



FOR IMMEDIATE RELEASE
October 12, 2021

FOR INFORMATION CONTACT:
J. Brian Chaffin, President & CEO
(217) 355-0900
brian.chaffin@cibmbank.com

CIB MARINE BANCSHARES, INC. ANNOUNCES THIRD QUARTER 2021 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 nine months and quarter ended September 30, 2021. *Net income for the nine months was \$5.6 million compared to \$5.9 million for the same period in 2020; and \$2.1 million for the quarter compared to \$3.4 million for the same quarter the prior year*, which included record quarterly operating results for the Bank’s Mortgage Banking Division due to the significant mortgage refinance activity related to lower interest rates in 2020.

Financial highlights include:

- Return on average assets was 0.99% for the nine-month period, compared to 1.05% for the same period in 2020; and 1.08% for the quarter compared to 1.73% for the same quarter in 2020.
- Common stock tangible book value increased to \$56.14 per share outstanding at September 30, 2021, compared to \$52.28 at December 31, 2020, and \$50.35 at September 30, 2020, reflecting a 12-month increase of 11.5%.
- Net interest income for the nine months and the quarter increased by \$0.9 million and decreased by \$0.3 million, respectively, compared to the same periods in 2020. The primary reason for the improvement is a 61 basis point decline in the cost of interest bearing liabilities over the respective time period, while the yield on interest earning assets declined by only 37 basis points. The change in the cost of interest bearing liabilities is primarily due to repricing products and accounts in a lower rate environment and a shift in balances from higher-rate time deposits to lower-rate money market and non-interest bearing checking accounts. The increase in net interest income combined with slower asset yield declines due to the relatively high percentage of fixed rate earning assets, resulted in a 3.23% net interest margin for the nine month period, which is up 13 basis points from September 30, 2020.
- Loan portfolio asset quality and environmental factors contributed to a \$0.7 million reversal of loan loss provisions during the nine-month period in 2021 compared to provisions of \$1.0

million for the same period in 2020, for a difference of \$1.6 million between the two periods.

- At the same time, there was a \$2.9 million decrease in non-interest income during the nine-month period compared to the same period in 2020. Mortgage banking operating results remain strong with elevated earnings, although not as high as the same period in 2020 due, in part, to a significantly lower level of rate refinance activity as rates are higher and the market is experiencing refinance burnout.
- 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 0.18%, respectively, at September 30, 2021, down from 0.54% and 0.23%, respectively, at December 31, 2020, and 0.60% and 0.22%, respectively, at September 30, 2020. The results continue to be near this credit cycle's best, partially due to collection related activity and federal monetary policy and fiscal support measures for businesses and households.
- During 2020 and 2021, CIBM Bank originated \$63 million in Paycheck Protection Program (PPP) loans. As of September 30, 2021, PPP loan balances paid down to approximately \$17 million, with substantially all paid off PPP loans to date receiving 100% forgiveness funding from the SBA.
- Balance sheet liquidity is currently supported by robust deposit levels, with checking account deposits up \$32.6 million and savings and money market account deposits up \$43.7 million, since year-end. The increases reflect ongoing marketing activity and the general market liquidity conditions bolstered by federal fiscal and monetary policies (e.g., low interest rates and liquidity support programs).

Mr. J. Brian Chaffin, CIB Marine's President and CEO, commented, "Continued strong results in commercial and residential mortgage lending were complimented by a sizeable increase in activity by our Government Guaranteed Lending Division, which has generated \$7.8 million in SBA 7(a) and 504 loan originations year to date. In addition, after a significant build up by CIB Marine and peers in the allowance for loan losses last year, we have been cautiously unwinding that in 2021 due to improved asset quality in the portfolio and economic conditions supported by prior monetary and fiscal support measures for businesses and households."

Noting the improved deposit mix and net interest margin, Mr. Chaffin commented, "Our Project Falcon initiatives, combined with market liquidity conditions, have supported improvement in our deposit mix and lower cost of funds, which extended our net interest margin's positive trend into the third quarter. Since year-end 2020, our checking and savings deposit product balances have increased \$76 million, with time deposits down \$38 million. Both CIB Marine and the market have perceptively high levels of cash and cash equivalents in the balance sheet, primarily due to the uncertain nature of the stability of checking

and money market product balances.”

