

CIB Marine Bancshares, Inc. (OTCQX: CIBH). This report provides additional detailed financial information for the quarter ended March 31, 2024. Please see our Shareholder Letter dated May 2, 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 March 31,						
Interest-earning assets						
Securities (1)	\$126,408	\$1,231	3.89%	\$124,610	\$1,031	3.31%
Loans held for sale (1)	8,963	142	6.36	6,295	84	5.43
Loans (1)(2)	733,406	10,394	5.70	587,584	7,121	4.91
Federal funds sold, reverse repos and interest-earning due from banks	1,589	34	8.69	19,705	236	4.85
Total interest-earning assets	870,366	11,801	5.46	738,194	8,472	4.64
Noninterest-earning assets	30,240			32,451		
Total assets	\$900,606			\$770,645		
Interest-bearing liabilities						
Interest-bearing deposits	\$667,218	\$6,227	3.75%	\$538,744	\$2,364	1.78%
Borrowed funds	51,393	613	4.80	39,953	237	2.41
Total interest-bearing liabilities	718,611	6,840	3.83	578,697	2,601	1.82
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	90,947			103,764		
Accrued interest and other liabilities	6,080			5,110		
Preferred equity	13,806			13,806		
Common equity	71,162			69,268		
Total stockholders' equity	84,968			83,074		
Total liabilities and stockholders' equity	\$900,606			\$770,645		
Net interest-earning assets, interest income and net interest spread (1)(3)	\$151,755	\$4,961	1.63%	\$159,497	\$5,871	2.82%
Net interest margin (1)(4)			2.29%			3.22%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.21			1.28		

(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 decreased by \$0.9 million for the three-month period ending March 31, 2024, compared to the same period of 2023, despite \$132 million growth in interest earning assets. The reason for the decline in net interest income was primarily accelerating cost of funds and a \$13 million decline in the average balances of noninterest-bearing demand deposits as higher interest rates attracted deposits to interest-bearing products. The net interest margin decreased by 93 basis points over the same period due to a 201 basis point rise in the cost of interest-bearing liabilities versus an 80 basis point increase in the yield of interest-earning assets. The cost of funds increase was primarily due to the general increase in interest rates, for instance the federal funds target rate rose 525 basis points between March 2022 and July 2023 and has remained at July 2023 levels since then. It is also due to similar increases in short-term US Treasury bills and notes as well as short-term borrowing and deposit costs. Over that time period, we generally saw an intensification of local competition for deposits, which has eased modestly over the first quarter of 2024.

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

	Loan Portfolio Segments (unaudited)					
	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in thousands)						
Commercial	\$94,920	12.9%	\$91,898	12.7%	\$81,958	13.5%
Commercial real estate	362,753	49.4	359,002	50.0	324,651	53.4
Construction and development	62,840	8.6	55,762	7.7	33,272	5.5
Residential real estate	197,297	26.9	197,643	27.4	153,352	25.2
Home equity	16,530	2.2	16,185	2.2	13,855	2.3
Purchased home equity pools	291	0.0	318	0.0	334	0.1

Other consumer	59	0.0	81	0.0	82	0.0
Gross loans	734,690	100.0%	720,889	100.0%	607,504	100.0%
Deferred loan costs (fees)	1,329		1,195		988	
Loans	736,019		722,084		608,492	
Allowance for credit losses on loans	(9,087)		(9,136)		(9,193)	
Loans, net	\$726,932		\$712,948		\$599,299	

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

	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Office	\$50,777	6.94%	\$50,202	7.0%	\$53,317	8.8%
Retail	84,540	11.5	82,647	11.5	76,576	12.6
Warehouse	32,874	4.5	29,662	4.1	22,368	3.7
Manufacturing	43,432	5.9	35,611	4.9	23,674	3.9
Hospitality	25,730	3.5	26,684	3.7	27,083	4.5
Nursing Home and Assisted Living	14,530	2.0	14,663	2.0	15,033	2.5
Multifamily Apartments	63,925	8.7	70,138	9.7	52,577	8.7
Restaurants and Food Service	24,167	3.3	21,214	2.9	16,541	2.7
Educational	17,415	2.4	17,553	2.4	12,019	2.0

(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 continues to pose 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)

