



cib marine
BANCSHARES INC

2019 ANNUAL REPORT





Dear Shareholders:

We are pleased to provide this 2019 Annual Report and to have this opportunity to update you on some important initiatives underway at CIB Marine Bancshares, Inc.

The operating results for 2019 demonstrated improvement in several critical areas, but underperformed our overall expectations. Early indications for 2020 are showing encouraging results and improvement over the same time period in 2019. While our corporate banking, mortgage, and retail divisions met or exceeded many of our goals, higher loan loss provisions, lower SBA originations and higher cost of funds resulted in earnings below the guidance we provided at last year's Annual Shareholder Meeting. Consolidated pre-tax earnings of \$2.5 million were below our guidance and 2018 pre-tax income of \$4.5 million.

Our Retail Banking Division achieved the funding goals set for 2019, and we continue to see increased momentum in our "Fast Track" small business loan product as well as our various online and mobile banking services. Our Corporate Banking Division exceeded deposit goals and met loan origination goals while our geographic and loan segment mix continues to help diversify the credit risk profile of the portfolio.



J. Brian Chaffin, President & CEO, and Mark A. Elste, Chairman

Our Mortgage Banking Division had a particularly strong 2019, achieving \$55 million in growth in mortgage loans originated for sale and increasing their pre-tax contribution to earnings by over \$1 million. Contributing to the increase in 2019 were lower interest rate fueled refinance activity; the addition of mortgage loan officers in several offices; and greater efficiencies within the division, partly as a result of improved capacity due to increased volumes.

The primary difference in performance between 2018 and 2019 was a \$2 million swing in our loan loss provision. While our 2019 provision was more normalized, and in line with general expectations, it was a significant difference from the \$1.2 million loan loss reversal in 2018.

We experienced a drop in our SBA 7(a) loan closings in 2019, but our Government Guaranteed Lending Division continues to be a profitable business unit. The decline in volume was in line with national trends and is reflective of increased aggressiveness in conventional lenders pursuing loan opportunities normally satisfied by the SBA 7(a) program. Finally, competition for new deposit growth increased significantly in the second half of 2018 and into early 2019. Coupled with an overall rising rate environment at that time, our cost of funds rose in the first half of 2019. Since mid-2019, rates have fallen and competition for new deposit growth has softened. Much of the deposits gathered in the fourth quarter of 2018 and into the first half of 2019 are in the form of one year CDs or money market accounts with one year interest rate commitments. As these one year commitments began maturing in the fourth quarter of 2019, and with the decline in rates since mid-2019, we have realized an improvement in our cost of funds and we expect this to continue through mid-2020, provided rates stay relatively stable.

At the beginning of 2020, we launched an aggressive Company-wide project designed to make improvements in several areas of the organization and drive better results into the future. Specific areas we have targeted include our cost of funds; product mix and margin; cost controls; and other



matters related to the Company's culture, brand, and customer experience. 40% of our employees are directly involved in this project's roll-out and implementation with representation from every market and division. We are in the first phase of the project, which is focused on identifying specific strategies designed to attain the goals we have established for each area. In the second quarter, we will begin the implementation phase of many of the projects, with results building over time. We are excited about the opportunities this project will bring and it has energized our colleagues across the Company. We look forward to providing you updates on the progress of this important initiative.

We continued to make gains in improving the capital structure of the Company through the repurchase of preferred shares in 2019. To date, the Company has repurchased approximately 26% of the 60,000 preferred shares originally issued in 2009, including 1,159 shares of Series B preferred stock, effectively terminating conversion rights equal to 4.6 million shares of common stock. The price of all preferred shares repurchased to date has resulted in a gain to common shareholders of \$2.1 million. These gains are not included in the net income of CIB Marine, but have resulted in a \$0.12 per share gain in book value of common shares, and the termination of conversion rights equal to 4.6 million shares of common stock has enhanced our earnings per diluted share. We continue to pursue accretive preferred stock repurchases from interested sellers, but the time to conduct such transactions is limited by the June 30, 2020, deadline in the current Amendments to the Company's Restated Articles of Incorporation. If an additional Amendment is not approved by common and preferred shareholders, the prior Articles of Incorporation will "spring-back" this summer and all repurchase activity will terminate. At this year's Annual Meeting of Shareholders, we plan to submit a permanent Amendment to the Restated Articles of Incorporation to the Company's common shareholders which, if also approved by preferred shareholders in a separate later vote, would allow voluntary non-pro rata negotiated repurchases of preferred stock going forward.

As we look forward to 2020, we are encouraged by the continuation of a strong mortgage market, the opportunity to improve our cost of funds while repricing liabilities in a lower rate environment, the improvement in our SBA pipeline compared to a year ago, and the impact a strong economy is having on our commercial loan activity and credit metrics. Coupled with the benefits we expect to gain from the Company-wide project described earlier, we look forward to improving our operating results.

We want to thank our team members across the Company for their hard work and dedication to serving our clients and the communities we live in, while upholding our core values of Service, Solutions and Integrity.

Sincerely,

Mark A. Elste
Chairman

J. Brian Chaffin
President & CEO

Publication deadlines have not allowed us to provide detailed information about the Company's COVID-19 contingency plans in this Annual Report. We are committed to providing our clients access to all banking services during this difficult time. Please refer to the CIBM Bank website (cibmbank.com) for any updates to our COVID-19 response and contingency plans. We will address this issue in detail at our Annual Shareholder Meeting on April 30, 2020 (see proxy for details).



