

AVENUE MTG

Avenue Mortgage, a division of CIBM Bank

AVENUE BANK

A branch of CIBM Bank

**CENTRAL
ILLINOIS BANK**

Service | Solutions | Integrity

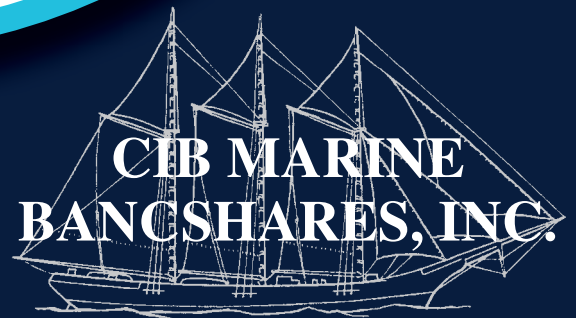
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cibm
BANK

**MARINE
BANK**

A branch of CIBM Bank



2018 ANNUAL REPORT



Dear Shareholders:

We are pleased to provide this 2018 Annual Report and take the opportunity to discuss some exciting developments at CIB Marine Bancshares, Inc. ("CIB Marine" or the "Company").

The Company's financial performance in 2018 demonstrated significant accomplishments and a few challenges for us to focus on in 2019. Consolidated pre-tax earnings for the Company of \$4.5 million were within the earnings guidance range of \$3.5 - \$5.2 million provided at last year's Annual Shareholder Meeting while earnings per share and total assets results either exceeded or were at the high end of the guidance range. Continued strong performance in managing the risk profile of our loan portfolio and strong collection efforts resulted in the reversal of \$1.2 million in the allowance for loan losses. Loan



Mark A. Elste, Chairman, and J. Brian Chaffin, President & CEO

originations from our Corporate Banking Division were up 34% from the prior year and exceeded our goals, but the impact of increased loan prepayments significantly reduced the growth in total loan balances. These loan prepayments were twice the volume of the previous year and largely the result of our own efforts to improve the quality of our portfolio or bank clients taking advantage of favorable market conditions and selling commercial properties we had financed. Our Retail Division successfully met the funding needs of the bank, although we did experience increased margin pressure from higher short-term rates and competitive conditions in the industry. Improving our cost of funds will be a focal point in 2019, in addition to our continuing focus on improving revenue and companywide efficiency.

An important part of improved earnings is continuing to develop our non-interest income business units. Our Government Guaranteed Lending Division, formed late in 2016, experienced over 50% growth in loans closed and nearly 60% growth in net income from 2017 results. We are very excited about the performance and continued growth of this division and now have five Business Development Officers generating new lending opportunities. Our Residential Mortgage Division remains profitable in the midst of significant industry challenges. We continue to see margin pressures in the secondary market from competitive responses to lower volume caused by rising interest rates the past two years. While we sell the majority of loans originated by the Mortgage Division, we have been able to maintain a significant portfolio of high quality mortgages on the balance sheet. These loans are generally adjustable rate mortgages or loans with fixed rates less than 15 years. We were also able to begin our Trust activities in 2018. As previously noted, initially, our Trust business will be limited to providing a higher yielding cash management account secured by SBA 7(a) guaranty certificates. We will continue to look to grow revenue in each of our business units by adding revenue generating positions where warranted.

Our efforts to improve the capital structure of the Company made important gains in 2018 following the shareholders' approval of amendments to the Articles of Incorporation which allowed the Company to conduct a modified Dutch auction for the repurchase of Series A and Series B preferred shares. While the first modified Dutch auction, held in June, resulted in the repurchase of only a relatively small percentage of the outstanding preferred shares, we were able to negotiate the repurchase of additional



preferred shares from several shareholders who contacted us with offers to sell their preferred stock at prices superior to the modified Dutch auction prices and upon the conditions the Board of Directors had established. The two transactions resulted in CIB Marine agreeing to purchase a total of 23% of the 60,000 preferred shares originally issued, with 13,800 shares settled for cash by the end of September, and the remaining 4,800 shares under agreement to settle by December 2019, subject to certain transaction conditions. Both transactions included Series A and Series B preferred shares on the same pro rata basis as they were originally issued, and resulted in a gain to common shareholders of \$1.8 million. This gain is not included in the net income of CIB Marine, but did result in a meaningful increase in the book value of common shares. These transactions met the accretion test established by the Board of Directors because we were able to utilize excess equity to repurchase the shares. Future repurchases may require raising additional cash and the possible sale of equity, which could require significantly higher discounts on the preferred shares repurchased. Additional transactions by the Company or shareholders also increase the risk of triggering an IRS Section 382 change of control, which would impair valuable deferred tax assets. Future repurchase transactions that may trigger the loss of tax assets would require significant off-setting discounts in order for the Company to enter into the transaction. The Board is committed to building long-term value for our shareholders and transactions that are not accretive to shareholder value fail to meet CIB Marine's strategic plan.

No doubt you have noticed a different look to this annual report – the results of a project to unify our subsidiary bank brands across all of our markets. Over many years, we developed distinct brands under separate banking charters in our various states. By 2009, we had consolidated all of our banking charters under a single charter – named CIBM Bank – but continued to use the Central Illinois Bank brand in central Illinois, the Marine Bank brand in Wisconsin and Indiana, and the Avenue Bank brand in the Chicagoland area. We are now consolidating all branding under the “CIBM Bank” name, with our Avenue Mortgage division operating as “CIBM Mortgage”. The name CIBM Bank reflects the long history of the Central Illinois Bank (CIB) and Marine Bank names, and our continued commitment to remain the Midwest-based community bank that you have known and trusted for many years. We are developing new marketing concepts to help tell the story of CIBM Bank and why we are the best choice for customers' banking needs. We remain committed to our core values of Service, Solutions and Integrity. The holding company will continue to utilize the name CIB Marine Bancshares, Inc. and trade under the symbol CIBH on the OTCQB market. We hope you enjoy our new look!

We want to thank our team members across the Company for their hard work and dedication to service our clients and the communities we live in. Everything starts with having great employees. In 2019 we will continue to focus on revenue growth in a safe and sound manner while maintaining vigilance in managing costs. We will also look for opportunities to continue to repurchase preferred shares within the guidelines we have established. Thank you for your continued support.

