



FOR IMMEDIATE RELEASE
July 19, 2019

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

CIB MARINE BANCSHARES, INC. ANNOUNCES SECOND QUARTER 2019 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 2019. Income before taxes for the quarter was \$1.0 million compared to \$1.1 million for the same period in 2018, and for the six months ending June 30, 2019, it was \$1.9 million compared to \$2.0 million for the same period in 2018.

A summary of financial results for the quarter and six months ended June 30, 2019, is attached. Select highlights include:

- Tangible book value per share and stated book value per share at June 30, 2019, were \$2.97 and \$2.60 per share of common stock, respectively, compared to \$2.82 and \$2.45, respectively, at December 31, 2018. The increase reflects reported income for the six months ended June 30, 2019, and improved net accumulated other comprehensive income (loss) due to improved available for sale security values as a result of lower market interest rates.
- Income before taxes for subsidiary CIBM Bank was \$1.2 million for the quarter compared to \$1.4 million for the same period in 2018, and \$2.0 million for the six months ending June 30, 2019, compared to \$2.5 million for the same period in 2018. Comparing the two six month periods, there was a decline in net interest income of \$0.2 million due primarily to rising cost of funds, and a decline in non-interest income of \$0.9 million due to lower net mortgage banking revenues and SBA gains on sale as a result of lower origination volumes. This was offset, in part, by lower non-interest expenses of \$0.4 million and a \$0.2 million improvement in provisions to loan losses.
- Non-performing assets, restructured loans, and loans 90 days or more past due and still accruing to total assets was 1.40% at June 30, 2019, versus 1.45% at December 31, 2018, and 0.94% at June 30, 2018. The increase from one year ago is primarily the result of one loan placed on non-accrual during the fourth quarter of 2018. CIB Marine’s allowance for loan losses was 1.41% at June 30, 2019, versus 1.62% at December 31, 2018, and 1.65% at June 30, 2018. The decline was primarily due to a \$0.5 million charge-off of a loan that was previously reserved for.

Mr. J. Brian Chaffin, President and CEO of CIBM, commented, “Our mortgage division increased mortgage loan closings by \$47 million in the second quarter versus the first quarter of 2019 and net mortgage banking revenue increased by \$1.2 million over the same period. The improvements are attributable to a number of factors including

seasonality, the division's success in purchase money lending activity, a number of new hires, and lower interest rates. At the same time, our loan portfolio grew by \$24 million during the quarter with contributions from all major portfolio segments, including commercial, residential, and home equity lines of credit. Our SBA loan originations continue to be softer than the prior year with our gains on sale year to date totaling \$0.3 million compared to \$0.7 million for the same period last year, but there is a significant pipeline developed that we expect to support higher originations and gains on sale in the quarters ahead."

He added, "Our rising trend in cost of funds has slowed due to a number of factors, including slower total balance sheet growth in the industry and market pricing for lower future short- and mid-term interest rates. However, it continues to have an adverse effect on our net interest income growth and our net interest margin, which reported at 2.89% for the second quarter of 2019, down from 2.94% in the first quarter.

"Lastly, we concluded the offering period of the second of three planned preferred stock modified Dutch auctions in June of 2019. Of the approximately 29,475 shares of preferred stock offered for sale, approximately 2,229 shares met the criteria for repurchase laid out by the Board of Directors of CIBM and are anticipated to be accepted by CIBM for a total price of \$1.6 million, pending necessary regulatory approvals. It is contemplated a discount of \$0.3 million to the carrying value of preferred stock shares will be transferred to paid-in capital upon acceptance by CIBM of these offered shares. CIBM plans to settle the transactions from cash and no additional capital has been or is contemplated to be issued to provide funding for the purchases. As a reminder, a \$3.5 million liability currently exists for the purchase of 4,923 preferred shares, which will settle on or before December 1, 2019, as agreed to in 2018."