SELECTED UNAUDITED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except share and per share data)	At or for the Years Ended December 31				
	2019	2018	2017	2016	2015
SELECTED STATEMENTS OF OPERATIONS DATA					
Interest and dividend income	\$27,948	\$26,203	\$23,527	\$20,949	\$18,530
Interest expense	8,647	6,422	4,126	2,997	2,377
Net interest income	19,301	19,781	19,401	17,952	16,153
Provision for (reversal of) loan losses	817	(1,185)	206	(548)	61
Net interest income after provision for (reversal of) loan losses	18,484	20,966	19,195	18,500	16,092
Noninterest income (1)	10,156	9,409	8,730	9,400	4,426
Noninterest expense	26,174	25,847	23,615	23,779	21,117
Income (loss) from continuing operations before income taxes	2,466	4,528	4,310	4,121	(599)
Income tax expense (benefit)	423	1,188	(22,644)	50	6
Net income (loss)	2,043	3,340	26,954	4,071	(605)
COMMON SHARE DATA					
Basic net income (loss) (2)	0.13	0.28	1.49	0.22	(0.03)
Diluted net income (loss) (2)	0.07	0.15	0.74	0.11	(0.03)
Dividends	—	—	—	—	—
Tangible book value per share (3)	2.99	2.82	2.53	1.01	0.79
Book value per share (3)	2.64	2.45	2.04	0.53	0.31
Weighted average shares outstanding-basic	18,406,663	18,209,096	18,149,660	18,127,892	18,127,892
Weighted average shares outstanding-diluted	32,711,639	35,139,642	36,434,384	35,791,952	18,127,892
FINANCIAL CONDITION DATA					
Total assets	\$703,791	\$721,259	\$662,394	\$653,559	\$571,233
Loans	513,705	491,337	483,611	483,518	445,050
Allowance for loan losses	(8,007)	(7,947)	(7,701)	(7,592)	(8,064)
Investment securities	120,398	121,281	114,801	112,072	94,702
Deposits	530,190	536,931	478,633	483,097	443,571
Borrowings	73,847	86,710	84,217	96,944	58,883
Stockholders' equity	93,404	91,035	97,066	69,523	65,586



(Dollars in thousands, except share and per share data)	At or for the Years Ended December 31				
	2019	2018	2017	2016	2015
FINANCIAL RATIOS AND OTHER DATA					
Performance Ratios:					
Net interest margin (4)	2.91%	3.05%	3.11%	3.01%	3.18%
Net interest spread (5)	2.60	2.80	2.93	2.86	3.03
Noninterest income to average assets (6)	1.43	1.37	1.36	1.53	0.84
Noninterest expense to average assets	3.72	3.75	3.67	3.88	4.02
Efficiency ratio (7)	89.07	88.44	83.95	86.94	102.68
Earnings (loss) on average assets (8)	0.29	0.48	4.19	0.66	(0.12)
Earnings (loss) on average equity (9)	2.18	3.52	36.85	5.88	(0.89)
Asset Quality Ratios:					
Nonaccrual loans to total loans (10)	1.09%	1.34%	0.69%	1.26%	0.70%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	1.38	1.62	1.02	1.60	1.96
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (10)	1.35	1.45	1.13	1.67	2.25
Allowance for loan losses to total loans	1.56	1.62	1.59	1.57	1.81
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	112.66	99.72	156.68	97.99	92.25
Net charge-offs (recoveries) to average loans	0.15	(0.29)	0.02	(0.02)	(0.11)
Capital Ratios:					
Total equity to total assets	13.27%	12.62%	14.65%	10.64%	11.48%
Total risk-based capital ratio	15.19	15.34	16.62	15.40	15.45
Tier 1 risk-based capital ratio	13.94	14.09	15.36	14.15	14.20
Leverage capital ratio	10.71	10.10	12.39	11.14	12.27
Other Data:					
Number of employees (full-time equivalent)	176	183	183	171	173
Number of banking facilities	11	11	11	11	11

1. Noninterest income includes gains and losses on securities.

2. Net income available to common stockholders in the calculation of earnings per share includes the difference between the carrying amount less the consideration paid for redeemed preferred stock of \$0.3 million and \$1.8 million for the years ended December 31, 2019 and 2018, respectively.

3. Tangible book value per share is the shareholder equity less the carry value of the preferred stock and less the goodwill and intangible assets, divided by the total shares of common outstanding. Book value per share is the shareholder equity less the liquidation preference of the preferred stock, divided by the total shares of common outstanding. Both book value measures are reported inclusive of the net deferred tax assets. As presented here, shares of common outstanding excludes unvested Restricted Stock Awards.

4. Net interest margin is the ratio of net interest income to average interest-earning assets.

5. Net interest spread is the yield on average interest-earning assets less the rate on average interest-bearing liabilities.

6. Noninterest income to average assets excludes gains and losses on securities.

7. The efficiency ratio is noninterest expense divided by the sum of net interest income plus noninterest income, excluding gains and losses on securities.

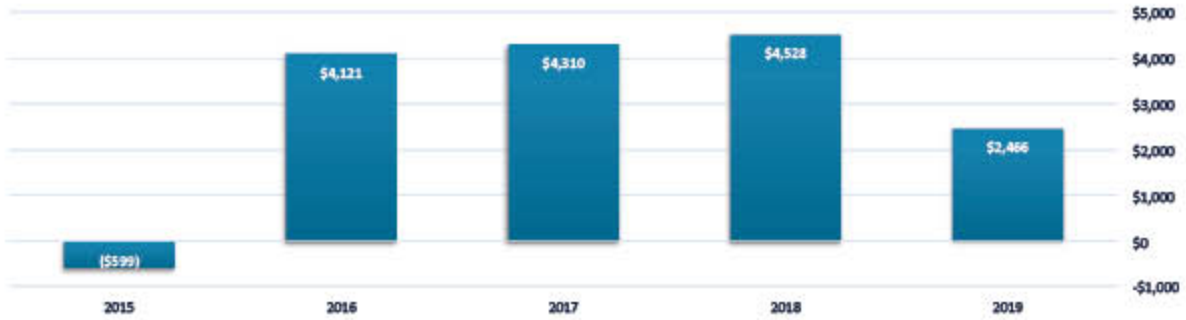
8. Earnings on average assets are net income divided by average total assets.

