



FOR IMMEDIATE RELEASE
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CIB MARINE BANCSHARES, INC. ANNOUNCES 2018 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 2018. *Net income for the year ended December 31, 2018, was \$3.3 million or \$0.28 basic and \$0.15 diluted earnings per share, compared to \$27.0 million or \$1.49 basic and \$0.74 diluted earnings per share for the same period of 2017. Net income for 2017 included a tax benefit of \$22.6 million that reflected special tax adjustment entries related to deferred tax assets and net income for 2018 included a tax expense of \$1.2 million. Income before income taxes for the year ended December 31, 2018, was \$4.5 million compared to \$4.3 million for the same period of 2017.*

Select highlights for the quarter and year include:

- Income before taxes was \$1.3 million for the quarter ended December 31, 2018, compared to \$1.2 million in the same period of 2017. Comparing the two periods, there was a \$0.1 million decrease in net interest income, due primarily to rising cost of funds; a \$0.5 million decline in noninterest income, due to lower mortgage loan production; a \$1.0 million increase in the reversal of loan losses, due to a significant recovery of prior charge-offs; and a \$0.3 million increase in expenses, primarily from higher compensation, other, and equipment expenses.
- Tangible book value per share and stated book value per share at December 31, 2018, were \$2.82 and \$2.45 per share of common stock, respectively, reflecting increases of \$0.29 and \$0.41 versus the prior year ending numbers. The increases were due primarily to net income and the \$1.8 million discount to the carry value of the preferred stock repurchased in 2018 that was accretive to the common shareholders.
- Income before taxes for subsidiary CIBM Bank was \$5.7 million for the year 2018 compared to \$5.2 million for the same period of 2017. The improved earnings reflect increases of \$0.4 million in net interest income and \$0.6 million in non-interest income, as well as a reversal of provisions for loan losses of \$1.2 million; offset in part by a \$1.8 million increase in expenses, primarily due to higher compensation expenses.
- Net interest income increased \$0.4 million for the year 2018 compared to 2017. The increase was primarily due to increases of \$16 million and \$6 million in average balances in SBA reverse repurchase

agreements and investment securities, respectively. Both are lower margined asset classes that contributed to the 6 basis point decline in the net interest margin. Earning asset yields were up 27 basis points and the cost of funds were up 40 basis points for the year 2018 versus 2017.

- Non-interest income increased by \$0.7 million in 2018 versus 2017. The increase was primarily the result of a \$7 million increase in SBA 7(a) loans originated for sale in 2018 versus 2017.
- A reversal of provisions for loan losses of \$1.2 million was recorded in 2018 versus a provision of \$0.2 million in 2017. The 2018 reversal of provisions for loan losses was primarily due to \$2.0 million in recoveries of loans previously charged off versus \$0.6 million in charge-offs during the year.
- Non-performing assets, restructured loans, and loans 90 days or more past due and still accruing to total assets was 1.45% at December 31, 2018, versus 1.13% on the same date in 2017. Despite significant collection activity on lower quality assets during the year, the increase in the rate reflects primarily one commercial real estate loan that was placed on non-accrual during the fourth quarter of 2018.

Mr. J. Brian Chaffin, President and CEO of CIB Marine Bancshares, Inc., commented, “Results in 2018 were affected by a number of different factors, including: higher SBA loan originations; higher compensation costs; costs related to the repurchase of preferred stock; rising cost of funds due to deposit based funding competition and a one percentage point increase in the federal funds target rate; the growth in lower margined, lower risk assets like the SBA reverse repurchase agreement; and moderated net loan growth. Although commercial loan portfolio originations exceeded our goals, net loan balances increased by a modest \$8 million as new loans were offset in part by collections of some lower quality loans and higher prepayments of quality loans due in part to strategic sales by borrowers of the real estate serving as collateral.”