Sincerely,

Mark A. Elste
Chairman

J. Brian Chaffin
President & CEO



SELECTED UNAUDITED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except share and per share data)	At or for the Years Ended December 31				
	2018	2017	2016	2015	2014
SELECTED STATEMENTS OF OPERATIONS DATA					
Interest and dividend income	\$26,203	\$23,527	\$20,949	\$18,530	\$18,162
Interest expense	6,422	4,126	2,997	2,377	2,137
Net interest income	19,781	19,401	17,952	16,153	16,025
Provision for (reversal of) loan losses	(1,185)	206	(548)	61	379
Net interest income after provision for (reversal of) loan losses	20,966	19,195	18,500	16,092	15,646
Noninterest income (1)	9,409	8,730	9,400	4,426	3,656
Noninterest expense	25,847	23,615	23,779	21,117	18,996
Income (loss) from continuing operations before income taxes	4,528	4,310	4,121	(599)	306
Income tax expense (benefit)	1,188	(22,644)	50	6	4
Net income (loss)	3,340	26,954	4,071	(605)	302
COMMON SHARE DATA					
Basic net income (loss) (2)	0.28	1.49	0.22	(0.03)	0.02
Diluted net income (loss) (2)	0.15	0.74	0.11	(0.03)	0.01
Dividends	—	—	—	—	—
Tangible book value per share (3)	2.82	2.53	1.01	0.79	0.90
Book value per share (3)	2.45	2.04	0.53	0.31	0.42
Weighted average shares outstanding-basic	18,209,096	18,149,660	18,127,892	18,127,892	18,127,892
Weighted average shares outstanding-diluted	35,139,642	36,434,384	35,791,952	18,127,892	35,631,892
FINANCIAL CONDITION DATA					
Total assets	\$721,259	\$662,394	\$653,559	\$571,233	\$501,918
Loans	491,337	483,611	483,518	445,050	387,293
Allowance for loan losses	(7,947)	(7,701)	(7,592)	(8,064)	(7,556)
Investment securities	121,281	114,801	112,072	94,702	88,877
Deposits	536,931	478,633	483,097	443,571	400,201
Borrowings	86,710	84,217	96,944	58,883	31,260
Stockholders' equity	91,035	97,066	69,523	65,586	67,533

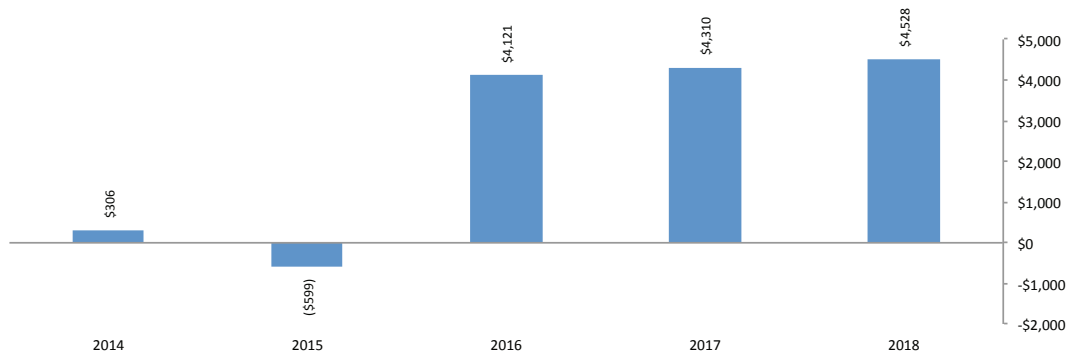


(Dollars in thousands, except share and per share data)	At or for the Years Ended December 31				
	2018	2017	2016	2015	2014
FINANCIAL RATIOS AND OTHER DATA					
Performance Ratios:					
Net interest margin (4)	3.05%	3.11%	3.01%	3.18%	3.44%
Net interest spread (5)	2.80	2.93	2.86	3.03	3.28
Noninterest income to average assets (6)	1.37	1.36	1.53	0.84	0.74
Noninterest expense to average assets	3.75	3.67	3.88	4.02	3.93
Efficiency ratio (7)	88.44	83.95	86.94	102.68	96.96
Earnings (loss) on average assets (8)	0.48	4.19	0.66	(0.12)	0.06
Earnings (loss) on average equity (9)	3.52	36.85	5.88	(0.89)	0.45
Asset Quality Ratios:					
Nonaccrual loans to total loans (10)	1.34%	0.69%	1.26%	0.70%	1.16%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10)	1.62	1.02	1.60	1.96	2.42
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (10)	1.45	1.13	1.67	2.25	2.94
Allowance for loan losses to total loans	1.62	1.59	1.57	1.81	1.95
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10)	99.72	156.68	97.99	92.25	80.64
Net charge-offs (recoveries) to average loans	(0.29)	0.02	(0.02)	(0.11)	0.31
Capital Ratios:					
Total equity to total assets	12.62%	14.65%	10.64%	11.48%	13.45%
Total risk-based capital ratio	15.34	16.63	15.40	15.45	17.21
Tier 1 risk-based capital ratio	14.09	15.36	14.15	14.20	15.95
Leverage capital ratio	10.10	12.39	11.14	12.27	13.50
Other Data:					
Number of employees (full-time equivalent)	183	183	171	173	154
Number of banking facilities	11	11	11	11	10

1. Noninterest income includes gains and losses on securities.
2. Net income available to common stockholders in the calculation of earnings per share includes the difference between the carrying amount less the consideration paid for redeemed preferred stock. This difference was \$1.8 million for the year ended December 31, 2018.
3. Tangible book value per share is the shareholder equity less the carry value of the preferred stock and less the goodwill and intangible assets, divided by the total shares of common outstanding. Book value per share is the shareholder equity less the liquidation preference of the preferred stock, divided by the total shares of common outstanding. Both book value measures are reported inclusive of the net deferred tax assets.
4. Net interest margin is the ratio of net interest income to average interest-earning assets.
5. Net interest spread is the yield on average interest-earning assets less the rate on average interest-bearing liabilities.
6. Noninterest income to average assets excludes gains and losses on securities.
7. The efficiency ratio is noninterest expense divided by the sum of net interest income plus noninterest income, excluding gains and losses on securities.
8. Earnings on average assets are net income divided by average total assets.
9. Earnings on average equity are net income divided by average common equity.
10. Excludes loans held for sale.

