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CIB MARINE BANCSHARES, INC. ANNOUNCES SECOND QUARTER 2023 RESULTS

BROOKFIELD, Wis. – CIB Marine Bancshares, Inc. (the "Company" or "CIBM") (OTCQX: CIBH), the holding company of CIBM Bank (the "Bank"), announced its unaudited results of operations and financial condition for the quarter and six months ended June 30, 2023. During the quarter, CIBM Bank grew its loan portfolio, expanded its mortgage operations, and completed the sale of the retail deposits from its Danville, Illinois, branch. The Mortgage Division had a small operating profit in the second quarter versus a significant loss in the first quarter of 2023, and the Bank's cost of funds were sharply higher. Net income for the quarter was $1.2 million, or $0.88 basic and $0.64 diluted earnings per share, compared to $0.9 million, or $0.68 basic and $0.49 diluted earnings per share, for the same period of 2022. Net income for the six months ended June 30, 2023, was $1.4 million, or $1.06 basic and $0.77 diluted earnings per share, compared to $1.8 million, or $1.38 basic and $1.00 diluted earnings per share, for the same period of 2022.

Financial highlights for the quarter and six-month period include:

- $23 million in retail deposits from the Bank's Danville, Illinois, branch were sold for a gain of $1.5 million, net of conversion-related data processing costs. In addition, approximately $0.2 million additional costs were incurred related to the deposit sale and the recently announced closure of the Danville branch during the first half of 2023 so that the combined effect was $1.3 million in total income and $1.0 million on a tax adjusted basis.
- Loan portfolio balances increased $70 million year to date, comprised primarily of $38 million in residential mortgage loans and $31 million in commercial segment loans; and from March 31, 2023, to June 30, 2023, loan portfolio balances increased $39 million with $30 million in residential mortgage loans and $9 million in commercial segment loans. Loan growth is likely to slow significantly in the third quarter as more of the future residential mortgage loan originations will be sold in the foreseeable future. During the first half of the year, the Mortgage Division originated $126 million in residential mortgage loans with roughly two-thirds of the originated loans sold or held for sale. The remainder are held in the Bank's loan portfolio with

the majority of those loans having the following terms: 5/1 ARM, 7/1 ARM, or 15-year fixed. Over the prior eight years, the Mortgage Division's loans originated for sale ranged from 79% to 93% of its total originations.

- As of June 30, 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 0.13% and 0.02%, respectively, compared to 0.20% and 0.16%, respectively, on December 31, 2022, and 0.25% and 0.22%, respectively, on June 30, 2022. Also, as of June 30, 2023, the allowance for credit losses on loans ("ACLL") to loans was 1.39% compared to an allowance for loan and lease losses of 1.37% at December 31, 2022, and 1.46% at June 30, 2022. The ACLL is down 12 basis points from March 31, 2023, due to improved economic forecasts and other qualitative factors, as well as a higher portion of the loan portfolio being in residential loans that generally have a lower expected loss rate than commercial segment loans.
- Net interest income and margin were $11.4 million and 3.06%, respectively, for the six months ended June 30, 2023, compared to $11.4 million and 3.15%, respectively, in the same period of 2022. The six-month period in 2023 had $0.3 million less Paycheck Protection Program 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 $22 million rise in average balances in earning assets. The net interest margin declined 9 basis points compared to same six month period in 2022 due to a number of factors, including a $24 million decline in average non-interest bearing deposit balances as higher short-term interest rates attracted money into interest bearing products, and a 44 basis point increase in the cost of interest bearing liabilities over the increase in yields on interest earning assets in part due to growth in generally tighter spread residential mortgage loans and the effects of an inverted yield curve.
- Cost of funds is up significantly this year due to 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 down $15 million since December 31, 2022, with noninterest-bearing deposits down $22 million, and interest-bearing deposits up $7 million, largely in reciprocal and time deposit products. After adjusting for the sale of the Danville branch's retail deposits, total deposits are up $8 million with noninterest-bearing deposits down $20 million, and interest-bearing deposits up $28 million.
- For the six months ended June 30, 2023, Banking Division net income was $2.3 million and Mortgage Division net loss was $0.5 million. The remaining $0.4 million on net loss was from parent company sub-debt and administration expenses. Residential mortgage loan originations are up $15 million compared to the same six-month period from 2022. The Mortgage Division added 40 commission-based loan originators since the end of the third quarter of 2022 and

approximately seven operations/administration employees, improving the Division's operating efficiencies. Although total loan originations are up for the Mortgage Division, the average number of loans per lender are down as markets remain adversely affected by higher mortgage interest rates compared to recent years and tight housing supply. In addition, tighter mortgage loan margins have persisted. Recently hired mortgage lenders are expected to become more fully established and up-front growth costs should diminish in the second half of 2023.