	March 31, 2024	December 31, 2023	March 31, 2023
	(Dollars in thousands)		
Nonperforming assets			
Nonaccrual loans:			
Commercial	\$2,590	\$2,651	\$—
Commercial real estate	336	336	—
Construction and development	—	—	—
Residential real estate	51	52	193
Home equity	535	538	296
Other consumer	—	—	—
	3,512	3,577	489
Loans held for sale	—	—	—
Total nonaccrual loans	3,512	3,577	489
Other real estate owned	375	375	375
Total nonperforming assets	\$3,887	\$3,952	\$864
Restructured loans accruing			
Commercial	\$3,689	\$3,689	\$—
Commercial real estate	—	—	—
Residential real estate	382	385	184
Home equity	—	—	—
Purchased home equity pools	54	54	55
Other consumer	—	—	—
Total restructured loans accruing	\$4,125	\$4,128	\$239
90 days or more past due still accruing	\$14	\$—	\$—
Ratios			
Nonaccrual loans to total loans (1)	0.48%	0.50%	0.08%
Other real estate owned to total assets	0.04	0.04	0.05
Nonperforming assets to total assets (1)	0.43	0.44	0.11
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	1.04	1.07	0.12
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	0.89	0.90	0.14

(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, 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)	71	62	168	(251)	(47)	(9)	3	(3)
Charge-offs	(55)	—	—	—	—	—	(2)	(57)
Recoveries	—	—	—	—	2	9	—	11
Balance at end of period	\$708	\$5,161	\$1,375	\$1,752	\$81	\$9	\$1	\$9,087
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 (1)	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

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

CIB Marine had a nominal reversal of loan losses to the allowance for credit losses on loans (“ACLL”) during the three-month period ending March 31, 2024, compared to a provision of \$47,000 for the same period in 2023, primarily due to improved economic forecasts and reduced recession risks more than offsetting the effects of higher loan balances and qualitative factors related to past due loans and loan classifications. CIB Marine also had a \$25,000 reversal of losses to the allowance for unfunded commitments (“AUC”) during the three-month period ending March 31, 2024, compared to \$112,000 in the same period of 2023. The difference is primarily due to reduction of unfunded commitments related to the funding of Construction and Development loans.

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 Accruing Loans
(Dollars in thousands)						
At March 31, 2024						
Commercial	\$14	\$36	\$—	\$50	\$92,280	\$92,330
Commercial real estate	1,309	—	—	1,309	361,108	362,417
Construction and development	—	—	—	—	62,840	62,840
Residential real estate	2,569	—	—	2,569	194,677	197,246
Home equity	147	93	14	254	15,741	15,995
Purchased home equity pools	—	—	—	—	291	291
Other consumer	—	—	—	—	59	59
Deferred loan costs	7	—	—	7	1,322	1,329
Total	\$4,046	\$129	\$14	\$4,189	\$728,318	\$732,507
At December 31, 2023						
Commercial	\$—	\$—	\$—	\$—	\$89,247	\$89,247
Commercial real estate	—	—	—	—	358,666	358,666

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)					
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
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

CIB Marine had \$4.2 million in loans past due 30 days or more and still accruing on March 31, 2024, compared to \$3.1 million on December 31, 2023, and \$2.1 million on March 31, 2023. Recently there has been a modest increase in residential and just a few commercial real estate loans past due 30-59 days.

**CIB MARINE BANCSHARES, INC.
Uninsured Deposits (unaudited)**

CIB Marine's subsidiary bank, CIBM Bank, estimated its uninsured deposit balances were \$152 million or 20% of total deposits at March 31, 2024, compared to \$150 or 20% of total deposits at December 31, 2023 and \$178 million or 28% of total deposits at December 31, 2022. The decline was due in part to larger deposit clients choosing to utilize fully FDIC insured products like CIBM Bank's reciprocal deposit products or non-deposit uninsured collateralized government repo sweep product (the latter 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
March 31, 2024						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$94,754	13.07%				
CIBM Bank	86,272	11.91	\$57,965	8.00%	\$72,456	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	\$75,951	10.48%				
CIBM Bank	77,211	10.66	\$43,474	6.00%	\$57,965	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	\$75,951	8.50%				
CIBM Bank	77,211	8.64	\$35,727	4.00%	\$44,659	5.00%
Common Equity Tier 1 (1)						
CIBM Bank	\$77,211	10.66%	\$32,605	4.50%	\$47,096	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%				

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
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 (2)						
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.

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 \$17 million deferred tax assets net of tax liabilities resulting in an impairment expense and a reduction in stockholder's equity. On March 31, 2024, 5% of the total value of Company stock was approximately \$2.1 million, which is the equivalent of approximately 100,470 shares of common stock at the last reported traded price of \$20.45 as of March 31, 2024, as listed on OTCQX, or approximately 2,490 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 67,710 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.