

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detail financial information for the three months ended March 31, 2015. Please see our Shareholder Letter dated May 7, 2015, located at www.cibmarine.com for a summary description of our financial results.

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

	2015			2014		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
Three Months Ended March 31,						
Interest-earning assets						
Securities (1)	\$89,864	\$555	2.47%	\$94,227	\$656	2.79%
Loans held for sale (1)	7,119	72	4.12	1,582	21	5.27
Loans (1)(2)	386,961	3,830	4.01	342,837	3,737	4.42
Federal funds sold, reverse repos and interest-earning due from banks	5,163	3	0.24	3,724	2	0.25
Total interest-earning assets	489,107	4,460	3.69	442,370	4,416	4.04
Noninterest-earning assets	17,376			20,614		
Total assets	\$506,483			\$462,984		
Interest-bearing liabilities						
Interest-bearing deposits	\$330,874	\$562	0.69%	\$315,742	\$508	0.65%
Borrowed funds	31,762	9	0.11	10,387	4	0.15
Total interest-bearing liabilities	362,636	571	0.64	326,129	512	0.64
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	72,778			68,761		
Accrued interest and other liabilities	2,818			1,462		
Preferred equity	51,000			51,000		
Common equity	17,251			15,632		
Total stockholders' equity	68,251			66,632		
Total liabilities and stockholders' equity	\$506,483			\$462,984		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$126,471	\$3,889	3.05%	\$116,241	\$3,904	3.40%
Net interest margin (1)(4)			3.22%			3.57%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.35			1.36		

- (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 decreased 35 basis points from 3.57% for the first quarter of 2014 to 3.22% for the first quarter of 2015. The net interest margin declined due to a 35 basis point decline in yields on interest-earning assets compared to no decline in the average cost of interest-bearing liabilities. Loan and securities yields declined due to the continued low interest rate environment and market forces. In addition, CIB Marine continues to hedge certain larger and longer term loans with interest rate swaps, reducing future interest rate risk but also reducing the current earning asset yields as fixed rate loans are effectively converted to floating rate loans with the same credit spread just to a shorter term hence lower rate index. The result is a lower effective coupon so long as short-term rates stay low. When short-term rates increase the effective coupon on the hedged loans will increase.

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

	Loan Portfolio Segments (unaudited)					
	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in thousands)						
Commercial	\$57,574	15.0%	\$58,972	15.3%	\$55,207	15.9%
Commercial real estate	190,013	49.3	194,225	50.3	181,804	52.3
Construction and development	18,590	4.8	18,293	4.7	18,214	5.3
Residential real estate	72,974	18.9	67,951	17.6	42,661	12.3
Home equity	33,280	8.6	32,820	8.5	32,409	9.3
Purchased home equity pools	11,200	2.9	11,962	3.1	14,624	4.2
Other consumer	1,794	0.5	1,905	0.5	2,573	0.7
Gross loans	385,425	100.0%	386,128	100.0%	347,492	100.0%
Deferred loan costs	1,163		1,165		1,142	
Loans	386,588		387,293		348,634	
Allowance for loan losses	(7,586)		(7,556)		(8,273)	
Loans, net	\$379,002		\$379,737		\$340,361	

Nonperforming Assets and Selected Asset Quality Ratios (unaudited)

	March 31, 2015	December 31, 2014	March 31, 2014
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	\$1,658	\$494	\$15
Commercial real estate	2,360	2,065	2,999
Construction and development	805	805	1,694
Residential real estate	470	481	654
Home equity	687	652	558
Other consumer	—	—	11
	5,980	4,497	5,931
Loans held for sale	—	—	—
Total nonaccrual loans	5,980	4,497	5,931
Other real estate owned	5,259	5,367	8,815
Total nonperforming assets	\$11,239	\$9,864	\$14,746
Restructured loans accruing			
Commercial real estate	\$2,501	\$3,381	\$3,248
Residential real estate	229	231	236
Home equity	1,003	861	1,057
Purchased home equity pools	398	400	409
Other consumer	—	—	2
	\$4,131	\$4,873	\$4,952
90 days or more past due still accruing			
Commercial	\$50	\$—	\$758
Home equity loans	—	—	36
	\$50	\$—	\$794
Ratios			
Nonaccrual loans to total loans (1)	1.55%	1.16%	1.70%
Other real estate owned to total assets	1.01	1.07	1.85
Nonperforming assets to total assets (1)	2.15	1.97	3.10
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	2.63	2.42	3.35
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	2.95	2.94	4.31