Regarding preferred stock repurchases he stated, “During January 2019, CIBM bid to repurchase 14,688.94 shares of Series A Preferred Stock and 1,155.6 shares of Series B Preferred Stock. The repurchase opportunity came about rapidly as a result of the liquidation of an investment trust (or Collateralized Debt Obligation) that has held the respective preferred shares of CIBM since 2009. CIBM’s bid met the financial requirements for repurchase described in prior communications with shareholders, however, CIBM was not the winning bidder.”

“Although the latest opportunity could not be achieved within the disciplined parameters we have established, the previously reported \$1.8 million discount to the carry value of shares repurchased in 2018 provided a nice bump to the book value of CIBM’s common stock. CIBM plans to hold the second of three annual modified Dutch auctions during the first half of 2019; more information will be forthcoming. Given our limited amount of cash on hand, the price CIBM is willing to pay to repurchase preferred stock will require significant discounting to our current carrying value of the preferred stock in order to compensate for any possible dilutive effects of a capital raise, if needed to fund a repurchase, and any potential adverse consequences to our current \$21 million in deferred tax assets,” he reminded shareholders.

“Lastly, our name unification project has begun as we phase out the use of our legacy market names and roll

out the use of the bank name, CIBM Bank, in all markets and divisions. This will help us build a common brand name in all markets, save marketing costs over time and unify our purpose and mission under one name and logo,” 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, 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					12 Months Ended	
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
(Dollars in thousands, except share and per share data)							
Selected Statement of Operations Data							
Interest and dividend income	\$ 7,009	\$ 6,798	\$ 6,387	\$ 6,009	\$ 6,177	\$ 26,203	\$ 23,527
Interest expense	2,064	1,767	1,406	1,185	1,121	6,422	4,126
Net interest income	4,945	5,031	4,981	4,824	5,056	19,781	19,401
Provision for (reversal of) loan losses	(1,195)	(13)	149	(126)	(218)	(1,185)	206
Net interest income after provision for (reversal of) loan losses	6,140	5,044	4,832	4,950	5,274	20,966	19,195
Noninterest income (1)	1,546	3,063	2,968	1,832	2,015	9,409	8,730
Noninterest expense	6,415	6,871	6,737	5,824	6,070	25,847	23,615
Income before income taxes	1,271	1,236	1,063	958	1,219	4,528	4,310
Income tax expense (benefit)	313	345	241	289	(22,689)	1,188	(22,644)
Net income	\$ 958	\$ 891	\$ 822	\$ 669	\$ 23,908	\$ 3,340	\$ 26,954
Common Share Data							
Basic net income per share (2)	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.04	\$ 1.32	\$ 0.28	\$ 1.49
Diluted net income per share (2)	0.03	0.07	0.02	0.02	0.65	0.15	0.74
Tangible book value per share (3)	2.82	2.71	2.58	2.54	2.53	2.82	2.53
Book value per share (3)	2.45	2.34	2.10	2.06	2.04	2.45	2.04
Financial Condition Data							
Total assets	\$ 721,259	\$ 723,733	\$ 694,812	\$ 663,580	\$ 662,394	\$ 721,259	\$ 662,394
Loans	491,337	507,677	488,762	472,746	483,611	491,337	483,611
Allowance for loan losses	(7,947)	(8,217)	(8,055)	(7,331)	(7,701)	(7,947)	(7,701)
Investment securities	121,281	118,345	119,571	115,596	114,801	121,281	114,801
Deposits	536,931	523,729	517,452	484,258	478,633	536,931	478,633
Borrowings	86,710	104,357	76,427	79,227	84,217	86,710	84,217
Stockholders' equity	91,035	88,993	97,313	97,407	97,066	91,035	97,066
Financial Ratios and Other Data							
Performance Ratios:							
Net interest margin (4)	2.89%	2.97%	3.15%	3.20%	3.25%	3.05%	3.11%
Net interest spread (5)	2.62%	2.72%	2.92%	3.00%	3.05%	2.80%	2.93%
Noninterest income to average assets (6)	0.84%	1.72%	1.77%	1.15%	1.26%	1.37%	1.36%
Noninterest expense to average assets	3.54%	3.82%	3.99%	3.63%	3.79%	3.75%	3.67%
Efficiency ratio (7)	99.18%	84.63%	84.56%	87.28%	85.84%	88.44%	83.95%
Earnings on average assets (8)	0.53%	0.50%	0.49%	0.42%	14.93%	0.48%	4.19%
Earnings on average equity (9)	4.23%	3.77%	3.36%	2.78%	124.19%	3.52%	36.85%
Asset Quality Ratios:							
Nonaccrual loans to loans (10)	1.34%	0.73%	0.53%	0.19%	0.69%	1.34%	0.69%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	1.62%	1.09%	0.82%	0.53%	1.02%	1.62%	1.02%
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10)	1.45%	1.11%	0.94%	0.85%	1.13%	1.45%	1.13%
Allowance for loan losses to total loans	1.62%	1.62%	1.65%	1.55%	1.59%	1.62%	1.59%
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	99.72%	148.99%	200.97%	294.77%	156.68%	99.72%	156.68%
Net charge-offs (recoveries) annualized to average loans	-0.74%	-0.14%	-0.48%	0.21%	-0.01%	-0.29%	0.02%
Capital Ratios:							
Total equity to total assets	12.62%	12.30%	14.01%	14.68%	14.65%	12.62%	14.65%
Total risk-based capital ratio	15.34%	14.43%	16.40%	16.90%	16.62%	15.34%	16.62%
Tier 1 risk-based capital ratio	14.09%	13.18%	15.14%	15.64%	15.36%	14.09%	15.36%
Leverage capital ratio	10.10%	9.90%	11.70%	12.15%	12.39%	10.10%	12.39%
Other Data:							
Number of employees (full-time equivalent)	183	188	184	184	183	183	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. This difference was \$1.8 million and none for the twelve month and three month periods ending December 31, 2018.

