



FOR IMMEDIATE RELEASE  
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### **CIB MARINE BANCSHARES, INC. ANNOUNCES THIRD QUARTER 2020 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 2020. Net income for the quarter was \$3.4 million compared to \$1.0 million for the same period in 2019 and, for the nine months ending September 30, 2020, it was \$5.9 million compared to \$2.4 million for the same period in 2019.

A summary of financial results for the quarter and nine months ended September 30, 2020, is attached. Select highlights include:

- The return on average assets and efficiency ratio year to date were 1.05% and 72%, respectively, compared to 0.46% and 86%, respectively, for the same period in 2019.
- CIBM Bank’s Mortgage Banking Division was a significant contributor to improved quarter and year to date earnings results. Driven by refinance activity due to lower interest rates, net mortgage banking revenues and loan originations for the nine months ended September 30, 2020, were \$13.9 million and \$418 million, respectively, compared to \$6.1 million and \$226 million, respectively, for the same period of the prior year.
- Compensation expense was up 28% in the Company for the nine months ended September 30, 2020, primarily due to the increase in mortgage division compensation as a result of the significant increase in production. Compensation at the mortgage division represents 52% of the total compensation in the Company year to date; excluding the mortgage division, the Company’s compensation year to date is up less than 2% compared to the same period last year.
- Net interest income was up \$1.9 million for the first nine months of 2020, compared to the same period in 2019. The primary reasons for the increase include: (i) higher average balances in loans held for sale and Paycheck Protection Program (PPP) loans, (ii) a 68 basis point reduction in the cost of interest bearing liabilities due to the lower interest rate environment, and (iii) the collection of principal plus interest on a large non-performing commercial real estate loan.
- In addition to providing the impetus for lower interest rates, COVID-19 and the related Lockdown Recession have affected the Company in many ways. Year to date, CIBM Bank has originated approximately 350 government guaranteed PPP loans, with balances in excess of \$43

million. As a result, CIBM Bank has received and deferred \$1.5 million in fees from the SBA to be fully recognized in earnings when the loans are repaid or granted forgiveness with repayment by the government. To date, the Company has prepared PPP forgiveness applications totaling \$7 million in principal balances and \$0.2 million in related deferred origination fees; we expect receipt of proceeds during the fourth quarter. In addition, there were 90 loans totaling \$74 million with COVID-19 loan payment deferrals as of September 30, 2020.

- Provisions for loan losses were \$1.0 million for the nine months ended September 30, 2020, compared to \$0.1 million for the same period of 2019. The primary reason for the increase is environmental and qualitative factors as well as certain borrower credit deterioration primarily from those industries hardest hit by COVID-19 and the Lockdown Recession (i.e., restaurants and hospitality).
- 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 0.60% and 0.32%, respectively; compared to 1.35% and 1.09%, respectively, at December 31, 2019; and 1.40% and 1.14%, respectively, at September 30, 2020. The improvements during the first nine months of 2020 were due to certain loan level improvements including a successful large commercial real estate loan collection.

Mr. J. Brian Chaffin, President and CEO of CIBM, commented, “We are happy to report very strong earnings for the first three quarters of 2020. Given the challenges that many banks have faced this year, the efforts of our staff to deliver these results is outstanding. From the logistical and technological aspects of servicing our customers and managing bank and mortgage operations remotely, to implementing the significant number of new government economic and industry level assistance programs, to the bank-wide initiatives to improve earnings and efficiency, investors can be proud of the dedication and commitment of the entire CIBM Bank team.

“Record levels of mortgage banking activity at the Company have contributed to our financial success this year, and we have seen improvements in our funding composition and cost of funds thanks to the lower rate environment and our ‘Project Falcon’ initiatives related to deposit generation and operating efficiencies. Despite the strong results thus far in 2020,” he cautioned, “we expect to see credit deterioration continue in the industry on whole and in portions of CIBM Bank’s portfolio in the quarters ahead. To address the Lockdown Recession’s impact on credit risk, CIBM Bank has established higher loan loss provisions this year, with the possibility of further increases in the quarters to come.”

In closing he added, “We are also pleased to highlight the successful 1-for-15 reverse split of our common stock, effective September 14, 2020. Combined with a pending future upgrade for the Company’s common stock from the OTCQB to OTCQX market during the fourth quarter, this should assist in

improving the marketplace for the common stock.”

