



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

CIB MARINE BANCSHARES, INC. ANNOUNCES THIRD 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 third quarter of 2019. Income before taxes for the quarter was \$1.1 million compared to \$1.2 million for the same period in 2018, and for the nine months ending September 30, 2019, it was \$3.0 million compared to \$3.3 million for the same period in 2018.

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

- Tangible book value per share and stated book value per share at September 30, 2019, were \$3.03 and \$2.68 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 nine months ended September 30, 2019, improved net accumulated other comprehensive income (loss) due to improved available for sale security fair values as a result of lower market interest rates, and discounts to the repurchase of preferred stock in the third quarter.
- Income before taxes for subsidiary CIBM Bank was \$1.2 million for the quarter compared to \$1.7 million for the same period in 2018, and \$3.3 million for the nine months ended September 30, 2019, compared to \$4.2 million for the same period in 2018. Comparing the two nine-month periods, there was a decline in net interest income of \$0.4 million due primarily to rising cost of funds and a reduction in SBA reverse repo balances, a decline in non-interest income of \$0.2 million due to lower SBA gains on sale as a result of lower origination volumes in part offset by stronger mortgage banking revenues, an increase in provision to allowance for loan losses of \$0.1 million and an increase in non-interest expenses by \$0.3 million lead by higher compensation, collection and occupancy and premise expenses.
- Non-performing assets, restructured loans, and loans 90 days or more past due and still accruing to total assets was 1.40% at September 30, 2019, versus 1.45% at December 31, 2018, and 1.11% at September 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 1.49% at September 30, 2019, versus 1.62% at December 31, 2018, and 1.62% at September 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 SBA and Mortgage Divisions’ net revenues were up \$0.4 million and \$0.8 million, respectively, from second quarter of 2019 due to stronger loan

production from both. Notably, the Mortgage Division has had stronger production and higher earnings on that production during 2019 versus the year prior. This can be attributed to solid purchase money and elevated refinance activity on lower mortgage rates so far this year and a number of new lender hires.”

He added, “Our net interest margin improved by 6 basis points from the prior quarter and printed the best result since the third quarter of 2018. We are encouraged that the cost of funds has begun to turn lower and we expect the decline to pick up in the two quarters ahead as we expect a significant amount of maturing time deposits originated near the peak of the rate cycle last year and early this year to reprice at lower rates.