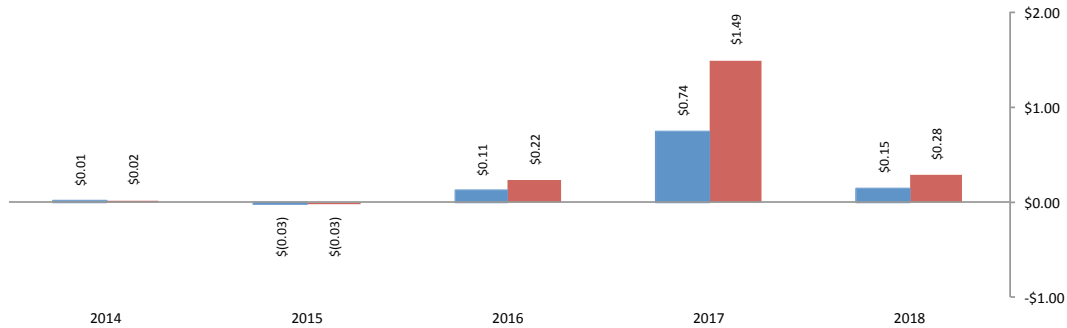


INCOME, BEFORE TAX (000s)



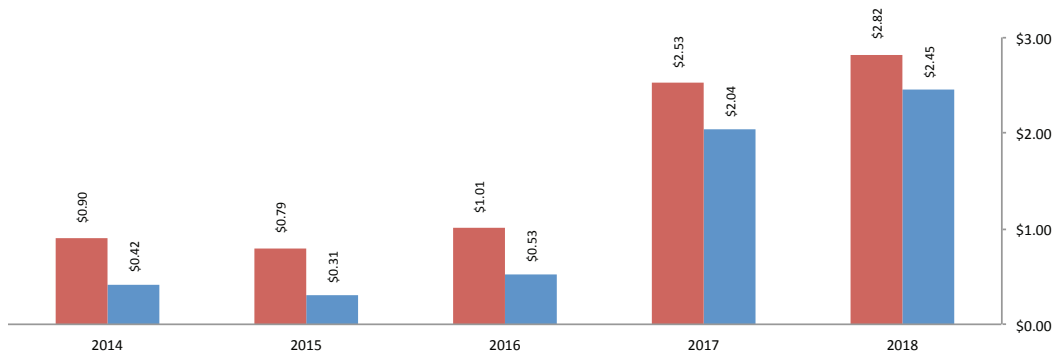
CIB Marine income before taxes was the highest in over 5 years. Solid loan originations, SBA loan gains on sale and a reversal of provisions for loan losses offset higher expenses primarily comprised of higher compensation expenses and \$0.5 million related to the repurchase of preferred stock.

EARNINGS PER SHARE, BASIC (RED) AND DILUTED (BLUE)



Earnings per share were up to \$0.28 in 2018 with earnings comprised of \$3.3 million in net income and \$1.8 million in discounts on the repurchase of preferred stock. The 2017 earnings per share were significantly higher due to the reduction in the valuation allowance for the deferred tax assets in 2017, currently at \$21.4 million net at December 31, 2018.

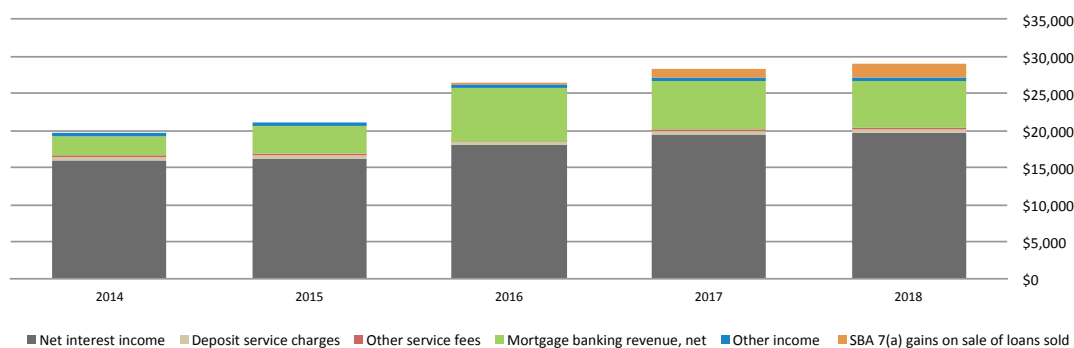
BOOK VALUE, TANGIBLE (RED) AND STATED (BLUE)



Book values per share continued to trend higher, the result of improving earnings, a reduction in the valuation allowance for deferred tax assets in 2017 and \$1.8 million in discounts on the repurchased preferred stock in 2018. In addition, the convertible Series B preferred stock declined by 4 million shares of common on a converted basis in 2018 as a result of the repurchases of preferred stock.

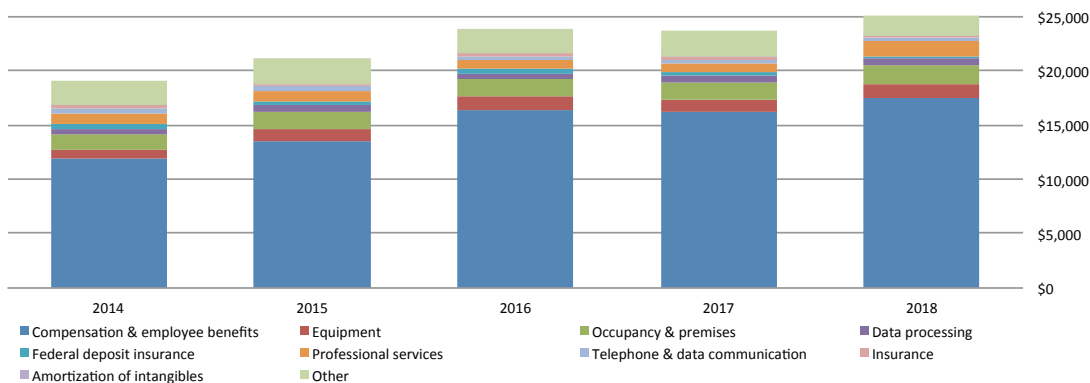


PRIMARY BANKING REVENUES (000s)



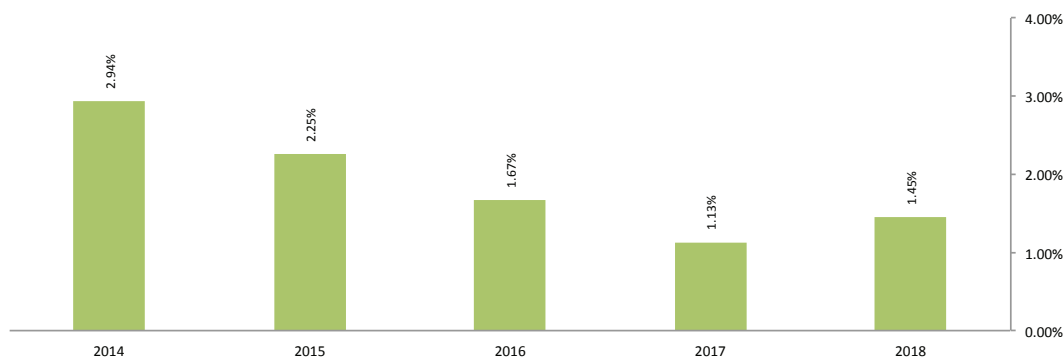
Primary banking revenues were up again in 2018 as a result of a \$0.4 million increase in net interest income and a \$0.6 million increase in gains on the sale of SBA loans in 2018. Strategies are focused on continued development of our core businesses including our traditional retail and commercial loan and deposit banking lines, mortgage banking, and SBA lending.

