<u>2025 Annual Meeting Outline</u>
Management Presentation
(Brian Chaffin)

Good afternoon. It is my pleasure to share with you some of the operating results from 2024 and the first quarter 2025. For a complete review of 2024 financials, I encourage all shareholders to review the audited financial statements provided with this year's proxy.
[Slide #12]

Slide #12 shows select earnings variances from 2024 and 2023. Positive variances include: significant improvement in mortgage banking performance; improved government guaranteed lending income; improved net income, partly from the sale-leaseback transaction closed in 2024; a provision for loan loss reversal due to improved economic forecasts; and lower non-interest expense from cost controls. Adverse differences were slightly lower net interest income of $0.6 million and an increase in non-accrual loans.
[Slide #13]

While the net interest income and net interest margin are down from 2023, the trend reversed in early 2024. The net interest margin trended up from 2.29% in the 1st quarter of 2024 to 2.62% in the 1st quarter of 2025.

We expect the net interest margin to trend up through 2025 as the Company focuses on lowering our cost of funds and growing our relationship banking loan and deposit base.

Non-accrual loans remain at historically solid levels. The slight increase seen over the past year is primarily attributable to two larger credits related to the transportation industry.

Of several key positive developments in 2024, the redemption of all outstanding preferred stock was the most significant. Eliminating all Series B preferred stock saved the common shareholders from the nearly 50% dilutive effect of their conversion feature and CIBH's OTCQX market price rose 50% over the 4th quarter. Through effective balance sheet management, including the sale-leaseback of three branches, subsidiary CIBM Bank freed up enough capital to distribute $7 million to the parent company, which was an essential element for completing the redemption. The balance sheet strategies also involved reducing lending and securities activities so that total assets declined $32 million, which ensured CIBM Bank's Tier 1 leverage ratio ended the year above 9%.

Additionally, mortgage revenues increased and expenses declined in 2024 with volumes similar to 2023, resulting in a $0.8 million improvement in the loss for the year.

Solid asset quality through 2024, along with lower loan balances and improved economic forecasts as of December 31, 2024, led to a $463,000 reversal of credit losses.
[Slide #14]

The primary banking revenue trends shown on Slide #14 reflect the $0.6 million decrease in net interest income, $1.2 million increase in mortgage revenue, and $0.5 million increase in government guaranteed lending revenue.

Net interest income declined in 2024 due to the lower net interest margin and reduced average earning assets resulting from the preferred stock redemption balance sheet strategies. The net interest margin trend reversed in early 2024 and we expect it to continue to rise in 2025. We expect loan growth to resume in the latter half of 2025, driven by our corporate bankers' significant increase in new business development efforts, which is expanding the pipeline of new loan opportunities.

The residential mortgage industry continues to experience historically low volumes and substantial margin pressures. We implemented various expense reductions throughout 2024, leading to significantly lower losses for our Mortgage Division. While we expect the mortgage markets to improve in 2025, reductions in mortgage lending staff near the end of the first quarter of 2025 will likely result in flat to lower mortgage volumes for the segment. We will continue to manage the Mortgage Division toward the best possible operating results in this difficult environment.

Our Government Guaranteed Lending Division originated more SBA 7(a) loans resulting in a $0.5 million increase in gain on sale income from the sale of the guaranteed portion of the loans. We expect 2025 results to meet or exceed those of 2024 based on the pipeline of new loan opportunities we are seeing.

[Slide #15]

Slide #15 illustrates the year-over-year decline in net interest income, due to the impact the 525 basis point increase in the Fed Funds rate had on our net interest margin in 2022 and 2023 in spite of higher loan balances.

[Slide #16]

Slide #16 highlights how this trend reversed during 2024 as higher-cost liabilities and lower-rate loans were repriced throughout the year.

The decline in the fourth quarter of 2024 was driven by a write-off of accrued interest on a loan that was placed on nonaccrual status during the quarter.

We expect the net interest margin to continue to improve through deposit and loan repricing. And, with moderate loan growth projected in the latter half of 2025, we expect an increase in net interest income for the year.

Our goal is to reach a 1.00% return on average assets (ROAA). There are a few key elements to achieving this, including:

- Loan growth, with our portfolio mix weighting towards commercial loan segments.
- Recovery of our net interest margin to mid 3%, which involves ongoing repricing of our liabilities and improving the funding mix.
- Ongoing cost control management.
- Enhanced performance from our Mortgage Division.

It will likely take until late 2026 to achieve a run rate of 1.00% ROAA.

[Slide #17]

Slide #17 provides a five-year overview of segment level income and efficiency. The banking segment's efficiency ratio improved in 2024 due to the sale-leaseback gain and the improvement in the segment's total assets per FTE ratio. We believe an efficiency ratio in the low 70s or below is achievable with improvement in the net interest margin.

