



FOR IMMEDIATE RELEASE  
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## CIB MARINE BANCSHARES, INC. ANNOUNCES FIRST QUARTER 2023 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 first quarter ended March 31, 2023. CIBM Bank continued to show improved performance with strength in loan growth and earnings performance contributions from the Banking Division. The Mortgage Division saw an operating loss during the quarter, largely due to onboarding expenses related to the hiring of approximately 35 mortgage loan officers. *Net income for the quarter was \$0.2 million, or \$0.17 basic and \$0.13 diluted earnings per share, compared to \$0.9 million, or \$0.69 basic and \$0.50 diluted earnings per share, for the same period of 2022.*

Financial highlights for the quarter include:

- Net interest income and margin were \$5.9 million and 3.22%, respectively, compared to \$5.5 million and 3.05%, respectively, in the same period of 2022. The three-month period in 2023 had \$0.2 million less PPP loan fee accretion income and \$0.1 million more subordinated debt interest expense compared to the same period in 2022, both of which were partially offset by a \$13 million rise in average earning assets. Although interest-bearing liability costs increased faster than interest yielding asset yields, the rise in interest earning yields versus noninterest bearing funding sources (i.e., capital and noninterest-bearing deposits) contributed to a rise in the net interest margin.
- Banking Division net income for the 3 months ended March 31, 2023, was \$1.0 million and the Mortgage Division net loss was \$0.6 million, the remaining \$0.2 million on net was from parent company sub-debt and administration expenses. CIB Marine’s consolidated total loan portfolio was up \$31 million in balances from December 31, 2022, with the main source of growth in commercial loans. Mortgage loans closed and net mortgage revenue were up \$17 million and \$0.4 million, respectively, compared to the fourth quarter of 2022; and down \$15 million and \$0.4 million, respectively, compared to the first quarter of 2022. The Mortgage Division has added 36 mortgage sales employees since the third quarter of 2022 and approximately 7

mortgage operations/administration employees. The sales to operations staff ratio for the Mortgage Division has improved materially, but production takes a few quarters to normalize for each new lender. In addition to a traditional seasonal decline in mortgage loan production during the first quarter, the markets remain adversely affected by higher mortgage interest rates compared to recent years, and related tighter mortgage loan margins. We expect performance to improve over the coming quarters as the new lenders get established and seasonal factors improve. However, so long as relatively high mortgage rates and tighter margins persist, improvement will be more limited than the net income contributions seen in 2020 and 2021.

- As of March 31, 2023, 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 0.14% and 0.08%, respectively, compared to 0.20% and 0.16%, respectively, on December 31, 2022, and 0.19% and 0.13%, respectively, on March 31, 2022. Also, as of March 31, 2023, the allowance for credit losses on loans (“ACLL”) to loans was 1.51% compared to an allowance for loan and lease losses of 1.37% at December 31, 2022, and 1.51% at March 31, 2022.
- Effective January 1, 2023, CIB Marine adopted the new “current expected credit loss” accounting standard commonly referred to as CECL. The \$1.6 million implementation date accounting entry was composed of \$1.2 million to the ACLL and \$0.4 million to Other Liabilities for estimated credit losses for unfunded commitments or an allowance for unfunded commitments (“AUC”). As permitted under CECL, the implementing provision entry net of tax was made directly to retained earnings rather than through the income statement. In addition, the provision to the allowance for credit losses for the first three months ended March 31, 2023, was \$159,000 split between \$47,000 to the ACLL and \$112,000 to the AUC resulting in a final ACLL of \$9.2 million and a final AUC of \$0.5 million.
- During the month of March 2023, the banking industry was rattled by news related of three troubled regional domestic banks. These unique situations put a spotlight on both uninsured deposits and unrealized losses in bank securities portfolios. One of the failed bank’s year-end 2022 financials reported more than 90% of domestic deposits were uninsured and a Tier 1 Capital level after unrealized losses in their securities portfolio near \$0.
  - While unrealized security portfolio losses and uninsured deposits are not uncommon in community banks, CIB Marine’s assessment of CIBM Bank and peer banks in its markets indicates levels of both components that are substantially better than the failed bank noted above. CIBM Bank’s unrealized securities losses are comparable to or better than most peer banks. Caused primarily by higher interest rates, the losses are expected to be recovered as the securities approach maturity. and the Bank’s regulatory capital ratios remain well above regulatory “Well Capitalized”

numerical guidelines when adjusted for the unrealized losses. CIBM Bank's uninsured deposits are estimated to be around 25% of total deposits; this ratio is also comparable to the Bank's peers and down from year-end.

