

CIB Marine Bancshares, Inc. (OTCQX: CIBH). This report provides additional detailed financial information for the quarter and nine months ended September 30, 2024. Please see our Shareholder Letter dated November 7, 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 September 30,						
Interest-earning assets						
Securities (1)	\$122,451	\$1,183	3.87%	\$123,953	\$1,132	3.66%
Loans held for sale (1)	19,504	300	6.10	14,917	227	6.03
Loans (1)(2)	713,316	10,573	5.90	665,309	8,718	5.20
Federal funds sold, reverse repos and interest-earning due from banks	15,809	227	5.71	2,645	40	5.97
Total interest-earning assets	871,080	12,283	5.61	806,824	10,117	4.97
Noninterest-earning assets	28,251			33,780		
Total assets	\$899,331			\$840,604		
Interest-bearing liabilities						
Interest-bearing deposits	\$669,050	\$6,354	3.78%	\$537,339	\$3,918	2.89%
Borrowed funds	32,201	353	4.37	120,688	1,262	4.15
Total interest-bearing liabilities	701,251	6,707	3.81	658,027	5,180	3.12
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	99,275			92,967		
Accrued interest and other liabilities	8,016			5,289		
Preferred equity	13,806			13,806		
Common equity	76,983			70,515		
Total stockholders' equity	90,789			84,321		
Total liabilities and stockholders' equity	\$899,331			\$840,604		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$169,829	\$5,576	1.80%	\$148,797	\$4,937	1.85%
Net interest margin (1)(4)			<u>2.55%</u>			<u>2.43%</u>
Ratio of average interest-earning assets to average interest-bearing liabilities	<u>1.24</u>			<u>1.23</u>		
(Dollars in thousands)						
Nine Months Ended September 30,						
Interest-earning assets						
Securities (1)	\$123,862	\$3,631	3.91%	\$122,341	\$3,148	3.43%
Loans held for sale (1)	14,006	655	6.24	10,738	466	5.80
Loans (1)(2)	725,863	31,549	5.81	626,860	23,781	5.07
Federal funds sold, reverse repos and interest-earning due from banks	6,659	301	6.03	9,009	346	5.13
Total interest-earning assets	870,390	36,136	5.54	768,948	27,741	4.82
Noninterest-earning assets	29,561			32,823		
Total assets	\$899,951			\$801,771		
Interest-bearing liabilities						
Interest-bearing deposits	\$672,615	\$19,047	3.78%	\$535,214	\$9,358	2.34%
Borrowed funds	40,135	1,397	4.65	79,655	2,066	3.47
Total interest-bearing liabilities	712,750	20,444	3.83	614,869	11,424	2.48
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	93,698			98,017		
Accrued interest and other liabilities	6,592			4,930		
Preferred equity	13,806			13,806		
Common equity	73,105			70,149		
Total stockholders' equity	86,911			83,955		
Total liabilities and stockholders' equity	\$899,951			\$801,771		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$157,640	\$15,692	1.71%	\$154,079	\$16,317	2.34%
Net interest margin (1)(4)			<u>2.41%</u>			<u>2.84%</u>
Ratio of average interest-earning assets to average interest-bearing liabilities	<u>1.22</u>			<u>1.25</u>		

(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 by \$0.6 million for the quarter but decreased by \$0.6 million for the nine-month period ending September 30, 2024, compared to the same periods in 2023. The quarterly improvement was due to a 12-basis point increase in the net interest margin and an increase in interest-earning assets. However, the nine-month decline was attributed to a 43-basis point drop in the net interest margin, partly due to higher costs of funds compared to the same period in 2023.

The federal funds target rate declined by 50 basis points in September 2024, but there was not enough time in the quarter for this to have a material effect on net interest income or margin. Prior to this, the last rate increase in July 2023 culminated in a total increase of 525 basis points between March 2022 and July 2023, which had a significant impact on the cost of funds.

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

	Loan Portfolio Segments (unaudited)					
	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Commercial	\$94,145	13.3%	\$91,898	12.7%	\$80,437	11.7%
Commercial real estate	356,609	50.5	359,002	50.0	352,014	51.2
Construction and development	44,038	6.2	55,762	7.7	44,497	6.5
Residential real estate	192,733	27.3	197,643	27.4	194,785	28.3
Home equity	18,233	2.6	16,185	2.2	15,076	2.2
Purchased home equity pools	276	0.1	318	0.0	326	0.1
Other consumer	43	0.0	81	0.0	84	0.0
Gross loans	<u>706,077</u>	<u>100.0%</u>	<u>720,889</u>	<u>100.0%</u>	<u>687,219</u>	<u>100.0%</u>
Deferred loan costs (fees)	1,233		1,195		1,227	
Loans	<u>707,310</u>		<u>722,084</u>		<u>688,446</u>	
Allowance for credit losses on loans	<u>(8,973)</u>		<u>(9,136)</u>		<u>(8,947)</u>	
Loans, net	<u>\$698,337</u>		<u>\$712,948</u>		<u>\$679,499</u>	

