



FOR IMMEDIATE RELEASE
July 14, 2016

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CIB MARINE BANCSHARES, INC. ANNOUNCES 2016 SECOND 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 second quarter of 2016. *Net income for the quarter was \$1.2 million or \$0.07 basic earnings per share, and for the six months ending June 30, 2016, \$2.1 million or \$0.12 per share. Earnings per share on a diluted basis for the same quarter and six month period were \$0.03 and \$0.06, respectively.* This reflects a substantial increase over the prior year’s results for the same periods.

Select highlights for the quarter include:

- Return on average assets was 0.80% for the second quarter of 2016 and 0.73% for the six months ending June 30, 2016, compared to -0.11% and -0.05% for the same periods in 2015.
- Net income for subsidiary CIBM Bank was \$1.4 million for the second quarter and \$2.1 million for the six months ending June 30, 2016; compared to \$0.1 million and \$0.3 million for the same periods of 2015, respectively.
- Due primarily to an increase in average loan balances, net interest income increased \$0.5 million for the second quarter and \$1.1 million for the six months ending June 30, 2016, relative to the same periods of 2015.
- Non-interest income increased \$1.4 million for the second quarter and \$2.0 million for the six months ending June 30, 2016, relative to the same periods of 2015. Year-to-date results compared to the same period of 2015 reflect a \$1.1 million improvement in net mortgage banking revenues and \$1.0 million in net gains/(losses) on sale of assets and write-downs, comprised primarily of gains on sale of other real estate owned.
- Non-performing assets to total assets continued its decline to 1.59%, compared to 2.25% from year-end 2015 and 2.83% from the same quarter-end of 2015.
- By the end of the second quarter of 2016, our actions for expense reductions announced in February 2016 were substantially complete. The second half of 2016 will more directly reflect the full amount of the \$1.1 million per annum expense reductions.

“CIB Marine is reporting an even stronger second quarter than the first with substantial revenue

improvements and relatively limited increases in expenses. Results reflect continued improvement in the critical areas we identified in our strategic goals,” said Mr. J. Brian Chaffin, President and Chief Executive Officer of CIB Marine Bancshares, Inc. “Whereas the first quarter was dominated by stronger loan growth, the second quarter has started to reflect improved results from our mortgage banking division and our initiative to originate and sell the government guaranteed portion of SBA loans. In addition, CIB Marine began funding a SBA asset financing facility and increased its investment security holdings.”

The Company also announced that it recently agreed to settle claims related to asset purchase transactions in 2006 and 2007. CIB Marine will receive approximately \$1.3 million net of costs in a structured settlement, the majority of which is expected to be received in the second half of 2016. To date, none of the structured settlement has been received or recorded. As the payments are received, CIB Marine will record them as a loan loss recovery, which may result in a credit provision (i.e., a reversal of loan losses) in those future reporting periods thereby potentially increasing CIB Marine’s net income by an amount up to the recovery.

Mr. Chaffin added, “As we look forward, we are focused on fulfilling our mission and growing our client relationship-based banking businesses along our corporate, mortgage and retail lines; at the same time further developing our SBA lending business and other related complementary banking and trust services as we leverage our geographic footprint and operations.”

