

November 7, 2024

Dear Shareholder,

CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) is pleased to report its financial results for the quarter ended September 30, 2024.

Redemption of All Preferred Stock

We are very pleased to report that all of the preferred stock of CIB Marine has now been redeemed. This is one of the most significant accomplishments for the Company in many years. From June 2018 through October 31, 2024, we redeemed all previously issued preferred stock, which had a liquidation preference of \$60 million and a carrying value of \$51 million, at a total combined discounted price of \$47.8 million. This represents a \$3.2 million discount to the carrying value of the preferred stock, effectively transferring this value to the common stockholders.

Additionally, the Series B preferred stock had conversion rights (in limited circumstances) that, on a pro-forma basis, represented 48% of the pro-forma common stock immediately before our first repurchase. As of October 31, 2024, there are no preferred shares with conversion rights, representing 0% pro-forma common stock ownership. Furthermore, the preferred stock redemptions did not impair the utilization of our net deferred tax assets, which totaled more than \$22 million at December 31, 2017.

Results of Operations – Summary

Net income has grown consistently throughout the year, quarter by quarter, excluding the effect of the gains from our sale-leaseback transaction in the second quarter. Other key developments for the quarter include:

- Operating results improved. Earnings are up \$0.7 million for the quarter when compared to the same quarter in 2023, and up by \$0.6 million compared to the prior quarter in 2024, if excluding the effects of the gain on sale from the sale-leaseback transaction in the prior quarter.
- Net interest margin and income have trended higher this year. The net interest margin has increased from 2.29% in the first quarter to 2.38% in the second quarter, and 2.55% in the third quarter. Similarly, and net interest income improved from \$5.0 million to \$5.2 million, and then to \$5.6 million over the same periods. This growth is due to continued increases in yields and recent improvements in the cost of funds, resulting from our ability to pay down or reprice some of our higher-cost interest bearing liabilities, with more planned for the future.

Financial Condition – Summary

As part of a planned balance sheet management strategy to improve our capital ratios in support of the preferred stock redemption, the loan portfolio declined by \$12 million for the quarter, primarily from the commercial segments. In our balance sheet planning, we have targeted significantly lower or negative loan portfolio growth in 2024 compared to 2023. Deposits declined by \$22 million as we continued to pay down higher-cost brokered deposits, as well as other high-cost time deposits and money market savings accounts. At the parent company level, we have secured lender commitments for a term loan and a line of credit for contingency purposes, both expiring at the end of the year. If we do not close on these commitments prior to their expiration, the Company will consider the need for seeking new ones. Additional highlights of our financial condition as of September 30, 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 ratios were 1.25% and 0.44%, respectively, compared to 1.14% and 0.47%, respectively, on June 30, 2024, and 0.90% and 0.50%, respectively, on December 31, 2023. The increase in the ratios is primarily due to credit relationships related to the transportation and the food service industries.
- Tangible book value (“TBV”) per share of common stock of was \$57.80, up from \$55.36 on June 30,

2024, and \$53.35 at year-end 2023, due primarily to higher earnings and improved accumulated other comprehensive income, resulting from improved values of the available for sale securities due to lower interest rates. For further insight into other factors affecting TBV: TBV per share excluding deferred tax assets (“DTA”) was \$48.38 and, separately, TBV per share after the effects of a conversion of Series B preferred stock to common stock was \$44.68 at September 30, 2024, compared to \$44.43 and \$42.82, respectively, at June 30, 2024, and \$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.

Concluding Comments

We are committed to the continuous improvement of our operating results, driven by higher net interest margins, stronger performance in our mortgage segment, and ongoing cost controls and management. Following a period of strategic balance sheet management to support the preferred stock redemption, our focus has shifted to growing a resilient balance sheet built on a foundation of mutually beneficial customer relationships.

To conclude, the redemption of all preferred stock has created significant wealth for our common shareholders. This milestone removes a major impediment, allowing us to pursue other strategies designed to enhance our performance and increase shareholder value.

