

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detailed financial information for the quarter and six months ended June 30, 2018. Please see our Shareholder Letter dated August 9, 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 June 30,</b>						
<b>Interest-earning assets</b>						
Securities (1)	\$115,931	\$720	2.48%	\$110,172	\$598	2.17%
Loans held for sale (1)	8,470	117	5.52	6,813	79	4.66
Loans (1)(2)	480,419	5,372	4.48	486,720	4,997	4.12
Federal funds sold, reverse repos and interest-earning due from banks	29,795	179	2.41	14,344	58	1.61
Total interest-earning assets	634,615	6,387	4.04	618,049	5,732	3.72
Noninterest-earning assets	42,286			17,379		
Total assets	\$676,901			\$635,428		
<b>Interest-bearing liabilities</b>						
Interest-bearing deposits	\$417,544	\$1,038	1.00%	\$416,559	\$817	0.79%
Borrowed funds	86,719	368	1.70	68,864	156	0.91
Total interest-bearing liabilities	504,263	1,406	1.12	485,423	973	0.80
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	72,233			75,940		
Accrued interest and other liabilities	2,156			2,150		
Preferred equity	50,990			51,000		
Common equity	47,259			20,915		
Total stockholders' equity	98,249			71,915		
Total liabilities and stockholders' equity	\$676,901			\$635,428		
<b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>	<b>\$130,352</b>	<b>\$4,981</b>	<b>2.92%</b>	<b>\$132,626</b>	<b>\$4,759</b>	<b>2.92%</b>
<b>Net interest margin (1)(4)</b>			<b>3.15%</b>			<b>3.09%</b>
<b>Ratio of average interest-earning assets to average interest-bearing liabilities</b>	<b>1.26</b>			<b>1.27</b>		

	2018			2017		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
<b>Six Months Ended June 30,</b>						
<b>Interest-earning assets</b>						
Securities (1)	\$116,075	\$1,495	2.58%	\$111,310	\$1,209	2.17%
Loans held for sale (1)	7,544	190	5.07	5,560	125	4.54
Loans (1)(2)	480,061	10,497	4.41	486,642	9,823	4.07
Federal funds sold, reverse repos and interest-earning due from banks	18,573	214	2.32	18,795	137	1.47
Total interest-earning assets	622,253	12,396	4.02	622,307	11,294	3.66
Noninterest-earning assets	41,478			17,815		
Total assets	\$663,731			\$640,122		
<b>Interest-bearing liabilities</b>						
Interest-bearing deposits	\$414,025	\$1,986	0.97%	\$412,912	\$1,566	0.76%
Borrowed funds	79,267	605	1.54	78,682	299	0.77
Total interest-bearing liabilities	493,292	2,591	1.06	491,594	1,865	0.77
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	70,304			74,896		
Accrued interest and other liabilities	2,149			2,376		
Preferred equity	50,995			51,000		
Common equity	46,991			20,256		
Total stockholders' equity	97,986			71,256		
Total liabilities and stockholders' equity	\$663,731			\$640,122		
<b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>	<b>\$128,961</b>	<b>\$9,805</b>	<b>2.96%</b>	<b>\$130,713</b>	<b>\$9,429</b>	<b>2.89%</b>
<b>Net interest margin (1)(4)</b>			<b>3.18%</b>			<b>3.06%</b>
<b>Ratio of average interest-earning assets to average interest-bearing liabilities</b>	<b>1.26</b>			<b>1.27</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.

Net interest income increased \$0.2 million in the second quarter of 2018 versus the same period of 2017 as interest earnings assets volumes increased and the net interest spread was the same. Although the increase in yields for the second quarter of 2018 was the same as the increase in costs for the same period, the net interest margin increased since there are more interest earning assets than interest bearing costs.

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

	<b>Loan Portfolio Segments (unaudited)</b>					
	<b>June 30, 2018</b>		<b>December 31, 2017</b>		<b>June 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	\$56,794	11.6%	\$57,134	11.8%	\$54,609	11.2%
Commercial real estate	253,106	51.9	243,070	50.4	245,726	50.4
Construction and development	16,971	3.5	17,978	3.7	15,518	3.2
Residential real estate	132,468	27.2	131,313	27.2	133,757	27.5
Home equity	23,450	4.8	27,263	5.6	30,550	6.3
Purchased home equity pools	4,427	0.9	5,173	1.1	6,144	1.2
Other consumer	635	0.1	705	0.2	954	0.2
Gross loans	487,851	100.0%	482,636	100.0%	487,258	100.0%
Deferred loan costs	911		975		1,031	
Loans	488,762		483,611		488,289	
Allowance for loan losses	(8,055)		(7,701)		(7,653)	
Loans, net	\$480,707		\$475,910		\$480,636	

	<b>Nonperforming Assets and Selected Asset Quality Ratios (unaudited)</b>		
	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
	<b>(Dollars in thousands)</b>		
<b>Nonperforming assets</b>			
Nonaccrual loans:			
Commercial	\$1,626	\$43	\$59
Commercial real estate	—	1,390	2,527
Construction and development	—	—	—
Residential real estate	242	984	808
Home equity	743	934	1,334
Other consumer	—	—	104
Loans held for sale	—	—	—
Total nonaccrual loans	2,611	3,351	4,832
Other real estate owned	2,494	2,584	3,153
Total nonperforming assets	\$5,105	\$5,935	\$7,985
<b>Restructured loans accruing</b>			
Commercial	\$—	\$—	\$2
Commercial real estate	235	569	526
Residential real estate	753	628	573
Home equity	—	—	341
Purchased home equity pools	362	367	372
Other consumer	—	—	—
Total restructured loans accruing	\$1,350	\$1,564	\$1,814
90 days or more past due still accruing	\$47	\$—	\$—

