



FOR IMMEDIATE RELEASE
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CIB MARINE BANCSHARES, INC. ANNOUNCES SECOND QUARTER 2022 RESULTS

BROOKFIELD, Wis. – CIB Marine Bancshares, Inc. (the “Company” or “CIBM”) (OTCQX: CIBH), the holding company of CIBM Bank, announced its unaudited results of operations and financial condition for the quarter and six months ended June 30, 2022. *Net income for core banking activity (i.e., deposits and portfolio loans) strengthened, however earnings declined as a result of substantially reduced mortgage banking income following the significant rise in mortgage interest rates. Net income for the quarter was \$0.9 million, or \$0.68 basic and \$0.49 diluted earnings per share, compared to \$1.4 million, or \$1.08 basic and \$0.63 diluted earnings per share, for the same period of 2021; and net income for the six month period was \$1.8 million, or \$1.38 basic and \$1.00 diluted earnings per share, compared to \$3.5 million, or \$2.74 basic and \$1.59 diluted earnings per share, for the same period in 2021.*

Financial highlights for the quarter include:

- Net interest income and margin for the quarter were \$5.9 million and 3.23%, respectively, compared to \$5.8 million and 3.26%, respectively, in the same period of 2021; and \$11.4 million and 3.15%, respectively, for the six month period compared to \$11.5 million and 3.24%, respectively, for the same period of 2021. The six month period includes \$0.3 million less PPP loan fee accretion income and \$0.2 million more subordinated debt interest expense compared to the same period in 2021, revealing a stronger result for core banking activity in 2022 versus 2021. PPP loans are substantially paid down as of June 30, 2022, with remaining principal balances of \$0.2 million and a negligible amount of fees left to accrete in the future.
- Net mortgage banking revenues were down \$1.5 million and \$5.0 million for the quarter and six month period, respectively, compared to the same periods of 2021. The change was due to a 54% decline in loan originations for the six months ended June 30, 2022, compared to the same period of 2021, as a result of an increase of more than 150 basis points in average mortgage rates that also prompted tightening margins across the industry as mortgage producers began to compete more intensively for each mortgage. Related Mortgage Division compensation expenses were also down \$0.8 million and \$2.5 million for the quarter and six month period,

respectively, when compared to the same periods in 2021.

- Although nominally up from the lows reported for March 31, 2022, asset quality measures remain near cycle-best levels. As of June 30, 2022, non-performing assets, restructured loans, and loans 90 days or more past due and still accruing to total assets and nonaccrual loans to total loans were 0.25% and 0.22%, respectively, compared to 0.21% and 0.14%, respectively, at December 31, 2021, and 0.29% and 0.19%, respectively, at June 30, 2021. In addition, CIBM reported no or 0.00% loans 30 days or greater past due and still accruing at June 30, 2022, compared to 0.40% on June 30, 2021; and made provisions for future loan losses of \$40,000 during the second quarter of 2022 compared to a reversal of \$0.3 million during in the same period of 2021.
- Checking deposits grew by \$12 million and total deposits grew by \$24 million from December 31, 2021, to June 30, 2022, due to ongoing marketing activity. Short-term federal funds and US T-Bill interest rates have risen substantially since the beginning of the year and, as a result, pressure on balances is expected to increase.

Mr. J. Brian Chaffin, CIBM's President and CEO, commented, "We continue to focus on growing and improving our core banking activities and are seeing positive outcomes, including improved net interest income composition and growth in key loan and deposit balances. Although reduced residential mortgage activity has had a large impact on our earnings in 2022 compared to the prior two years, it has also afforded us the ability to make significant progress in the implementation of a new mortgage loan operating system, which will provide a better loan origination experience for both employees and customers alike in the future."

He added, "Project Falcon – which we launched two years ago – also concentrates on identifying and implementing internal process improvements and efficiency-enhancing technologies that allow us to maximize our internal capacity. This is critically important as we target improved efficiencies through higher core revenues as well as improvements in our cost structure and controls."

Mr. Chaffin also cautioned, "With growing economic uncertainty, high inflation rates, and rising interest rates, recession risks are significant in the foreseeable future. As a result, we are both seeking business opportunities to enhance our performance in the current markets and actively managing the loan portfolio to reflect higher future credit risks."

