



FOR IMMEDIATE RELEASE  
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**CIB MARINE BANCSHARES, INC. ANNOUNCES SECOND QUARTER 2020 RESULTS**

BROOKFIELD, Wis. – CIB Marine Bancshares, Inc. (the “Company” or “CIBM”) (OTCQB: CIBH), the holding company of CIBM Bank, announced its unaudited results of operations and financial condition for the second quarter of 2020. Net income for the quarter was \$1.7 million compared to \$0.8 million for the same period in 2019 and, for the six months ending June 30, 2020, it was \$2.5 million compared to \$1.4 million for the same period in 2019.

A summary of financial results for the quarter and six months ended June 30, 2020, is attached. Select highlights include:

- Net income and income before taxes for the quarter and six months ended June 30<sup>th</sup> were the strongest in more than five years, excluding the deferred tax valuation adjustment made in the fourth quarter of 2017.
- CIBM Bank’s mortgage banking division was a significant contributor to improved earnings results. For the six months ended June 30<sup>th</sup>, net mortgage banking revenues were \$6.2 million, nearly double the same period of the prior year. Lower interest rates have fueled a surge in rate-refinance loan originations, as well as strong new home purchase activity, resulting in over \$200 million in loan originations the first half of the year.
- Net interest income was up \$0.6 million for the first six months of 2020, compared to the same period in 2019. The primary reasons for improvement were higher average balances in loans held for sale and Paycheck Protection Program (PPP) loans, and a 54 basis point reduction in the cost of interest bearing liabilities primarily due to repricing maturing time deposits and money market rate promotions and short-term borrowings in a lower rate environment.
- COVID-19 has impacted the Company in many direct and indirect ways. During the second quarter of 2020, CIBM Bank originated around 350 loans or \$43 million in government guaranteed PPP loans. In addition, COVID-19 loan payment deferrals reached 87 loans, or around \$75 million in total outstanding balances.
- Provisions for loan losses were up \$0.7 million during the six months ended June 30, 2020, versus the same period in 2019. The primary reason for the increase is environmental and qualitative factors related to the impact COVID-19 has had on the current economic conditions, including

the sharp decline in GDP and rapid rise in unemployed persons. A significant number of government programs are acting to support businesses and household income so that the amount of problem loans has remained relatively low to date.

- 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 1.02% and 0.92%, respectively, at March June 30, 2020, down from 1.35% and 1.09%, respectively, at December 31, 2019, and 1.40% and 1.12%, respectively, at June 30, 2020. The improvements during the first six months of 2020 were related to certain loan level improvements, although credit quality is expected to deteriorate in the foreseeable future due to the economic impact of COVID-19.

Mr. J. Brian Chaffin, President and CEO of CIBM, commented, “The Company has spent a significant amount of time addressing COVID-19 related issues – from managing the branches for the safety of our staff and customers, to adjusting to having more than 70% of employees work from home, to working with our clients to meet their banking needs in these challenging times. The situation has forced us to adapt and make or advance plans for improvements in both our products and delivery systems, and in our operations areas. Investors can be proud of the dedication and commitment CIBM Bank employees have exhibited through this period.

“Although income for the first half of the year was much improved over the same period of 2019, we remain committed to improving our longer term operating results using the process we call ‘Project Falcon’, which includes plans to improve our deposit mix, enhance efficiencies, and excel at our core services.”

Mr. Chaffin continued, “A Fifth Amendment to the Company’s Articles of Incorporation, which would make permanent the changes that permit the Company to engage in negotiated voluntary repurchases of its Preferred Stock, was approved by our Common Shareholders in April and has now been presented to the Preferred Shareholders for their approval at a Special Meeting of Preferred Shareholders to be held on August 5, 2020. We will provide the results of that vote on our website following the meeting.”

He concluded, “As discussed in our June 17, 2020, press release, we have completed the third and final modified Dutch auction pursuant to the Second Amendment of our Articles of Incorporation that resulted in the repurchase of 214 shares of preferred stock for a total price of approximately \$148,000 representing a \$33,000 discount to the carry value of the preferred shares repurchased. We will be providing a more detailed analysis in our upcoming quarterly shareholder letter.”

