



FOR IMMEDIATE RELEASE  
October 13, 2016

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

### **CIB MARINE BANCSHARES, INC. ANNOUNCES 2016 THIRD QUARTER RESULTS**

WAUKESHA, Wis. – CIB Marine Bancshares, Inc. (the “Company” or “CIBM”) (OTCQB: CIBH), the holding company of CIBM Bank, announced its results of operations and financial condition for the third quarter of 2016. *Net income for the quarter was \$0.9 million or \$0.05 basic earnings per share, and for the nine months ending September 30, 2016, \$3.0 million or \$0.17 per share. Earnings per share on a diluted basis for the same quarter and nine month period were \$0.02 and \$0.08, respectively.* This reflects a substantial increase over the prior year’s results for the same periods as shown in the included financial information.

Select highlights for the quarter include:

- Return on average assets was 0.55% for the third quarter of 2016 and 0.67% for the nine months ending September 30, 2016, showing a substantial improvement over the 0.23% and 0.05% reported for the same periods in 2015.
- Net income for subsidiary CIBM Bank was \$1.0 million for the third quarter and \$3.1 million for the nine months ending September 30, 2016; compared to \$0.6 million and \$0.9 million for the same periods of 2015.
- The growing and diversified loan portfolio has been the main driver of CIBM’s net interest income growth as it has increased \$0.5 million for the third quarter and \$1.5 million for the nine months ending September 30, 2016, relative to the same periods of 2015.
- Non-interest income increased \$1.6 million for the third quarter and \$3.7 million for the nine months ending September 30, 2016, relative to the same periods of 2015, due primarily to mortgage activity.
- In addition to the growing revenues, our expense management activities discussed in prior earnings releases and shareholder letters have played a role in this outcome as well. The primary source of noninterest expense growth has been from higher commissions related to mortgage production.
- Although net recoveries from prior charge-offs annualized to average loans has been fairly strong this past quarter and year to date, the approximately \$1.3 million (net of costs) structured settlement payment announced earlier this year has not yet been received or recorded.
- Non-performing assets to total assets continued its decline to 1.32% from 1.59% the prior quarter, 2.25% at the year-end 2015, and 2.20% at the same quarter-end of 2015.

“CIB Marine is pleased to be reporting year-on-year earnings improvements, continued growth in revenues and key accomplishments in executing some expense reductions,” said Mr. J. Brian Chaffin, President and Chief Executive Officer of CIB Marine Bancshares, Inc. “Our third quarter saw growth in all of our key production units with especially strong results coming out of our mortgage banking division. In addition, we have received our first full quarter’s results from the SBA financing facility discussed in the prior quarter, this facility is reported under reverse repurchase agreements in the balance sheet and other investments in the income statement.”

Mr. Chaffin added, “We continue to focus on fulfilling our mission and growing our client relationship-based banking businesses along our corporate, mortgage and retail lines. We have made several new hires in our retail banking division recently, and Joe Arie joined our management team in the third quarter to develop our SBA lending business. Joe has a long history in SBA lending management and participation in various roles with key SBA trade organizations. In addition, CIBM successfully implemented a new customer relationship management system this past quarter – this will assist in better meeting our customers’ financial service needs and coordinate those efforts internally across our divisions and geographies.”

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates 11 banking 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.

**Notice that Preferred Dividend has not been declared:** Pursuant to Sections 5.4(e)(v) and 5.5(e)(v) of the Company’s Articles of Incorporation, notice is hereby given that the Board of Directors of the Company has not declared a dividend on its Series A Preferred Stock or its Series B Convertible Preferred Stock for the quarter ended September 30, 2016, and, accordingly, no dividend will be paid to preferred shareholders for such Dividend Period.