He concluded, "As a reminder, at our 2022 Annual Meeting, we announced plans to redeem approximately 5,830 shares of Series A preferred stock during the fourth quarter of 2022. The redemption will be pro-rata among Series A preferred stockholders and at the fixed redemption price in our Articles of Incorporation of \$825 per share, for a total price of approximately \$4.8 million. Further details will be provided as we near the redemption date."

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates ten banking offices and two mortgage loan offices in Illinois, Wisconsin and Indiana. More information on the Company is available at www.cibmarine.com, including recent shareholder letters, links to regulatory financial reports, and audited financial statements.

FORWARD-LOOKING STATEMENTS

CIB Marine has made statements in this release that may 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 Earnings Release 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.

CIB MARINE BANCSHARES, INC.
Selected Unaudited Consolidated Financial Data

	At or for the						
	Quarters Ended					6 Months Ended	
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	June 30, 2022	June 30, 2021
(Dollars in thousands, except share and per share data)							
Selected Statement of Operations Data:							
Interest and dividend income	\$ 6,411	\$ 5,879	\$ 6,244	\$ 6,311	\$ 6,239	\$ 12,290	\$ 12,504
Interest expense	517	413	387	417	456	930	992
Net interest income	5,894	5,466	5,857	5,894	5,783	11,360	11,512
Provision for (reversal of) loan losses	40	(325)	(502)	(413)	(300)	(285)	(280)
Net interest income after provision for (reversal of) loan losses	5,854	5,791	6,359	6,307	6,083	11,645	11,792
Noninterest income (1)	1,660	1,705	2,718	4,072	3,135	3,365	8,281
Noninterest expense	6,374	6,262	7,641	7,517	7,279	12,636	15,219
Income before income taxes	1,140	1,234	1,436	2,862	1,939	2,374	4,854
Income tax expense	251	334	336	788	558	585	1,356
Net income	\$ 889	\$ 900	\$ 1,100	\$ 2,074	\$ 1,381	\$ 1,789	\$ 3,498
Common Share Data:							
Basic net income per share (2)	\$ 0.68	\$ 0.69	\$ 1.28	\$ 1.61	\$ 1.08	\$ 1.38	\$ 2.74
Diluted net income per share (2)	0.49	0.50	0.92	0.94	0.63	1.00	1.59
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible book value per share (3)	53.68	54.53	57.06	55.60	54.19	53.68	54.19
Book value per share (3)	51.22	52.07	54.55	50.58	49.16	51.22	49.16
Weighted average shares outstanding - basic	1,307,289	1,295,573	1,287,438	1,286,536	1,282,917	1,300,164	1,275,971
Weighted average shares outstanding - diluted	1,798,002	1,792,181	1,784,005	2,208,493	2,208,600	1,793,809	2,197,071
Financial Condition Data:							
Total assets	\$ 774,356	\$ 764,641	\$ 745,393	\$ 775,912	\$ 753,660	\$ 774,356	\$ 753,660
Loans	549,175	529,212	543,819	559,079	553,642	549,175	553,642
Allowance for loan losses	(8,010)	(8,011)	(8,352)	(8,699)	(9,165)	(8,010)	(9,165)
Investment securities	122,483	109,533	106,647	102,243	108,825	122,483	108,825
Deposits	642,500	631,953	618,991	624,579	609,964	642,500	609,964
Borrowings	37,693	36,789	27,049	34,577	29,592	37,693	29,592
Stockholders' equity	89,111	89,931	91,780	108,984	107,051	89,111	107,051
Financial Ratios and Other Data:							
Performance Ratios:							
Net interest margin (4)	3.23%	3.05%	3.18%	3.21%	3.26%	3.15%	3.24%
Net interest spread (5)	3.14%	2.98%	3.10%	3.12%	3.16%	3.06%	3.15%
Noninterest income to average assets (6)	0.91%	0.97%	1.43%	2.13%	1.68%	0.94%	2.24%
Noninterest expense to average assets	3.34%	3.35%	3.98%	3.92%	3.91%	3.35%	4.09%
Efficiency ratio (7)	83.52%	85.98%	88.87%	75.34%	81.69%	84.72%	76.75%
Earnings on average assets (8)	0.47%	0.48%	0.57%	1.08%	0.74%	0.47%	0.94%
Earnings on average equity (9)	3.96%	3.98%	4.47%	7.59%	5.18%	3.97%	6.62%
Asset Quality Ratios:							
Nonaccrual loans to loans (10)	0.22%	0.13%	0.14%	0.18%	0.19%	0.22%	0.19%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	0.28%	0.20%	0.21%	0.27%	0.32%	0.28%	0.32%
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10)	0.25%	0.19%	0.21%	0.25%	0.29%	0.25%	0.29%
Allowance for loan losses to total loans (10)	1.46%	1.51%	1.54%	1.56%	1.66%	1.46%	1.66%
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	512.48%	742.45%	726.26%	575.33%	519.26%	512.48%	519.26%
Net charge-offs (recoveries) annualized to average loans (10)	0.03%	0.01%	-0.11%	0.04%	-0.16%	0.02%	-0.12%
Capital Ratios:							
Total equity to total assets	11.51%	11.76%	12.31%	14.05%	14.20%	11.51%	14.20%
Total risk-based capital ratio	16.85%	17.52%	15.53%	18.14%	18.02%	16.85%	18.02%
Tier 1 risk-based capital ratio	13.85%	14.43%	14.28%	16.89%	16.76%	13.85%	16.76%
Leverage capital ratio	10.20%	10.27%	10.22%	12.44%	12.32%	10.20%	12.32%
Other Data:							
Number of employees (full-time equivalent)	159	172	177	179	176	159	176
Number of banking facilities	10	10	10	10	10	10	10