[Slide #18]

Slide #18 provides a five-year overview of FTEs of the banking and mortgage segments of the Company, which account for 100% of total employees. There has been marked improvement in FTEs on the banking side from Project Falcon initiatives and branch rationalization strategies. We are now operating better than our peer group in terms of total assets per FTE.

FTEs in the mortgage segment expanded with the acquisition of lenders and staff in late 2022 and early 2023, and have now returned to pre-2022 levels.
[Slide #19]

Slide #19 shows compensation expenses and reflects the average personnel expense per banking segment employee, which compares favorably to our custom local peer group median.
[Slide #20]

Slide #20 shows the decline in net interest income due to lower net interest margins the past two years. This slide also clearly shows the significant positive impact of the Mortgage Division under better market conditions.
[Slide #21]

Slide #21 shows the impact high interest rates have had on mortgage originations. Refinance activity continues at very low levels compared to 2021. The higher rate environment has also impacted the purchase money market as consumers have stayed in their homes with low interest mortgages rather than relocate geographically or move to smaller or larger homes. While the slide shows purchase money originations increase in 2023, this was due to the new lenders added that year. Actual loan originations per lender continued to decline nationally in 2023 and 2024.
[Slide #22]

Slides #22 & #23 show commercial loan originations, the distribution of the loan portfolio geographically, and loan portfolio segmentation.

Total loan balances declined by $25 million in 2024 as a result of our balance sheet strategies mentioned earlier.
[Slide #23]

Much of the reduction in the loan portfolio in 2024 occurred in the commercial loan segments. New business development efforts are in full gear and we are seeing an increase in the pipeline of new opportunities. We are forecasting low to moderate growth in 2025 in those commercial segments with some net runoff of residential loan balances.
[Slide #24]

Slide #24 reflects the trend and breakdown of Government Guaranteed Lending activities. SBA 7(a) loan originations saw a significant increase in 2023, while SBA 504 loans experienced a decline. We focused on increasing 7(a) loan production because approximately 75% of these loans are sold in the secondary market. This strategy not only provides a substantial gain on sale but also helps manage balance sheet growth.
[Slide #25]

Retail Deposits
Slide #25 reflects the current mix of deposits by market and the balances by type for the past five years.

As interest rates rose in 2023 and 2024, balances shifted in favor of higher rate deposit accounts as experienced by the financial industry as a whole.

During 2024, deposit strategies focused on lowering the cost of funds as our loan growth slowed and, toward the latter part of the year, short-term interest rates began to decline.

Strategies implemented to redeem the preferred shares led to lower total assets through loans and

securities balances. This provided the opportunity to let higher-cost, non-relationship deposits go while maintaining high-value relationships, resulting in lower total deposits year over year.
[Slide #26]

Credit Administration
Slide #26 shows that asset quality remains solid, although moving up off of the historic lows we have seen for some time now.

We continue to manage a small number of problem loans related to the transportation industry, but we also anticipate improvements in other problem credits. Market and economic forecasters have recognized recent added uncertainty for short-term economic growth, and we remain vigilant in monitoring our credit portfolio.
[Slide #27]

Non-performing assets to total assets rose a bit to 0.68% at December 31, 2024, compared to 0.44% a year earlier as non-accrual loans to total loans rose from 0.50% to 0.81%. The March 31, 2025, asset quality measures were similar to year-end.

Lower loan balances and improved economic forecasts over the course of 2024 led to a $463,000 reversal of credit losses. This resulted in a 1.26% ratio for the allowance for credit losses on loans to total loans, which is above the 1.15% ratio reported by the median bank in our custom local peer group.
[Slide #28]

1Q 2025
We have published our earnings release for the first quarter of 2025, which is highlighted on Slide #28. Our first quarter shareholder letter providing more detailed information should be available in early May.

Income in the first quarter of 2025 was up from the first quarter of 2024 on improved net interest income and mortgage results.

While loans were $50 million lower than the end of the first quarter of 2024, our net interest margin increased to 2.62% from 2.29% in the first quarter of 2024, resulting in a slight decrease in net interest income.

Mortgage operating results for the quarter were a loss of $0.2 million – a significant improvement over the first quarter of 2024 loss of $0.4 million. The first quarter is historically the worst quarter of the year due to seasonal factors and mortgage production has continued to be under strain from the lack of housing supply and higher rates.
[Slide #29]

Slide #29 shows CIBM Bank's level of uninsured deposits to total deposits declined from 29% at the end of 2022 to 20% at December 31, 2024, and 22% at March 31, 2025. These are significantly better than the measures of the regional banks that experienced problems in early 2023.

Likewise, the Bank's 5.6% unrealized losses before tax in the available for sale securities portfolio compares to 9.85% reported by the median of our custom local peer group at December 31, 2024. Our ratio has improved to 3.6% at March 31, 2025.