EXPENSES (000s)



Expenses in 2018 reflected some ground work being laid for future earnings with higher compensation expenses as well as \$0.5 million in expenses related to the repurchases of preferred stock. Over the five year period, CIB Marine has compared very well to peer banks in the area of other expenses.

NON-PERFORMING ASSETS / TOTAL ASSETS



Non-performing assets, including troubled debt restructures and 90 days past due accruing loans to total assets, have been low for several years now. This is reflective of growth in quality loans and loan segments (i.e., residential) and a stronger economic and credit environment.



CIB MARINE BANCSHARES, INC. & CIBM BANK

BOARD OF DIRECTORS

Mark A. Elste, Chairman

**Chairman of the Boards of
CIB Marine Bancshares, Inc. & CIBM Bank**

Director Since: 2011

Committees: Executive Loan, Investment Advisory (Chair) and Trust

Charles E. Baker

Retired Partner, Ernst & Young LLP

Director Since: 2008

Committees: Audit, Compensation & Stock Option (Chair) and Nominating (Chair)

Willard Bunn III

Managing Director, Colonnade Advisors, LLC

Director Since: 2010

Committees: Audit, Compensation & Stock Option and Executive Loan

J. Brian Chaffin

**President & CEO,
CIB Marine Bancshares, Inc. & CIBM Bank**

Director Since: 2015

Committees: Executive Loan, Investment Advisory and Trust

Mark D. Henderson

**Chief Information Officer, University of Illinois
at Champaign-Urbana**

Director Since: 2017

Committees: Audit (Vice Chair) and Compensation & Stock Option

John P. Hickey, Jr.

**Retired President, CEO & Chairman of
CIB Marine Bancshares, Inc. & CIBM Bank**

Director Since: 2007

Committees: Nominating

Gary L. Longman

Retired Partner, KPMG LLP

Director Since: 2004

Committees: Audit (Chair), Compensation & Stock Option and Trust

Charles D. Mires

**Retired Director of Fixed Income & Alternative
Strategies for private investment management firm**

Director Since: 2011

Committees: Audit, Compensation & Stock Option, Investment Advisory and Trust (Chair)

Steven C. Palmitier

**President & COO, North American Company
for Life & Health Insurance and Midland National
Life Insurance Company**

Director Since: 2017

Committees: Compensation & Stock Option and Nominating

Ronald E. Rhoades

President & CEO, Plastic Container Corp.

Director Since: 2010

Committees: Audit and Compensation & Stock Option



Board of Directors (left to right) Back Row: S. Palmitier, M. Elste, M. Henderson, C. Mires, J. Hickey; Front Row: G. Longman, B. Chaffin, R. Rhoades, C. Baker W. Bunn



Executive Management
(left to right)

Back Row:
J. Mullaney, P. Straka,
D. Rasmussen,
M. Wilmington, J. Arie
Front Row:
P. Melnick, J. Blaesing,
B. Chaffin, G. Maughan

EXECUTIVE MANAGEMENT

J. Brian Chaffin
President & Chief Executive Officer

Lee W. Abner
SVP & Director of Technology Services

Joseph M. Arie
EVP & Director of Government Guaranteed Lending

Joanne M.P. Blaesing
EVP & Director of Community Development

Gary A. Maughan
EVP & Mortgage Banking Director

Paul C. Melnick
EVP & Chief Credit Officer

James P. Mullaney III
EVP & Director of Corporate Banking

Daniel J. Rasmussen
EVP, Chief Admin. Officer, General Counsel & Secretary

Patrick J. Straka
EVP & Chief Financial Officer

Mark V. Wilmington
EVP & Director of Retail Banking

BANK MANAGEMENT

CENTRAL ILLINOIS

David J. Bates
Senior Credit Officer
Michael A. Dexter, Jr.
Corporate Banker
Cara N. Engel-Dalton
Director of Marketing
Melissa J. Halcomb
Human Resources Manager
Judith A. Moon
Workout Specialist
Janet A. Nicholas
Director of IT Client Services
Karoline E. Seitz-Goddard
Treasury Management Officer
James C. Singleton
Facilities Manager & Security Officer
Todd J. Somers
Treasury Operations Manager
Linda L. Wolken
Operations Manager

CHICAGOLAND

Barbara A. Carroll
Cashier
Jeffrey G. Nickels
Client Services Representative & Project Manager
Raymond E. Vanna
Network Engineer
Scott D. Weller
Corporate Banker
INDIANAPOLIS
William H. Cosgrove
Corporate Banker
Mel A. Novilla
Corporate Banker
Kimberly J. VanArsdale
Treasury Management Officer
Kenneth B. Yedlick
Corporate Banker

MILWAUKEE

Julie A. Berg
Treasury Management Officer
Michelle M. Bragstad
Chief Compliance Officer
Bridget L. Condon
Corporate Banker
Annette F. Esteves
Assistant Controller
Gregory L. Huber
Corporate Banker
William J. Kadrach
Corporate Banker
Michael W. Klein
Retail Market Manager
Brian R. McNerney
Corporate Banker
Pamela J. Mitchell
Loan Documentation Manager
Elizabeth B. Neighbors
Investor Relations Manager & Paralegal
Jill E. Sikorski
Loan Services Manager
Christopher J. Wood
Senior Credit Officer

MORTGAGE

Lorraine Quintao
Mortgage Operations & Compliance Manager

GOVERNMENT GUARANTEED LENDING

Anthony V. Barresi
Gov't Guaranteed Lending Banker
Steve D. Diamond
Gov't Guaranteed Lending Banker
Matthew W. Goers
Gov't Guaranteed Lending Banker
Desa P. Phetchareun
Gov't Guaranteed Lending Banker



CIB Marine Bancshares, Inc. (OTCQB: CIBH) is a Wisconsin corporation and registered bank holding company with its principal executive offices in Brookfield, Wisconsin, a suburb of Milwaukee.

CIB Marine Bancshares, Inc. was originally incorporated in the State of Illinois in 1985 as Sidney Bancorporation, Inc. In September 1987, a group of investors acquired Sidney Bancorporation and subsequently changed its name to Central Illinois Bancorp, Inc. On August 27, 1999, Central Illinois Bancorp reincorporated as a Wisconsin corporation and changed its name to CIB Marine Bancshares, Inc.