He concluded, “Finally, thanks to the approval granted by our common and preferred shareholders at their meetings held on September 24, 2021, we have moved forward with our Preferred Stock Redemption Plan and expect to execute the \$18 million Initial Redemption in October. Nearly 50% of all outstanding preferred shares will be redeemed on a pro-rata basis at \$825 per share. With a current carrying value and liquidation preference of \$850 and \$1,000 per preferred share, respectively, the transaction represents a discount to the carrying value of the redeemed shares of approximately \$545,000, or \$0.42 per outstanding share of common stock. Further, following the Initial Redemption, the dilution that would occur with the conversion of the Series B Shares to common shares (which may occur only in certain, limited circumstances) will be reduced from 40% to 24% of the total issued and outstanding common shares on a pro-forma, fully-diluted basis.”

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates ten banking offices and five 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				9 Months Ended			
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020	
(Dollars in thousands, except share and per share data)								
Selected Statement of Operations Data:								
Interest and dividend income	\$ 6,311	\$ 6,239	\$ 6,265	\$ 6,489	\$ 7,202	\$ 18,815	\$ 20,507	
Interest expense	417	456	536	765	1,017	1,409	4,049	
Net interest income	5,894	5,783	5,729	5,724	6,185	17,406	16,458	
Provision for (reversal of) loan losses	(413)	(300)	20	101	501	(693)	952	
Net interest income after provision for (reversal of) loan losses	6,307	6,083	5,709	5,623	5,684	18,099	15,506	
Noninterest income (1)	4,072	3,135	5,146	6,566	8,104	12,353	15,235	
Noninterest expense	7,517	7,279	7,940	9,317	9,056	22,736	22,686	
Income before income taxes	2,862	1,939	2,915	2,872	4,732	7,716	8,055	
Income tax expense	788	558	798	565	1,322	2,144	2,178	
Net income	\$ 2,074	\$ 1,381	\$ 2,117	\$ 2,307	\$ 3,410	\$ 5,572	\$ 5,877	
Common Share Data:								
Basic net income per share (2)	\$ 1.63	\$ 1.08	\$ 1.67	\$ 1.82	\$ 2.69	\$ 4.36	\$ 4.69	
Diluted net income per share (2)	0.94	0.63	0.97	1.06	1.56	2.55	2.73	
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tangible book value per share (3)	56.14	54.19	53.25	52.28	50.35	56.14	50.35	
Book value per share (3)	51.07	49.16	48.21	47.19	45.27	51.07	45.27	
Weighted average shares outstanding - basic	1,274,216	1,282,917	1,268,947	1,267,584	1,267,582	1,277,464	1,260,499	
Weighted average shares outstanding - diluted	2,196,173	2,208,600	2,185,433	2,181,142	2,181,868	2,188,547	2,163,850	
Financial Condition Data:								
Total assets	\$ 775,912	\$ 753,660	\$ 752,715	\$ 750,982	\$ 793,604	\$ 775,912	\$ 793,604	
Loans	559,079	553,642	540,206	539,227	546,351	559,079	546,351	
Allowance for loan losses	(8,699)	(9,165)	(9,253)	(9,122)	(9,037)	(8,699)	(9,037)	
Investment securities	102,243	108,825	112,400	108,492	107,351	102,243	107,351	
Deposits	624,579	609,964	608,433	586,373	593,370	624,579	593,370	
Borrowings	34,577	29,592	30,736	51,310	87,994	34,577	87,994	
Stockholders' equity	108,984	107,051	105,593	103,704	101,271	108,984	101,271	
Financial Ratios and Other Data:								
Performance Ratios:								
Net interest margin (4)	3.21%	3.26%	3.23%	3.14%	3.30%	3.23%	3.10%	
Net interest spread (5)	3.12%	3.16%	3.13%	3.01%	3.16%	3.14%	2.90%	
Noninterest income to average assets (6)	2.13%	1.68%	2.79%	3.43%	4.12%	2.20%	2.72%	
Noninterest expense to average assets	3.92%	3.91%	4.27%	4.86%	4.60%	4.03%	4.06%	
Efficiency ratio (7)	75.34%	81.69%	72.72%	75.77%	63.38%	76.28%	71.71%	
Earnings on average assets (8)	1.08%	0.74%	1.14%	1.20%	1.73%	0.99%	1.05%	
Earnings on average equity (9)	7.59%	5.18%	8.10%	8.83%	13.51%	6.95%	8.05%	
Asset Quality Ratios:								
Nonaccrual loans to loans (10)	0.18%	0.19%	0.23%	0.23%	0.32%	0.18%	0.32%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	0.27%	0.32%	0.37%	0.40%	0.49%	0.27%	0.49%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10)	0.25%	0.29%	0.52%	0.54%	0.60%	0.25%	0.60%	
Allowance for loan losses to total loans (10)	1.56%	1.66%	1.71%	1.69%	1.65%	1.56%	1.65%	
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	575.33%	519.26%	459.21%	421.14%	338.59%	575.33%	338.59%	
Net charge-offs (recoveries) annualized to average loans (10)	0.04%	-0.16%	-0.08%	0.01%	-0.04%	-0.07%	-0.02%	
Capital Ratios:								
Total equity to total assets	14.05%	14.20%	14.03%	13.81%	12.76%	14.05%	12.76%	
Total risk-based capital ratio	18.14%	18.02%	18.15%	17.44%	16.13%	18.14%	16.13%	
Tier 1 risk-based capital ratio	16.88%	16.76%	16.89%	16.19%	14.87%	16.88%	14.87%	
Leverage capital ratio	12.44%	12.32%	11.88%	11.46%	11.20%	12.44%	11.20%	
Other Data:								
Number of employees (full-time equivalent)	179	176	179	176	176	179	176	
Number of banking facilities	10	10	10	11	11	10	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 \$0.03 million for the 9 months ended September 30, 2020.

