

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detail financial information for the three months ended March 31, 2014. Please see our Earnings Release and Shareholder Letter dated May 7, 2014 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)**

	2014			2013		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
<b>Three Months Ended March 31,</b>						
<b>Interest-earning assets</b>						
Securities (1)	\$94,227	\$656	2.79%	\$92,110	\$701	3.05%
Loans held for sale (1)	1,582	21	5.27	339	(12)	(14.08)
Loans (1)(2)	342,837	3,737	4.42	319,069	3,775	4.80
Federal funds sold, reverse repos and interest-earning due from banks	3,724	2	0.25	41,100	26	0.25
Total interest-earning assets	442,370	4,416	4.04	452,618	4,490	4.02
Noninterest-earning assets	20,614			18,527		
Total assets	\$462,984			\$471,145		
<b>Interest-bearing liabilities</b>						
Interest-bearing deposits	\$315,742	\$508	0.65%	\$340,811	\$658	0.78%
Borrowed funds	10,387	4	0.15	7,939	3	0.16
Total interest-bearing liabilities	326,129	512	0.64	348,750	661	0.77
Noninterest-earning liabilities	70,223			54,843		
Preferred equity	51,000			51,000		
Common equity	15,632			16,552		
Total stockholders' equity	66,632			67,552		
Total liabilities and stockholders' equity	\$462,984			\$471,145		
<b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>	<b>\$116,241</b>	<b>\$3,904</b>	<b>3.40%</b>	<b>\$103,868</b>	<b>\$3,829</b>	<b>3.25%</b>
<b>Net interest margin (1)(4)</b>			<b>3.57%</b>			<b>3.42%</b>
<b>Ratio of average interest-earning assets to average interest-bearing liabilities</b>	<b>1.36</b>			<b>1.30</b>		

(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.

CIB Marine's net interest margin increased by 15 basis points from 3.42% during the first quarter of 2013 to 3.57% during the first quarter of 2014. The net interest margin increased due to a 3 basis point increase in yields on interest-earning assets compared to a 13 basis point decline in cost on interest-bearing liabilities. Although both loan and securities yields declined, the increase in earning asset yields overall was primarily the result of an increase in the proportion of loans to total interest-earning assets and a decrease in the proportion of interest-bearing due from bank balances to total interest-earning assets. The decrease in the cost on interest-bearing liabilities was primarily the result of an ongoing 23 basis point decline in the cost of time deposits.

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

	Loan Portfolio Segments (unaudited)					
	March 31, 2014		December 31, 2013		March 31, 2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in thousands)						
Commercial	\$55,207	15.9%	\$56,464	16.6%	\$41,553	13.1%
Commercial real estate	181,804	52.3	178,387	52.4	185,428	58.5
Construction and development	18,214	5.3	16,738	4.9	13,536	4.2
Residential real estate	42,661	12.3	38,397	11.3	28,155	8.9
Home equity	32,409	9.3	32,245	9.5	28,886	9.1
Purchased home equity pools	14,624	4.2	15,087	4.4	17,117	5.4
Other consumer	2,573	0.7	2,880	0.9	2,507	0.8
Gross loans	347,492	100.0%	340,198	100.0%	317,182	100.0%
Deferred loan costs	1,142		1,134		1,190	
Loans	348,634		341,332		318,372	
Allowance for loan losses	(8,273)		(8,308)		(9,243)	
Loans, net	\$340,361		\$333,024		\$309,129	

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

	March 31, 2014	December 31, 2013	March 31, 2013
	(Dollars in thousands)		
<b>Nonperforming assets</b>			
Nonaccrual loans:			
Commercial	\$15	\$16	\$150
Commercial real estate	2,999	737	7,419
Construction and development	1,694	1,727	2,226
Residential real estate	654	664	798
Home equity	558	471	827
Other consumer	11	11	3
	<u>5,931</u>	<u>3,626</u>	<u>11,423</u>
Loans held for sale	—	—	199
Total nonaccrual loans	<u>5,931</u>	<u>3,626</u>	<u>11,622</u>
Other real estate owned	8,815	9,700	10,426
Total nonperforming assets	<u>\$14,746</u>	<u>\$13,326</u>	<u>\$22,048</u>
<b>Restructured loans accruing</b>			
Commercial real estate	\$3,248	\$5,584	\$6,906
Residential real estate	236	237	103
Home equity	1,057	1,067	1,008
Purchased home equity pools	409	410	420
Other consumer	2	5	52
	<u>\$4,952</u>	<u>\$7,303</u>	<u>\$8,489</u>
90 days or more past due still accruing			
Commercial	\$758	\$—	\$—
Residential real estate	—	—	28
Home equity loans	36	—	—
	<u>\$794</u>	<u>\$—</u>	<u>\$28</u>
<b>Ratios</b>			
Nonaccrual loans to total loans (1)	1.70%	1.06%	3.59%
Other real estate owned to total assets	1.85	2.11	2.22
Nonperforming assets to total assets (1)	3.10	2.90	4.66
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	3.35	3.20	6.25
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	4.31	4.48	6.47

