

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detailed financial information for the quarter and nine months ended September 30, 2018. Please see our Shareholder Letter dated November 8, 2018, located at [www.cibmarine.com](http://www.cibmarine.com) for a summary description of our financial results.

**CIB MARINE BANCSHARES, INC.**  
**Net Interest Income (unaudited)**

	2018			2017		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
<b>Quarter Ended September 30,</b>						
<b>Interest-earning assets</b>						
Securities (1)	\$119,139	\$720	2.42%	\$112,945	\$640	2.26%
Loans held for sale (1)	8,476	112	5.24	9,131	104	4.54
Loans (1)(2)	496,566	5,638	4.50	487,915	5,188	4.22
Federal funds sold, reverse repos and interest-earning due from banks	48,307	328	2.69	25,895	124	1.90
Total interest-earning assets	672,488	6,798	4.02	635,886	6,056	3.78
Noninterest-earning assets	41,156			18,876		
Total assets	\$713,644			\$654,762		
<b>Interest-bearing liabilities</b>						
Interest-bearing deposits	\$451,296	\$1,343	1.18%	\$409,177	\$871	0.84%
Borrowed funds	90,025	424	1.87	94,552	269	1.13
Total interest-bearing liabilities	541,321	1,767	1.30	503,729	1,140	0.90
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	72,064			75,228		
Accrued interest and other liabilities	6,453			2,185		
Preferred equity	44,629			51,000		
Common equity	49,177			22,620		
Total stockholders' equity	93,806			73,620		
Total liabilities and stockholders' equity	\$713,644			\$654,762		
<b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>	\$131,167	\$5,031	2.72%	\$132,157	\$4,916	2.88%
<b>Net interest margin (1)(4)</b>			2.97%			3.07%
<b>Ratio of average interest-earning assets to average interest-bearing liabilities</b>	1.24			1.26		

	2018			2017		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
<b>Nine Months Ended September 30,</b>						
<b>Interest-earning assets</b>						
Securities (1)	\$117,107	\$2,215	2.52%	\$111,861	\$1,849	2.20%
Loans held for sale (1)	7,858	302	5.13	6,763	229	4.54
Loans (1)(2)	485,623	16,135	4.44	487,071	15,011	4.12
Federal funds sold, reverse repos and interest-earning due from banks	28,594	542	2.54	21,188	261	1.65
Total interest-earning assets	639,182	19,194	4.01	626,883	17,350	3.70
Noninterest-earning assets	41,369			18,173		
Total assets	\$680,551			\$645,056		
<b>Interest-bearing liabilities</b>						
Interest-bearing deposits	\$426,585	\$3,329	1.04%	\$411,654	\$2,437	0.79%
Borrowed funds	82,892	1,029	1.66	84,030	568	0.90
Total interest-bearing liabilities	509,477	4,358	1.14	495,684	3,005	0.81
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	70,897			75,007		
Accrued interest and other liabilities	3,600			2,312		
Preferred equity	48,850			51,000		
Common equity	47,727			21,053		
Total stockholders' equity	96,577			72,053		
Total liabilities and stockholders' equity	\$680,551			\$645,056		
<b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>	\$129,705	\$14,836	2.87%	\$131,199	\$14,345	2.89%
<b>Net interest margin (1)(4)</b>			3.10%			3.06%
<b>Ratio of average interest-earning assets to average interest-bearing liabilities</b>	1.25			1.26		

- (1) Balance totals include respective nonaccrual assets.
- (2) Interest earned on loans includes a nominal amount of amortized loan costs for all periods presented.
- (3) Net interest spread is the yield on average interest-earning assets less the rate on interest-bearing liabilities.
- (4) Net interest margin is the ratio of net interest income to average interest-earning assets.

Net interest income increased \$0.1 million in the third quarter of 2018 versus the same period of 2017 as interest earning assets volumes increased and net interest margin declined due primarily to growth in a lower yielding asset: reverse repos. Net interest income increased \$0.5 million for the nine months ended September 30, 2018, compared to the same period in 2017 as total average interest earning assets increased \$12 million and the net interest margin increased 4 basis points.

