



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

CIB MARINE BANCSHARES, INC. ANNOUNCES 2017 FIRST QUARTER RESULTS

WAUKESHA, Wis. – CIB Marine Bancshares, Inc. (the “Company” or “CIBM”) (OTCQB: CIBH), the holding company of CIBM Bank (the “Bank”), today announces its results of operations and financial condition for the first quarter of 2017. *Net income for the first quarter was \$0.9 million or \$0.05 per share basic.* This compares to net income of \$1.1 million or \$0.06 per share basic for the fourth quarter of 2016 and net income of \$1.0 million or \$0.05 per share basic for the first quarter of 2016.

Select highlights for the quarter include:

- Return on average assets for the first quarter of 2017 is 0.56%, compared to 0.66% for the fourth quarter of 2016 and 0.66% for the first quarter of 2016. Both of the prior periods reported significant recovery of prior loan related losses whereas there was none in the current quarter.
- Our book and tangible book value per share of common stock are reported at \$0.60 and \$1.08, respectively, compared to \$0.41 and \$0.90 from one year prior.
- Net income for subsidiary CIBM Bank was \$1.1 million, compared to net income of \$1.2 million for the fourth quarter of 2016 boosted by a large loan loss recovery and \$0.7 million for the first quarter of 2016. Improvements are due to higher net interest income and gains on sale of SBA loans, as well as lower noninterest expense.
- Net interest income of \$4.7 million for the quarter is an increase of \$0.2 million from the fourth quarter of 2016 and \$0.3 million from the first quarter of 2016.
- Non-interest income of \$1.9 million for the quarter was on par with \$1.9 million from the fourth quarter of 2016. Non-interest income for the first quarter of 2016 was \$2.1 million and included \$0.4 million in net gains from sale of OREO assets net of other write-downs.

“CIB Marine’s performance reflected continued gains consistent with our business plan. Our net interest income grew due to higher earning asset volumes and the new Fed rate hikes. Gains on sale of SBA loans of \$0.4 million reported in net gains on sale of assets is an early sign of the kind of performance our new SBA Lending division is capable of providing. Retail banking generated more than \$20 million gross in new deposits to assist funding prior asset growth and a reduction in our FHLB borrowings. At Avenue

Mortgage, although off to a seasonally slower start, the month of March showed signs of strength as the home purchase markets started to heat up and our new and growing lending team in central Illinois is just getting started,” said Mr. J. Brian Chaffin, President and CEO of CIB Marine Bancshares, Inc.

Mr. Chaffin added, “We are excited to introduce our Affordable Loan Program to assist low and moderate income households in our communities and the creation of a new Community Development Officer position. Early indicators are very positive and show what a positive force the company and its employees can have within the communities we live and work.”

Mr. Chaffin then noted, “As referenced in our shareholder letter dated April 3, 2017, we have included with this release a summary analysis of the potential impact preferred stock repurchases under various discount scenarios would have on book value. More information and a proposal for common shareholders to vote on will be included in the Proxy Statement for the 2017 Annual Shareholder Meeting.”

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates 11 banking offices in Illinois, Wisconsin and Indiana and 4 separate 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.