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](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					9 Months Ended		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019	
(Dollars in thousands, except share and per share data)								
<b>Selected Statement of Operations Data:</b>								
Interest and dividend income	\$ 7,202	\$ 6,669	\$ 6,636	\$ 6,820	\$ 7,035	\$ 20,507	\$ 21,128	
Interest expense	1,017	1,343	1,689	2,030	2,183	4,049	6,617	
Net interest income	6,185	5,326	4,947	4,790	4,852	16,458	14,511	
Provision for loan losses	501	249	202	715	327	952	102	
Net interest income after provision for loan losses	5,684	5,077	4,745	4,075	4,525	15,506	14,409	
Noninterest income (1)	8,104	4,489	2,642	2,249	3,835	15,235	7,907	
Noninterest expense	9,056	7,308	6,322	6,879	7,233	22,686	19,295	
Income (loss) before income taxes	4,732	2,258	1,065	(555)	1,127	8,055	3,021	
Income tax expense (benefit)	1,322	575	281	(180)	93	2,178	603	
Net income (loss)	\$ 3,410	\$ 1,683	\$ 784	\$ (375)	\$ 1,034	\$ 5,877	\$ 2,418	
<b>Common Share Data (2):</b>								
Basic net income (loss) per share (3)	\$ 2.69	\$ 1.36	\$ 0.63	\$ (0.30)	\$ 1.09	\$ 4.69	\$ 2.23	
Diluted net income (loss) per share (3)	1.56	0.79	0.36	(0.30)	0.62	2.73	1.25	
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tangible book value per share (4)	50.35	47.25	46.05	44.85	45.40	50.35	45.40	
Book value per share (4)	45.27	42.00	40.95	39.60	40.20	45.27	40.20	
Weighted average shares outstanding - basic	1,267,582	1,266,170	1,248,270	1,243,095	1,230,361	1,260,499	1,218,737	
Weighted average shares outstanding - diluted	2,181,868	2,160,199	2,155,313	2,155,302	2,169,090	2,163,850	2,189,033	
<b>Financial Condition Data:</b>								
Total assets	\$ 793,604	\$ 793,151	\$ 705,473	\$ 703,791	\$ 700,711	\$ 793,604	\$ 700,711	
Loans	546,351	535,692	513,992	513,705	508,758	546,351	508,758	
Allowance for loan losses	(9,037)	(8,483)	(8,107)	(8,007)	(7,560)	(9,037)	(7,560)	
Investment securities	107,351	113,303	120,105	120,398	120,648	107,351	120,648	
Deposits	593,370	566,811	531,999	530,190	557,745	593,370	557,745	
Borrowings	87,994	120,233	68,950	73,847	38,468	87,994	38,468	
Stockholders' equity	101,271	97,347	95,841	93,404	94,082	101,271	94,082	
<b>Financial Ratios and Other Data:</b>								
<b>Performance Ratios:</b>								
Net interest margin (5)	3.30%	2.96%	3.04%	2.86%	2.95%	3.10%	2.93%	
Net interest spread (6)	3.16%	2.76%	2.78%	2.55%	2.62%	2.90%	2.61%	
Noninterest income to average assets (7)	4.12%	2.36%	1.51%	1.28%	2.19%	2.72%	1.49%	
Noninterest expense to average assets	4.60%	3.86%	3.67%	3.88%	4.14%	4.06%	3.67%	
Efficiency ratio (8)	63.38%	74.61%	83.74%	97.57%	83.44%	71.71%	86.39%	
Earnings on average assets (9)	1.73%	0.89%	0.45%	-0.21%	0.59%	1.05%	0.46%	
Earnings on average equity (10)	13.51%	6.97%	3.32%	-1.56%	4.35%	8.05%	3.48%	
<b>Asset Quality Ratios:</b>								
Nonaccrual loans to loans (11)	0.32%	0.92%	0.97%	1.09%	1.14%	0.32%	1.14%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (11)	0.49%	1.07%	1.25%	1.38%	1.44%	0.49%	1.44%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (11)	0.60%	1.02%	1.24%	1.35%	1.40%	0.60%	1.40%	
Allowance for loan losses to total loans (11)	1.65%	1.58%	1.58%	1.56%	1.49%	1.65%	1.49%	
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (11)	338.59%	147.79%	126.26%	112.66%	103.07%	338.59%	103.07%	
Net charge-offs (recoveries) annualized to average loans (11)	-0.04%	-0.09%	0.08%	0.21%	0.01%	-0.02%	0.13%	
<b>Capital Ratios:</b>								
Total equity to total assets	12.76%	12.27%	13.59%	13.27%	13.43%	12.76%	13.43%	
Total risk-based capital ratio	15.91%	15.49%	15.36%	15.19%	15.18%	15.91%	15.18%	
Tier 1 risk-based capital ratio	14.65%	14.23%	14.11%	13.94%	13.93%	14.65%	13.93%	
Leverage capital ratio	11.20%	10.82%	11.08%	10.71%	10.86%	11.20%	10.86%	
<b>Other Data:</b>								
Number of employees (full-time equivalent)	176	177	177	176	182	176	182	
Number of banking facilities	11	11	11	11	11	11	11	

