cib marine
BANCSHARES INC

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August 7, 2025

Dear Shareholder,

CIB Marine Bancshares, Inc. ("CIB Marine" or the "Company") is pleased to report its financial results for the quarter and six months ended June 30, 2025. Operating results for the three- and six-month period reflect continued improvement in operations represented by ongoing recovery of the net interest margin and net interest income, as well as improved results in mortgage operations compared to the same periods in 2024.

Results of Operations – Summary

CIB Marine reported net income of $0.7 million for the quarter ended June 30, 2025, compared to $0.5 million in the same period the prior year excluding the effects of the net gain related to the sale-leaseback transaction in June of 2024. CIB Marine also reported net income of $1.0 million for the six months ended June 30, 2025, compared to $0.6 million for the same period of 2024. Key developments that led to improved performance including the following:

- Net interest margin ("NIM") increased to 2.69% for the quarter ended June 30, 2025, compared to 2.38% for the same period of 2024 and 2.65% for the six months ended June 30, 2025, compared to 2.34% for the same period of 2024. The improvement was primarily driven by lower cost of funds relative to yields on interest earning assets, resulting in increases in net interest income of $0.3 million and $0.6 million, respectively, despite a decline in average interest earning asset balances.
- The Mortgage Division's earnings improved by $0.1 million through June 30, 2025, compared to the same period of 2024. This modest earnings progress reflects some operating cost improvements, but its effect was limited due to lower loan production compared to the prior year due to the decline in lending staff earlier this year as was noted in the first quarter earnings release.

Financial Condition – Summary

Loan portfolio balances were $32 million lower as of June 30, 2025, compared to December 31, 2024, reflecting a deliberate strategy to manage asset composition and maintain appropriate capital ratios in support of the 2024 preferred stock redemption plan. Since the final redemption of preferred stock in 2024, the commercial loan pipeline has expanded, despite some unexpected payoffs, and we are targeting higher loan balances by year-end as we focus on growth in the portfolio. In addition, the allowance for credit losses to loans rose from 1.26% to 1.32%, primarily due to deterioration in forecasted short-term economic outcomes and related risks. 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 June 30, 2025, include:

- As of June 30, 2025, non-performing assets represented 0.68% of total assets, and non-accrual loans accounted for 0.85% of total loans—both relatively unchanged from 0.68% and 0.81%, respectively, as of December 31, 2024.
- Tangible book value ("TBV") per share of common stock rose to $59.55, up from $57.37 at year-end 2024 and $55.36 at June 30, 2024. This growth was primarily driven by earnings, a reduction in unrealized losses on available for sale securities due to lower interest rates, and the repurchase of CIBH shares below TBV as a part of our 2025 common stock repurchase program initiated during the first quarter of 2025. For further insight into other factors affecting TBV: TBV per share excluding deferred tax assets ("DTA") was $50.54 compared to $47.83 December 31, 2024.

We encourage you to visit our website, 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 to be added to our distribution list.

Concluding Comments

Our key priorities continue to be strengthening the net interest margin, expanding the commercial loan portfolio, enhancing performance in the mortgage segment, and maintaining disciplined cost controls.

In furtherance of our goal to continue building shareholder value, our 2025 common stock repurchase plan is well underway, with $0.5 million in purchases completed through June 30, 2025. We plan to complete the full $1 million of authorized common stock repurchases in 2025. While the repurchase plan is a positive action we can take now, the greatest long-term gains for our shareholders will be achieved with continued improvement in operating results.

