



May 5, 2022

Dear Shareholder,

CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) is pleased to report its financial results for the quarter ended March 31, 2022. CIB Marine’s operating results were dominated by significant seasonal and cyclical mortgage trends, but also reflected another quarter of core deposit growth and continued strong asset quality.

Results of Operations – Summary

Net income for the quarter was \$0.9 million, with basic and diluted earnings per share of \$0.69 and \$0.50, respectively, and an annualized return on average assets (“ROAA”) of 0.48%. Net income and ROAA for the same period in 2021 were \$2.1 million, with basic and diluted earnings per share of \$1.67 and \$0.97, respectively, and an annualized ROAA of 1.14%. The primary source of change was the operating results of the Mortgage Banking Division, where seasonal factors and higher interest rates caused an \$80 million decline in total mortgage originations during the first quarter of 2022 compared to the first quarter of 2021 and substantial tightening in pricing margins.

- Company revenues reflect a few key developments during the quarter compared to the same period of 2021. Net interest income of \$5.5 million was down \$0.3 million due primarily to lower loans held for sale balances, and non-interest income of \$1.7 million was lower by \$3.4 million due to lower mortgage production and tighter mortgage margins. Although seasonal factors are expected to improve for mortgage operations, significantly higher interest rates and tighter pricing margins are expected to continue to substantially impact mortgage originations and non-interest income in the quarters ahead versus the prior year.
- Strong asset quality results, lower loan balances, and favorable developments in economic and environmental factors resulted in a reversal of provision for loan losses of \$0.3 million for the quarter, versus a nominal provision during the first quarter of the prior year.

Financial Condition - Summary

Total assets were up \$19 million at March 31, 2022, from the start of the fiscal and calendar year. Cash and due from balances were up \$29 million and net loan balances were down \$14 million, offset in part by an increase in securities. The rise in cash and due from balances resulted from a \$13 million increase in deposits and the issuance of \$10 million in subordinated debt. Additional highlights of our financial condition as of March 31, 2022, include:

- Continued strength in asset quality ratios supported a decrease in the allowance for loan losses to total loans, from 1.54% at December 31, 2021, to 1.51% at March 31, 2022. Non-performing assets, restructured loans, and loans 90 days or more past due and still accruing to total assets and nonaccrual loans to total loans improved to 0.19% and 0.13%, respectively, at March 31, 2022, from 0.21% and 0.14%, respectively, at December 31, 2021, and 0.52% and 0.23%, respectively, March 31, 2021.
- Tangible book value (“TBV”) per share of common stock of \$54.53 was down for the quarter ending March 31, 2022, due to the very rapid increase in interest rates during the quarter resulting in a \$2.8 million unrealized loss in the market value of available for sale securities. These unrealized losses are not expected to be realized losses in the future. The securities portfolio is comprised primarily of U.S. government and government sponsored enterprise issued fixed income and A to AAA rated municipal securities. For further insight into other factors effecting TBV: TBV excluding deferred tax assets (“DTA”) was \$42.44 and TBV after the effects of a conversion of Series B preferred stock to common was \$41.81 (conversion is only permissible under very limited situations).

“Community Banking – The Way It Used To Be”

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We encourage you to visit our website, www.cibmarine.com, for a copy of our audited financial statements, additional detailed financial results, and a link to the quarterly reports we file with our regulators. We will continue to release our financial results on a quarterly basis on our website. Should you want a mailed or e-mailed copy of our quarterly results, please contact Shareholder Relations Manager, Elizabeth Neighbors, directly at (262) 695-6010 or Elizabeth.Neighbors@cibmarine.com to be added to our distribution list.

2022 Annual Shareholder Meeting

Our Annual Meeting was held on Thursday, April 28, 2022. All matters presented to the shareholders for vote were approved, including the election of three directors and the ratification of our independent registered public accounting firm. We bid farewell to Mr. John Hickey, who served the Company and its shareholders for more than 15 years, as both the Company's President & CEO and as a member of our Board of Directors; and welcomed our newest member of the Board, Ms. Rhonda Hopps, whose financial and management experience will benefit our shareholders and Company.

Preferred Stock Redemptions

At the annual Meeting, we announced plans to redeem approximately 5,830 shares of Series A preferred stock during the fourth quarter of 2022. The redemption will be pro-rata among Series A preferred stockholders and at the fixed redemption price in our Articles of Incorporation of \$825 per share, for a total price of approximately \$4.8 million. Further details will be provided in the future. The \$10 million of sub-debt issued by CIB Marine during the first quarter of 2022 is the primary source of funds for this planned redemption. Preservation of DTA continues to be an important consideration and limiting factor in the amount and timing of redemptions. At this time, CIB Marine plans on redeeming the remaining shares of Series A and Series B preferred stock in the fourth quarter of 2024. These plans are subject to change, depend on the Company's operating results and financial condition, and will require regulatory approvals. CIB Marine will consider redeeming more preferred shares earlier if circumstances change and it is in the best interest of the Company and its shareholders.