(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)							
Three months ended March 31, 2015								
Balance at beginning of period	\$1,023	\$3,724	\$429	\$581	\$913	\$845	\$41	\$7,556
Provision for (reversal of) loan losses	390	(79)	(13)	57	(72)	(193)	(4)	86
Charge-offs	(63)	(2)	—	(10)	(46)	(47)	(2)	(170)
Recoveries	6	7	—	—	72	29	—	114
Balance at end of period	\$1,356	\$3,650	\$416	\$628	\$867	\$634	\$35	\$7,586
Three months ended March 31, 2014								
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
Balance at end of period	\$948	\$4,289	\$499	\$487	\$927	\$1,070	\$53	\$8,273

Nonaccrual loan volumes increased \$1.5 million over the prior year end due primarily to one commercial credit relationship and reflects only a nominal change from March 31, 2014, to March 31, 2015. OREO balances declined over the prior year end and declined by \$3.6 million from March 31, 2014, to March 31, 2015.

Provision expense for the first quarter of 2015 was \$86,000 compared to \$11,000 for the same period of 2014. Charge-offs for the first quarter of 2015 were \$170,000 compared to \$209,000 during the same period of 2014. Total recoveries were \$114,000 for the first quarter of 2015 compared to \$163,000 for the same period in 2014. 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 decreased from \$8.3 million at March 31, 2014, to \$7.6 million at March 31, 2015. The allowance for loan losses to total loans declined from 2.37% to 1.96% from March 31, 2014, to March 31, 2015. The reduction has primarily been the result of ongoing improved loan asset quality.

Past Due Accruing Loans (unaudited)

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
(Dollars in thousands)						
<u>At March 31, 2015</u>						
Commercial	\$88	\$—	\$50	\$138	\$55,778	\$55,916
Commercial real estate	1,919	—	—	1,919	185,734	187,653
Construction and development	—	—	—	—	17,785	17,785
Residential real estate	555	—	—	555	71,949	72,504
Home equity	517	19	—	536	32,057	32,593
Purchased home equity pools	98	14	—	112	11,088	11,200
Other consumer	—	—	—	—	1,794	1,794
Deferred loan costs	10	—	—	10	1,153	1,163
Total	\$3,187	\$33	\$50	\$3,270	\$377,338	\$380,608
<u>At December 30, 2014</u>						
Commercial	\$200	\$—	\$—	\$200	\$58,278	\$58,478
Commercial real estate	232	74	—	306	191,854	192,160
Construction and development	68	—	—	68	17,420	17,488
Residential real estate	92	309	—	401	67,069	67,470
Home equity	496	301	—	797	31,371	32,168
Purchased home equity pools	44	44	—	88	11,874	11,962
Other consumer	—	100	—	100	1,805	1,905
Deferred loan costs	4	3	—	7	1,158	1,165
Total	\$1,136	\$831	\$—	\$1,967	\$380,829	\$382,796
<u>At March 31, 2014</u>						
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
Total	\$7,359	\$425	\$797	\$8,581	\$334,122	\$342,703

Accruing past due loans increased \$1.3 million from the year ending December 31, 2014, to the quarter ending March 31, 2015, and decreased \$5.3 million from March 31, 2014, to March 31, 2015.

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)						
March 31, 2015 (1)						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$73,558	16.92%	\$34,770	8.00%		
CIBM Bank	65,281	15.09	34,610	8.00	\$43,263	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$68,095	15.67%	\$26,077	6.00%		
CIBM Bank	59,847	13.83	25,958	6.00	\$34,610	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$68,095	13.44%	\$20,272	4.00%		
CIBM Bank	59,847	11.85	20,202	4.00	\$25,252	5.00%
Common equity Tier 1 (2)						
CIBM Bank	\$59,847	13.83%	\$19,468	4.50%	\$28,121	6.50%
December 31, 2014						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$73,423	17.21%	\$34,140	8.00%		
CIBM Bank	64,995	15.28	34,024	8.00	\$42,530	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$68,062	15.95%	\$17,070	4.00%		
CIBM Bank	59,651	14.03	17,012	4.00	\$25,518	6.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$68,062	13.50%	\$20,159	4.00%		
CIBM Bank	59,651	11.87	20,099	4.00	\$25,123	5.00%

- (1) Under the new capital regulations 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 AOCI opt-out election on the first Call Report filed after January 1, 2015, which allows community banks under \$250 billion with 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's regulations, as a result the common equity Tier 1 ratio ("CET1") is not applicable to CIB Marine. CET1 is applicable to CIBM Bank.