

CIB Marine Bancshares, Inc. (OTCQB: CIBH). This report provides additional detailed financial information for the quarter ended March 31, 2021. Please see our Shareholder Letter dated May 6, 2021, located at www.cibmarine.com for a summary description of our financial results.

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

	2021			2020		
	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)	\$107,857	\$555	2.06%	\$120,411	\$763	2.53%
Loans held for sale (1)	32,556	175	2.18	13,124	119	3.63
Loans (1)(2)	535,118	5,524	4.19	511,173	5,703	4.49
Federal funds sold, reverse repos and interest-earning due from banks	43,009	11	0.11	9,158	51	2.26
Total interest-earning assets	718,540	6,265	3.53	653,866	6,636	4.08
Noninterest-earning assets	36,377			39,157		
Total assets	\$754,917			\$693,023		
Interest-bearing liabilities						
Interest-bearing deposits	\$493,376	\$512	0.42%	\$461,643	\$1,512	1.32%
Borrowed funds	45,550	24	0.21	61,631	177	1.16
Total interest-bearing liabilities	538,926	536	0.40	523,274	1,689	1.30
Noninterest-earning liabilities:						
Noninterest-bearing demand deposits	104,143			70,324		
Accrued interest and other liabilities	5,820			4,446		
Preferred equity	37,308			37,489		
Common equity	68,720			57,490		
Total stockholders' equity	106,028			94,979		
Total liabilities and stockholders' equity	\$754,917			\$693,023		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$179,614	\$5,729	3.13%	\$130,592	\$4,947	2.78%
Net interest margin (1)(4)			3.23%			3.04%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.33			1.25		

(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 increased \$0.8 million during the first quarter of 2021 compared to the same quarter of 2020. Net interest income increased due to higher loan and loans held for sale balances and an 89 basis point decline in the cost of total interest bearing liabilities compared to a 55 basis point decline in earning asset yields. The decline in the cost of funds was due in part to a 118 basis point decline in time deposit and a 69 basis point decline in money market costs due primarily to lower market rates and reduced competition for interest bearing deposits. The cost of funds declined due to a number of factors, including a fall in general market interest rates, reduced competition for interest bearing funding and the repricing or pay-off of short-term borrowings and promotional deposit accounts in a lower rate environment.

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

	Loan Portfolio Segments (unaudited)					
	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Commercial	\$69,112	12.8%	\$70,608	13.1%	\$48,975	9.5%
Commercial real estate	298,402	55.2	284,852	52.8	258,440	50.3
Construction and development	23,157	4.3	23,866	4.4	21,153	4.2
Residential real estate	132,123	24.4	141,223	26.2	160,417	31.2
Home equity	16,078	3.0	16,583	3.1	21,321	4.2
Purchased home equity pools	1,530	0.3	1,917	0.3	2,808	0.5
Other consumer	318	0.0	345	0.1	364	0.1
Gross loans	540,720	100.0%	539,394	100.0%	513,478	100.0%
Deferred loan costs (fees)	(514)		(167)		514	
Loans	540,206		539,227		513,992	
Allowance for loan losses	(9,253)		(9,122)		(8,107)	
Loans, net	<u>\$530,953</u>		<u>\$530,105</u>		<u>\$505,885</u>	

	Select Real Estate Loan Property Types (1) (unaudited)					
	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Office	\$64,333	11.9%	\$61,516	11.4%	\$44,586	8.1%
Retail	44,488	8.2	39,701	7.4	43,777	8.5
Warehouse	22,689	4.2	22,991	4.3	21,707	4.2
Manufacturing	25,181	4.7	23,863	4.4	26,515	5.2
Hospitality	25,520	4.7	25,505	4.7	25,804	5.0
Hospitals and Clinics	14,326	2.6	14,576	2.7	21,223	4.1
Nursing Home and Assisted Living	12,012	2.2	12,129	2.2	5,800	1.1
Multifamily Apartments	48,489	9.0	48,443	9.0	37,479	7.3
Restaurants and Food Service	17,882	3.3	13,871	2.6	12,094	2.4

(1) Select Real Estate Loan Property Types includes loans from the commercial real estate and construction and development segments with listed commercial property types that are 2.0% or more of total loans in the most recent period.

Nonperforming Assets and Selected Asset Quality Ratios (unaudited)

	March 31, 2021	December 31, 2020	March 31, 2020
Nonperforming assets			
(Dollars in thousands)			
Nonaccrual loans:			
Commercial	\$—	\$—	\$—
Commercial real estate	233	236	3,957
Construction and development	—	—	—
Residential real estate	357	311	420
Home equity	647	703	624
Other consumer	—	—	—
	1,237	1,250	5,001
Loans held for sale	—	—	—
Total nonaccrual loans	1,237	1,250	5,001
Other real estate owned	1,875	1,875	2,335
Total nonperforming assets	\$3,112	\$3,125	\$7,336
Restructured loans accruing			
Commercial	\$—	\$—	\$—
Commercial real estate	62	188	203
Residential real estate	577	540	908
Home equity	—	—	—
Purchased home equity pools	139	188	291
Other consumer	—	—	—
Total restructured loans accruing	\$778	\$916	\$1,402
90 days or more past due still accruing	\$—	\$—	\$18

Ratios

Nonaccrual loans to total loans (1)	0.23%	0.23%	0.97%
Other real estate owned to total assets	0.25	0.25	0.33
Nonperforming assets to total assets (1)	0.41	0.42	1.04
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	0.37	0.40	1.25
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	0.52	0.54	1.24

