 |
| Ending | \$ 78.00 | \$ 68.00 | | \$ 68.00 | \$ 61.00 |

* - 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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