

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detailed financial information for the quarter ended March 31, 2019. Please see our Shareholder Letter dated May 9, 2019, located at www.cibmarine.com for a summary description of our financial results.

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

	2019			2018		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
Quarter Ended March 31,						
Interest-earning assets						
Securities (1)	\$121,111	\$804	2.65%	\$116,220	\$775	2.67%
Loans held for sale (1)	2,643	85	13.08	6,608	73	4.48
Loans (1)(2)	489,676	5,693	4.72	479,698	5,125	4.33
Federal funds sold, reverse repos and interest-earning due from banks	54,739	433	3.21	7,227	36	1.98
Total interest-earning assets	668,170	7,015	4.25	609,753	6,009	3.99
Noninterest-earning assets	42,001			40,661		
Total assets	\$710,171			\$650,414		
Interest-bearing liabilities						
Interest-bearing deposits	\$480,057	\$1,805	1.52%	\$410,466	\$948	0.94%
Borrowed funds	67,136	373	2.26	71,732	237	1.34
Total interest-bearing liabilities	547,193	2,178	1.61	482,199	1,185	1.00
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	62,745			68,353		
Accrued interest and other liabilities	8,573			2,142		
Preferred equity	39,384			51,000		
Common equity	52,275			46,720		
Total stockholders' equity	91,659			97,720		
Total liabilities and stockholders' equity	\$710,171			\$650,414		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$120,976	\$4,837	2.64%	\$127,554	\$4,824	2.99%
Net interest margin (1)(4)			2.94%			3.20%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.22			1.26		

- (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 was about the same for both the first quarter of 2019 and the first quarter of 2018, but the net interest margin declined by 26 basis points primarily due to the 61 basis point increase in the cost of interest-bearing liabilities compared to the 26 basis point increase in earning asset yields. The net interest margin was likewise impacted by the growth in lower margined assets like the SBA reverse repo included in the line federal funds sold, reverse repos, and interest-earning due from banks.

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

	Loan Portfolio Segments (unaudited)					
	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in thousands)						
Commercial	\$48,683	10.0%	\$53,631	10.9%	\$52,368	11.1%
Commercial real estate	257,431	52.7	244,764	49.8	246,350	52.2
Construction and development	14,641	3.0	22,279	4.5	12,427	2.6
Residential real estate	142,665	29.2	143,008	29.2	131,176	27.8
Home equity	21,156	4.3	22,740	4.7	23,933	5.1
Purchased home equity pools	3,664	0.7	3,850	0.8	4,935	1.0
Other consumer	426	0.1	484	0.1	675	0.2
Gross loans	488,666	100.0%	490,756	100.0%	471,864	100.0%
Deferred loan costs	607		581		882	
Loans	489,273		491,337		472,746	
Allowance for loan losses	(7,865)		(7,947)		(7,331)	
Loans, net	\$481,408		\$483,390		\$465,415	

Nonperforming Assets and Selected Asset Quality Ratios (unaudited)

	March 31, 2019	December 31, 2018	March 31, 2018
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	\$1,286	\$1,490	\$42
Commercial real estate	3,987	4,085	—
Construction and development	—	—	—
Residential real estate	372	223	251
Home equity	681	802	621
Other consumer	—	—	—
	<hr/> 6,326	<hr/> 6,600	<hr/> 914
Loans held for sale	—	—	—
Total nonaccrual loans	<hr/> 6,326	<hr/> 6,600	<hr/> 914
Other real estate owned	2,466	2,466	3,164
Total nonperforming assets	<hr/> \$8,792	<hr/> \$9,066	<hr/> \$4,078
Restructured loans accruing			
Commercial	\$—	\$—	\$—
Commercial real estate	222	569	533
Residential real estate	1,234	628	675
Home equity	—	—	—
Purchased home equity pools	330	367	365
Other consumer	—	—	—
Total restructured loans accruing	<hr/> \$1,786	<hr/> \$1,564	<hr/> \$1,573
90 days or more past due still accruing	<hr/> \$119	<hr/> \$—	<hr/> \$—
Ratios			
Nonaccrual loans to total loans (1)	1.29%	1.34%	0.19%
Other real estate owned to total assets	0.35	0.34	0.48
Nonperforming assets to total assets (1)	1.25	1.26	0.61
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	1.66	1.62	0.53
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	1.51	1.45	0.85