(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 \$0.5 million for the quarter ended December 31, 2021.

(3) Tangible book value per share is the stockholder 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 stockholder equity less the liquidation preference of the preferred stock, divided by the total shares of common outstanding. 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.

CIB MARINE BANCSHARES, INC.
Consolidated Balance Sheets (unaudited)

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
(Dollars in Thousands, Except Shares)					
Assets					
Cash and due from banks	\$ 68,097	\$ 88,605	\$ 59,184	\$ 69,217	\$ 52,467
Reverse repurchase agreements	-	-	-	-	-
Securities available for sale	120,265	107,237	104,240	99,813	106,383
Equity securities at fair value	2,218	2,296	2,407	2,430	2,442
Loans held for sale	7,519	9,567	9,859	18,258	13,168
Loans	549,175	529,212	543,819	559,079	553,642
Allowance for loan losses	(8,010)	(8,011)	(8,352)	(8,699)	(9,165)
Net loans	541,165	521,201	535,467	550,380	544,477
Federal Home Loan Bank Stock	2,897	3,140	3,140	3,140	3,140
Premises and equipment, net	4,138	4,226	4,200	3,979	3,873
Accrued interest receivable	1,644	1,611	1,605	1,813	1,916
Deferred tax assets, net	16,142	15,758	14,731	15,193	15,632
Other real estate owned, net	403	403	403	403	403
Bank owned life insurance	6,002	5,966	5,930	5,894	4,861
Goodwill and other intangible assets	98	103	109	115	120
Other assets	3,768	4,528	4,118	5,277	4,778
Total Assets	<u>\$ 774,356</u>	<u>\$ 764,641</u>	<u>\$ 745,393</u>	<u>\$ 775,912</u>	<u>\$ 753,660</u>
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 129,457	\$ 124,724	\$ 120,479	\$ 122,441	\$ 121,862
Interest-bearing demand	66,495	67,362	63,693	62,414	61,439
Savings	287,159	294,255	289,943	287,609	266,085
Time	159,389	145,612	144,876	152,115	160,578
Total deposits	642,500	631,953	618,991	624,579	609,964
Short-term borrowings	28,013	27,117	27,049	34,577	29,592
Long-term borrowings	9,680	9,672	-	-	-
Accrued interest payable	287	144	100	111	127
Other liabilities	4,765	5,824	7,473	7,661	6,926
Total liabilities	685,245	674,710	653,613	666,928	646,609
Stockholders' Equity					
Preferred stock, \$1 par value; 5,000,000 authorized shares at June 30, 2022 and December 31, 2021; 7% fixed rate noncumulative perpetual issued; 20,463 shares and 40,690 shares of series A and 1,610 shares and 3,201 shares of series B; convertible; \$22.1 million and \$43.9 million aggregate liquidation preference, respectively	18,762	18,762	18,762	37,308	37,308
Common stock, \$1 par value; 75,000,000 authorized shares; 1,323,547 and 1,306,660 issued shares; 1,309,478 and 1,292,591 outstanding shares at June 30, 2022 and December 31, 2021, respectively. (1)	1,324	1,318	1,307	1,302	1,301
Capital surplus	180,544	180,431	180,360	179,557	179,421
Accumulated deficit	(107,108)	(107,997)	(108,897)	(109,997)	(112,071)
Accumulated other comprehensive income, net	(3,877)	(2,049)	782	1,348	1,626
Treasury stock, 14,791 shares on June 30, 2022 and December 31, 2021 (2)	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	89,111	89,931	91,780	108,984	107,051
Total liabilities and stockholders' equity	<u>\$ 774,356</u>	<u>\$ 764,641</u>	<u>\$ 745,393</u>	<u>\$ 775,912</u>	<u>\$ 753,660</u>