---

#### **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, 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					Nine Months Ended		
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	September 30, 2016	September 30, 2015	
(Dollars in thousands, except share and per share data)								
<b>Selected Statement of Operations Data</b>								
Interest and dividend income	\$ 5,286	\$ 5,214	\$ 5,176	\$ 4,874	\$ 4,657	\$ 15,676	\$ 13,656	
Interest expense	740	729	735	654	595	2,204	1,723	
Net interest income	4,546	4,485	4,441	4,220	4,062	13,472	11,933	
Provision for (reversal of) loan losses	69	118	61	215	(337)	248	(154)	
Net interest income after provision for (reversal of) loan losses	4,477	4,367	4,380	4,005	4,399	13,224	12,087	
Noninterest income (1)	2,651	2,788	2,053	592	1,022	7,492	3,834	
Noninterest expense	6,220	5,951	5,481	5,386	5,114	17,652	15,731	
Income (loss) before income taxes	908	1,204	952	(789)	307	3,064	190	
Income tax expense	40	15	0	6	0	55	0	
Net income (loss)	\$ 868	\$ 1,189	\$ 952	\$ (795)	\$ 307	\$ 3,009	\$ 190	
<b>Common Share Data</b>								
Basic net income (loss) per share	\$ 0.05	\$ 0.07	\$ 0.05	\$ (0.04)	\$ 0.02	\$ 0.17	\$ 0.01	
Diluted net income (loss) per share	0.02	0.03	0.03	(0.04)	0.01	0.08	0.01	
Dividend	0	0	0	0	0	0	0	
Tangible book value per share (2)	1.04	0.99	0.90	0.79	0.90	1.04	0.90	
Book value per share (2)	0.56	0.51	0.41	0.31	0.42	0.56	0.42	
Weighted average shares outstanding - basic	18,127,892	18,127,892	18,127,892	18,127,892	18,127,892	18,127,892	18,127,892	
Weighted average shares outstanding - diluted	35,818,022	35,631,892	35,631,892	18,127,892	35,631,892	35,694,388	35,631,892	
<b>Financial Condition Data</b>								
Total assets	\$ 632,628	\$ 615,708	\$ 597,089	\$ 571,233	\$ 531,744	\$ 632,628	\$ 531,744	
Loans	466,057	461,859	470,424	445,050	414,643	466,057	414,643	
Allowance for loan losses	(8,549)	(8,219)	(8,235)	(8,064)	(7,883)	(8,549)	(7,883)	
Investment securities	103,853	103,542	97,474	94,702	92,674	103,853	92,674	
Deposits	476,428	468,377	467,334	443,571	415,185	476,428	415,185	
Borrowings	81,636	72,833	57,929	58,883	45,396	81,636	45,396	
Stockholders' equity	70,094	69,266	67,475	65,586	67,616	70,094	67,616	
<b>Financial Ratios and Other Data</b>								
<b>Performance Ratios:</b>								
Net interest margin (3)	2.95%	3.11%	3.15%	3.14%	3.18%	3.07%	3.19%	
Net interest spread (4)	2.80%	2.96%	3.00%	2.98%	3.03%	2.92%	3.04%	
Noninterest income to average assets (5)	1.68%	1.88%	1.42%	0.43%	0.77%	1.66%	0.99%	
Noninterest expense to average assets	3.93%	4.02%	3.78%	3.89%	3.87%	3.91%	4.07%	
Efficiency ratio (6)	86.42%	81.82%	84.40%	111.93%	100.59%	84.20%	99.85%	
Earnings (loss) on average assets (7)	0.55%	0.80%	0.66%	-0.57%	0.23%	0.67%	0.05%	
Earnings (loss) on average equity (8)	4.89%	6.98%	5.75%	-4.65%	1.79%	5.86%	0.37%	
<b>Asset Quality Ratios:</b>								
Nonaccrual loans to loans (9)	1.16%	0.81%	0.81%	0.70%	0.75%	1.16%	0.75%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	1.58%	1.63%	1.64%	1.96%	1.68%	1.58%	1.68%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (9)	1.32%	1.59%	1.94%	2.25%	2.20%	1.32%	2.20%	
Allowance for loan losses to total loans	1.83%	1.78%	1.75%	1.81%	1.90%	1.83%	1.90%	
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	116.08%	109.14%	106.74%	92.25%	113.03%	116.08%	113.03%	
Net charge-offs (recoveries) annualized to average loans	-0.22%	0.12%	-0.10%	0.03%	-0.54%	-0.07%	-0.16%	
<b>Capital Ratios:</b>								
Total equity to total assets	11.08%	11.25%	11.30%	11.48%	12.72%	11.08%	12.72%	
Total risk-based capital ratio	15.66%	15.60%	15.19%	15.45%	16.57%	15.66%	16.57%	
Tier 1 risk-based capital ratio	14.41%	14.34%	13.93%	14.20%	15.31%	14.41%	15.31%	
Leverage capital ratio	11.20%	11.69%	11.72%	12.27%	13.01%	11.20%	13.01%	
<b>Other Data:</b>								
Number of employees (full-time equivalent)	169	167	180	173	159	169	159	
Number of banking facilities	11	11	11	11	11	11	11	

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

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

(3) Net interest margin is the ratio of net interest income to average interest-earning assets.

(4) Net interest spread is the yield on average interest-earning assets less the rate on average interest-bearing liabilities.

(5) Noninterest income to average assets excludes gains and losses on securities.

(6) The efficiency ratio is noninterest expense divided by the sum of net interest income plus noninterest income, excluding gains and losses on securities.

(7) Earnings on average assets are net income divided by average total assets.

(8) Earnings on average equity are net income divided by average common equity.

(9) Excludes loans held for sale.