(2) 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, 2021								
Balance at beginning of period	\$914	\$6,005	\$812	\$824	\$439	\$122	\$6	\$9,122
Provision for (reversal of) loan losses	(100)	300	32	(64)	(48)	(100)	—	20
Charge-offs	—	—	—	—	—	—	—	—
Recoveries	—	—	—	1	21	89	—	111
Balance at end of period	\$814	\$6,305	\$844	\$761	\$412	\$111	\$6	\$9,253
Quarter ended March 31, 2020								
Balance at beginning of period	\$899	\$5,292	\$476	\$763	\$478	\$89	\$10	\$8,007
Provision for (reversal of) loan losses	(50)	142	86	82	(33)	(22)	(3)	202
Charge-offs	(102)	(52)	(26)	—	—	—	(1)	(181)
Recoveries	6	—	—	31	11	31	—	79
Balance at end of period	\$753	\$5,382	\$536	\$876	\$456	\$98	\$6	\$8,107

Provisions for loan losses were \$20,000 and \$0.2 million during the first quarter of 2021 and 2020, respectively, reflecting only limited changes in asset quality and additional federal programs in support of high risk industries during the first quarter of 2021 compared to the beginning of the pandemic in first quarter of 2021.

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, 2021</u>						
Commercial	\$75	\$—	\$—	\$75	\$69,037	\$69,112
Commercial real estate	—	—	—	—	298,169	298,169
Construction and development	—	—	—	—	23,157	23,157
Residential real estate	729	—	—	729	131,037	131,766
Home equity	—	—	—	—	15,407	15,431
Purchased home equity pools	24	—	—	24	1,486	1,530
Other consumer	44	—	—	44	318	318
Deferred loan costs	(1)	—	—	(1)	(513)	(514)
Total	\$871	\$—	\$—	\$871	\$538,098	\$538,969
<u>At December 30, 2020</u>						
Commercial	\$—	\$—	\$—	\$—	\$70,608	\$70,608
Commercial real estate	—	—	—	—	284,616	284,616
Construction and development	—	—	—	—	23,866	23,866
Residential real estate	1,123	—	—	1,123	139,789	140,912
Home equity	14	70	—	84	15,796	15,880
Purchased home equity pools	29	—	—	29	1,888	1,917
Other consumer	—	—	—	—	345	345
Deferred loan costs	—	—	—	—	(167)	(167)
Total	\$1,166	\$70	\$—	\$1,236	\$536,741	\$537,977
<u>At March 31, 2020</u>						
Commercial	\$77	\$—	\$—	\$77	\$48,898	\$48,975
Commercial real estate	2,593	—	—	2,593	251,890	254,483
Construction and development	—	—	18	18	21,135	21,153
Residential real estate	1,031	—	—	1,031	158,966	159,997
Home equity	83	—	—	83	20,614	20,697
Purchased home equity pools	129	—	—	129	2,679	2,808
Other consumer	—	—	—	—	364	364
Deferred loan costs	4	—	—	4	510	514
Total	\$3,917	\$—	\$18	\$3,935	\$505,056	\$508,991

Commercial Loans at Higher Risk from COVID-19

Management has identified six sectors as the most susceptible to immediate increased credit risk from the impact of COVID-19: retail, office space, hotels, health and social services, restaurants, and recreation.

	At Risk Commercial Loan Sectors						Total at Risk Sectors	Total Commercial Sector Loans	Percent
	Retail	Office (1)	Hotel	Health & Social Services	Restaurants	Recreation			
(Dollars in thousands)									
March 31, 2021									
Commercial real estate	\$43,089	\$61,732	\$22,950	\$9,410	\$14,396	\$6,221	\$157,797	\$298,402	53%
Commercial and industrial	—	15,041	518	4,432	3,585	1,025	24,601	69,112	36
Commercial construction	1,399	2,601	2,570	0	3,486	—	10,057	23,157	43
Total	\$44,488	\$79,374	\$26,038	\$13,872	\$21,467	\$7,246	\$192,455	\$390,671	49%
December 31, 2020									
Commercial real estate	\$38,289	\$60,969	\$22,916	\$9,629	\$10,708	\$6,324	\$148,835	\$284,852	52%
Commercial and industrial	—	19,268	182	3,679	1,856	708	25,693	70,607	36
Commercial construction	1,411	547	2,589	3,417	3,163	—	11,127	23,866	47
Total	\$39,700	\$80,784	\$25,687	\$16,725	\$15,727	\$7,032	\$185,655	\$379,325	49%

- (1) Office includes both office real estate secured loans and non-real estate secured commercial investment and property management loans. The at risk commercial loan sectors were factor in determining the adequacy of allowance for loan losses.

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, 2021						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$93,864	18.15%				
CIBM Bank	88,721	17.18	\$41,314	8.00%	\$51,643	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$87,365	16.89%				
CIBM Bank	82,232	15.92	\$30,986	6.00%	\$41,314	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$87,365	11.88%				
CIBM Bank	82,232	11.19	\$29,402	4.00%	\$36,752	5.00%
Common Equity Tier 1 (1)						
CIBM Bank	\$82,232	15.92%	\$23,239	4.50%	\$33,568	6.50%
December 31, 2020						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$91,868	17.44%				
CIBM Bank	86,664	16.47	42,090	8.00	\$52,613	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$85,253	16.19%				
CIBM Bank	80,056	15.22	31,568	6.00	\$42,090	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$85,253	11.46%				
CIBM Bank	80,056	10.77	29,736	4.00	\$37,170	5.00%
Common Equity Tier 1 (1)						
CIBM Bank	\$80,056	15.22%	\$23,676	4.50%	\$34,198	6.50%

- (1) CIB Marine is a Small Bank Holding Company under Appendix C of Part 225 of the Federal Reserve regulation and, as a result, the consolidated CIB Marine is exempt from capital adequacy requirements.