

May 2, 2024

Dear Shareholder,

CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) is pleased to report its financial results for the quarter ended March 31, 2024. CIB Marine’s operating results for the three-month period reflect slower loan growth coupled with higher deposit growth to pay down the Federal Home Loan Bank borrowings further and continued reasonably strong asset quality. Results continue to be heavily affected by the adverse effects of higher interest rates on both net interest income and net mortgage revenues. Further actions and improvements are expected in the coming quarters for the reasons outlined at our Annual Shareholder Meeting and below.

Results of Operations – Summary

Income before taxes was \$0.2 million for the quarter, compared to the same for the three months ended December 31, 2023; and net income was \$0.2 million compared to a net loss of \$0.9 million in those same periods. In the fourth quarter of 2023, there was a \$1.1 million tax provision to adjust the valuation allowance for deferred tax assets related to net operating loss carryforwards, pursuant to a new tax law exempting interest income from commercial loans under \$5 million dollars made to Wisconsin borrowers. Other key developments for the quarter include:

- Net interest income declined \$0.2 million for the quarter compared to the fourth quarter of 2023 due to increased cost of funds related to continued movement of customer deposit balances from lower-cost to higher-cost products. The pace of the increased cost of funds has slowed the last few quarters and our strategy to slow it further focuses on growing lower-cost deposits to pay down fundings with higher costs, which will also benefit the net interest margin.
- Mortgage banking income improved \$0.3 million for the quarter when compared to the same period in 2023, but still resulted in a loss. While the mortgage industry typically experiences its slowest period in the first quarter of each year, continued pressure from severe interest rate and housing supply challenges led us to take additional steps in late March to reduce Mortgage Division operating costs even further. We anticipate these measures will lay the groundwork for better performance in 2024.

Financial Condition – Summary

As a part of a planned balance sheet management strategy, loan portfolio growth slowed to \$14 million for the quarter, down from \$34 million the prior quarter, primarily from commercial segments of the portfolio. In our balance sheet planning we have targeted significantly lower or negative loan portfolio growth in 2024 versus 2023. Deposits increased \$45 million for the quarter after growing \$83 million the prior quarter. Short-term borrowings declined by \$45 million, as CIBM Bank paid down high-cost short-term Federal Home Loan Bank borrowings over the course of the quarter. CIBM Bank’s liquidity profile has improved as a result, including its loan to deposit ratio improved to 94% at March 31, 2024, from 98% at December 31, 2023, and 105% at its peak September 30, 2023. Additional highlights of our financial condition as of March 31, 2024, include:

- Non-performing assets, modified loans to borrowers experiencing financial difficulty, and loans 90 days or more past due and still accruing to total assets and nonaccrual loans to total loans were 0.89% and 0.48%, respectively, compared to 0.90% and 0.50%, respectively, on December 31, 2023. A single relationship in the trucking industry comprises a significant part of our non-performing assets and non-accrual loans.
- Tangible book value (“TBV”) per share of common stock of \$52.59 was down from \$53.35 at year-end 2023, due primarily to more unrealized losses on available for sale securities due to increases in

interest rates, offset in part by earnings. These unrealized losses are not expected to be realized losses in the future. For further insight into other factors affecting TBV: TBV per share excluding deferred tax assets (“DTA”) was \$41.63 and, separately, TBV per share after the effects of a conversion of Series B preferred stock to common stock was \$40.70 (conversion is only permissible under very limited situations) at March 31, 2024, compared to \$42.30 and \$41.14, respectively, at December 31, 2023.

We encourage you to visit our website, www.cibmarine.com, where you will find our audited financial statements, shareholder communications, earnings releases and other financial information. If you prefer a mailed or e-mailed copy of our quarterly results, please contact Shareholder Relations Manager, Elizabeth Neighbors, at (262) 695-6010 or Elizabeth.Neighbors@cibmarine.com to be added to our distribution list.

Preferred Stock Redemptions

CIB Marine continues to work towards the goal of redeeming all remaining outstanding shares of Series A and Series B preferred stock in the fourth quarter of 2024 at the price of \$825 per share, or as soon as possible thereafter.

