



FOR IMMEDIATE RELEASE
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CIB MARINE BANCSHARES, INC. ANNOUNCES 2016 RESULTS

WAUKESHA, 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 of 2016. *Net income for the fourth quarter of 2016 was \$1.4 million or \$0.08 basic and \$0.04 diluted earnings per share compared to a loss of \$0.8 million or \$0.04 basic and diluted earnings per share for the same period in 2015, and for the year ended December 31, 2016, net income was \$4.4 million or \$0.24 basic and \$0.12 diluted earnings per share compared to a loss of \$0.6 million or \$0.03 basic and diluted earnings per share for the same period of 2015.*

Select highlights for the quarter and year include:

- Return on average assets was 0.71% for the year 2016, a substantial improvement over the (0.12%) reported for the year 2015.
- Net income for subsidiary CIBM Bank was \$4.6 million for the year 2016, an increase of \$4.3 million from the year 2015.
- Net interest income increased \$1.8 million for the year 2016 compared 2015. The increase was primarily due to a \$64 million dollar increase in average loans outstanding.
- Non-interest income increased \$5.0 million for the year 2016 compared to the same period of 2015, due primarily to mortgage activity and, to a lesser extent, gains related to assets previously charged or written down. For the quarter, net mortgage banking revenues were down \$0.9 million due to seasonal factors and the increase in interest rates.
- Reversal of loan losses was \$0.9 million for the year ending December 31, 2016, compared to a provision for loan losses of \$0.1 million for the same period in 2015. The reversal of loan losses was related to a \$1.5 million structured settlement payment announced earlier in 2016 which has been received and recorded in the allowance for loan losses as a recovery of loans previously charged off.
- Noninterest expenses rose for the year 2016 by \$2.7 million versus the prior year, primarily due to a \$2.9 million increase in compensation caused by commissions for higher loan originations offset by reductions in other areas.

- Non-performing assets to total assets were 1.83% at the year-end 2016, down from 2.25% the prior year end and up from 1.32% at September 30, 2016. The increase from the prior quarter-end was due primarily to one relationship.
- Net recoveries for loans previously charged off to average loans was (0.24%) for the year ending December 31, 2016, compared to (0.11%) for the same period in the prior year.

“CIB Marine completed a successful year in 2016 and is pleased to be reporting for the year an increase of 74% in the book value per share of common stock and progress in a number of strategic areas of the company,” said Mr. J. Brian Chaffin, President and Chief Executive Officer of CIB Marine Bancshares, Inc. “For the year 2016 our loan portfolio grew on net 8.8% reflecting more than \$100 million in new portfolio loan originations, deposits grew 8.9% and mortgage revenues grew 92%. In addition, we started our SBA lending and facility financing activities; executed a significant expense management program; and made a number of investments in information technology to enhance our services and improve product delivery, as well as fund a number of security and infrastructure measures.”

Mr. Chaffin added, “Our eyes and energy are focused on 2017 and the future now. Interest rates are higher across the yield curve over the past year and Fed policy rates are forecast to increase further in 2017. During 2017 we expect a softer residential lending market due to the increase in mortgage rates, but we continue to work on expanding our mortgage lending activities more deeply through our banking markets and we are optimistic our SBA lending activities will increase over the prior year. Our traditional retail and commercial community banking activities contributed significantly to the results in 2016 and we are working towards continued development and growth of our customer relationships within the communities where we live and work.”

