



FOR IMMEDIATE RELEASE
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CIB MARINE BANCSHARES, INC. ANNOUNCES 2017 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-end 2017. *During the fourth quarter of 2017, CIB Marine made special tax adjustment entries related to its deferred tax assets, including a partial reversal of its valuation allowance, and, as a result, it reported net income after tax of \$23.9 million for the fourth quarter of 2017 and \$27.0 million for the year 2017. Pre-tax net income for the fourth quarter of 2017 was \$1.2 million or \$0.07 basic and \$0.03 diluted earnings per share, compared to \$1.1 million for the same period of 2016 and \$0.06 basic and \$0.03 diluted earnings per share. Pre-tax net income for the year ended December 31, 2017, was \$4.3 million or \$0.24 basic and \$0.12 diluted earnings per share, compared to \$4.1 million or \$0.23 basic and \$0.12 diluted per share for the same period of 2016.*

Select highlights for the quarter and year include:

- At December 31, 2016, CIB Marine reported a deferred tax asset (“DTA”) of \$41.6 million net of liabilities and a full valuation allowance resulting in a net DTA of \$0. At December 31, 2017, CIB Marine reports a DTA of \$30.3 million net of liabilities and a valuation allowance of \$7.7 million for a net DTA of \$22.6 million. CIB Marine’s recent earnings history and earnings outlooks, in addition to other facts and circumstances, were supportive of a valuation allowance adjustment at the end of 2017. The \$7.7 million valuation allowance at December 31, 2017, represents the estimate at this time of state tax assets that are not anticipated to be utilized prior to their expiration.
- The \$11.3 million reduction in the gross DTA between 2017 and 2016 is primarily due to the change in tax laws, including a federal tax rate decrease from 35% to 21%, and the utilization of tax assets during 2017 to reduce federal and state tax obligations.
- The federal Tax Cuts and Jobs Act passed in December 2017 resulted in a reduction of federal tax rates and eliminated the 20% alternative minimum tax, which was applicable to CIB Marine after use of tax assets on approximately 10% of its taxable income in 2017 and prior years.
- The adjustment in the valuation allowance against the DTAs at the end of 2017 resulted in a credit to tax expense of \$24.4 million, thereby increasing net income after tax. As a result of the valuation

allowance adjustments, CIB Marine will now report full tax expenses at applicable tax rates. However, those tax expenses reduce the carrying value of DTAs and, for the most part, are not remitted as tax payments. At applicable tax rates, a tax expense of \$1.7 million was recorded against \$4.3 million of pre-tax net income for 2017.

- Return on average assets was 4.19% for the year 2017, reflecting the tax entries and improved composition of operating income from core operating activities. Pre-tax, the return on average assets was 0.67% for the years 2017 and 2016.
- Pre-tax net income for subsidiary CIBM Bank was \$1.6 million for the fourth quarter of 2017 compared to \$1.2 million for the same period of 2016, and \$5.2 million for the year 2017 compared to \$4.3 million for the same period of 2016. Despite higher provisions for loan losses, CIBM Bank achieved improved revenues and lower expenses than the prior year. After tax, net income was \$20.9 million reflecting \$5.2 million in pre-tax operating income, \$2.0 million in tax expense, and a \$17.7 million credit tax provision to adjust the valuation allowance for the DTAs at CIBM Bank.
- Net interest income increased \$1.4 million for the year 2017 compared to 2016. The increase was primarily due to improved rate spreads and higher average earning asset volumes.
- Non-interest income declined by \$0.7 million in 2017 versus 2016. However, after adjusting for a \$1.1 million difference in gain on sale of OREO between 2016 and 2017, the results were improved by \$0.4 million. Improved core operating activities were primarily reflected in a \$1.0 million increase in 2017 in gain on sale of SBA 7(a) loans versus 2016. Net mortgage banking revenues were down \$0.6 million due primarily to the increase in interest rates and a corresponding reduction in mortgage refinancing.
- Provisions for loan losses were \$0.2 million in 2017, reflecting an increase of \$0.8 million over 2016. Although 2017 was another successful collection year, 2016 results reflected substantially more in recoveries.
- Non-performing assets to total assets declined to 1.13% at December 31, 2017, versus 1.67% at year-end 2016, reflecting a stronger economy and success in collection activities.

