



FOR IMMEDIATE RELEASE
January 26, 2024

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

CIB MARINE BANCSHARES, INC. ANNOUNCES 2023 RESULTS

BROOKFIELD, Wis. – CIB Marine Bancshares, Inc. (the “Company” or “CIB Marine”) (OTCQX: CIBH), the holding company of CIBM Bank (the “Bank”), announced its unaudited results of operations and financial condition for the quarter and year ended December 31, 2023. During the year, CIBM Bank grew its commercial loan portfolio and, to a lesser extent, residential loan portfolio; took cost reduction actions; and expanded the foundations of its mortgage operations during a very challenging mortgage operating environment. The Mortgage Division had an operating loss of \$0.7 million for the year of 2023 and \$0.9 million for the year of 2022 due to higher interest rates and housing supply shortages. The Bank’s cost of funds was sharply higher for the year 2023, causing a reduction in Banking Division earnings. In addition, there was a tax provision of \$1.6 million during the year 2023. During the second half of 2023, the State of Wisconsin enacted a new tax law exempting interest income from commercial loans under \$5 million dollars made to Wisconsin borrowers. The result was a reduction in forecasted future Wisconsin taxable income, causing a \$1.1 million provision to adjust the valuation allowance for deferred tax assets related to State of Wisconsin net operating loss carryforwards.

Income before tax was \$0.2 million for the fourth quarter of 2023 compared to \$1.3 million for the same period of 2022. The primary reason for the difference was lower net interest income due to higher cost of funds. Net loss for the fourth quarter of 2023 was \$0.9 million or \$0.67 basic and \$0.67 diluted net loss per share, compared to net income of \$0.9 million or \$0.81 basic and \$0.59 diluted net loss per share for the same period of 2022. Income before tax was \$2.5 million for the twelve months ended December 31, 2023, compared to \$5.0 million for the same period of 2022. Net income was \$0.9 million or \$0.66 basic and \$0.49 diluted net income per share for the twelve months ended December 31, 2023, compared to \$3.7 million or \$2.97 basic and \$2.16 diluted net income per share for the same period of 2022.

Financial highlights for the quarter and year include:

- As of December 31, 2023, non-performing assets, modified loans to borrowers experiencing financial difficulty, and loans 90 days or more past due and still accruing to total assets and nonaccrual loans to total loans were 0.90% and 0.50%, respectively, compared to 0.20% and

0.16%, respectively, on December 31, 2022. Also, as of December 31, 2023, the allowance for credit losses on loans (“ACLL”) to loans was 1.27% compared to an allowance for loan and lease losses of 1.37% on December 31, 2022. The ACLL qualitative factors, including in the assessment of the ACLL, include economic forecasts obtained from third parties. Over the course of 2023, gross domestic product and unemployment forecasts have generally improved with declining recession risk resulting in a lower ACLL ratio to loans.

- Net interest income improved \$0.2 million in the fourth quarter from the third quarter of 2023. Net interest income for the fourth quarter of 2023 declined \$1.0 million compared to the same period of 2022, and declined \$2.5 million for the twelve months ended December 31, 2023, compared to the same period of 2022. The net interest margin for the fourth quarter of 2023 was 2.41% compared to 3.32% for the same period of 2022, and for the year 2023 was 2.72% compared to 3.27% for the same period of 2022. The primary reason for the declines was a 231 basis point increase in the cost of interest bearing liabilities (“Cost of Funds”) compared to a 109 basis point increase in the yield on earning assets from the fourth quarter of 2022 to the same period of 2023, and a 214 basis point increase in the cost of interest bearing liabilities compared to a 122 basis point increase in interest earning assets from the year 2022 to the year 2023. Actions taken during the second half of 2023 to mitigate some of the interest rate risk in the balance sheet include: use of pay-fixed/receive-floating SOFR indexed interest rate swaps totaling \$60 million notional with an average term of 3.5 years at origination and 3.2 years remaining term at the end of 2023; and issuing longer-term time deposits, including those with call options. In addition, CIBM Bank raised more than \$50 million dollars in new time and money market deposits on a combined basis in the fourth quarter of 2023 to pay down short-term Federal Home Loan Bank of Chicago (“FHLB Chicago”) borrowings, which were initially used to fund loan growth.
- The Fed’s response to inflation by increasing short-term interest rates 525 basis points in roughly 18 months and a deeply inverted yield curve have had a severe effect on deposit mix and related Cost of Funds in the banking industry with the changes accelerated in the past year. Cost of Funds increased significantly during 2023 as deposit customers sought higher returns in a rising rate environment and to maximize their FDIC insurance coverage. Furthermore, deposit rate competition intensified dramatically during the year. Total deposits were up \$99 million since December 31, 2022, with noninterest-bearing deposits down \$26 million, and interest-bearing deposits up \$125 million, largely in time deposit products, as balances move from lower to higher interest rate products. Money market deposit balances were relatively unchanged for the year; however, money market rates were up significantly due to rising short-term rates and intensifying competition. The remaining funding for loan growth was largely from short-term