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

	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
(Dollars in thousands, except share data)					
<b>Assets</b>					
Cash and due from banks	\$ 11,427	\$ 9,808	\$ 9,136	\$ 9,170	\$ 8,037
Reverse repurchase agreements	27,560	20,313	-	-	-
Securities available for sale	103,853	103,542	97,474	94,702	92,674
Loans held for sale	15,875	11,602	10,176	12,275	5,157
Loans	466,057	461,859	470,424	445,050	414,643
Allowance for loan losses	(8,549)	(8,219)	(8,235)	(8,064)	(7,883)
Net loans	457,508	453,640	462,189	436,986	406,760
Federal Home Loan Bank Stock	3,803	2,170	2,170	2,170	2,170
Premises and equipment, net	4,256	4,358	4,716	4,771	4,830
Accrued interest receivable	1,289	1,290	1,468	1,296	1,471
Other real estate owned, net	982	2,283	3,859	4,126	4,698
Bank owned life insurance	4,363	4,336	4,310	4,285	4,259
Goodwill and other intangible assets	226	232	237	243	248
Other assets	1,486	2,134	1,354	1,209	1,440
Total Assets	\$ 632,628	\$ 615,708	\$ 597,089	\$ 571,233	\$ 531,744
<b>Liabilities and Stockholders' Equity</b>					
Deposits:					
Noninterest-bearing demand	\$ 87,216	\$ 82,460	\$ 74,564	\$ 77,580	\$ 70,644
Interest-bearing demand	29,821	31,508	32,096	33,192	30,320
Savings	169,390	175,955	175,576	162,663	153,134
Time	190,001	178,454	185,098	170,136	161,087
Total deposits	476,428	468,377	467,334	443,571	415,185
Short-term borrowings	81,636	72,833	57,929	58,883	45,396
Accrued interest payable	319	335	339	321	305
Other liabilities	4,151	4,897	4,012	2,872	3,242
Total liabilities	562,534	546,442	529,614	505,647	464,128
<b>Stockholders' Equity</b>					
Preferred stock, \$1 par value; 5,000,000 authorized shares; 7% fixed rate noncumulative perpetual issued-55,624 shares of series A and 4,376 shares of series B; convertible; aggregate liquidation preference- \$60,000	51,000	51,000	51,000	51,000	51,000
Common stock, \$1 par value; 50,000,000 authorized shares; 18,346,391 issued shares; 18,135,344 outstanding shares	18,346	18,346	18,346	18,346	18,346
Capital surplus	158,510	158,493	158,493	158,493	158,493
Accumulated deficit	(156,579)	(157,446)	(158,636)	(159,588)	(158,793)
Accumulated other comprehensive loss, net	(654)	(598)	(1,199)	(2,136)	(901)
Treasury stock 218,499 shares at cost	(529)	(529)	(529)	(529)	(529)
Total stockholders' equity	70,094	69,266	67,475	65,586	67,616
Total liabilities and stockholders' equity	\$ 632,628	\$ 615,708	\$ 597,089	\$ 571,233	\$ 531,744

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

	At or for the					Nine Months Ended	
	Quarters Ended						
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	September 30, 2016	September 30, 2015
	(Dollars in thousands)						
<b>Interest Income</b>							
Loans	\$ 4,540	\$ 4,635	\$ 4,572	\$ 4,248	\$ 4,044	\$ 13,747	\$ 11,724
Loans held for sale	153	95	83	77	58	331	264
Securities	513	478	517	546	553	1,508	1,660
Other investments	80	6	4	3	2	90	8
Total interest income	5,286	5,214	5,176	4,874	4,657	15,676	13,656
<b>Interest Expense</b>							
Deposits	659	692	705	640	583	2,056	1,687
Short-term borrowings	81	37	30	14	12	148	36
Total interest expense	740	729	735	654	595	2,204	1,723
Net interest income	4,546	4,485	4,441	4,220	4,062	13,472	11,933
Provision for (reversal of) loan losses	69	118	61	215	(337)	248	(154)
Net interest income after provision for (reversal of) loan losses	4,477	4,367	4,380	4,005	4,399	13,224	12,087
<b>Noninterest Income</b>							
Deposit service charges	125	121	103	113	119	349	337
Other service fees	47	52	67	60	73	166	176
Mortgage Banking revenue, net	2,285	2,102	1,336	545	805	5,723	3,179
Other income	206	96	117	104	102	419	340
Net gains on sale of securities	0	0	0	0	0	0	13
Net gains (losses) on sale of assets and (writedowns)	(12)	417	430	(230)	(77)	835	(211)
Total noninterest income	2,651	2,788	2,053	592	1,022	7,492	3,834
<b>Noninterest Expense</b>							
Compensation and employee benefits	4,426	4,143	3,624	3,419	3,195	12,193	10,096
Equipment	277	293	273	277	262	843	791
Occupancy and premises	377	389	435	396	404	1,201	1,180
Data Processing	185	151	154	158	173	490	463
Federal deposit insurance	105	106	106	104	110	317	321
Professional services	157	213	249	228	277	619	714
Telephone and data communication	92	99	109	113	86	300	298
Insurance	60	56	54	53	55	170	168
Other expense	541	501	477	638	552	1,519	1,700
Total noninterest expense	6,220	5,951	5,481	5,386	5,114	17,652	15,731
Income (loss) from operations before income taxes	908	1,204	952	(789)	307	3,064	190
Income tax expense	40	15	0	6	0	55	0
<b>Net income (loss)</b>	868	1,189	952	(795)	307	3,009	190
Preferred stock dividend	0	0	0	0	0	0	0
<b>Net income (loss) allocated to common stockholders</b>	\$ 868	\$ 1,189	\$ 952	\$ (795)	\$ 307	\$ 3,009	\$ 190