



FOR IMMEDIATE RELEASE  
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### **CIB MARINE BANCSHARES, INC. ANNOUNCES THIRD 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 nine months ended September 30, 2023. During the quarter, CIBM Bank grew its commercial loan portfolio, took cost reduction actions, and continued to adjust its mortgage operations at an increasingly challenged time in this interest rate cycle. The Mortgage Division had a nominal operating loss in the third quarter versus a small operating profit in the second quarter of 2023. The Bank’s cost of funds was sharply higher, causing a reduction in Banking Division earnings. Net income for the quarter was \$0.4 million, or \$0.28 basic and \$0.21 diluted earnings per share, compared to \$1.0 million, or \$0.78 basic and \$0.57 diluted earnings per share, for the same period of 2022. Net income for the nine months ended September 30, 2023, was \$1.8 million, or \$1.34 basic and \$0.98 diluted earnings per share, compared to \$2.8 million, or \$2.16 basic and \$1.57 diluted earnings per share, for the same period of 2022.

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

- As of September 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 0.49% and 0.50%, respectively, compared to 0.20% and 0.16%, respectively, on December 31, 2022, and 0.18% and 0.13%, respectively, on September 30, 2022. Also, as of September 30, 2023, the allowance for credit losses on loans (“ACLL”) to loans was 1.30% compared to an allowance for loan and lease losses of 1.37% at December 31, 2022, and 1.43% at September 30, 2022. The ACLL is down 9 basis points from June 30, 2023, due to improved economic forecasts and other qualitative factors offset in part by slower prepayment speeds, 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 margins have been declining this year with our banking peers. CIBM’s were \$16.3 million and 2.84%, respectively, for the nine months ended September 30, 2023,

compared to \$17.8 million and 3.25%, respectively, in the same period of 2022. The nine-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. The net interest margin declined 41 basis points compared to the same nine-month period in 2022 due to a 205 basis point increase in the cost of interest-bearing liabilities (“Cost of Funds”) compared to a lower increase in yields on interest earning assets of 126 basis points in part due to growth in generally lower spread residential mortgage loans. Actions taken during the quarter to mitigate some of the interest rate risk in the balance sheet include use of pay-fix receive floating SOFR indexed interest rate swaps totaling \$30 million notional with an average term of 3.5 years and issuing longer-term time deposits including those with call options.

- The effects of 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 year 2023. Cost of Funds is up significantly this year as deposit customers seek higher returns in a rising rate environment and to maximize their FDIC insurance coverage, and as deposit rate competition has intensified dramatically. Total deposits are up \$15 million since December 31, 2022, with noninterest-bearing deposits down \$27 million, and interest-bearing deposits up \$42 million, largely in time deposit products, as balances move from lower to higher interest rate products. Money market deposit balances are relatively unchanged year to date, however, their rates are up significantly due to rising short-term rates and intensifying competition. The remaining funding for loan growth has largely been from other short-term borrowings at the Federal Home Loan Bank of Chicago whose average cost for the quarter was 5.53% on a per annum basis.
- Loan portfolios in the industry have been growing rapidly and CIBM’s growth has exceeded its banking peers’ growth. CIBM’s balances increased \$111 million year to date, comprised of \$59 million in commercial segment loans and the remaining primarily in residential mortgage loans; and from June 30, 2023, to September 30, 2023, loan portfolio balances increased \$41 million primarily from \$27 million in commercial segment loans – up from \$9 million the prior quarter – and \$13 million in residential mortgage loans – down from \$30 million the prior quarter. During the first nine months of the year, the Mortgage Division originated \$209 million in residential mortgage loans with 79% of the originated loans sold or held for sale, up from 73% the first six months of the year.
- For the nine months ended September 30, 2023, Banking Division net income was \$2.9 million and Mortgage Division net loss was \$0.5 million. The remaining \$0.6 million of net loss was from parent company sub-debt and administration expenses. Residential mortgage loan

originations are up \$83 million compared to the same nine-month period from 2022. The Mortgage Division has 39 more commission-based loan originators since the end of the third quarter of 2022 and five operations/administration employees, improving the Division's lending capacity and mix of lending to operations staff. The average number of loans per lender continues to be down as markets remain severely 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 nearly all of the up-front new-hire compensation costs are completed.