borrowings at the FHLB Chicago whose average cost for the quarter was 5.44% on a per annum basis. By growing deposits during the fourth quarter of 2023, CIB Marine was able to bring its loan to deposit ratio back below 100% to 99%.

- During 2023, CIB Marine's loan portfolio balances increased \$145 million, consisting of \$89 million in commercial segment loans and the remaining primarily in residential mortgage loans. During the fourth quarter of 2023, loan portfolio balances increased \$34 million primarily from \$30 million in commercial segment loans and \$2 million in residential mortgage loans. Commercial and residential mortgage loan portfolio growth were down \$7 million and \$11 million, respectively over the prior quarter. During 2023, the Mortgage Division originated \$269 million in residential mortgage loans with 73% of the originated loans sold or held for sale, compared to \$183 million and 87%, respectively, in 2022. The increase in mortgage loans originated in a very difficult mortgage environment was largely attributable to the addition of mortgage sales employees in the last month of 2022 and the first half of 2023.
- For the year ended December 31, 2023, Banking Division net income was \$2.4 million and Mortgage Division net loss was \$0.7 million. The remaining \$0.8 million net loss from parent company sub-debt and administration expenses. Banking Division income was down primarily due to increased Cost of Funds. Mortgage Division net loss improved due to higher residential mortgage loan originations, which were up \$86 million in 2023 compared to 2022. The Mortgage Division has 36 more commission-based loan originators since the end of the third quarter of 2022 and 8 additional operations/administration employees, improving the Division's lending capacity and mix of lending to operations staff. Pricing margins for mortgage loans continue to be very tight compared to the prior 10 years.
- During the second quarter of 2023, CIB Marine sold \$23 million in retail deposits from the Bank's Danville, Illinois, branch for a gain of \$1.5 million, net of conversion related data processing costs. In addition, approximately \$0.2 million in added costs were incurred related to the deposit sale and the subsequent closure of the Danville branch so that the combined effect was \$1.3 million in total income and \$1.0 million on a tax adjusted basis.
- CIB Marine took a \$1.1 million tax provision charge to increase its valuation allowance for its Wisconsin deferred tax assets related to the exclusion of commercial interest income from borrowers that reside in Wisconsin for loans with balances less than \$5 million, due to a Wisconsin statute that was signed into law and became effective in the later half of 2023.

Reflecting on the past year, Mr. J. Brian Chaffin, CIB Marine's President and CEO, commented, "Our successes have been overshadowed by the effects of the rapid and significant Fed funds rate increases over the past year and an inverted yield curve. As a result, our Cost of Funds has surged higher and mortgage production volumes continue to suffer. In an effort to mitigate some of our interest rate risk, we

have increased our use of interest rate swaps and callable CDs, and in support of earnings we have put in place several cost control measures that are projected to reduce our ongoing operating costs by more than \$1 million per annum.

“In addition, we closed our Danville, Illinois, branch after selling its retail deposits for a premium during the second quarter; our Retail Division updated online deposit account opening services as they continue to develop household banking relationships to support funding; and our Mortgage Division has increased production relative to the same period of 2023, and improved efficiencies and future production capacity.”