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

	Quarters Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Selected Statements of Operations Data	(Dollars in thousands, except share and per share data)			
Interest and dividend income	$11,017	$12,052	$21,958	$23,853
Interest expense	5,541	6,897	11,193	13,737
Net interest income	5,476	5,155	10,765	10,116
Provision for (reversal of) credit losses on loans	9	10	51	(18)
Net interest income after provision for (reversal of) credit losses	5,467	5,145	10,714	10,134
Noninterest income (1)	1,765	6,904	3,317	8,531
Noninterest expense	6,311	6,904	12,684	13,325
Income before income taxes	921	5,145	1,347	5,340
Income tax expense	253	1,361	358	1,378
Net income	$668	$3,784	$989	$3,962
Common Share Data				
Basic net income	$0.50	$2.79	$0.74	$2.94
Diluted net income	0.48	2.06	0.71	2.17
Dividends	—	—	—	—
Tangible book value per share (2)	59.55	55.36	59.55	55.36
Book value per share (2)	59.59	53.61	59.59	53.61
Weighted average shares outstanding-basic	1,349,613	1,356,255	1,344,573	1,348,440
Weighted average shares outstanding-diluted	1,397,365	1,833,881	1,392,090	1,826,911
Financial Condition Data				
Total assets	$838,441	$901,634	$838,441	$901,634
Loans	665,393	719,129	665,393	719,129
Allowance for credit losses on loans	(8,793)	(9,083)	(8,793)	(9,083)
Investment securities	126,795	123,814	126,795	123,814
Deposits	684,480	768,984	684,480	768,984
Borrowings	59,292	28,222	59,292	28,222
Stockholders' equity	80,492	89,008	80,492	89,008
Financial Ratios and Other Data				
Performance Ratios:				
Net interest margin (3)	2.69%	2.38%	2.65%	2.34%
Net interest spread (4)	2.06	1.71	2.03	1.67
Noninterest income to average assets (5)	0.83	3.09	0.78	1.91
Noninterest expense to average assets	3.00	3.09	3.02	2.98
Efficiency ratio (6)	87.24	57.19	90.35	71.34
Earnings on average assets (7)	0.32	1.69	0.24	0.88
Earnings on average equity (8)	3.36	17.92	2.52	9.38
Asset Quality Ratios:				
Nonaccrual loans to total loans (9)	0.85%	0.47%	0.85%	0.47%
Nonperforming assets to total assets	0.68	0.41	0.68	0.41
Nonaccrual loans, modified loans to borrowers experiencing financial difficulty and loans 90 days or more past due and still accruing to total loans (9)(10)	2.33	1.38	2.33	1.38
Nonperforming assets, modified loans to borrowers experiencing financial difficulty and loans 90 days or more past due and still accruing to total assets (9)(10)	1.85	1.14	1.85	1.14
Allowance for loan losses to total loans	1.32	1.26	1.32	1.26
Allowance for loan losses to nonaccrual loans, modified loans to borrowers experiencing financial difficulty and loans 90 days or more past due and still accruing (9)	56.76	91.24	56.76	91.24
Net charge-offs (recoveries) to average loans	(0.02)	0.03	(0.01)	0.03
Capital Ratios:				
Total equity to total assets	9.60%	9.87%	9.60%	9.87%
Total risk-based capital ratio	13.55	13.90	13.55	13.90
Tier 1 risk-based capital ratio	10.82	11.27	10.82	11.27
Leverage capital ratio	8.54	8.93	8.54	8.93
Other Data:				
Number of employees (full-time equivalent)	144	172	144	172
Number of banking facilities	9	9	9	9

(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.
(10) A large loan 90 days or more past due and still accruing was brought current after June 30, 2025, but was also restructured so these ratios will remain the same.

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

	June 30, 2025	December 31, 2024
	(Dollars in thousands)	
Assets		
Cash and due from banks	$10,363	$6,748
Securities available for sale and equity securities	126,795	120,339
Loans held for sale	7,733	13,291
Net loans	656,600	688,303
Other assets	36,950	37,793
Total assets	$838,441	$866,474
Liabilities and Stockholders' Equity		
Deposits	684,480	692,378
Short-term borrowings	49,514	71,973
Other liabilities	23,955	24,162
Total liabilities	757,949	788,513
Stockholders' Equity		
Total stockholders' equity	80,492	77,961
Total liabilities and stockholders' equity	$838,441	$866,474