9. Earnings on average equity are net income divided by average stockholders' equity.

10. Excludes loans held for sale.



INCOME, BEFORE TAX (000s)



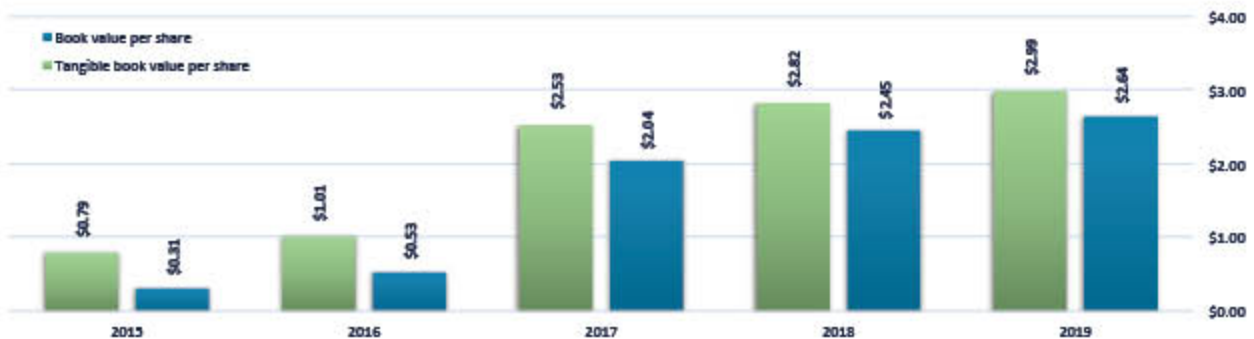
Although the Mortgage Division's income increased by \$1.0 million during 2019 versus 2018 and, over all, revenues were up for CIB Marine, income before taxes declined in 2019 due primarily to: (i) a \$0.8 million provision for loan losses in 2019 compared to a \$1.2 million reversal of loan loss provisions in 2018, (ii) gains on sale of SBA 7(a) loans declined by \$1.1 million for the year due to declines in originations, reflecting broader industry experience, and (iii) net interest income declined by \$0.5 million for the year due to higher cost of funds.

EARNINGS PER SHARE, BASIC AND DILUTED



Earnings per share were \$0.13 basic and \$0.07 diluted in 2019, compared to \$0.28 and \$0.15, respectively, in 2018. The difference was due to lower earnings and lower discounts on the repurchase of preferred stock in 2019 compared to 2018.

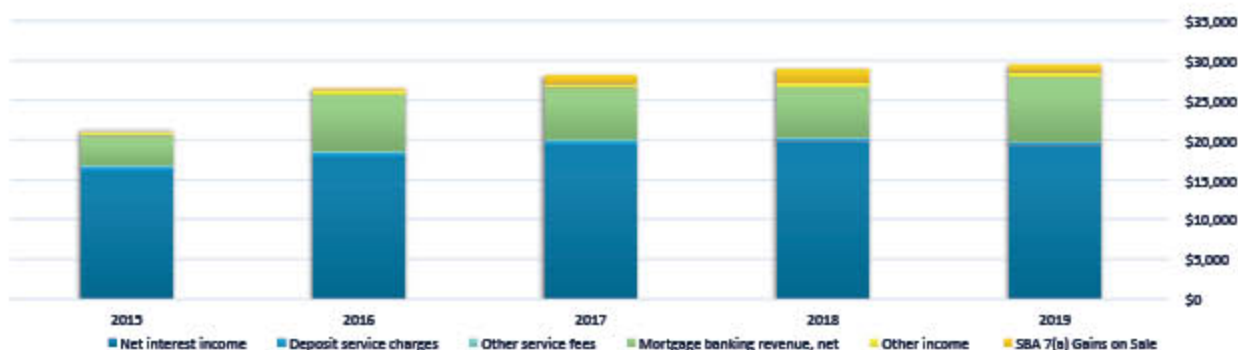
BOOK VALUE, TANGIBLE AND STATED



Book values per share continued to trend higher. The increase from 2018 was due to net income of \$2.0 million, a \$1.4 million improvement in accumulated other comprehensive income, and a \$0.3 million discount to the carry value of the preferred stock repurchased in 2019, which was accretive to the common shareholders.

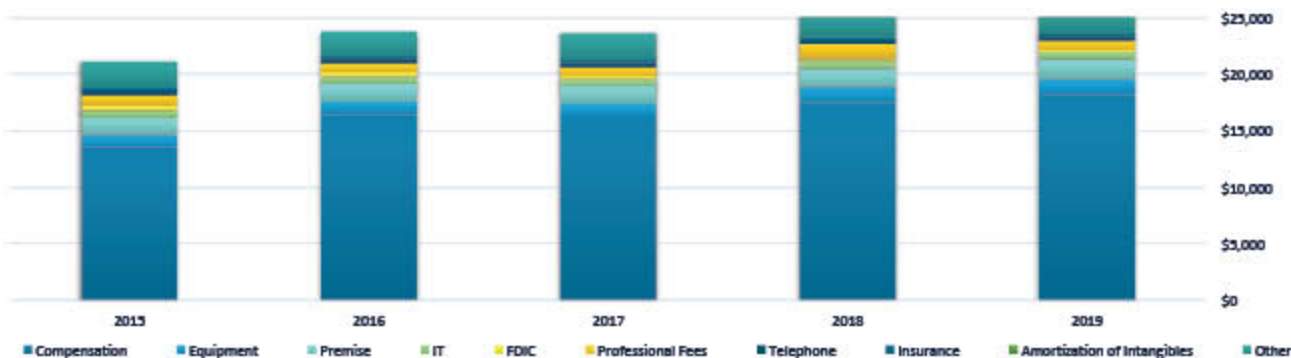


PRIMARY BANKING REVENUES (000s)



