

November 2, 2023

Dear Shareholder,

CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) is reporting its financial results for the quarter and nine months ended September 30, 2023. CIB Marine has expanded its mortgage operations; sold its retail deposits related to the Danville, Illinois, branch and grown its loan portfolio in 2023, however, operating results have been set back this year by rising cost of funds and a depressed mortgage market.

Results of Operations – Summary

Net income for the three-month period ending September 30, 2023, was \$0.4 million compared to \$1.0 million for the same period of 2022. Net income for the nine-month period ending September 30, 2023, was \$1.8 million compared to \$2.8 million for the same period of 2022.

- Net interest income and margin were \$16.3 million and 2.84%, respectively, for the nine months ended September 30, 2023, compared to \$17.8 million and 3.25%, respectively, in the same period of 2022. Although earning assets were higher in the 2023 period, the cost of interest-bearing liabilities increased at a more rapid pace than the yields on interest-earning assets; noninterest-bearing demand deposit balances were down due to the attraction of higher interest rates in interest-bearing deposit products; and competition for deposit balances was up significantly this year as liquidity in the industry has diminished.
- The Mortgage Division incurred a nominal loss in the third quarter of 2023 and for the nine-period ending September 30, 2023, its net loss was \$0.5 million. The loss during 2023 is primarily from up-front growth costs related to the significant increase of new lenders hired in late 2022 and the early 2023 and the lower mortgage loan production environment due to high mortgage rates, housing stock in short supply, and tight margins.
- Cost saving measures have been taken over the course of the year to reduce operating costs by over \$1 million per annum.

Financial Condition - Summary

The Company’s loan portfolio balances have grown by \$111 million year to date, comprised primarily of \$59 million in commercial loans and the remaining in residential loans. This growth is expected to slow over the coming quarters as a larger percentage of mortgage loan originations will be originated for sale.

- Asset quality ratios continue to be relatively strong compared to the Company’s longer-term history. Due to developments in a few loans, our quarter end 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 ratios were 0.49% and 0.50%, respectively, compared to 0.20% and 0.16%, respectively, on December 31, 2022.
- Tangible book value is \$52.05 per share of common stock. Declines over the past twelve months are related to the increase in market interest rates and the effect that has on unrealized losses in our available for sale securities reported at fair value. Tangible book value excluding deferred tax assets and adjusted for conversion of Series B preferred shares to common, was \$39.45 and \$40.16 per share, respectively, up \$0.18 and \$0.03 per share, respectively, due to earnings contribution over the past twelve months.

We encourage you to visit our website, www.cibmarine.com, for a copy of our audited financial statements, additional detailed financial results (including analysis of the Company’s deferred tax assets and the impact

of IRS Code section 382), 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.

Concluding Comments

The perniciously long period of severely and historically high interest rate changes and the deeply inverted yield curve have created an elevated challenge. The related earning struggles have loomed large over both our own performance and the industry as a whole during 2023. We continue to take steps to lessen some of the cost of funds pricing pressures and interest rate risk, and to lower our ongoing operating costs to improve performance in both our Banking and Mortgage Divisions.

The redemption of all preferred stock by the end of 2024 remains the top priority for the Company and the most significant action we can take to build shareholder value. At CIBM Bank, our primary focus is operating results and safety and soundness, which includes increasing earnings with strategies to improve net interest margins and operating efficiencies. At our 2022 and 2023 Annual Shareholder meetings, we discussed our strategic plans for complete redemption of all preferred shares, the timing of those redemptions, potential challenges, and the many opportunities that follow the redemption process. We have taken important steps toward our redemption goal, including the 2022 issuance of subordinated debt, and we continue to evaluate alternative funding sources to supplement current Company cash and future capital distributions from CIBM Bank (which require regulatory approval), if necessary. Our analysis, provided to shareholders in April, remains unchanged and we are currently planning the next, and final, redemption to take place in 2024. The past year is a strong reminder that the banking operating environment is subject to many variables outside of our control. We will continue to provide our shareholders regular updates regarding the status of and changes, if any, to our strategic plans.

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;