We expect full payments from these securities through their maturity dates, resulting in no loss.
[Slide #30]

Shareholder Value
Maximizing shareholder value while operating in a safe and sound manner continues to be the primary focus of our Company.

Slide #30 summarizes the complete redemption of preferred stock since 2018. The final redemption of the outstanding preferred shares in October 2024 eliminated the potential dilution of the preferred B shares, resulting in a 30% increase in our diluted tangible book value.

The elimination of preferred shares opens opportunities to further enhance shareholder value and we continue to work closely with our financial advisors to take advantage of those opportunities.

Enhancing earnings through improved net interest margin, maintaining our disciplined approach to modest loan growth, and not compromising our credit standards will be a primary focus for improving the value of the Bank in 2025.
[Slide #31]

Slide #31 summarizes the remaining deferred tax assets (DTA) on the balance sheet and the more than $12.8 million in reduced tax payments over the last eight years, which helped fund the preferred stock redemption.
[Slide #32]

Slide #32 contains a summary of our financial guidance for 2025, which reflects the uncertainty related to the economy over the short term and potential fiscal or monetary responses.

For the remainder of 2025, we also anticipate potential challenges, including:
- Possible sustained higher interest rates across the mid- to long-term sections of the yield curve resulting in a slower recovery of the net interest margin and continued low residential mortgage production;
- Federal policy uncertainty related to tariffs and potential trade negotiations with other countries;
- Low supplies of housing adversely impacting residential mortgage production; and
- The potential for modestly higher short-term inflation rates on top of the legacy 20% inflation experienced over the prior 4 years and the negative effect that continues to have on household real income and debt service capacity.

Our responses to these challenges include:
- Continue to focus on Project Falcon and realize the efficiency improvements we have put in place operationally;
- Accentuate our focus on improving product margins on both sides of the ledger through product pricing and relationship management, as well as sound balance sheet management strategies;
- Maintain our credit discipline and vigilant monitoring of relationships and the portfolio; and
- Continue to enhance the customer experience via digital banking solutions to support continued growth in non-interest bearing deposit accounts.

Finally, I want to extend my heartfelt gratitude to our CIBM colleagues across the company for their unwavering dedication and hard work. Your efforts are truly commendable. I also want to thank our shareholders for your continued support and confidence.
[Slide # 33]

Now, Mr. Elste has a few remarks to make on behalf of our Board of Directors.

<u>Chairman's Presentation</u>
(Mark Elste)

Thank you, Brian. On behalf of the Board of Directors, I would like to share our perspective on the Company's strategic initiatives going forward.
[Slide #34]

2024 was a year of significant accomplishment for our organization. Most noteworthy was the complete redemption of the Company's preferred stock. This achievement has eliminated all the dilutive effects of the preferreds' convertibility into additional common shares, effectively providing a 30% boost in the diluted tangible book value for each common shareholder from this time last year. Including all other effects, the diluted tangible book value has risen 42% over the past year from $39.57 per share on March 31, 2024, to $56.31 per share on March 31, 2025.

Over a decade ago, your Board of Directors committed itself to vast improvements in the safety and soundness of the Bank, followed by elimination of the preferred shares and their exhaustively dilutive characteristic. Both of these objectives are now fulfilled.

So the question then becomes: "What comes next?"

First, the continued safety and soundness of the Bank will always remain a top priority. While FDIC guidelines set the minimum capital ratios for a bank to be considered "well-capitalized", regulators prefer banks to exceed those minimums. The Board concurs with this preference and strives to maintain capital levels above those thresholds. Additionally, the Board prefers an extra cushion to prepare for potential challenges, like a deteriorating credit cycle.

Second, we will focus on improved earnings and capital efficiency, with the primary measure being our return on average assets (ROAA).

Improved earnings and ROAA will lead to many positive outcomes, including the strategic utilization of our loss carry-forwards. These carry-forwards have provided valuable tax benefits by allowing us to offset future taxable income. Similarly, 2025 should bring the elimination of the Bank's negative accumulated retained earnings, which will enable the Bank Board to authorize quicker fund transfers from the Bank to the holding company, facilitating more agile financial management, cost savings, and opportunity optimization. These changes represent significant and desirable advancements for our stakeholders.

The third element of our strategy is enhancement of shareholder value. The goal here is to have our stock trading at least at our tangible book value per share. As of March 31st, that value is $58.46.

This was a primary motivation behind our recently announced 2025 Common Stock Repurchase Plan.
[Slide #35]

Slide #35 highlights common stock buyback activity for the first quarter of 2025.

Without belaboring the mathematics, any entity that trades at less than its tangible book value per share can meaningfully accrete its book value per share by buying back its stock. This is a fundamental principle of book value accounting.