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, 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, 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 | | | | | Six Months Ended | | |
| | June 30, 2016 | March 31, 2016 | December 31, 2015 | September 30, 2015 | June 30, 2015 | June 30, 2016 | June 30, 2015 | |
| | (Dollars in thousands, except share and per share data) | | | | | | | |
| Selected Statement of Operations Data | | | | | | | | |
| Interest and dividend income | \$ 5,214 | \$ 5,176 | \$ 4,874 | \$ 4,657 | \$ 4,539 | \$ 10,390 | \$ 8,999 | |
| Interest expense | 729 | 735 | 654 | 595 | 557 | 1,464 | 1,128 | |
| Net interest income | 4,485 | 4,441 | 4,220 | 4,062 | 3,982 | 8,926 | 7,871 | |
| Provision for (reversal of) loan losses | 118 | 61 | 215 | (337) | 97 | 179 | 183 | |
| Net interest income after provision for (reversal of) loan losses | 4,367 | 4,380 | 4,005 | 4,399 | 3,885 | 8,747 | 7,688 | |
| Noninterest income (1) | 2,788 | 2,053 | 592 | 1,022 | 1,436 | 4,841 | 2,812 | |
| Noninterest expense | 5,951 | 5,481 | 5,386 | 5,114 | 5,464 | 11,432 | 10,617 | |
| Income (loss) before income taxes | 1,204 | 952 | (789) | 307 | (143) | 2,156 | (117) | |
| Income tax expense | 15 | 0 | 6 | 0 | 0 | 15 | 0 | |
| Net income (loss) | \$ 1,189 | \$ 952 | \$ (795) | \$ 307 | \$ (143) | \$ 2,141 | \$ (117) | |
| Common Share Data | | | | | | | | |
| Basic net income (loss) per share | \$ 0.07 | \$ 0.05 | \$ (0.04) | \$ 0.02 | \$ (0.01) | \$ 0.12 | \$ (0.01) | |
| Diluted net income (loss) per share | 0.03 | 0.03 | (0.04) | 0.01 | (0.01) | 0.06 | (0.01) | |
| Dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Tangible book value per share (2) | 0.99 | 0.90 | 0.79 | 0.90 | 0.89 | 0.99 | 0.89 | |
| Book value per share (2) | 0.51 | 0.41 | 0.31 | 0.42 | 0.41 | 0.51 | 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 | 35,631,892 | 35,631,892 | 18,127,892 | 35,631,892 | 18,127,892 | 35,631,892 | 18,127,892 | |
| Financial Condition Data | | | | | | | | |
| Total assets | \$ 615,708 | \$ 597,089 | \$ 571,233 | \$ 531,744 | \$ 525,513 | \$ 615,708 | \$ 525,513 | |
| Loans | 461,859 | 470,424 | 445,050 | 414,643 | 394,319 | 461,859 | 394,319 | |
| Allowance for loan losses | (8,219) | (8,235) | (8,064) | (7,883) | (7,670) | (8,219) | (7,670) | |
| Investment securities | 103,542 | 97,474 | 94,702 | 92,674 | 90,912 | 103,542 | 90,912 | |
| Deposits | 468,377 | 467,334 | 443,571 | 415,185 | 402,858 | 468,377 | 402,858 | |
| Borrowings | 72,833 | 57,929 | 58,883 | 45,396 | 52,288 | 72,833 | 52,288 | |
| Stockholders' equity | 69,266 | 67,475 | 65,586 | 67,616 | 67,466 | 69,266 | 67,466 | |
| Financial Ratios and Other Data | | | | | | | | |
| Performance Ratios: | | | | | | | | |
| Net interest margin (3) | 3.11% | 3.15% | 3.14% | 3.18% | 3.18% | 3.13% | 3.20% | |
| Net interest spread (4) | 2.96% | 3.00% | 2.98% | 3.03% | 3.03% | 2.98% | 3.05% | |
| Noninterest income to average assets (5) | 1.88% | 1.42% | 0.43% | 0.77% | 1.11% | 1.65% | 1.10% | |
| Noninterest expense to average assets | 4.02% | 3.78% | 3.89% | 3.87% | 4.22% | 3.90% | 4.17% | |
| Efficiency ratio (6) | 81.82% | 84.40% | 111.93% | 100.59% | 100.85% | 83.04% | 99.50% | |
| Earnings (loss) on average assets (7) | 0.80% | 0.66% | -0.57% | 0.23% | -0.11% | 0.73% | -0.05% | |
| Earnings (loss) on average equity (8) | 6.98% | 5.75% | -4.65% | 1.79% | -0.84% | 6.37% | -0.34% | |
| Asset Quality Ratios: | | | | | | | | |
| Nonaccrual loans to loans (9) | 0.81% | 0.81% | 0.70% | 0.75% | 1.39% | 0.81% | 1.39% | |
| Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9) | 1.63% | 1.64% | 1.96% | 1.68% | 2.44% | 1.63% | 2.44% | |
| Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (9) | 1.59% | 1.94% | 2.25% | 2.20% | 2.83% | 1.59% | 2.83% | |
| Allowance for loan losses to total loans | 1.78% | 1.75% | 1.81% | 1.90% | 1.95% | 1.78% | 1.95% | |
| Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9) | 109.14% | 106.74% | 92.25% | 113.03% | 79.70% | 109.14% | 79.70% | |
| Net charge-offs (recoveries) annualized to average loans | 0.12% | -0.10% | 0.03% | -0.54% | 0.01% | 0.01% | 0.04% | |
| Capital Ratios: | | | | | | | | |
| Total equity to total assets | 11.25% | 11.30% | 11.48% | 12.72% | 12.84% | 11.25% | 12.84% | |
| Total risk-based capital ratio | 15.59% | 15.19% | 15.45% | 16.57% | 16.86% | 15.59% | 16.86% | |
| Tier 1 risk-based capital ratio | 14.34% | 13.93% | 14.20% | 15.31% | 15.60% | 14.34% | 15.60% | |
| Leverage capital ratio | 11.69% | 11.72% | 12.27% | 13.01% | 13.09% | 11.69% | 13.09% | |
| Other Data: | | | | | | | | |
| Number of employees (full-time equivalent) | 167 | 180 | 173 | 159 | 158 | 167 | 158 | |
| 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)

