CIB Marine Bancshares, Inc. (OTCQX: CIBH). This report provides additional detailed financial information for the quarter and six months ended June 30, 2024. Please see our Shareholder Letter dated August 8, 2024, at www.cibmarine.com for a summary description of our financial results.

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

	2024			2023		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
	(Dollars in thousands)					
Quarter Ended June 30,						
Interest-earning assets						
Securities (1)	$122,772	$1,217	3.97%	$118,467	$985	3.33%
Loans held for sale (1)	13,433	213	6.40	10,908	155	5.70
Loans (1)(2)	731,088	10,582	5.82	626,832	7,942	5.08
Federal funds sold, reverse repos and interest-earning due from banks	2,423	40	6.56	4,866	70	5.80
Total interest-earning assets	869,716	12,052	5.57	761,073	9,152	4.83
Noninterest-earning assets	30,291			32,265		
Total assets	$900,007			$793,338		
Interest-bearing liabilities						
Interest-bearing deposits	$681,557	$6,466	3.82%	$529,573	$3,076	2.33%
Borrowed funds	37,022	431	4.67	77,437	567	2.93
Total interest-bearing liabilities	718,579	6,897	3.86	607,010	3,643	2.41
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	90,782			97,441		
Accrued interest and other liabilities	5,735			4,432		
Preferred equity	13,806			13,806		
Common equity	71,105			70,649		
Total stockholders' equity	84,911			84,455		
Total liabilities and stockholders' equity	$900,007			$793,338		
Net interest-earning assets, interest income and net interest spread (1)(3)	$151,138	$5,155	1.71%	$154,063	$5,509	2.42%
Net interest margin (1)(4)			2.38%			2.90%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.21			1.25		

	2024			2023		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
	(Dollars in thousands)					
Six Months Ended June 30,						
Interest-earning assets						
Securities (1)	$124,580	$2,448	3.93%	$121,521	$2,016	3.32%
Loans held for sale (1)	11,211	355	6.38	8,614	239	5.60
Loans (1)(2)	732,241	20,976	5.76	607,317	15,063	5.00
Federal funds sold, reverse repos and interest-earning due from banks	2,008	74	7.40	12,245	306	5.04
Total interest-earning assets	870,039	23,853	5.51	749,697	17,624	4.74
Noninterest-earning assets	30,265			32,338		
Total assets	$900,305			$782,035		
Interest-bearing liabilities						
Interest-bearing deposits	$674,427	$12,693	3.78%	$534,133	$5,440	2.05%
Borrowed funds	44,168	1,044	4.75	58,799	804	2.75
Total interest-bearing liabilities	718,595	13,737	3.84	592,932	6,244	2.12
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	90,864			100,585		
Accrued interest and other liabilities	5,907			4,749		
Preferred equity	13,806			13,806		
Common equity	71,133			69,963		
Total stockholders' equity	84,939			83,769		
Total liabilities and stockholders' equity	$900,305			$782,035		
Net interest-earning assets, interest income and net interest spread (1)(3)	$151,444	$10,116	1.67%	$156,765	$11,380	2.62%
Net interest margin (1)(4)			2.34%			3.06%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.21			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 decreased by $0.4 million for the quarter, and was down $1.3 million for the six month period ending June 30, 2024, compared to the same period of 2023. The reason for the decline in net interest income was primarily accelerating cost of funds and declines in the average balances of noninterest-bearing demand deposits as higher interest rates attracted deposits to interest-bearing products. The net interest margin decreased by 52 and 72 basis points for over those same periods, respectively, due to a rapid rise in cost of funds primarily the result of the general increase in interest rates during 2023 and into 2024. For instance, the federal funds target rate rose 525 basis points between March 2022 and July 2023 and has remained at July 2023 levels since then. It is also due to similar increases in short-term US Treasury bills and notes as well as short-term borrowing and deposit costs. Over that time period, we generally saw an intensification of local competition for deposits, which has eased modestly during 2024.