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Dollars in thousands, except share and per share data)				
Selected Statements of Operations Data				
Interest and dividend income	\$12,283	\$10,117	\$36,136	\$27,741
Interest expense	6,707	5,180	20,444	11,424
Net interest income	5,576	4,937	15,692	16,317
Provision for (reversal of) credit losses on loans	(113)	(140)	(131)	(227)
Net interest income after provision for (reversal of) credit losses	5,689	5,077	15,823	16,544
Noninterest income (1)	2,897	2,368	11,428	7,076
Noninterest expense	7,163	7,007	20,488	21,269
Income before income taxes	1,423	438	6,763	2,351
Income tax expense	347	59	1,725	579
Net income	\$1,076	\$379	\$5,038	\$1,772
Common Share Data				
Basic net income	\$0.79	\$0.28	\$3.73	\$1.34
Diluted net income	0.59	0.21	2.75	0.98
Dividends	—	—	—	—
Tangible book value per share (2)	57.80	52.05	57.80	52.05
Book value per share (2)	56.06	50.28	56.06	50.28
Weighted average shares outstanding-basic	1,357,259	1,333,900	1,351,205	1,320,342
Weighted average shares outstanding-diluted	1,833,586	1,814,727	1,828,956	1,811,151
Financial Condition Data				
Total assets	\$888,283	\$874,247	\$888,283	\$874,247
Loans	707,310	688,446	707,310	688,446
Allowance for credit losses on loans	(8,973)	(8,947)	(8,973)	(8,947)
Investment securities	120,349	130,476	120,349	130,476
Deposits	747,168	644,165	747,168	644,165
Borrowings	33,583	138,469	33,583	138,469
Stockholders' equity	92,358	83,313	92,358	83,313
Financial Ratios and Other Data				
Performance Ratios:				
Net interest margin (3)	2.55%	2.43%	2.41%	2.84%
Net interest spread (4)	1.80	1.85	1.71	2.34
Noninterest income to average assets (5)	1.25	1.15	1.69	1.19
Noninterest expense to average assets	3.17	3.31	3.04	3.55
Efficiency ratio (6)	85.32	95.06	75.67	90.66
Earnings on average assets (7)	0.48	0.18	0.75	0.30
Earnings on average equity (8)	4.71	1.78	7.74	2.82
Asset Quality Ratios:				
Nonaccrual loans to total loans (9)	0.44%	0.50%	0.44%	0.50%
Nonaccrual loans, modified loans to borrowers experiencing financial difficulty and loans 90 days or more past due and still accruing to total loans (9)	1.62	0.56	1.62	0.56
Nonperforming assets, modified loans to borrowers experiencing financial difficulty and loans 90 days or more past due and still accruing to total assets (9)	1.32	0.49	1.32	0.49
Allowance for loan losses to total loans	1.27	1.30	1.27	1.30
Allowance for loan losses to nonaccrual loans, modified loans to borrowers experiencing financial difficulty and loans 90 days or more past due and still accruing (9)	78.07	231.01	78.07	231.01
Net charge-offs (recoveries) to average loans	-0.01	-0.01	0.02	-0.01
Capital Ratios:				
Total equity to total assets	10.40%	9.53%	10.40%	9.53%
Total risk-based capital ratio	14.54	13.58	14.54	13.58
Tier 1 risk-based capital ratio	11.89	10.91	11.89	10.91
Leverage capital ratio	9.30	8.93	9.30	8.93
Other Data:				
Number of employees (full-time equivalent)	170	194	170	194
Number of banking facilities	9	9	9	9

- (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)

	September 30, 2024	December 31, 2023
	(Dollars in thousands)	
Assets		
Cash and due from banks	\$13,814	\$9,491
Securities available for sale and equity securities	120,349	131,529
Loans held for sale	19,472	9,209
Net loans	698,337	712,948
Other assets	36,311	35,883
Total assets	\$888,283	\$899,060
Liabilities and Stockholders' Equity		
Deposits	747,168	727,565
Short-term borrowings	23,829	67,227
Other liabilities	24,928	19,193
Total liabilities	795,925	813,985
Stockholders' Equity		
Total stockholders' equity	92,358	85,075
Total liabilities and stockholders' equity	\$888,283	\$899,060

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Interest income	12,283	10,117	36,136	27,741
Interest expense	6,707	5,180	20,444	11,424
Net interest income	5,576	4,937	15,692	16,317
Provision for (reversal of) credit losses	(113)	(140)	(131)	(227)
Net interest income after provision for (reversal of) credit losses	5,689	5,077	15,823	16,544
Noninterest income	2,897	2,368	11,428	7,076
Compensation and employee benefits	4,852	4,631	13,841	14,282
Equipment, occupancy, and premises	999	974	2,745	2,795
Other expense	1,312	1,402	3,902	4,192
Total noninterest expense	7,163	7,007	20,488	21,269
Income from operations before income taxes	1,423	438	6,763	2,351
Income tax expense	347	59	1,725	579
Net income	1,076	379	5,038	1,772
Discount from repurchase of preferred shares	—	—	—	—
Net income allocated to common stockholders	\$1,076	\$379	\$5,038	\$1,772