CIB Marine Bancshares, Inc. owns and operates CIBM Bank, an Illinois chartered commercial bank headquartered in Champaign, Illinois. The Mortgage Division of the bank, headquartered in Naperville, Illinois, serves all CIBM Bank markets. As of December 31, 2018, CIBM Bank had total assets of \$716.4 million, and operated eleven banking branches and four mortgage lending offices.

CIBM Bank offers a full array of traditional banking services, including a broad range of loan products, such as commercial loans, commercial real estate loans, commercial and residential construction loans, government guaranteed loans, one-to-four family residential real estate loans, home equity loans, consumer loans, and commercial and standby letters of credit; acceptance of demand, savings and time deposits; trust services, including cash management; repurchase agreements; and other banking services.



CORPORATE BANKING

Trusted Advisors to Commercial Banking Clients

Knowing our clients and understanding their needs is the cornerstone of CIBM Bank's Corporate Banking group. Aligning ways to deliver our products and services to fit the unique needs of our clients is essential to helping them achieve their goals. We deliver this with loan, deposit, and treasury management products while servicing them with highly experienced and dedicated bankers. We stay committed to providing continuous product enhancements and improvements by working with clients in order to achieve the highest level of customer satisfaction. This positively affects not only retention of our existing customers, but contributes to our continued growth.



J. Brian Chaffin, President & CEO;
Bridget Condon, Commercial Banker of the Year (2018);
& James Mullaney, Director of Corporate Banking

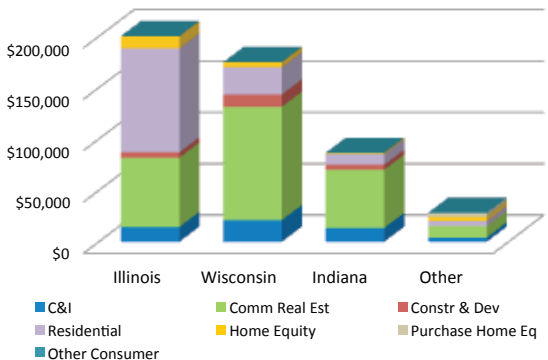
The Corporate Banking Division's contribution to the overall financial performance of the Bank in 2018 was significant, with new loan originations exceeding \$76 million – a \$19 million improvement over 2017.

- CIBM Bank's commercial and owner occupied commercial real estate loan portfolio grew by more than \$25 million in 2018. This segment is a strategic initiative of the Bank for purposes of asset loan quality and relationship opportunities.
- In 2018, Corporate Banking had strong growth in new commercial deposit openings. Total new deposit generation increased 54% versus the prior year, which includes both deposit and treasury management accounts.
- To expand our greater Chicago area initiative, we added Dan Michalski, an experienced Corporate Banker, to our Wheaton office in 2018.
- Corporate Banking increased new loan fees during 2018 by 17% versus the prior year, much of which is deferred and recognized in future years.

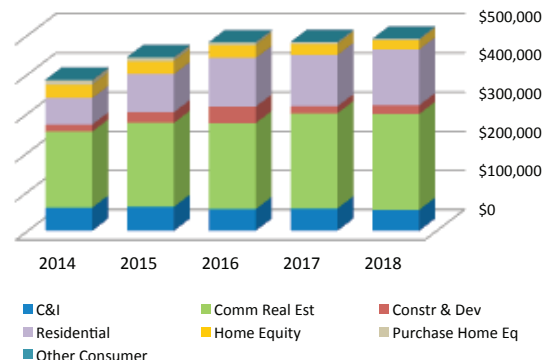
Initiatives for 2019 include maintaining our high level of service and stable growth of the commercial loan and deposit portfolio with quality relationships. We will continue to support small business in our communities through increased focus on our FastTrack LendingSM program in our Midwestern footprint, and targeted SBA 7(a) and 504 financing opportunities within all areas CIBM Bank operates.

The highly skilled team of lenders along with our treasury management team, permit the Corporate Banking group to execute a trusted advisor approach to the client's banking experience. We are in a position to grow originations to the loan and deposit portfolio while working within our strong credit culture to achieve success in 2019.

LOAN GEOGRAPHIC DISTRIBUTION (000s)



LOAN PORTFOLIO SEGMENT GROWTH (000s)



GOVERNMENT GUARANTEED LENDING

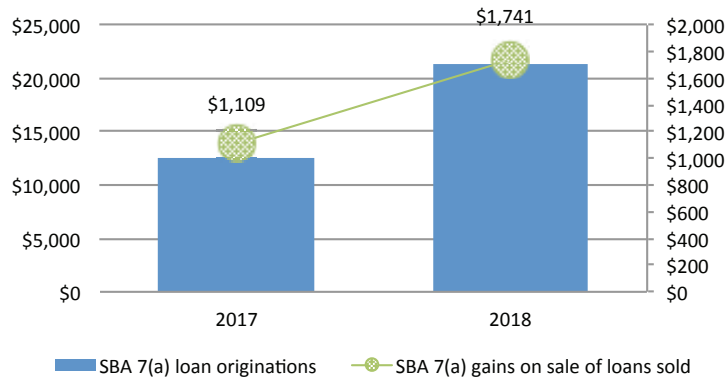
CIBM Bank's Government Guaranteed Lending Division had another successful and profitable year in 2018. Our SBA Team saw a 56% increase in SBA 7(a) loan originations with additional fee income and interest earned by the Bank on the growing SBA 7(a) loans outstanding.

In 2018, the division expanded with the addition of an SBA lender covering Tennessee and the surrounding markets and another SBA lender covering Michigan, Ohio, and Kentucky markets.

We also experienced rising loan rates in 2018 and responded with increased marketing efforts in order to achieve our goals. We expanded our marketing strategies to include manufacturing companies that have real estate and equipment needs that fit the SBA lending programs we offer and we implemented a direct marketing plan targeted to business owners in our core markets that need financing for real estate, equipment and working capital, as well as business deposit accounts.

In 2019, we will expand our SBA lending product portfolio with an increased focus on the SBA 504 loan, which is fixed-rate financing designed for owner-occupied commercial real estate or machinery acquisition over a long term. We are looking forward in 2019 to further expansion of the Government Guaranteed Lending Division and continued financial success.

SBA 7(a) LOAN ACTIVITY (000s)



MORTGAGE DIVISION

Early 2018 brought a shift in mortgage market dynamics. Pricing pressures were prevalent as competition for loans was fierce. The Mortgage Division ("CIBM Mortgage") responded to the increased competition by focusing on identifying opportunities to streamline our procedures and workflow to improve productivity. We also implemented a tool to help us monitor our rate competitiveness in each market, in order to enhance our premiums and remain competitive, and we teamed up with the Retail Division to create a "Client Appreciation Program" that allows us to cross-market bank services and offer a discounted rate on portfolio loans.