(1) Noninterest income includes gains and losses on securities.

(2) Common share data prior to September 14, 2020 is adjusted to reflect the 1 share per 15 share reverse split to allow for comparability between the pre and post reverse split periods.

(3) 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 9 months ended 2019 and \$0.03 million for the 2nd quarter and 9 months ended September 30, 2020.

(4) 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 stock awards.

(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)**

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
(Dollars in Thousands, Except Shares)					
<b>Assets</b>					
Cash and due from banks	\$ 30,544	\$ 9,120	\$ 9,006	\$ 8,970	\$ 9,582
Reverse repurchase agreements	8,208	18,117	3,622	11,196	4,083
Securities available for sale	104,866	110,818	117,640	117,972	118,211
Equity securities at fair value	2,485	2,485	2,465	2,426	2,437
Loans held for sale	67,496	83,997	24,988	16,928	25,347
Loans	546,351	535,692	513,992	513,705	508,758
Allowance for loan losses	(9,037)	(8,483)	(8,107)	(8,007)	(7,560)
Net loans	537,314	527,209	505,885	505,698	501,198
Federal Home Loan Bank Stock	3,140	2,948	2,947	2,587	926
Premises and equipment, net	4,667	4,679	4,769	4,274	4,504
Accrued interest receivable	2,075	1,973	1,610	1,486	1,646
Deferred tax assets, net	18,547	19,325	19,509	20,069	20,455
Other real estate owned, net	2,103	2,334	2,335	2,396	2,466
Bank owned life insurance	4,774	4,745	4,718	4,691	4,666
Goodwill and other intangible assets	137	142	148	154	159
Other assets	7,248	5,259	5,831	4,944	5,031
Total Assets	\$ 793,604	\$ 793,151	\$ 705,473	\$ 703,791	\$ 700,711
<b>Liabilities and Stockholders' Equity</b>					
Deposits:					
Noninterest-bearing demand	\$ 91,134	\$ 90,450	\$ 67,459	\$ 70,175	\$ 63,694
Interest-bearing demand	61,262	54,288	47,760	45,512	50,683
Savings	225,724	205,470	196,797	204,976	202,866
Time	215,250	216,603	219,983	209,527	240,502
Total deposits	593,370	566,811	531,999	530,190	557,745
Short-term borrowings	54,052	77,273	68,950	73,847	38,468
Long-term borrowings	33,942	42,960	0	0	0
Accrued interest payable	398	447	543	603	711
Other liabilities	10,571	8,313	8,140	5,747	9,705
Total liabilities	692,333	695,804	609,632	610,387	606,629
<b>Stockholders' Equity</b>					
Preferred stock, \$1 par value; 5,000,000 authorized shares at both September 30, 2020 and December 31, 2019; 7% fixed rate noncumulative perpetual issued; 40,690 shares of series A and 3,201 shares of series B; convertible; \$44.1 million aggregate liquidation preference	37,308	37,308	37,490	37,490	37,489
Common stock, \$1 par value; 75,000,000 authorized shares; 1,282,362 and 18,868,329 issued shares; 1,268,293 and 18,657,282 outstanding shares at September 30, 2020 and December 31, 2019, respectively. (1)(2)	1,282	19,240	19,162	18,868	18,868
Capital surplus	179,090	161,032	160,990	161,175	161,110
Accumulated deficit	(117,875)	(121,285)	(122,969)	(123,753)	(123,377)
Accumulated other comprehensive income, net	2,000	1,586	1,702	158	526
Treasury stock, 14,791 shares on September 30, 2020 and 221,902 shares prior at cost (2)	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	101,271	97,347	95,841	93,404	94,082
Total liabilities and stockholders' equity	\$ 793,604	\$ 793,151	\$ 705,473	\$ 703,791	\$ 700,711

