CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detail financial information for the quarter and nine months ended September 30, 2013. Please see our Earnings Release and Shareholder Letter dated November 7, 2013 located at www.cibmarine.com for a summary description of our financial results.

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

	2013			2012		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
	(Dollars in thousands)					
Quarters Ended September 30,						
Interest-earning assets						
Securities (1)	$91,759	$639	2.79%	$91,525	$840	3.67%
Loans held for sale (1)	154	3	7.73	376	29	30.68
Loans (1)(2)	320,690	3,689	4.56	325,489	4,233	5.17
Federal funds sold, reverse repos and interest-earning due from banks	18,206	15	0.33	58,206	34	0.23
Total interest-earning assets	430,809	4,346	4.01	475,596	5,136	4.30
Noninterest-earning assets	21,319			12,966		
Total assets	$452,128			$488,562		
Interest-bearing liabilities						
Interest-bearing deposits	$324,749	$597	0.73%	$349,113	$723	0.82%
Borrowed funds	4,212	1	0.09	11,909	30	1.00
Total interest-bearing liabilities	328,961	598	0.72	361,022	753	0.83
Noninterest-earning liabilities	57,303			59,987		
Preferred equity	51,000			51,000		
Common equity	14,864			16,553		
Total stockholders' equity	65,864			67,553		
Total liabilities and stockholders' equity	$452,128			$488,562		
Net interest-earning assets, interest income and net interest spread (1)(3)	$101,848	$3,748	3.29%	$114,574	$4,383	3.47%
Net interest margin (1)(4)			3.46%			3.67%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.31			1.32		

	2013			2012		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
	(Dollars in thousands)					
Nine Months Ended September 30,						
Interest-earning assets						
Securities (1)	$91,496	$1,961	2.86%	$89,658	$2,729	4.06%
Loans held for sale (1)	270	(6)	(2.97)	725	98	18.06
Loans (1)(2)	320,191	11,282	4.71	340,472	13,447	5.28
Federal funds sold, reverse repos and interest-earning due from banks	30,934	66	0.29	51,695	92	0.24
Total interest-earning assets	442,891	13,303	4.01	482,550	16,366	4.53
Noninterest-earning assets	19,843			11,998		
Total assets	$462,734			$494,548		
Interest-bearing liabilities						
Interest-bearing deposits	$333,382	$1,896	0.76%	$358,365	$2,389	0.89%
Borrowed funds	6,067	7	0.15	12,134	143	1.57
Total interest-bearing liabilities	339,449	1,903	0.75	370,499	2,532	0.91
Noninterest-earning liabilities	56,325			58,033		
Preferred equity	51,000			51,000		
Common equity	15,960			15,016		
Total stockholders' equity	66,960			66,016		
Total liabilities and stockholders' equity	$462,734			$494,548		
Net interest-earning assets, interest income and net interest spread (1)(3)	$103,442	$11,400	3.26%	$112,051	$13,834	3.62%
Net interest margin (1)(4)			3.44%			3.83%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.30			1.30		

(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 by 21 basis points from 3.67% during the third quarter of 2012 to 3.46% during the third quarter of 2013. The net interest margin decreased during the third quarter of 2013 compared to the same period of 2012 due to a 29 basis point decline in yields on interest-earning assets compared to a 11 basis point decline in cost on interest-bearing liabilities. The decline in earning asset yields was a result of declines in the yields for both loans and securities as new loans and securities are being originated and purchased at lower yields than those paid down or off, or sold. This is the result of both competitive forces and the lower interest rate environment we are operating in. In addition, the third quarter of 2012 included interest recoveries for the purchased home equity loan pools. CIBM Bank continues to hold elevated levels of low yielding liquid interest-earning due from bank assets.

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

Loan Portfolio Segments (unaudited)

	At September 30, 2013		At December 31, 2012		At September 30, 2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Commercial	$ 52,566	16.3%	$ 41,773	13.2%	$ 42,769	13.1%
Commercial real estate	171,021	53.1	189,134	59.6	201,134	61.5
Construction and development	17,325	5.4	12,852	4.0	10,606	3.4
Residential real estate	31,745	9.9	23,911	7.5	19,800	6.1
Home equity	30,891	9.6	28,513	9.0	29,423	9.0
Purchased home equity pools	15,629	4.9	18,257	5.8	19,467	6.0
Other consumer	2,750	0.8	2,840	0.9	2,908	0.9
Gross loans	321,927	100.0%	317,280	100.0%	326,107	100.0%
Deferred loan costs	1,081		1,223		1,276	
Loans	323,008		318,503		327,383	
Allowance for loan losses	(8,368)		(11,378)		(12,285)	
Loans, net	$314,640		$307,125		$ 315,098	