CIB MARINE BANCSHARES, INC.
Loans and Allowance for Credit Losses on Loans

	Loan Portfolio Segments (unaudited)					
	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Commercial	$89,872	12.5%	$91,898	12.7%	$80,667	12.5%
Commercial real estate	361,074	50.3	359,002	50.0	328,524	50.8
Construction and development	50,513	7.0	55,762	7.7	39,563	6.1
Residential real estate	199,062	27.7	197,643	27.4	183,289	28.3
Home equity	16,985	2.4	16,185	2.2	14,084	2.2
Purchased home equity pools	283	0.1	318	0.0	327	0.1
Other consumer	48	0.0	81	0.0	98	0.0
Gross loans	717,837	100.0%	720,889	100.0%	646,552	100.0%
Deferred loan costs (fees)	1,292		1,195		1,272	
Loans	719,129		722,084		647,824	
Allowance for credit losses on loans	(9,083)		(9,136)		(8,999)	
Loans, net	$710,046		$712,948		$638,824	

	Select Real Estate Loan Property Types (1) (unaudited)					
	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Office	$49,079	6.8%	$50,202	7.0%	$51,135	7.9%
Retail	79,555	11.1	82,647	11.5	71,811	11.1
Warehouse	38,138	5.3	29,662	4.1	29,086	4.5
Manufacturing	43,921	6.1	35,611	4.9	27,071	4.2
Hospitality	25,939	3.6	26,684	3.7	26,926	4.2
Nursing Home and Assisted Living	14,407	2.0	14,663	2.0	14,896	2.3
Multifamily Apartments	54,629	7.6	70,138	9.7	52,925	8.2
Restaurants and Food Service	24,531	3.4	21,214	2.9	18,917	2.9
Educational	16,035	2.2	17,553	2.4	17,102	2.6

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

Management continues to believe that the post-pandemic office space sector poses higher ongoing credit risks due to changes in demand for and vacancies in office space in the national and local economies as office use practices by businesses have changed. In addition, management has continued to diversify its commercial loans with real estate as collateral by property type as presented above.

Nonperforming Assets and Selected Asset Quality Ratios (unaudited)	June 30, 2024	December 31, 2023	June 30, 2023
Nonperforming assets		(Dollars in thousands)	
Nonaccrual loans:			
Commercial	$2,807	$2,651	$—
Commercial real estate	—	336	—
Construction and development	—	—	—
Residential real estate	1	52	54
Home equity	566	538	61
Other consumer	—	—	—
	3,374	3,577	115
Loans held for sale	—	—	—
Total nonaccrual loans	3,374	3,577	115
Other real estate owned	283	375	375
Total nonperforming assets	$3,657	$3,952	$490
Restructured loans accruing			
Commercial	$3,689	$3,689	$—
Commercial real estate	—	—	—
Residential real estate	313	385	423
Home equity	—	—	—
Purchased home equity pools	54	54	54
Other consumer	—	—	—
Total restructured loans accruing	$4,056	$4,128	$477
90 days or more past due still accruing	$2,525	$—	$109
Ratios			
Nonaccrual loans to total loans (1)	0.47%	0.50%	0.02%
Other real estate owned to total assets	0.03	0.04	0.05
Nonperforming assets to total assets (1)	0.41	0.44	0.06
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	1.38	1.07	0.11
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	1.14	0.90	0.13

(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.

Loans 90 days more past due and still accruing increased during the quarter due to one loan related to the transportation industry. The loan is in the process of collection and fully collateralized, with all principal and interest expected to be collected. In total more than 90% of the balances of all non-accrual, restructured and 90 days or more past due and still accruing loans are related to four separate relationships, each of which are related to or specifically part of the transportation industry with the majority of that in trucking. Under the NAICS category of Transportation and Warehousing, CIB Marine has a total of $16.6 million in loan balances outstanding as of June 30, 2024, comprised of a mix of air, local and long-distance trucking and other categories under that heading.

CIB Marine continues to engage qualified professional firms to perform annual loan reviews in addition to having various audit functions for the lending activities. To date there has been an established historical record for more than 10 years of minimal variations found during the loan reviews related to the accuracy and timeliness of loan grading and classification. The loan reviews comprise 40% or more of the commercial loan balances and focus primarily on larger credit relationships, loans that are a part of large NAICS concentrations, problem loans and new loans. In addition, at least 10% of residential loans originated for sale or portfolio are evaluated by a qualified professional firm for accuracy and completeness of documentation, regulatory compliance, underwriting standards and other matters as required by Fannie Mae and Federal Housing Authority quality assurance guidelines.

The allowance for credit losses covers the entirety of the portfolio, including all non-performing, restructured and 90 day or more past due and still accruing loans. The allowance is based on current expected credit loss accounting standards and includes the estimated effects of independent economic forecasts and a variety of qualitative factors including past due loans and loan classifications on future loan loss estimates. In addition, certain loans like collateral dependent loans are evaluated individually for losses based on their collateral valuations with the results included in the allowance for credit losses on loans as outlined in the table below. There are circumstances where certain independently evaluated loans are more than adequately covered by the discounted collateral and, therefore, have little or no allowance for credit losses. More information is provided on these matters in CIB Marine's annual audited financial statements, CIBM Bank's quarterly Call Report filings, and other available public information.