- the relative strength or weakness of the commercial and real estate markets where our borrowers are located, including related vacancy rates, and asset and market prices; 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, | |
|--|------------------------------|----------------|---------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Selected Statements of Operations Data | | | | |
| (Dollars in thousands, except share and per share data) | | | | |
| Interest and dividend income | \$10,117 | \$7,234 | \$27,741 | \$19,524 |
| Interest expense | 5,180 | 823 | 11,424 | 1,753 |
| Net interest income | 4,937 | 6,411 | 16,317 | 17,771 |
| Provision for (reversal of) credit losses on loans (1) | (140) | 34 | (227) | (251) |
| Net interest income after provision for (reversal of) credit losses | 5,077 | 6,377 | 16,544 | 18,022 |
| Noninterest income (2) | 2,368 | 1,313 | 7,076 | 4,678 |
| Noninterest expense | 7,007 | 6,311 | 21,269 | 18,947 |
| Income before income taxes | 438 | 1,379 | 2,351 | 3,753 |
| Income tax expense | 59 | 352 | 579 | 937 |
| Net income | \$379 | \$1,027 | \$1,772 | \$2,816 |
| Common Share Data | | | | |
| Basic net income | \$0.28 | \$0.78 | \$1.34 | \$2.16 |
| Diluted net income | 0.21 | 0.57 | 0.98 | 1.57 |
| Dividends | — | — | — | — |
| Tangible book value per share (3) | 52.05 | 52.24 | 52.05 | 52.24 |
| Book value per share (3) | 50.28 | 49.78 | 50.28 | 49.78 |
| Weighted average shares outstanding-basic | 1,333,889 | 1,308,752 | 1,320,332 | 1,302,872 |
| Weighted average shares outstanding-diluted | 1,814,716 | 1,797,721 | 1,811,140 | 1,794,941 |
| Financial Condition Data | | | | |
| Total assets | \$874,247 | \$762,965 | \$874,247 | \$762,965 |
| Loans | 688,446 | 564,841 | 688,446 | 564,841 |
| Allowance for credit losses on loans (1) | (8,947) | (8,061) | (8,947) | (8,061) |
| Investment securities | 130,476 | 127,954 | 130,476 | 127,954 |
| Deposits | 644,165 | 633,234 | 644,165 | 633,234 |
| Borrowings | 138,469 | 37,168 | 138,469 | 37,168 |
| Stockholders' equity | 83,313 | 87,228 | 83,313 | 87,228 |
| Financial Ratios and Other Data | | | | |
| Performance Ratios: | | | | |
| Net interest margin (4) | 2.43% | 3.45% | 2.84% | 3.25% |
| Net interest spread (5) | 1.85 | 3.29 | 2.34 | 3.13 |
| Noninterest income to average assets (6) | 1.15 | 0.72 | 1.19 | 0.87 |
| Noninterest expense to average assets | 3.31 | 3.24 | 3.55 | 3.31 |
| Efficiency ratio (7) | 95.06 | 80.73 | 90.66 | 83.35 |
| Earnings on average assets (8) | 0.18 | 0.53 | 0.30 | 0.49 |
| Earnings on average equity (9) | 1.78 | 4.52 | 2.82 | 4.15 |
| Asset Quality Ratios: | | | | |
| Nonaccrual loans to total loans (10) | 0.50% | 0.13% | 0.50% | 0.13% |
| Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (10) | 0.56 | 0.17 | 0.56 | 0.17 |
| Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (10) | 0.49 | 0.18 | 0.49 | 0.18 |
| Allowance for loan losses to total loans | 1.30 | 1.43 | 1.30 | 1.43 |
| Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (10) | 231.01 | 852.11 | 231.01 | 852.11 |
| Net charge-offs (recoveries) to average loans | -0.01 | (0.01) | -0.01 | 0.01 |
| Capital Ratios: | | | | |
| Total equity to total assets | 9.53% | 11.43% | 9.53% | 11.43% |
| Total risk-based capital ratio | 13.58 | 16.42 | 13.58 | 16.42 |
| Tier 1 risk-based capital ratio | 10.91 | 13.48 | 10.91 | 13.48 |
| Leverage capital ratio | 8.93 | 10.16 | 8.93 | 10.16 |
| Other Data: | | | | |
| Number of employees (full-time equivalent) | 199 | 166 | 199 | 166 |
| Number of banking facilities | 10 | 10 | 10 | 10 |

(1) For periods ending prior to January 1, 2023, these are provision for (reversal of) credit losses and allowance for loan losses, respectively.

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

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

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

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

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

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

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

(10) Excludes loans held for sale.

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

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> |
|---|---------------------------|--------------------------|
| | (Dollars in thousands) | |
| Assets | | |
| Cash and due from banks | \$9,203 | \$19,667 |
| Securities available for sale and equity securities | 130,476 | 124,421 |
| Loans held for sale | 15,011 | 5,057 |
| Net loans | 679,499 | 569,409 |
| Other assets | 40,058 | 34,443 |
| Total assets | <u>\$874,247</u> | <u>\$752,997</u> |
| Liabilities and Stockholders' Equity | | |
| Deposits | \$644,165 | \$628,869 |
| Short-term borrowings | 128,748 | 24,789 |
| Other liabilities | 18,021 | 15,836 |
| Total liabilities | <u>790,934</u> | <u>669,494</u> |
| Stockholders' Equity | | |
| Total stockholders' equity | <u>83,313</u> | <u>83,503</u> |
| Total liabilities and stockholders' equity | <u>\$874,247</u> | <u>\$752,997</u> |

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

| | Quarters Ended | | Nine Months Ended | |
|--|------------------------|----------------|-------------------|----------------|
| | September 30, | | September 30, | |
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| | (Dollars in thousands) | | | |
| Interest income | 10,117 | 7,234 | 27,741 | 19,524 |
| Interest expense | 5,180 | 823 | 11,424 | 1,753 |
| Net interest income | 4,937 | 6,411 | 16,317 | 17,771 |
| Provision for (reversal of) credit losses | (140) | 34 | (227) | (251) |
| Net interest income after provision for (reversal of) loan losses | 5,077 | 6,377 | 16,544 | 18,022 |
| Noninterest income | | | | |
| Compensation and employee benefits | 4,631 | 4,240 | 14,282 | 12,644 |
| Equipment, occupancy, and premises | 974 | 786 | 2,795 | 2,497 |
| Other expense | 1,402 | 1,285 | 4,192 | 3,806 |
| Total noninterest expense | <u>7,007</u> | <u>6,311</u> | <u>21,269</u> | <u>18,947</u> |
| Income from operations before income taxes | 438 | 1,379 | 2,351 | 3,753 |
| Income tax expense | 59 | 352 | 579 | 937 |
| Net income | 379 | 1,027 | 1,772 | 2,816 |
| Discount from repurchase of preferred shares | — | — | — | — |
| Net income allocated to common stockholders | <u>\$379</u> | <u>\$1,027</u> | <u>\$1,772</u> | <u>\$2,816</u> |