(1) Both issued and outstanding shares as stated here exclude 60,570 shares of unvested restricted stock awards at September 30, 2020, and 815,395 shares of unvested restricted stock awards at December 31, 2019.

(2) Effective September 14, 2020 the company executed a reverse stock split of 1 share for every 15 shares outstanding, fractional shares were remitted cash at the current per share market value of \$15.75.

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

	At or for the							
	Quarters Ended					9 Months Ended		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019	
	(Dollars in thousands)							
<b>Interest Income</b>								
Loans	\$ 6,054	\$ 5,540	\$ 5,703	\$ 5,793	\$ 5,992	\$ 17,297	\$ 17,496	
Loans held for sale	537	451	119	195	152	1,107	334	
Securities	573	661	763	764	810	1,997	2,482	
Other investments	38	17	51	68	81	106	816	
Total interest income	7,202	6,669	6,636	6,820	7,035	20,507	21,128	
<b>Interest Expense</b>								
Deposits	942	1,263	1,512	1,856	2,027	3,717	5,781	
Short-term borrowings	38	54	177	174	156	269	836	
Long-term borrowings	37	26	0	0	0	63	0	
Total interest expense	1,017	1,343	1,689	2,030	2,183	4,049	6,617	
Net interest income	6,185	5,326	4,947	4,790	4,852	16,458	14,511	
Provision for (reversal of) loan losses	501	249	202	715	327	952	102	
Net interest income after provision for (reversal of) loan losses	5,684	5,077	4,745	4,075	4,525	15,506	14,409	
<b>Noninterest Income</b>								
Deposit service charges	89	88	96	98	101	273	279	
Other service fees	36	36	20	23	30	92	79	
Mortgage banking revenue, net	7,741	3,990	2,177	2,112	2,936	13,908	6,062	
Other income	226	266	265	129	150	757	494	
Net gains on sale of securities available for sale	0	0	0	0	0	0	0	
Unrealized gains (losses) recognized on equity securities	0	20	39	(11)	18	59	82	
Net gains on sale of SBA loans	(55)	87	437	166	605	469	858	
Net gains (losses) on sale of assets and (writedowns)	67	2	(392)	(268)	(5)	(323)	53	
Total noninterest income	8,104	4,489	2,642	2,249	3,835	15,235	7,907	
<b>Noninterest Expense</b>								
Compensation and employee benefits	7,329	5,451	4,421	4,701	5,309	17,201	13,441	
Equipment	352	379	363	394	335	1,094	1,023	
Occupancy and premises	390	407	460	460	420	1,257	1,313	
Data Processing	177	155	164	157	165	496	491	
Federal deposit insurance	48	47	0	(10)	(5)	95	143	
Professional services	162	242	298	320	198	702	545	
Telephone and data communication	71	67	68	81	86	206	247	
Insurance	58	55	54	59	70	167	175	
Other expense	469	505	494	717	655	1,468	1,917	
Total noninterest expense	9,056	7,308	6,322	6,879	7,233	22,686	19,295	
Income (losses) from operations before income taxes	4,732	2,258	1,065	(555)	1,127	8,055	3,021	
Income tax expense (benefit)	1,322	575	281	(180)	93	2,178	603	
<b>Net income (loss)</b>	3,410	1,683	784	(375)	1,034	5,877	2,418	
Preferred stock dividend	0	0	0	0	0	0	0	
Discount from repurchase of preferred stock	0	33	0	0	308	33	308	
<b>Net income (loss) allocated to common stockholders</b>	\$ 3,410	\$ 1,716	\$ 784	\$ (375)	\$ 1,342	\$ 5,910	\$ 2,726	