Reflecting on the past six months, Mr. J. Brian Chaffin, CIBM's President and CEO, commented, "We have completed a number of significant projects in the first half of 2023. First, we more than doubled our Mortgage Division sales force with approximately one-half of our new lenders based in newly established northeastern U.S. markets. Despite relatively high rates, housing stock in short supply, and tight margins, the Mortgage Division was able to turn a profit in the second quarter after a significant loss in the first quarter, with loan production year to date spread evenly between the new loan originators and the Division's existing staff. Second, and somewhat related, we increased our residential loan portfolio size after seeing it shrink over the prior three years. These new loans have higher yields than prior portfolio loans and continue to be lower risk and lower margin relative to the marginal cost of funds. Finally, we completed the sale of our Danville branch's retail deposits for a gain and announced the branch's closure as a part of our long-term strategic plan to improve efficiencies and focus attention on our core markets."

He added, "Our Retail Banking, Corporate Banking, and Government Guaranteed Lending Divisions have continued their relationship development success this year. To date, the combined Corporate Banking and Government Guaranteed Lending Divisions are well ahead of their annual budget goals for loan and deposit growth and, excluding the effects of the sale of the Danville retail deposit sale, total deposit balances are up, in part due to the Retail Banking Division's deposit retention and growth activities.

"Continued strong credit quality coupled with a resilient economy with a better forecast, and other qualitative factors, has eased our allowance for credit losses on loans."

Looking ahead, he concluded, "The key challenges and areas of focus for the Company during the second half of the year will include continuing the improvement in Mortgage Division operating results; growth and retention of core loan and deposit relationships; and mitigating the rising cost of funds, partly through expense controls on certain programs, services, and capital."