**CIB MARINE BANCSHARES, INC.**  
**Loans and Allowance for Loan and Losses**

	<b>Loan Portfolio Segments (unaudited)</b>					
	<b>September 30, 2018</b>		<b>December 31, 2017</b>		<b>September 30, 2017</b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
	<b>(Dollars in thousands)</b>					
Commercial	\$60,744	12.0%	\$57,134	11.8%	\$57,990	11.8%
Commercial real estate	262,806	51.8	243,070	50.4	247,297	50.6
Construction and development	19,342	3.8	17,978	3.7	14,461	2.9
Residential real estate	136,533	26.9	131,313	27.2	133,459	27.3
Home equity	23,228	4.6	27,263	5.6	29,255	6.0
Purchased home equity pools	4,058	0.8	5,173	1.1	5,720	1.2
Other consumer	495	0.1	705	0.2	950	0.2
Gross loans	507,206	100.0%	482,636	100.0%	489,132	100.0%
Deferred loan costs	471		975		957	
Loans	507,677		483,611		490,089	
Allowance for loan losses	(8,217)		(7,701)		(7,905)	
Loans, net	\$499,460		\$475,910		\$482,184	

	<b>Nonperforming Assets and Selected Asset Quality Ratios (unaudited)</b>		
	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
	<b>(Dollars in thousands)</b>		
<b>Nonperforming assets</b>			
Nonaccrual loans:			
Commercial	\$2,585	\$43	\$44
Commercial real estate	—	1,390	2,468
Construction and development	—	—	—
Residential real estate	282	984	983
Home equity	849	934	1,274
Other consumer	—	—	104
	3,716	3,351	4,873
Loans held for sale	—	—	—
Total nonaccrual loans	3,716	3,351	4,873
Other real estate owned	2,494	2,584	3,153
Total nonperforming assets	\$6,210	\$5,935	\$8,026
<b>Restructured loans accruing</b>			
Commercial	\$—	\$—	\$—
Commercial real estate	232	569	521
Residential real estate	995	628	262
Home equity	—	—	338
Purchased home equity pools	335	367	370
Other consumer	—	—	—
Total restructured loans accruing	\$1,562	\$1,564	\$1,491
90 days or more past due still accruing	\$237	\$—	\$—

<b>Ratios</b>			
Nonaccrual loans to total loans (1)	0.73%	0.69%	0.99%
Other real estate owned to total assets	0.34	0.39	0.49
Nonperforming assets to total assets (1)	0.86	0.90	1.25
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	1.09	1.02	1.30
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	1.11	1.13	1.49

(1) Excludes loans held for sale from nonaccrual loans, nonperforming assets, restructured loans accruing and 90 days or more past due and still accruing loans.

