



FOR IMMEDIATE RELEASE  
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### **CIB MARINE BANCSHARES, INC. ANNOUNCES 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 fourth quarter and year-end 2019. *Net income for the year ended December 31, 2019, was \$2.0 million or \$0.13 basic and \$0.07 diluted earnings per share, compared to \$3.3 million or \$0.28 basic and \$0.15 diluted earnings per share for the same period of 2018.*

Lower income for the year was the result of a few key factors:

- The provision for loan losses was \$0.8 million in 2019 compared to a \$1.2 million reversal of provision in 2018. Although credit quality measures overall were improved, as highlighted below, impairments on a few loans resulted in a provision to loan losses of \$0.7 million during the fourth quarter of 2019 compared to a reversal of \$1.2 million for the same period of 2018.
- Total gains on the sale of SBA 7(a) loans for the year 2019 declined by \$1.1 million compared to 2018 due to a \$6 million decline in loans originated for sale and lower premiums on loans sold. The decline reflects the broader industry experience for the year.
- Cost of interest bearing liabilities increased 38 basis points from 2018 to 2019 as deposit pricing pressure for time deposits and money market accounts began building in the latter half of 2018 and continued into 2019. As a result, the net interest margin declined by 14 basis points and net interest income declined by \$0.5 million in 2019 compared to 2018.

Some highlights of 2019 included:

- Mortgage division income before tax increased by \$1.0 million for the full year compared to 2018, the result of an increase of approximately \$55 million in residential loans originated for sale.
- Tangible book value per share and stated book value per share at December 31, 2019, were \$2.99 and \$2.64 per share of common stock, respectively, reflecting increases of \$0.17 and \$0.19 versus the prior year-end. The increases were due primarily to \$2.0 million in net income; a

\$1.4 million improvement in accumulated other comprehensive income; and a \$0.3 million discount to the carry value of the preferred stock repurchased in 2019, which was accretive to the common shareholders.

- Although the cost of interest bearing liabilities was higher overall for the year, it declined by 13 basis points during the fourth quarter as renewing 12-month time deposits and money market accounts with one-year introductory rates were repriced in a lower rate environment.
- 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 was 1.35% and 1.09%, respectively, at December 31, 2019, compared to 1.45% and 1.34%, respectively, at December 31, 2018.

Mr. J. Brian Chaffin, President and CEO of CIBM, commented, “Although we showed solid results in a number of areas where goals and budgets were met or exceeded – including our corporate banking and mortgage divisions – the higher loan loss provisions resulting from a few loans, higher cost of funds, and lower SBA originations were setbacks in 2019 that resulted in lower than expected overall operating results. In the fourth quarter of 2019, management, working with the Board of Directors, commenced a targeted improvement process with objectives to drive better results in the future. This process is directed at cost of funds, product mix and margins, cost controls and other matters related to the company’s culture, brand, and customer experience.”

Regarding preferred stock repurchases, he stated, “We settled our outstanding preferred stock repurchases during the fourth quarter of 2019 and early 2020. This included the repurchase of 2,229 shares of preferred stock as part of the second of three planned modified Dutch auctions, and 4,923 preferred shares that were subject to repurchase pursuant to a negotiated repurchase agreement entered into in 2018. The total purchase price was \$5.1 million. CIB Marine did not issue any new capital or debt to pay for the repurchases and no longer has any outstanding liabilities in its balance sheet for agreements to repurchase stock. Total repurchased shares to date amount to approximately 26% of the 60,000 shares of preferred stock originally issued in 2009 and the shares repurchased to date included 1,159 shares of Series B preferred stock, effectively terminating conversion rights equal to 4.6 million shares of common stock.

“CIB Marine plans to hold the third and final modified Dutch auction during the first half of 2020. More information will be forthcoming,” he concluded.