CIBM Mortgage continued to focus on Community Reinvestment Act (CRA) in 2018 and made gains in both the origination of loans to low- and middle-income borrowers in census tracts within our assessment areas and service projects to enhance homeownership opportunities to underserved communities. We also increased our number of CRA loan officers in our central Illinois markets.

As part of the Company-wide rebranding, in early 2019, Avenue Mortgage began operating as "CIBM Mortgage" and introduced its new logo.





CONSUMER BANKING

Meeting the needs of Consumers and the Communities We Serve: Retail Banking and Consumer Lending

RETAIL BANKING

Our Retail Division continues to lead with strategic targets that increase deposits, loan balances, and electronic services. Results for 2018 and initiatives for 2019 include the following:

- Bank deposit balances were \$409 million at year-end 2018.
- In 2018, the Retail Division engaged in two funding campaigns and increased deposits to support the Bank’s liquidity needs.
- In addition to new funding initiatives, we created new incentives for customer retention. In 2018, we implemented a relationship pricing model that allows our team to analyze a customer’s entire relationship with the bank and the individual cost of funds for the customer. This tool has been critical in retaining funds and providing competitive pricing for existing customers.
- The Retail Division also completed two core deposit campaigns. These campaigns centered around our Acceleration BankingSM program and companion electronic services. These campaigns generated an increase in Acceleration CheckingSM accounts of more than 103%.
- In its first full year, the Fast Track LendingSM program contributed 25 new business loans for small businesses with loan amounts under \$100,000.
- Innovation and improvements in retail banking are constantly evolving. A significant initiative for 2019 is the redesign of the Bank’s website to improve customer access to advanced tools, applications and information.
- In 2019, we will continue to support our staff and clients through employee development and recruiting. Great people are the core of how we operate and critical for the customer experience.



Samantha Barry, Teller Supervisor & John Osorio, Branch Manager (Brookfield, Wisconsin)



Lucy Halm, Personal Banker & Christina Huetter, Branch Manager (Bloomington, Illinois)



MARKETING

2019 is a very exciting year for the marketing team as we work towards the unification of all of our brands under one name – CIBM Bank – across all markets.

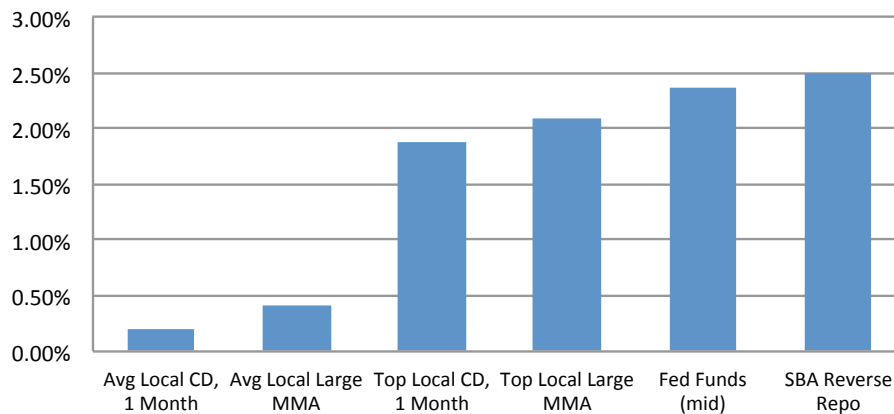
- In 2018, the marketing team worked to create an updated look for our unified brand. This look incorporates a new icon we call the “CIBM Fingerprint”.
- The marketing team created and developed a strategic transition plan for all platforms and areas to the CIBM Bank name. Following customer notification, we have begun the transition of all customer platforms, websites, and signage. This transition will continue throughout the first six months of 2019.

TRUST DIVISION

The Trust Division of CIBM Bank commenced operations in 2018 by offering a cash management investment in short-term, income producing assets secured by the guaranteed portion of Small Business Administration (SBA) 7(a) loans or pools of SBA 7(a) loans. The investment vehicle that trust customers utilize to make this investment is an interest in a repurchase agreement – a common cash management tool typically referred to as a “Repo”.

Most investors are familiar with money market funds that invest in short-term debt securities, including US Treasuries and commercial paper. Few investors, outside of large institutional investors and investment funds, are familiar with the Repo market and those that are aware of it have found it challenging for individuals to access. The unique SBA 7(a) Repo product offered through the CIBM Bank Trust Division provides access to a Repo investment for business clients and high net worth individuals in need of a more sophisticated cash management strategy than traditional deposit accounts can serve.

SHORT TERM INTEREST RATES AT 12/31/18



SBA Repos have outperformed similar alternative high-quality, short-term investments, including traditional bank products and money market mutual funds, by offering higher interest rates to investors and an adjustable rate feature that is attractive to many investors looking to reduce interest rate risk.

Although SBA 7(a) Repo investments are not FDIC insured, the full and timely principal and interest payments of the underlying SBA 7(a) loans are backed by the full faith and credit of the US government in the form of individual or pooled SBA 7(a) guaranteed interest certificates.

We believe that an SBA 7(a) Repo investment will be an attractive element of a cash management strategy for clients that customarily maintain significant balances in short-term investment funds and are seeking to improve the yield on their investments or diversify financial institution holdings, while maintaining the security of an investment with government guaranteed collateral. Investors in Repo products should carefully evaluate the investment risks - including default risk of the seller and premium risk. CIBM Bank works with its trust customers to understand and minimize risk in a way that is consistent with prudent investment risk acceptable to clients seeking income from high quality short-term investments.

The Trust Division is managed by experienced CIB Marine executive officers, including Patrick Straka as Trust Investment Officer and Daniel Rasmussen as Trust Executive Officer. A Trust Committee of the CIBM Bank Board oversees the trust operations and includes the following members: J. Brian Chaffin, Mark Elste, Gary Longman, and Charles Mires, Chairman.

COMMUNITY SERVICE

Our Motto: Service | Solutions | Integrity



Greg Huber, Corporate Banker, at a United Way Financial Empowerment Seminar

CIBM Bank actively supported nonprofits and charities across our banking markets with volunteer hours including financial education, budget coaching, tax preparation, home buying seminars, career mentoring, board representation and financial contributions. Some of the organizations served include: The Salvation Army, Big Brothers Big Sisters, Wisconsin Volunteer Income Tax Assistance Program, the Peoria (Illinois) County Court Appointed Special Advocates Program (CASA), Neighborhood House (Peoria, Illinois), United Way and several additional local organizations and schools.