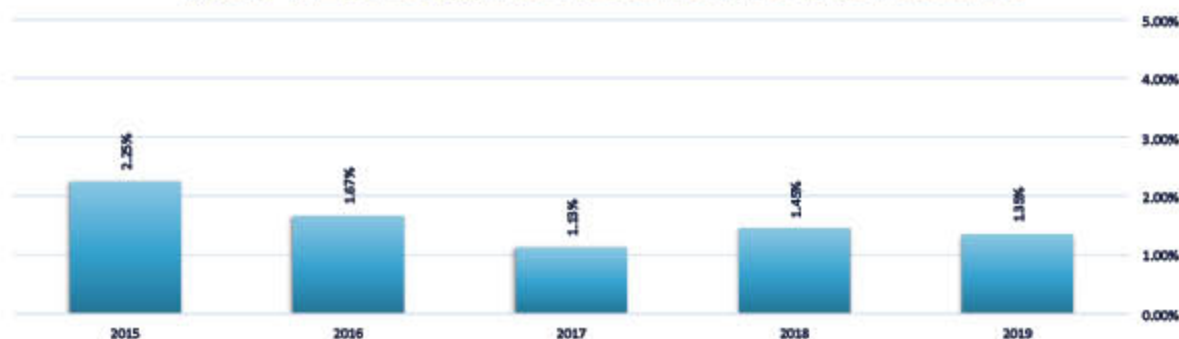
Primary banking revenues were up again in 2019, the result of a \$1.8 million increase in mortgage revenue due to a \$55 million increase in mortgage loans originated for sale. This was offset in part by a \$1.1 million decline in gains on sale of SBA 7(a) loans, due to lower production reflecting broader industry trends for 2019 and \$0.5 million decline in net interest income due to higher cost of funds.

EXPENSES (000s)



Overall, expenses were up by \$0.3 million in 2019 compared to 2018, primarily due to increased compensation as a result of higher commissions for greater mortgage loan originations. CIB Marine continues to focus on cost management and efficiency enhancement improvements in its operations, including investing in cost saving technologies.

NON-PERFORMING ASSETS / TOTAL ASSETS



Non-performing assets, including troubled debt restructures and 90 day past due accruing loans to total assets, have been low for several years now. This is reflective of growth in quality loans and loan segments (i.e., residential) and the longer term economic growth in the national and regional economy.



CIB MARINE BANCSHARES, INC. & CIBM BANK

BOARD OF DIRECTORS

Mark A. Elste, Chairman Director Since: 2011

Chairman of the Boards of CIB Marine Bancshares, Inc. & CIBM Bank

Committees: Executive Loan, Investment Advisory (Chair) and Trust

Charles E. Baker Director Since: 2008

Retired Partner, Ernst & Young LLP

Committees: Audit, Compensation & Stock Option (Chair) and Nominating (Chair)

Willard Bunn III Director Since: 2010

Managing Director, Colonnade Advisors, LLC

Committees: Audit, Compensation & Stock Option and Executive Loan

J. Brian Chaffin Director Since: 2015

President & CEO, CIB Marine Bancshares, Inc. & CIBM Bank

Committees: Trust

Gina M. Cocking Director Since: 2019

Managing Director & CEO, Colonnade Advisors, LLC

Committees: Compensation & Stock Option

JoAnn M. Cotter Director Since: 2019

Retired Partner, Wipfli LLP

Committees: Audit and Compensation & Stock Option

Mark D. Henderson Director Since: 2017

Chief Information Officer & Vice Chancellor of the University of Pittsburgh

Committees: Audit (Vice Chairman) and Compensation & Stock Option

John P. Hickey, Jr. Director Since: 2007

Retired President, CEO & Chairman of CIB Marine Bancshares, Inc. & CIBM Bank

Committees: Nominating

Gary L. Longman Director Since: 2004

Retired Partner, KPMG LLP

Committees: Audit (Chair), Compensation & Stock Option and Trust

Charles D. Mires Director Since: 2011

Retired Director of Fixed Income & Alternative Strategies for private investment management firm

Committees: Audit, Compensation & Stock Option, Investment Advisory and Trust (Chairman)

Steven C. Palmitier Director Since: 2011

President & COO, North American Company for Life & Health Insurance and Midland National Life Insurance Company

Committees: Compensation & Stock Option and Nominating

Ronald E. Rhoades Director Since: 2010

President & CEO, Plastic Container Corp.

Committees: Audit and Compensation & Stock Option



Board of Directors (left to right) Back Row: S. Palmitier, M. Elste, M. Henderson, C. Mires, J. Hickey; Front Row: G. Longman, B. Chaffin, R. Rhoades, C. Baker, W. Bunn; (Not Pictured: G. Cocking and J. Cotter)



THANK YOU WILLARD BUNN

After ten years of distinguished service, the Board of Directors offers its gratitude and a fond farewell to Director Willard Bunn, whose term on the Company's Board of Directors ends in 2020. With more than 40 years' experience in banking, Mr. Bunn proved invaluable in assisting the Company with its credit culture and efforts to recapitalize the Company. He served in a number of Board committee leadership positions and played an integral role in critical Company initiatives. During his service, the Company returned to well-capitalized and profitable status; experienced orderly and productive transitions of executive management; acquired or commenced new lines of business and opened new markets; and concluded recapitalization and stock repurchase plans. The Board wishes to recognize the contributions of Mr. Bunn to the Company and its shareholders and express their sincere appreciation for his years of dedicated service.



CIB Marine is pleased to welcome two talented individuals to its Board of Directors in 2019:

GINA COCKING AND JOANN COTTER



Ms. Cocking is based in the Company's Chicagoland market and currently serves as Managing Director and Chief Executive Officer of Colonnade Advisors, LLC, an independent investment bank focused on the financial services and business services sectors. She has over 25 years of experience across a variety of areas including private equity, investment banking, and financial and business services. Her wealth of knowledge related to business planning, competitive analysis, operating strategies and product development, will be beneficial to the Board and management as the Company pursues growth initiatives and new products/services.