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

	Quarters Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Interest income	11,017	12,052	21,958	23,853
Interest expense	5,541	6,897	11,193	13,737
Net interest income	5,476	5,155	10,765	10,116
Provision for (reversal of) credit losses	9	10	51	(18)
Net interest income after provision for (reversal of) credit losses	5,467	5,145	10,714	10,134
Noninterest income	1,765	6,904	3,317	8,531
Compensation and employee benefits	4,060	4,700	8,126	8,989
Equipment, occupancy, and premises	1,102	848	2,210	1,746
Other expense	1,149	1,356	2,348	2,590
Total noninterest expense	6,311	6,904	12,684	13,325
Income from operations before income taxes	921	5,145	1,347	5,340
Income tax expense	253	1,361	358	1,378
Net income	668	3,784	989	3,962
Discount from repurchase of preferred shares	—	—	—	—
Net income allocated to common stockholders	**$668**	**$3,784**	**$989**	**$3,962**

CIB Marine Bancshares, Inc. (OTCQX: CIBH). This report provides additional detailed financial information for the quarter and six months ended June 30, 2025. Please see our Shareholder Letter dated August 7, 2025, at www.cibmarine.com for a summary description of our financial results.

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

	2025			2024		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
	(Dollars in thousands)					
Quarter Ended June 30,						
Interest-earning assets						
Securities (1)	$124,706	$1,186	3.80%	$122,772	$1,217	3.97%
Loans held for sale (1)	10,106	149	5.91	13,433	213	6.40
Loans (1)(2)	679,429	9,653	5.70	731,088	10,582	5.82
Federal funds sold, reverse repos and interest-earning due from banks	1,945	29	6.14	2,423	40	6.56
Total interest-earning assets	816,186	11,017	5.41	869,716	12,052	5.57
Noninterest-earning assets	28,298			30,291		
Total assets	$844,484			$900,007		
Interest-bearing liabilities						
Interest-bearing deposits	$593,276	$4,795	3.24%	$681,557	$6,466	3.82%
Borrowed funds	70,059	746	4.28	37,022	431	4.67
Total interest-bearing liabilities	663,335	5,541	3.35	718,579	6,897	3.86
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	93,995			90,782		
Accrued interest and other liabilities	7,385			5,735		
Preferred equity	—			13,806		
Common equity	79,769			71,105		
Total stockholders' equity	79,769			84,911		
Total liabilities and stockholders' equity	$844,484			$900,007		
Net interest-earning assets, interest income and net interest spread (1)(3)	$152,851	$5,476	2.06%	$151,137	$5,155	1.71%
Net interest margin (1)(4)			2.69%			2.38%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.23			1.21		

	2025			2024		
	Average Balance	Interest Earned/Paid	Average Yield/Cost	Average Balance	Interest Earned/Paid	Average Yield/Cost
	(Dollars in thousands)					
Six Months Ended June 30,						
Interest-earning assets						
Securities (1)	$123,252	$2,336	3.79%	$124,580	$2,448	3.93%
Loans held for sale (1)	10,290	286	5.60	11,211	355	6.38
Loans (1)(2)	682,093	19,276	5.70	732,241	20,976	5.76
Federal funds sold, reverse repos and interest-earning due from banks	1,965	60	6.22	2,008	74	7.40
Total interest-earning assets	817,600	21,958	5.41	870,040	23,853	5.51
Noninterest-earning assets	28,290			30,265		
Total assets	$845,890			$900,305		
Interest-bearing liabilities						
Interest-bearing deposits	$599,648	$9,824	3.30%	$674,427	$12,693	3.78%
Borrowed funds	66,031	1,369	4.18	44,168	1,044	4.75
Total interest-bearing liabilities	665,679	11,193	3.39	718,595	13,737	3.84
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	93,503			90,864		
Accrued interest and other liabilities	7,438			5,907		
Preferred equity	—			13,806		
Common equity	79,270			71,133		
Total stockholders' equity	79,270			84,939		
Total liabilities and stockholders' equity	$845,890			$900,305		
Net interest-earning assets, interest income and net interest spread (1)(3)	$151,921	$10,765	2.02%	$151,445	$10,116	1.67%
Net interest margin (1)(4)			2.65%			2.34%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.23			1.21		

(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 $0.3 million for the quarter compared to the same quarter of the prior year primarily the result of a 31-basis point increase in the net interest margin due to a 51-basis point improvement in the cost of interest-bearing liabilities that more than offset a 16 basis point decline in the yield on earning assets, offset in part by a $54 million decline in average earning assets.

