

November 3, 2022

Dear Shareholder,

CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) is pleased to report its financial results for the quarter and nine months ended September 30, 2022. CIB Marine’s operating results were dominated by significant seasonal and cyclical mortgage trends, but also reflected another quarter of core deposit growth and continued strong asset quality.

Results of Operations – Summary

Net income for the nine months ended September 30, 2022, was \$2.8 million, with basic and diluted earnings per share of \$2.16 and \$1.57, respectively, and an annualized return on average assets (“ROAA”) of 0.49%. For the same period in 2021, net income was \$5.6 million, with basic and diluted earnings per share of \$4.36 and \$2.53, respectively, and an annualized ROAA of 0.99%. The primary source of change was the operating results of the Mortgage Banking Division, where higher interest rates have caused a 55% decline in total mortgage originations and substantial tightening in pricing margins during the first nine months of 2022 compared to the same period of 2021.

- Net interest income was \$17.8 million during the nine-month period, up \$0.4 million from the same period in 2021 despite less PPP loan fee accretions and subordinated debt interest expenses. Improvements reflect higher earning assets, asset yield increases outpacing liability cost increases, and growth in noninterest bearing checking accounts.
- Non-interest income was down \$7.7 million during the first nine months of 2022, compared to the same period of 2021, due primarily to the reduction in net mortgage banking revenues as a result of higher mortgage interest rates (i.e., the 30-year mortgage rate is up over 300 basis points) and tighter pricing margins.

Financial Condition - Summary

Total assets were up \$18 million at September 30, 2022, from the start of the fiscal and calendar year. Securities and loan balances were up \$22 million and \$21 million, respectively, and offset in part by a reduction in cash and due from banks of \$23 million. In addition, interest and noninterest bearing checking accounts balances were up \$30 million on a combined basis and time deposits were up \$20 million with savings deposits down \$36 million as higher interest rates has caused a shift from savings to time deposits by depositors. Additional highlights of our financial condition as of September 30, 2022, include:

- 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 were 0.18% and 0.13%, respectively, compared to 0.21% and 0.14%, respectively, at December 31, 2021, and 0.25% and 0.18%, respectively, at September 30, 2021.
- Tangible book value (“TBV”) per share of common stock of \$52.24 was down from year-end 2021, due primarily to the very rapid increase in interest rates during the period, which resulted in a \$6.9 million unrealized loss net of tax in the market value of available for sale securities. These unrealized losses are not expected to be realized losses in the future. The securities portfolio is comprised primarily of U.S. government and government sponsored enterprise issued and A to AAA rated municipal issued fixed income securities. For further insight into other factors effecting TBV: TBV excluding deferred tax assets (“DTA”) was \$39.27 and TBV after the effects of a conversion of Series B preferred stock to common stock was \$40.13 (conversion is only permissible under very limited situations).

We encourage you to visit our website, www.cibmarine.com, for a copy of our audited financial statements, additional detailed financial results, 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.

Preferred Stock Redemptions

At our 2022 Annual Shareholder Meeting, we announced plans to redeem approximately 5,830 shares of Series A preferred stock during the fourth quarter of 2022. The redemption will be pro-rata among Series A preferred stockholders and at the fixed redemption price in our Articles of Incorporation of \$825 per share, for a total price of approximately \$4.8 million. Instructions will be provided to preferred shareholders closer to the redemption date, currently expected to be on or around December 19, 2022. The \$10 million of sub-debt issued by CIB Marine during the first quarter of 2022 is the primary source of funds for this planned redemption.

At this time, CIB Marine plans on redeeming the remaining shares of Series A and Series B preferred stock in the fourth quarter of 2024 at the price of \$825 per share. These plans are subject to change, depending on the Company's operating results, factors affecting the preservation and use of our deferred tax assets, and financial condition, and will require regulatory approvals. CIB Marine will consider redeeming preferred shares earlier or later if circumstances change and it is in the best interest of the Company and its shareholders to do so.

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 DTA net of tax liabilities resulting in an impairment expense and a reduction in stockholder's equity. At September 30, 2022, 5% of the total value of Company stock was approximately \$3.1 million, which is the equivalent of approximately 92,200 shares of common stock at the last traded price listed on OTCQX at September 30, 2022 (i.e., \$34.00/share), or approximately 3,800 shares of preferred stock at \$825 per share, the price paid per share of preferred stock on the last redemption date of October 29, 2021. Under the assumption all remaining preferred shares are redeemed, thereafter 5% of Company common stock would be approximately 65,450 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 the number of shares that denote a 5% shareholder could change significantly as a result.

Changes in ownership of preferred shares are included in the cumulative 50% ownership change test. There is only one remaining Collateralized Debt Obligation ("CDO") that holds CIB Marine preferred shares at this time. Since our last shareholder letter, the other CDO distributed its CIB Marine preferred shares after all senior tranches in the CDO were paid off. CDOs liquidating or distributing CIB Marine preferred shares could result in a change in ownership of those preferred shares as described earlier. The assessment performed by our advisors suggests this recent distribution by the CDO did not cause a cumulative 50% ownership change. We continue to caution our significant shareholders to carefully consider the consequences of any stock purchase or sale transaction that could impact the value of the Company's DTA. For further explanation or inquiry, please contact the Company.