- CIBM Bank offers several products to assist large deposit customers in maximizing the FDIC deposit insurance coverage, including a reciprocal deposit program that provides access to up to \$50 million in FDIC insurance coverage and a non-deposit government repo sweep program which provides government security collateral coverage for balances in a daily repurchase agreement sweep service.
- CIBM Bank maintains a variety of liquidity contingency plans and resources to ensure its ability to meet short-term cash needs in case of unexpected events or market disruptions, including contingent funding arrangements with the Federal Home Loan Bank of Chicago, the Federal Reserve Bank of Chicago, and other correspondent banks; collateralized borrowing arrangements, including the new Federal Reserve Term Funding Program; and the ability to raise funding through deposit promotions, issuing brokered deposits, and issuing new time deposits via a national online deposit listing service.
- Despite the recent adverse banking news, during the first quarter of 2023 the Bank's total deposit balances grew by \$3 million, its non-deposit government repo sweep balances grew by \$21 million, and it issued \$10 million in new short-term advances with the FHLB Chicago for total new funding of \$34 million, primarily to support the growth in the loan portfolio.
- Over the past year, CIBM Bank has seen a shift in deposit mix as customers seek higher returns in a rising rate environment and to maximize their FDIC insurance coverage. Total deposits are up \$3.5 million since December 31, 2022, and up nominally from March 31, 2022. However, since December 31, 2022, noninterest-bearing deposits have declined \$20 million, and interest-bearing deposit gained \$23 million, largely in reciprocal and time deposit products. Since March 31, 2022, noninterest-bearing deposits are down \$30 million, and savings product balances are down \$34 million, again offset by increases in reciprocal and time deposit products. CIBM Bank's loan portfolio grew by \$31 million during the first quarter of 2023 due to strong commercial origination activity, with C&I loans up \$16 million and commercial real estate loans up \$7 million. In addition, portfolio residential loan balances were up \$9 million with renewed customer interest in adjustable-rate mortgages and contributions from the recently hired mortgage lenders.

Mr. J. Brian Chaffin, CIBM's President and CEO, commented, "The banking team at CIBM Bank has been highly successful the last quarter with new loan production and actively managing deposit relationships in light of the adverse banking industry news. Despite a disappointing quarter for earnings in our Mortgage Division, we expect our efforts to expand production capacity and improve staffing efficiency metrics will improve our results, with the biggest impact in the second half of 2023."

He also added, "To date, our asset quality metrics remain strong, but with Federal Reserve monetary policy actions being taken to fight inflation we expect a continuance of the evolving net negative impact to the economy overall, which raises our awareness of related risk management practices and activities around extending credit and portfolio management. The Bank's operating efficiencies have improved on a trending basis, but we still have capacity for growth and further efficiency gains. Going forward, our focus remains on better earnings performance and taking advantage of strategic opportunities."

He concluded, "As a reminder, we expect the sale of approximately \$30 million in retail deposits at our Danville, Illinois, branch will take place in the second quarter of 2023."