**Allowance for Loan Losses (unaudited)**

	Commercial	Commercial Real Estate	Construction and Development	Residential Real Estate	Home Equity	Purchased Home Equity Pools	Other Consumer	Total
(Dollars in thousands)								
<b>Quarter ended September 30, 2018</b>								
Balance at beginning of period	\$1,513	\$4,989	\$243	\$563	\$565	\$170	\$12	\$8,055
Provision for (reversal of) loan losses	185	(57)	79	24	(49)	(189)	(6)	(13)
Charge-offs	(23)	—	—	(1)	—	(15)	—	(39)
Recoveries	5	2	—	2	32	173	—	214
<b>Balance at end of period</b>	<b>\$1,680</b>	<b>\$4,934</b>	<b>\$322</b>	<b>\$588</b>	<b>\$548</b>	<b>\$139</b>	<b>\$6</b>	<b>\$8,217</b>
<b>Quarter ended September 30, 2017</b>								
Balance at beginning of period	\$1,118	\$4,539	\$202	\$834	\$754	\$190	\$16	\$7,653
Provision for (reversal of) loan losses	(3)	206	8	(66)	30	(80)	54	149
Charge-offs	(2)	—	—	—	—	(68)	(3)	(73)
Recoveries	42	0	—	14	12	107	1	176
<b>Balance at end of period</b>	<b>\$1,155</b>	<b>\$4,745</b>	<b>\$210</b>	<b>\$782</b>	<b>\$796</b>	<b>\$149</b>	<b>\$68</b>	<b>\$7,905</b>
<b>Nine month ended September 30, 2018</b>								
Balance at beginning of period	\$1,144	\$4,522	\$230	\$769	\$870	\$151	\$15	\$7,701
Provision for (reversal of) loan losses	542	(145)	92	(58)	(103)	(308)	(10)	10
Charge-offs	(23)	—	—	(145)	(267)	(54)	—	(489)
Recoveries	17	557	—	22	48	350	1	995
<b>Balance at end of period</b>	<b>\$1,680</b>	<b>\$4,934</b>	<b>\$322</b>	<b>\$588</b>	<b>\$548</b>	<b>\$139</b>	<b>\$6</b>	<b>\$8,217</b>
<b>Nine months ended September 30, 2017</b>								
Balance at beginning of period	\$1,304	\$3,958	\$686	\$757	\$590	\$277	\$20	\$7,592
Provision for (reversal of) loan losses	359	786	(476)	11	157	(463)	50	424
Charge-offs	(561)	—	—	—	—	(117)	(3)	(681)
Recoveries	53	1	—	14	49	452	1	570
<b>Balance at end of period</b>	<b>\$1,155</b>	<b>\$4,745</b>	<b>\$210</b>	<b>\$782</b>	<b>\$796</b>	<b>\$149</b>	<b>\$68</b>	<b>\$7,905</b>

Nonaccrual loan volumes have increased \$0.4 million since the start of the year and as a result, nonaccrual loans to total loans increased from 0.69% at December 31, 2017, to 0.73% at September 30, 2018. Subsequent to the September 30, 2018 a single commercial real estate loan of \$4.2 million was placed on non-accrual. The nonaccrual loan to total loan ratio would have been 1.55% if it included this loan. The change in status of the loan did not result in additional provisions to loan losses for this loan.

Reversal of provisions for loan losses was \$13,000 in the third quarter of 2018, improved from a provision of \$149,000 in the same period of 2017, due to higher net recoveries. Provisions for loan losses were \$10,000 for the nine months ended September 30, 2018, down from \$424,000 in the same period of 2017 due in part to higher net recoveries in 2018.

After September 30, 2018, the company received a \$1.0 million recovery on a loan that was charged-off more than five years ago. This event is not reflected in the results for the third quarter and will be reported in our fourth quarter financial results.

CIB Marine may record recoveries in excess of charge-offs from time to time. Although it cannot be certain in advance due to a number of factors related to the determination of the provision for loan losses, a net recovery may result in a credit provision (i.e., a reversal of provisions for loan losses) in the period of the net recovery. A net recovery has the potential to increase CIB Marine's net income by an amount up to the net recovery. However, there can be no certainty as to whether CIB Marine will experience improved credit quality or recoveries during future quarters so as to permit it to record further credit provisions or reversals of provisions for loan losses for any of the portfolio segments or in total.