Nonperforming Assets and Selected Asset Quality Ratios (unaudited)

	September 30, 2013	December 31, 2012	September 30, 2012
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	$ 17	$ 655	$ 683
Commercial real estate	768	4,522	7,507
Construction and development	1,760	2,395	2,501
Residential real estate	789	695	771
Home equity	540	656	631
Purchased home equity pools	—	—	—
Other consumer	11	3	3
	3,885	8,926	12,096
Loans held for sale	—	—	—
Total nonaccrual loans	3,885	8,926	12,096
Other real estate owned	10,881	10,493	7,484
Total nonperforming assets	$ 14,766	$ 19,419	$ 19,580
Restructured loans accruing			
Commercial	$ —	$ 11	$ 12
Commercial real estate	5,625	6,955	9,070
Residential real estate	129	267	269
Home equity	1,028	1,032	1,090
Purchased home equity pools	414	422	425
Other consumer	41	59	66
	$ 7,237	$ 8,746	$ 10,932
Ratios			
Nonaccrual loans to total loans (1)	1.20%	2.80%	3.69%
Other real estate owned to total assets	2.43	2.21	1.56
Nonperforming assets to total assets (1)	3.30	4.09	4.07
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	3.44	5.55	7.03
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	4.92	5.93	6.34

(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 September 30, 2013								
Balance at beginning of period	$1,101	$4,381	$601	$318	$903	$1,350	$40	$8,694
Provision for (reversal of) loan losses	5	(163)	(39)	35	87	123	11	59
Charge-offs	(25)	(337)	—	(1)	(131)	(339)	(1)	(834)
Recoveries	18	341	—	—	23	66	1	449
Balance at end of period	$1,099	$4,222	$562	$352	$882	$1,200	$51	$8,368
Quarter ended September 30, 2012								
Balance at beginning of period	$1,085	$7,091	$387	$229	$996	$2,373	$47	$12,208
Provision for (reversal of) loan losses	(125)	132	(44)	5	135	69	—	172
Charge-offs	—	(8)	—	—	(67)	(373)	(1)	(449)
Recoveries	144	63	—	—	36	111	—	354
Balance at end of period	$1,104	$7,278	$343	$234	$1,100	$2,180	$46	$12,285
Nine months ended September 30, 2013								
Balance at beginning of period	$1,023	$6,572	$394	$303	$1,043	$2,007	$36	$11,378
Provision for (reversal of) loan losses	(1)	179	108	50	68	(199)	18	223
Charge-offs	(100)	(2,952)	—	(1)	(302)	(828)	(5)	(4,188)
Recoveries	177	423	60	—	73	220	2	955
Balance at end of period	$1,099	$4,222	$562	$352	$882	$1,200	$51	$8,368
Nine months ended September 30, 2012								
Balance at beginning of period	$1,417	$10,471	$428	$344	$964	$2,425	$79	$16,128
Provision for (reversal of) loan losses	(343)	208	726	(73)	502	(3,565)	62	(2,483)
Charge-offs	(135)	(4,597)	(812)	(37)	(528)	(1,518)	(96)	(7,723)
Recoveries	165	1,196	1	—	162	4,838	1	6,363
Balance at end of period	$1,104	$7,278	$343	$234	$1,100	$2,180	$46	$12,285

Year-over-year nonaccrual loan volumes showed signs of improvement, declining from $12.1 million at September 30, 2012, and $8.9 million at December 31, 2012, to $3.9 million at September 30, 2013.

Provision expense for the third quarter of 2013 was $0.1 million compared to $0.2 million for the third quarter of 2012. Charge-offs for the third quarter of 2013 was $0.8 million compared to $0.4 million during the same period of 2012. Total recoveries were $0.4 million for the third quarter of 2013 compared to $0.4 million for the third quarter of 2012. 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 $12.3 million at September 30, 2012, to $8.4 million at September 30, 2013. The allowance for loan losses to total loans declined from 3.75% to 2.59% 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 quality and lower overall balances of the purchased home equity pools.

