

February 13, 2025

Dear Shareholder,

CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) is pleased to report its financial results for the quarter and year ended December 31, 2024.

### **Achievements & Initiatives**

2024 was a year that included many important achievements. Most significantly, all preferred stock of CIB Marine has now been redeemed. The 2024 repurchase of preferred shares for \$13.4 million was supported by our 2022 subordinated debt offering, cash on hand, and a \$7 million capital distribution from CIBM Bank made possible by the sale-leaseback transaction reported earlier in the year. Retiring the preferred stock resulted in significant common stock book value gains. In redeeming the Series B preferred stock, we were able to eliminate the potentially dilutive effect of a conversion event that would have represented 48% of the common stock outstanding before repurchase activity began.

The redemption of all outstanding preferred stock paved the way for our Board of Directors to announce a 2025 common stock repurchase plan, which authorizes management to repurchase up to \$1 million of CIBH stock, beginning in the first quarter of 2025. For additional details on the repurchase plan, please see our press release dated February 4, 2025.

In addition, our net interest income and net interest margin improved over the course of 2024 and our Mortgage Division’s operating results were the best they’ve been in three years, as outlined below.

### **Results of Operations – Summary**

CIBM Bank’s return on average equity was 0.73% for the year 2024 compared to 0.21% in 2023. While assisted by the sale-leaseback, operating results were still improved if this is excluded. Other key developments for the quarter and year include:

- Net interest margins (“NIM”) have generally trended up over the course of the year. The Company’s NIM also showed an upward trend through most of 2024, starting at 2.29% in the first quarter and climbing to 2.55% in the third quarter. The NIM had a slight decline to 2.44% in the fourth quarter, mainly due to an accrued interest charge-off related to a \$2.5 million non-accrual loan and volatility caused by Fed rate changes. We are focused on continuing the NIM recovery trend in 2025 through deposit repricing, targeted marketing for lower interest cost deposit products, and changing the mix of earning assets over time toward higher spread credit products.
- After another challenging year in the mortgage markets, the Mortgage Division ended the year with a net loss of \$0.1 million compared to a net loss of \$0.7 million in 2023. The improvement was the result of cost save and control initiatives while maintaining loan production levels similar to those of 2023, despite the continued challenge of high mortgage rates. We will continue to manage the division to strive for positive earnings in 2025.

### **Financial Condition – Summary**

Loan portfolio balances were lower by \$25 million over the year due to high loan rates and the Company’s balance sheet management strategy in support of the redemption of the remaining preferred stock. We are committed to controlled growth in 2025, with a focus on rates that support our NIM recovery and maintaining sound credit metrics. Additional highlights of our financial condition as of December 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 ratios were 0.98% and 0.81%, respectively, on December 31, 2024, compared to 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 industry.

- Tangible book value (“TBV”) per share of common stock was \$57.37, up from \$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 \$47.83 compared to \$42.30 at December 31, 2023.

We encourage you to visit our website, [www.cibmarine.com](http://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](mailto:Elizabeth.Neighbors@cibmarine.com) to be added to our distribution list.

### **2025 Annual Shareholder Meeting**

We have scheduled our Annual Meeting of Shareholders for 1:00 pm (central) on Thursday, April 24, 2025. In an effort to reduce costs while ensuring access to the meeting by all shareholders regardless of geographical location, the meeting will be held virtually via live webcast. Additional information regarding the meeting, including webcast information, the Proxy Statement, and shareholder Proxy Card for voting, will be forthcoming.

### **Concluding Comments**

We are committed to continuously improving our operating results by focusing on higher net interest margins, stronger performance in our mortgage segment, and effective cost controls, while dedicating significant attention to driving NIM recovery following the recent 525 basis point interest rate shock.

Our ability to roll out the CIBH common stock repurchase plan was made possible by the final redemption of the preferred stock. We have also secured a \$2 million line of credit at the parent company level to support our cash contingency needs. With these measures in place, we believe the stock repurchase plan will benefit all shareholders. While the repurchase plan itself is a positive step, the most significant gains are expected to come from our improved operating results.

Thank you for your continued support and trust in our company. Together, we look forward to a successful and prosperous 2025.

Sincerely,



J. Brian Chaffin  
President & Chief Executive Officer

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## **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.

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**CIB MARINE BANCSHARES, INC.**  
**Selected Unaudited Consolidated Financial Data**