Concluding Comments

As short-term interest rates have risen dramatically during the course of the year in an effort by the Federal Reserve Bank to fight elevated inflation rates, CIB Marine's net interest margin has increased over the shorter term due in part to the higher earning assets being funded by non-interest bearing and other checking accounts. Higher interest rates continue to apply growing pressure on checking account balances.

In addition, the U.S. Treasury yield curve is inverted between the 1- and 10-year maturity terms and recession risks continue to be very high for the quarters ahead. This informs our risk management activities related to important banking risks, including credit, interest rate, and liquidity risks. CIBM Bank's loan portfolio includes a high percentage of real estate related loans that are diversified not only between residential and commercial segments and the major banking markets we operate in, but also commercial real estate property types as outlined in our additional other financial information.

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Selected Statements of Operations Data				
(Dollars in thousands, except share and per share data)				
Interest and dividend income	\$7,234	\$6,311	\$19,524	\$18,815
Interest expense	823	417	1,753	1,409
Net interest income	6,411	5,894	17,771	17,406
Provision for (reversal of) loan losses	34	(413)	(251)	(693)
Net interest income after provision for (reversal of) loan losses	6,377	6,307	18,022	18,099
Noninterest income (1)	1,313	4,072	4,678	12,353
Noninterest expense	6,311	7,517	18,947	22,736
Income before income taxes	1,379	2,862	3,753	7,716
Income tax expense	352	788	937	2,144
Net income	\$1,027	\$2,074	\$2,816	\$5,572
Common Share Data				
Basic net income	\$0.78	\$1.61	\$2.16	\$4.36
Diluted net income	0.57	0.94	1.57	2.53
Dividends	—	—	—	—
Tangible book value per share (2)	52.24	55.60	52.24	55.60
Book value per share (2)	49.78	50.58	49.78	50.58
Weighted average shares outstanding-basic	1,308,752	1,286,536	1,302,872	1,278,818
Weighted average shares outstanding-diluted	1,797,721	2,208,493	1,794,941	2,200,867
Financial Condition Data				
Total assets	\$762,965	\$775,912	\$762,965	\$775,912
Loans	564,841	559,079	564,841	559,079
Allowance for loan losses	(8,061)	(8,699)	(8,061)	(8,699)
Investment securities	127,954	102,243	127,954	102,243
Deposits	633,234	624,579	633,234	624,579
Borrowings	37,168	34,577	37,168	34,577
Stockholders' equity	87,228	108,984	87,228	108,984
Financial Ratios and Other Data				
Performance Ratios:				
Net interest margin (3)	3.45%	3.21%	3.25%	3.23%
Net interest spread (4)	3.29	3.12	3.13	3.14
Noninterest income to average assets (5)	0.72	2.13	0.87	2.20
Noninterest expense to average assets	3.24	3.92	3.31	4.03
Efficiency ratio (6)	80.73	75.34	83.35	76.28
Earnings on average assets (7)	0.53	1.08	0.49	0.99
Earnings on average equity (8)	4.52	7.59	4.15	6.95
Asset Quality Ratios:				
Nonaccrual loans to total loans (9)	0.13%	0.18%	0.13%	0.18%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	0.17	0.27	0.17	0.27
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets (9)	0.18	0.25	0.18	0.25
Allowance for loan losses to total loans	1.43	1.56	1.43	1.56
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	852.11	575.33	852.11	575.33
Net charge-offs (recoveries) to average loans	(0.01)	0.04	0.01	(0.07)
Capital Ratios:				
Total equity to total assets	11.43%	14.05%	11.43%	14.05%
Total risk-based capital ratio	16.42	18.14	16.42	18.14
Tier 1 risk-based capital ratio	13.48	16.89	13.48	16.89
Leverage capital ratio	10.16	12.44	10.16	12.44
Other Data:				
Number of employees (full-time equivalent)	166	179	166	179
Number of banking facilities	10	10	10	10

- (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, 2022	December 31, 2021
	(Dollars in thousands)	
Assets		
Cash and due from banks	\$36,454	\$59,184
Securities available for sale	127,954	106,647
Loans held for sale	6,471	9,859
Net loans	556,780	535,467
Other assets	35,306	34,236
Total assets	\$762,965	\$745,393
Liabilities and Stockholders' Equity		
Deposits	633,234	618,991
Short-term borrowings	27,480	27,049
Other liabilities	15,023	7,573
Total liabilities	675,737	653,613
Stockholders' Equity		
Total stockholders' equity	87,228	91,780
Total liabilities and stockholders' equity	\$762,965	\$745,393

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in thousands)			
Interest income	7,234	6,311	19,524	18,815
Interest expense	823	417	1,753	1,409
Net interest income	6,411	5,894	17,771	17,406
Provision for (reversal of) loan losses	34	(413)	(251)	(693)
Net interest income after provision for (reversal of) loan losses	6,377	6,307	18,022	18,099
Noninterest income	1,313	4,072	4,678	12,353
Compensation and employee benefits	4,240	5,436	12,644	16,491
Equipment, occupancy and premises	786	785	2,497	2,425
Other expense	1,285	1,296	3,806	3,820
Total noninterest expense	6,311	7,517	18,947	22,736
Income from operations before income taxes	1,379	2,862	3,753	7,716
Income tax expense	352	788	937	2,144
Net income	1,027	2,074	2,816	5,572
Discount from repurchase of preferred shares	—	—	—	—
Net income allocated to common stockholders	\$1,027	\$2,074	\$2,816	\$5,572