“Finally, during the third quarter, we approved and accepted the repurchase of 2,229 shares of preferred stock as part of the second of three planned preferred stock modified Dutch auctions held pursuant to our 2018 amendments to the Articles of Incorporation. The total price for the shares was \$1.6 million, resulting in a discount of \$0.3 million to the \$1.9 million carrying value of the preferred stock shares. The discount was transferred to paid-in capital for common stock during the third quarter. As a reminder, a \$3.5 million liability currently exists for the purchase of 4,923 preferred shares, which CIBM anticipates settling 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					9 Months Ended		
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	September 30, 2019	September 30, 2018	
(Dollars in thousands, except share and per share data)								
Selected Statement of Operations Data								
Interest and dividend income	\$ 7,035	\$ 7,078	\$ 7,015	\$ 7,009	\$ 6,798	\$ 21,128	\$ 19,194	
Interest expense	2,183	2,256	2,178	2,064	1,767	6,617	4,358	
Net interest income	4,852	4,822	4,837	4,945	5,031	14,511	14,836	
Provision for (reversal of) loan losses	327	(67)	(158)	(1,195)	(13)	102	10	
Net interest income after provision for (reversal of) loan losses	4,525	4,889	4,995	6,140	5,044	14,409	14,826	
Noninterest income (1)	3,835	2,710	1,362	1,546	3,063	7,907	7,863	
Noninterest expense	7,233	6,557	5,505	6,415	6,871	19,295	19,432	
Income before income taxes	1,127	1,042	852	1,271	1,236	3,021	3,257	
Income tax expense	93	281	229	313	345	603	875	
Net income	\$ 1,034	\$ 761	\$ 623	\$ 958	\$ 891	\$ 2,418	\$ 2,382	
Common Share Data								
Basic net income per share (2)	\$ 0.07	\$ 0.04	\$ 0.03	\$ 0.05	\$ 0.14	\$ 0.15	\$ 0.23	
Diluted net income per share (2)	0.04	0.02	0.02	0.03	0.07	0.08	0.12	
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tangible book value per share (3)	3.03	2.97	2.90	2.82	2.71	3.03	2.71	
Book value per share (3)	2.68	2.60	2.53	2.45	2.34	2.68	2.34	
Weighted average shares outstanding - basic	18,455,408	18,290,674	18,232,169	18,232,169	18,232,169	18,281,049	18,201,320	
Weighted average shares outstanding - diluted	32,536,354	33,009,983	32,815,744	32,757,855	34,589,375	32,835,500	35,958,705	
Financial Condition Data								
Total assets	\$ 700,711	\$ 708,270	\$ 702,152	\$ 721,259	\$ 723,733	\$ 700,711	\$ 723,733	
Loans	508,758	513,755	489,273	491,337	507,677	508,758	507,677	
Allowance for loan losses	(7,560)	(7,251)	(7,865)	(7,947)	(8,217)	(7,560)	(8,217)	
Investment securities	120,648	124,784	123,500	121,281	118,345	120,648	118,345	
Deposits	557,745	535,367	542,938	536,931	523,729	557,745	523,729	
Borrowings	38,468	69,174	57,220	86,710	104,357	38,468	104,357	
Stockholders' equity	94,082	94,035	92,507	91,035	88,993	94,082	88,993	
Financial Ratios and Other Data								
Performance Ratios:								
Net interest margin (4)	2.95%	2.89%	2.94%	2.89%	2.97%	2.93%	3.10%	
Net interest spread (5)	2.62%	2.58%	2.64%	2.62%	2.72%	2.61%	2.87%	
Noninterest income to average assets (6)	2.19%	1.52%	0.76%	0.84%	1.72%	1.49%	1.56%	
Noninterest expense to average assets	4.14%	3.72%	3.14%	3.54%	3.82%	3.67%	3.82%	
Efficiency ratio (7)	83.44%	87.45%	89.24%	99.18%	84.63%	86.39%	85.38%	
Earnings on average assets (8)	0.59%	0.43%	0.36%	0.53%	0.50%	0.46%	0.47%	
Earnings on average equity (9)	4.35%	3.28%	2.76%	4.23%	3.77%	3.48%	3.30%	
Asset Quality Ratios:								
Nonaccrual loans to loans (10)	1.14%	1.12%	1.29%	1.34%	0.73%	1.14%	0.73%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	1.44%	1.45%	1.66%	1.62%	1.09%	1.44%	1.09%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10)	1.40%	1.40%	1.51%	1.45%	1.11%	1.40%	1.11%	
Allowance for loan losses to total loans (10)	1.49%	1.41%	1.61%	1.62%	1.62%	1.49%	1.62%	
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	103.07%	97.34%	96.96%	99.72%	148.99%	103.07%	148.99%	
Net charge-offs (recoveries) annualized to average loans (10)	0.01%	0.44%	(0.06%)	(0.74%)	(0.14%)	0.13%	-0.14%	
Capital Ratios:								
Total equity to total assets	13.43%	13.28%	13.17%	12.62%	12.30%	13.43%	12.30%	
Total risk-based capital ratio	15.20%	15.32%	15.56%	15.34%	14.43%	15.20%	14.43%	
Tier 1 risk-based capital ratio	13.95%	14.07%	14.31%	14.09%	13.18%	13.95%	13.18%	
Leverage capital ratio	10.86%	10.64%	10.39%	10.10%	9.90%	10.86%	9.90%	
Other Data:								
Number of employees (full-time equivalent)	182	180	177	183	188	182	188	
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 and nine months ended September 30, 2019, \$0.1 million for the second quarter of 2018, \$1.7 million for the third quarter of 2018, and \$1.8 million for the nine months ended September 30, 2018.

(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 918,665 shares of common stock at September 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)