He concluded, “Finally, our Corporate Banking Division continued to outperform budget in generating new loans and deposits for the year. At the same time, we have eased our ACLL rate over the year, thanks to continued moderately strong credit quality coupled with a resilient economy and improved GDP and unemployment rate forecasts from the Federal Reserve over the year.”

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates nine 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, 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					Years Ended		
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
	(Dollars in thousands, except share and per share data)							
Selected Statement of Operations Data:								
Interest and dividend income	\$ 11,328	\$ 10,117	\$ 9,152	\$ 8,472	\$ 7,808	\$ 39,069	\$ 27,332	
Interest expense	6,190	5,180	3,643	2,601	1,664	17,614	3,417	
Net interest income	5,138	4,937	5,509	5,871	6,144	21,455	23,915	
Provision for (reversal of) credit losses	135	(140)	(246)	159	(642)	(92)	(893)	
Net interest income after provision for (reversal of) credit losses	5,003	5,077	5,755	5,712	6,786	21,547	24,808	
Noninterest income (1)	1,824	2,368	3,298	1,410	791	8,900	5,469	
Noninterest expense	6,669	7,007	7,457	6,805	6,316	27,938	25,263	
Income before income taxes	158	438	1,596	317	1,261	2,509	5,014	
Income tax expense	1,050	59	431	89	351	1,629	1,288	
Net income (loss)	\$ (892)	\$ 379	\$ 1,165	\$ 228	\$ 910	\$ 880	\$ 3,726	
Common Share Data:								
Basic net income (loss) per share (2)	\$ (0.67)	\$ 0.28	\$ 0.88	\$ 0.17	\$ 0.81	\$ 0.66	\$ 2.97	
Diluted net income (loss) per share (2)	(0.67)	0.21	0.64	0.13	0.59	0.49	2.16	
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tangible book value per share (3)	53.35	52.05	52.47	53.28	53.19	53.35	53.19	
Book value per share (3)	51.58	50.28	50.70	51.48	51.39	51.58	51.39	
Weighted average shares outstanding - basic	1,334,163	1,333,889	1,318,460	1,308,603	1,308,279	1,324,131	1,303,859	
Weighted average shares outstanding - diluted	1,813,207	1,814,716	1,815,593	1,803,218	1,796,947	1,811,975	1,795,037	
Financial Condition Data:								
Total assets	\$ 899,060	\$ 874,247	\$ 819,521	\$ 787,244	\$ 752,997	\$ 899,060	\$ 752,997	
Loans	722,084	688,446	647,823	608,492	577,303	722,084	577,303	
Allowance for credit losses on loans (4)	(9,136)	(8,947)	(8,999)	(9,193)	(7,894)	(9,136)	(7,894)	
Investment securities	131,529	130,476	114,661	126,001	124,421	131,529	124,421	
Deposits	727,565	644,165	613,808	632,339	628,869	727,565	628,869	
Borrowings	76,956	138,469	113,950	65,173	34,485	76,956	34,485	
Stockholders' equity	85,075	83,313	83,876	83,615	83,503	85,075	83,503	
Financial Ratios and Other Data:								
Performance Ratios:								
Net interest margin (5)	2.41%	2.43%	2.90%	3.22%	3.32%	2.72%	3.27%	
Net interest spread (6)	1.79%	1.85%	2.42%	2.82%	3.02%	2.18%	3.10%	
Noninterest income to average assets (7)	0.78%	1.15%	1.68%	0.72%	0.41%	1.08%	0.75%	
Noninterest expense to average assets	3.00%	3.31%	3.77%	3.58%	3.27%	3.40%	3.30%	
Efficiency ratio (8)	97.13%	95.06%	84.35%	93.90%	91.13%	92.13%	85.17%	
Earnings on average assets (9)	-0.40%	0.18%	0.59%	0.12%	0.47%	0.11%	0.49%	
Earnings on average equity (10)	-4.21%	1.78%	5.53%	1.11%	4.15%	1.05%	4.15%	
Asset Quality Ratios:								
Nonaccrual loans to loans (11)	0.50%	0.50%	0.02%	0.08%	0.16%	0.50%	0.16%	
Nonaccrual loans, modified loans to borrowers experiencing financial difficulty, loans 90 days or more past due and still accruing to total loans (4)	1.07%	0.56%	0.11%	0.12%	0.20%	1.07%	0.20%	
Nonaccrual loans, modified loans to borrowers experiencing financial difficulty, loans 90 days or more past due and still accruing to total assets (4)	0.90%	0.49%	0.13%	0.14%	0.20%	0.90%	0.20%	
Allowance for credit losses on loans to total loans (4)(11)	1.27%	1.30%	1.39%	1.51%	1.37%	1.27%	1.37%	
Allowance for credit losses on loans to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (4)(11)	118.59%	231.01%	1283.74%	1262.77%	684.06%	118.59%	684.06%	
Net charge-offs (recoveries) annualized to average loans (11)	0.01%	-0.01%	-0.02%	-0.02%	-0.33%	-0.01%	-0.08%	
Capital Ratios:								
Total equity to total assets	9.46%	9.53%	10.23%	10.62%	11.09%	9.46%	11.09%	
Total risk-based capital ratio	13.24%	13.58%	14.31%	14.84%	15.71%	13.24%	15.71%	
Tier 1 risk-based capital ratio	10.62%	10.91%	11.54%	11.99%	12.78%	10.62%	12.78%	
Leverage capital ratio	8.62%	8.93%	9.43%	9.56%	9.73%	8.62%	9.73%	
Other Data:								
Number of employees (full-time equivalent)	193	194	206	202	189	193	189	
Number of banking facilities	9	9	10	10	10	9	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 January 1, 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)