One of many highlights: in conjunction with the United Way of Greater Milwaukee & Waukesha Counties, CIBM Bank created and hosted two United Way Financial Stability signature events. Attendees at these Financial Empowerment Seminars worked one-on-one with volunteer financial coaches, including CIBM Bank employees. Attendees learned how to develop monthly budgets and related plans and gathered insights to help them take charge of their longer-term financial futures. In addition, attendees were served dinner and received resource information from community organizations available at the event. Based on survey responses, when asked to share the most important outcomes from these seminars, attendees stated that they gained confidence, an understanding not to be hard on themselves, and knowledge about saving for the future and paying off debt.



Joanne Blaesing, Director of Community Involvement, at a United Way Financial Empowerment Seminar



Erica Jackson; Debbie Downs; Rick Huett; Karoline Seitz-Coddard; Pam Perrilles, CASA Executive Director; Andria Oest; and Kristen Nall

Court Appointed Special Advocates of the Tenth Judicial Circuit - Peoria, Illinois

CASA of Tenth Judicial Circuit's goal is that every abused and neglected child is placed in a safe, permanent home as quickly as possible. By providing specially trained volunteer advocates, "CASAs" (Court Appointed Special Advocates), in the courtroom to represent the needs and best interests of the child, case timeframes are reduced by eight months, bringing a child to their permanent home much faster.

The Judy Morris Memorial Kappa Alpha Theta CASA Community Award for 2018 was awarded to CIBM Bank in appreciation of extraordinary service and devotion to CASA of the Tenth Judicial Court over the years. It has been CIBM Bank's pleasure to serve as CASA of the Tenth Judicial Circuit's trusted financial advisor for over a decade and to support its mission through a variety of volunteer and sponsorship opportunities.



SPOTLIGHT ON RISK MANAGEMENT

Banking today exposes the company to significant inherent risks across a broad spectrum. Risks encountered routinely include credit, interest rate risk, liquidity, strategic, reputational and operational – with the later spanning regulatory, cyber, business disruption, physical, employee practice, fraud, transaction or execution and business practice risks.

CIB Marine manages these risks through a group of senior managers with the skills and experience necessary to evaluate and mitigate the risks. These managers oversee the preparation and maintenance of systems, processes, policies, and procedures that are designed to control and limit risk bearing activities; provide for risk reduction where available (e.g., insurance); and focus activities to those commensurate with the risk appetite and tolerances of the company.

The group of senior managers collaborates through a Risk Management Committee where emerging and changing risks are identified, risk tolerance and mitigation decisions are discussed, and feedback from audit and other practices are given broader oversight through the management group. In addition, the Board of Directors and the Audit Committee provide oversight to the risk management activities and practices of the company. Members of the Risk Management Committee of CIBM Bank include: Lee Abner, Director of Technology Services; Brian Chaffin, President & CEO; Michelle Bragstad, Chief Compliance Officer; Paul Melnick, Chief Credit Officer; Janet Nicholas, Director of IT Client Services; Elizabeth Neighbors, Shareholder Relations/Legal; James Singleton, Facilities Manager & Security Officer; Daniel Rasmussen, General Counsel & Chief Administrative Officer; Patrick Straka, Chief Financial Officer; and Linda Wolken, Retail Operations Manager.

TOP RISKS

FACING LENDERS

- 1. Easing underwriting standards
- 2. Technology platforms
- 3. Cybersecurity risks
- 4. Rapid growth of marketplace lenders
- 5. Expanded 3rd party relationships



Back: Jeremiah Baughman, Kelly Brooks, Robert Karras, Kristen Meredith, Carolyn Maulding, Andrew Hur, Linda Wolken
Front: Carrie Scott, Teresa Keen, Linda McGinness, Bette Prince, Barbara Carroll, Katie Tuller

SPOTLIGHT ON OPERATIONS

The Operations Department of CIBM Bank works to achieve one simple goal – ensure that all bank transactions run smoothly. While the goal is simple, the process of achieving it requires the services of dedicated, professional bankers with specialized talents and a commitment to staying current on the skills and technology required to meet customer expectations. The data processing activities of the bank are conducted through the Operations Department, which includes check processing, electronic payment systems, fraud detection, online banking, customer service support, account opening/closing processes, statement preparation and processing, and numerous other “back office” functions that most customers are rarely aware of, but are critical to the performance of the bank.

At CIBM Bank, the Operations Department staff has access to industry leading technology and training to assist them in their duties. Many members of the Operations team have been with the Company for more than 20 years. They truly are the engine of the CIBM Bank machine.



CONVERGENT OUTSOURCING, INC.

Convergent opened their doors in Peoria, Illinois, in 1978 as a debt collection agency with a staff of eight people. In 2000, they expanded from debt collection to healthcare processing operating as first party extended business offices (EBOs) for hospitals across the country. Through this expansion they have grown to a staff of over 150, all located in downtown Peoria. The companies they operate as are Convergent Healthcare Recoveries (CHR) and Convergent Revenue Cycle Management (CRCM). Executive Vice President, Operations, Healthcare Recoveries, Jan Draher (pictured), has been with the company for 34 years and a part of the company's growth in the community. Both CHR and CRCM utilize various depository and treasury management products in their day-to-day operations and CIBM Bank is honored to have been a part of CRCM's and CHR's evolution and growth for nearly two decades.



Jan Draher, EVP, Operations, Healthcare Recoveries (Convergent) & Karoline Seitz-Goddard, Treasury Management Officer (CIBM)

MAVRIX WELDING AUTOMATION, INC.

Milwaukee-based Mavrix Welding Automation, Inc. designs, manufactures, and builds welding automation primarily for hard facing and metal build up. This family-owned and operated business has roots dating back to the 1950s, and has been led by Glen and Mary Senger since 2009. Today, Mavrix serves clients both domestically and globally, and has a reputation of building machines that are reliable, durable and, innovative. CIBM Bank has assisted Mavrix by meeting general banking needs, including an SBA loan for the research and development of a new product offering.

"Mavrix, Inc. chose CIBM for their great customer care. Everyone at CIBM is interested in our success and takes time to understand what we do and asks how they can help us with our growth initiatives. We feel that with CIBM as our financial partner we are supported as both a small business and manufacturer and are able to meet the demands of our customers both locally and globally."
– Mary Senger, Vice President



Mary Senger, Vice President & Glen Senger President & Bridget Condon, Commercial Banker (CIBM)



CENTENNIAL LANES

Centennial Lanes 2.0 Inc. is Tinley Park, Illinois' award-winning bowling center. The bowling center sits on 3 acres and has 32 lanes along with a full-service bar (that includes video gaming, DJ booth, and billiards), a satellite bar, banquet room, and fully stocked pro-shop.