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

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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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**CIB MARINE BANCSHARES, INC.**  
**Selected Unaudited Consolidated Financial Data**

	At or for the						
	Quarters Ended					6 Months Ended	
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	June 30, 2020	June 30, 2019
(Dollars in thousands, except share and per share data)							
<b>Selected Statement of Operations Data</b>							
Interest and dividend income	\$ 6,669	\$ 6,636	\$ 6,820	\$ 7,035	\$ 7,078	\$ 13,305	\$ 14,093
Interest expense	1,343	1,689	2,030	2,183	2,256	3,032	4,434
Net interest income	5,326	4,947	4,790	4,852	4,822	10,273	9,659
Provision for (reversal of) loan losses	249	202	715	327	(67)	451	(225)
Net interest income after provision for (reversal of) loan losses	5,077	4,745	4,075	4,525	4,889	9,822	9,884
Noninterest income (1)	4,489	2,642	2,249	3,835	2,710	7,131	4,072
Noninterest expense	7,308	6,322	6,879	7,233	6,557	13,630	12,062
Income (loss) before income taxes	2,258	1,065	(555)	1,127	1,042	3,323	1,894
Income tax expense (benefit)	575	281	(180)	93	281	856	510
Net income (loss)	\$ 1,683	\$ 784	\$ (375)	\$ 1,034	\$ 761	\$ 2,467	\$ 1,384
<b>Common Share Data</b>							
Basic net income (loss) per share (2)	\$ 0.09	\$ 0.04	\$ (0.02)	\$ 0.07	\$ 0.04	\$ 0.13	\$ 0.08
Diluted net income (loss) per share (2)	0.05	0.02	(0.02)	0.04	0.02	0.08	0.04
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible book value per share (3)	3.15	3.07	2.99	3.03	2.97	3.15	2.97
Book value per share (3)	2.80	2.73	2.64	2.68	2.60	2.80	2.60
Weighted average shares outstanding - basic	18,992,550	18,724,047	18,646,427	18,455,408	18,290,674	18,858,299	18,261,584
Weighted average shares outstanding - diluted	32,402,984	32,329,698	32,329,533	32,536,354	33,083,324	32,330,877	32,950,273
<b>Financial Condition Data</b>							
Total assets	\$ 793,151	\$ 705,473	\$ 703,791	\$ 700,711	\$ 708,270	\$ 793,151	\$ 708,270
Loans	535,692	513,992	513,705	508,758	513,755	535,692	513,755
Allowance for loan losses	(8,483)	(8,107)	(8,007)	(7,560)	(7,251)	(8,483)	(7,251)
Investment securities	113,303	120,105	120,398	120,648	124,784	113,303	124,784
Deposits	566,811	531,999	530,190	557,745	535,367	566,811	535,367
Borrowings	120,233	68,950	73,847	38,468	69,174	120,233	69,174
Stockholders' equity	97,347	95,841	93,404	94,082	94,035	97,347	94,035
<b>Financial Ratios and Other Data</b>							
<b>Performance Ratios:</b>							
Net interest margin (4)	2.96%	3.04%	2.86%	2.95%	2.89%	3.00%	2.91%
Net interest spread (5)	2.76%	2.78%	2.55%	2.62%	2.58%	2.77%	2.61%
Noninterest income to average assets (6)	2.36%	1.51%	1.28%	2.19%	1.52%	1.95%	1.14%
Noninterest expense to average assets	3.86%	3.67%	3.88%	4.14%	3.72%	3.77%	3.43%
Efficiency ratio (7)	74.61%	83.74%	97.57%	83.44%	87.45%	78.58%	88.26%
Earnings on average assets (8)	0.89%	0.45%	-0.21%	0.59%	0.43%	0.68%	0.39%
Earnings on average equity (9)	6.97%	3.32%	-1.56%	4.35%	3.28%	5.17%	3.02%
<b>Asset Quality Ratios:</b>							
Nonaccrual loans to loans (10)	0.92%	0.97%	1.09%	1.14%	1.12%	0.92%	1.12%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	1.07%	1.25%	1.38%	1.44%	1.45%	1.07%	1.45%
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10)	1.02%	1.24%	1.35%	1.40%	1.40%	1.02%	1.40%
Allowance for loan losses to total loans (10)	1.58%	1.58%	1.56%	1.49%	1.41%	1.58%	1.41%
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	147.79%	126.26%	112.66%	103.07%	97.34%	147.79%	97.34%
Net charge-offs (recoveries) annualized to average loans (10)	-0.09%	0.08%	0.21%	0.01%	0.44%	-0.01%	0.19%
<b>Capital Ratios:</b>							
Total equity to total assets	12.27%	13.59%	13.27%	13.43%	13.28%	12.27%	13.28%
Total risk-based capital ratio	15.49%	15.36%	15.19%	15.18%	15.32%	15.49%	15.32%
Tier 1 risk-based capital ratio	14.23%	14.11%	13.94%	13.93%	14.07%	14.23%	14.07%
Leverage capital ratio	10.82%	11.08%	10.71%	10.86%	10.64%	10.82%	10.64%
<b>Other Data:</b>							
Number of employees (full-time equivalent)	177	177	176	182	180	177	180
Number of banking facilities	11	11	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 for the third quarter of 2019 and \$0.03 million for the 2nd quarter and 6 months ended June 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)**