Preservation and Use of Deferred Tax Assets

We want to continue to remind our common and preferred shareholders that if they accumulate 5% or more of Company 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 \$15 million DTA net of tax liabilities. At March 31, 2022, 5% of the total value of Company stock was approximately \$3.4 million, which is the equivalent of approximately 89,100 shares of common stock at the last traded price listed on OTCQX at March 31, 2022 (i.e., \$38.00/share), or approximately 4,105 shares of preferred stock at \$825 per share, the price paid per share of preferred stock on the last redemption date of October 29, 2021. Under the assumption all remaining preferred shares are redeemed, thereafter 5% of Company common stock would be approximately 65,150.

The Company does not directly control a number of factors related to Section 382 events, including fair market values of stock or shareholder purchases/sales of stock, and the number of shares that denote a 5% shareholder could change significantly as a result. Significant shareholders are cautioned to carefully consider the consequences of any stock purchase or sale transaction that could impact the value of the Company's DTA. For further explanation or inquiry, please contact the Company.

Concluding Comments

With changing economic conditions affecting inflation, interest rates, labor markets, and the credit market outlook, we are operating in a lower mortgage production market with important risk management considerations. We will be focused on continuing to grow quality banking relationships with an emphasis

on customer care and service; expanding our Government Guaranteed Lending Division's pipeline and refocusing its activities away from the historical concentration in hospitality to a broader base of commercial and industrial businesses and owner occupied real estate; and making decisions for improved longer term core operating results and sound financial conditions for the future.

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,	
	2022	2021
(Dollars in thousands, except share and per share data)		
Selected Statements of Operations Data		
Interest and dividend income	\$5,879	\$6,265
Interest expense	413	536
Net interest income	5,466	5,729
Provision for (reversal of) loan losses	(325)	20
Net interest income after provision for (reversal of) loan losses	5,791	5,709
Noninterest income (1)	1,705	5,146
Noninterest expense	6,262	7,940
Income before income taxes	1,234	2,915
Income tax expense	334	798
Net income	\$900	\$2,117
Common Share Data		
Basic net income	\$0.69	\$1.67
Diluted net income	0.50	0.97
Dividends	—	—
Tangible book value per share (2)	54.53	53.25
Book value per share (2)	52.07	48.21
Weighted average shares outstanding-basic	1,295,573	1,268,947
Weighted average shares outstanding-diluted	1,792,181	2,185,433
Financial Condition Data		
Total assets	\$764,641	\$752,715
Loans	529,212	540,206
Allowance for loan losses	(8,011)	(9,253)
Investment securities	109,533	112,400
Deposits	631,953	608,433
Borrowings	36,789	30,736
Stockholders' equity	89,931	105,593
Financial Ratios and Other Data		
Performance Ratios:		
Net interest margin (3)	3.05%	3.23%
Net interest spread (4)	2.98	3.13
Noninterest income to average assets (5)	0.97	2.79
Noninterest expense to average assets	3.35	4.27
Efficiency ratio (6)	85.98	72.72
Earnings on average assets (7)	0.48	1.14
Earnings on average equity (8)	3.98	8.10
Asset Quality Ratios:		
Nonaccrual loans to total loans (9)	0.13%	0.23%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	0.20	0.37
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (9)	0.19	0.52
Allowance for loan losses to total loans	1.51	1.71
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	742.45	459.21
Net charge-offs (recoveries) to average loans	0.01	(0.08)
Capital Ratios:		
Total equity to total assets	11.76%	14.03%
Total risk-based capital ratio	17.52	18.12
Tier 1 risk-based capital ratio	14.43	16.86
Leverage capital ratio	10.27	11.88
Other Data:		
Number of employees (full-time equivalent)	172	179
Number of banking facilities	10	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, 2022	December 31, 2021
	(Dollars in thousands)	
Assets		
Cash and due from banks	\$88,605	\$59,184
Securities available for sale	109,533	106,647
Loans held for sale	9,567	9,859
Net loans	521,201	535,467
Other assets	35,735	34,236
Total assets	\$764,641	\$745,393
Liabilities and Stockholders' Equity		
Deposits	631,953	618,991
Short-term borrowings	27,117	27,049
Other liabilities	15,640	7,573
Total liabilities	674,710	653,613
Stockholders' Equity		
Total stockholders' equity	89,931	91,780
Total liabilities and stockholders' equity	\$764,641	\$745,393

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

	3 Months Ended March 31,	
	2022	2021
	(Dollars in thousands, except per share data)	
Total interest income	\$5,879	\$6,265
Total interest expense	413	536
Net interest income	5,466	5,729
Provision for (reversal of) loan losses	(325)	20
Net interest income after provision for (reversal of) loan losses	5,791	5,709
Noninterest income		
Compensation and employee benefits	1,705	5,146
Equipment, occupancy and premises	4,229	5,956
Other expense	864	813
Total noninterest expense	1,169	1,171
Income from operations before income taxes	6,262	7,940
Income tax expense	1,234	2,915
Net income	334	798
Preferred stock dividends	900	2,117
Discount from repurchase of preferred stock	—	—
Net income allocated to common stockholders	\$900	\$2,117