**Past Due Accruing Loans (unaudited)**

	<b>30-59 Days Past Due</b>	<b>60-89 Days Past Due</b>	<b>Greater Than 89 Days Past Due</b>	<b>Total Past Due</b>	<b>Loans Not Past Due</b>	<b>Total</b>
<b>(Dollars in thousands)</b>						
<b><u>At September 30, 2018</u></b>						
Commercial	\$—	\$300	\$150	\$450	\$57,709	\$58,159
Commercial real estate	—	—	—	—	262,806	262,806
Construction and development	—	—	43	43	19,299	19,342
Residential real estate	239	—	44	283	135,968	136,251
Home equity	229	24	—	253	22,126	22,379
Purchased home equity pools	68	29	—	97	3,961	4,058
Other consumer	—	—	—	—	495	495
Deferred loan costs	1	—	—	1	470	471
<b>Total</b>	<b>\$537</b>	<b>\$353</b>	<b>\$237</b>	<b>\$1,127</b>	<b>\$502,834</b>	<b>\$503,961</b>
<b><u>At December 30, 2017</u></b>						
Commercial	\$—	\$—	\$—	\$—	\$57,091	\$57,091
Commercial real estate	142	—	—	142	241,538	241,680
Construction and development	100	100	—	200	17,778	17,978
Residential real estate	794	79	—	873	129,456	130,329
Home equity	546	79	—	625	25,704	26,329
Purchased home equity pools	16	—	—	16	5,157	5,173
Other consumer	—	—	—	—	705	705
Deferred loan costs	3	1	—	4	971	975
<b>Total</b>	<b>\$1,601</b>	<b>\$259</b>	<b>\$—</b>	<b>\$1,860</b>	<b>\$478,400</b>	<b>\$480,260</b>
<b><u>At September 30, 2017</u></b>						
Commercial	\$296	\$300	\$—	\$596	\$57,350	\$57,946
Commercial real estate	30	—	—	30	244,799	244,829
Construction and development	—	—	—	—	14,461	14,461
Residential real estate	82	—	—	82	132,394	132,476
Home equity	165	—	—	165	27,816	27,981
Purchased home equity pools	40	11	—	51	5,669	5,720
Other consumer	—	—	—	—	846	846
Deferred loan costs	1	1	—	2	955	957
<b>Total</b>	<b>\$614</b>	<b>\$312</b>	<b>\$—</b>	<b>\$926</b>	<b>\$484,290</b>	<b>\$485,216</b>

**CIB MARINE BANCSHARES, INC.**  
**Capital (unaudited)**

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
<b>September 30, 2018 (1)</b>						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$75,211	14.43%	\$41,694	8.00%		
CIBM Bank	70,778	13.61	41,604	8.00	\$52,006	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$68,675	13.18%	\$31,270	6.00%		
CIBM Bank	64,256	12.36	31,203	6.00	\$41,604	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$68,675	9.90%	\$27,726	4.00%		
CIBM Bank	64,256	9.27	27,713	4.00	\$34,641	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$64,256	12.36%	\$23,403	4.50%	\$33,804	6.50%
<b>December 31, 2017</b>						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$82,290	16.62%	\$39,617	8.00%		
CIBM Bank	73,053	14.76	39,586	8.00	\$49,482	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$76,081	15.36%	\$29,713	6.00%		
CIBM Bank	66,804	13.50	29,689	6.00	\$39,586	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$76,081	12.39%	\$24,567	4.00%		
CIBM Bank	66,804	10.83	24,682	4.00	\$30,853	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$66,804	12.92%	\$23,266	4.50%	\$33,607	6.50%

- (1) Under the new capital regulation implemented January 1, 2015, referred to as Basel III, a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1 ("CET1"), is established above the regulatory minimum capital requirements. The capital conservation buffer will be phased in between January 1, 2016, and year-end 2018, becoming fully effective on January 1, 2019. Non-compliance with the capital conservation buffer can result in limitations of certain types of compensation for executive and equivalent officers. In addition, CIBM Bank made the one-time accumulated other comprehensive income opt-out election on the first Call Report filed after January 1, 2015, which allows community banks under \$250 billion a one-time opt-out election to remove the impact of certain unrealized capital gains and losses (e.g., unrealized securities gains and losses) from the calculation of capital. The election cannot be changed in future periods.
- (2) CIB Marine is a Small Bank Holding Company under Appendix C of Part 225 of the Federal Reserve regulation and, as a result the CET1 is not applicable to CIB Marine. CET1 is applicable to CIBM Bank.