



FOR IMMEDIATE RELEASE  
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**CIB MARINE ANNOUNCES FINAL PREFERRED STOCK REPURCHASE PROPOSAL**

***Offshore Hedge Fund Rejects Proposal at \$850 per Share***

BROOKFIELD, Wis. – In a shareholder letter dated March 31, 2021, CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) proposed a plan to repurchase a minimum of \$17 million of preferred stock (at least 20,335 Series A and 1,600 Series B preferred shares) in 2021 at \$775 per share in response to a plan put forth by Hildene Opportunities Master Fund, Ltd, an offshore hedge fund (“Hildene”) in a proxy statement issued to CIB Marine shareholders by Hildene in conjunction with CIB Marine’s 2021 annual meeting. Subsequently, many shareholders have responded to our request for comments on resolving the outstanding preferred stock repurchase issue and our discussions with Hildene continued.

**Shareholder Input**

The shareholder response to our proposal has been overwhelmingly positive with encouragement to “stay the course” in pursuing preferred stock repurchases via transactions that are fair to all shareholders and accretive to the Company and its continuing shareholders. Many shareholders also supported our consistent emphasis on the importance of retiring the preferred stock as soon as reasonably possible to allow CIB Marine maximum flexibility to pursue future growth opportunities.

Some shareholders requested clarification regarding our ability to make a \$17 million payment from available capital. At this time, due to limited parent company cash, a capital distribution from our subsidiary, CIBM Bank, would need to be made to the parent company. Currently, \$17 million is available given the stewardship duties of CIBM Bank and ensuring pro-forma capital complies with safety and soundness regulations and standards.

We have considered all of the input offered and want to share our most recent efforts to reach an agreement with Hildene and our other preferred shareholders. Our duty to our shareholders is to pursue the repurchase of preferred stock in a fair process and at reasonable prices. We will not pursue transactions that damage the Company or are not in the best interests of all of our shareholders, that require assumption of unreasonable risks, or that impair our continuing operations.

**Updated Preferred Stock Repurchase Negotiations**

Following our March 31<sup>st</sup> letter, a series of discussions took place with Hildene that we hoped would

lead to a resolution that could benefit all shareholders. Multiple proposals were exchanged from each side and initial progress was made on pricing, but agreement could not be reached on critical ancillary issues, including the amount and timing of the repurchases, the repurchase process, and preferred shareholder representation on the CIB Marine Board, among others. Our preference was for straightforward terms that our shareholders and the market could easily evaluate and would produce the greatest benefit to all shareholders. In our opinion, Hildene's proposals required structures that contained various unacceptable incentives, penalties, and perquisites that would benefit Hildene over other holders of the two classes of preferred stock.

While we considered every proposal from Hildene, we would not agree to modify the noncumulative and perpetual nature of the preferred shares. Once we proposed to pay Hildene their full asking price of \$850 per share, the remaining issues should have been quickly resolved and the matter concluded. Instead, Hildene continued to insist upon previously rejected terms that they knew were unacceptable, including a demand to force the repurchase of the less valuable, nonconvertible Series A shares before the convertible Series B shares.

Throughout the course of negotiations, we offered various repurchase proposals, both at the demanded price of \$850 per share, as well as at graduated repurchase prices, with structured annual repurchase targets that, if missed, would give Hildene the potential for observation rights and/or board seats. By the end of last week, forward progress had ended and Hildene was no longer negotiating towards a compromise (often suggesting untenable terms, such as a requirement that even after 90% of the preferred stock is repurchased, the few remaining Series B shares would be convertible into approximately 39% of outstanding common stock upon a conversion triggering event). On Monday, Hildene rejected our final proposal, which is detailed below.

### **Final Proposal**

Our shareholders deserve to know the final proposal we made to Hildene on Monday, April 12, 2021, which was quickly rejected with little consideration for the other 64% of the preferred shareholders, or our common shareholders. The terms of our final proposal to Hildene were as follows:

- CIB Marine would repurchase at least \$17 million of Series A and Series B preferred stock on a pro rata basis (no less than 18,540 Series A and 1,460 Series B shares) in 2021 at \$850 per share;
- Series A and Series B preferred shares may be called by CIB Marine for mandatory repurchase at a price of \$850 per share on a pro rata basis in each year the repurchase plan remains in effect;
- No debt or stock issuance would be required to execute the 2021 repurchases;
- No mandatory dividends would be paid on the preferred stock;
- Obtain common and preferred shareholder approval to amend the Company's Articles of

Incorporation to implement the proposed repurchase plan;

- In the event preferred shares remain outstanding five years after the first preferred stock repurchase under the proposal, the terms of the Company’s Articles of Incorporation would “spring back” to current terms, including the \$1,000 per share liquidation amount for mandatory redemptions;
- We would commit to our shareholders to continue preferred stock repurchases until all preferred stock is retired; and
- All repurchases would be subject to any requisite regulatory approvals.

Preferred shareholders will note that CIB Marine offered a superior liquidity opportunity at the \$850 price per share demanded by Hildene. In 2021, nearly half of the preferred shares would be repurchased at a substantial premium to all prior preferred stock repurchases to date.

It is unclear to us what authority Hildene has to speak for all preferred shareholders. In May 2019, it represented to us that it held majority voting control of the preferred shares, but very recently it modified that claim to suggest that there was no formal voting control arrangement, rather an informal leadership position that Hildene has assumed. Whatever its actual control position is, we strongly encourage all preferred shareholders to contact Hildene immediately to express their opinion of our repurchase proposal. Once we have deployed the available \$17 million cash in pursuit of alternative growth objectives, this proposed plan, including both its price and repurchase volume, will no longer be available.

### **Moving Forward**

The management team of CIB Marine is committed to the diligent pursuit of the retirement of 100% of its outstanding preferred stock. We expect our Board of Directors and the common shareholders to hold us accountable to that commitment. We are confident that we made our best possible offer to Hildene. The proposed 2021 pro rata repurchase of at least \$17 million of preferred stock at \$850 per share is unlikely to be available again. Resolution of this issue may require that we seek out other preferred shareholders to negotiate on behalf of the classes or, alternatively, we may need to simply move on to other opportunities to deploy excess capital in a way that will improve and grow CIB Marine and your investment. The Board of CIB Marine will continue to faithfully exercise its duties to the Company and its shareholders as it pursues solutions that ensure a favorable outcome for all.

We need shareholder assistance to protect the Company and your investment. In order to ensure that the Company’s proposed slate of directors are elected, a slate that will diligently pursue preferred stock repurchase options that are in the best interest of all of our shareholders, **please vote your WHITE Proxy Card in conjunction with our 2021 annual meeting of shareholders today.**

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**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.*

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