CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional financial information for the quarter ended March 31, 2013. Please see our Earnings Release and Shareholder Letter dated May 9, 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 March 31,						
Interest-earning assets						
Securities (1)	$92,110	$701	3.04%	$87,357	$1,007	4.61%
Loans held for sale (1)	339	(12)	(14.36)	1,143	34	11.96
Loans (1)(2)	319,069	3,775	4.80	353,828	4,704	5.35
Federal funds sold, reverse repos and interest-earning due from banks	41,100	26	0.26	43,789	22	0.20
Total interest-earning assets	452,618	4,490	4.01	486,117	5,767	4.77
Interest-bearing liabilities						
Interest-bearing deposits	$340,811	$658	0.78%	$366,008	$867	0.95%
Borrowed funds	7,939	3	0.15	12,245	56	1.84
Total interest-bearing liabilities	348,750	661	0.77	378,253	923	0.98
Net interest-earning assets, interest income and net interest spread (1)(3)	$103,868	$3,829	3.24%	$107,864	$4,844	3.79%
Net interest margin (1)(4)			3.42%			4.00%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.30			1.29		

(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 58 basis points from 4.00% during the first quarter of 2012 to 3.42% during the first quarter of 2013. The net interest margin decreased during the first quarter of 2013 compared to the same period of 2012 due to a 76 basis point decline in yields on interest-earning assets compared to a 21 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 first 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 March 31, 2013		At December 31, 2012		At March 31, 2012	
	Amount	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
	(Dollars in thousands)					
Commercial	$ 41,553	13.1%	$ 41,773	13.2%	$ 43,901	12.6%
Commercial real estate	185,428	58.5	189,134	59.6	216,495	62.3
Construction and development	13,536	4.2	12,852	4.0	14,099	4.1
Residential real estate	28,155	8.9	23,911	7.5	18,100	5.2
Home equity	28,886	9.1	28,513	9.0	31,136	9.0
Purchased home equity pools	17,117	5.4	18,257	5.8	21,297	6.1
Other consumer	2,507	0.8	2,840	0.9	2,448	0.7
Gross loans	317,182	100.0%	317,280	100.0%	347,476	100.0%
Deferred loan costs	1,190		1,223		910	
Loans	318,372		318,503		348,386	
Allowance for loan losses	(9,243)		(11,378)		(16,092)	
Loans, net	$309,129		$307,125		$332,294	

Non-Performing Assets and Selected Asset Quality Ratios
(unaudited)

	March 31, 2013	December 31, 2012	March 31, 2012
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	$ 150	$ 655	$ 593
Commercial real estate	7,419	4,522	9,955
Construction and development	2,226	2,395	3,649
Residential real estate	798	695	794
Home equity	827	656	535
Purchased home equity pools	—	—	—
Other consumer	3	3	—
	11,423	8,926	15,526
Loans held for sale	199	—	—
Total nonaccrual loans	11,622	8,926	15,526
Other real estate owned	10,426	10,493	8,031
Total nonperforming assets	$ 22,048	$ 19,419	$ 23,557
Restructured loans accruing			
Commercial	$ —	$ 11	$ 12
Commercial real estate	6,906	6,955	8,400
Residential real estate	103	267	271
Home equity	1,008	1,032	1,019
Purchased home equity pools	420	422	430
Other consumer	52	59	79
	$ 8,489	$ 8,746	$ 10,211
Ratios			
Nonaccrual loans to total loans (1)	3.59%	2.80%	4.46%
Other real estate owned to total assets (2)	2.22	2.21	1.60
Nonperforming assets to total assets (1) (2)	4.66	4.09	4.69
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	6.25	5.55	7.39
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1) (2)	6.47	5.93	6.73

(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.

(2) For comparative purposes, all periods presented exclude the assets of companies held for disposal.