Through CIBM bank, this family-owned business was able to secure an SBA loan for the purchase of the building and business. Since acquiring the business, Beverly and her daughters have utilized their diverse array of skills and talents to effectively grow the business, and hope to remain a successful member of the community for years to come.

“Without the help of the SBA and the CIBM Bank - SBA team, we would not have been able to acquire the business and because of that we are very grateful.”
– Beverly Wooley, Owner



Bernadette Wooley, Beverly Wooley, Desa Phetchareun, SBA Commercial Banker (CIBM) and Vanessa Gordon



Brian Inskeep, Owner (InPwr) & Mel Novilla, Commercial Banker (CIBM)

INPWR INC.

Founded in 2005 by Brian and Staci Inskeep, InPwr Inc. is a national award winning Design/Build Electrical Contractor. InPwr, Inc. is at the forefront of the design/build electrical contracting industry with a custom-suited approach to prove the highest quality electrical evaluation, design and installation desired by their clients. Licensed in 40 states, InPwr, Inc. offers a consistency in quality of service throughout the country with corporate offices strategically located in Indianapolis, Indiana, and Denver, Colorado. InPwr partnered with CIBM Bank and Corporate Banker Mel Novilla in 2016. The company has experienced tremendous growth since and is a highly valued client of the Indiana market.

“We at InPwr Inc consider Mr. Novilla and the whole team at CIBM true partners. They continue to be an integrated and important component in fulfilling all of our major financial initiatives. I cannot stress the importance CIBM has played in our deliberate and fast-paced

growth over the past three years. We could not have accomplished our growth strategy without their commitment to who we are as an organization. As a team, CIBM took the time to understand our needs and our business model. They provided the banking solutions we needed.”
– Brian Inskeep, Owner



PLASTIC CONTAINER CORPORATION

Plastic Container Corporation manufactures plastic bottles for the food, health and beauty, household chemical, lawn care, and automotive appearance/chemical markets. They operate blow molding facilities in Champaign-Urbana, Illinois, and Brownsville, Tennessee, with over 250,000 sq. ft. to allow their manufacturing and storage capacity to service customers on a just-in-time basis.

A customer of CIBM Bank since 1994, we have been proud to meet Plastic Container's needs through a variety of deposit and credit products. In addition to maintaining an operating line of credit, the bank has also financed the purchase of various pieces of equipment, which has allowed them to grow their operations in both Illinois and Tennessee.



Brett Penick, CFO (Plastic Container) & Chad Howard, Commercial Banker (CIBM)

JOHNSON'S FLORAL

Johnson's Floral, a family owned company, is the oldest business in Morton, Illinois. Being a small business, the owners had always used credit cards for their financing needs. Bloomington branch manager, Christina Huette, was able to share with them the benefits of our Fast Track loan program, and for Johnson's Floral it was perfect for their needs. Paul and Krista were able to pay down high interest credit card debt that had accumulated over the past couple years, performing much-needed updates to their greenhouse and shop. With the money they were saving in interest, they were able to buy a truck for deliveries and yardscaping.



Krista Grethey, Owner (Johnson's Floral); Christina Huette, Branch Manager (CIBM) & Paul Grethey, Owner (Johnson's Floral)



COMPLETE PRODUCTS AND SERVICES

PERSONAL DEPOSIT PRODUCTS

- Interest-Bearing Checking and Savings (Acceleration BankingSM)
- Classic Checking
- Personal NOW
- Alternative Checking
- Bonus Savings
- Planned Savings
- Kids Klub Savings
- Money Market
- Certificates of Deposit
- Health Savings
- Coverdell Education Savings
- Traditional IRA
- Roth IRA
- Simplified Employee Pension
- Online Banking
- eStatements
- Mobile Banking
- Deposit Anywhere
- Reward Debit Cards
- Credit Cards
- Safe Deposit Boxes

BUSINESS DEPOSIT PRODUCTS

- Basic Business Checking
- Advantage Business Checking
- Premier Business Checking
- Business Savings
- Money Market
- Certificates of Deposit

BUSINESS BANKING

- Remote Deposit Capture
- Remote/Mobile Deposit
- Lockbox
- Electronic Receivables
- ACH
- Controlled Disbursement
- Positive Pay
- Zero Balance Accounts
- Direct Deposits
- Wire Access
- ACH Filters & Blocks
- Cash Concentration
- EFTPs
- Online Bill Pay
- Credit Cards
- Debit Cards
- Sweeps
- Merchant Services
- Repurchase Agreements
- U.S. Treasury Bills and Government Agency Discount Notes

RESIDENTIAL LENDING

- Single Family Mortgages (1-4 units)
- Home Equity Lines of Credit and Fixed Term Loans
- Lot Loans
- Bridge Loans
- Construction Loans
- Construction-Permanent Loans

CONSUMER LENDING

- Auto Loans
- Personal Loans
- Overdraft Lines of Credit

COMMERCIAL LENDING

- Equipment Financing
- Real Estate Financing
- Construction Loan Financing
- Working Capital Lines of Credit
- Small Business Loans (Fast TrackSM)
- Letters of Credit
- SBA/Government Guaranteed Loans

TRUST SERVICES

- Cash Management Strategies and SBA 7(a) Repo
- Investments



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FORWARD-LOOKING STATEMENTS

CIB Marine has made statements in this Annual Report that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. CIB Marine intends these forward-looking statements to be subject to the safe harbor created thereby and is including this statement to avail itself of the safe harbor. Forward-looking statements are identified generally by statements containing words and phrases such as "may," "project," "are confident," "should be," "intend," "predict," "believe," "plan," "expect," "estimate," "anticipate" and similar expressions. These forward-looking statements reflect CIB Marine's current views with respect to future events and financial performance that are subject to many uncertainties and factors relating to CIB Marine's operations and the business environment, which could change at any time.

There are inherent difficulties in predicting factors that may affect the accuracy of forward-looking statements.

Stockholders should note that many factors, some of which are discussed elsewhere in this Annual Report and in the documents that are incorporated by reference, could affect the future financial results of CIB Marine and could cause those results to differ materially from those expressed in forward-looking statements contained or incorporated by reference in this document. These factors, many of which are beyond CIB Marine's control, include but are not limited to:

- operating, legal, execution, credit, market, security (including cyber), and regulatory risks;
- economic, political, and competitive forces affecting CIB Marine's banking business;
- the impact on net interest income and securities values from changes in monetary policy and general economic and political conditions; and
- the risk that CIB Marine's analyses of these risks and forces could be incorrect and/or that the strategies developed to address them could be unsuccessful.

These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. CIB Marine undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to significant risks and uncertainties and CIB Marine's actual results may differ materially from the results discussed in forward-looking statements.



Service | Solutions | Integrity