In support of our preferred stock redemption plan, we have developed and are in the process of executing a set of balance sheet strategies related to our loan portfolio, investments, and the buildings we own to generate gains and reduce the assets of CIBM Bank to allow for a distribution of capital later this year from CIBM Bank to its parent holding company, CIB Marine Bancshares, Inc. There are risks related to the execution of the plan and a distribution of capital requires regulatory approval. As with our prior redemption of 73% of the original Preferred Stock since 2018, our plans and their execution are developed with shareholder value in mind first and foremost.

2024 Annual Shareholder Meeting Results

Our Annual Meeting of Shareholders was held on Thursday, April 25, 2024. All matters presented to the shareholders were approved, including the election of four directors.

Concluding Comments

After reviewing all available options, we have taken significant action at the Mortgage Division, including reducing expenses by reducing staffing, changing fees and adjusting employee incentives to further prioritize profitability. We anticipate that these measures will lay the foundation for enhanced performance this year.

The recovery of our net interest margin is critical to improving our operating results. This includes replacing higher cost borrowings and deposits with lower cost deposits and improving earning asset yields at CIBM Bank as loans and securities reprice higher over time.

We would encourage investors to visit our website to review our materials made available at the Annual Shareholder Meeting. They provide a review of our financial performance and conditions, as well as information regarding plans for the redemption of the remaining preferred stock.

Sincerely,



J. Brian Chaffin
President & Chief Executive Officer

FORWARD-LOOKING STATEMENTS

CIB Marine has made statements in this Shareholder Letter that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. CIB Marine intends these forward-looking statements to be subject to the safe harbor created thereby and is including this statement to avail itself of the safe harbor. Forward-looking statements are identified generally by statements containing words and phrases such as “may,” “project,” “are confident,” “should be,” “intend,” “predict,” “believe,” “plan,” “expect,” “estimate,” “anticipate” and similar expressions. These forward-looking statements reflect CIB Marine’s current views with respect to future events and financial performance that are subject to many uncertainties and factors relating to CIB Marine’s operations and the business environment, which could change at any time.

There are inherent difficulties in predicting factors that may affect the accuracy of forward-looking statements.

Stockholders should note that many factors, some of which are discussed elsewhere in this Shareholder Letter and in the documents that are incorporated by reference, could affect the future financial results of CIB Marine and could cause those results to differ materially from those expressed in forward-looking statements contained or incorporated by reference in this document. These factors, many of which are beyond CIB Marine’s control, include but are not limited to:

- operating, legal, execution, credit, market, security (including cyber), and regulatory risks;
- economic, political, and competitive forces affecting CIB Marine’s banking business;
- the impact on net interest income and securities values from changes in monetary policy and general economic and political conditions; and
- the risk that CIB Marine’s analyses of these risks and forces could be incorrect and/or that the strategies developed to address them could be unsuccessful.

These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. CIB Marine undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to significant risks and uncertainties and CIB Marine’s actual results may differ materially from the results discussed in forward-looking statements.