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, 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, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
	(Dollars in thousands, except share and per share data)						
Selected Statement of Operations Data							
Interest and dividend income	\$ 7,078	\$ 7,015	\$ 7,009	\$ 6,798	\$ 6,387	\$ 14,093	\$ 12,396
Interest expense	2,256	2,178	2,064	1,767	1,406	4,434	2,591
Net interest income	4,822	4,837	4,945	5,031	4,981	9,659	9,805
Provision for (reversal of) loan losses	(67)	(158)	(1,195)	(13)	149	(225)	23
Net interest income after provision for (reversal of) loan losses	4,889	4,995	6,140	5,044	4,832	9,884	9,782
Noninterest income (1)	2,710	1,362	1,546	3,063	2,968	4,072	4,800
Noninterest expense	6,557	5,505	6,415	6,871	6,737	12,062	12,561
Income before income taxes	1,042	852	1,271	1,236	1,063	1,894	2,021
Income tax expense	281	229	313	345	241	510	530
Net income	\$ 761	\$ 623	\$ 958	\$ 891	\$ 822	\$ 1,384	\$ 1,491
Common Share Data							
Basic net income per share (2)	\$ 0.04	\$ 0.03	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.08	\$ 0.09
Diluted net income per share (2)	0.02	0.02	0.03	0.07	0.02	0.04	0.04
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible book value per share (3)	2.97	2.90	2.82	2.71	2.58	2.97	2.58
Book value per share (3)	2.60	2.53	2.45	2.34	2.10	2.60	2.10
Weighted average shares outstanding - basic	18,290,674	18,232,169	18,232,169	18,232,169	18,209,032	18,261,584	18,185,641
Weighted average shares outstanding - diluted	33,009,983	32,815,744	32,757,855	34,589,375	36,783,724	32,950,273	36,664,538
Financial Condition Data							
Total assets	\$ 708,270	\$ 702,152	\$ 721,259	\$ 723,733	\$ 694,812	\$ 708,270	\$ 694,812
Loans	513,755	489,273	491,337	507,677	488,762	513,755	488,762
Allowance for loan losses	(7,251)	(7,865)	(7,947)	(8,217)	(8,055)	(7,251)	(8,055)
Investment securities	124,784	123,500	121,281	118,345	119,571	124,784	119,571
Deposits	535,367	542,938	536,931	523,729	517,452	535,367	517,452
Borrowings	69,174	57,220	86,710	104,357	76,427	69,174	76,427
Stockholders' equity	94,035	92,507	91,035	88,993	97,313	94,035	97,313
Financial Ratios and Other Data							
Performance Ratios:							
Net interest margin (4)	2.89%	2.94%	2.89%	2.97%	3.15%	2.92%	3.18%
Net interest spread (5)	2.58%	2.64%	2.62%	2.72%	2.92%	2.62%	2.96%
Noninterest income to average assets (6)	1.52%	0.76%	0.84%	1.72%	1.77%	1.14%	1.47%
Noninterest expense to average assets	3.72%	3.14%	3.54%	3.82%	3.99%	3.44%	3.82%
Efficiency ratio (7)	87.45%	89.24%	99.18%	84.63%	84.56%	88.26%	85.80%
Earnings on average assets (8)	0.43%	0.36%	0.53%	0.50%	0.49%	0.39%	0.45%
Earnings on average equity (9)	3.28%	2.76%	4.23%	3.77%	3.36%	3.03%	3.07%
Asset Quality Ratios:							
Nonaccrual loans to loans (10)	1.12%	1.29%	1.34%	0.73%	0.53%	1.12%	0.53%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	1.45%	1.66%	1.62%	1.09%	0.82%	1.45%	0.82%
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10)	1.40%	1.51%	1.45%	1.11%	0.94%	1.40%	0.94%
Allowance for loan losses to total loans (10)	1.41%	1.61%	1.62%	1.62%	1.65%	1.41%	1.65%
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	97.34%	96.96%	99.72%	148.99%	200.97%	97.34%	200.97%
Net charge-offs (recoveries) annualized to average loans (10)	0.44%	(0.06%)	(0.74%)	(0.14%)	(0.48%)	0.19%	-0.14%
Capital Ratios:							
Total equity to total assets	13.28%	13.17%	12.62%	12.30%	14.01%	13.28%	14.01%
Total risk-based capital ratio	15.32%	15.56%	15.34%	14.43%	16.40%	15.32%	16.40%
Tier 1 risk-based capital ratio	14.07%	14.31%	14.09%	13.18%	15.14%	14.07%	15.14%
Leverage capital ratio	10.64%	10.39%	10.10%	9.90%	11.70%	10.64%	11.70%
Other Data:							
Number of employees (full-time equivalent)	180	177	183	188	184	180	184
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 for the second and third quarters of 2018 and the six months ended June 30, 2018 includes the difference between the carrying amount less the consideration paid for redeemed preferred stock of \$0.1 million, \$1.7 million and \$0.1 million, respectively.

(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. As presented here, shares of common outstanding excludes unvested Restricted Stock Awards totalling 1,244,105 shares of common stock at June 30, 2019.