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 period ended March 31, 2017 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					Three Months Ended		
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	March 31, 2017	March 31, 2016	
	(Dollars in thousands, except share and per share data)							
Selected Statement of Operations Data								
Interest and dividend income	\$ 5,562	\$ 5,273	\$ 5,286	\$ 5,214	\$ 5,176	\$ 5,562	\$ 5,176	
Interest expense	892	793	740	729	735	892	735	
Net interest income	4,670	4,480	4,546	4,485	4,441	4,670	4,441	
Provision for (reversal of) loan losses	228	(796)	69	118	61	228	61	
Net interest income after provision for (reversal of) loan losses	4,442	5,276	4,477	4,367	4,380	4,442	4,380	
Noninterest income (1)	1,847	1,908	2,651	2,788	2,053	1,847	2,053	
Noninterest expense	5,401	6,127	6,220	5,951	5,481	5,401	5,481	
Income (loss) before income taxes	888	1,057	908	1,204	952	888	952	
Income tax expense	0	(5)	40	15	0	0	0	
Net income (loss)	\$ 888	\$ 1,062	\$ 868	\$ 1,189	\$ 952	\$ 888	\$ 952	
Common Share Data								
Basic net income (loss) per share	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.07	\$ 0.05	\$ 0.05	\$ 0.05	
Diluted net income (loss) per share	0.02	0.03	0.02	0.03	0.03	0.02	0.03	
Dividend	0	0	0	0	0	0	0	
Tangible book value per share (2)	1.08	1.01	1.04	0.99	0.90	1.08	0.90	
Book value per share (2)	0.60	0.53	0.56	0.51	0.41	0.60	0.41	
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	36,193,353	36,082,522	35,818,022	35,631,892	35,631,892	36,193,353	35,631,892	
Financial Condition Data								
Total assets	\$ 631,160	\$ 653,559	\$ 632,628	\$ 615,708	\$ 597,089	\$ 631,160	\$ 597,089	
Loans	483,501	483,518	466,057	461,859	470,424	483,501	470,424	
Allowance for loan losses	(7,567)	(7,592)	(8,549)	(8,219)	(8,235)	(7,567)	(8,235)	
Investment securities	111,745	112,072	103,853	103,542	97,474	111,745	97,474	
Deposits	497,144	483,097	476,428	468,377	467,334	497,144	467,334	
Borrowings	60,837	96,944	81,636	72,833	57,929	60,837	57,929	
Stockholders' equity	70,819	69,523	70,094	69,266	67,475	70,819	67,475	
Financial Ratios and Other Data								
Performance Ratios:								
Net interest margin (3)	3.02%	2.84%	2.95%	3.11%	3.15%	3.02%	3.15%	
Net interest spread (4)	2.87%	2.70%	2.80%	2.96%	3.00%	2.87%	3.00%	
Noninterest income to average assets (5)	1.16%	1.18%	1.68%	1.88%	1.42%	1.16%	1.42%	
Noninterest expense to average assets	3.40%	3.79%	3.93%	4.02%	3.78%	3.40%	3.78%	
Efficiency ratio (6)	82.88%	95.91%	86.42%	81.82%	84.40%	82.88%	84.40%	
Earnings (loss) on average assets (7)	0.56%	0.66%	0.55%	0.80%	0.66%	0.56%	0.66%	
Earnings (loss) on average equity (8)	5.10%	5.93%	4.89%	6.98%	5.75%	5.10%	5.75%	
Asset Quality Ratios:								
Nonaccrual loans to loans (9)	1.32%	1.26%	1.16%	0.81%	0.81%	1.32%	0.81%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	1.65%	1.60%	1.58%	1.63%	1.64%	1.65%	1.64%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (9)	1.77%	1.67%	1.32%	1.59%	1.94%	1.77%	1.94%	
Allowance for loan losses to total loans	1.57%	1.57%	1.83%	1.78%	1.75%	1.57%	1.75%	
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	94.67%	97.99%	116.08%	109.14%	106.74%	94.67%	106.74%	
Net charge-offs (recoveries) annualized to average loans	0.21%	0.14%	-0.22%	0.12%	-0.10%	0.21%	-0.10%	
Capital Ratios:								
Total equity to total assets	11.02%	10.64%	11.08%	11.25%	11.30%	11.02%	11.30%	
Total risk-based capital ratio	15.90%	15.40%	15.66%	15.60%	15.19%	15.90%	15.19%	
Tier 1 risk-based capital ratio	14.65%	14.15%	14.41%	14.34%	13.93%	14.65%	13.93%	
Leverage capital ratio	11.21%	11.14%	11.20%	11.69%	11.72%	11.21%	11.72%	
Other Data:								
Number of employees (full-time equivalent)	181	171	169	167	180	181	180	
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.

(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)