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
(Dollars in Thousands, Except Shares)					
Assets					
Cash and due from banks	\$ 9,491	\$ 9,203	\$ 14,444	\$ 16,490	\$ 19,667
Reverse repurchase agreements	-	-	-	-	-
Securities available for sale	129,370	128,413	112,532	123,838	122,292
Equity securities at fair value	2,159	2,063	2,129	2,163	2,129
Loans held for sale	9,209	15,011	14,726	10,848	5,057
Loans	722,084	688,446	647,823	608,492	577,303
Allowance for credit losses on loans (1)	(9,136)	(8,947)	(8,999)	(9,193)	(7,894)
Net loans	712,948	679,499	638,824	599,299	569,409
Federal Home Loan Bank Stock	2,709	4,645	2,818	1,897	1,897
Premises and equipment, net	3,602	3,675	3,879	3,969	4,081
Accrued interest receivable	2,983	2,748	2,036	2,118	1,915
Deferred tax assets, net	14,753	16,815	16,790	16,464	16,273
Other real estate owned, net	375	375	375	375	375
Bank owned life insurance	6,247	6,204	6,160	6,119	6,076
Goodwill and other intangible assets	64	70	76	81	87
Other assets	5,150	5,526	4,732	3,583	3,739
Total assets	\$ 899,060	\$ 874,247	\$ 819,521	\$ 787,244	\$ 752,997
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 89,025	\$ 88,674	\$ 93,487	\$ 94,700	\$ 115,186
Interest-bearing demand	90,232	73,086	82,484	93,388	76,918
Savings	256,059	254,211	247,339	259,907	260,159
Time	292,249	228,194	190,498	184,344	176,606
Total deposits	727,565	644,165	613,808	632,339	628,869
Short-term borrowings	67,227	128,748	104,238	55,469	24,789
Long-term borrowings	9,729	9,721	9,712	9,704	9,696
Accrued interest payable	1,883	1,491	963	557	554
Other liabilities	7,581	6,809	6,924	5,560	5,586
Total liabilities	813,985	790,934	735,645	703,629	669,494
Stockholders' Equity					
Preferred stock, \$1 par value; 5,000,000 authorized shares at both September 30, 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	13,806	13,806	13,806
Common stock, \$1 par value; 75,000,000 authorized shares; 1,349,392 and 1,323,547 issued shares; 1,335,323 and 1,309,478 outstanding shares at December 31, 2023 and 2022, respectively. (2)					
	1,349	1,349	1,349	1,324	1,324
Capital surplus	181,282	181,144	181,050	180,903	180,777
Accumulated deficit	(105,335)	(104,443)	(104,822)	(105,987)	(105,025)
Accumulated other comprehensive income, net	(5,493)	(8,009)	(6,973)	(5,897)	(6,845)
Treasury stock, 14,791 shares on December 31, 2023 and 2022 (3)	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	85,075	83,313	83,876	83,615	83,503
Total liabilities and stockholders' equity	\$ 899,060	\$ 874,247	\$ 819,521	\$ 787,244	\$ 752,997