	Select Real Estate Loan Property Types (1) (unaudited)					
	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Office	\$47,573	6.7%	\$50,202	7.0%	\$50,404	7.3%
Retail	74,132	10.5	82,647	11.5	81,038	11.8
Warehouse	36,189	5.1	29,662	4.1	29,301	4.3
Manufacturing	42,046	6.0	35,611	4.9	33,554	4.9
Hospitality	25,453	3.6	26,684	3.7	26,818	3.9
Nursing Home and Assisted Living	14,787	2.1	14,663	2.0	14,799	2.2
Multifamily Apartments	53,645	7.6	70,138	9.7	61,887	9.0
Restaurants and Food Service	24,611	3.5	21,214	2.9	19,803	2.9
Educational	15,893	2.3	17,553	2.4	17,425	2.5

(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)

	September 30, 2024	December 31, 2023	September 30, 2023
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	\$2,568	\$2,651	\$2,681
Commercial real estate	—	336	336
Construction and development	—	—	—
Residential real estate	1	52	53
Home equity	561	538	339
Other consumer	—	—	—
	<u>3,130</u>	<u>3,577</u>	<u>3,409</u>
Loans held for sale	—	—	—
Total nonaccrual loans	<u>3,130</u>	<u>3,577</u>	<u>3,409</u>
Other real estate owned	211	375	375
Total nonperforming assets	<u>\$3,341</u>	<u>\$3,952</u>	<u>\$3,784</u>
Restructured loans accruing			
Commercial	\$4,015	\$3,689	\$—
Commercial real estate	1,823	—	—
Residential real estate	—	385	410
Home equity	—	—	—
Purchased home equity pools	—	54	54
Other consumer	—	—	—
Total restructured loans accruing	<u>\$5,838</u>	<u>\$4,128</u>	<u>\$464</u>
90 days or more past due still accruing	<u>\$2,525</u>	<u>\$—</u>	<u>\$—</u>
Ratios			
Nonaccrual loans to total loans (1)	0.44%	0.50%	0.50%
Other real estate owned to total assets	0.02	0.04	0.04
Nonperforming assets to total assets (1)	0.38	0.44	0.43
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	1.62	1.07	0.56
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	1.32	0.90	0.49

(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 or more past due and still accruing increased during the quarter due to one loan related to the transportation industry. This loan is in the process of collection and is fully collateralized, with all principal and interest expected to be collected. The majority 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, primarily within the transportation industry, particularly trucking.

Under the NAICS category of Transportation and Warehousing, CIB Marine has a total of \$16.0 million in outstanding loan balances as of September 30, 2024. This includes a mix of air, local and long-distance trucking, and other categories under that heading. During the third quarter, loans from the food services industry were added as restructured loans with balances in commercial and commercial real estate.

CIB Marine continues to engage qualified professional firms to perform annual loan reviews in addition to having various audit functions for the lending activities. For more than 10 years, these reviews have found minimal variations related to the accuracy and timeliness of CIB Marine's loan gradings and classifications. The loan reviews account for 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 on loans covers the entirety of the portfolio, including all non-performing, restructured, and 90 days 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 September 30, 2024								
Balance at beginning of period	\$617	\$5,312	\$1,034	\$2,018	\$94	\$8	\$—	\$9,083
Provision for (reversal of) credit losses on loans (1)	19	29	(108)	(76)	24	(11)	4	(119)
Charge-offs	—	—	—	—	—	—	(4)	(4)
Recoveries	—	—	—	—	1	12	—	13
Balance at end of period	\$636	\$5,341	\$926	\$1,942	\$119	\$9	\$—	\$8,973
Quarter ended September 30, 2023								
Balance at beginning of period	\$627	\$5,200	\$1,032	\$2,019	\$114	\$6	\$1	\$8,999
CECL implementation	—	—	—	—	—	—	—	—
Provision for (reversal of) credit losses on loans (1)	17	(50)	(6)	(15)	(4)	(14)	9	(63)
Charge-offs	—	—	—	—	—	—	(10)	(10)
Recoveries	—	—	—	—	2	19	—	21
Balance at end of period	\$644	\$5,150	\$1,026	\$2,004	\$112	\$11	\$0	\$8,947