Net interest income increased by $0.6 million for the six months ended June 30, 2025, compared to the same period of the previous year primarily the result of a 31-basis point increase in the net interest margin due to a 45-basis point improvement in the cost of interest-bearing liabilities that more than offset a 10 basis point decline in the yield on earning assets, offset in part by a $52 million decline in average earning assets.

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

Loan Portfolio Segments (unaudited)

	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Commercial	$93,334	14.1%	$95,961	13.8%	$89,872	12.5%
Commercial real estate	349,433	52.6	350,485	50.4	361,074	50.3
Construction and development	28,418	4.3	32,712	4.7	50,513	7.0
Residential real estate	174,128	26.2	198,181	28.5	199,062	27.7
Home equity	18,606	2.8	18,165	2.6	16,985	2.4
Purchased home equity pools	197	0.0	249	0.0	283	0.1
Other consumer	37	0.0	42	0.0	48	0.0
Gross loans	664,153	100.0%	695,795	100.0%	717,837	100.0%
Deferred loan costs (fees)	1,240		1,298		1,292	
Loans	665,393		697,093		719,129	
Allowance for credit losses on loans	(8,793)		(8,790)		(9,083)	
Loans, net	$656,600		$688,303		$710,046	

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

	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Office	$42,043	6.3%	$41,875	6.0%	$49,079	6.8%
Retail	72,740	10.9	73,269	10.5	79,555	11.1
Warehouse	37,989	5.7	38,701	5.6	38,138	5.3
Manufacturing	37,976	5.7	42,176	6.1	43,921	6.1
Hospitality	24,910	3.7	24,787	3.6	25,939	3.6
Nursing Home and Assisted Living	15,060	2.3	14,692	2.1	14,407	2.0
Multifamily Apartments	52,588	7.9	51,471	7.4	54,629	7.6
Restaurants and Food Service	22,515	3.4	21,935	3.2	24,531	3.4
Educational	14,408	2.2	14,755	2.1	16,035	2.2

(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 be committed to maintaining reasonable and prudent loan portfolio diversification, in part represented by our commercial property type loans in the portfolio. These property types are primarily distributed across our core lending markets in Illinois, Indiana, and Wisconsin.

Nonperforming Assets and Selected Asset Quality Ratios (unaudited)

	June 30, 2025	December 31, 2024	June 30, 2024
Nonperforming assets	(Dollars in thousands)		
Nonaccrual loans:			
Commercial	$5,149	$5,100	$2,807
Commercial real estate	—	—	—
Construction and development	—	—	—
Residential real estate	—	—	1
Home equity	534	551	566
Other consumer	—	—	—
	5,683	5,651	3,374
Loans held for sale	—	—	—
Total nonaccrual loans	5,683	5,651	3,374
Other real estate owned	—	200	283
Total nonperforming assets	$5,683	$5,851	$3,657
Restructured loans accruing			

	Nonperforming Assets and Selected Asset Quality Ratios (unaudited)		
	June 30, 2025	December 31, 2024	June 30, 2024
Nonperforming assets	(Dollars in thousands)		
Commercial	$289	$3,915	$3,689
Commercial real estate	1,823	—	—
Residential real estate	389	2,207	313
Home equity	—	—	—
Purchased home equity pools	52	53	54
Other consumer	—	—	—
Total restructured loans accruing	$2,553	$6,175	$4,056
90 days or more past due still accruing	$7,269	$76	$2,525
Ratios			
Nonaccrual loans to total loans (1)	0.85%	0.81%	0.47%
Other real estate owned to total assets	0.00	0.02	0.03
Nonperforming assets to total assets (1)	0.68	0.68	0.41
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (1)	2.33	1.19	1.38
Nonperforming assets, restructured loans and 90 days or more past due and still accruing loans to total assets (1)	1.85	0.98	1.14

(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.

Non-accrual loans primarily consist of two relationships within the transportation industry. The increase in the ratios above that include 90 days or more past due and still accruing loans was due to two relationships which are 90 days or more past due and still accruing—one in the transportation industry and the other in manufacturing. Although the former loan was brought current after June 30, 2025, and removed from 90 days or more past due and still accruing category, it was also restructured with a longer repayment term.