<b>Ratios</b>			
Nonaccrual loans to total loans (1)	0.53%	0.69%	0.99%
Other real estate owned to total assets	0.36	0.39	0.49
Nonperforming assets to total assets (1)	0.73	0.90	1.23
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	0.82	1.02	1.36
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	0.94	1.13	1.51

(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 June 30, 2018</b>								
Balance at beginning of period	\$1,122	\$4,726	\$192	\$571	\$537	\$169	\$14	\$7,331
Provision for (reversal of) loan losses	385	(288)	51	(28)	31	1	(3)	149
Charge-offs	—	—	—	—	(14)	(23)	—	(37)
Recoveries	6	551	—	20	11	23	1	612
<b>Balance at end of period</b>	<b>\$1,513</b>	<b>\$4,989</b>	<b>\$243</b>	<b>\$563</b>	<b>\$565</b>	<b>\$170</b>	<b>\$12</b>	<b>\$8,055</b>
<b>Quarter ended June 30, 2017</b>								
Balance at beginning of period	\$1,209	\$4,004	\$694	\$807	\$605	\$231	\$17	\$7,567
Provision for (reversal of) loan losses	113	534	(492)	27	137	(271)	(1)	47
Charge-offs	(209)	—	—	—	—	(49)	—	(258)
Recoveries	5	1	—	—	12	279	—	297
<b>Balance at end of period</b>	<b>\$1,118</b>	<b>\$4,439</b>	<b>\$202</b>	<b>\$834</b>	<b>\$754</b>	<b>\$190</b>	<b>\$16</b>	<b>\$7,653</b>
<b>Six month ended June 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	357	(88)	13	(82)	(54)	(119)	(4)	23
Charge-offs	—	—	—	(144)	(267)	(39)	—	(450)
Recoveries	12	555	—	20	16	177	1	781
<b>Balance at end of period</b>	<b>\$1,513</b>	<b>\$4,989</b>	<b>\$243</b>	<b>\$563</b>	<b>\$565</b>	<b>\$170</b>	<b>\$12</b>	<b>\$8,055</b>
<b>Six months ended June 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	362	580	(484)	77	127	(383)	(4)	275
Charge-offs	(559)	—	—	—	—	(49)	—	(608)
Recoveries	11	1	—	—	37	345	—	394
<b>Balance at end of period</b>	<b>\$1,118</b>	<b>\$4,539</b>	<b>\$202</b>	<b>\$834</b>	<b>\$754</b>	<b>\$190</b>	<b>\$16</b>	<b>\$7,653</b>

Nonaccrual loan volumes on net decreased since the start of the year with the resolution of and improvements in some commercial credits. As a result, nonaccrual loans to total loans fell from 0.69% at December 31, 2017, to 0.53% at June 30, 2018.

Provisions for loan losses were \$149,000 in the second quarter of 2018, up from \$47,000 in the same period of 2017 due to higher impairments and special mention loans. Provisions for loan losses were \$23,000 for the six months ended June 30, 2018, down from \$275,000 in the same period of 2017 due in part to higher net recoveries of \$0.3 million during the first six months ended June 30, 2018 versus net charge-offs of \$0.2 million during the same period of 2017.

Allowance for loan losses to loans was 1.65% at June 30, 2018, versus 1.59% at December 31, 2017, reflecting an \$8.6 million increase in special mention loans and a \$0.3 million increase in impairments on impaired loans; and it is up versus 1.57% at June 30, 2017, reflecting a \$6.8 million increase in special mention loans and a \$0.3 million increase in impairments on impaired loans.

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 June 30, 2018</u></b>						
Commercial	\$107	\$—	\$—	\$107	\$55,061	\$55,168
Commercial real estate	—	—	—	—	253,106	253,106
Construction and development	—	—	—	—	16,971	16,971
Residential real estate	285	—	47	332	131,894	132,226
Home equity	104	72	—	176	22,531	22,707
Purchased home equity pools	87	62	—	149	4,278	4,427
Other consumer	—	—	—	—	635	635
Deferred loan costs	1	—	—	1	910	911
<b>Total</b>	<b>\$584</b>	<b>\$134</b>	<b>\$47</b>	<b>\$765</b>	<b>\$485,386</b>	<b>\$486,151</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 June 30, 2017</u></b>						
Commercial	\$—	\$—	\$—	\$—	\$54,550	\$54,550
Commercial real estate	—	12	—	12	243,187	243,199
Construction and development	127	—	—	127	15,391	15,518
Residential real estate	53	86	—	139	132,810	132,949
Home equity	441	27	—	468	28,748	29,216
Purchased home equity pools	67	50	—	117	6,027	6,144
Other consumer	—	—	—	—	850	850
Deferred loan costs	1	—	—	1	1,030	1,031
<b>Total</b>	<b>\$689</b>	<b>\$175</b>	<b>\$—</b>	<b>\$864</b>	<b>\$482,593</b>	<b>\$483,457</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>June 30, 2018 (1)</b>						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$83,324	16.42%	\$40,600	8.00%		
CIBM Bank	74,880	14.79	40,501	8.00	\$50,626	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$76,959	15.16%	\$30,450	6.00%		
CIBM Bank	68,530	13.54	30,375	6.00	\$40,501	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$76,959	11.72%	\$26,271	4.00%		
CIBM Bank	68,530	10.45	26,226	4.00	\$32,783	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$68,530	13.54%	\$22,782	4.50%	\$32,907	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.