(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, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
(Dollars in Thousands, Except Shares)					
Assets					
Cash and due from banks	\$ 8,791	\$ 8,168	\$ 13,037	\$ 10,055	\$ 9,752
Reverse repurchase agreements	18,347	42,729	58,662	45,076	28,403
Securities available for sale	122,365	121,115	118,926	116,013	117,221
Equity securities at fair value	2,419	2,385	2,355	2,332	2,350
Loans held for sale	8,450	4,467	4,632	8,145	15,407
Loans	513,755	489,273	491,337	507,677	488,762
Allowance for loan losses	(7,251)	(7,865)	(7,947)	(8,217)	(8,055)
Net loans	506,504	481,408	483,390	499,460	480,707
Federal Home Loan Bank Stock	2,363	2,003	3,172	3,870	2,610
Premises and equipment, net (1)	7,386	7,220	4,498	4,409	4,296
Accrued interest receivable	1,820	1,873	1,570	1,858	1,580
Deferred tax assets, net	20,703	21,156	21,422	22,410	22,604
Other real estate owned, net	2,466	2,466	2,486	2,494	2,494
Bank owned life insurance	4,640	4,613	4,590	4,565	4,541
Goodwill and other intangible assets	165	171	176	181	187
Other assets	1,851	2,378	2,343	2,865	2,660
Total Assets	\$ 708,270	\$ 702,152	\$ 721,259	\$ 723,733	\$ 694,812
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 62,424	\$ 62,553	\$ 63,507	\$ 69,165	\$ 72,839
Interest-bearing demand	32,649	32,467	33,660	33,701	32,615
Savings	192,133	188,110	181,432	164,603	175,343
Time	248,161	259,808	258,332	256,260	236,655
Total deposits	535,367	542,938	536,931	523,729	517,452
Short-term borrowings	69,174	57,220	86,710	104,357	76,427
Accrued interest payable	725	727	710	694	497
Other liabilities	8,969	8,760	5,873	5,960	3,123
Total liabilities	614,235	609,645	630,224	634,740	597,499
Stockholders' Equity					
Preferred stock, \$1 par value; 5,000,000 authorized shares; 7% fixed rate noncumulative perpetual issued; 42,955 shares of series A and 3,380 shares of series B; convertible; aggregate liquidation preference- \$46.3 million	39,384	39,384	39,384	39,384	50,107
Common stock, \$1 par value; 75,000,000 authorized shares; 18,455,610 issued shares; 18,244,563 outstanding shares	18,543	18,456	18,456	18,454	18,454
Capital surplus	160,991	160,930	160,815	160,716	158,903
Accumulated deficit	(124,412)	(125,173)	(125,796)	(126,754)	(127,140)
Accumulated other comprehensive income (loss), net	63	(556)	(1,290)	(2,273)	(2,477)
Treasury stock 221,902 shares at cost	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	94,035	92,507	91,035	88,993	97,313
Total liabilities and stockholders' equity	\$ 708,270	\$ 702,152	\$ 721,259	\$ 723,733	\$ 694,812

(1) The adoption of the new lease accounting standards effective January 1, 2019 resulted in \$2.8 million of right of use assets being recorded in premise and equipment, net and a corresponding liability in other liabilities.

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

	At or for the							
	Quarters Ended					6 Months Ended		
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018	
	(Dollars in thousands)							
Interest Income								
Loans	\$ 5,811	\$ 5,693	\$ 5,686	\$ 5,638	\$ 5,372	\$ 11,504	\$ 10,497	
Loans held for sale	97	85	86	112	117	182	190	
Securities	868	804	828	720	720	1,672	1,495	
Other investments	302	433	409	328	178	735	214	
Total interest income	7,078	7,015	7,009	6,798	6,387	14,093	12,396	
Interest Expense								
Deposits	1,949	1,805	1,547	1,343	1,038	3,754	1,986	
Short-term borrowings	307	373	517	424	368	680	605	
Total interest expense	2,256	2,178	2,064	1,767	1,406	4,434	2,591	
Net interest income	4,822	4,837	4,945	5,031	4,981	9,659	9,805	
Provision for (reversal of) loan losses	(67)	(158)	(1,195)	(13)	149	(225)	23	
Net interest income after provision for (reversal of) loan losses	4,889	4,995	6,140	5,044	4,832	9,884	9,782	
Noninterest Income								
Deposit service charges	95	83	79	105	110	178	221	
Other service fees	29	20	31	30	40	49	74	
Mortgage Banking revenue, net	2,148	978	1,057	1,760	2,155	3,126	3,529	
Other income	179	165	143	173	153	344	285	
Net gains (losses) on sale of securities available for sale	0	0	0	(7)	0	0	22	
Unrealized gains (losses) recognized on equity securities	34	30	23	(18)	(18)	64	(57)	
Net gains on sale of assets	225	86	213	1,020	528	311	726	
Total noninterest income	2,710	1,362	1,546	3,063	2,968	4,072	4,800	
Noninterest Expense								
Compensation and employee benefits	4,445	3,687	4,206	4,514	4,682	8,132	8,738	
Equipment	353	335	364	351	337	688	648	
Occupancy and premises	437	456	423	378	422	893	839	
Data Processing	160	166	169	184	162	326	316	
Federal deposit insurance	66	82	74	51	48	148	97	
Professional services	207	140	270	623	290	347	456	
Telephone and data communication	83	78	86	78	79	161	157	
Insurance	52	53	47	60	63	105	124	
Other expense	754	508	776	632	654	1,262	1,186	
Total noninterest expense	6,557	5,505	6,415	6,871	6,737	12,062	12,561	
Income from operations before income taxes	1,042	852	1,271	1,236	1,063	1,894	2,021	
Income tax expense	281	229	313	345	241	510	530	
Net income	761	623	958	891	822	1,384	1,491	
Preferred stock dividend	0	0	0	0	0	0	0	
Discount from repurchase of preferred shares	0	0	0	1,703	105	0	105	
Net income allocated to common stockholders	\$ 761	\$ 623	\$ 958	\$ 2,594	\$ 927	\$ 1,384	\$ 1,596	