

CIB Marine Bancshares, Inc. (OTCQX: CIBH). This report provides additional detailed financial information for the quarter ended March 31, 2023. Please see our Shareholder Letter dated May 4, 2023, at www.cibmarine.com for a summary description of our financial results.

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

	2023			2022		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
(Dollars in thousands)						
Quarter Ended March 31,						
Interest-earning assets						
Securities (1)	\$124,610	\$1,031	3.31%	\$106,440	\$537	2.02%
Loans held for sale (1)	6,295	84	5.43	8,282	58	2.83
Loans (1)(2)	587,584	7,121	4.91	535,701	5,254	3.98
Federal funds sold, reverse repos and interest-earning due from banks	19,705	236	4.85	74,604	30	0.16
Total interest-earning assets	738,194	8,472	4.65	725,027	5,879	3.28
Noninterest-earning assets	32,451			32,453		
Total assets	\$770,645			\$757,480		
Interest-bearing liabilities						
Interest-bearing deposits	\$538,744	\$2,364	1.78%	\$503,977	\$350	0.28%
Borrowed funds	39,953	237	2.41	32,256	62	0.78
Total interest-bearing liabilities	578,697	2,601	1.82	536,232	413	0.31
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	103,764			124,780		
Accrued interest and other liabilities	5,110			4,665		
Preferred equity	13,806			18,762		
Common equity	69,268			73,040		
Total stockholders' equity	83,074			91,802		
Total liabilities and stockholders' equity	\$770,645			\$757,480		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$159,497	\$5,871	2.82%	\$188,794	\$5,466	2.97%
Net interest margin (1)(4)			3.22%			3.05%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.28			1.35		

- (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 \$0.4 million during the 3-month period ending March 31, 2023, compared to the same period of 2022. The primary reason for the change is higher average balances of earning assets. The net interest margin increased by 17 basis points over the same period primarily due to an increase in earning asset yields funding by noninterest-bearing liabilities and capital, despite a 151 basis point increase in the average cost of interest-bearing liabilities compared to a 136 basis point increase in the average yields on interest earning assets.

CIB MARINE BANCSHARES, INC.
Loans and Allowance for Loan and Losses

	Loan Portfolio Segments (unaudited)					
	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in thousands)						
Commercial	\$81,958	13.5%	\$65,946	11.4%	\$54,955	10.4%
Commercial real estate	324,651	53.4	317,181	55.0	300,010	56.8
Construction and development	33,272	5.5	34,063	5.9	19,275	3.6
Residential real estate	153,352	25.2	145,071	25.2	140,344	26.6
Home equity	13,855	2.3	13,701	2.4	12,949	2.5
Purchased home equity pools	334	0.1	342	0.1	698	0.1
Other consumer	82	0.0	89	0.0	213	0.0
Gross loans	607,504	100.0%	576,393	100.0%	528,444	100.0%
Deferred loan costs (fees)	988		910		768	
Loans	608,492		577,303		529,212	
Allowance for loan losses	(9,193)		(7,894)		(8,011)	
Loans, net	\$599,299		\$569,409		\$521,201	

Select Real Estate Loan Property Types (1) (unaudited)

	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Office	\$53,317	8.8%	\$57,814	10.0%	\$58,732	11.1%
Retail	76,576	12.6	69,745	12.1	55,252	10.5
Warehouse	22,368	3.7	26,606	4.6	17,799	3.4
Manufacturing	23,674	3.9	22,382	3.9	22,223	4.2
Hospitality	27,083	4.5	27,669	4.8	29,593	5.6
Nursing Home and Assisted Living	15,033	2.5	14,626	2.5	15,044	2.8
Multifamily Apartments	52,577	8.7	52,967	9.2	39,204	7.4
Restaurants and Food Service	16,541	2.7	18,721	3.2	20,337	3.8
Educational	12,019	2.0	7,284	1.3	7,565	1.4

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

Nonperforming Assets and Selected Asset Quality Ratios (unaudited)

	March 31, 2023	December 31, 2022	March 31, 2022
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	\$—	\$—	\$—
Commercial real estate	—	—	157
Construction and development	—	—	—
Residential real estate	193	630	207
Home equity	296	318	346
Other consumer	—	—	—
	489	948	710
Loans held for sale	—	—	—
Total nonaccrual loans	489	948	710
Other real estate owned	375	375	403
Total nonperforming assets	\$864	\$1,323	\$1,113
Restructured loans accruing			
Commercial	\$—	\$—	\$—
Commercial real estate	—	—	—
Residential real estate	184	119	272
Home equity	—	—	—
Purchased home equity pools	55	55	97
Other consumer	—	—	—
Total restructured loans accruing	\$239	\$174	\$369
90 days or more past due still accruing	\$—	\$32	\$—
Ratios			
Nonaccrual loans to total loans (1)	0.08%	0.64%	0.13%
Other real estate owned to total assets	0.05	0.05	0.05
Nonperforming assets to total assets (1)	0.11	0.18	0.15
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	0.12	0.20	0.20
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	0.14	0.20	0.19

(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.

