CIB MARINE
BANCSHARES, INC.

February 20, 2014

Dear Shareholder,

CIB Marine is pleased to report its financial results for the year ended December 31, 2013. The consolidated company, CIB Marine, reported earnings for the fourth quarter and a loss for the full year of 2013. Its subsidiary, CIBM Bank, reported its second consecutive year of earnings and has reported positive earnings in six of the last eight quarters, including the most recent. In addition, CIBM Bank has accomplished some key strategic steps that helped to move CIBM Bank forward and create opportunities for future operating results.

Result of Operations – Summary

Earnings from operations for the fourth quarter of 2013 were $0.3 million and a loss for the year of 2013 was $1.4 million, compared to earnings of $0.2 million and $1.4 million for 2012, respectively. Basic earnings per share of common stock were $0.02 for the three months ended December 31, 2013 and the basic loss per share was $0.07 for the twelve months ended December 31, 2013, compared to earnings per share of $0.01 and $0.08, respectively, for the same periods of 2012. On a diluted basis, the results were earnings of $0.01 and a loss of $0.07 for the three and twelve months ended December 31, 2012, respectively.

Below are some highlights for our 2013 operating results:

- CIBM Bank earnings were $0.1 million during 2013, compared to $2.5 million during 2012. The decline in earnings was primarily the result of lower net interest income and a $3.1 million reversal of provisions to the allowance for loan losses in 2012, related to recoveries of previously charged off loans and improved credit quality, compared to provisions of $0.03 million in 2013.
- CIB Marine's consolidated earnings were lower during 2013 primarily due to lower earnings at CIBM Bank.
- Net interest income declined by $0.5 million from $4.4 million in the fourth quarter of 2012 to $3.8 million in the same period of 2013; and by $2.9 million from $18.2 million during the year 2012 to $15.2 million during the year 2013. The decline was primarily the result of declining yields in earning assets unmatched by the declining costs of liabilities. Also, and to a lesser extent, lower average interest earning assets contributed to the results.
- Noninterest income increased by $0.7 million and $2.1 million for the fourth quarter and full year of 2013, respectively, compared to 2012. The improvements were largely related to improved net revenue from mortgage banking activities during 2013 and write downs on assets and other than temporary impairment losses during 2012.
- Noninterest expenses declined by $0.4 million and $1.2 million for the fourth quarter and full year of 2013, respectively, compared to 2012. Improvements were primarily related to lower FDIC insurance premiums as a result of declining assets and the removal of the Consent Order at CIBM Bank, lower compensation and employee benefits, and lower insurance and professional fees. During 2013, CIBM Bank closed two branches and reduced its work force, excluding its mortgage banking operations, by 15 full-time equivalent employees.

Financial Condition - Summary

During the year 2013, CIB Marine improved in certain key asset quality measures and although total assets declined, the decline has slowed and loan balances grew by 7%. The book value per share of common stock at December 31, 2013, was $0.34 compared to $0.42 at December 31, 2012.

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Below are some highlights of our financial condition as of December 31, 2013:

- Total assets declined by $15 million during 2013, compared to a decline by $29 million during 2012, primarily the result of lower cash and due from balances at CIBM Bank.
- Loan balances grew year-over-year for the first time in five years. Total loan balance growth was $23 million despite significant repayments from our Arizona legacy portfolio and significant repayments and collections for non-Pass grade loans. A significant amount of loan growth occurred during the fourth quarter of 2013.
- Noninterest bearing demand deposits grew by $17.3 million over the course of 2013. Although we expect some of this increase to be temporary it represents a core part of our business strategy.
- The December 31, 2013, Tier 1 leverage ratio for CIB Marine improved to 14.89% from 14.39% at December 31, 2012. CIBM Bank's Tier 1 leverage ratio for the same period ending dates was 12.97% and 12.24%, respectively, representing a strong, well capitalized position.
- Nonaccrual loans as a percent of loans improved to 1.06% at December 31, 2013, from 2.80% at December 31, 2012.
- The nonperforming asset ratio, or the sum of nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets, declined from 5.93% at December 31, 2012, to 4.48% at December 31, 2013.

Attached please find audited financial results for the year ended December 31, 2013, including selected financial information, a balance sheet and an income statement.

Please visit our website, www.cibmarine.com, for additional detailed financial results for both recent and prior periods, as well as a link to the quarterly reports we file with our regulators. As a reminder, we will continue to release our financial results on a quarterly basis via our website. Should you want a paper copy of our quarterly results, please contact Shareholder Relations Manager, Elizabeth Neighbors, directly at (262) 695-6010 or Elizabeth.Neighbors@cibmarine.com and we will put you on our mailing list.

2014 Annual Meeting

We have scheduled our Annual Meeting of Shareholders for 1:00pm on May 22, 2014, at the Milwaukee Athletic Club. Additional information regarding the annual meeting, including the proxy statement and shareholder proxy card for voting, is forthcoming.

