

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detailed financial information for the quarter and nine months ended September 30, 2019. Please see our Shareholder Letter dated November 7, 2019, located at [www.cibmarine.com](http://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)  |                  |                      |                    |                  |                      |                    |
| <b>Quarter Ended September 30,</b>  |                  |                      |                    |                  |                      |                    |
| <b>Interest-earning assets</b>  |                  |                      |                    |                  |                      |                    |
| Securities (1)  | \$122,314        | \$810                | 2.65%              | \$119,139        | \$720                | 2.42%              |
| Loans held for sale (1)   | 10,638           | 152                  | 5.69               | 8,476            | 112                  | 5.24               |
| Loans (1)(2)  | 509,801          | 5,992                | 4.66               | 496,566          | 5,638                | 4.50               |
| Federal funds sold, reverse repos and interest-earning due from banks                   | 10,844           | 81                   | 2.94               | 48,307           | 328                  | 2.69               |
| Total interest-earning assets   | 653,597          | 7,035                | 4.27               | 672,488          | 6,798                | 4.02               |
| Noninterest-earning assets  | 38,722           |                      |                    | 41,156           |                      |                    |
| Total assets  | \$692,319        |                      |                    | \$713,644        |                      |                    |
| <b>Interest-bearing liabilities</b>   |                  |                      |                    |                  |                      |                    |
| Interest-bearing deposits   | \$486,522        | \$2,027              | 1.65%              | \$451,296        | \$1,343              | 1.18%              |
| Borrowed funds  | 37,401           | 156                  | 1.66               | 90,025           | 424                  | 1.87               |
| Total interest-bearing liabilities  | 523,923          | 2,183                | 1.65               | 541,321          | 1,767                | 1.30               |
| Noninterest-earning liabilities:  |                  |                      |                    |                  |                      |                    |
| Noninterest-bearing demand deposits   | 66,350           |                      |                    | 72,064           |                      |                    |
| Accrued interest and other liabilities  | 7,715            |                      |                    | 6,453            |                      |                    |
| Preferred equity  | 38,004           |                      |                    | 44,629           |                      |                    |
| Common equity   | 56,327           |                      |                    | 49,177           |                      |                    |
| Total stockholders' equity  | 94,331           |                      |                    | 93,806           |                      |                    |
| Total liabilities and stockholders' equity  | \$692,319        |                      |                    | \$713,644        |                      |                    |
| <b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>      | <b>\$129,674</b> | <b>\$4,852</b>       | <b>2.62%</b>       | <b>\$131,167</b> | <b>\$5,031</b>       | <b>2.72%</b>       |
| <b>Net interest margin (1)(4)</b>   |                  |                      | <b>2.95%</b>       |                  |                      | <b>2.97%</b>       |
| <b>Ratio of average interest-earning assets to average interest-bearing liabilities</b> | <b>1.25</b>      |                      |                    | <b>1.24</b>      |                      |                    |
| (Dollars in thousands)  |                  |                      |                    |                  |                      |                    |
| <b>Nine Months Ended September 30,</b>  |                  |                      |                    |                  |                      |                    |
| <b>Interest-earning assets</b>  |                  |                      |                    |                  |                      |                    |
| Securities (1)  | \$122,422        | \$2,482              | 2.70%              | \$117,107        | \$2,215              | 2.52%              |
| Loans held for sale (1)   | 6,962            | 334                  | 6.42               | 7,858            | 302                  | 5.13               |
| Loans (1)(2)  | 499,580          | 17,496               | 4.68               | 485,623          | 16,135               | 4.44               |
| Federal funds sold, reverse repos and interest-earning due from banks                   | 34,359           | 816                  | 3.17               | 28,594           | 542                  | 2.54               |
| Total interest-earning assets   | 663,323          | 21,128               | 4.26               | 639,182          | 19,194               | 4.01               |
| Noninterest-earning assets  | 39,761           |                      |                    | 41,369           |                      |                    |
| Total assets  | \$703,084        |                      |                    | \$680,551        |                      |                    |
| <b>Interest-bearing liabilities</b>   |                  |                      |                    |                  |                      |                    |
| Interest-bearing deposits   | \$484,320        | \$5,781              | 1.60%              | \$426,585        | \$3,329              | 1.04%              |
| Borrowed funds  | 53,500           | 836                  | 2.09               | 82,892           | 1,029                | 1.66               |
| Total interest-bearing liabilities  | 537,820          | 6,617                | 1.64               | 509,477          | 4,358                | 1.14               |
| Noninterest-earning liabilities:  |                  |                      |                    |                  |                      |                    |
| Noninterest-bearing demand deposits   | 64,516           |                      |                    | 70,897           |                      |                    |
| Accrued interest and other liabilities  | 7,748            |                      |                    | 3,600            |                      |                    |
| Preferred equity  | 38,919           |                      |                    | 48,850           |                      |                    |
| Common equity   | 54,081           |                      |                    | 47,727           |                      |                    |
| Total stockholders' equity  | 93,000           |                      |                    | 96,577           |                      |                    |
| Total liabilities and stockholders' equity  | \$703,084        |                      |                    | \$680,551        |                      |                    |
| <b>Net interest-earning assets, interest income and net interest spread (1)(3)</b>      | <b>\$125,503</b> | <b>\$14,511</b>      | <b>2.61%</b>       | <b>\$129,705</b> | <b>\$14,836</b>      | <b>2.87%</b>       |
| <b>Net interest margin (1)(4)</b>   |                  |                      | <b>2.92%</b>       |                  |                      | <b>3.10%</b>       |
| <b>Ratio of average interest-earning assets to average interest-bearing liabilities</b> | <b>1.23</b>      |                      |                    | <b>1.25</b>      |                      |                    |