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 ten 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					6 Months Ended	
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	June 30, 2023	June 30, 2022
	(Dollars in thousands, except share and per share data)						
Selected Statement of Operations Data:							
Interest and dividend income	$ 9,152	$ 8,472	$ 7,808	$ 7,234	$ 6,411	$ 17,624	$ 12,290
Interest expense	3,643	2,601	1,664	823	517	6,244	930
Net interest income	5,509	5,871	6,144	6,411	5,894	11,380	11,360
Provision for (reversal of) credit losses	(246)	159	(642)	34	40	(87)	(285)
Net interest income after provision for (reversal of) loan losses	5,755	5,712	6,786	6,377	5,854	11,467	11,645
Noninterest income (1)	3,298	1,410	791	1,313	1,660	4,708	3,365
Noninterest expense	7,457	6,805	6,316	6,311	6,374	14,262	12,636
Income before income taxes	1,596	317	1,261	1,379	1,140	1,913	2,374
Income tax expense	431	89	351	352	251	520	585
Net income	$ 1,165	$ 228	$ 910	$ 1,027	$ 889	$ 1,393	$ 1,789
Common Share Data:							
Basic net income per share (2)	$ 0.88	$ 0.17	$ 0.81	$ 0.78	$ 0.68	$ 1.06	$ 1.38
Diluted net income per share (2)	0.64	0.13	0.59	0.57	0.49	0.77	1.00
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible book value per share (3)	52.47	53.28	53.19	52.24	53.68	52.47	53.68
Book value per share (3)	50.70	51.48	51.39	49.78	51.22	50.70	51.22
Weighted average shares outstanding - basic	1,318,460	1,308,603	1,308,279	1,308,752	1,307,341	1,313,553	1,300,239
Weighted average shares outstanding - diluted	1,815,593	1,803,218	1,796,947	1,797,721	1,798,008	1,809,435	1,793,815
Financial Condition Data:							
Total assets	$ 819,521	$ 787,244	$ 752,997	$ 762,965	$ 774,356	$ 819,521	$ 774,356
Loans	647,823	608,492	577,303	564,841	549,175	647,823	549,175
Allowance for credit losses on loans (4)	(8,999)	(9,193)	(7,894)	(8,061)	(8,010)	(8,999)	(8,010)
Investment securities	114,661	126,001	124,421	127,954	122,483	114,661	122,483
Deposits	613,808	632,339	628,869	633,234	642,500	613,808	642,500
Borrowings	113,950	65,173	34,485	37,168	37,693	113,950	37,693
Stockholders' equity	83,876	83,615	83,503	87,228	89,111	83,876	89,111
Financial Ratios and Other Data:							
Performance Ratios:							
Net interest margin (5)	2.90%	3.22%	3.32%	3.45%	3.23%	3.06%	3.15%
Net interest spread (6)	2.42%	2.82%	3.02%	3.29%	3.14%	2.62%	3.06%
Noninterest income to average assets (7)	1.68%	0.72%	0.41%	0.72%	0.91%	1.21%	0.94%
Noninterest expense to average assets	3.77%	3.58%	3.27%	3.24%	3.34%	3.68%	3.35%
Efficiency ratio (8)	84.35%	93.90%	91.13%	80.73%	83.52%	88.65%	84.72%
Earnings on average assets (9)	0.59%	0.12%	0.47%	0.53%	0.47%	0.36%	0.47%
Earnings on average equity (10)	5.53%	1.11%	4.15%	4.52%	3.96%	3.35%	3.97%
Asset Quality Ratios:							
Nonaccrual loans to loans (11)	0.02%	0.08%	0.16%	0.13%	0.22%	0.02%	0.22%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (4)	0.11%	0.12%	0.20%	0.17%	0.28%	0.11%	0.28%
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (4)	0.13%	0.14%	0.20%	0.18%	0.25%	0.13%	0.25%
Allowance for credit losses on loans to total loans (4)(11)	1.39%	1.51%	1.37%	1.43%	1.46%	1.39%	1.46%
Allowance for credit losses on loans to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (4)(11)	1283.74%	1262.77%	684.06%	852.11%	512.48%	1283.74%	512.48%
Net charge-offs (recoveries) annualized to average loans (11)	-0.02%	-0.02%	-0.33%	-0.01%	0.03%	-0.02%	0.02%
Capital Ratios:							
Total equity to total assets	10.23%	10.62%	11.09%	11.43%	11.51%	10.23%	11.51%
Total risk-based capital ratio	14.31%	14.84%	15.71%	16.42%	16.85%	14.31%	16.85%
Tier 1 risk-based capital ratio	11.54%	11.99%	12.78%	13.48%	13.85%	11.54%	13.85%
Leverage capital ratio	9.43%	9.56%	9.73%	10.16%	10.20%	9.43%	10.20%
Other Data:							
Number of employees (full-time equivalent)	206	202	189	166	159	206	159
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
(4) Allowance for credit losses on loans is allowance for loan losses in ending dates and periods prior to June 30, 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)

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
	(Dollars in Thousands, Except Shares)				
Assets					
Cash and due from banks	$ 14,444	$ 16,490	$ 19,667	$ 36,454	$ 68,097
Reverse repurchase agreements	-	-	-	-	-
Securities available for sale	112,532	123,838	122,292	125,830	120,265
Equity securities at fair value	2,129	2,163	2,129	2,124	2,218
Loans held for sale	14,726	10,848	5,057	6,471	7,519
Loans	647,823	608,492	577,303	564,841	549,175
Allowance for credit losses on loans (1)	(8,999)	(9,193)	(7,894)	(8,061)	(8,010)
Net loans	638,824	599,299	569,409	556,780	541,165
Federal Home Loan Bank Stock	2,818	1,897	1,897	1,897	2,897
Premises and equipment, net	3,879	3,969	4,081	4,159	4,138
Accrued interest receivable	2,036	2,118	1,915	1,807	1,644
Deferred tax assets, net	16,790	16,464	16,273	16,977	16,142
Other real estate owned, net	375	375	375	403	403
Bank owned life insurance	6,160	6,119	6,076	6,040	6,002
Goodwill and other intangible assets	76	81	87	92	98
Other assets	4,732	3,583	3,739	3,931	3,768
Total Assets	$ 819,521	$ 787,244	$ 752,997	$ 762,965	$ 774,356
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	$ 93,487	$ 94,700	$ 115,186	$ 134,765	$ 129,457
Interest-bearing demand	82,484	93,388	76,918	79,306	66,495
Savings	247,339	259,907	260,159	254,146	287,159
Time	190,498	184,344	176,606	165,017	159,389
Total deposits	613,808	632,339	628,869	633,234	642,500
Short-term borrowings	104,238	55,469	24,789	27,480	28,013
Long-term borrowings	9,712	9,704	9,696	9,688	9,680
Accrued interest payable	963	557	554	227	287
Other liabilities	6,924	5,560	5,586	5,108	4,765
Total liabilities	735,645	703,629	669,494	675,737	685,245
Stockholders' Equity					
Preferred stock, $1 par value; 5,000,000 authorized shares at both June 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	18,762	18,762
Common stock, $1 par value; 75,000,000 authorized shares; 1,348,716 and 1,323,547 issued shares; 1,334,647 and 1,309,478 outstanding shares at June 30, 2023 and December 31, 2022, respectively. (2)	1,349	1,324	1,324	1,324	1,324
Capital surplus	181,050	180,903	180,777	180,664	180,544
Accumulated deficit	(104,822)	(105,987)	(105,025)	(106,081)	(107,108)
Accumulated other comprehensive income, net	(6,973)	(5,897)	(6,845)	(6,907)	(3,877)
Treasury stock, 14,791 shares on March 31, 2023 and December 31, 2022 (3)	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	83,876	83,615	83,503	87,228	89,111
Total liabilities and stockholders' equity	$ 819,521	$ 787,244	$ 752,997	$ 762,965	$ 774,356