Concluding Comments

We produced a strong finish to 2013, with improvements in many components of our balance sheet and income statement. While our annual results were not what we wanted to deliver, the fourth quarter's profit for the consolidated company and, especially, the results in our banking subsidiary, reflect the trends we have been discussing over the past year. CIBM Bank overcame its cumulative loss for the first three quarters of 2013, and reported enough fourth quarter 2013 earnings to provide earnings of $64,000 for the full year of 2013.

Credit quality performance again took center stage for the company but it is increasingly being challenged for top billing by the growth in our business lines. The removal of our Consent Order for our banking subsidiary, the release of the Written Agreement by the Federal Reserve for our holding company, and the dramatic decline in our nonaccruals and nonperforming loans are particularly notable. Our nonaccrual loan levels are now at or below local and national peers and the trend in our nonperforming asset ratio is also very good.

All of our business lines contributed to the strong finish in the fourth quarter. As noted in previous letters, our commercial loan growth has been hampered by the extensive repositioning of our loan portfolio. That has led to extraordinarily high levels of desired pay downs. In the fourth quarter, we finally began to see those reductions move closer to normal levels, since we have worked through the vast majority of large, self-induced reductions. That, in turn, has allowed the strong business development results of our corporate bankers begin to show through and have an impact on our loan balances. During the course of 2013, we added several additional, talented corporate bankers to our team and are now better represented in our markets. This has led to an increasing pipeline of more desirable business. Equally important has been the strong working partnership between the credit management and business development teams.

Our consumer business has also improved noticeably. We have increased our outstanding loans in first mortgages and home equity loans and our core-client deposit base continues to grow. This growth has been the result of management's emphasis on acquiring and maintaining these accounts. In order to support that effort, we introduced mobile banking, upgraded our online banking system and revamped our website. We also added a new checking product and introduced a rewards program for our debit card. Finally, we closed two underperforming branches, but also relocated two of our branches to more desirable locations. Those new locations are outperforming the old branches. Our overall deposit emphasis continues to shift a higher proportion of our deposit base to core checking products.

The addition of the Avenue Mortgage division also contributed to our strong fourth quarter results. This was our first full quarter with Avenue as part of our company and during that period it closed $19.7 million in mortgage loans. Much work has been done to integrate this formerly independent mortgage company into our bank and enable it to operate under much heavier regulatory requirements as part of our bank. Along with that integration, the mortgage division has been adding people in our larger markets to grow the business there, as well as continuing to serve clients in the Chicago-land market. Under the leadership of the founder of the company, David Pendley, we expect to continue to place mortgage bankers in our markets and increase the beneficial impact of the mortgage business on our company.

Other positive results were also evident in the fourth quarter. An increase in fee income was largely due to our mortgage business, but our fee income from both our retail business and our commercial business advanced. These fees came from both our loan activity and from increased activity in our cash management products. Expense management is also evident, with a year-over-year reduction of approximately $1.2 million.

The outlook for our company continues to improve in a measured fashion and is consistent with the rebuilding of a successful company. A strong commercial pipeline, expanded choices for our deposit clients, revitalized branches and the additional capabilities of our mortgage company are all having a beneficial impact.

As always, our success is the result of the hard work of our employees and the trust our clients place in our company to provide them with banking services.

Sincerely,

Chuck Ponicki
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, 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