CIB Marine Bancshares, Inc. is the holding company for CIBM Bank, which operates 11 banking offices and 3 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 December 31, 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					Years Ended	
	Quarters Ended						
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
(Dollars in thousands, except share and per share data)							
Selected Statement of Operations Data							
Interest and dividend income	\$ 5,273	\$ 5,286	\$ 5,214	\$ 5,176	\$ 4,874	\$ 20,949	\$ 18,530
Interest expense	793	740	729	735	654	2,997	2,377
Net interest income	4,480	4,546	4,485	4,441	4,220	17,952	16,153
Provision for (reversal of) loan losses	(1,101)	69	118	61	215	(853)	61
Net interest income after provision for (reversal of) loan losses	5,581	4,477	4,367	4,380	4,005	18,805	16,092
Noninterest income (1)	1,908	2,651	2,788	2,053	592	9,400	4,426
Noninterest expense	6,127	6,220	5,951	5,481	5,386	23,779	21,117
Income (loss) before income taxes	1,362	908	1,204	952	(789)	4,426	(599)
Income tax expense	(5)	40	15	0	6	50	6
Net income (loss)	\$ 1,367	\$ 868	\$ 1,189	\$ 952	\$ (795)	\$ 4,376	\$ (605)
Common Share Data							
Basic net income (loss) per share	\$ 0.08	\$ 0.05	\$ 0.07	\$ 0.05	\$ (0.04)	\$ 0.24	\$ (0.03)
Diluted net income (loss) per share	0.04	0.02	0.03	0.03	(0.04)	0.12	(0.03)
Dividend	0	0	0	0	0	0	0
Tangible book value per share (2)	1.03	1.04	0.99	0.90	0.79	1.03	0.79
Book value per share (2)	0.54	0.56	0.51	0.41	0.31	0.54	0.31
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	36,082,522	35,818,022	35,631,892	35,631,892	18,127,892	35,791,952	18,127,892
Financial Condition Data							
Total assets	\$ 653,864	\$ 632,628	\$ 615,708	\$ 597,089	\$ 571,233	\$ 653,864	\$ 571,233
Loans	484,255	466,057	461,859	470,424	445,050	484,255	445,050
Allowance for loan losses	(8,329)	(8,549)	(8,219)	(8,235)	(8,064)	(8,329)	(8,064)
Investment securities	112,072	103,853	103,542	97,474	94,702	112,072	94,702
Deposits	483,097	476,428	468,377	467,334	443,571	483,097	443,571
Borrowings	96,944	81,636	72,833	57,929	58,883	96,944	58,883
Stockholders' equity	69,828	70,094	69,266	67,475	65,586	69,828	65,586
Financial Ratios and Other Data							
Performance Ratios:							
Net interest margin (3)	2.84%	2.95%	3.11%	3.15%	3.14%	3.01%	3.18%
Net interest spread (4)	2.70%	2.80%	2.96%	3.00%	2.98%	2.86%	3.03%
Noninterest income to average assets (5)	1.18%	1.68%	1.88%	1.42%	0.43%	1.53%	0.84%
Noninterest expense to average assets	3.79%	3.93%	4.02%	3.78%	3.89%	3.88%	4.02%
Efficiency ratio (6)	95.91%	86.42%	81.82%	84.40%	111.93%	86.94%	102.68%
Earnings (loss) on average assets (7)	0.85%	0.55%	0.80%	0.66%	-0.57%	0.71%	-0.12%
Earnings (loss) on average equity (8)	7.63%	4.89%	6.98%	5.75%	-4.65%	6.32%	-0.89%
Asset Quality Ratios:							
Nonaccrual loans to loans (9)	1.41%	1.16%	0.81%	0.81%	0.70%	1.41%	0.70%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	1.75%	1.58%	1.63%	1.64%	1.96%	1.75%	1.96%
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (9)	1.83%	1.32%	1.59%	1.94%	2.25%	1.83%	2.25%
Allowance for loan losses to total loans	1.72%	1.83%	1.78%	1.75%	1.81%	1.72%	1.81%
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	98.16%	116.08%	109.14%	106.74%	92.25%	98.16%	92.25%
Net charge-offs (recoveries) annualized to average loans	-0.74%	-0.22%	0.12%	-0.10%	0.03%	-0.24%	-0.11%
Capital Ratios:							
Total equity to total assets	10.68%	11.08%	11.25%	11.30%	11.48%	10.68%	11.48%
Total risk-based capital ratio	15.55%	15.66%	15.60%	15.19%	15.45%	15.55%	15.45%
Tier 1 risk-based capital ratio	14.29%	14.41%	14.34%	13.93%	14.20%	14.29%	14.20%
Leverage capital ratio	11.18%	11.20%	11.69%	11.72%	12.27%	11.18%	12.27%
Other Data:							
Number of employees (full-time equivalent)	171	169	167	180	173	171	173
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)