Ms. Cotter is based in the Company's Wisconsin market and is a CPA and retired partner of Wipfli LLP. She spent 15 years as the Leader of Wipfli's Financial Institutions Practice and oversaw the unit's expansion from \$12 million to \$46 million in revenue and from a limited practice to a robust consulting, audit and tax practice. Since retiring, she has worked part-time for her family owned funeral home, a third generation business with four locations in Wisconsin. She is uniquely capable of understanding the intricacies of our Company's operations, and provides depth to our Board of Directors and its Audit Committee.



Executive Management
(left to right)

Back Row:
P. Straka, J. Mullaney,
P. Melnick,
D. Rasmussen,
M. Wilmington, J. Arie

Front Row:
L. Abner, J. Blaesing,
B. Chaffin, G. Maughan

EXECUTIVE MANAGEMENT

J. Brian Chaffin President & Chief Executive Officer	Lee W. Abner SVP & Director of Technology Services
Joseph M. Arie SVP & Director of Government Guaranteed Lending	Joanne M.P. Blaesing EVP & Director of Community Development
Gary A. Maughan EVP & Mortgage Banking Director	Paul C. Melnick EVP & Chief Credit Officer
James P. Mullaney III EVP & Director of Corporate Banking	Daniel J. Rasmussen EVP, Chief Admin. Officer, General Counsel & Secretary
Patrick J. Straka EVP & Chief Financial Officer	Mark V. Wilmington EVP & Director of Retail Banking

BANK MANAGEMENT

CENTRAL ILLINOIS

- David J. Bates**
Senior Credit Officer
- Michael A. Dexter, Jr.**
Corporate Banker
- Cara N. Engel-Dalton**
Director of Marketing
- Melissa J. Halcomb**
Human Resources Manager
- Judith A. Moon**
Workout Specialist
- Janet A. Nicholas**
Director of IT Client Services
- Karoline E. Seitz-Goddard**
Treasury Management Officer
- James C. Singleton**
Facilities Manager & Security Officer
- Todd J. Somers**
Treasury Operations Manager
- Linda L. Wolken**
Operations Manager

CHICAGOLAND

- Barbara A. Carroll**
Cashier
- Daniel E. Michalski**
Corporate Banker
- Jeffrey G. Nickels**
Client Services Representative & Project Manager
- Raymond E. Vanna**
Network Engineer
- Scott D. Weller**
Corporate Banker

INDIANAPOLIS

- Mel A. Novilla**
Corporate Banker
- Kimberly J. VanArsdale**
Treasury Management Officer
- Kenneth B. Yedlick**
Corporate Banker

MILWAUKEE

- Julie A. Berg**
Treasury Management Officer
- Michelle M. Bragstad**
Chief Compliance Officer
- Bridget L. Condon**
Corporate Banker
- Annette F. Esteves**
Assistant Controller
- Gregory L. Huber**
Corporate Banker
- William J. Kadrich**
Corporate Banker
- Michael W. Klein**
Retail Market Manager
- Brian R. McNerney**
Corporate Banker
- Pamela J. Mitchell**
Loan Documentation Manager
- Elizabeth B. Neighbors**
Investor Relations Manager & Paralegal
- Jill E. Sikorski**
Loan Services Manager
- Christopher J. Wood**
Senior Credit Officer

MORTGAGE

- Lorraine Quintao**
Mortgage Operations & Compliance Manager

GOVERNMENT GUARANTEED LENDING

- Desa P. Phetchareun**
Gov't Guaranteed Lending Banker



CIB Marine Bancshares, Inc. (OTCQB: CIBH) is a Wisconsin corporation and registered bank holding company with its principal executive offices in Brookfield, Wisconsin, a suburb of Milwaukee.

CIB Marine Bancshares, Inc. was originally incorporated in the State of Illinois in 1985 as Sidney Bancorporation, Inc. In September 1987, a group of investors acquired Sidney Bancorporation and subsequently changed its name to Central Illinois Bancorp, Inc. On August 27, 1999, Central Illinois Bancorp reincorporated as a Wisconsin corporation and changed its name to CIB Marine Bancshares, Inc.

CIB Marine Bancshares, Inc. owns and operates CIBM Bank, an Illinois chartered commercial bank headquartered in Champaign, Illinois. The Mortgage Division of the bank, headquartered in Naperville, Illinois, serves all CIBM Bank markets. As of December 31, 2019, CIBM Bank had total assets of \$696 million, and operated eleven banking branches and five mortgage lending offices.

CIBM Bank offers a full array of traditional banking services, including a broad range of loan products, such as commercial loans, commercial real estate loans, commercial and residential construction loans, government guaranteed loans, one-to-four family residential real estate loans, home equity loans, consumer loans, and commercial and standby letters of credit; acceptance of demand, savings and time deposits; trust services, including cash management; repurchase agreements; and other banking services.