(1) Both issued and outstanding shares as stated here exclude 59,957 shares of unvested restricted stock awards at June 30, 2022 and 66,299 shares at December 31, 2021.

(2) Treasury stock includes 722 shares held by subsidiary bank CIBM Bank.

CIB MARINE BANCSHARES, INC.
Consolidated Statements of Operations (Unaudited)

	At or for the						
	Quarters Ended					6 Months Ended	
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	June 30, 2022	June 30, 2021
	(Dollars in thousands)						
Interest Income							
Loans	\$ 5,542	\$ 5,254	\$ 5,572	\$ 5,646	\$ 5,583	\$ 10,796	\$ 11,107
Loans held for sale	90	58	131	135	95	148	270
Securities	683	537	516	509	551	1,220	1,106
Other investments	96	30	25	21	10	126	21
Total interest income	6,411	5,879	6,244	6,311	6,239	12,290	12,504
Interest Expense							
Deposits	384	350	379	409	447	734	959
Short-term borrowings	12	7	8	8	9	19	33
Long-term borrowings	121	56	0	0	0	177	0
Total interest expense	517	413	387	417	456	930	992
Net interest income	5,894	5,466	5,857	5,894	5,783	11,360	11,512
Provision for (reversal of) loan losses	40	(325)	(502)	(413)	(300)	(285)	(280)
Net interest income after provision for (reversal of) loan losses	5,854	5,791	6,359	6,307	6,083	11,645	11,792
Noninterest Income							
Deposit service charges	92	88	95	97	90	180	174
Other service fees	71	25	23	35	43	96	83
Mortgage banking revenue, net	1,268	1,430	2,300	3,626	2,763	2,698	7,746
Other income	141	212	185	186	280	353	472
Net gains on sale of securities available for sale	0	0	0	0	0	0	0
Unrealized gains (losses) recognized on equity securities	(78)	(112)	(23)	(12)	7	(190)	(36)
Net gains (loss) on sale of SBA loans	126	31	120	151	0	157	0
Net gains (losses) on sale of assets and (writedowns)	40	31	18	(11)	(48)	71	(158)
Total noninterest income	1,660	1,705	2,718	4,072	3,135	3,365	8,281
Noninterest Expense							
Compensation and employee benefits	4,175	4,229	5,334	5,436	5,099	8,404	11,055
Equipment	439	442	446	390	384	881	763
Occupancy and premises	408	422	400	395	443	830	877
Data Processing	171	166	167	105	181	337	366
Federal deposit insurance	51	52	51	46	47	103	95
Professional services	284	224	353	227	328	508	581
Telephone and data communication	60	61	67	70	56	121	116
Insurance	74	85	72	66	64	159	132
Other expense	712	581	751	782	677	1,293	1,234
Total noninterest expense	6,374	6,262	7,641	7,517	7,279	12,636	15,219
Income from operations before income taxes	1,140	1,234	1,436	2,862	1,939	2,374	4,854
Income tax expense	251	334	336	788	558	585	1,356
Net income	889	900	1,100	2,074	1,381	1,789	3,498
Preferred stock dividend	0	0	0	0	0	0	0
Discount from repurchase of preferred stock	0	0	546	0	0	0	0
Net income allocated to common stockholders	\$ 889	\$ 900	\$ 1,646	\$ 2,074	\$ 1,381	\$ 1,789	\$ 3,498