Under the NAICS category of Transportation and Warehousing, CIB Marine had a total of $15.4 million in outstanding loan balances as of June 30, 2025. This includes a mix of air, local and long-distance trucking, and other categories.

CIB Marine continues to retain qualified professional firms to conduct annual loan reviews, supplementing its existing audit functions for lending activities. For more than 10 years, these reviews have found minimal variations related to the accuracy and timeliness of CIB Marine's loan gradings and classifications. The loan reviews account for 40% or more of commercial loan balances and focus primarily on larger credit relationships, loans that are a part of large NAICS concentrations, problem loans, and new loans. In addition, at least 10% of residential loans originated for sale or portfolio are evaluated by a qualified professional firm for accuracy and completeness of documentation, regulatory compliance, underwriting standards, and other matters as required by Fannie Mae and Federal Housing Authority quality assurance guidelines.

The allowance for credit losses on loans covers the entirety of the portfolio, including all non-performing, restructured, and 90 days or more past due and still accruing loans. The allowance is based on current expected credit loss accounting standards and includes the estimated effects of independent economic forecasts and a variety of qualitative factors, including past due loans and loan classifications on future loan loss estimates. In addition, certain loans, like collateral dependent loans, are evaluated individually for losses based on their collateral valuations with the results included in the allowance for credit losses on loans as outlined in the table below. There are circumstances where certain independently evaluated loans are more than adequately covered by the discounted collateral and, therefore, have little or no allowance for credit losses. More information is provided on these matters in CIB Marine's annual audited financial statements, CIBM Bank's quarterly Call Report filings, and other available public information.

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 June 30, 2025								
Balance at beginning of period	$720	$5,312	$717	$1,948	$115	$6	$—	$8,818
Provision for (reversal of) credit losses on loans (1)	(11)	110	57	(162)	5	(61)	2	(60)
Charge-offs	(18)	—	—	(7)	—	—	(2)	(27)
Recoveries	—	—	—	—	(1)	63	—	62
Balance at end of period	$691	$5,422	$774	$1,779	$119	$8	$—	$8,793
Quarter ended June 30, 2024								
Balance at beginning of period	$708	$5,161	$1,375	$1,752	$81	$9	$1	$9,087
Provision for (reversal of) credit losses on loans (1)	(91)	226	(341)	266	10	(23)	5	52
Charge-offs	—	(75)	—	—	—	—	(6)	(81)
Recoveries	—	—	—	—	3	22	—	25
Balance at end of period	$617	$5,312	$1,034	$2,018	$94	$8	$—	$9,083

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)							
Six Months ended June 30, 2025								
Balance at beginning of period	$689	$5,451	$575	$1,952	$117	$6	$—	$8,790
Provision for (reversal of) credit losses on loans (1)	20	(29)	199	(166)	2	(70)	2	(42)
Charge-offs	(18)	—	—	(7)	—	—	(2)	(27)
Recoveries	—	—	—	—	—	72	—	72
Balance at end of period	$691	$5,422	$774	$1,779	$119	$8	$—	$8,793
Six Months ended June 30, 2024								
Balance at beginning of period	$692	$5,099	$1,207	$2,003	$126	$9	$—	$9,136
CECL implementation	(20)	288	(173)	15	(37)	(32)	8	49
Provision for (reversal of) credit losses on loans (1)	(55)	(75)	—	—	—	—	(8)	(138)
Charge-offs	—	—	—	—	5	31	—	36
Recoveries	$617	$5,312	$1,034	$2,018	$94	$8	$—	$9,083
Balance at end of period	$627	$5,200	$1,032	$2,019	$114	$6	$1	$8,999

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

CIB Marine had a $60,000 reversal of provision to the allowance for credit losses on loans (“ACLL”) during the second quarter of 2025, compared to a $52,000 provision to the ACLL for the same period in 2024. Although loan balances declined, economic uncertainties and short-term economic forecasts deteriorated in the second quarter of 2025. CIB Marine also had a $70,000 provision to the allowance for unfunded commitments (“AUC”) during the second quarter of 2025, compared to a $41,000 reversal of provision to the AUC in the same period of 2024. The primary reasons for the increase included deterioration in economic uncertainties and short-term economic forecasts and qualitative factor adjustments in the second quarter of 2025.