	At or for the Years Ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in thousands, except share and per share data)				
<b>Selected Statements of Operations Data</b>					
Interest and dividend income	\$47,544	\$39,069	\$27,332	\$25,059	\$26,996
Interest expense	26,703	17,614	3,417	1,796	4,814
Net interest income	20,841	21,455	23,915	23,263	22,182
Provision for (reversal of) credit losses	(463)	(92)	(893)	(1,195)	1,053
Net interest income after provision for (reversal of) credit losses	21,304	21,547	24,808	24,458	21,129
Noninterest income (1)	13,152	8,900	5,469	15,071	21,801
Noninterest expense	27,166	27,938	25,263	30,377	32,003
Income from operations before income taxes	7,290	2,509	5,014	9,152	10,927
Income tax expense	1,848	1,629	1,288	2,480	2,743
<b>Net income</b>	<b>5,442</b>	<b>880</b>	<b>3,726</b>	<b>6,672</b>	<b>8,184</b>
<b>Common Share Data</b>					
Basic net income (2)	4.32	0.66	2.97	5.64	6.51
Diluted net income (2)	3.38	0.49	2.16	4.06	3.79
Dividends	—	—	—	—	—
Tangible book value per share (3)	57.37	53.35	53.19	57.06	52.28
Book value per share (3)	57.42	51.58	51.39	54.55	47.19
Weighted average shares outstanding – basic	1,352,585	1,324,131	1,303,859	1,280,259	1,262,279
Weighted average shares outstanding – diluted	1,729,521	1,811,975	1,795,037	1,778,294	2,167,731
<b>Financial Condition Data</b>					
Total assets	\$866,474	\$899,060	\$752,997	\$745,393	\$750,982
Loans	697,093	722,084	577,303	543,819	539,227
Allowance for credit losses (4)	(8,790)	(9,136)	(7,894)	(8,352)	(9,122)
Investment securities	120,339	131,529	124,421	106,647	108,492
Deposits	692,378	727,565	628,869	618,991	586,373
Borrowings	81,735	76,956	34,485	27,049	51,310
Stockholders' equity	77,961	85,075	83,503	91,780	103,704
<b>Financial Ratios and Other Data</b>					
Performance Ratios:					
Net interest margin (5)	2.42%	2.72%	3.27%	3.22%	3.11%
Net interest spread (6)	1.72	2.18	3.10	3.13	2.93
Noninterest income to average assets (7)	1.48	1.08	0.75	2.00	2.90
Noninterest expense to average assets	3.05	3.40	3.30	4.02	4.26
Efficiency ratio (8)	79.86	92.13	85.17	79.10	72.85
Earnings on average assets (9)	0.61	0.11	0.49	0.88	1.09
Earnings on average equity (10)	6.33	1.05	4.15	6.37	8.26
Asset Quality Ratios:					
Nonaccrual loans to total loans (11)	0.81%	0.50%	0.16%	0.14%	0.23%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (11)	1.19	1.07	0.20	0.21	0.40
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (11)	0.98	0.90	0.20	0.21	0.54
Allowance for loan losses to total loans	1.26	1.27	1.37	1.54	1.69
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (11)	105.95	118.59	684.06	726.26	421.14
Net charge-offs (recoveries) to average loans	0.01	(0.01)	(0.08)	(0.08)	(0.01)
Capital Ratios:					
Total equity to total assets	9.00%	9.46%	11.09%	12.31%	13.81%
Total risk-based capital ratio	13.02	13.24	15.71	15.53	17.44
Tier 1 risk-based capital ratio	10.33	10.62	12.78	14.28	16.19
Leverage capital ratio	8.14	8.62	9.73	10.22	11.46
Other Data:					
Number of employees (full-time equivalent)	165	193	189	177	176
Number of banking facilities	9	10	10	10	11

(1) Noninterest income includes gains and losses on securities.

(2) Net income available to common stockholders in the calculation of earnings per share includes the difference between the carrying amount less the consideration paid for redeemed preferred stock of \$0.4 million, \$0.1 million, \$0.5 million and \$0.03 million for the years ended December 31, 2024, 2022, 2021 and 2020, respectively.

(3) 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.

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

(5) Net interest margin is the ratio of net interest income to average interest-earning assets.

(6) Net interest spread is the yield on average interest-earning assets less the rate on average interest-bearing liabilities.

(7) Noninterest income to average assets excludes gains and losses on securities.

(8) The efficiency ratio is noninterest expense divided by the sum of net interest income plus noninterest income, excluding gains and losses on securities.

(9) Earnings on average assets are net income divided by average total assets.

(10) Earnings on average equity are net income divided by average stockholders' equity.

(11) Excludes loans held for sale.

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

	December 31, 2024	December 31, 2023
	(Dollars in thousands)	
<b>Assets</b>		
Cash and due from banks	\$6,748	\$9,491
Securities available for sale and equity securities	120,339	131,529
Loans held for sale	13,291	9,209
Net loans	688,303	712,948
Other assets	37,793	35,883
Total assets	\$866,474	\$899,060
<b>Liabilities and Stockholders' Equity</b>		
Deposits	692,378	727,565
Short-term borrowings	71,973	67,227
Other liabilities	24,162	19,193
Total liabilities	788,513	813,985
<b>Stockholders' Equity</b>		
Total stockholders' equity	77,961	85,075
Total liabilities and stockholders' equity	\$866,474	\$899,060

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

	Years Ended December 31,	
	2024	2023
	(Dollars in thousands, except per share data)	
Total interest income	\$47,544	\$39,069
Total interest expense	26,703	17,614
<b>Net interest income</b>	20,841	21,455
Reversal of provision for credit losses	(463)	(92)
<b>Net interest income after provision for credit losses</b>	21,304	21,547
<b>Noninterest income</b>		
Compensation and employee benefits	13,152	8,900
Equipment, occupancy and premises	18,185	18,651
Other expense	3,712	3,703
<b>Total noninterest expense</b>	5,269	5,584
<b>Income from operations before income taxes</b>	27,166	27,938
Income tax expense	7,290	2,509
<b>Net income</b>	1,848	1,629
Preferred stock dividends	5,442	880
Discount from repurchase of preferred stock	—	—
<b>Net income allocated to common stockholders</b>	406	—
	<b>\$5,848</b>	<b>\$880</b>