Mr. J. Brian Chaffin, President and CEO of CIB Marine Bancshares, Inc. commented, “Results in 2017 reflected improved core operating activities and successes in key initiatives. Despite rising interest rates and lower refinance volumes, our non-interest income benefited from the growth of our Government Guaranteed Lending Division, with SBA 7(a) sales activities contributing an additional \$1 million to revenues in 2017. In addition, our average loan volumes were higher by \$20 million and our average deposit volumes were higher by \$19 million in 2017.”

Addressing the special tax adjustment entries, Mr. Chaffin added, “Our recent earnings, financial condition, and continued earnings outlook were important in our analysis and timing for reversing a portion of our DTA valuation allowance. As a reminder, the DTA primarily originated from prior losses which more recently have been

reducing our tax expenses and payment obligations. Our \$22.6 million net DTAs represents the amount of future tax payments that we will not need to make based on reasonable estimates of our near term and long term taxable income forecasts. The protection of the tax assets should be important to all of our shareholders. A change in share ownership under federal tax laws could trigger a Section 382 limitation that would likely cause a significant increase in our valuation allowance against our tax assets. I would encourage any shareholder who may engage in a transaction that could trigger a Section 382 limitation to review our third quarter shareholder letter from November 2017 for more information.”

Mr. Chaffin concluded, “2017 reflected some of the rewards to our customers, employees and shareholders for the strategic adjustments we have made in the past few years, aided by a stronger economy. We have made significant strides in hiring new lenders within some markets and have improved our small business lending products and delivery.”