(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 March 31, 2014</b>								
Balance at beginning of period	\$1,125	\$4,195	\$473	\$440	\$834	\$1,186	\$55	\$8,308
Provision for (reversal of) loan losses	(263)	85	26	47	98	18	—	11
Charge-offs	—	(2)	—	—	(40)	(165)	(2)	(209)
Recoveries	86	11	—	—	35	31	—	163
<b>Balance at end of period</b>	<u>\$948</u>	<u>\$4,289</u>	<u>\$499</u>	<u>\$487</u>	<u>\$927</u>	<u>\$1,070</u>	<u>\$53</u>	<u>\$8,273</u>
<b>Quarter ended March 31, 2013</b>								
Balance at beginning of period	\$1,023	\$6,572	\$394	\$303	\$1,043	\$2,007	\$36	\$11,378
Provision for (reversal of) loan losses	(88)	155	(9)	21	(61)	61	(1)	78
Charge-offs	(30)	(1,920)	—	—	(70)	(420)	—	(2,440)
Recoveries	78	3	54	—	26	65	1	227
<b>Balance at end of period</b>	<u>\$983</u>	<u>\$4,810</u>	<u>\$439</u>	<u>\$324</u>	<u>\$938</u>	<u>\$1,713</u>	<u>\$36</u>	<u>\$9,243</u>

Although up over the prior quarter end, nonaccrual loan volumes declined by \$5.7 million from March 31, 2013 to March 31, 2014. OREO balances declined by \$1.6 million over the same time period.

Provision expense for the first quarter of 2014 was \$11,000 compared to \$78,000 for the same period of 2013. Charge-offs for the first quarter of 2014 were \$0.2 million compared to \$2.4 million during the same period of 2013. Total recoveries were \$0.2

million for the first quarter of 2014 compared to \$0.2 million for the same period in 2013. 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 reversals of the provision for any of the portfolio segments.

The allowance for loan losses has declined from \$9.2 million at March 31, 2013, to \$8.3 million at March 31, 2014. The allowance for loan losses to total loans declined from 2.90% to 2.37% over the same time period. The year-over-year reduction was primarily due to charge-offs of specific reserves allocated to commercial real estate loans evaluated individually for impairment, as well as improved loan asset quality.

**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 March 31, 2014</u></b>						
Commercial	\$86	\$—	\$758	\$844	\$54,348	\$55,192
Commercial real estate	4,715	—	—	4,715	174,090	178,805
Construction and development	—	—	—	—	16,520	16,520
Residential real estate	1,790	181	—	1,971	40,036	42,007
Home equity	498	176	36	710	31,141	31,851
Purchased home equity pools	246	67	—	313	14,311	14,624
Other consumer	—	—	—	—	2,562	2,562
Deferred loan costs	24	1	3	28	1,114	1,142
<b>Total</b>	<b>\$7,359</b>	<b>\$425</b>	<b>\$797</b>	<b>\$8,581</b>	<b>\$334,122</b>	<b>\$342,703</b>
<b><u>At December 30, 2013</u></b>						
Commercial	\$—	\$25	\$—	\$25	\$56,423	\$56,448
Commercial real estate	333	69	—	402	177,248	177,650
Construction and development	—	—	—	—	15,011	15,011
Residential real estate	—	107	—	107	37,626	37,733
Home equity	568	21	—	589	31,185	31,774
Purchased home equity pools	56	238	—	294	14,793	15,087
Other consumer	—	—	—	—	2,869	2,869
Deferred loan costs	3	2	—	5	1,129	1,134
<b>Total</b>	<b>\$960</b>	<b>\$462</b>	<b>\$—</b>	<b>\$1,422</b>	<b>\$336,284</b>	<b>\$337,706</b>
<b><u>At March 31, 2013</u></b>						
Commercial	\$—	\$—	\$—	\$—	\$41,403	\$41,403
Commercial real estate	651	—	—	651	177,358	178,009
Construction and development	—	—	—	—	11,310	11,310
Residential real estate	—	—	28	28	27,329	27,357
Home equity	140	—	—	140	27,919	28,059
Purchased home equity pools	124	—	—	124	16,993	17,117
Other consumer	—	—	—	—	2,504	2,504
Deferred loan costs	4	—	—	4	1,186	1,190
<b>Total</b>	<b>\$919</b>	<b>\$—</b>	<b>\$28</b>	<b>\$947</b>	<b>\$306,002</b>	<b>\$306,949</b>

Accruing past due loans increased \$7.2 million from the year ending December 31, 2013, to the quarter ending March 31, 2014. The increase was primarily related to one residential and a few commercial real estate loans that had matured and were in the process of renewal.

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

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Provisions		Minimum Pursuant to Additional Regulatory Requirements(1)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)								
<b>March 31, 2014</b>								
Total capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	\$73,011	17.91%	\$32,616	8.00%				
CIBM Bank	63,617	15.79	32,235	8.00	\$40,294	10.00%	NA	NA
Tier 1 capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	\$67,876	16.65%	\$16,308	4.00%				
CIBM Bank	58,541	14.53	16,117	4.00	\$24,176	6.00%	NA	NA
Tier 1 leverage to average assets								
CIB Marine Bancshares, Inc.	\$67,876	14.62%	\$18,576	4.00%				
CIBM Bank	58,541	12.76	18,357	4.00	\$22,946	5.00%	NA	NA
<b>December 31, 2013</b>								
Total capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	\$72,819	18.05%	\$32,266	8.00%				
CIBM Bank	63,270	15.91	31,816	8.00	\$39,769	10.00%	\$47,723	12.00%
Tier 1 capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	67,737	16.79	16,133	4.00				
CIBM Bank	58,258	14.65	15,908	4.00	23,862	N/A	N/A	N/A
Tier 1 leverage to average assets								
CIB Marine Bancshares, Inc.	67,737	14.89	18,193	4.00				
CIBM Bank	58,258	12.97	17,970	4.00	22,463	5.00	35,940	8.00

(1) Under the revised regulatory requirements effective February 14, 2013, CIBM Bank is required to maintain a minimum Tier 1 ratio of 8% and capital-to-risk based ratio of 12%. As of March 31, 2014, these additional regulatory requirements are no longer applicable to CIBM Bank.