| | June 30, 2016 | March 31, 2016 | December 31, 2015 | September 30, 2015 | June 30, 2015 |
|---|-------------------|-------------------|----------------------|-----------------------|-------------------|
| (Dollars in thousands, except share data) | | | | | |
| Assets | | | | | |
| Cash and due from banks | \$ 9,808 | \$ 9,136 | \$ 9,170 | \$ 8,037 | \$ 9,407 |
| Reverse repurchase agreements | \$ 20,313 | \$ - | \$ - | \$ - | \$ - |
| Securities available for sale | 103,542 | 97,474 | 94,702 | 92,674 | 90,912 |
| Loans held for sale | 11,602 | 10,176 | 12,275 | 5,157 | 18,440 |
| Loans | 461,859 | 470,424 | 445,050 | 414,643 | 394,319 |
| Allowance for loan losses | (8,219) | (8,235) | (8,064) | (7,883) | (7,670) |
| Net loans | 453,640 | 462,189 | 436,986 | 406,760 | 386,649 |
| Federal Home Loan Bank Stock | 2,170 | 2,170 | 2,170 | 2,170 | 2,170 |
| Premises and equipment, net | 4,358 | 4,716 | 4,771 | 4,830 | 4,826 |
| Accrued interest receivable | 1,290 | 1,468 | 1,296 | 1,471 | 1,245 |
| Other real estate owned, net | 2,283 | 3,859 | 4,126 | 4,698 | 5,229 |
| Bank owned life insurance | 4,336 | 4,310 | 4,285 | 4,259 | 4,234 |
| Goodwill and other intangible assets | 232 | 237 | 243 | 248 | 254 |
| Other assets | 2,134 | 1,354 | 1,209 | 1,440 | 2,147 |
| Total Assets | <u>\$ 615,708</u> | <u>\$ 597,089</u> | <u>\$ 571,233</u> | <u>\$ 531,744</u> | <u>\$ 525,513</u> |
| Liabilities and Stockholders' Equity | | | | | |
| Deposits: | | | | | |
| Noninterest-bearing demand | \$ 82,460 | \$ 74,564 | \$ 77,580 | \$ 70,644 | \$ 74,514 |
| Interest-bearing demand | 31,508 | 32,096 | 33,192 | 30,320 | 29,909 |
| Savings | 175,955 | 175,576 | 162,663 | 153,134 | 155,364 |
| Time | 178,454 | 185,098 | 170,136 | 161,087 | 143,071 |
| Total deposits | 468,377 | 467,334 | 443,571 | 415,185 | 402,858 |
| Short-term borrowings | 72,833 | 57,929 | 58,883 | 45,396 | 52,288 |
| Accrued interest payable | 335 | 339 | 321 | 305 | 272 |
| Other liabilities | 4,897 | 4,012 | 2,872 | 3,242 | 2,629 |
| Total liabilities | 546,442 | 529,614 | 505,647 | 464,128 | 458,047 |
| 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 | 158,493 | 158,493 | 158,493 | 158,493 | 158,493 |
| Accumulated deficit | (157,446) | (158,636) | (159,588) | (158,793) | (159,100) |
| Accumulated other comprehensive loss, net | (598) | (1,199) | (2,136) | (901) | (744) |
| Treasury stock 218,499 shares at cost | (529) | (529) | (529) | (529) | (529) |
| Total stockholders' equity | 69,266 | 67,475 | 65,586 | 67,616 | 67,466 |
| Total liabilities and stockholders' equity | <u>\$ 615,708</u> | <u>\$ 597,089</u> | <u>\$ 571,233</u> | <u>\$ 531,744</u> | <u>\$ 525,513</u> |