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 March 31, 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	(88)	155	(9)	21	(61)	61	(1)	78
Charge-offs	(30)	(1,920)	—	—	(70)	(420)	—	(2,440)
Recoveries	78	3	54	—	26	65	1	227
Balance at end of period	$983	$4,810	$439	$324	$938	$1,713	$36	$9,243
Quarter ended March 31, 2012								
Balance at beginning of period	$1,417	$10,471	$428	$344	$964	$2,425	$79	$16,128
Provision for (reversal of) loan losses	(181)	577	680	(11)	268	(1,304)	44	73
Charge-offs	—	(924)	(672)	(37)	(231)	(793)	(72)	(2,729)
Recoveries	6	483	1	—	17	2,112	1	2,620
Balance at end of period	$1,242	$10,607	$437	$296	$1,018	$2,440	$52	$16,092

Year-over-year non-accrual loan volumes showed signs of improvement declining from $15.5 million at March 31, 2012, to $11.6 million at March 31, 2013. From December 31, 2012, to March 31, 2013, non-accrual loans increased from $8.9 million to $11.6 million.

Provision expense for the first quarter of both 2013 and 2012 were $0.1 million. Charge-offs for the first quarter of 2013 were $2.4 million compared to $2.7 million during the same period of 2012. The increase in charge-offs of commercial real estate loans was more than offset by declines in charge-offs of construction and development, purchased home equity pools and home equity loans. The increase in commercial real estate loan charge-offs was primarily related to the charge-off of one loan with a specific reserve. Total recoveries were $0.2 million for the first quarter of 2013 compared to $2.6 million for the first quarter of 2012 as a result of reduced recoveries in the purchased home equity and the commercial real estate portfolio segments. 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 $16.1 million on March 31, 2012, to $9.2 million on March 31, 2013. The allowance for loan losses to total loans declined from 4.62% to 2.90% 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 of the purchased home equity pools and lower overall loan balances.

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 March 31, 2013						
Commercial	$ —	$ —	$ —	$ —	$ 41,403	$ 41,403
Commercial real estate:	651	—	—	651	177,358	178,009
Construction and development	—	—	—	—	11,310	11,310
Residential real estate:	—	—	28	28	27.329	27,357
Home equity	140	—	—	140	27,919	28,059
Purchased home equity pools	124	—	—	124	16,993	17,117
Other consumer	—	—	—	—	2,504	2,504
Deferred loan costs	4	—	—	4	1,186	1,190
Total	$919	$ —	$ 28	$ 947	$306,002	$306,949
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 March 31, 2012						
Commercial	$ 548	$ —	$ —	$ 548	$ 42,760	$ 43,308
Commercial real estate:	—	—	—	—	206,540	206,540
Construction and development	—	—	—	—	10,450	10,450
Residential real estate:	—	—	—	—	17,306	17,306
Home equity	438	—	—	438	30,163	30,601
Purchased home equity pools	495	—	—	495	20,802	21,297
Other consumer	—	10	—	10	2,438	2,448
Deferred loan costs	4	—	—	4	906	910
Total	$ 1,485	$10	$—	$1,495	$331,365	$332,860

Accruing past due loans declined by $5.3 million from the year ending December 31, 2012, to the quarter ending March 31, 2013; and declined $0.6 million from the quarter ending March 31, 2012 to the quarter ending March 31, 2013. Although asset quality measures and ratios reported in the tables above have predominantly shown year-over-year improvement overall and we are encouraged by this progress, our ability to make additional progress along the same trends experienced over the past few quarters and years could prove to be 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.

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)							
March 31, 2013								
Total capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	$74,200	19.60%	$30,283	8.00%				
CIBM Bank	63,532	16.96	29,969	8.00	$37,461	10.00%	44,953	12.00%
Tier 1 capital to risk-weighted assets								
CIB Marine Bancshares, Inc.	$69,413	18.34%	$15,142	4.00%				
CIBM Bank	58,794	15.69	14,984	4.00	$22,476	6.00%	NA	NA
Tier 1 leverage to average assets								
CIB Marine Bancshares, Inc.	$69,413	14.67%	$18,921	4.00%				
CIBM Bank	58,794	12.54	18,758	4.00	$23,447	5.00%	37,515	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 March 31, 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.

Capital positions strengthened at March 31, 2013, compared to December 31, 2012. CIB Marine's Tier 1 leverage ratio increased to 14.67% and total capital to risk-weighted assets increased to 19.60% at March 30, 2013, compared to 14.39% and 19.34%, respectively, at year end 2012. CIBM Bank's Tier 1 leverage ratio increased to 12.54% and total capital to risk-weighted assets increased to 16.96% at March 31, 2013, compared to 12.24% and 16.68%, respectively, at December 31, 2012. Earnings, total asset declines and less risk weighted assets have contributed to these improvements.