(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)

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
(Dollars in Thousands, Except Shares)					
Assets					
Cash and due from banks	\$ 69,217	\$ 52,467	\$ 51,691	\$ 29,927	\$ 30,544
Reverse repurchase agreements	-	-	-	-	8,208
Securities available for sale	99,813	106,383	109,965	106,014	104,866
Equity securities at fair value	2,430	2,442	2,435	2,478	2,485
Loans held for sale	18,258	13,168	18,136	42,977	67,496
Loans	559,079	553,642	540,206	539,227	546,351
Allowance for loan losses	(8,699)	(9,165)	(9,253)	(9,122)	(9,037)
Net loans	550,380	544,477	530,953	530,105	537,314
Federal Home Loan Bank Stock	3,140	3,140	3,140	3,140	3,140
Premises and equipment, net	3,979	3,873	4,476	4,682	4,667
Accrued interest receivable	1,813	1,916	1,983	2,050	2,075
Deferred tax assets, net	15,193	15,632	16,417	16,292	18,547
Other real estate owned, net	403	403	1,875	1,875	2,103
Bank owned life insurance	5,894	4,861	4,831	4,802	4,774
Goodwill and other intangible assets	115	120	126	131	137
Other assets	5,277	4,778	6,687	6,509	7,248
Total Assets	<u>\$ 775,912</u>	<u>\$ 753,660</u>	<u>\$ 752,715</u>	<u>\$ 750,982</u>	<u>\$ 793,604</u>
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 122,441	\$ 121,862	\$ 109,466	\$ 92,544	\$ 91,134
Interest-bearing demand	62,414	61,439	63,033	59,679	61,262
Savings	287,609	266,085	268,026	243,888	225,724
Time	152,115	160,578	167,908	190,262	215,250
Total deposits	624,579	609,964	608,433	586,373	593,370
Short-term borrowings	34,577	29,592	30,736	51,310	54,052
Long-term borrowings	-	-	-	-	33,942
Accrued interest payable	111	127	140	246	398
Other liabilities	7,661	6,926	7,813	9,349	10,571
Total liabilities	666,928	646,609	647,122	647,278	692,333
Stockholders' Equity					
Preferred stock, \$1 par value; 5,000,000 authorized shares at both September 30, 2021 and December 31, 2020; 7% fixed rate noncumulative perpetual issued; 40,690 shares of series A and 3,201 shares of series B; convertible; \$43.9 million aggregate liquidation preference	37,308	37,308	37,308	37,308	37,308
Common stock, \$1 par value; 75,000,000 authorized shares; 1,289,494 and 1,285,385 issued shares; 1,275,425 and 1,268,316 outstanding shares at September 30, 2021 and December 31, 2020, respectively. (1)	1,302	1,301	1,295	1,282	1,282
Capital surplus	179,557	179,421	179,291	179,188	179,090
Accumulated deficit	(109,997)	(112,071)	(113,452)	(115,569)	(117,875)
Accumulated other comprehensive income, net	1,348	1,626	1,685	2,029	2,000
Treasury stock, 14,791 shares on September 30, 2021 and December 31, 2020	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	108,984	107,051	105,593	103,704	101,271
Total liabilities and stockholders' equity	<u>\$ 775,912</u>	<u>\$ 753,660</u>	<u>\$ 752,715</u>	<u>\$ 750,982</u>	<u>\$ 793,604</u>