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates ten banking offices in Illinois, Wisconsin and Indiana, and has mortgage loan officers and/or offices in nine states. 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					3 Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Dollars in thousands, except share and per share data)						
<b>Selected Statement of Operations Data:</b>							
Interest and dividend income	\$ 8,472	\$ 7,808	\$ 7,234	\$ 6,411	\$ 5,879	\$ 8,472	\$ 5,879
Interest expense	2,601	1,664	823	517	413	2,601	413
Net interest income	5,871	6,144	6,411	5,894	5,466	5,871	5,466
Provision for (reversal of) credit losses	159	(642)	34	40	(325)	159	(325)
Net interest income after provision for (reversal of) loan losses	5,712	6,786	6,377	5,854	5,791	5,712	5,791
Noninterest income (1)	1,410	791	1,313	1,660	1,705	1,410	1,705
Noninterest expense	6,805	6,316	6,311	6,374	6,262	6,805	6,262
Income before income taxes	317	1,261	1,379	1,140	1,234	317	1,234
Income tax expense	89	351	352	251	334	89	334
Net income	\$ 228	\$ 910	\$ 1,027	\$ 889	\$ 900	\$ 228	\$ 900
<b>Common Share Data:</b>							
Basic net income per share (2)	\$ 0.17	\$ 0.81	\$ 0.78	\$ 0.68	\$ 0.69	\$ 0.17	\$ 0.69
Diluted net income per share (2)	0.13	0.59	0.57	0.49	0.50	0.13	0.50
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible book value per share (3)	53.28	53.19	52.24	53.68	54.53	53.28	54.53
Book value per share (3)	51.48	51.39	49.78	51.22	52.07	51.48	52.07
Weighted average shares outstanding - basic	1,308,603	1,308,279	1,308,752	1,307,289	1,295,670	1,308,603	1,295,670
Weighted average shares outstanding - diluted	1,803,218	1,796,947	1,797,721	1,798,002	1,792,187	1,803,218	1,792,187
<b>Financial Condition Data:</b>							
Total assets	\$ 787,244	\$ 752,997	\$ 762,965	\$ 774,356	\$ 764,641	\$ 787,244	\$ 764,641
Loans	608,492	577,303	564,841	549,175	529,212	608,492	529,212
Allowance for credit losses on loans (4)	(9,193)	(7,894)	(8,061)	(8,010)	(8,011)	(9,193)	(8,011)
Investment securities	126,001	124,421	127,954	122,483	109,533	126,001	109,533
Deposits	632,339	628,869	633,234	642,500	631,953	632,339	631,953
Borrowings	65,173	34,485	37,168	37,693	36,789	65,173	36,789
Stockholders' equity	83,615	83,503	87,228	89,111	89,931	83,615	89,931
<b>Financial Ratios and Other Data:</b>							
<b>Performance Ratios:</b>							
Net interest margin (5)	3.22%	3.32%	3.45%	3.23%	3.05%	3.22%	3.05%
Net interest spread (6)	2.82%	3.02%	3.29%	3.14%	2.98%	2.82%	2.98%
Noninterest income to average assets (7)	0.72%	0.41%	0.72%	0.91%	0.97%	0.72%	0.97%
Noninterest expense to average assets	3.58%	3.27%	3.24%	3.34%	3.35%	3.58%	3.35%
Efficiency ratio (8)	93.90%	91.13%	80.73%	83.52%	85.98%	93.90%	85.98%
Earnings on average assets (9)	0.12%	0.47%	0.53%	0.47%	0.48%	0.12%	0.48%
Earnings on average equity (10)	1.11%	4.15%	4.52%	3.96%	3.98%	1.11%	3.98%
<b>Asset Quality Ratios:</b>							
Nonaccrual loans to loans (11)	0.08%	0.16%	0.13%	0.22%	0.13%	0.08%	0.13%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (4)	0.12%	0.20%	0.17%	0.28%	0.20%	0.12%	0.20%
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (4)	0.14%	0.20%	0.18%	0.25%	0.19%	0.14%	0.19%
Allowance for credit losses on loans to total loans (4)(11)	1.51%	1.37%	1.43%	1.46%	1.51%	1.51%	1.51%
Allowance for credit losses on loans to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (4)(11)	1262.77%	684.06%	852.11%	512.48%	742.45%	1262.77%	742.45%
Net charge-offs (recoveries) annualized to average loans (11)	-0.02%	-0.33%	-0.01%	0.03%	0.01%	-0.02%	0.01%
<b>Capital Ratios:</b>							
Total equity to total assets	10.62%	11.09%	11.43%	11.51%	11.76%	10.62%	11.76%
Total risk-based capital ratio	14.84%	15.71%	16.42%	16.85%	17.52%	14.84%	17.52%
Tier 1 risk-based capital ratio	11.99%	12.78%	13.48%	13.85%	14.43%	11.99%	14.43%
Leverage capital ratio	9.56%	9.73%	10.16%	10.20%	10.27%	9.56%	10.27%
<b>Other Data:</b>							
Number of employees (full-time equivalent)	202	189	166	159	172	202	172
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 \$0.1 million for the quarter and year ended December 31, 2022.