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
(Dollars in thousands, except share data)					
Assets					
Cash and due from banks	\$ 12,773	\$ 10,291	\$ 11,427	\$ 9,808	\$ 9,136
Reverse repurchase agreements	11,019	24,275	27,560	20,313	-
Securities available for sale	111,745	112,072	103,853	103,542	97,474
Loans held for sale	2,448	11,469	15,875	11,602	10,176
Loans	483,501	483,518	466,057	461,859	470,424
Allowance for loan losses	(7,567)	(7,592)	(8,549)	(8,219)	(8,235)
Net loans	475,934	475,926	457,508	453,640	462,189
Federal Home Loan Bank Stock	2,070	3,803	3,803	2,170	2,170
Premises and equipment, net	4,369	4,427	4,256	4,358	4,716
Accrued interest receivable	1,377	1,382	1,289	1,290	1,468
Other real estate owned, net	3,153	3,159	982	2,283	3,859
Bank owned life insurance	4,414	4,389	4,363	4,336	4,310
Goodwill and other intangible assets	215	221	226	232	237
Other assets	1,643	2,145	1,486	2,134	1,354
Total Assets	<u>\$ 631,160</u>	<u>\$ 653,559</u>	<u>\$ 632,628</u>	<u>\$ 615,708</u>	<u>\$ 597,089</u>
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 76,088	\$ 77,154	\$ 87,216	\$ 82,460	\$ 74,564
Interest-bearing demand	33,027	33,832	29,821	31,508	32,096
Savings	192,175	176,435	169,390	175,955	175,576
Time	195,854	195,676	190,001	178,454	185,098
Total deposits	497,144	483,097	476,428	468,377	467,334
Short-term borrowings	60,837	96,944	81,636	72,833	57,929
Accrued interest payable	327	349	319	335	339
Other liabilities	2,033	3,646	4,151	4,897	4,012
Total liabilities	560,341	584,036	562,534	546,442	529,614
Stockholders' Equity					
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	158,602	158,552	158,510	158,493	158,493
Accumulated deficit	(154,629)	(155,517)	(156,579)	(157,446)	(158,636)
Accumulated other comprehensive loss, net	(1,971)	(2,329)	(654)	(598)	(1,199)
Treasury stock 218,499 shares at cost	(529)	(529)	(529)	(529)	(529)
Total stockholders' equity	70,819	69,523	70,094	69,266	67,475
Total liabilities and stockholders' equity	<u>\$ 631,160</u>	<u>\$ 653,559</u>	<u>\$ 632,628</u>	<u>\$ 615,708</u>	<u>\$ 597,089</u>

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

	At or for the						
	Quarters Ended					Three Months Ended	
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	March 31, 2017	March 31, 2016
	(Dollars in thousands)						
Interest Income							
Loans	\$ 4,826	\$ 4,493	\$ 4,540	\$ 4,635	\$ 4,572	\$ 4,826	\$ 4,572
Loans held for sale	46	141	153	95	83	46	83
Securities	611	563	513	478	517	611	517
Other investments	79	76	80	6	4	79	4
Total interest income	5,562	5,273	5,286	5,214	5,176	5,562	5,176
Interest Expense							
Deposits	749	697	659	692	705	749	705
Short-term borrowings	143	96	81	37	30	143	30
Total interest expense	892	793	740	729	735	892	735
Net interest income	4,670	4,480	4,546	4,485	4,441	4,670	4,441
Provision for (reversal of) loan losses	228	(796)	69	118	61	228	61
Net interest income after provision for (reversal of) loan losses	4,442	5,276	4,477	4,367	4,380	4,442	4,380
Noninterest Income							
Deposit service charges	113	121	125	121	103	113	103
Other service fees	46	45	47	52	67	46	67
Mortgage Banking revenue, net	1,142	1,414	2,285	2,102	1,336	1,142	1,336
Other income	97	136	206	96	117	97	117
Net gains on sale of securities	0	0	0	0	0	0	0
Net gains (losses) on sale of assets and (writedowns)	449	192	(12)	417	430	449	430
Total noninterest income	1,847	1,908	2,651	2,788	2,053	1,847	2,053
Noninterest Expense							
Compensation and employee benefits	3,705	4,228	4,426	4,143	3,624	3,705	3,624
Equipment	290	305	277	293	273	290	273
Occupancy and premises	390	390	377	389	435	390	435
Data Processing	140	123	185	151	154	140	154
Federal deposit insurance	87	92	105	106	106	87	106
Professional services	200	156	157	213	249	200	249
Telephone and data communication	81	90	92	99	109	81	109
Insurance	59	60	60	56	54	59	54
Other expense	449	683	541	501	477	449	477
Total noninterest expense	5,401	6,127	6,220	5,951	5,481	5,401	5,481
Income (loss) from operations before income taxes	888	1,057	908	1,204	952	888	952
Income tax expense	0	(5)	40	15	0	0	0
Net income (loss)	888	1,062	868	1,189	952	888	952
Preferred stock dividend	0	0	0	0	0	0	0
Net income (loss) allocated to common stockholders	\$ 888	\$ 1,062	\$ 868	\$ 1,189	\$ 952	\$ 888	\$ 952

CIB Marine Bancshares, Inc.