Allowance for Credit Losses on Loans (unaudited)

	Commercial	Commercial Real Estate	Construction and Development	Residential Real Estate	Home Equity	Purchased Home Equity Pools	Other Consumer	Total (1)
	(Dollars in thousands)							
Quarter ended June 30, 2024								
Balance at beginning of period	$708	$5,161	$1,375	$1,752	$81	$9	$1	$9,087
Provision for (reversal of) credit losses on loans (1)	(91)	226	(341)	266	10	(23)	5	52
Charge-offs	—	(75)	—	—	—	—	(6)	(81)
Recoveries	—	—	—	—	3	22	—	25
Balance at end of period	$617	$5,312	$1,034	$2,018	$94	$8	$—	$9,083
Quarter ended June 30, 2023								
Balance at beginning of period	$642	$5,471	$1,229	$1,711	$130	$9	$1	$9,193
Provision for (reversal of) credit losses on loans (1)	(15)	(271)	(197)	308	(13)	(49)	18	(219)
Charge-offs	—	—	—	—	(7)	—	(18)	(25)
Recoveries	—	—	—	—	4	46	—	50
Balance at end of period	$627	$5,200	$1,032	$2,019	$114	$6	$1	$8,999

Allowance for Credit Losses on Loans (unaudited)

	Commercial	Commercial Real Estate	Construction and Development	Residential Real Estate	Home Equity	Purchased Home Equity Pools	Other Consumer	Total (1)
	(Dollars in thousands)							
Six Months ended June 30, 2024								
Balance at beginning of period	$692	$5,099	$1,207	$2,003	$126	$9	$—	$9,136
Provision for (reversal of) credit losses on loans (1)	(20)	288	(173)	15	(37)	(32)	8	49
Charge-offs	(55)	(75)	—	—	—	—	(8)	(138)
Recoveries	—	—	—	—	5	31	—	36
Balance at end of period	$617	$5,312	$1,034	$2,018	$94	$8	$—	$9,083
Six Months ended June 30, 2023								
Balance at beginning of period	$794	$5,481	$449	$920	$239	$11	$—	$7,894
CECL implementation	(250)	266	701	631	(117)	(1)	—	1,230
Provision for (reversal of) credit losses on loans (1)	83	(547)	(118)	468	9	(88)	21	(172)
Charge-offs	—	—	—	—	(24)	—	(20)	(44)
Recoveries	—	—	—	—	7	84	—	91
Balance at end of period	$627	$5,200	$1,032	$2,019	$114	$6	$1	$8,999

(1) The provision for (reversal of) credit losses on loans here excludes provisions made for the allowance for unfunded commitments.

CIB Marine had a $52,000 provision to the allowance for credit losses on loans ("ACLL") during the three-month period ending June 30, 2024, and a $49,000 provision to the ACLL for the six-month period ending June 30, 2024, compared to a reversal of loan losses of $219,000 and $172,000 for the same periods in 2023, respectively. The differences were primarily related to improving economic forecasts and declining recession risks in 2023 periods, whereas qualitative factors related to past due loans and loan classifications resulted in higher provisions in 2024. CIB Marine also had $41,000 and $66,000 reversals of losses to the allowance for unfunded commitments ("AUC") during the same respective periods of 2024, compared to a reversal of $26,000 and a provision of $86,000 in the same respective periods of 2023. The difference is primarily due to reduction of unfunded commitments related to the funding of construction and development loans in 2024 relative to 2023.

Effective January 1, 2023, CIB Marine adopted the new "current expected credit loss" accounting standard commonly referred to as CECL. The $1.6 million implementation date accounting entry was composed of $1.2

million to the ACLL and $0.4 million to other liabilities for the AUC. As permitted under CECL, the implementing provision entry net of tax was made directly to retained earnings rather than through the income statement.

