

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detailed financial information for the quarter and nine months ended September 30, 2017. Please see our Shareholder Letter dated November 8, 2017, 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)**

	2017			2016		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
<b>(Dollars in thousands)</b>						
<b>Quarter Ended September 30,</b>						
<b>Interest-earning assets</b>						
Securities (1)	\$112,945	\$640	2.26%	\$105,245	\$513	1.95%
Loans held for sale (1)	9,131	104	4.54	15,687	153	3.88
Loans (1)(2)	487,915	5,188	4.22	463,830	4,540	3.89
Federal funds sold, reverse repos and interest-earning due from banks	25,895	124	1.90	28,644	80	1.10
Total interest-earning assets	635,886	6,056	3.78	613,406	5,286	3.43
Noninterest-earning assets	18,876			16,072		
Total assets	\$654,762			\$629,478		
<b>Interest-bearing liabilities</b>						
Interest-bearing deposits	\$409,177	\$871	0.84%	\$380,283	\$659	0.69%
Borrowed funds	94,552	269	1.13	90,095	81	0.36
Total interest-bearing liabilities	503,729	1,140	0.90	470,378	740	0.63
<b>Noninterest-earning liabilities:</b>						
Noninterest-bearing demand deposits	75,228			84,446		
Accrued interest and other liabilities	2,185			4,013		
Preferred equity	51,000			51,000		
Common equity	22,620			19,641		
Total stockholders' equity	73,620			70,641		
Total liabilities and stockholders' equity	\$654,762			\$629,478		
<b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>	\$132,157	\$4,916	2.88%	\$143,028	\$4,546	2.80%
<b>Net interest margin (1)(4)</b>			3.07%			2.95%
<b>Ratio of average interest-earning assets to average interest-bearing liabilities</b>	1.26			1.30		
	2017			2016		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
<b>(Dollars in thousands)</b>						
<b>Nine Months Ended September 30,</b>						
<b>Interest-earning assets</b>						
Securities (1)	\$111,861	\$1,849	2.20%	\$99,054	\$1,508	2.03%
Loans held for sale (1)	6,763	229	4.54	11,595	331	3.82
Loans (1)(2)	487,071	15,011	4.12	463,801	13,747	3.96
Federal funds sold, reverse repos and interest-earning due from banks	21,188	261	1.65	12,064	90	0.99
Total interest-earning assets	626,883	17,350	3.70	586,514	15,676	3.57
Noninterest-earning assets	18,173			16,017		
Total assets	\$645,056			\$602,531		
<b>Interest-bearing liabilities</b>						
Interest-bearing deposits	\$411,654	\$2,437	0.79%	\$385,197	\$2,056	0.71%
Borrowed funds	84,030	568	0.90	67,053	148	0.30
Total interest-bearing liabilities	495,684	3,005	0.81	452,250	2,204	0.65
<b>Noninterest-earning liabilities:</b>						
Noninterest-bearing demand deposits	75,007			77,982		
Accrued interest and other liabilities	2,312			3,713		
Preferred equity	51,000			51,000		
Common equity	21,053			17,586		
Total stockholders' equity	72,053			68,586		
Total liabilities and stockholders' equity	\$645,056			\$602,531		
<b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>	\$131,199	\$14,345	2.89%	\$134,264	\$13,472	2.92%
<b>Net interest margin (1)(4)</b>			3.06%			3.07%
<b>Ratio of average interest-earning assets to average interest-bearing liabilities</b>	1.26			1.30		

(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 \$0.4 million and \$0.9 million for the quarter and nine months ended September 30, 2017, respectively, due primarily to higher average earning assets balances in loans and securities. Average yields on interest earning assets have increased over both time periods, with cost of interest bearing liabilities rising by less over the recent quarter and more over the nine months ended comparable period. As a result, CIB Marine's net interest margin increased 0.12 basis points from 2.95% for the third quarter of 2016 to 3.07% for the third quarter of 2017 and decreased 0.01 basis points, from 3.07% to 3.06%, for the nine months ended September 30, 2016, and September 30, 2017, respectively.