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates eleven banking offices and four 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					12 Months Ended		
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
(Dollars in thousands, except share and per share data)								
<b>Selected Statement of Operations Data</b>								
Interest and dividend income	\$ 6,820	\$ 7,035	\$ 7,078	\$ 7,015	\$ 7,009	\$ 27,948	\$ 26,203	
Interest expense	2,030	2,183	2,256	2,178	2,064	8,647	6,422	
Net interest income	4,790	4,852	4,822	4,837	4,945	19,301	19,781	
Provision for (reversal of) loan losses	715	327	(67)	(158)	(1,195)	817	(1,185)	
Net interest income after provision for (reversal of) loan losses	4,075	4,525	4,889	4,995	6,140	18,484	20,966	
Noninterest income (1)	2,249	3,835	2,710	1,362	1,546	10,156	9,409	
Noninterest expense	6,879	7,233	6,557	5,505	6,415	26,174	25,847	
Income (loss) before income taxes	(555)	1,127	1,042	852	1,271	2,466	4,528	
Income tax expense (benefit)	(180)	93	281	229	313	423	1,188	
Net income (loss)	\$ (375)	\$ 1,034	\$ 761	\$ 623	\$ 958	\$ 2,043	\$ 3,340	
<b>Common Share Data</b>								
Basic net income (loss) per share (2)	\$ (0.02)	\$ 0.07	\$ 0.04	\$ 0.03	\$ 0.05	\$ 0.13	\$ 0.28	
Diluted net income (loss) per share (2)	(0.02)	0.04	0.02	0.02	0.03	0.07	0.15	
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tangible book value per share (3)	2.99	3.03	2.97	2.90	2.82	2.99	2.82	
Book value per share (3)	2.64	2.68	2.60	2.53	2.45	2.64	2.45	
Weighted average shares outstanding - basic	18,646,427	18,455,408	18,290,674	18,232,169	18,232,169	18,406,663	18,209,096	
Weighted average shares outstanding - diluted	32,329,533	32,536,354	33,009,983	32,815,744	32,757,855	32,711,639	35,139,642	
<b>Financial Condition Data</b>								
Total assets	\$ 703,791	\$ 700,711	\$ 708,270	\$ 702,152	\$ 721,259	\$ 703,791	\$ 721,259	
Loans	513,705	508,758	513,755	489,273	491,337	513,705	491,337	
Allowance for loan losses	(8,007)	(7,560)	(7,251)	(7,865)	(7,947)	(8,007)	(7,947)	
Investment securities	120,398	120,648	124,784	123,500	121,281	120,398	121,281	
Deposits	530,190	557,745	535,367	542,938	536,931	530,190	536,931	
Borrowings	73,847	38,468	69,174	57,220	86,710	73,847	86,710	
Stockholders' equity	93,404	94,082	94,035	92,507	91,035	93,404	91,035	
<b>Financial Ratios and Other Data</b>								
Performance Ratios:								
Net interest margin (4)	2.86%	2.95%	2.89%	2.94%	2.89%	2.91%	3.05%	
Net interest spread (5)	2.55%	2.62%	2.58%	2.64%	2.62%	2.60%	2.80%	
Noninterest income to average assets (6)	1.28%	2.19%	1.52%	0.76%	0.84%	1.43%	1.37%	
Noninterest expense to average assets	3.88%	4.14%	3.72%	3.14%	3.54%	3.72%	3.75%	
Efficiency ratio (7)	97.57%	83.44%	87.45%	89.24%	99.18%	89.07%	88.44%	
Earnings on average assets (8)	-0.21%	0.59%	0.43%	0.36%	0.53%	0.29%	0.48%	
Earnings on average equity (9)	-1.56%	4.35%	3.28%	2.76%	4.23%	2.18%	3.52%	
<b>Asset Quality Ratios:</b>								
Nonaccrual loans to loans (10)	1.09%	1.14%	1.12%	1.29%	1.34%	1.09%	1.34%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	1.38%	1.44%	1.45%	1.66%	1.62%	1.38%	1.62%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10)	1.35%	1.40%	1.40%	1.51%	1.45%	1.35%	1.45%	
Allowance for loan losses to total loans (10)	1.56%	1.49%	1.41%	1.61%	1.62%	1.56%	1.62%	
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	112.66%	103.07%	97.34%	96.96%	99.72%	112.66%	99.72%	
Net charge-offs (recoveries) annualized to average loans (10)	0.21%	0.01%	0.44%	(0.06%)	(0.74%)	0.15%	-0.29%	
<b>Capital Ratios:</b>								
Total equity to total assets	13.27%	13.43%	13.28%	13.17%	12.62%	13.27%	12.62%	
Total risk-based capital ratio	15.19%	15.18%	15.32%	15.56%	15.34%	15.19%	15.34%	
Tier 1 risk-based capital ratio	13.94%	13.93%	14.07%	14.31%	14.09%	13.94%	14.09%	
Leverage capital ratio	10.71%	10.86%	10.64%	10.39%	10.10%	10.71%	10.10%	
<b>Other Data:</b>								
Number of employees (full-time equivalent)	176	182	180	177	183	176	183	
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 of 2019 and twelve months ended December 31, 2019, and \$1.8 million for the twelve months ended December 31, 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. Book value measures are reported inclusive of the net deferred tax assets. As presented here, shares of common outstanding excludes unvested Restricted Stock Awards.