Reflecting on the past nine months, Mr. J. Brian Chaffin, CIBM's President and CEO, commented, "Our successes in developing the franchise have been overshadowed by rapid and significant Fed funds rate increases and an inverted yield curve, which have extended over a historically significant period of time and proven to be very challenging as Cost of Funds has spiked higher and mortgage production volumes continue to suffer. In an effort to mitigate some of our interest rate risk and address the impact on our earnings, we have instituted 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 lock box deposit and 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 Commercial Loan Division has outperformed budget in generating new loans and deposits. Despite growth in our loan portfolio, we have eased our ACLL rate and provisioning again, thanks to continued moderately strong credit quality coupled with a resilient economy and improved GDP and unemployment rate forecasts from the Federal Reserve this quarter. As of the end of quarter two of 2023, we continued to have an ACLL rate above the median local and national peer banks."

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](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, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	September 30, 2023	September 30, 2022	
	(Dollars in thousands, except share and per share data)							
<b>Selected Statement of Operations Data:</b>								
Interest and dividend income	\$ 10,117	\$ 9,152	\$ 8,472	\$ 7,808	\$ 7,234	\$ 27,741	\$ 19,524	
Interest expense	5,180	3,643	2,601	1,664	823	11,424	1,753	
Net interest income	4,937	5,509	5,871	6,144	6,411	16,317	17,771	
Provision for (reversal of) credit losses	(140)	(246)	159	(642)	34	(227)	(251)	
Net interest income after provision for (reversal of) credit losses	5,077	5,755	5,712	6,786	6,377	16,544	18,022	
Noninterest income (1)	2,368	3,298	1,410	791	1,313	7,076	4,678	
Noninterest expense	7,007	7,457	6,805	6,316	6,311	21,269	18,947	
Income before income taxes	438	1,596	317	1,261	1,379	2,351	3,753	
Income tax expense	59	431	89	351	352	579	937	
Net income	\$ 379	\$ 1,165	\$ 228	\$ 910	\$ 1,027	\$ 1,772	\$ 2,816	
<b>Common Share Data:</b>								
Basic net income per share (2)	\$ 0.28	\$ 0.88	\$ 0.17	\$ 0.81	\$ 0.78	\$ 1.34	\$ 2.16	
Diluted net income per share (2)	0.21	0.64	0.13	0.59	0.57	0.98	1.57	
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tangible book value per share (3)	52.05	52.47	53.28	53.19	52.24	52.05	52.24	
Book value per share (3)	50.28	50.70	51.48	51.39	49.78	50.28	49.78	
Weighted average shares outstanding - basic	1,333,889	1,318,460	1,308,603	1,308,279	1,308,752	1,320,332	1,302,872	
Weighted average shares outstanding - diluted	1,814,716	1,815,593	1,803,218	1,796,947	1,797,721	1,811,140	1,794,941	
<b>Financial Condition Data:</b>								
Total assets	\$ 874,247	\$ 819,521	\$ 787,244	\$ 752,997	\$ 762,965	\$ 874,247	\$ 762,965	
Loans	688,446	647,823	608,492	577,303	564,841	688,446	564,841	
Allowance for credit losses on loans (4)	(8,947)	(8,999)	(9,193)	(7,894)	(8,061)	(8,947)	(8,061)	
Investment securities	130,476	114,661	126,001	124,421	127,954	130,476	127,954	
Deposits	644,165	613,808	632,339	628,869	633,234	644,165	633,234	
Borrowings	138,469	113,950	65,173	34,485	37,168	138,469	37,168	
Stockholders' equity	83,313	83,876	83,615	83,503	87,228	83,313	87,228	
<b>Financial Ratios and Other Data:</b>								
<b>Performance Ratios:</b>								
Net interest margin (5)	2.43%	2.90%	3.22%	3.32%	3.45%	2.84%	3.25%	
Net interest spread (6)	1.85%	2.42%	2.82%	3.02%	3.29%	2.34%	3.13%	
Noninterest income to average assets (7)	1.15%	1.68%	0.72%	0.41%	0.72%	1.19%	0.87%	
Noninterest expense to average assets	3.31%	3.77%	3.58%	3.27%	3.24%	3.55%	3.31%	
Efficiency ratio (8)	95.06%	84.35%	93.90%	91.13%	80.73%	90.66%	83.35%	
Earnings on average assets (9)	0.18%	0.59%	0.12%	0.47%	0.53%	0.30%	0.49%	
Earnings on average equity (10)	1.78%	5.53%	1.11%	4.15%	4.52%	2.82%	4.15%	
<b>Asset Quality Ratios:</b>								
Nonaccrual loans to loans (11)	0.50%	0.02%	0.08%	0.16%	0.13%	0.50%	0.13%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (4)	0.56%	0.11%	0.12%	0.20%	0.17%	0.56%	0.17%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (4)	0.49%	0.13%	0.14%	0.20%	0.18%	0.49%	0.18%	
Allowance for credit losses on loans to total loans (4)(11)	1.30%	1.39%	1.51%	1.37%	1.43%	1.30%	1.43%	
Allowance for credit losses on loans to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (4)(11)	231.01%	1283.74%	1262.77%	684.06%	852.11%	231.01%	852.11%	
Net charge-offs (recoveries) annualized to average loans (11)	-0.01%	-0.02%	-0.02%	-0.33%	-0.01%	-0.01%	0.01%	
<b>Capital Ratios:</b>								
Total equity to total assets	9.53%	10.23%	10.62%	11.09%	11.43%	9.53%	11.43%	
Total risk-based capital ratio	13.58%	14.31%	14.84%	15.71%	16.42%	13.58%	16.42%	
Tier 1 risk-based capital ratio	10.91%	11.54%	11.99%	12.78%	13.48%	10.91%	13.48%	
Leverage capital ratio	8.93%	9.43%	9.56%	9.73%	10.16%	8.93%	10.16%	
<b>Other Data:</b>								
Number of employees (full-time equivalent)	194	206	202	189	166	194	166	
Number of banking facilities	9	10	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