At our current market price per share, there are very few investments that offer the double-digit return on investment that share repurchases do. Management expects that future repurchases will likely be funded with free cash flow generated from ongoing bank earnings, *ceteris paribus*.

I have one final point before concluding remarks on shareholder value. The Board and management are working closely with investment banking advisors to identify strategic initiatives to further enhance shareholder value. We are finally free of the burdensome preferred stock, we are well-capitalized, and we have an outstanding Board of Directors in place. This organization is in the strongest position it has been in in over twenty years, offering many strategic opportunities to a Board committed to exploring all options to ensure the best outcomes for our shareholders.

Before concluding, I would like to address shareholder disclosures as this has been a source of questions at past annual meetings.

Following adoption of the JOBS Act in 2012, many community banks deregistered from SEC reporting, which generated substantial free cash flow gains to the community banks who took advantage of the option. Our Board of Directors leveraged this opportunity and voluntarily deregistered our common stock that same year. At the time, we estimated that deregistration would save us over $400,000 per year. These savings have now amounted to a substantial seven-figure total over the last dozen years. It is inarguable that this seven-figure cost savings contributed to our ability to eliminate our preferred stock. Thus, the Board’s decision was prudent both then and now.

Nonetheless, the Board understands that additional disclosure is helpful to current and potential shareholders. Accordingly, we have added compensation and stock ownership disclosures to our proxy, on a voluntary basis, to provide an even higher level of disclosure for investors.

Another addition our shareholders should note is access to a summary of each Director's committee assignments, qualifications, and contributions to our organization on our website. We are extremely proud of the diverse and talented team of Directors that we have assembled, including four current and former CEOs, three investment professionals who have managed large investment portfolios, four MBAs, three CFA charter holders, a CPA who led a large banking audit and accounting practice, and a Vice Chancellor of a major university with technology and cyber-security expertise. We are committed to transparency and ensuring that our shareholders have access to pertinent information. We trust that this comprehensive overview will be helpful to you and potential investors.
[Slide #36]

This leads me to the final slides of my segment, which highlight the cumulative performance of our stock from December 31, 2015, through April 22nd.
[Slide #37]

Our total return is compared to that of the KBW Regional Bank Index. Knowledgeable investors understand that beating an index like this, as we have done, is a very low probability event. Continuing to enhance shareholder value will accrete these calculations further whilst providing the opportunities available to a community bank that is successful in trading at a price-to-book ratio in excess of its peer.
[Slide #38]

Now, we will address the questions submitted by shareholders.
[Slide #39]

<u>SHAREHOLDER QUESTIONS</u>
(Brian Chaffin)

Question #1: Any update on repurchase activity or further returns to shareholders? Based on 1Q pace the whole authorization should be done this year.

Slide #35 provided the update for repurchase activity during the first quarter of 2025. Our goal is to complete the full $1 million of authorized common stock repurchases in 2025. This could change depending on actual operating performance and other economic factors.

Question #2: Without going into too much detail can you highlight the value of the net operating loss carryforwards and how they reduce cash taxes? What is the time horizon for realizing them (before they expire)?

As reflected on Slide #31, the net value of the DTA was $13.0 million at December 31, 2024. This is comprised primarily of $5.4 million in net DTA from federal net operating losses (NOLs) expiring through 2029 and $3.4 million in net DTA from state NOLs expiring at various dates through 2035. The state net value reflects a $7 million valuation allowance for NOLs that will more than likely not be fully utilized. As an example, using the average taxable income since 2017, it would take 5 years to utilize the remaining federal NOLs available. It will likely take longer to utilize the state NOLs, particularly with how the State of Illinois has recently limited the use of NOLs and extended their expiration dates.

The valuation allowance can change based on many factors, including actual earnings, future earnings projections, and changes in state and federal tax laws – such as those that occurred in 2023 in Wisconsin. More detail on this topic is available in “Note 22 – Income Taxes” in our audited financial statements.

Question #3: Is there a medium/long-term strategy for improving profitability/ROE of the Bank's core business (excluding mortgage)?

Yes, the improvement in the net interest margin is critical in achieving better operating results. As reflected during the presentation, bank segment expenses are well in line with peer group results. In 2024, our net interest margin was below the local custom peer group median level of 3.12%. Increasing CIBM Bank’s net interest margin to the peer group level would improve earnings by $4.1 million. The key components to achieving this improvement are: lowering the cost of deposits generated when short-term rates were at their peak and repricing assets generated when rates were lower. Deposits reprice faster as most mature in less than one year. Assets take longer to reprice as most are commercial and residential real estate loans with original fixed rate terms ranging between three and seven years. Our primary goal is to close the gap in our net interest margin to peer group over the next two years.
[Slide #40]

<u>GOODBYE</u>
(Brian Chaffin)

This concludes our presentation today. Thank you for your attendance and your continued support of CIB Marine.