(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 March 31, 2019								
Balance at beginning of period	\$1,924	\$4,248	\$408	\$688	\$549	\$125	\$5	\$7,947
Provision for (reversal of) loan losses	99	79	(155)	(35)	(100)	(48)	2	(158)
Charge-offs	(35)	—	—	—	—	—	—	(35)
Recoveries	6	—	—	3	48	54	—	111
Balance at end of period	\$1,994	\$4,327	\$253	\$656	\$497	\$131	\$7	\$7,865
Quarter ended March 31, 2018								
Balance at beginning of period	\$1,144	\$4,522	\$230	\$769	\$870	\$151	\$15	\$7,701
Provision for (reversal of) loan losses	(28)	200	(38)	(54)	(85)	(120)	(1)	(126)
Charge-offs	—	—	—	(144)	(253)	(16)	—	(413)
Recoveries	6	4	—	—	5	154	—	169
Balance at end of period	\$1,122	\$4,726	\$192	\$571	\$537	\$169	\$14	\$7,331

Nonaccrual loan volumes have decreased \$0.3 million since the start of the year and as a result, nonaccrual loans to total loans decreased from 1.34% at December 31, 2018, to 1.29% at March 31, 2019.

Reversal of provisions for loan losses was \$158,000 in the first quarter of 2019, improved from a reversal of \$126,000 in the same period of 2018, due to higher net recoveries.

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)

	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 March 31, 2019</u>						
Commercial	\$215	\$—	\$119	\$334	\$47,063	\$47,397
Commercial real estate	—	337	—	337	253,107	253,444
Construction and development	—	—	—	—	14,641	14,641
Residential real estate	—	—	—	—	142,293	142,293
Home equity	—	—	—	—	20,475	20,475
Purchased home equity pools	49	—	—	49	3,615	3,664
Other consumer	—	—	—	—	426	426
Deferred loan costs	—	1	—	1	606	607
Total	\$264	\$338	\$119	\$721	\$482,226	\$482,947
<u>At December 30, 2018</u>						
Commercial	\$325	\$—	\$—	\$325	\$51,816	\$52,141
Commercial real estate	143	—	—	143	240,536	240,679
Construction and development	—	—	—	—	22,279	22,279
Residential real estate	321	723	—	1,044	141,741	142,785
Home equity	231	13	—	244	21,694	21,938
Purchased home equity pools	—	40	—	40	3,810	3,850
Other consumer	1	—	—	1	483	484
Deferred loan costs	1	—	—	1	580	581
Total	\$1,022	\$776	\$—	\$1,798	\$482,939	\$484,737
<u>At March 31, 2018</u>						
Commercial	\$224	\$—	\$—	\$224	\$52,102	\$52,326
Commercial real estate	—	—	—	—	245,329	246,350
Construction and development	1,021	—	—	1,021	12,427	12,427
Residential real estate	241	—	—	241	130,684	130,925
Home equity	305	—	—	305	23,007	23,312
Purchased home equity pools	23	—	—	23	4,912	4,935
Other consumer	26	—	—	26	649	675
Deferred loan costs	3	—	—	3	879	882
Total	\$1,843	\$—	\$—	\$1,843	\$469,989	\$471,832

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)						
March 31, 2019 (1)						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$78,023	15.56%	\$40,105	8.00%		
CIBM Bank	73,496	14.69	40,013	8.00	\$50,016	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$71,737	14.31%	\$30,079	6.00%		
CIBM Bank	67,224	13.44	30,010	6.00	\$40,013	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$71,737	10.39%	\$27,619	4.00%		
CIBM Bank	67,224	9.75	27,583	4.00	\$34,478	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$67,224	13.44%	\$22,507	4.50%	\$32,511	6.50%
December 31, 2018 (1)						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$77,024	15.34%	\$40,164	8.00%		
CIBM Bank	72,643	14.50	40,074	8.00	\$50,092	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$70,728	14.09%	\$30,123	6.00%		
CIBM Bank	66,360	13.25	30,055	6.00	\$40,074	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$70,728	10.10%	\$27,997	4.00%		
CIBM Bank	66,360	9.49	27,958	4.00	\$34,947	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$66,360	13.25%	\$22,542	4.50%	\$32,560	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.