(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

(4) Allowance for credit losses on loans is allowance for loan losses in ending dates and periods prior to March 31, 2023.

(5) Net interest margin is the ratio of net interest income to average interest-earning assets.

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

(7) Noninterest income to average assets excludes gains and losses on securities.

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

(9) Earnings on average assets are net income divided by average total assets.

(10) Earnings on average equity are net income divided by average stockholders' equity.

(11) Excludes loans held for sale.

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

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
(Dollars in Thousands, Except Shares)					
<b>Assets</b>					
Cash and due from banks	\$ 16,490	\$ 19,667	\$ 36,454	\$ 68,097	\$ 88,605
Reverse repurchase agreements	-	-	-	-	-
Securities available for sale	123,838	122,292	125,830	120,265	107,237
Equity securities at fair value	2,163	2,129	2,124	2,218	2,296
Loans held for sale	10,848	5,057	6,471	7,519	9,567
Loans	608,492	577,303	564,841	549,175	529,212
Allowance for credit losses on loans (1)	(9,193)	(7,894)	(8,061)	(8,010)	(8,011)
Net loans	599,299	569,409	556,780	541,165	521,201
Federal Home Loan Bank Stock	1,897	1,897	1,897	2,897	3,140
Premises and equipment, net	3,969	4,081	4,159	4,138	4,226
Accrued interest receivable	2,118	1,915	1,807	1,644	1,611
Deferred tax assets, net	16,464	16,273	16,977	16,142	15,758
Other real estate owned, net	375	375	403	403	403
Bank owned life insurance	6,119	6,076	6,040	6,002	5,966
Goodwill and other intangible assets	81	87	92	98	103
Other assets	3,583	3,739	3,931	3,768	4,528
Total Assets	<u>\$ 787,244</u>	<u>\$ 752,997</u>	<u>\$ 762,965</u>	<u>\$ 774,356</u>	<u>\$ 764,641</u>
<b>Liabilities and Stockholders' Equity</b>					
Deposits:					
Noninterest-bearing demand	\$ 94,700	\$ 115,186	\$ 134,765	\$ 129,457	\$ 124,724
Interest-bearing demand	93,388	76,918	79,306	66,495	67,362
Savings	259,907	260,159	254,146	287,159	294,255
Time	184,344	176,606	165,017	159,389	145,612
Total deposits	632,339	628,869	633,234	642,500	631,953
Short-term borrowings	55,469	24,789	27,480	28,013	27,117
Long-term borrowings	9,704	9,696	9,688	9,680	9,672
Accrued interest payable	557	554	227	287	144
Other liabilities	5,560	5,586	5,108	4,765	5,824
Total liabilities	703,629	669,494	675,737	685,245	674,710
<b>Stockholders' Equity</b>					
Preferred stock, \$1 par value; 5,000,000 authorized shares at both March 31, 2023 and December 31, 2022; 7% fixed rate noncumulative perpetual issued; 14,633 shares of series A and 1,610 shares of series B; convertible; \$16.2 million aggregate liquidation preference	13,806	13,806	18,762	18,762	18,762
Common stock, \$1 par value; 75,000,000 authorized shares; 1,323,547 and 1,323,547 issued shares; 1,309,478 and 1,309,478 outstanding shares at March 31, 2023 and December 31, 2022, respectively. (2)	1,324	1,324	1,324	1,324	1,318
Capital surplus	180,903	180,777	180,664	180,544	180,431
Accumulated deficit	(105,987)	(105,025)	(106,081)	(107,108)	(107,997)
Accumulated other comprehensive income, net	(5,897)	(6,845)	(6,907)	(3,877)	(2,049)
Treasury stock, 14,791 shares on March 31, 2023 and December 31, 2022 (3)	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	83,615	83,503	87,228	89,111	89,931
Total liabilities and stockholders' equity	<u>\$ 787,244</u>	<u>\$ 752,997</u>	<u>\$ 762,965</u>	<u>\$ 774,356</u>	<u>\$ 764,641</u>