(3) Tangible book value per share is the shareholder equity less the liquidation preference of the preferred stock, divided by the total shares of common outstanding. Book value per share is the shareholder equity less the liquidation preference of the preferred stock, divided by the total shares of common outstanding.

(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 common equity.

(10) Excludes loans held for sale.

CIB MARINE BANCSHARES, INC.
Consolidated Balance Sheets (unaudited)

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Assets					
Cash and due from banks	\$ 13,037	\$ 10,055	\$ 9,752	\$ 10,829	\$ 14,371
Reverse repurchase agreements	58,662	45,076	28,403	23,032	5,449
Securities available for sale	121,281	118,345	119,571	115,596	114,801
Loans held for sale	4,632	8,145	15,407	6,689	11,070
Loans	491,337	507,677	488,762	472,746	483,611
Allowance for loan losses	(7,947)	(8,217)	(8,055)	(7,331)	(7,701)
Net loans	483,390	499,460	480,707	465,415	475,910
Federal Home Loan Bank Stock	3,172	3,870	2,610	2,857	3,083
Premises and equipment, net	4,498	4,409	4,296	4,314	4,334
Accrued interest receivable	1,570	1,858	1,580	1,583	1,558
Deferred tax assets, net	21,422	22,410	22,604	22,836	22,613
Other real estate owned, net	2,486	2,494	2,494	3,164	2,584
Bank owned life insurance	4,590	4,565	4,541	4,516	4,494
Goodwill and other intangible assets	176	181	187	193	198
Other assets	2,343	2,865	2,660	2,556	1,929
Total Assets	\$ 721,259	\$ 723,733	\$ 694,812	\$ 663,580	\$ 662,394
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 63,507	\$ 69,165	\$ 72,839	\$ 74,397	\$ 70,024
Interest-bearing demand	33,660	33,701	32,615	34,657	32,979
Savings	181,432	164,603	175,343	182,795	182,581
Time	258,332	256,260	236,655	192,409	193,049
Total deposits	536,931	523,729	517,452	484,258	478,633
Short-term borrowings	86,710	104,357	76,427	79,227	84,217
Accrued interest payable	710	694	497	398	383
Other liabilities	5,873	5,960	3,123	2,290	2,095
Total liabilities	630,224	634,740	597,499	566,173	565,328
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	50,107	51,000	51,000
Common stock, \$1 par value; 75,000,000 authorized shares; 18,455,610 issued shares; 18,244,563 outstanding shares	18,456	18,454	18,454	18,384	18,384
Capital surplus	160,815	160,716	158,903	158,749	158,672
Accumulated deficit	(125,796)	(126,754)	(127,140)	(127,962)	(128,563)
Accumulated other comprehensive loss, net	(1,290)	(2,273)	(2,477)	(2,230)	(1,893)
Treasury stock 221,902 shares at cost	(534)	(534)	(534)	(534)	(534)
Total stockholders' equity	91,035	88,993	97,313	97,407	97,066
Total liabilities and stockholders' equity	\$ 721,259	\$ 723,733	\$ 694,812	\$ 663,580	\$ 662,394