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

**Loan Portfolio Segments (unaudited)**

	September 30, 2017		December 31, 2016		September 30, 2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in thousands)						
Commercial	\$57,990	11.8%	\$55,327	11.5%	\$54,133	11.6%
Commercial real estate	247,297	50.6	219,527	45.5	215,789	46.4
Construction and development	14,461	2.9	42,431	8.8	40,395	8.7
Residential real estate	133,459	27.3	124,356	25.8	115,187	24.8
Home equity	29,255	6.0	32,492	6.7	30,482	6.6
Purchased home equity pools	5,720	1.2	7,051	1.5	7,653	1.6
Other consumer	950	0.2	1,135	0.2	1,225	0.3
Gross loans	489,132	100.0%	482,319	100.0%	464,864	100.0%
Deferred loan costs	957		1,199		1,193	
Loans	490,089		483,518		466,057	
Allowance for loan losses	(7,905)		(7,592)		(8,549)	
Loans, net	\$482,184		\$475,926		\$457,508	

**Nonperforming Assets and Selected Asset Quality Ratios (unaudited)**

	September 30, 2017	December 31, 2016	September 30, 2016
	(Dollars in thousands)		
<b>Nonperforming assets</b>			
Nonaccrual loans:			
Commercial	\$44	\$606	\$874
Commercial real estate	2,468	2,111	2,043
Construction and development	—	1,079	1,216
Residential real estate	983	1,141	448
Home equity	1,274	1,171	826
Other consumer	104	—	—
	4,873	6,108	5,407
Loans held for sale	—	—	—
Total nonaccrual loans	4,873	6,108	5,407
Other real estate owned	3,153	3,159	982
Total nonperforming assets	\$8,026	\$9,267	\$6,389
<b>Restructured loans accruing</b>			
Commercial	\$—	\$18	\$22
Commercial real estate	521	540	559
Residential real estate	262	185	211
Home equity	338	516	758
Purchased home equity pools	370	377	380
Other consumer	—	4	4
	\$1,491	\$1,640	\$1,934
90 days or more past due still accruing			
Residential real estate	\$—	\$—	\$—
Home Equity	—	—	24
	\$—	\$—	\$24

**Ratios**

Nonaccrual loans to total loans (1)	0.99%	1.26%	1.16%
Other real estate owned to total assets	0.49	0.48	0.16
Nonperforming assets to total assets (1)	1.25	1.42	1.01
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	1.30	1.60	1.58
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	1.49	1.67	1.32

(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, 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>Quarter ended September 30, 2016</b>								
Balance at beginning of period	\$1,833	\$4,120	\$688	\$687	\$647	\$220	\$24	\$8,219
Provision for (reversal of) loan losses	56	(62)	153	28	(18)	(85)	(3)	69
Charge-offs	—	—	—	—	—	(14)	—	(14)
Recoveries	7	103	—	—	37	128	—	275
<b>Balance at end of period</b>	<b>\$1,896</b>	<b>\$4,161</b>	<b>\$841</b>	<b>\$715</b>	<b>\$666</b>	<b>\$249</b>	<b>\$21</b>	<b>\$8,549</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>
<b>Nine months ended September 30, 2016</b>								
Balance at beginning of period	\$1,567	\$4,117	\$595	\$669	\$717	\$372	\$27	\$8,064
Provision for (reversal of) loan losses	312	(121)	246	46	(56)	(177)	(2)	248
Charge-offs	—	(1)	—	—	(73)	(234)	(4)	(312)
Recoveries	17	166	—	—	78	288	—	549
<b>Balance at end of period</b>	<b>\$1,896</b>	<b>\$4,161</b>	<b>\$841</b>	<b>\$715</b>	<b>\$666</b>	<b>\$249</b>	<b>\$21</b>	<b>\$8,549</b>

Nonaccrual loan volumes decreased over the same period of the prior year by \$0.5 million due to collection activity related to nonperforming loans. Nonperforming assets to total assets fell to 1.49% at September 30, 2017, from 1.67% at December 31, 2016, due to lower non-accrual loans.