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 March 31, 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	98	(276)	79	160	22	(39)	3	47
Charge-offs	—	—	—	—	(17)	—	(2)	(19)
Recoveries	—	—	—	—	3	38	—	41
Balance at end of period	\$642	\$5,471	\$1,229	\$1,711	\$130	\$9	\$1	\$9,193

Quarter ended March 31, 2022

Balance at beginning of period	\$835	\$6,204	\$241	\$708	\$301	\$60	\$3	\$8,352
Provision for (reversal of) loan losses	(79)	(346)	(2)	1	(27)	126	2	(325)
Charge-offs	—	—	—	—	—	(89)	(4)	(93)
Recoveries	—	—	—	—	2	75	—	77
Balance at end of period	\$756	\$5,858	\$239	\$709	\$276	\$172	\$1	\$8,011

(1) Allowance for credit losses on loans is allowance for loan losses in ending dates and prior to March 31, 2023.

CIB Marine provided \$47,000 to the allowance for credit losses on loans (“ACLL”) primarily due to growth in loan balances over the course of the first quarter of 2023 compared to a reversal of loan losses over the same period of 2022. CIB Marine also provided \$112,000 to the allowance for unfunded commitments (“AUC”) for an ending balance of the AUC of \$0.5 million? on March 31, 2023. There was no balance recorded for the AUC on December 31, 2022, or prior.

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
(Dollars in thousands)						
At March 31, 2023						
Commercial	\$—	\$—	\$—	\$—	\$81,958	\$81,958
Commercial real estate	—	—	—	—	324,651	324,651
Construction and development	—	—	—	—	33,272	33,272
Residential real estate	1,797	—	—	1,797	151,362	153,159
Home equity	307	—	—	307	13,253	13,560
Purchased home equity pools	—	—	—	—	334	334
Other consumer	—	1	—	1	81	82
Deferred loan costs	4	—	—	4	984	988
Total	\$2,108	\$1	\$—	\$2,109	\$605,895	\$608,004
At December 30, 2022						
Commercial	\$—	\$—	\$—	\$—	\$65,946	\$65,946
Commercial real estate	—	—	—	—	317,181	317,181
Construction and development	—	—	—	—	34,063	34,063
Residential real estate	125	—	—	125	144,316	144,441
Home equity	293	14	32	339	13,044	13,383
Purchased home equity pools	—	—	—	—	342	342
Other consumer	—	—	—	—	89	89
Deferred loan costs	1	—	—	1	909	910
Total	\$419	\$14	\$32	\$465	\$575,890	\$576,355
At March 31, 2022						
Commercial	\$—	\$—	\$—	\$—	\$54,955	\$54,955
Commercial real estate	—	—	—	—	299,853	299,853
Construction and development	—	—	—	—	19,275	19,275
Residential real estate	599	—	—	599	139,538	140,137
Home equity	18	—	—	18	12,585	12,603
Purchased home equity pools	196	27	—	223	475	698
Other consumer	—	—	—	—	213	213
Deferred loan costs	1	—	—	1	767	768
Total	\$814	\$27	\$—	\$841	\$527,661	\$528,502

CIB Marine had \$2.1 million loans past due 30 days or more and still accruing on March 31, 2023, up primarily in residential real estate loans on December 31, 2022, and March 31, 2023.

CIB MARINE BANCSHARES, INC.
Uninsured Deposits (unaudited)

CIB Marine’s subsidiary bank, CIBM Bank, estimated its uninsured deposit balances were \$158 million or 25% of total deposits at March 31, 2023, and \$178 million or 28% of total deposits at December 31, 2022. The decline was due primarily to larger deposit clients choosing to utilize fully FDIC insured products like CIBM Bank’s reciprocal deposit products and the non-deposit uninsured collateralized government repo sweep product (the later is included in Borrowings in the balance sheet).

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)						
March 31, 2023						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$90,297	14.84%				
CIBM Bank	81,292	13.37	\$48,639	8.00%	\$60,799	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$72,967	11.99%				
CIBM Bank	73,673	12.12	\$36,479	6.00%	\$48,639	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$72,967	9.56%				
CIBM Bank	73,673	9.66	\$30,501	4.00%	\$38,126	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$73,673	12.12%	\$27,359	4.50%	\$39,519	6.50%
December 31, 2022 (1)						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$90,929	15.71%				
CIBM Bank	81,849	14.15	46,268	8.00	\$57,835	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$73,988	12.78%				
CIBM Bank	74,612	12.90	34,701	6.00	\$46,268	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$73,988	9.73%				
CIBM Bank	74,612	9.81	30,409	4.00	\$38,012	5.00%
Common Equity Tier 1 (2)						
CIBM Bank	\$74,612	12.90%	\$26,026	4.50%	\$37,593	6.50%

- (1) During the first quarter of 2022, CIB Marine issued \$10 million in Subordinated Debentures that qualify as Tier 2 capital and are included in total capital.
- (2) 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.