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, 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					Years Ended		
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	
	(Dollars in thousands, except share and per share data)							
Selected Statement of Operations Data								
Interest and dividend income	\$ 6,177	\$ 6,056	\$ 5,732	\$ 5,562	\$ 5,273	\$ 23,527	\$ 20,949	
Interest expense	1,121	1,140	973	892	793	4,126	2,997	
Net interest income	5,056	4,916	4,759	4,670	4,480	19,401	17,952	
Provision for (reversal of) loan losses	(218)	149	47	228	(796)	206	(548)	
Net interest income after provision for (reversal of) loan losses	5,274	4,767	4,712	4,442	5,276	19,195	18,500	
Noninterest income (1)	2,015	2,257	2,611	1,847	1,908	8,730	9,400	
Noninterest expense (benefit)	6,070	5,865	6,279	5,401	6,127	23,615	23,779	
Income before income taxes	1,219	1,159	1,044	888	1,057	4,310	4,121	
Income tax expense (benefit)	(22,689)	25	20	0	(5)	(22,644)	50	
Net income	\$ 23,908	\$ 1,134	\$ 1,024	\$ 888	\$ 1,062	\$ 26,954	\$ 4,071	
Common Share Data								
Basic net income per share	\$ 1.32	\$ 0.06	\$ 0.06	\$ 0.05	\$ 0.06	\$ 1.49	\$ 0.22	
Diluted net income per share	0.65	0.03	0.03	0.02	0.03	0.74	0.11	
Dividend	0	0	0	0	0	0	0	
Tangible book value per share (2)	2.53	1.23	1.16	1.08	1.01	2.53	1.01	
Book value per share (2)	2.04	0.75	0.68	0.60	0.53	2.04	0.53	
Weighted average shares outstanding - basic	18,161,989	18,161,989	18,153,029	18,127,892	18,127,892	18,149,660	18,127,892	
Weighted average shares outstanding - diluted	36,512,804	36,512,804	36,516,207	36,193,353	36,082,522	36,434,384	35,791,952	
Financial Condition Data								
Total assets	\$ 662,394	\$ 640,340	\$ 650,051	\$ 631,160	\$ 653,559	\$ 662,394	\$ 653,559	
Loans	483,611	490,089	488,289	483,501	483,518	483,611	483,518	
Allowance for loan losses	(7,701)	(7,905)	(7,653)	(7,567)	(7,592)	(7,701)	(7,592)	
Investment securities	114,801	112,670	111,160	111,745	112,072	114,801	112,072	
Deposits	478,633	479,285	493,364	497,144	483,097	478,633	483,097	
Borrowings	84,217	84,903	82,025	60,837	96,944	84,217	96,944	
Stockholders' equity	97,066	73,556	72,279	70,819	69,523	97,066	69,523	
Financial Ratios and Other Data								
Performance Ratios:								
Net interest margin (3)	3.25%	3.07%	3.09%	3.02%	2.84%	3.11%	3.01%	
Net interest spread (4)	3.05%	2.88%	2.92%	2.87%	2.70%	2.93%	2.86%	
Noninterest income to average assets (5)	1.26%	1.37%	1.65%	1.16%	1.18%	1.36%	1.53%	
Noninterest expense to average assets	3.79%	3.55%	3.96%	3.40%	3.79%	3.67%	3.88%	
Efficiency ratio (6)	85.84%	81.76%	85.20%	82.88%	95.91%	83.95%	86.94%	
Earnings on average assets (7)	14.93%	0.69%	0.65%	0.56%	0.66%	4.19%	0.66%	
Earnings on average equity (8)	124.19%	6.11%	5.71%	5.10%	5.93%	36.85%	5.88%	
Asset Quality Ratios:								
Nonaccrual loans to loans (9)	0.69%	0.99%	0.99%	1.32%	1.26%	0.69%	1.26%	
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	1.02%	1.30%	1.36%	1.65%	1.60%	1.02%	1.60%	
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (9)	1.13%	1.49%	1.51%	1.77%	1.67%	1.13%	1.67%	
Allowance for loan losses to total loans	1.59%	1.61%	1.57%	1.57%	1.57%	1.59%	1.57%	
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	156.68%	124.21%	72.81%	94.67%	97.99%	156.68%	97.99%	
Net charge-offs (recoveries) annualized to average loans	-0.01%	-0.08%	-0.03%	0.21%	0.14%	0.02%	-0.02%	
Capital Ratios:								
Total equity to total assets	14.65%	11.49%	11.12%	11.02%	10.64%	14.65%	10.64%	
Total risk-based capital ratio	16.62%	16.05%	15.93%	15.90%	15.40%	16.62%	15.40%	
Tier 1 risk-based capital ratio	15.36%	14.80%	14.68%	14.65%	14.15%	15.36%	14.15%	
Leverage capital ratio	12.39%	11.41%	11.56%	11.21%	11.14%	12.39%	11.14%	
Other Data:								
Number of employees (full-time equivalent)	183	179	181	181	171	183	171	
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)

