

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detailed financial information for the quarter and six months ended June 30, 2015. Please see our Shareholder Letter dated August 6, 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)						
Quarter Ended June 30,						
Interest-earning assets						
Securities (1)	\$93,525	\$552	2.36%	\$101,129	\$683	2.70%
Loans held for sale (1)	15,547	134	3.44	2,935	36	4.95
Loans (1)(2)	389,592	3,850	3.96	355,747	3,759	4.24
Federal funds sold, reverse repos and interest-earning due from banks	3,639	3	0.30	2,626	2	0.24
Total interest-earning assets	502,303	4,539	3.62	462,437	4,480	3.88
Noninterest-earning assets	17,435			17,650		
Total assets	\$519,738			\$480,087		
Interest-bearing liabilities						
Interest-bearing deposits	\$328,006	\$542	0.66%	\$317,333	\$524	0.66%
Borrowed funds	49,153	15	0.12	28,578	10	0.15
Total interest-bearing liabilities	377,159	557	0.59	345,911	534	0.62
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	71,161			65,361		
Accrued interest and other liabilities	2,781			1,624		
Preferred equity	51,000			51,000		
Common equity	17,637			16,191		
Total stockholders' equity	68,637			67,191		
Total liabilities and stockholders' equity	\$519,738			\$480,087		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$125,144	\$3,982	3.03%	\$116,526	\$3,946	3.26%
Net interest margin (1)(4)			3.18%			3.42%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.33			1.34		

	2015			2014		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
Six Months Ended June 30,						
Interest-earning assets						
Securities (1)	\$91,704	\$1,107	2.41%	\$97,698	\$1,339	2.74%
Loans held for sale (1)	11,356	206	3.65	2,262	57	5.08
Loans (1)(2)	388,284	7,680	3.99	349,328	7,496	4.33
Federal funds sold, reverse repos and interest-earning due from banks	4,397	6	0.27	3,172	4	0.25
Total interest-earning assets	495,741	8,999	3.66	452,460	8,896	3.96
Noninterest-earning assets	17,406			19,123		
Total assets	\$513,147			\$471,583		
Interest-bearing liabilities						
Interest-bearing deposits	\$329,432	\$1,104	0.68%	\$316,542	\$1,032	0.66%
Borrowed funds	40,505	24	0.12	19,533	14	0.14
Total interest-bearing liabilities	369,937	1,128	0.61	336,075	1,046	0.63
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	71,965			67,052		
Accrued interest and other liabilities	2,800			1,543		
Preferred equity	51,000			51,000		
Common equity	17,445			15,913		
Total stockholders' equity	68,445			66,913		
Total liabilities and stockholders' equity	\$513,147			\$471,583		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$125,804	\$7,871	3.05%	\$116,385	\$7,850	3.33%
Net interest margin (1)(4)			3.20%			3.49%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.34			1.35		

- (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 24 basis points from 3.42% for the second quarter of 2014 to 3.18% for the second quarter of 2015. The net interest margin declined due to a 26 basis point decline in yields on interest-earning assets compared to 3 basis points decrease in the average cost of interest-bearing liabilities. CIB Marine's net interest margin decreased 29 basis points from 3.49% for the six months ended June 30, 2014 to 3.20% for the six months ended June 30, 2015. The net interest margin declined due to a 30 basis point decline in yields on interest-earning assets compared to 2 basis points decrease 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, but 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)					
	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Commercial	\$52,966	15.0%	\$58,972	15.3%	\$56,311	15.5%
Commercial real estate	193,376	49.2	194,225	50.3	185,780	51.3
Construction and development	19,760	5.0	18,293	4.7	19,744	5.5
Residential real estate	81,684	20.8	67,951	17.6	52,371	14.4
Home equity	32,920	8.4	32,820	8.5	32,924	8.9
Purchased home equity pools	10,645	2.7	11,962	3.1	13,880	3.8
Other consumer	1,759	0.4	1,905	0.5	2,323	0.6
Gross loans	393,110	100.0%	386,128	100.0%	363,333	100.0%
Deferred loan costs	1,209		1,165		1,094	
Loans	394,319		387,293		364,427	
Allowance for loan losses	(7,670)		(7,556)		(8,123)	
Loans, net	\$386,649		\$379,737		\$356,304	

	Nonperforming Assets and Selected Asset Quality Ratios (unaudited)		
	June 30, 2015	December 31, 2014	June 30, 2014
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	\$1,178	\$494	\$772
Commercial real estate	2,361	2,065	2,960
Construction and development	805	805	1,673
Residential real estate	462	481	816
Home equity	674	652	733
Other consumer	—	—	—
	5,480	4,497	6,954
Loans held for sale	—	—	—
Total nonaccrual loans	5,480	4,497	6,954
Other real estate owned	5,229	5,367	5,789
Total nonperforming assets	\$10,709	\$9,864	\$12,743
Restructured loans accruing			
Commercial	\$36	\$—	\$—
Commercial real estate	2,488	3,381	3,217
Residential real estate	228	231	234
Home equity	996	861	1,016
Purchased home equity pools	395	400	406
Other consumer	—	—	1
	\$4,143	\$4,873	\$4,874
90 days or more past due still accruing			
Commercial	\$—	\$—	\$1,106
Home equity loans	—	—	—
	\$—	\$—	\$1,106
Ratios			
Nonaccrual loans to total loans (1)	1.39%	1.16%	1.91%
Other real estate owned to total assets	1.00	1.07	1.19
Nonperforming assets to total assets (1)	2.04	1.97	2.61
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	2.44	2.42	3.55
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	2.83	2.94	3.83