(1) Allowance for credit losses on loans is allowance for loan losses in ending dates and periods prior to June 30, 2023.

(2) Both issued and outstanding shares as stated here exclude 52,373 shares of unvested restricted stock awards at June 30, 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						
	Quarters Ended					6 Months Ended	
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	June 30, 2023	June 30, 2022
	(Dollars in thousands)						
Interest Income							
Loans	$ 7,942	$ 7,121	$ 6,426	$ 6,029	$ 5,542	$ 15,063	$ 10,796
Loans held for sale	155	84	63	96	90	239	148
Securities	985	1,031	948	826	683	2,016	1,220
Other investments	70	236	371	283	96	306	126
Total interest income	9,152	8,472	7,808	7,234	6,411	17,624	12,290
Interest Expense							
Deposits	3,076	2,364	1,452	662	384	5,440	734
Short-term borrowings	445	118	91	40	12	563	19
Long-term borrowings	122	119	121	121	121	241	177
Total interest expense	3,643	2,601	1,664	823	517	6,244	930
Net interest income	5,509	5,871	6,144	6,411	5,894	11,380	11,360
Provision for (reversal of) credit losses	(246)	159	(642)	34	40	(87)	(285)
Net interest income after provision for (reversal of) loan losses	5,755	5,712	6,786	6,377	5,854	11,467	11,645
Noninterest Income							
Deposit service charges	76	79	82	86	92	155	180
Other service fees	11	16	15	18	71	27	96
Mortgage banking revenue, net	1,636	1,008	597	1,126	1,268	2,644	2,698
Other income	171	110	117	147	141	281	353
Net gains on sale of securities available for sale	0	0	0	0	0	0	0
Unrealized gains (losses) recognized on equity securities	(34)	34	4	(93)	(78)	0	(190)
Net gains (loss) on sale of SBA loans	0	151	0	0	126	151	157
Net gains (losses) on sale of assets and (writedowns)	1,438	12	(24)	29	40	1,450	71
Total noninterest income	3,298	1,410	791	1,313	1,660	4,708	3,365
Noninterest Expense							
Compensation and employee benefits	5,101	4,550	4,061	4,240	4,175	9,651	8,404
Equipment	504	475	466	396	439	979	881
Occupancy and premises	404	438	399	390	408	842	830
Data Processing	221	199	202	205	171	420	337
Federal deposit insurance	150	87	70	58	51	237	103
Professional services	317	278	415	244	284	595	508
Telephone and data communication	56	61	66	61	60	117	121
Insurance	68	88	85	74	74	156	159
Other expense	636	629	552	643	712	1,265	1,293
Total noninterest expense	7,457	6,805	6,316	6,311	6,374	14,262	12,636
Income from operations before income taxes	1,596	317	1,261	1,379	1,140	1,913	2,374
Income tax expense	431	89	351	352	251	520	585
Net income	1,165	228	910	1,027	889	1,393	1,789
Preferred stock dividend	0	0	0	0	0	0	0
Discount from repurchase of preferred stock	0	0	146	0	0	0	0
Net income allocated to common stockholders	$ 1,165	$ 228	$ 1,056	$ 1,027	$ 889	$ 1,393	$ 1,789