(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 declined \$0.2 million during the third quarter of 2019 compared to the third quarter of 2018 and the net interest margin declined by 2 basis points over the same period primarily due to the larger increase in the cost of interest-bearing liabilities compared to the increase in earning asset yields. Net interest income declined \$0.3 million during the nine months ended September 30, 2019, compared to the same period of 2018 and the net interest margin declined by 18 basis points over the same period primarily due to the larger increase in the cost of interest-bearing liabilities compared to the increase in earning asset yields. Short term interest rates in the nation have declined since December 31, 2018, with the federal funds target rate established by the Federal Reserve's Federal Open Market Committee declining 25 basis points each in June and September of 2019. Promotional new time deposit and money market rates in our markets have declined correspondingly. In addition, the bank's cost of funds declined by 2 basis points from the second to the third quarter of 2019 and is expected to be more favorably affected by the decline in interest rates in the coming quarters as previously issued promotional deposits mature.

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

|                              | <b>Loan Portfolio Segments (unaudited)</b> |                   |                          |                   |                           |                   |
|------------------------------|--|-------------------|--------------------------|-------------------|---------------------------|-------------------|
|                              | <b>September 30, 2019</b>                  |                   | <b>December 31, 2018</b> |                   | <b>September 30, 2018</b> |                   |
|                              | <b>Amount</b>                              | <b>% of Total</b> | <b>Amount</b>            | <b>% of Total</b> | <b>Amount</b>             | <b>% of Total</b> |
|                              | <b>(Dollars in thousands)</b>              |                   |                          |                   |                           |                   |
| Commercial                   | \$56,622                                   | 11.1%             | \$53,631                 | 10.9%             | \$60,744                  | 12.0%             |
| Commercial real estate       | 251,393                                    | 49.5              | 244,764                  | 49.8              | 262,806                   | 51.8              |
| Construction and development | 22,204                                     | 4.4               | 22,279                   | 4.5               | 19,342                    | 3.8               |
| Residential real estate      | 152,836                                    | 30.1              | 143,008                  | 29.2              | 136,533                   | 26.9              |
| Home equity                  | 21,522                                     | 4.2               | 22,740                   | 4.7               | 23,228                    | 4.6               |
| Purchased home equity pools  | 3,156                                      | 0.6               | 3,850                    | 0.8               | 4,058                     | 0.8               |
| Other consumer               | 457  | 0.1               | 484                      | 0.1               | 495                       | 0.1               |
| Gross loans                  | 508,190                                    | 100.0%            | 490,756                  | 100.0%            | 507,206                   | 100.0%            |
| Deferred loan costs          | 568  |                   | 581                      |                   | 471                       |                   |
| Loans                        | 508,758                                    |                   | 491,337                  |                   | 507,677                   |                   |
| Allowance for loan losses    | (7,560)                                    |                   | (7,947)                  |                   | (8,217)                   |                   |
| Loans, net                   | \$501,198                                  |                   | \$483,390                |                   | \$499,460                 |                   |