CORPORATE BANKING



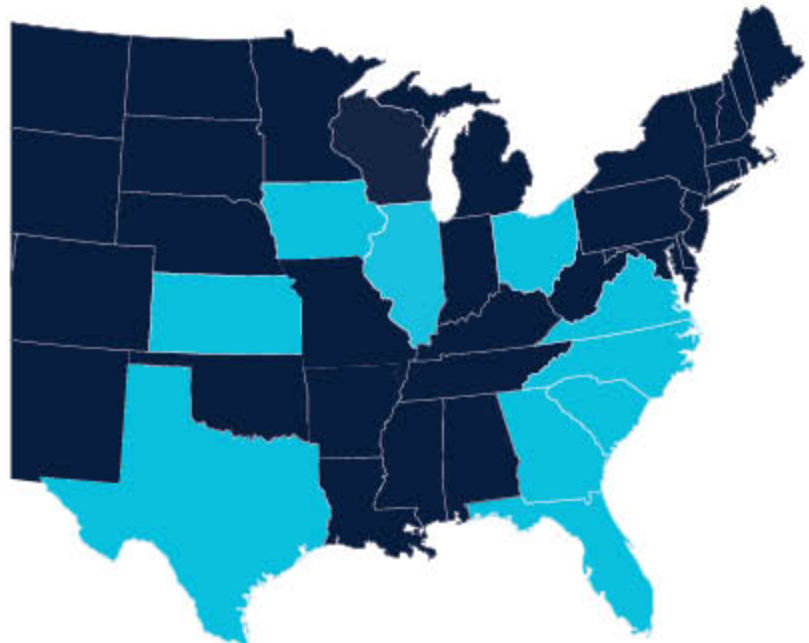
The Commercial Banking team is led by Director of Corporate Banking, James Mullaney, and includes a talented group of commercial lenders and treasury management staff.

Our Commercial Banking Division had another productive year in 2019, meeting or exceeding many budgetary goals. The Division made significant contributions to the Bank's financial performance, including generating new loan originations in excess of \$74 million. Total commercial loan balances were up for 2019 and loan origination fee income was up 82% over the prior year. The Division's deposit originations of \$30 million, a \$19 million increase of the prior year, also markedly surpassed budget goals, largely due to the introduction of new commercial deposit products.

In 2020, the Division looks to continued growth in its loan portfolio with targeted production in strategic segments and plans to continue expansion in the greater Chicago area, as it seeks to add experienced Corporate Bankers. See select commercial customer profiles beginning on page 18 of this Annual Report.

GOVERNMENT GUARANTEED LENDING

CIBM Bank's Government Guaranteed Lending Division has become a profitable and efficient Division of the Bank. Led by Mr. Joe Arie from his office in Orlando, Florida, the Division has provided SBA 7(a) and 504 loans to borrowers from a variety of industries in ten states across the central and southern United States. While the Division experienced a drop in loan activity in 2019, the decline was in line with national trends and reflected the first quarter government shut-down impact on SBA lending nationwide. At the start of 2020, the Division has a strong and growing pipeline, and seeks expansion through the hiring of qualified candidates that align with the Bank's credit culture and lending objectives. CIBM Bank is excited about the great opportunities available to the Government Guaranteed Lending Division in the coming year.



CIBM Bank has generated government guaranteed lending activity in ten states in the Midwest and Southeast.

MORTGAGE DIVISION

Our Mortgage Division had a banner year in 2019, with more than \$400 million in new loan originations.

Favorable interest rates and a strong purchase market made for a good mix of refinance and acquisition loan activity. Higher production numbers, supported by strong hiring activity and lower interest rates, also led to increased efficiencies.



Lorraine Quintao, Mortgage Operations Manager, and Gary Maughan, Mortgage Banking Director.

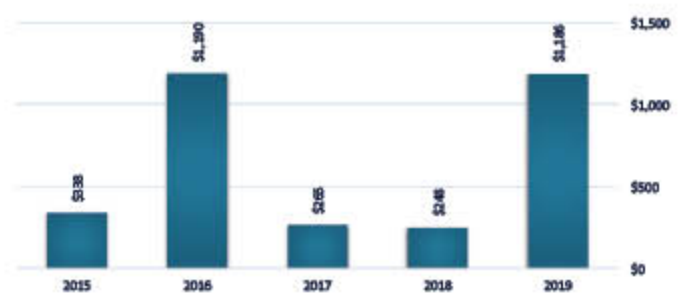
The Mortgage Division continues to add talented production staff and, with a favorable rate environment projected for 2020, we continue to be optimistic about the opportunities available in the mortgage market.

The Mortgage Division is led by an experienced management team under the direction of Mortgage Banking Director, Gary Maughan, and Mortgage Operations Manager, Lorraine Quintao.

LOAN ORIGINATIONS (000s)



INCOME, BEFORE TAX (000s)



Peggy Ayers (left) & Trish Toutloff (right) Mortgage Loan Officers

WELCOME SHEBOYGAN MORTGAGE TEAM

In the first quarter of 2019, CIBM Bank expanded into the Sheboygan, Wisconsin, market with the addition of Peggy Ayers' mortgage lending team. With over 50 years of experience in the mortgage, real estate, and financial services industries, Peggy Ayers and Trish Toutloff, are well equipped to guide our customers through the process of obtaining or refinancing a mortgage loan.



RETAIL BANKING DIVISION



Retail employees from our Monticello location.

Retail banking is experiencing a dramatic shift as customers embrace and demand new technology and electronic access to banking services. CIBM Bank has met the challenge of the evolving landscape and introduced a full complement of technological options for customers including: online banking, eStatements, mobile banking, Deposit Anywhere, Remote Deposit Capture, business ebanking and industry leading online banking solutions.

In addition to electronic banking services, CIBM Bank offers personal and business deposit products and services, residential loans, consumer loans, and trust services. See the complete list of services on page 20.

Avenue, approximately 3 miles north. CIBM Bank exited the old location at the end of its lease term as the new location provides comparable visibility and improved access for the Bank's customers in a smaller, more cost-effective space.

During 2020, the Division will focus its efforts on a variety of initiatives, including implementation of digital wallet technology and digital payment network applications; a more streamlined customer on-boarding experience; and enhancing customer experience.

The Retail Division is under the leadership of Director of Retail Banking, Mark Wilmington, and assisted by Retail Market Manager, Michael Klein.

In January 2020, the Bank's Peoria, Illinois, branch relocated from 4125 N. Sheridan Road to 7815 N. Knoxville



TRUST DIVISION

The Trust Division completed

its first full year of operations offering a cash management investment in short-term, income producing assets secured by the guaranteed portion of SBA 7(a) loans or pools of SBA 7(a) loans. Investments are structured as repurchase agreements ("Repos"), a common investment structure familiar to most institutional investors.