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
(Dollars in Thousands, Except Shares)					
<b>Assets</b>					
Cash and due from banks	\$ 9,120	\$ 9,006	\$ 8,970	\$ 9,582	\$ 8,791
Reverse repurchase agreements	18,117	3,622	11,196	4,083	18,347
Securities available for sale	110,818	117,640	117,972	118,211	122,365
Equity securities at fair value	2,485	2,465	2,426	2,437	2,419
Loans held for sale	83,997	24,988	16,928	25,347	8,450
Loans	535,692	513,992	513,705	508,758	513,755
Allowance for loan losses	(8,483)	(8,107)	(8,007)	(7,560)	(7,251)
Net loans	527,209	505,885	505,698	501,198	506,504
Federal Home Loan Bank Stock	2,948	2,947	2,587	926	2,363
Premises and equipment, net	4,679	4,769	4,274	4,504	4,643
Accrued interest receivable	1,973	1,610	1,486	1,646	1,820
Deferred tax assets, net	19,325	19,509	20,069	20,455	20,703
Other real estate owned, net	2,334	2,335	2,396	2,466	2,466
Bank owned life insurance	4,745	4,718	4,691	4,666	4,640
Goodwill and other intangible assets	142	148	154	159	165
Other assets	5,259	5,831	4,944	5,031	4,594
Total Assets	\$ 793,151	\$ 705,473	\$ 703,791	\$ 700,711	\$ 708,270
<b>Liabilities and Stockholders' Equity</b>					
Deposits:					
Noninterest-bearing demand	\$ 90,450	\$ 67,459	\$ 70,175	\$ 63,694	\$ 62,424
Interest-bearing demand	54,288	47,760	45,512	50,683	32,649
Savings	205,470	196,797	204,976	202,866	192,133
Time	216,603	219,983	209,527	240,502	248,161
Total deposits	566,811	531,999	530,190	557,745	535,367
Short-term borrowings	77,273	68,950	73,847	38,468	69,174
Long-term borrowings	42,960	0	0	0	0
Accrued interest payable	447	543	603	711	725
Other liabilities	8,313	8,140	5,747	9,705	8,969
Total liabilities	695,804	609,632	610,387	606,629	614,235
<b>Stockholders' Equity</b>					
Preferred stock, \$1 par value; 5,000,000 authorized shares at both June 30, 2020 and December 31, 2019; 7% fixed rate noncumulative perpetual issued; 40,690 shares of series A and 3,201 shares of series B; convertible; \$44.1 million aggregate liquidation preference	37,308	37,490	37,490	37,489	39,384
Common stock, \$1 par value; 75,000,000 authorized shares; 19,239,935 and 18,868,329 issued shares; 19,028,888 and 18,657,282 outstanding shares at June 30, 2020 and December 31, 2019, respectively. (1)	19,240	19,162	18,868	18,868	18,543
Capital surplus	161,032	160,990	161,175	161,110	160,991
Accumulated deficit	(121,285)	(122,969)	(123,753)	(123,377)	(124,412)
Accumulated other comprehensive income, net	1,586	1,702	158	526	63
Treasury stock 221,902 shares at cost	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	97,347	95,841	93,404	94,082	94,035
Total liabilities and stockholders' equity	\$ 793,151	\$ 705,473	\$ 703,791	\$ 700,711	\$ 708,270