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)			
At September 30, 2013						
Commercial	$ 64	$ —	$ —	$ 64	$ 52,485	$ 52,549
Commercial real estate	2,166	—	—	2,166	168,087	170,253
Construction and development	—	—	—	—	15,565	15,565
Residential real estate	—	—	—	—	30,956	30,956
Home equity	165	51	—	216	30,135	30,351
Purchased home equity pools	216	88	—	304	15,325	15,629
Other consumer	—	—	—	—	2,739	2,739
Deferred loan costs	9	—	9	18	1,063	1,081
Total	$2,620	$ 139	$ 9	$ 2,768	$316,355	$319,123
At December 30, 2012						
Commercial	$ —	$ 732	$ —	$ 732	$ 40,386	$ 41,118
Commercial real estate	4,644	—	—	4,644	179,968	184,612
Construction and development	—	—	23	23	10,434	10,457
Residential real estate	243	—	—	243	22,973	23,216
Home equity	336	—	—	336	27,521	27,857
Purchased home equity pools	150	71	—	221	18,036	18,257
Other consumer	—	—	—	—	2,837	2,837
Deferred loan costs	21	3	—	24	1,199	1,223
Total	$5,394	$806	$ 23	$ 6,223	$303,354	$309,577
At September 30, 2012						
Commercial	$ —	$ —	$ —	$ —	$ 42,086	$ 42,086
Commercial real estate	945	212	—	1,157	192,470	193,627
Construction and development	—	—	—	—	8,105	8,105
Residential real estate	—	—	—	—	19,029	19,029
Home equity	263	29	—	292	28,500	28,792
Purchased home equity pools	747	209	—	956	18,511	19,467
Other consumer	—	—	—	—	2,905	2,905
Deferred loan costs	8	2	—	10	1,266	1,276
Total	$1,963	$ 452	$ —	$ 2,415	$312,872	$315,287

Accruing past due loans declined by $3.6 million from the year ending December 31, 2012, to the quarter ending September 30, 2013; and increased $0.2 million from the quarter ending September 30, 2012 to the quarter ending September 30, 2013. The increase was primarily related to a commercial real estate loan that had matured and not yet been renewed.

On balance asset quality measures and ratios reported in the tables above showed continued year-over-year improvement. Overall, we are encouraged by this continued progress in trends experienced over the past quarters and few years. Future progress could prove challenging and potentially have set backs due to the continued slow and tepid recoveries in national and local economies and continued elevated levels of unemployment in our markets.

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)							
September 30, 2013								
Total capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	$72,272	18.82%	$30,717	8.00%				
CIBM Bank	62,412	16.57	30,130	8.00	$37,663	10.00%	45,195	12.00%
Tier 1 capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	$67,429	17.56%	$15,358	4.00%				
CIBM Bank	57,660	15.31	15,065	4.00	$22,598	6.00%	NA	NA
Tier 1 leverage to average assets								
CIB Marine Bancshares, Inc.	$67,429	14.84%	$18,172	4.00%				
CIBM Bank	57,660	12.80	18,013	4.00	$22,516	5.00%	36,026	8.00%
December 31, 2012								
Total capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	$74,260	19.34%	$30,719	8.00%				
CIBM Bank	63,307	16.68	30,367	8.00	$37,958	10.00%	$45,550	12.00%
Tier 1 capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	$69,379	18.07%	$15,360	4.00%				
CIBM Bank	58,481	15.41	15,183	4.00	$22,775	6.00%	NA	NA
Tier 1 leverage to average assets								
CIB Marine Bancshares, Inc.	$69,379	14.39%	$19,287	4.00%				
CIBM Bank	58,481	12.24	19,117	4.00	$23,896	5.00%	$47,792	10.00%

(1) Additional regulatory requirements for September 30, 2013, were those agreed to by CIBM Bank upon the termination of the Consent Order. The minimums required at December 31, 2012, were those under the Consent Order which has since been terminated effective March 20, 2013, by the FDIC and Illinois Department of Financial and Professional Regulation.

CIB Marine’s Tier 1 leverage ratio increased to 14.84% and total capital to risk-weighted assets decreased to 18.82% at September 30, 2013, compared to 14.39% and 19.34%, respectively, at year end 2012. CIBM Bank’s Tier 1 leverage ratio increased to 12.80% and total capital to risk-weighted assets decreased to 16.57% at September 30, 2013, compared to 12.24% and 16.68%, respectively, at December 31, 2012. Total asset declines have contributed to the improvements in the Tier 1 leverage to average asset ratios.