CIB Marine had a $42,000 reversal of provision to the ACLL during six months ended June 30, 2025, compared to a $138,000 reversal for the same period in 2024. Although loan balances declined during the six-month period, economic uncertainties and short-term economic forecasts deteriorated in the six-month period ended June 30, 2025. CIB Marine also had a $93,000 provision to the AUC during the six-month period ended June 30, 2025, compared to a $66,000 reversal of provision to the AUC in the same period of 2024. The primary reasons for the increase in the AUC included deterioration in economic uncertainties and short-term economic forecasts and qualitative factor adjustments during the period ending June 30, 2025.

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 reversal of provisions for credit losses on loans in the period of the net recovery. A net recovery has the potential to increase CIB Marine's 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 permitting it to record further 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 June 30, 2025						
Commercial	$341	$894	$3,502	$4,737	$83,448	$88,185
Commercial real estate	—	—	3,494	3,494	345,939	349,433
Construction and development	—	—	—	—	28,418	28,418
Residential real estate	—	492	259	751	173,377	174,128
Home equity	—	38	—	38	18,034	18,072
Purchased home equity pools	—	—	—	—	197	197
Other consumer	—	—	—	—	37	37
Deferred loan costs	1	3	14	18	1,222	1,240
Total	$342	$1,427	$7,269	$9,038	$650,672	$659,710
At December 31, 2024						
Commercial	$158	$—	$—	$158	$90,703	$90,861
Commercial real estate	—	1,208	—	1,208	349,277	350,485
Construction and development	—	—	—	—	32,712	32,712
Residential real estate	971	308	—	1,279	196,902	198,181
Home equity	18	—	76	94	17,520	17,614
Purchased home equity pools	—	—	—	—	249	249
Other consumer	—	—	—	—	42	42
Deferred loan costs	2	3	—	5	1,293	1,298
Total	$1,149	$1,519	$76	$2,744	$688,698	$691,442
At June 30, 2024						
Commercial	$13	$—	$2,521	$2,534	$84,531	$87,065
Commercial real estate	722	—	—	722	360,352	361,074
Construction and development	—	—	—	—	50,513	50,513
Residential real estate	—	262	—	262	198,799	199,061
Home equity	108	2	—	110	16,309	16,419
Purchased home equity pools	—	—	—	—	283	283
Other consumer	—	—	—	—	48	48
Deferred loan costs	2	—	4	6	1,286	1,292
Total	$845	$264	$2,525	$3,634	$712,121	$715,755

CIB Marine's past due loans increased $6.3 million from December 31, 2024, to June 30, 2025. The increase was primarily in commercial segments and related to two relationships in the category of loans past due greater than 89 days. The loans are on accrual and collection actions are underway to resolve the related issues.

CIB MARINE BANCSHARES, INC.
Uninsured Deposits (unaudited)

CIB Marine's subsidiary bank, CIBM Bank, estimated its uninsured deposit balances were $140 million or 21% of total deposits on June 30, 2025; compared to $153 million or 22% on March 31, 2025; $137 million or 20% on December 31, 2024; $150 million or 20%, on December 31, 2023; and $178 million or 28%, on December 31, 2022. CIBM Bank offers several products to reduce uninsured deposits, including fully FDIC insured reciprocal deposit products, a non-deposit uninsured collateralized government repo sweep product (the latter is included in Borrowings in the balance sheet) or, for municipal entities, Federal Home Loan Bank of Chicago letters of credit or collateralization arrangements with government securities.

