



# Welcome Shareholders

*May 29, 2008*



# **Annual Meeting of Shareholders**

# Forward-Looking Statements

Statements made today during this annual meeting of shareholders and in the following presentation contain forward-looking information, including our discussions concerning our strategic options and the pending sale of the Citrus Bank branches. Actual results could differ materially from those indicated by such statements. For information about factors that could affect results, including the Risk Factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2007, refer that Annual Report and the discussions provided therein under captions “Forward-Looking Statements” and “Risk Factors,” as well as discussions in other periodic reports we file with the SEC.

# Meeting Called to Order

*Stanley J. Calderon, Chairman*

# Introductions

- Board of Directors
- Management
- Guests

# Election of Directors

## **Class I:** Serve Until 2009

Norman E. Baker

W. Scott Blake

Donald M. Trilling

## **Class II:** Serve Until 2010

John P. Hickey, Jr.

Charles E. Baker

Howard E. Zimmerman

## **Class III:** Serve Until 2011

Stanely J. Calderon

Steven C. Hillard

Gary L. Longman

# Presentation to Shareholders

*Stanley J. Calderon, Chairman*

# Financial Performance

*Edwin J. Depenbrok, Chief Financial Officer*



# CIB MARINE BANCSHARES, INC.

## 2007 Consolidated Financial Highlights

*(dollars in millions)*

	<u>2007</u>	<u>2006</u>
Diluted earnings (loss) per share from continuing operations	\$ (0.83)	\$ (0.54)
Discontinued operations	0.08	0.03
<b>Net loss</b>	<u>\$ (0.75)</u>	<u>\$ (0.51)</u>
Net Interest Income	\$ 22,627	\$ 23,267
Provision	6,413	(4,384)
Noninterest Income	3,050	4,542
Noninterest Expense	34,472	42,131
Loss from continuing operations before income taxes	(15,208)	(9,938)
Income tax expense (benefit)	3	(99)
Loss from continuing operations	(15,211)	(9,839)
Net income (loss) from discontinued operations	1,440	561
<b>Net loss</b>	<u>\$ (13,771)</u>	<u>\$ (9,278)</u>
Total assets	\$ 1,005,787	\$ 997,584
Loans	\$ 595,259	\$ 522,624
Deposits	\$ 745,590	\$ 739,784
Equity	\$ 60,306	\$ 71,613

*\* Excludes Companies Held for Disposal.*

# CIB MARINE BANCSHARES, INC.

## 2007 Consolidated Financial Highlights

	<u>2007</u>	<u>2006</u>
<b><u>Key Ratios and Other Data:</u></b>		
Net interest margin	2.40%	2.29%
Noninterest income to average assets	0.33%	0.47%
Efficiency Ratio	132.37%	148.38%
Loss on average assets	-1.41%	-0.88%
Loss on average equity	-20.11%	-12.78%
Non performing loans	3.18%	4.24%
Allowance for loan losses to total loans	3.47%	4.00%
Total equity to total assets	6.00%	7.18%
Total risk-based capital ratio	17.26%	20.95%
Tier 1 risk-based capital ratio	10.62%	14.32%
Leverage capital ratio	7.92%	9.51%
Number of employees	258	301
Number of branches	25	30

# CIB MARINE BANCSHARES, INC.

## 1<sup>st</sup> Quarter 2008 Unaudited Financial Highlights

*(dollars in millions)*

	<u>2008</u>	<u>2007</u>
Diluted earnings (loss) per share from continuing operations	\$ (0.15)	\$ (0.12)
Discontinued operations	-	0.02
<b>Net loss</b>	<b>\$ (0.15)</b>	<b>\$ (0.10)</b>
Net Interest Income	\$ 6,021	\$ 5,552
Provision	808	694
Noninterest Income	433	1,795
Noninterest Expense	8,357	8,879
Loss from continuing operations before income taxes	(2,711)	(2,226)
Income tax expense (benefit)	44	3
Loss from continuing operations	(2,755)	(2,229)
Net income (loss) from discontinued operations	1	350
<b>Net loss</b>	<b>\$ (2,754)</b>	<b>\$ (1,879)</b>
Total assets	\$ 1,029,751	\$ 990,657
Loans *	\$ 558,008	\$ 594,879
Deposits *	\$ 650,459	\$ 751,831
Equity	\$ 58,785	\$ 69,792

\* Excludes Citrus Held for Sale and Companies Held for Disposal.