**Nonperforming Assets and Selected Asset Quality Ratios (unaudited)**

|  | <b>September 30, 2019</b>     | <b>December 31, 2018</b> | <b>September 30, 2018</b> |
|--|-------------------------------|--------------------------|---------------------------|
|  | <b>(Dollars in thousands)</b> |                          |                           |
| <b>Nonperforming assets</b>  |                               |                          |                           |
| Nonaccrual loans:  |                               |                          |                           |
| Commercial   | \$467                         | \$1,490                  | \$2,585                   |
| Commercial real estate   | 4,200                         | 4,085                    | —                         |
| Construction and development   | 26                            | —                        | —                         |
| Residential real estate  | 431                           | 223                      | 282                       |
| Home equity  | 660                           | 802                      | 849                       |
| Other consumer   | —                             | —                        | —                         |
| Loans held for sale  | 5,784                         | 6,600                    | 3,716                     |
| Total nonaccrual loans   | 5,784                         | 6,600                    | 3,716                     |
| Other real estate owned  | 2,466                         | 2,486                    | 2,494                     |
| Total nonperforming assets   | \$8,250                       | \$9,086                  | \$6,210                   |
| <b>Restructured loans accruing</b>   |                               |                          |                           |
| Commercial   | \$—                           | \$—                      | \$—                       |
| Commercial real estate   | 213                           | 227                      | 232                       |
| Residential real estate  | 1,044                         | 809                      | 995                       |
| Home equity  | —                             | —                        | —                         |
| Purchased home equity pools  | 294                           | 333                      | 335                       |
| Other consumer   | —                             | —                        | —                         |
| Total restructured loans accruing  | \$1,551                       | \$1,369                  | \$1,562                   |
| 90 days or more past due still accruing  | \$—                           | \$—                      | \$237                     |
| <b>Ratios</b>  |                               |                          |                           |
| Nonaccrual loans to total loans (1)  | 1.14%                         | 1.34%                    | 0.73%                     |
| Other real estate owned to total assets  | 0.35                          | 0.34                     | 0.34                      |
| Nonperforming assets to total assets (1)   | 1.18                          | 1.26                     | 0.86                      |
| Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)      | 1.44                          | 1.62                     | 1.09                      |
| Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1) | 1.40                          | 1.45                     | 1.11                      |