CIB MARINE BANCSHARES, INC.
Capital (unaudited)

	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	To Be Well Capitalized Under Prompt Corrective Provisions Amount	To Be Well Capitalized Under Prompt Corrective Provisions Ratio
			(Dollars in thousands)			
June 30, 2025						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	$89,592	13.55%				
CIBM Bank	89,106	13.48%	$52,878	8.00%	$66,097	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	71,541	10.82%				
CIBM Bank	80,834	12.23%	$39,658	6.00%	$52,878	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	$71,541	8.54%				
CIBM Bank	80,834	9.65%	$33,500	4.00%	$41,876	5.00%
Common Equity Tier 1 (1)						
CIBM Bank	$80,834	12.23%	$29,744	4.50%	$42,963	6.50%
December 31, 2024						
Total capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	$88,287	13.02%				
CIBM Bank	$86,961	12.82%	$54,273	8.00%	$67,841	10.00%
Tier 1 capital to risk-weighted assets						
CIB Marine Bancshares, Inc.	$70,041	10.33%				
CIBM Bank	$78,475	11.57%	$40,704	6.00%	$54,273	8.00%
Tier 1 leverage to average assets						
CIB Marine Bancshares, Inc.	$70,041	8.14%				
CIBM Bank	$78,475	9.12%	$34,412	4.00%	$43,015	5.00%
Common Equity Tier 1						
CIBM Bank	$78,475	11.57%	$30,528	4.50%	$44,096	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.

CIB MARINE BANCSHARES, INC.
Deferred Tax Assets and the Preservation and Use of Deferred Tax Assets (unaudited)

The net value of the deferred tax assets (DTAs) was $12.0 million on June 30, 2025, compared to $13.0 million at December 31, 2024. This is comprised primarily of net operating loss carryforwards (NOLs) with a deferred tax asset value totaling $15.9 million, with $7.5 million from federal NOLs available after application of Section 382 limitations from the reorganization in 2009, and $8.4 million from state NOLs which are further reduced on net by a $7.0 million valuation allowance. The remainder of the DTAs is comprised of those related to our allowance for credit losses, net unrealized loss in securities available for sale, other items and other loss reserves. These are reduced by other deferred tax liabilities of $1.0 million for a net DTAs of $13.0 million at December 31, 2024.

Federal NOLs with Internal Revenue Code Section 382 limitations applied in 2009 as a result of the CIB Marine reorganization expire in varying amounts through 2029 and those without such limitations at this time expire in varying amounts through 2035.

State NOLs are generally available without limitations, however, due to the many states in which state NOLs are available and the varying expiration dates for the use of those state NOLs, based on the current and forecasted income attributable to those respective states, there was a valuation allowance of $7.0 million on December 31, 2024. This valuation allowance is related in part to changes over time in the attribution of our taxable income to the various states. Many states with historical NOLs no longer have assets or revenues sufficient to produce state taxable income to utilize the respective NOLs before expiration.

Considering the federal NOLs, as an example, using the average taxable income between 2017 and 2024, it would take 7 years to utilize all the remaining available federal NOLs.

The valuation allowance can change based on many factors, including actual earnings, future earnings projections, and changes in state and federal tax laws – such as those that occurred in 2023 in Wisconsin. More detail on the topic of DTAs and NOLs is available in "Note 22 – Income Taxes" in our audited financial statements.

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 fully use remaining net operating loss carryforwards prior to their expiration dates, thereby reducing the value of the Company's net deferred tax assets resulting in an impairment expense for a portion of the deferred tax assets and a reduction in stockholder's equity.

On June 30, 2025, 5% of the total value of Company stock was approximately $2.0 million, which is the equivalent of approximately 67,570 shares of common stock at the last reported traded price of $33.44 as of June 30, 2025, as listed on OTCQX. CIB Marine currently has a CIBH stock repurchase program in place for the year 2025 with the goal of acquiring a total of $1 million in CIBH stock in the open market. Under the repurchase program, $0.5 million was acquired during the six months ended June 30, 2025, and the remainder is expected to be acquired during the second half of the year. The effect of this will be to reduce the number of shares that represent 5% of the total value of issued and outstanding stock.