(1) Allowance for credit losses on loans is allowance for loan losses in ending dates and periods prior to March 31, 2023.

(2) Both issued and outstanding shares as stated here exclude 77,553 shares of unvested restricted stock awards at March 31, 2023 and 58,897 shares at December 31, 2022.

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

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

	At or for the					3 Months Ended	
	Quarters Ended						
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Dollars in thousands)						
<b>Interest Income</b>							
Loans	\$ 7,121	\$ 6,426	\$ 6,029	\$ 5,542	\$ 5,254	\$ 7,121	\$ 5,254
Loans held for sale	84	63	96	90	58	84	58
Securities	1,031	948	826	683	537	1,031	537
Other investments	236	371	283	96	30	236	30
Total interest income	8,472	7,808	7,234	6,411	5,879	8,472	5,879
<b>Interest Expense</b>							
Deposits	2,364	1,452	662	384	350	2,364	350
Short-term borrowings	118	91	40	12	7	118	7
Long-term borrowings	119	121	121	121	56	119	56
Total interest expense	2,601	1,664	823	517	413	2,601	413
Net interest income	5,871	6,144	6,411	5,894	5,466	5,871	5,466
Provision for (reversal of) credit losses	159	(642)	34	40	(325)	159	(325)
Net interest income after provision for (reversal of) loan losses	5,712	6,786	6,377	5,854	5,791	5,712	5,791
<b>Noninterest Income</b>							
Deposit service charges	79	82	86	92	88	79	88
Other service fees	16	15	18	71	25	16	25
Mortgage banking revenue, net	1,008	597	1,126	1,268	1,430	1,008	1,430
Other income	110	117	147	141	212	110	212
Net gains on sale of securities available for sale	0	0	0	0	0	0	0
Unrealized gains (losses) recognized on equity securities	34	4	(93)	(78)	(112)	34	(112)
Net gains (loss) on sale of SBA loans	151	0	0	126	31	151	31
Net gains (losses) on sale of assets and (writedowns)	12	(24)	29	40	31	12	31
Total noninterest income	1,410	791	1,313	1,660	1,705	1,410	1,705
<b>Noninterest Expense</b>							
Compensation and employee benefits	4,550	4,061	4,240	4,175	4,229	4,550	4,229
Equipment	475	466	396	439	442	475	442
Occupancy and premises	438	399	390	408	422	438	422
Data Processing	199	202	205	171	166	199	166
Federal deposit insurance	87	70	58	51	52	87	52
Professional services	278	415	244	284	224	278	224
Telephone and data communication	61	66	61	60	61	61	61
Insurance	88	85	74	74	85	88	85
Other expense	629	552	643	712	581	629	581
Total noninterest expense	6,805	6,316	6,311	6,374	6,262	6,805	6,262
Income from operations before income taxes	317	1,261	1,379	1,140	1,234	317	1,234
Income tax expense	89	351	352	251	334	89	334
<b>Net income</b>	228	910	1,027	889	900	228	900
Preferred stock dividend	0	0	0	0	0	0	0
Discount from repurchase of preferred stock	0	146	0	0	0	0	0
<b>Net income allocated to common stockholders</b>	\$ 228	\$ 1,056	\$ 1,027	\$ 889	\$ 900	\$ 228	\$ 900