(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)**

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
(Dollars in Thousands, Except Shares)					
<b>Assets</b>					
Cash and due from banks	\$ 9,203	\$ 14,444	\$ 16,490	\$ 19,667	\$ 36,454
Reverse repurchase agreements	-	-	-	-	-
Securities available for sale	128,413	112,532	123,838	122,292	125,830
Equity securities at fair value	2,063	2,129	2,163	2,129	2,124
Loans held for sale	15,011	14,726	10,848	5,057	6,471
Loans	688,446	647,823	608,492	577,303	564,841
Allowance for credit losses on loans (1)	(8,947)	(8,999)	(9,193)	(7,894)	(8,061)
Net loans	679,499	638,824	599,299	569,409	556,780
Federal Home Loan Bank Stock	4,645	2,818	1,897	1,897	1,897
Premises and equipment, net	3,675	3,879	3,969	4,081	4,159
Accrued interest receivable	2,748	2,036	2,118	1,915	1,807
Deferred tax assets, net	16,815	16,790	16,464	16,273	16,977
Other real estate owned, net	375	375	375	375	403
Bank owned life insurance	6,204	6,160	6,119	6,076	6,040
Goodwill and other intangible assets	70	76	81	87	92
Other assets	5,526	4,732	3,583	3,739	3,931
Total Assets	\$ 874,247	\$ 819,521	\$ 787,244	\$ 752,997	\$ 762,965
<b>Liabilities and Stockholders' Equity</b>					
Deposits:					
Noninterest-bearing demand	\$ 88,674	\$ 93,487	\$ 94,700	\$ 115,186	\$ 134,765
Interest-bearing demand	73,086	82,484	93,388	76,918	79,306
Savings	254,211	247,339	259,907	260,159	254,146
Time	228,194	190,498	184,344	176,606	165,017
Total deposits	644,165	613,808	632,339	628,869	633,234
Short-term borrowings	128,748	104,238	55,469	24,789	27,480
Long-term borrowings	9,721	9,712	9,704	9,696	9,688
Accrued interest payable	1,491	963	557	554	227
Other liabilities	6,809	6,924	5,560	5,586	5,108
Total liabilities	790,934	735,645	703,629	669,494	675,737
<b>Stockholders' Equity</b>					
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	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 September 30, 2023 and December 31, 2022, respectively. (2)	1,349	1,349	1,324	1,324	1,324
Capital surplus	181,144	181,050	180,903	180,777	180,664
Accumulated deficit	(104,443)	(104,822)	(105,987)	(105,025)	(106,081)
Accumulated other comprehensive income, net	(8,009)	(6,973)	(5,897)	(6,845)	(6,907)
Treasury stock, 14,791 shares on September 30, 2023 and December 31, 2022 (3)	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	83,313	83,876	83,615	83,503	87,228
Total liabilities and stockholders' equity	\$ 874,247	\$ 819,521	\$ 787,244	\$ 752,997	\$ 762,965