Summary of Preferred Stock Repurchase Program Scenario Analysis

In a letter to shareholders dated April 3, 2017, we discussed a plan to be presented to shareholders at the 2017 Annual Shareholder Meeting on May 25, 2017, in Champaign, Illinois. The Company intends to create a non-mandatory preferred stock repurchase program if the common and preferred shareholders vote in favor of an amendment to the Company's Articles of Incorporation permitting individually negotiated repurchases of the preferred stock. The repurchase of preferred stock at a discount to par is accretive for the Company and its shareholders, and creates the opportunity for liquidity for preferred shareholders who choose for themselves to sell their stock at a mutually agreeable price. The analysis below demonstrates the accretion to book value of preferred stock repurchases under various discount scenarios.

REPURCHASE SCENARIO AT 30% of Liquidation Preference								
<i>End of Year</i>	2016	2017	2018	2019	2020	2021	2022	2023
Repurchase Price of Series A as % of Liquidation Preference		30%	30%	30%	30%			
Preferred Series A Outstanding, end of period	55,624	35,624	25,624	15,624	0			
Cash Used for Repurchase		\$6,000,000	\$3,000,000	\$3,000,000	\$4,687,200	no remaining Preferred Series A		
Total Shares of Series A Repurchased		20,000.00	10,000.00	10,000.00	15,624.00			
Tangible Book Value per Common Share, basic	\$1.03	\$1.83	\$2.40	\$2.97	\$3.71			
Book Value per Common Share, basic	\$0.53	\$1.49	\$2.15	\$2.79	\$3.67			
REPURCHASE SCENARIO AT 70% of Liquidation Preference								
<i>End of Year</i>	2016	2017	2018	2019	2020	2021	2022	2023
Repurchase Price of Series A as % of Liquidation Preference		70%	70%	70%	70%	70%	70%	70%
Preferred Series A Outstanding, end of period	55,624	47,053	42,767	38,481	34,195	29,910	25,624	21,338
Cash Used for Repurchase		\$6,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Total Shares of Series A Repurchased		8,571.43	4,285.71	4,285.71	4,285.71	4,285.71	4,285.71	4,285.71
Tangible Book Value per Common Share, basic	\$1.03	\$1.30	\$1.60	\$1.90	\$2.20	\$2.53	\$2.86	\$3.18
Book Value per Common Share, basic	\$0.53	\$0.86	\$1.21	\$1.53	\$1.87	\$2.23	\$2.60	\$2.96
REPURCHASE SCENARIO AT 30%, 50% then 70% of Liquidation Preference								
<i>End of Year</i>	2016	2017	2018	2019	2020	2021	2022	2023
Repurchase Price of Series A as % of Liquidation Preference		30%	50%	70%	70%	70%	70%	70%
Preferred Series A Outstanding, end of period	55,624	35,624	29,624	25,338	21,053	16,767	12,481	8,195
Cash Used for Repurchase		\$6,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Total Shares of Series A Repurchased		20,000.00	6,000.00	4,285.71	4,285.71	4,285.71	4,285.71	4,285.71
Tangible Book Value per Common Share, basic	\$1.03	\$1.83	\$2.21	\$2.51	\$2.82	\$3.15	\$3.47	\$3.80
Book Value per Common Share, basic	\$0.53	\$1.49	\$1.93	\$2.25	\$2.60	\$2.96	\$3.32	\$3.68

Assumptions

- 1) Sufficient cash is available from earnings and liquidity to support the repurchase plan, and at the same time support a strong capital position at the subsidiary bank and the company on a consolidated basis.
- 2) The amendments proposed in the 2017 Proxy Statement are approved by all necessary parties and any and all regulatory approvals are obtained to engage in the repurchase activity.
- 3) Repurchased shares are cancelled and not retained as treasury stock.
- 4) Common Stock Issued and Outstanding as reflected in the basic shares used to determine the book values per share reflect 0% forfeiture of Restricted Stock Awards.
- 5) The Tangible Book Values and Book Values per share reflect both the accretive affects of the repurchase program and a baseline earnings forecast for purposes of demonstrating the potential outcomes.

The scenarios are an expression of possible outcomes with willing parties, free to chose for themselves when and at what prices they are willing to sell their shares of preferred stock for cash.

The scenarios do not fully reflect all possible outcomes or the potential upside to the Preferred Shareholders should they retain their holdings.