(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<br>Real Estate | Construction<br>and<br>Development | Residential<br>Real Estate | Home<br>Equity | Purchased<br>Home<br>Equity Pools | Other<br>Consumer | Total          |
|---|----------------|---------------------------|------------------------------------|----------------------------|----------------|-----------------------------------|-------------------|----------------|
| (Dollars in thousands)                      |                |                           |                                    |                            |                |                                   |                   |                |
| <b>Quarter ended September 30, 2019</b>     |                |                           |                                    |                            |                |                                   |                   |                |
| Balance at beginning of period              | \$1,571        | \$4,049                   | \$332                              | \$722                      | \$467          | \$104                             | \$6               | \$7,251        |
| Provision for (reversal of) loan losses     | (142)          | 277                       | 170                                | 6                          | 30             | (16)                              | 2                 | 327            |
| Charge-offs                                 | (27)           | —                         | —                                  | —                          | —              | (34)                              | (2)               | (63)           |
| Recoveries                                  | 5              | —                         | —                                  | 5                          | 5              | 30                                | —                 | 45             |
| <b>Balance at end of period</b>             | <b>\$1,407</b> | <b>\$4,326</b>            | <b>\$502</b>                       | <b>\$733</b>               | <b>\$502</b>   | <b>\$84</b>                       | <b>\$6</b>        | <b>\$7,560</b> |
| <b>Quarter ended September 30, 2018</b>     |                |                           |                                    |                            |                |                                   |                   |                |
| Balance at beginning of period              | \$1,513        | \$4,989                   | \$243                              | \$563                      | \$565          | \$170                             | \$12              | \$8,055        |
| Provision for (reversal of) loan losses     | 185            | (57)                      | 79                                 | 24                         | (49)           | (189)                             | (6)               | (13)           |
| Charge-offs                                 | (23)           | —                         | —                                  | (1)                        | —              | (15)                              | —                 | (39)           |
| Recoveries                                  | 5              | 2                         | —                                  | 2                          | 32             | 173                               | —                 | 214            |
| <b>Balance at end of period</b>             | <b>\$1,680</b> | <b>\$4,934</b>            | <b>\$322</b>                       | <b>\$588</b>               | <b>\$548</b>   | <b>\$139</b>                      | <b>\$6</b>        | <b>\$8,217</b> |
| <b>Nine months ended September 30, 2019</b> |                |                           |                                    |                            |                |                                   |                   |                |
| Balance at beginning of period              | \$1,924        | \$4,248                   | \$408                              | \$688                      | \$549          | \$125                             | \$5               | \$7,947        |
| Provision for (reversal of) loan losses     | 98             | 77                        | 94                                 | 31                         | (106)          | (101)                             | 9                 | 102            |
| Charge-offs                                 | (632)          | —                         | —                                  | —                          | —              | (73)                              | (8)               | (713)          |
| Recoveries                                  | 17             | 1                         | —                                  | 14                         | 59             | 133                               | —                 | 224            |
| <b>Balance at end of period</b>             | <b>\$1,407</b> | <b>\$4,326</b>            | <b>\$502</b>                       | <b>\$733</b>               | <b>\$502</b>   | <b>\$84</b>                       | <b>\$6</b>        | <b>\$7,560</b> |
| <b>Nine months ended September 30, 2018</b> |                |                           |                                    |                            |                |                                   |                   |                |
| Balance at beginning of period              | \$1,144        | \$4,522                   | \$230                              | \$769                      | \$870          | \$151                             | \$15              | \$7,701        |
| Provision for (reversal of) loan losses     | 542            | (145)                     | 92                                 | (58)                       | (103)          | (308)                             | (10)              | 10             |
| Charge-offs                                 | (23)           | —                         | —                                  | (145)                      | (267)          | (54)                              | —                 | (489)          |
| Recoveries                                  | 17             | 557                       | —                                  | 22                         | 48             | 350                               | 1                 | 995            |
| <b>Balance at end of period</b>             | <b>\$1,680</b> | <b>\$4,934</b>            | <b>\$322</b>                       | <b>\$588</b>               | <b>\$548</b>   | <b>\$139</b>                      | <b>\$6</b>        | <b>\$8,217</b> |

Nonaccrual loan volumes have decreased \$0.8 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 1.14% at September 30, 2019.

Provisions for loan losses were \$0.3 million during the third quarter of 2019 compared to \$10,000 during the same period of 2018 as charge-offs were higher and recoveries were lower in 2019 compared to 2018.