(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)								
Quarter ended June 30, 2015								
Balance at beginning of period	\$1,356	\$3,650	\$416	\$628	\$867	\$634	\$35	\$7,586
Provision for (reversal of) loan losses	28	257	(12)	34	(112)	(105)	7	97
Charge-offs	—	—	—	—	(26)	(55)	(1)	(82)
Recoveries	5	5	—	—	18	40	1	69
Balance at end of period	\$1,389	\$3,912	\$404	\$662	\$747	\$514	\$42	\$7,670
Quarter ended June 30, 2014								
Balance at beginning of period	\$948	\$4,289	\$499	\$487	\$927	\$1,070	\$53	\$8,273
Provision for (reversal of) loan losses	173	(101)	(19)	59	(3)	30	11	150
Charge-offs	(2)	(6)	(2)	—	(101)	(313)	(19)	(443)
Recoveries	7	27	3	2	53	48	3	143
Balance at end of period	\$1,126	\$4,209	\$481	\$548	\$876	\$835	\$48	\$8,123
Six months ended June 30, 2015								
Balance at beginning of period	\$1,023	\$3,724	\$429	\$581	\$913	\$845	\$41	\$7,556
Provision for (reversal of) loan losses	418	178	(25)	91	(184)	(298)	3	183
Charge-offs	(63)	(2)	—	(10)	(72)	(102)	(3)	(252)
Recoveries	11	12	—	—	90	69	1	183
Balance at end of period	\$1,389	\$3,912	\$404	\$662	\$747	\$514	\$42	\$7,670
Six months ended June 30, 2014								
Balance at beginning of period	\$1,125	\$4,195	\$473	\$440	\$834	\$1,186	\$55	\$8,308
Provision for (reversal of) loan losses	(90)	(16)	7	106	95	48	11	161
Charge-offs	(2)	(8)	(2)	—	(141)	(478)	(21)	(652)
Recoveries	93	38	3	2	88	79	3	306
Balance at end of period	\$1,126	\$4,209	\$481	\$548	\$876	\$835	\$48	\$8,123

Nonaccrual loan volumes increased \$1.0 million over the prior year end due primarily to one commercial credit relationship and decreased \$1.5 million from June 30, 2014, to June 30, 2015. OREO balances declined over the prior year end and declined by \$0.6 million from June 30, 2014, to June 30, 2015.

Provision expense for the second quarter of 2015 was \$97,000 compared to \$150,000 for the same period of 2014. Charge-offs for the second quarter of 2015 were \$82,000 compared to \$443,000 during the same period of 2014. Total recoveries were \$69,000 for the second quarter of 2015 compared to \$143,000 for the same period in 2014. For the six months ended June 30, 2015 compared to the same period in 2014, provision expense was \$183,000 and \$161,000, respectively; charge-offs were \$252,000 compared to \$652,000, respectively; and recoveries were \$183,000 compared to \$306,000, respectively. 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 \$8.1 million at June 30, 2014, to \$7.7 million at June 30, 2015. The allowance for loan losses to total loans declined from 2.23% to 1.95% from June 30, 2014, to June 30, 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 June 30, 2015</u>						
Commercial	\$—	\$—	\$—	\$—	\$51,788	\$51,788
Commercial real estate	2,917	167	—	3,084	187,931	191,015
Construction and development	274	294	—	568	18,387	18,955
Residential real estate	—	55	—	55	81,167	81,222
Home equity	—	—	—	—	32,246	32,246
Purchased home equity pools	206	43	—	249	10,396	10,645
Other consumer	—	—	—	—	1,759	1,759
Deferred loan costs	10	2	—	12	1,197	1,209
Total	\$3,407	\$561	\$—	\$3,968	\$384,871	\$388,839
<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 June 30, 2014</u>						
Commercial	\$359	\$—	\$—	\$359	\$55,180	\$55,539
Commercial real estate	328	20	1,106	1,454	181,366	182,820
Construction and development	739	—	—	739	17,332	18,071
Residential real estate	18	64	—	82	51,473	51,555
Home equity	109	55	—	164	32,027	32,191
Purchased home equity pools	176	110	—	286	13,594	13,880
Other consumer	200	—	—	200	2,123	2,323
Deferred loan costs	6	1	3	10	1,084	1,094
Total	\$1,935	\$250	\$1,109	\$3,294	\$354,179	\$357,473

Accruing past due loans increased \$2.0 million from December 31, 2014, to June 30, 2015, and increased \$0.7 million from June 30, 2014, to June 30, 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)						
June 30, 2015 (1)						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$73,508	16.86%	\$34,880	8.00%		
CIBM Bank	65,506	15.10	34,709	8.00	\$43,387	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$68,031	15.60%	\$26,160	6.00%		
CIBM Bank	60,056	13.84	26,032	6.00	\$34,709	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$68,031	13.09%	\$20,796	4.00%		
CIBM Bank	60,056	11.59	20,726	4.00	\$25,908	5.00%
Common equity Tier 1 (2)						
CIBM Bank	\$60,056	13.85%	\$19,511	4.50%	\$28,183	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 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.