(1) Both issued and outstanding shares as stated here exclude 435,157 shares and 815,395 shares of unvested restricted stock awards at June 30, 2020, and December 31, 2019, respectively.

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

	At or for the						
	Quarters Ended					6 Months Ended	
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	June 30, 2020	June 30, 2019
	(Dollars in thousands)						
<b>Interest Income</b>							
Loans	\$ 5,540	\$ 5,703	\$ 5,793	\$ 5,992	\$ 5,811	\$ 11,243	\$ 11,504
Loans held for sale	451	119	195	152	97	570	182
Securities	661	763	764	810	868	1,424	1,672
Other investments	17	51	68	81	302	68	735
Total interest income	6,669	6,636	6,820	7,035	7,078	13,305	14,093
<b>Interest Expense</b>							
Deposits	1,263	1,512	1,856	2,027	1,949	2,775	3,754
Short-term borrowings	54	177	174	156	307	231	680
Long-term borrowings	26	0	0	0	0	26	0
Total interest expense	1,343	1,689	2,030	2,183	2,256	3,032	4,434
Net interest income	5,326	4,947	4,790	4,852	4,822	10,273	9,659
Provision for (reversal of) loan losses	249	202	715	327	(67)	451	(225)
Net interest income after provision for (reversal of) loan losses	5,077	4,745	4,075	4,525	4,889	9,822	9,884
<b>Noninterest Income</b>							
Deposit service charges	88	96	98	101	95	184	178
Other service fees	36	20	23	30	29	56	49
Mortgage banking revenue, net	3,990	2,177	2,112	2,936	2,148	6,167	3,126
Other income	266	265	129	150	179	531	344
Net gains on sale of securities available for sale	0	0	0	0	0	0	0
Unrealized gains (losses) recognized on equity securities	20	39	(11)	18	34	59	64
Net gains on sale of SBA loans	87	437	166	605	253	524	253
Net gains (losses) on sale of assets and (writedowns)	2	(392)	(268)	(5)	(28)	(390)	58
Total noninterest income	4,489	2,642	2,249	3,835	2,710	7,131	4,072
<b>Noninterest Expense</b>							
Compensation and employee benefits	5,451	4,421	4,701	5,309	4,445	9,872	8,132
Equipment	379	363	394	335	353	742	688
Occupancy and premises	407	460	460	420	437	867	893
Data Processing	155	164	157	165	160	319	326
Federal deposit insurance	47	0	(10)	(5)	66	47	148
Professional services	242	298	320	198	207	540	347
Telephone and data communication	67	68	81	86	83	135	161
Insurance	55	54	59	70	52	109	105
Other expense	505	494	717	655	754	999	1,262
Total noninterest expense	7,308	6,322	6,879	7,233	6,557	13,630	12,062
Income (losses) from operations before income taxes	2,258	1,065	(555)	1,127	1,042	3,323	1,894
Income tax expense (benefit)	575	281	(180)	93	281	856	510
<b>Net income (loss)</b>	1,683	784	(375)	1,034	761	2,467	1,384
Preferred stock dividend	0	0	0	0	0	0	0
Discount from repurchase of preferred stock	33	0	0	308	0	33	0
<b>Net income (loss) allocated to common stockholders</b>	\$ 1,716	\$ 784	\$ (375)	\$ 1,342	\$ 761	\$ 2,500	\$ 1,384