In 2020, the Trust Division is looking to grow the SBA Repo product and add complimentary wealth management services through acquisition or hiring experienced staff.

The Trust Division is managed by experienced CIB Marine executive officers, including Patrick Straka as Trust Investment Officer and Daniel Rasmussen as Trust Executive Officer. A Trust Committee of the CIBM Bank Board oversees the trust operations and includes the following members: J. Brian Chaffin, Mark Elste, Gary Longman, and Charles Mires, Chairman.

WE'RE TURNING 100... SORT OF.

Although CIB Marine Bancshares, Inc. has only been in existence since 1985, our bank charter turns 100 in 2020. On December 20, 1920, Arrowsmith State Bank obtained a banking charter from the State of Illinois. In 1991, CIB Marine acquired the charter of the bank and that is the charter CIBM Bank operates under today.

We have a number of promotions celebrating our charter centennial in 2020 and look forward to celebrating with our customers, employees, and stakeholders.





IT'S OUR COMMUNITY...WE JUST HELP



Sometimes community is found right in your own branch. Judy Moon, Workout Specialist, is the proud grandma of a young lady born with Achondroplasia (a form of dwarfism). During Dwarfism Awareness Month, staff members showed their support for Judy and her family, by wearing purple (her granddaughter's favorite color) or green (the designated color for dwarfism awareness).

Wisconsin-based staffers made several rounds of donations to the Ronald McDonald House of Eastern Wisconsin, which provides a place for families to call home so they can stay close to their hospitalized child at little to no cost. Donations of toys and healthy snacks help ensure that the House continues to be a "home away from home" for the families staying there.



DIVERSITY & INCLUSION

An engaged workforce of dedicated employees requires a modern corporate culture. A culture that values the talents of each person and respects individuality. At CIBM Bank, diversity and inclusion are principals that our corporate culture are built upon. Our company is our people. We support and celebrate the diversity and unique skills and experiences our team members possess.

We have established the CIBM Bank Diversity & Opportunity Team whose mission it is to promote diversity and inclusion, monitor our progress, and report the results of our initiatives directly to the Board of Directors. Our dedication to inclusivity and opportunity permeates every level of the organization, from our teller line to our Board Room. The Diversity & Opportunity Team is led by Melissa Halcomb, SVP and Director of Human Resources and supported by a team of dedicated members.



Melissa Halcomb, Director of Human Resources, pictured here with Tania Vucsko, HR Administrative Assistant

COMMUNITY SERVICE...WE JUST HELP



CIBM Bank sponsored the Wisconsin Women's Business Initiative Corporation's annual luncheon. The WWBIC assists individuals who are interested in starting, strengthening or expanding businesses by providing direct lending, quality business and financial capability education in addition to one-on-one technical business assistance.



Staff members supported The Women's Center (Waukesha, Wisconsin) at their annual A Noteworthy Evening fundraiser. Event proceeds support the center's programs, which provide safety, shelter, and support to empower all impacted by domestic violence, sexual assault, child abuse, and trafficking.



Staffers supported the University of Illinois' Coaches vs. Cancer event, which raises funds for the American Cancer Society.



THE CIBM FINGERPRINT

The CIBM Fingerprint is reflective of our mission statement which you can find on our website. The triangle in the center represents our employees – everything starts with great employees. The three sides of the triangle represent our core values of Service, Solutions and Integrity. The three sets of lines coming in then out of the circle represent the relationship with our Clients, Communities and Shareholders. This all comes together to form the CIBM fingerprint which is unique and secure: incorporating our values, mission and culture.



LEE ABNER
Director of Technology Services (Champaign)



ERICA JACKSON
Branch Administrator (Peoria)

20 YEARS



PAUL MELNICK
Chief Credit Officer (Brookfield)



JUDY MOON & DAN RASMUSSEN
Workout Specialist (Champaign) & General Counsel (Brookfield)

20 & 23 YEARS RETIREMENT

25 YEARS



BETTE PRINCE & CAROLYN MAULDING
Operations Specialist (Champaign) &
Transaction Services Specialist (Champaign)



LINDA WOLKEN
Retail Operations Manager (Champaign)



SCOTT LURIE
(Milwaukee, Wisconsin)

Scott Lurie has been making a name for himself in the Milwaukee and Southeastern Wisconsin market for a number of years. CIBM Bank and Scott have built a solid relationship over the last seven years through cooperative and profitable interactions. Scott continues to grow his portfolio of CIBM Bank products with numerous business depository accounts and a successful lending relationship that provides Scott capital access to take advantage of opportunities. Scott's ability to identify and grow many different businesses and assets has given him a diversified and rewarding book of business. We are honored to work with Scott and his team and look forward to many more years of continued partnership.

Greg Huber, Commercial Banker (CIBM), Scott Lurie, and Brian Chaffin, President & CEO (CIBM)

STATION 710 SALON
(Bloomington, Illinois)

With CIBM Bank's assistance in refinancing an SBA loan, Megan Jenkins, owner of Station 710 Salon, was able to pay down high-interest credit card debt and a fixed rate loan with a much higher rate. She was also able to do some much-needed remodeling to the old fire station that the salon occupies.

Megan Jenkins, Owner (Station 710); and Christina Huetten, Branch Manager (CIBM)



THE VENUE CU
(Champaign, Illinois)

The Venue CU is an upscale urban wedding and event space located in the resurging east end of downtown Champaign, Illinois. They offer a wide range of event services, allowing their clients to create an event in a modern, industrial setting. With over 10,000 square feet of space, The Venue CU provides accommodations that will fit the vision of any occasion. The company is family-owned and has over 40 years of combined experience in the event industry.