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

| | At or for the | | | | | | | |
|---|------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|--|
| | Quarters Ended | | | | | Six Months Ended | | |
| | June 30, 2016 | March 31, 2016 | December 31, 2015 | September 30, 2015 | June 30, 2015 | June 30, 2016 | June 30, 2015 | |
| (Dollars in thousands) | | | | | | | | |
| Interest Income | | | | | | | | |
| Loans | \$ 4,635 | \$ 4,572 | \$ 4,248 | \$ 4,044 | \$ 3,850 | \$ 9,207 | \$ 7,680 | |
| Loans held for sale | 95 | 83 | 77 | 58 | 134 | 178 | 206 | |
| Securities | 478 | 517 | 546 | 553 | 552 | 995 | 1,107 | |
| Other investments | 6 | 4 | 3 | 2 | 3 | 10 | 6 | |
| Total interest income | 5,214 | 5,176 | 4,874 | 4,657 | 4,539 | 10,390 | 8,999 | |
| Interest Expense | | | | | | | | |
| Deposits | 692 | 705 | 640 | 583 | 542 | 1,397 | 1,104 | |
| Short-term borrowings | 37 | 30 | 14 | 12 | 15 | 67 | 24 | |
| Total interest expense | 729 | 735 | 654 | 595 | 557 | 1,464 | 1,128 | |
| Net interest income | 4,485 | 4,441 | 4,220 | 4,062 | 3,982 | 8,926 | 7,871 | |
| Provision for (reversal of) loan losses | 118 | 61 | 215 | (337) | 97 | 179 | 183 | |
| Net interest income after provision for (reversal of) loan losses | 4,367 | 4,380 | 4,005 | 4,399 | 3,885 | 8,747 | 7,688 | |
| Noninterest Income | | | | | | | | |
| Deposit service charges | 121 | 103 | 113 | 119 | 110 | 224 | 218 | |
| Other service fees | 52 | 67 | 60 | 73 | 54 | 119 | 103 | |
| Mortgage Banking revenue, net | 2,102 | 1,336 | 545 | 805 | 1,253 | 3,438 | 2,374 | |
| Other income | 96 | 117 | 104 | 102 | 50 | 213 | 238 | |
| Net gains on sale of securities | 0 | 0 | 0 | 0 | 0 | 0 | 13 | |
| Net gains (losses) on sale of assets and (writedowns) | 417 | 430 | (230) | (77) | (31) | 847 | (134) | |
| Total noninterest income | 2,788 | 2,053 | 592 | 1,022 | 1,436 | 4,841 | 2,812 | |
| Noninterest Expense | | | | | | | | |
| Compensation and employee benefits | 4,143 | 3,624 | 3,419 | 3,195 | 3,443 | 7,767 | 6,901 | |
| Equipment | 293 | 273 | 277 | 262 | 261 | 566 | 529 | |
| Occupancy and premises | 389 | 435 | 396 | 404 | 376 | 824 | 776 | |
| Data Processing | 151 | 154 | 158 | 173 | 144 | 305 | 290 | |
| Federal deposit insurance | 106 | 106 | 104 | 110 | 106 | 212 | 211 | |
| Professional services | 213 | 249 | 228 | 277 | 284 | 462 | 437 | |
| Telephone and data communication | 99 | 109 | 113 | 86 | 103 | 208 | 212 | |
| Insurance | 56 | 54 | 53 | 55 | 56 | 110 | 113 | |
| Other expense | 501 | 477 | 638 | 552 | 691 | 978 | 1,148 | |
| Total noninterest expense | 5,951 | 5,481 | 5,386 | 5,114 | 5,464 | 11,432 | 10,617 | |
| Income (loss) from operations before income taxes | 1,204 | 952 | (789) | 307 | (143) | 2,156 | (117) | |
| Income tax expense | 15 | 0 | 6 | 0 | 0 | 15 | 0 | |
| Net income (loss) | 1,189 | 952 | (795) | 307 | (143) | 2,141 | (117) | |
| Preferred stock dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net income (loss) allocated to common stockholders | \$ 1,189 | \$ 952 | \$ (795) | \$ 307 | \$ (143) | \$ 2,141 | \$ (117) | |