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
(Dollars in Thousands, Except Shares)					
Assets					
Cash and due from banks	\$ 9,582	\$ 8,791	\$ 8,168	\$ 13,037	\$ 10,055
Reverse repurchase agreements	4,083	18,347	42,729	58,662	45,076
Securities available for sale	118,211	122,365	121,115	118,926	116,013
Equity securities at fair value	2,437	2,419	2,385	2,355	2,332
Loans held for sale	25,347	8,450	4,467	4,632	8,145
Loans	508,758	513,755	489,273	491,337	507,677
Allowance for loan losses	(7,560)	(7,251)	(7,865)	(7,947)	(8,217)
Net loans	501,198	506,504	481,408	483,390	499,460
Federal Home Loan Bank Stock	926	2,363	2,003	3,172	3,870
Premises and equipment, net (1)	7,083	7,386	7,220	4,498	4,409
Accrued interest receivable	1,646	1,820	1,873	1,570	1,858
Deferred tax assets, net	20,455	20,703	21,156	21,422	22,410
Other real estate owned, net	2,466	2,466	2,466	2,486	2,494
Bank owned life insurance	4,666	4,640	4,613	4,590	4,565
Goodwill and other intangible assets	159	165	171	176	181
Other assets	2,452	1,851	2,378	2,343	2,865
Total Assets	<u>\$ 700,711</u>	<u>\$ 708,270</u>	<u>\$ 702,152</u>	<u>\$ 721,259</u>	<u>\$ 723,733</u>
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 63,694	\$ 62,424	\$ 62,553	\$ 63,507	\$ 69,165
Interest-bearing demand	50,683	32,649	32,467	33,660	33,701
Savings	202,866	192,133	188,110	181,432	164,603
Time	240,502	248,161	259,808	258,332	256,260
Total deposits	557,745	535,367	542,938	536,931	523,729
Short-term borrowings	38,468	69,174	57,220	86,710	104,357
Accrued interest payable	711	725	727	710	694
Other liabilities	9,705	8,969	8,760	5,873	5,960
Total liabilities	606,629	614,235	609,645	630,224	634,740
Stockholders' Equity					
Preferred stock, \$1 par value; 5,000,000 authorized shares at September 30, 2019; 7% fixed rate noncumulative perpetual issued; 40,888 shares of series A and 3,217 shares of series B; convertible; \$44.1 million aggregate liquidation preference	37,489	39,384	39,384	39,384	39,384
Common stock, \$1 par value; 75,000,000 authorized shares; 18,868,329 issued shares; 18,646,427 outstanding shares (2)	18,868	18,543	18,456	18,456	18,454
Capital surplus	161,110	160,991	160,930	160,815	160,716
Accumulated deficit	(123,377)	(124,412)	(125,173)	(125,796)	(126,754)
Accumulated other comprehensive income (loss), net	526	63	(556)	(1,290)	(2,273)
Treasury stock 221,902 shares at cost	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	94,082	94,035	92,507	91,035	88,993
Total liabilities and stockholders' equity	<u>\$ 700,711</u>	<u>\$ 708,270</u>	<u>\$ 702,152</u>	<u>\$ 721,259</u>	<u>\$ 723,733</u>

(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.

(2) Both issued and outstanding shares as stated here exclude 918,665 shares of unvested restricted stock awards.

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

	At or for the						9 Months Ended	
	Quarters Ended							
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	September 30, 2019	September 30, 2018	
	(Dollars in thousands)							
Interest Income								
Loans	\$ 5,992	\$ 5,811	\$ 5,693	\$ 5,686	\$ 5,638	\$ 17,496	\$ 16,135	
Loans held for sale	152	97	85	86	112	334	302	
Securities	810	868	804	828	720	2,482	2,215	
Other investments	81	302	433	409	328	816	542	
Total interest income	7,035	7,078	7,015	7,009	6,798	21,128	19,194	
Interest Expense								
Deposits	2,027	1,949	1,805	1,547	1,343	5,781	3,329	
Short-term borrowings	156	307	373	517	424	836	1,029	
Total interest expense	2,183	2,256	2,178	2,064	1,767	6,617	4,358	
Net interest income	4,852	4,822	4,837	4,945	5,031	14,511	14,836	
Provision for (reversal of) loan losses	327	(67)	(158)	(1,195)	(13)	102	10	
Net interest income after provision for (reversal of) loan losses	4,525	4,889	4,995	6,140	5,044	14,409	14,826	
Noninterest Income								
Deposit service charges	101	95	83	79	105	279	326	
Other service fees	30	29	20	31	30	79	104	
Mortgage Banking revenue, net	2,936	2,148	978	1,057	1,760	6,062	5,289	
Other income	150	179	165	143	173	494	458	
Net gains (losses) on sale of securities available for sale	0	0	0	0	(7)	0	15	
Unrealized gains (losses) recognized on equity securities	18	34	30	23	(18)	82	(75)	
Net gains on sale of assets	600	225	86	213	1,020	911	1,746	
Total noninterest income	3,835	2,710	1,362	1,546	3,063	7,907	7,863	
Noninterest Expense								
Compensation and employee benefits	5,309	4,445	3,687	4,206	4,514	13,441	13,252	
Equipment	335	353	335	364	351	1,023	999	
Occupancy and premises	420	437	456	423	378	1,313	1,217	
Data Processing	165	160	166	169	184	491	500	
Federal deposit insurance	(5)	66	82	74	51	143	148	
Professional services	198	207	140	270	623	545	1,079	
Telephone and data communication	86	83	78	86	78	247	235	
Insurance	70	52	53	47	60	175	184	
Other expense	655	754	508	776	632	1,917	1,818	
Total noninterest expense	7,233	6,557	5,505	6,415	6,871	19,295	19,432	
Income from operations before income taxes	1,127	1,042	852	1,271	1,236	3,021	3,257	
Income tax expense	93	281	229	313	345	603	875	
Net income	1,034	761	623	958	891	2,418	2,382	
Preferred stock dividend	0	0	0	0	0	0	0	
Discount from repurchase of preferred shares	308	0	0	0	1,703	308	1,808	
Net income allocated to common stockholders	\$ 1,342	\$ 761	\$ 623	\$ 958	\$ 2,594	\$ 2,726	\$ 4,190	