# CIB MARINE BANCSHARES, INC.

## 1<sup>st</sup> Quarter 2008 Unaudited Financial Highlights

	<u>2008</u>	<u>2007</u>
<b><u>Key Ratios and Other Data:</u></b>		
Net interest margin	2.44%	2.34%
Noninterest income to average assets	17.00%	0.74%
Efficiency Ratio	129.49%	120.85%
Loss on average assets	-1.10%	-0.92%
Loss on average equity	-17.56%	-12.68%
Non performing loans	3.33%	3.72%
Allowance for loan losses to total loans	3.63%	3.68%
Total equity to total assets	5.98%	7.07%
Total risk-based capital ratio	16.54%	19.07%
Tier 1 risk-based capital ratio	9.96%	12.80%
Leverage capital ratio	7.19%	9.50%
Number of employees	251	292
Number of branches	25	29

# Key Business Strategies

*John P. Hickey, Jr., President and CEO*

# Sale of Citrus Bank

- Sell deposits, branches, and most loans to 1<sup>st</sup> United, local Florida banking company
- Premium (cash premium, stock in purchaser, and earnout);
- Merge remaining Citrus Bank (retained loans, liabilities, and capital) into CIB Marine
- Use cash, as loans are collected, to pay interest on Trust Preferred Securities (subject to FRB approval)

# Key Operating Issues

## ■ Impact of Trust Preferred Securities

- As of March 31, 2008, \$61.9 million in principal and \$32.5 million in accrued and unpaid interest
- Deferral period expires February 2009
- \$8.5 million in 2007 expense
- Over \$700,000/month interest expense
- Over \$500,000/month interest expense after brought current

# Key Operating Issues

- **Grow revenue in the Banks**
  - Increase customer deposits/loans
  - Low level of noninterest income compared to peers
    - Demand deposits
    - Fee income sources
  - Economic environment – credit quality issues
  - Branch network



# Key Operating Issues

- **High level of operating expenses**
  - Challenge of matching expenses to a much smaller company
  - Parent vs. bank activities
  - 1<sup>st</sup> Quarter, 2008 Efficiency Ratio: 122.73%! – revenue AND expenses

# Operating Challenges

- Short time horizon (TruPS)
- Continuing operating losses
- Weakening capital position at the holding company
- Challenging economic and industry environment in 2008 and beyond

# Strategic Options

- Raise cash to bring TruPS interest current before default
- Raise private equity or debt
- Merge with another banking organization
- Sale of assets to meet cash needs

# Plan Execution Challenges

- Credit markets and general economic environment
- Regulatory concerns about capital levels and general conservatism in current banking environment
- Current merger and acquisition environment
- Uncertainty about litigation

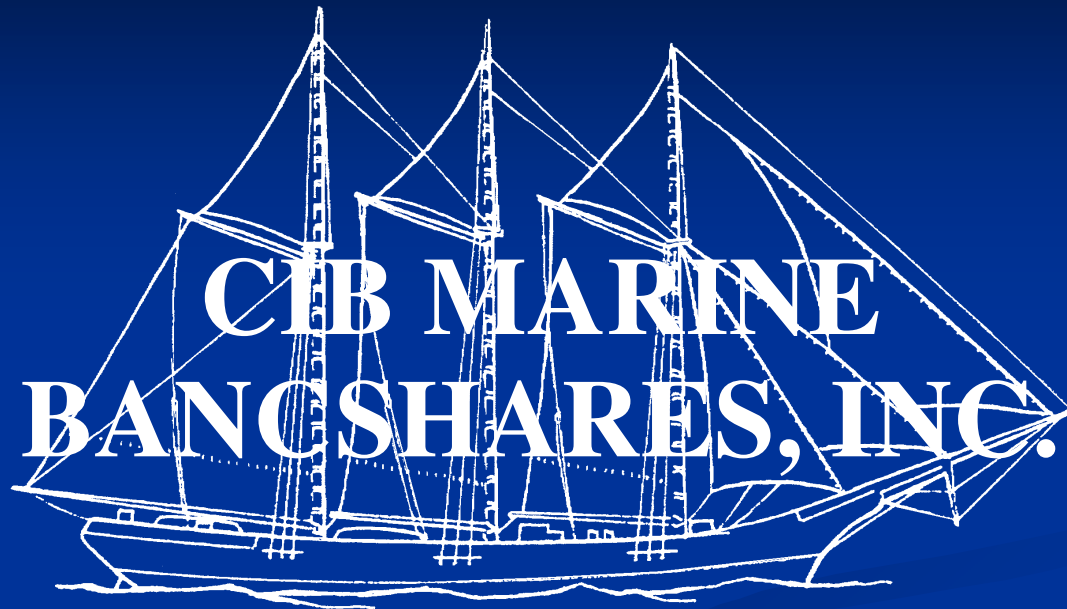
# Current Priorities

- Gather cash to try to pay TruPS current by August 2008 or February 2009
- Focus on banking customers to preserve the franchise and continue to develop new commercial banking relationships
- Continue to focus on credit quality
- Continue to identify opportunities to reduce expenses
- Pursue other strategic options to provide the best available solution for the shareholders

# Questions and Comments

Please pass your Questions and Comments index card to the aisle to be collected.

We will now take a fifteen minute break.



**Intermission**

# Shareholder's *Questions & Comments*





# Thank You