CIB MARINE BANCSHARES, INC.
Parent Company Financial Statements (unaudited)

The condensed financial statements of the parent company only, are presented as follows:

Condensed Balance Sheets

	At June 30,	At December 31,	
	2025	2024	2023
	(Dollars in thousands)		
Assets			
Cash and due from affiliated bank	$719	$1,612	$7,136
Investments in subsidiaries	82,047	78,713	80,564
Deferred tax assets, net	7,521	7,468	7,230
Income tax receivable	230	144	139
Other assets	27	97	97
Total assets	$90,544	$88,034	$95,166
Liabilities (1)			
Accrued interest payable	$165	$166	$166
Long-term borrowings-subordinated debt	9,778	9,762	9,729
Other liabilities	109	145	196
Total liabilities	10,052	10,073	10,091
Stockholders' Equity			
Preferred stock	—	—	13,806
Common stock	1,386	1,372	1,349
Capital surplus	181,908	181,708	181,282
Accumulated deficit	(98,498)	(99,487)	(105,335)
Accumulated other comprehensive income, net	(3,273)	(5,098)	(5,493)
Treasury stock at cost	(1,031)	(534)	(534)
Total stockholders' equity	80,492	77,961	85,075
Total liabilities and stockholders' equity	$90,544	$88,034	$95,166

(1) CIB Marine has a $2 million line of credit at a rate of Prime less 50 basis points and maturing December 30, 2026. Management believes CIB Marine to be in compliance with all covenants, conditions and agreements for the loan. CIB Marine has not drawn any principal on the line of credit to date.

Condensed Statements of Operations and Comprehensive Income

	Six Months Ended June 30, 2025	Years Ended December 31, 2024	Years Ended December 31, 2023
	(Dollars in thousands)		
Dividend Income			
Dividends from subsidiary (1)	$—	$1,600	$—
Total dividend income	—	1,600	—
Interest Expense			
Long-term borrowings-subordinated debt	240	483	483
Total interest expense	240	483	483
Net interest expense	(240)	1,117	(483)
Noninterest income			
Change in equity in undistributed earnings of subsidiaries (1)	1,508	4,754	1,734
Gain (loss) on sale of assets, net	—	—	—
Other income	1	2	3
Total noninterest income (loss)	1,509	4,756	1,737
Noninterest expense			
Compensation and employee benefits	—	—	—
Professional services	239	302	254
Insurance	44	88	65
Other	136	284	280
Total noninterest expense	419	674	599
Income before income taxes	850	5,199	655
Income tax benefit	(139)	(243)	(225)
Net income	989	5,442	880
Preferred stock dividends	—	—	—
Discount from repurchase of preferred stock	—	406	—
Net income allocated to common stockholders	$989	$5,848	$880
Other comprehensive income:			
Net income	$989	$5,442	$880
Other comprehensive income	1,825	395	1,352
Comprehensive income	$2,814	$5,837	$2,232

(1) During the year 2024, subsidiary CIB Marine Capital, LLC distributed $1.6 million in the form of a dividend and subsidiary CIBM Bank distributed $7.0 million in the form of a return of capital stock and surplus to parent company CIB Marine Bancshares, Inc.

Condensed Statement of Cash Flows

	Six Months Ended June 30, 2025	Years Ended December 31. 2024	Years Ended December 31. 2023
	(Dollars in thousands)		
Cash Flows from Operating Activities:			
Net income	$989	$5,442	$880
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Change in equity in undistributed earnings of subsidiaries	(1,513)	2,242	(1,726)
Amortization expense-subordinated debt	16	33	33
Change in deferred tax assets, net	(53)	(238)	(220)
Decrease in interest receivable and other assets	201	(8,153)	476
Increase (decrease) in other interest payable and other liabilities	(36)	(50)	12
Net cash used in operating activities	(396)	(724)	(545)
Cash Flows from Investing Activities:			
Return of capital from subsidiary	—	8,600	—
Dividends from subsidiary	—	—	—
Net cash provided by investing activities	—	8,600	—
Cash Flows from Financing Activities:			
Issuance of common stock	—	—	—
Treasury stock purchase	(497)	—	—
Preferred shares repurchase	—	(13,400)	—
Net increase in long-term borrowings-subordinated debt	—	—	—
Net cash used in investing activities	(497)	(13,400)	—
Net increase (decrease) in cash and cash equivalents	(894)	(5,524)	(545)
Cash and cash equivalents, beginning of year	1,612	7,136	7,681
Cash and cash equivalents, end of year	$719	$1,612	$7,136