(1) Both issued and outstanding shares as stated here exclude 67,837 shares of unvested restricted stock awards at September 30, 2021 and 59,842 shares at December 31, 2020.

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

	At or for the						9 Months Ended	
	Quarters Ended							
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020	
	(Dollars in thousands)							
Interest Income								
Loans	\$ 5,646	\$ 5,583	\$ 5,524	\$ 5,577	\$ 6,054	\$ 16,753	\$ 17,297	
Loans held for sale	135	95	175	331	537	405	1,107	
Securities	509	551	555	564	573	1,615	1,997	
Other investments	21	10	11	17	38	42	106	
Total interest income	6,311	6,239	6,265	6,489	7,202	18,815	20,507	
Interest Expense								
Deposits	409	447	512	735	942	1,368	3,717	
Short-term borrowings	8	9	24	30	38	41	269	
Long-term borrowings	0	0	0	0	37	0	63	
Total interest expense	417	456	536	765	1,017	1,409	4,049	
Net interest income	5,894	5,783	5,729	5,724	6,185	17,406	16,458	
Provision for (reversal of) loan losses	(413)	(300)	20	101	501	(693)	952	
Net interest income after provision for (reversal of) loan losses	6,307	6,083	5,709	5,623	5,684	18,099	15,506	
Noninterest Income								
Deposit service charges	97	90	84	91	89	271	273	
Other service fees	35	43	40	37	36	118	92	
Mortgage banking revenue, net	3,626	2,763	4,983	6,387	7,741	11,372	13,908	
Other income	186	280	192	165	226	658	757	
Net gains on sale of securities available for sale	0	0	0	0	0	0	0	
Unrealized gains (losses) recognized on equity securities	(12)	7	(43)	(6)	0	(48)	59	
Net gains (loss) on sale of SBA loans	151	0	0	55	(55)	151	469	
Net gains (losses) on sale of assets and (writedowns)	(11)	(48)	(110)	(163)	67	(169)	(323)	
Total noninterest income	4,072	3,135	5,146	6,566	8,104	12,353	15,235	
Noninterest Expense								
Compensation and employee benefits	5,436	5,099	5,956	7,015	7,329	16,491	17,201	
Equipment	390	384	379	402	352	1,153	1,094	
Occupancy and premises	395	443	434	452	390	1,272	1,257	
Data Processing	105	181	185	178	177	471	496	
Federal deposit insurance	46	47	48	49	48	141	95	
Professional services	227	328	253	322	162	808	702	
Telephone and data communication	70	56	60	82	71	186	206	
Insurance	66	64	68	62	58	198	167	
Other expense	782	677	557	755	469	2,016	1,468	
Total noninterest expense	7,517	7,279	7,940	9,317	9,056	22,736	22,686	
Income from operations before income taxes	2,862	1,939	2,915	2,872	4,732	7,716	8,055	
Income tax expense	788	558	798	565	1,322	2,144	2,178	
Net income	2,074	1,381	2,117	2,307	3,410	5,572	5,877	
Preferred stock dividend	0	0	0	0	0	0	0	
Discount from repurchase of preferred stock	0	0	0	0	0	0	33	
Net income allocated to common stockholders	\$ 2,074	\$ 1,381	\$ 2,117	\$ 2,307	\$ 3,410	\$ 5,572	\$ 5,910	