Greg Bugbee (The Venue CU), Chad Howard, Commercial Banker (CIBM), Casey Gold (The Venue CU), and Dan Church, (The Venue CU)



BURNS DEVELOPMENT

Founded In 1996 by military veteran Thom Burns, Burns Development is an Indianapolis-based commercial construction and real estate holding company that has been partnering with CIBM Bank since 2009 for its construction capital financing and treasury management needs. Its real estate projects focus primarily on buildings that are utilized by the Department of Veterans Affairs (VA).

Several years ago, CIBM Bank provided financing to Burns Development for tenant improvements to a 50-room VA domiciliary located at Indianapolis' Fort Benjamin Harrison, which is now being used as the model for additional VA domiciliary locations throughout the country. More recently, CIBM Bank provided financing to Burns Development for a 22,700 square foot outpatient clinic operated by the VA in Muncie, Indiana. Projects such as these are helping the VA further its mission to improve medical care for all veterans.



Ken Yedlick, Corporate Banker (CIBM); and Thom Burns (Burns Development)

RENOVO FINANCIAL, LLC

Chicago based Renovo Financial has served as a premier provider of financial and strategic support for real estate investors and property renovators in the Chicagoland area. Their efforts are focused on addressing the specific needs of real estate entrepreneurs and renovation experts who seek financing for rehab opportunities, new construction projects, and to build rental portfolios for 1-4 units and 5+ unit residential properties. Since 2011, Renovo has been dedicated to their customers' financial success and growth. Recently, Renovo formed a CDFI to fill a need in the marketplace.

"We saw an opportunity to partner with CIBM Bank to assist in the growth of development opportunities in LMI census tracts. In learning more about the Bank this became a natural partnership as so many of our long term goals are aligned. We worked diligently with the bank to craft a niche product offering that we hope leads to a long term mutually beneficial relationship."

- Dan McLaughlin, CFO Renovo Financial



Scott Weller, Corporate Banker (CIBM); and Dan McLaughlin, CFO (Renovo Financial)



PRODUCTS AND SERVICES

PERSONAL DEPOSIT PRODUCTS

- Interest-Bearing Checking and Savings (Acceleration BankingSM)
- Classic Checking
- High Performance Checking
- Alternative Checking
- Bonus Savings
- Planned Savings
- Kids Club Savings
- Money Market
- Certificates of Deposit
- Health Savings
- Coverdell Education Savings
- Traditional IRA
- Roth IRA
- Simplified Employee Pension
- Online Banking
- eStatements
- Mobile Banking Application
- Deposit Anywhere
- Reward Debit Cards
- Credit Cards
- Digital Wallet
- Safe Deposit Boxes

BUSINESS DEPOSIT PRODUCTS

- Basic Business Checking
- Advantage Business Checking
- Premier Business Checking
- Business Savings
- Money Market
- Certificates of Deposit
- Money Investment Deposit Account Solution (MIDAS)

BUSINESS BANKING

- Remote Deposit Capture
- Remote/Mobile Deposit
- Lockbox
- Electronic Receivables
- ACH
- Controlled Disbursement
- Positive Pay
- ACH Positive Pay
- Zero Balance Accounts
- Direct Deposits
- Wire Access
- ACH Filters & Blocks
- Cash Concentration
- EFTPs
- Online Bill Pay
- Credit Cards
- Debit Cards
- Sweeps
- Merchant Services
- Repurchase Agreements
- U.S. Treasury Bills and Government Agency Discount Notes

RESIDENTIAL LENDING

- Single Family Mortgages (1-4 units)
- Home Equity Lines of Credit and Fixed Term Loans
- Lot Loans
- Bridge Loans
- Construction Loans
- Construction-Permanent Loans
- Money Investment Deposit Account Solution (MIDAS)

CONSUMER LENDING

- Auto Loans
- Personal Loans
- Overdraft Lines of Credit

COMMERCIAL LENDING

- Equipment Financing
- Real Estate Financing
- Construction Loan Financing
- Working Capital Lines of Credit
- Small Business Loans (Fast TrackSM)
- Letters of Credit
- SBA/Government Guaranteed Loans

TRUST SERVICES

- Cash Management Strategies and SBA 7(a) Repo
- Investments



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Danville, IL 61832

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MONTICELLO

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DECATUR

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NAPERVILLE

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Naperville, IL 60563

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SHEBOYGAN

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FORWARD-LOOKING STATEMENTS

CIB Marine has made statements in this Annual Report that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. CIB Marine intends these forward-looking statements to be subject to the safe harbor created thereby and is including this statement to avail itself of the safe harbor. Forward-looking statements are identified generally by statements containing words and phrases such as "may," "project," "are confident," "should be," "intend," "predict," "believe," "plan," "expect," "estimate," "anticipate" and similar expressions. These forward-looking statements reflect CIB Marine's current views with respect to future events and financial performance that are subject to many uncertainties and factors relating to CIB Marine's operations and the business environment, which could change at any time.

There are inherent difficulties in predicting factors that may affect the accuracy of forward-looking statements.

Stockholders should note that many factors, some of which are discussed elsewhere in this Annual Report and in the documents that are incorporated by reference, could affect the future financial results of CIB Marine and could cause those results to differ materially from those expressed in forward-looking statements contained or incorporated by reference in this document. These factors, many of which are beyond CIB Marine's control, include but are not limited to:

- operating, legal, execution, credit, market, security (including cyber), and regulatory risks;
- economic, political, and competitive forces affecting CIB Marine's banking business;
- the impact on net interest income and securities values from changes in monetary policy and general economic and political conditions; and
- the risk that CIB Marine's analyses of these risks and forces could be incorrect and/or that the strategies developed to address them could be unsuccessful.

These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. CIB Marine undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to significant risks and uncertainties and CIB Marine's actual results may differ materially from the results discussed in forward-looking statements.





It's your life. We just help.



It's your home. We just help.



It's your business. We just help.



It's our community. We just help.

Service | Solutions | Integrity