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

(2) Both issued and outstanding shares as stated here exclude 49,308 shares and 58,897 shares of unvested restricted stock awards at December 31, 2023 and 2022, respectively.

(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					Years Ended	
	Quarters Ended						
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Dollars in thousands)						
Interest Income							
Loans	\$ 9,752	\$ 8,718	\$ 7,942	\$ 7,121	\$ 6,426	\$ 33,533	\$ 23,251
Loans held for sale	200	227	155	84	63	666	307
Securities	1,330	1,132	985	1,031	948	4,478	2,994
Other investments	46	40	70	236	371	392	780
Total interest income	11,328	10,117	9,152	8,472	7,808	39,069	27,332
Interest Expense							
Deposits	5,071	3,918	3,076	2,364	1,452	14,429	2,848
Short-term borrowings	998	1,141	445	118	91	2,702	150
Long-term borrowings	121	121	122	119	121	483	419
Total interest expense	6,190	5,180	3,643	2,601	1,664	17,614	3,417
Net interest income	5,138	4,937	5,509	5,871	6,144	21,455	23,915
Provision for (reversal of) credit losses	135	(140)	(246)	159	(642)	(92)	(893)
Net interest income after provision for (reversal of) credit losses	5,003	5,077	5,755	5,712	6,786	21,547	24,808
Noninterest Income							
Deposit service charges	74	101	76	79	82	330	348
Other service fees	3	6	11	16	15	36	129
Mortgage banking revenue, net	1,397	1,984	1,636	1,008	597	6,025	4,421
Other income	165	132	171	110	117	578	617
Net gains on sale of securities available for sale	0	0	0	0	0	0	0
Unrealized gains (losses) recognized on equity securities	96	(66)	(34)	34	4	30	(279)
Net gains (loss) on sale of SBA loans	0	0	0	151	0	151	157
Net gains (losses) on sale of assets and (writedowns)	89	211	1,438	12	(24)	1,750	76
Total noninterest income	1,824	2,368	3,298	1,410	791	8,900	5,469
Noninterest Expense							
Compensation and employee benefits	4,369	4,631	5,101	4,550	4,061	18,651	16,705
Equipment	493	484	504	475	466	1,956	1,743
Occupancy and premises	415	490	404	438	399	1,747	1,619
Data Processing	224	245	221	199	202	889	744
Federal deposit insurance	170	123	150	87	70	530	231
Professional services	243	271	317	278	415	1,109	1,167
Telephone and data communication	66	57	56	61	66	240	248
Insurance	79	82	68	88	85	317	318
Other expense	610	624	636	629	552	2,499	2,488
Total noninterest expense	6,669	7,007	7,457	6,805	6,316	27,938	25,263
Income from operations before income taxes	158	438	1,596	317	1,261	2,509	5,014
Income tax expense	1,050	59	431	89	351	1,629	1,288
Net (loss) income	(892)	379	1,165	228	910	880	3,726
Preferred stock dividend	0	0	0	0	0	0	0
Discount from repurchase of preferred stock	0	0	0	0	146	0	0
Net income (loss) allocated to common stockholders	\$ (892)	\$ 379	\$ 1,165	\$ 228	\$ 1,056	\$ 880	\$ 3,726