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
(Dollars in thousands, except share data)					
Assets					
Cash and due from banks	\$ 10,291	\$ 11,427	\$ 9,808	\$ 9,136	\$ 9,170
Reverse repurchase agreements	24,275	27,560	20,313	-	-
Securities available for sale	112,072	103,853	103,542	97,474	94,702
Loans held for sale	11,469	15,875	11,602	10,176	12,275
Loans	484,255	466,057	461,859	470,424	445,050
Allowance for loan losses	(8,329)	(8,549)	(8,219)	(8,235)	(8,064)
Net loans	475,926	457,508	453,640	462,189	436,986
Federal Home Loan Bank Stock	3,803	3,803	2,170	2,170	2,170
Premises and equipment, net	4,427	4,256	4,358	4,716	4,771
Accrued interest receivable	1,382	1,289	1,290	1,468	1,296
Other real estate owned, net	3,464	982	2,283	3,859	4,126
Bank owned life insurance	4,389	4,363	4,336	4,310	4,285
Goodwill and other intangible assets	221	226	232	237	243
Other assets	2,145	1,486	2,134	1,354	1,209
Total Assets	\$ 653,864	\$ 632,628	\$ 615,708	\$ 597,089	\$ 571,233
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 77,154	\$ 87,216	\$ 82,460	\$ 74,564	\$ 77,580
Interest-bearing demand	33,832	29,821	31,508	32,096	33,192
Savings	176,435	169,390	175,955	175,576	162,663
Time	195,676	190,001	178,454	185,098	170,136
Total deposits	483,097	476,428	468,377	467,334	443,571
Short-term borrowings	96,944	81,636	72,833	57,929	58,883
Accrued interest payable	349	319	335	339	321
Other liabilities	3,646	4,151	4,897	4,012	2,872
Total liabilities	584,036	562,534	546,442	529,614	505,647
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	158,552	158,510	158,493	158,493	158,493
Accumulated deficit	(155,212)	(156,579)	(157,446)	(158,636)	(159,588)
Accumulated other comprehensive loss, net	(2,329)	(654)	(598)	(1,199)	(2,136)
Treasury stock 218,499 shares at cost	(529)	(529)	(529)	(529)	(529)
Total stockholders' equity	69,828	70,094	69,266	67,475	65,586
Total liabilities and stockholders' equity	\$ 653,864	\$ 632,628	\$ 615,708	\$ 597,089	\$ 571,233

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

	At or for the					Years Ended	
	Quarters Ended						
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Dollars in thousands)						
Interest Income							
Loans	\$ 4,493	\$ 4,540	\$ 4,635	\$ 4,572	\$ 4,248	\$ 18,240	\$ 15,972
Loans held for sale	141	153	95	83	77	472	341
Securities	563	513	478	517	546	2,071	2,206
Other investments	76	80	6	4	3	166	11
Total interest income	5,273	5,286	5,214	5,176	4,874	20,949	18,530
Interest Expense							
Deposits	697	659	692	705	640	2,753	2,327
Short-term borrowings	96	81	37	30	14	244	50
Total interest expense	793	740	729	735	654	2,997	2,377
Net interest income	4,480	4,546	4,485	4,441	4,220	17,952	16,153
Provision for (reversal of) loan losses	(1,101)	69	118	61	215	(853)	61
Net interest income after provision for (reversal of) loan losses	5,581	4,477	4,367	4,380	4,005	18,805	16,092
Noninterest Income							
Deposit service charges	121	125	121	103	113	470	450
Other service fees	45	47	52	67	60	211	236
Mortgage Banking revenue, net	1,414	2,285	2,102	1,336	545	7,137	3,724
Other income	136	206	96	117	104	555	444
Net gains on sale of securities	0	0	0	0	0	0	13
Net gains (losses) on sale of assets and (writedowns)	192	(12)	417	430	(230)	1,027	(441)
Total noninterest income	1,908	2,651	2,788	2,053	592	9,400	4,426
Noninterest Expense							
Compensation and employee benefits	4,228	4,426	4,143	3,624	3,419	16,421	13,515
Equipment	305	277	293	273	277	1,148	1,068
Occupancy and premises	390	377	389	435	396	1,591	1,576
Data Processing	123	185	151	154	158	613	621
Federal deposit insurance	92	105	106	106	104	409	425
Professional services	156	157	213	249	228	775	942
Telephone and data communication	90	92	99	109	113	390	411
Insurance	60	60	56	54	53	230	221
Other expense	683	541	501	477	638	2,202	2,338
Total noninterest expense	6,127	6,220	5,951	5,481	5,386	23,779	21,117
Income (loss) from operations before income taxes	1,362	908	1,204	952	(789)	4,426	(599)
Income tax expense	(5)	40	15	0	6	50	6
Net income (loss)	1,367	868	1,189	952	(795)	4,376	(605)
Preferred stock dividend	0	0	0	0	0	0	0
Net income (loss) allocated to common stockholders	\$ 1,367	\$ 868	\$ 1,189	\$ 952	\$ (795)	\$ 4,376	\$ (605)