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)								
Nine Months ended September 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)	(1)	317	(281)	(61)	(13)	(43)	12	(70)
Charge-offs	(55)	(75)	—	—	—	—	(12)	(142)
Recoveries	—	—	—	—	6	43	—	49
Balance at end of period	\$636	\$5,341	\$926	\$1,942	\$119	\$9	\$—	\$8,973
Nine Months ended September 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)	100	(597)	(124)	453	5	(102)	30	(235)
Charge-offs	—	—	—	—	(24)	—	(30)	(54)
Recoveries	—	—	—	—	9	103	—	112
Balance at end of period	\$644	\$5,150	\$1,026	\$2,004	\$112	\$11	\$0	\$8,947

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

CIB Marine had a \$119,000 provision reversal to the allowance for credit losses on loans (“ACLL”) during the three-month period ending September 30, 2024, and a \$131,000 provision reversal to the ACLL for the nine-month period ending September 30, 2024, compared to reversals of loan losses of \$140,000 and \$227,000 for the same periods in 2023, respectively. The differences were primarily related to improving economic forecasts and declining recession risks in 2023 periods, whereas a reduction of loan balances in recent quarters offset in part by qualitative factors related to past due loans and loan classifications resulted in higher provisions in 2024. CIB Marine also had a \$6,000 provision and a \$70,000 reversal of losses to the allowance for unfunded commitments (“AUC”) during

the same respective periods of 2024, compared to provisions of \$77,000 and \$8,000 in the same respective periods of 2023. The difference is primarily due to changes in the amounts of unfunded commitments related to the funding of construction and development loans and in the qualitative factors.

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)						
<u>At September 30, 2024</u>						
Commercial	\$—	\$12	\$2,521	\$2,533	\$89,045	\$91,578
Commercial real estate	—	—	—	—	356,609	356,609
Construction and development	168	—	—	168	43,871	44,039
Residential real estate	—	262	—	262	192,471	192,733
Home equity	169	—	—	169	17,503	17,672
Purchased home equity pools	18	—	—	18	257	275
Other consumer	—	—	—	—	43	43
Deferred loan costs	1	—	4	5	1,227	1,232
Total	\$356	\$274	\$2,525	\$3,155	\$701,026	\$704,181
<u>At December 31, 2023</u>						
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
<u>At September 30, 2023</u>						
Commercial	\$—	\$—	\$—	\$—	\$77,756	\$77,756
Commercial real estate	—	—	—	—	351,678	351,678
Construction and development	—	—	—	—	44,497	44,497
Residential real estate	—	—	—	—	194,732	194,732
Home equity	300	103	—	403	14,334	14,737
Purchased home equity pools	—	—	—	—	326	326
Other consumer	—	—	—	—	84	84
Deferred loan costs	1	—	—	1	1,226	1,227
Total	\$301	\$103	\$—	\$404	\$684,633	\$685,037

CIB Marine had \$0.6 million in loans past due 30-89 days and still accruing on September 30, 2024, compared to \$3.1 million on December 31, 2023, and \$0.4 million on September 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 \$164 million or 22% of total deposits at September 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. CIBM Bank offers several products to reduce uninsured deposits, including fully FDIC insured reciprocal deposit products, non-deposit uninsured collateralized government repo sweep product (the latter is included in Borrowings in the balance sheet) or, for municipal entities, Federal Home Loan Bank of Chicago letters of credit or collateralization arrangements with government securities.

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)						
September 30, 2024						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$101,584	14.54%				
CIBM Bank	94,913	13.57	\$55,965	8.00%	\$69,956	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$83,091	11.89				
CIBM Bank	86,162	12.32	\$41,974	6.00%	\$55,965	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$83,091	9.30%				
CIBM Bank	86,162	9.63	\$35,774	4.00%	\$44,718	5.00%
Common Equity Tier 1 (1)						
CIBM Bank	\$86,162	12.32%	\$31,480	4.50%	\$45,472	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.

On October 31, 2024, CIB Marine redeemed all remaining outstanding preferred stock with a carry value of \$13.8 million and a redemption price of \$13.4 million. All capital ratios continued to be above well capitalized levels as outlined in the preceding table.

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 \$13 million deferred tax assets net of tax liabilities resulting in an impairment expense for a portion of the deferred tax assets and a reduction in stockholder's equity. On September 30, 2024, 5% of the total value of Company stock was approximately \$2.1 million, which is the equivalent of approximately 100,125 shares of common stock at the last reported traded price of \$20.81 as of September 30, 2024, as listed on OTCQX, or approximately 2,526 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 67,930 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.

On October 31, 2024, CIB Marine redeemed the remaining outstanding preferred stock. Based on the analysis performed by a qualified third party, the redemption did not cause a change in control under Interest Revenue Code Section 382. At October 31, 2024, 5% of Company common stock would be approximately 67,865 shares.