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
(Dollars in thousands, except share data)					
Assets					
Cash and due from banks	\$ 14,371	\$ 9,569	\$ 10,462	\$ 12,773	\$ 10,291
Reverse repurchase agreements	5,449	10,289	20,440	11,019	24,275
Securities available for sale	114,801	112,670	111,160	111,745	112,072
Loans held for sale	11,070	7,164	9,166	2,448	11,469
Loans	483,611	490,089	488,289	483,501	483,518
Allowance for loan losses	(7,701)	(7,905)	(7,653)	(7,567)	(7,592)
Net loans	475,910	482,184	480,636	475,934	475,926
Federal Home Loan Bank Stock	3,083	3,128	2,948	2,070	3,803
Premises and equipment, net	4,334	4,371	4,309	4,369	4,427
Accrued interest receivable	1,558	1,507	1,386	1,377	1,382
Deferred tax assets, net	22,613	-	-	-	-
Other real estate owned, net	2,584	3,153	3,153	3,153	3,159
Bank owned life insurance	4,494	4,468	4,441	4,414	4,389
Goodwill and other intangible assets	198	204	209	215	221
Other assets	1,929	1,633	1,741	1,643	2,145
Total Assets	\$ 662,394	\$ 640,340	\$ 650,051	\$ 631,160	\$ 653,559
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing demand	\$ 70,024	\$ 72,875	\$ 79,888	\$ 76,088	\$ 77,154
Interest-bearing demand	32,979	31,756	31,961	33,027	33,832
Savings	182,581	174,174	183,608	192,175	176,435
Time	193,049	200,480	197,907	195,854	195,676
Total deposits	478,633	479,285	493,364	497,144	483,097
Short-term borrowings	84,217	84,903	82,025	60,837	96,944
Accrued interest payable	383	404	358	327	349
Other liabilities	2,095	2,192	2,025	2,033	3,646
Total liabilities	565,328	566,784	577,772	560,341	584,036
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; 18,383,891 issued shares; 18,172,844 outstanding shares	18,384	18,384	18,384	18,346	18,346
Capital surplus	158,672	158,713	158,640	158,602	158,552
Accumulated deficit	(128,563)	(152,471)	(153,605)	(154,629)	(155,517)
Accumulated other comprehensive loss, net	(1,893)	(1,537)	(1,611)	(1,971)	(2,329)
Treasury stock 221,902 shares at cost	(534)	(533)	(529)	(529)	(529)
Total stockholders' equity	97,066	73,556	72,279	70,819	69,523
Total liabilities and stockholders' equity	\$ 662,394	\$ 640,340	\$ 650,051	\$ 631,160	\$ 653,559

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

	At or for the						
	Quarters Ended					Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Dollars in thousands)						
Interest Income							
Loans	\$ 5,384	\$ 5,188	\$ 4,997	\$ 4,826	\$ 4,493	\$ 20,395	\$ 18,240
Loans held for sale	102	104	79	46	141	331	472
Securities	643	640	598	611	563	2,492	2,071
Other investments	48	124	58	79	76	309	166
Total interest income	6,177	6,056	5,732	5,562	5,273	23,527	20,949
Interest Expense							
Deposits	910	871	817	749	697	3,347	2,753
Short-term borrowings	211	269	156	143	96	779	244
Total interest expense	1,121	1,140	973	892	793	4,126	2,997
Net interest income	5,056	4,916	4,759	4,670	4,480	19,401	17,952
Provision for (reversal of) loan losses	(218)	149	47	228	(796)	206	(548)
Net interest income after provision for (reversal of) loan losses	5,274	4,767	4,712	4,442	5,276	19,195	18,500
Noninterest Income							
Deposit service charges	126	132	129	113	121	500	470
Other service fees	36	45	54	46	45	181	211
Mortgage Banking revenue, net	1,507	1,821	2,027	1,142	1,414	6,497	7,137
Other income	229	127	127	97	136	580	555
Net gains on sale of securities	0	0	0	0	0	0	0
Net gains (losses) on sale of assets and (writedowns)	117	132	274	449	192	972	1,027
Total noninterest income	2,015	2,257	2,611	1,847	1,908	8,730	9,400
Noninterest Expense							
Compensation and employee benefits	4,015	4,099	4,333	3,705	4,228	16,152	16,421
Equipment	309	320	319	290	305	1,238	1,148
Occupancy and premises	413	386	381	390	390	1,570	1,591
Data Processing	143	168	136	140	123	587	613
Federal deposit insurance	24	55	81	87	92	247	409
Professional services	330	158	130	200	156	818	775
Telephone and data communication	90	87	88	81	90	346	390
Insurance	62	60	96	59	60	277	230
Other expense	684	532	715	449	683	2,380	2,202
Total noninterest expense	6,070	5,865	6,279	5,401	6,127	23,615	23,779
Income from operations before income taxes	1,219	1,159	1,044	888	1,057	4,310	4,121
Income tax expense (benefit)	(22,689)	25	20	0	(5)	(22,644)	50
Net income	23,908	1,134	1,024	888	1,062	26,954	4,071
Preferred stock dividend	0	0	0	0	0	0	0
Net income allocated to common stockholders	\$ 23,908	\$ 1,134	\$ 1,024	\$ 888	\$ 1,062	\$ 26,954	\$ 4,071