CIB MARINE BANCSHARES, INC.
Selected Unaudited Consolidated Financial Data

	At or for the Three Months Ended March 31,	
	2024	2023
(Dollars in thousands, except share and per share data)		
Selected Statements of Operations Data		
Interest and dividend income	\$11,801	\$8,472
Interest expense	6,840	2,601
Net interest income	4,961	5,871
Provision for (reversal of) credit losses	(28)	159
Net interest income after provision for (reversal of) credit losses	4,989	5,712
Noninterest income (1)	1,627	1,410
Noninterest expense	6,421	6,805
Income before income taxes	195	317
Income tax expense	17	89
Net income	\$178	\$228
Common Share Data		
Basic net income	\$0.13	\$0.17
Diluted net income	0.10	0.13
Dividends	—	—
Tangible book value per share (2)	52.59	53.28
Book value per share (2)	50.84	51.48
Weighted average shares outstanding-basic	1,341,181	1,308,603
Weighted average shares outstanding-diluted	1,820,498	1,803,218
Financial Condition Data		
Total assets	\$897,595	\$787,244
Loans	736,019	608,492
Allowance for credit losses on loans	(9,087)	(9,193)
Investment securities	119,300	126,001
Deposits	772,377	632,339
Borrowings	32,120	65,173
Stockholders' equity	85,091	83,615
Financial Ratios and Other Data		
Performance Ratios:		
Net interest margin (3)	2.29%	3.22%
Net interest spread (4)	1.63	2.82
Noninterest income to average assets (5)	0.73	0.72
Noninterest expense to average assets	2.87	3.58
Efficiency ratio (6)	97.20	93.90
Earnings on average assets (7)	0.08	0.12
Earnings on average equity (8)	0.84	1.11
Asset Quality Ratios:		
Nonaccrual loans to total loans (9)	0.48%	0.08%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	1.04	0.12
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (9)	0.89	0.14
Allowance for loan losses to total loans	1.23	1.51
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	118.77	1,262.77
Net charge-offs (recoveries) to average loans	0.03	(0.02)
Capital Ratios:		
Total equity to total assets	9.48%	10.62%
Total risk-based capital ratio	13.07	14.84
Tier 1 risk-based capital ratio	10.48	11.99
Leverage capital ratio	8.50	9.56
Other Data:		
Number of employees (full-time equivalent)	177	202
Number of banking facilities	9	10

- (1) Noninterest income includes gains and losses on securities.
- (2) Tangible book value per share is the shareholder equity less the carry value of the preferred stock and less the goodwill and intangible assets, divided by the total shares of common outstanding. Book value per share is the shareholder equity less the liquidation preference of the preferred stock, divided by the total shares of common outstanding. Both book value measures are reported inclusive of the net deferred tax assets. As presented here, shares of common outstanding excludes unvested Restricted Stock Awards.
- (3) Net interest margin is the ratio of net interest income to average interest-earning assets.
- (4) Net interest spread is the yield on average interest-earning assets less the rate on average interest-bearing liabilities.
- (5) Noninterest income to average assets excludes gains and losses on securities.
- (6) The efficiency ratio is noninterest expense divided by the sum of net interest income plus noninterest income, excluding gains and losses on securities.
- (7) Earnings on average assets are net income divided by average total assets.
- (8) Earnings on average equity are net income divided by average stockholders' equity.
- (9) Excludes loans held for sale.

CIB MARINE BANCSHARES, INC.
Summary Consolidated Balance Sheets (unaudited)

	March 31, 2024	December 31, 2023
	(Dollars in thousands)	
Assets		
Cash and due from banks	\$7,727	\$9,491
Securities available for sale and equity securities	119,300	131,529
Loans held for sale	8,048	9,209
Net loans	726,932	712,948
Other assets	35,588	35,883
Total assets	\$897,595	\$899,060
Liabilities and Stockholders' Equity		
Deposits	772,377	727,565
Short-term borrowings	22,383	67,227
Other liabilities	17,744	19,193
Total liabilities	812,504	813,985
Stockholders' Equity		
Total stockholders' equity	85,091	85,075
Total liabilities and stockholders' equity	\$897,595	\$899,060

CIB MARINE BANCSHARES, INC.
Summary Consolidated Statements of Operations (unaudited)

	Three Months Ended March 31,	
	2024	2023
	(Dollars in thousands, except per share data)	
Total interest income	\$11,801	\$8,472
Total interest expense	6,840	2,601
Net interest income	4,961	5,871
Reversal of provision for credit losses	(28)	159
Net interest income after provision for credit losses	4,989	5,712
Noninterest income		
Compensation and employee benefits	1,627	1,410
Equipment, occupancy, and premises	4,289	4,550
Other expense	898	913
Total noninterest expense	1,234	1,342
Income from operations before income taxes	6,421	6,805
Income tax expense	195	317
Net income	17	89
Preferred stock dividends	178	228
Discount from repurchase of preferred stock	—	—
Net income allocated to common stockholders	\$178	\$228