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

	At or for the					12 Months Ended	
	Quarters Ended						
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Dollars in thousands)						
Interest Income							
Loans	\$ 5,686	\$ 5,638	\$ 5,372	\$ 5,125	\$ 5,384	\$ 21,821	\$ 20,395
Loans held for sale	86	112	117	73	102	388	331
Securities	828	720	720	775	643	3,043	2,492
Other investments	409	328	178	36	48	951	309
Total interest income	7,009	6,798	6,387	6,009	6,177	26,203	23,527
Interest Expense							
Deposits	1,547	1,343	1,038	948	910	4,876	3,347
Short-term borrowings	517	424	368	237	211	1,546	779
Total interest expense	2,064	1,767	1,406	1,185	1,121	6,422	4,126
Net interest income	4,945	5,031	4,981	4,824	5,056	19,781	19,401
Provision for (reversal of) loan losses	(1,195)	(13)	149	(126)	(218)	(1,185)	206
Net interest income after provision for (reversal of) loan losses	6,140	5,044	4,832	4,950	5,274	20,966	19,195
Noninterest Income							
Deposit service charges	79	105	110	111	126	405	500
Other service fees	31	30	40	34	36	135	181
Mortgage Banking revenue, net	1,057	1,760	2,155	1,374	1,507	6,346	6,497
Other income	143	173	153	132	229	601	580
Net gains (losses) on sale of securities available for sale	0	(7)	0	22	0	15	0
Unrealized gains (losses) recognized on equity securities	23	(18)	(18)	(39)	0	(52)	0
Net gains (losses) on sale of assets and (writedowns)	213	1,020	528	198	117	1,959	972
Total noninterest income	1,546	3,063	2,968	1,832	2,015	9,409	8,730
Noninterest Expense							
Compensation and employee benefits	4,206	4,514	4,682	4,056	4,015	17,458	16,152
Equipment	364	351	337	311	309	1,363	1,238
Occupancy and premises	423	378	422	417	413	1,640	1,570
Data Processing	169	184	162	154	143	669	587
Federal deposit insurance	74	51	48	49	24	222	247
Professional services	270	623	290	166	330	1,349	818
Telephone and data communication	86	78	79	78	90	321	346
Insurance	47	60	63	61	62	231	277
Other expense	776	632	654	532	684	2,594	2,380
Total noninterest expense	6,415	6,871	6,737	5,824	6,070	25,847	23,615
Income from operations before income taxes	1,271	1,236	1,063	958	1,219	4,528	4,310
Income tax expense (benefit)	313	345	241	289	(22,689)	1,188	(22,644)
Net income	958	891	822	669	23,908	3,340	26,954
Preferred stock dividend	0	0	0	0	0	0	0
Discount from repurchase of preferred shares	0	1,808	0	0	0	1,808	0
Net income allocated to common stockholders	\$ 958	\$ 2,699	\$ 822	\$ 669	\$ 23,908	\$ 5,148	\$ 26,954