(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 49,975 shares of unvested restricted stock awards at September 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					9 Months Ended	
	Quarters Ended					September 30,	September 30,
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	2023	2022
	(Dollars in thousands)						
<b>Interest Income</b>							
Loans	\$ 8,718	\$ 7,942	\$ 7,121	\$ 6,426	\$ 6,029	\$ 23,781	\$ 16,825
Loans held for sale	227	155	84	63	96	466	244
Securities	1,132	985	1,031	948	826	3,148	2,046
Other investments	40	70	236	371	283	346	409
Total interest income	10,117	9,152	8,472	7,808	7,234	27,741	19,524
<b>Interest Expense</b>							
Deposits	3,918	3,076	2,364	1,452	662	9,358	1,396
Short-term borrowings	1,141	445	118	91	40	1,704	59
Long-term borrowings	121	122	119	121	121	362	298
Total interest expense	5,180	3,643	2,601	1,664	823	11,424	1,753
Net interest income	4,937	5,509	5,871	6,144	6,411	16,317	17,771
Provision for (reversal of) credit losses	(140)	(246)	159	(642)	34	(227)	(251)
Net interest income after provision for (reversal of) credit losses	5,077	5,755	5,712	6,786	6,377	16,544	18,022
<b>Noninterest Income</b>							
Deposit service charges	101	76	79	82	86	256	266
Other service fees	6	11	16	15	18	33	114
Mortgage banking revenue, net	1,984	1,636	1,008	597	1,126	4,628	3,824
Other income	132	171	110	117	147	413	500
Net gains on sale of securities available for sale	0	0	0	0	0	0	0
Unrealized gains (losses) recognized on equity securities	(66)	(34)	34	4	(93)	(66)	(283)
Net gains (loss) on sale of SBA loans	0	0	151	0	0	151	157
Net gains (losses) on sale of assets and (writedowns)	211	1,438	12	(24)	29	1,661	100
Total noninterest income	2,368	3,298	1,410	791	1,313	7,076	4,678
<b>Noninterest Expense</b>							
Compensation and employee benefits	4,631	5,101	4,550	4,061	4,240	14,282	12,644
Equipment	484	504	475	466	396	1,463	1,277
Occupancy and premises	490	404	438	399	390	1,332	1,220
Data Processing	245	221	199	202	205	665	542
Federal deposit insurance	123	150	87	70	58	360	161
Professional services	271	317	278	415	244	866	752
Telephone and data communication	57	56	61	66	61	174	182
Insurance	82	68	88	85	74	238	233
Other expense	624	636	629	552	643	1,889	1,936
Total noninterest expense	7,007	7,457	6,805	6,316	6,311	21,269	18,947
Income from operations before income taxes	438	1,596	317	1,261	1,379	2,351	3,753
Income tax expense	59	431	89	351	352	579	937
<b>Net income</b>	379	1,165	228	910	1,027	1,772	2,816
Discount from repurchase of preferred stock	0	0	0	146	0	0	0
<b>Net income allocated to common stockholders</b>	\$ 379	\$ 1,165	\$ 228	\$ 1,056	\$ 1,027	\$ 1,772	\$ 2,816