(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)**

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
(Dollars in Thousands, Except Shares)					
<b>Assets</b>					
Cash and due from banks	\$ 8,970	\$ 9,582	\$ 8,791	\$ 8,168	\$ 13,037
Reverse repurchase agreements	11,196	4,083	18,347	42,729	58,662
Securities available for sale	117,972	118,211	122,365	121,115	118,926
Equity securities at fair value	2,426	2,437	2,419	2,385	2,355
Loans held for sale	16,928	25,347	8,450	4,467	4,632
Loans	513,705	508,758	513,755	489,273	491,337
Allowance for loan losses	(8,007)	(7,560)	(7,251)	(7,865)	(7,947)
Net loans	505,698	501,198	506,504	481,408	483,390
Federal Home Loan Bank Stock	2,587	926	2,363	2,003	3,172
Premises and equipment, net	4,274	4,504	4,643	4,538	4,498
Accrued interest receivable	1,486	1,646	1,820	1,873	1,570
Deferred tax assets, net	20,069	20,455	20,703	21,156	21,422
Other real estate owned, net	2,396	2,466	2,466	2,466	2,486
Bank owned life insurance	4,691	4,666	4,640	4,613	4,590
Goodwill and other intangible assets	154	159	165	171	176
Other assets (1)	4,944	5,031	4,594	5,060	2,343
Total Assets	\$ 703,791	\$ 700,711	\$ 708,270	\$ 702,152	\$ 721,259
<b>Liabilities and Stockholders' Equity</b>					
Deposits:					
Noninterest-bearing demand	\$ 70,175	\$ 63,694	\$ 62,424	\$ 62,553	\$ 63,507
Interest-bearing demand	45,512	50,683	32,649	32,467	33,660
Savings	204,976	202,866	192,133	188,110	181,432
Time	209,527	240,502	248,161	259,808	258,332
Total deposits	530,190	557,745	535,367	542,938	536,931
Short-term borrowings	73,847	38,468	69,174	57,220	86,710
Accrued interest payable	603	711	725	727	710
Other liabilities (1)	5,747	9,705	8,969	8,760	5,873
Total liabilities	610,387	606,629	614,235	609,645	630,224
<b>Stockholders' Equity</b>					
Preferred stock, \$1 par value; 5,000,000 authorized shares at December 31, 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	37,490	37,489	39,384	39,384	39,384
Common stock, \$1 par value; 75,000,000 authorized shares; 18,868,329 and 18,455,610 issued shares; 18,657,282 and 18,244,563 outstanding shares at December 31, 2019 and 2018, respectively. (2)	18,868	18,868	18,543	18,456	18,456
Capital surplus	161,175	161,110	160,991	160,930	160,815
Accumulated deficit	(123,753)	(123,377)	(124,412)	(125,173)	(125,796)
Accumulated other comprehensive income (loss), net	158	526	63	(556)	(1,290)
Treasury stock 221,902 shares at cost	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	93,404	94,082	94,035	92,507	91,035
Total liabilities and stockholders' equity	\$ 703,791	\$ 700,711	\$ 708,270	\$ 702,152	\$ 721,259

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

(2) Both issued and outstanding shares as stated here exclude 815,395 shares and 1,005,915 shares of unvested restricted stock awards at December 31, 2019 and 2018, respectively.