Provision expense for the third quarter of 2017 was \$149,000 compared to \$69,000 for the same period of 2016 and \$424,000 for the nine months ended September 30, 2017 compared to \$248,000 for the same period in 2016. Charge-offs for the quarter were \$73,000 compared to \$14,000 during the same period of 2016. Total recoveries were \$176,000 for the quarter compared to \$275,000 for the same period in 2016. Charge-offs for the year to date ending September 30, 2017, were \$681,000 compared to \$312,000 during the same period of 2016, with the increase due primarily to one commercial relationship. Recoveries for the year to date ending September 30, 2017, were \$570,000, nominally higher than the \$549,000 during the same period of 2016.

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.

The allowance for loan losses declined from \$8.5 million at September 30, 2016, to \$7.9 million at September 30, 2017, primarily due to the charge-off of losses reserved for net of other changes over that time period. The allowance for loan losses to total loans declined from 1.83% to 1.61% from September 30, 2016, to September 30, 2017, primarily the result of charge-

offs against loss reserves prior reserved for, the broad longer term trend of overall improved loan asset quality, and growth in the residential segment of the loan portfolio which has a lower allowance for loan loss rate.

**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>
(Dollars in thousands)						
<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>
<b><u>At December 30, 2016</u></b>						
Commercial	\$122	\$—	\$—	\$122	\$54,599	\$54,721
Commercial real estate	—	—	—	—	217,416	217,416
Construction and development	—	—	—	—	41,352	41,352
Residential real estate	451	—	—	451	122,764	123,215
Home equity	195	72	—	267	31,054	31,321
Purchased home equity pools	13	67	—	80	6,971	7,051
Other consumer	—	—	—	—	1,135	1,135
Deferred loan costs	2	—	—	2	1,197	1,199
<b>Total</b>	<b>\$783</b>	<b>\$139</b>	<b>\$—</b>	<b>\$922</b>	<b>\$476,488</b>	<b>\$477,410</b>
<b><u>At September 30, 2016</u></b>						
Commercial	\$55	\$275	\$—	\$330	\$52,929	\$53,259
Commercial real estate	513	—	—	513	213,233	213,746
Construction and development	—	100	—	100	39,079	39,179
Residential real estate	249	—	24	273	114,466	114,739
Home equity	190	71	—	261	29,395	29,656
Purchased home equity pools	194	28	—	222	7,431	7,653
Other consumer	—	—	—	—	1,225	1,225
Deferred loan costs	3	1	—	4	1,189	1,193
<b>Total</b>	<b>\$1,204</b>	<b>\$475</b>	<b>\$24</b>	<b>\$1,703</b>	<b>\$458,947</b>	<b>\$460,650</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, 2017 (1)</b>						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$81,180	16.05%	\$40,453	8.00%		
CIBM Bank	74,117	14.70	40,339	8.00	\$50,424	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$74,840	14.80%	\$30,339	6.00%		
CIBM Bank	67,795	13.45	30,254	6.00	\$40,339	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$74,840	11.41%	\$26,245	4.00%		
CIBM Bank	67,795	10.35	26,194	4.00	\$32,742	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$66,504	13.30%	\$22,506	4.50%	\$32,509	6.50%
<b>December 31, 2016</b>						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$77,942	15.40%	\$40,482	8.00%		
CIBM Bank	70,528	13.98	40,369	8.00	\$50,461	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$71,601	14.15%	\$30,362	6.00%		
CIBM Bank	64,205	12.72	30,277	6.00	\$40,369	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$71,601	11.14%	\$25,718	4.00%		
CIBM Bank	64,205	10.01	25,666	4.00	\$32,082	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$64,205	12.72%	\$22,708	4.50%	\$32,800	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 is being 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. There are additional limitations beyond those noted here. 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.