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)**

|                                     | <b>30-59 Days<br/>Past Due</b> | <b>60-89 Days<br/>Past Due</b> | <b>Greater Than<br/>89 Days<br/>Past Due</b> | <b>Total<br/>Past Due</b> | <b>Loans Not<br/>Past Due</b> | <b>Total</b> |
|-------------------------------------|--------------------------------|--------------------------------|--|---------------------------|-------------------------------|--------------|
| <b>(Dollars in thousands)</b>       |                                |                                |  |                           |                               |              |
| <b><u>At September 30, 2019</u></b> |                                |                                |  |                           |                               |              |
| Commercial                          | \$—                            | \$—                            | \$—  | \$—                       | \$56,155                      | \$56,155     |
| Commercial real estate              | —                              | —                              | —  | —                         | 247,193                       | 247,193      |
| Construction and development        | —                              | —                              | —  | —                         | 22,178                        | 22,178       |
| Residential real estate             | —                              | 235                            | —  | 235                       | 152,170                       | 152,405      |
| Home equity                         | 123                            | 26                             | —  | 149                       | 20,713                        | 20,862       |
| Purchased home equity pools         | —                              | 6                              | —  | 6                         | 3,150                         | 3,156        |
| Other consumer                      | —                              | —                              | —  | —                         | 457                           | 457          |
| Deferred loan costs                 | —                              | —                              | —  | —                         | 568                           | 568          |
| Total                               | \$123                          | \$267                          | \$—  | \$390                     | \$502,584                     | \$502,974    |
| <b><u>At December 30, 2018</u></b>  |                                |                                |  |                           |                               |              |
| 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    |
| <b><u>At September 30, 2018</u></b> |                                |                                |  |                           |                               |              |
| Commercial                          | \$—                            | \$300                          | \$150  | \$450                     | \$57,709                      | \$58,159     |
| Commercial real estate              | —                              | —                              | —  | —                         | 262,806                       | 262,806      |
| Construction and development        | —                              | —                              | 43   | 43                        | 19,299                        | 19,342       |
| Residential real estate             | 239                            | —                              | 44   | 283                       | 135,968                       | 136,251      |
| Home equity                         | 229                            | 24                             | —  | 253                       | 22,126                        | 22,379       |
| Purchased home equity pools         | 68                             | 29                             | —  | 97                        | 3,961                         | 4,058        |
| Other consumer                      | —                              | —                              | —  | —                         | 495                           | 495          |
| Deferred loan costs                 | 1                              | —                              | —  | 1                         | 470                           | 471          |
| Total                               | \$537                          | \$353                          | \$237  | \$1,127                   | \$502,834                     | \$503,961    |

**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)                 |          |        |                               |       |   |        |
| <b>September 30, 2019 (1)</b>          |          |        |                               |       |   |        |
| Total capital to risk-weighted assets  |          |        |                               |       |   |        |
| CIB Marine Bancshares, Inc.            | \$79,500 | 15.18% | \$41,888                      | 8.00% |   |        |
| CIBM Bank                              | 77,031   | 14.74  | 41,801                        | 8.00  | \$52,251  | 10.00% |
| Tier 1 capital to risk-weighted assets |          |        |                               |       |   |        |
| CIB Marine Bancshares, Inc.            | \$72,942 | 13.93% | \$31,416                      | 6.00% |   |        |
| CIBM Bank                              | 70,487   | 13.49  | 31,351                        | 6.00  | \$41,801  | 8.00%  |
| Tier 1 leverage to average assets      |          |        |                               |       |   |        |
| CIB Marine Bancshares, Inc.            | \$72,942 | 10.86% | \$26,866                      | 4.00% |   |        |
| CIBM Bank                              | 70,487   | 10.51  | 26,838                        | 4.00  | \$33,547  | 5.00%  |
| Common Equity Tier 1 (2)               |          |        |                               |       |   |        |
| CIBM Bank                              | \$70,487 | 13.49% | \$23,513                      | 4.50% | \$33,963  | 6.50%  |
| <b>December 31, 2018 (1)</b>           |          |        |                               |       |   |        |
| 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 adequacy requirements. The capital conservation buffer was 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.