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 credit losses, a net recovery may result in a credit provision (i.e., a reversal of provisions for credit 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 credit 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 Accruing Loans
	(Dollars in thousands)					
At June 30, 2024						
Commercial	$13	$—	$2,521	$2,534	$84,531	$87,065
Commercial real estate	722	—	—	722	360,352	361,074
Construction and development	—	—	—	—	50,513	50,513
Residential real estate	—	262	—	262	198,799	199,061
Home equity	108	2	—	110	16,309	16,419
Purchased home equity pools	—	—	—	—	283	283
Other consumer	—	—	—	—	48	48
Deferred loan costs	2	—	4	6	1,286	1,292
Total	$845	$264	$2,525	$3,634	$712,121	$715,755
At December 31, 2023						
Commercial	$—	$—	$—	$—	$89,247	$89,247
Commercial real estate	—	—	—	—	358,666	358,666
Construction and development	—	—	—	—	55,762	55,762
Residential real estate	2,699	137	—	2,836	194,755	197,591
Home equity	230	—	—	230	15,418	15,648
Purchased home equity pools	—	—	—	—	318	318
Other consumer	—	—	—	—	81	81
Deferred loan costs	5	—	—	5	1,190	1,195
Total	$2,934	$137	$—	$3,071	$715,437	$718,508
At June 30, 2023						
Commercial	$—	$—	$—	$—	$80,667	$80,667
Commercial real estate	—	—	—	—	328,524	328,524
Construction and development	—	—	—	—	39,563	39,563
Residential real estate	—	79	59	138	183,097	183,235
Home equity	298	35	50	383	13,640	14,023
Purchased home equity pools	—	—	—	—	327	327
Other consumer	—	—	—	—	98	98
Deferred loan costs	1	—	—	1	1,271	1,272
Total	$299	$114	$109	$522	$647,187	$647,709

CIB Marine had $3.6 million in loans past due 30 days or more and still accruing on June 30, 2024, compared to $3.1 million on December 31, 2023, and $0.5 million on June 30, 2023. Past due residential loans have declined in balances and commercial past due loans have increased, primarily in one relationship related to the transportation industry which was past due 90 days and still accruing.

CIB MARINE BANCSHARES, INC.
Uninsured Deposits (unaudited)

CIB Marine's subsidiary bank, CIBM Bank, estimated its uninsured deposit balances were $153 million or 20% of total deposits at June 30, 2024, compared to $150 million or 20% of total deposits at December 31, 2023 and $178 million or 28% of total deposits at December 31, 2022. The decline was due in part to larger deposit clients choosing to utilize CIBM Bank's fully FDIC insured reciprocal deposit products or non-deposit uninsured collateralized government repo sweep product (the latter is included in Borrowings in the balance sheet) or municipal entities choosing to use uninsured deposits secured by a Federal Home Loan Bank of Chicago letter of credit.

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)			
June 30, 2024						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	$98,462	13.90%				
CIBM Bank	90,241	12.72	$56,754	8.00%	$70,942	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	$79,854	11.27%				
CIBM Bank	81,367	11.47	$42,565	6.00%	$56,754	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	$79,854	8.93%				
CIBM Bank	81,367	9.10	$35,750	4.00%	$44,687	5.00%
Common Equity Tier 1 (1)						
CIBM Bank	$81,367	11.47%	$31,924	4.50%	$46,113	6.50%
December 31, 2023						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	$94,402	13.24%				
CIBM Bank	$85,822	12.04%	$57,021	8.00%	$71,277	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	$75,752	10.62%				
CIBM Bank	$76,905	10.79%	$42,766	6.00%	$57,021	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	$75,752	8.62%				
CIBM Bank	$76,905	8.76%	$35,131	4.00%	$43,914	5.00%
Common Equity Tier 1						
CIBM Bank	$76,905	10.79%	$32,080	4.50%	$46,337	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.

Preservation and Use of Deferred Tax Assets

We continue to remind our common and preferred shareholders that if they accumulate 5% or more of Company common and/or preferred stock versus their lowest ownership percent over a 3-year test period, they could, by themselves or in combination with others, cause a cumulative 50% ownership change. Such an event would trigger certain Internal Revenue Code Section 382 limitations that could severely limit our ability to use net operating loss carryforwards prior to their expiration dates, thereby reducing the value of the Company's approximately $17 million deferred tax assets net of tax liabilities resulting in an impairment expense and a reduction in stockholder's equity. On June 30, 2024, 5% of the total value of Company stock was approximately $1.8 million, which is the equivalent of approximately 106,590 shares of common stock at the last reported traded price of $17.30 as of June 30, 2024, as listed on OTCQX, or approximately 2,235 shares of preferred stock at $825 per share, the price paid per share of preferred stock on the last redemption date of December 19, 2022. Under the assumption all remaining preferred shares are redeemed, thereafter 5% of Company common stock would be approximately 67,860 shares.

The Company does not directly control a number of factors related to Section 382 events, including the fair market value of stock or shareholder purchases/sales of stock, and as a result the number of shares that denote a 5% shareholder could change significantly.