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

	At or for the					12 Months Ended	
	Quarters Ended						
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Dollars in thousands)						
<b>Interest Income</b>							
Loans	\$ 5,793	\$ 5,992	\$ 5,811	\$ 5,693	\$ 5,686	\$ 23,289	\$ 21,821
Loans held for sale	195	152	97	85	86	529	388
Securities	764	810	868	804	828	3,246	3,043
Other investments	68	81	302	433	409	884	951
Total interest income	<u>6,820</u>	<u>7,035</u>	<u>7,078</u>	<u>7,015</u>	<u>7,009</u>	<u>27,948</u>	<u>26,203</u>
<b>Interest Expense</b>							
Deposits	1,856	2,027	1,949	1,805	1,547	7,637	4,876
Short-term borrowings	174	156	307	373	517	1,010	1,546
Total interest expense	<u>2,030</u>	<u>2,183</u>	<u>2,256</u>	<u>2,178</u>	<u>2,064</u>	<u>8,647</u>	<u>6,422</u>
Net interest income	4,790	4,852	4,822	4,837	4,945	19,301	19,781
Provision for (reversal of) loan losses	715	327	(67)	(158)	(1,195)	817	(1,185)
Net interest income after provision for (reversal of) loan losses	<u>4,075</u>	<u>4,525</u>	<u>4,889</u>	<u>4,995</u>	<u>6,140</u>	<u>18,484</u>	<u>20,966</u>
<b>Noninterest Income</b>							
Deposit service charges	98	101	95	83	79	377	405
Other service fees	23	30	29	20	31	102	135
Mortgage banking revenue, net	2,112	2,936	2,148	978	1,057	8,174	6,346
Other income	129	150	179	165	143	623	601
Net gains on sale of securities available for sale	0	0	0	0	0	0	15
Unrealized gains (losses) recognized on equity securities	(11)	18	34	30	23	71	(52)
Net gains (losses) on sale of assets and (writedowns)	(102)	600	225	86	213	809	1,959
Total noninterest income	<u>2,249</u>	<u>3,835</u>	<u>2,710</u>	<u>1,362</u>	<u>1,546</u>	<u>10,156</u>	<u>9,409</u>
<b>Noninterest Expense</b>							
Compensation and employee benefits	4,701	5,309	4,445	3,687	4,206	18,142	17,458
Equipment	394	335	353	335	364	1,417	1,363
Occupancy and premises	460	420	437	456	423	1,773	1,640
Data Processing	157	165	160	166	169	648	669
Federal deposit insurance	(10)	(5)	66	82	74	133	222
Professional services	320	198	207	140	270	865	1,349
Telephone and data communication	81	86	83	78	86	328	321
Insurance	59	70	52	53	47	234	231
Other expense	717	655	754	508	776	2,634	2,594
Total noninterest expense	<u>6,879</u>	<u>7,233</u>	<u>6,557</u>	<u>5,505</u>	<u>6,415</u>	<u>26,174</u>	<u>25,847</u>
Income (losses) from operations before income taxes	(555)	1,127	1,042	852	1,271	2,466	4,528
Income tax expense (benefit)	(180)	93	281	229	313	423	1,188
<b>Net income (loss)</b>	<u>(375)</u>	<u>1,034</u>	<u>761</u>	<u>623</u>	<u>958</u>	<u>2,043</u>	<u>3,340</u>
Preferred stock dividend	0	0	0	0	0	0	0
Discount from repurchase of preferred stock	0	308	0	0	0	308	1,808
<b>Net income (loss) allocated to common stockholders</b>	<u>\$ (375)</u>	<u>\$ 1,342</u>	<u>\$ 761</u>	<u>\$ 623</u>	<u>\$ 958</u>	<u>\$ 2,351</u>	<u>\$ 5,148</u>