	At or for the Years Ended December 31,				
	2013	2012	2011	2010	2009
	(Dollars in thousands, except share and per share data)				
Selected Statements of Operations Data					
Interest and dividend income	$17,710	$21,404	$25,680	$30,290	$39,409
Interest expense	2,470	3,218	5,469	9,269	23,926
Net interest income	15,240	18,186	20,211	21,021	15,483
Provision for (reversal of) loan losses	(22)	(3,213)	6,381	15,345	27,373
Net interest income (loss) after provision for(reversal of) loan losses	15,262	21,399	13,830	5,676	(11,890)
Noninterest income (loss) (1)	900	(1,243)	(431)	(681)	(1,744)
Noninterest expense	17,516	18,739	19,604	22,248	27,750
Income (loss) from continuing operations before income taxes	(1,354)	1,417	(6,205)	(17,253)	(41,384)
Income tax expense	—	50	—	—	99
Net income (loss) from continuing operations	(1,354)	1,367	(6,205)	(17,253)	(41,483)
Discontinued operations:					
Income from discontinued operations before income taxes	—	—	781	—	711
Income tax expense (benefit)	—	—	—	—	—
Net income from discontinued operations	—	—	781	—	711
Net income (loss) before extraordinary net gain	(1,354)	1,367	(5,424)	(17,253)	(40,772)
Extraordinary gain on extinguishment of junior subordinated debentures, net of amortization and reorganization costs	—	—	—	—	54,497
Net income (loss)	$(1,354)	$1,367	$(5,424)	$(17,253)	$13,725
Common Share Data					
Basic net income (loss) from continuing operations	$(0.07)	$0.08	$(0.34)	$(0.95)	$(2.28)
Diluted net income (loss) from continuing operations	(0.07)	0.04	(0.34)	(0.95)	(2.28)
Basic net income (loss)	(0.07)	0.08	(0.30)	(0.95)	0.75
Diluted net income (loss)	(0.07)	0.04	(0.30)	(0.95)	0.75
Dividends	—	—	—	—	—
Book value per share	0.34	0.42	0.23	0.48	1.36
Weighted average shares outstanding-basic	18,127,892	18,127,892	18,127,892	18,127,892	18,217,608
Weighted average shares outstanding-diluted	18,127,892	35,631,892	18,127,892	18,127,892	18,313,520
Financial Condition Data					
Total assets excluding assets of company held for disposal	$460,153	$475,129	$503,976	$587,943	$708,686
Loans	341,332	318,503	357,632	415,778	470,668
Allowance for loan losses	(8,308)	(11,378)	(16,128)	(14,645)	(16,240)
Investment securities	90,731	89,753	89,009	126,878	182,971
Deposits	387,901	394,684	422,586	493,527	589,450
Borrowings, including junior subordinated debentures	4,348	10,414	14,784	22,761	30,572
Stockholders' equity	66,195	67,629	64,222	68,753	84,695
Financial Ratios and Other Data					
Performance Ratios:					
Net interest margin (2)	3.46%	3.80%	3.80%	3.27%	1.92%
Net interest spread (3)	3.29	3.59	3.54	2.95	1.56
Noninterest income to average assets (4)	0.20	(0.41)	(0.08)	(0.13)	(0.28)
Noninterest expense to average assets	3.80	3.82	3.56	3.36	3.37
Efficiency ratio (5)	108.54	115.89	99.11	110.21	210.42
Earnings (loss) on average assets (6)	(0.29)	0.28	(1.13)	(2.60)	(5.04)
Earnings (loss) on average equity (7)	(2.03)	2.06	(9.15)	(21.34)	(2,016.67)
Asset Quality Ratios:					
Nonaccrual loans to total loans (8)	1.06%	2.80%	5.48%	8.04%	10.80%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (8)	3.20	5.55	8.47	9.37	10.97
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (8)	4.48	5.93	7.42	7.53	7.40
Allowance for loan losses to total loans	2.43	3.57	4.51	3.52	3.45
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (8)	76.02	64.38	53.23	37.58	31.45
Net charge-offs to average loans	0.95	0.46	1.28	3.90	5.82
Capital Ratios:					
Total equity to total continuing assets	14.39%	14.23%	12.74%	11.69%	11.95%
Total risk-based capital ratio	18.05	19.34	16.93	15.47	16.51
Tier 1 risk-based capital ratio	16.79	18.07	15.64	14.20	15.24
Leverage capital ratio	14.89	14.39	13.15	11.80	12.08
Other Data:					
Number of employees (full-time equivalent)	154	137	127	145	165
Number of banking facilities	10	12	13	15	17

(1) Noninterest income from operations includes pretax gains on investment securities of $0.8 million, $0.2 million and $0.6 million for the years ended

December 31, 2012, 2010 and 2009, respectively. There were no pretax gains on investment securities in 2011 and a nominal amount in 2013.
(2) Net interest margin is the ratio of net interest income to average interest-earning assets.
(3) Net interest spread is the yield on average interest-earning assets less the rate on average interest-bearing liabilities.
(4) Noninterest income to average assets excludes gains and losses on securities.
(5) The efficiency ratio is noninterest expense divided by the sum of net interest income plus noninterest income, excluding gains and losses on securities.
(6) Loss on average assets is net loss from continuing operations divided by average total assets.
(7) Loss on average equity is net loss from continuing operations divided by average common equity.
(8) Excludes loans held for sale from nonaccrual loans, nonperforming assets and 90 days or more past due and still accruing

CIB MARINE BANCSHARES, INC.
Consolidated Balance Sheets
(audited)

	At December 31,	
	2013	2012
	(Dollars in thousands, except share data)	
Assets		
Cash and due from banks	$10,886	$53,530
Investment securities:		
Securities available for sale	89,043	86,480
Trading securities	1,688	3,273
Total investment securities	90,731	89,753
Loans held for sale	1,226	347
Loans	341,332	318,503
Allowance for loan losses	(8,308)	(11,378)
Net loans	333,024	307,125
Federal Home Loan Bank stock	2,170	2,956
Premises and equipment, net	4,834	4,161
Accrued interest receivable	1,288	1,298
Other real estate owned, net	9,700	10,493
Bank owned life insurance	4,089	4,000
Goodwill and other intangible assets	287	—
Other assets	1,918	1,466
Total assets	$460,153	$475,129
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand	$71,425	$54,163
Interest-bearing demand	30,471	31,496
Savings	147,058	154,124
Time	138,947	154,901
Total deposits	387,901	394,684
Short-term borrowings	4,348	10,414
Accrued interest payable	235	271
Other liabilities	1,474	2,131
Total liabilities	393,958	407,500
Stockholders' Equity		
Preferred stock, $1 par value; 5,000,000 authorized shares; 7% fixed rate noncumulative perpetual issued-55,624 shares of Series A and 4,376 shares of Series B convertible; aggregate liquidation preference-$60,000	51,000	51,000
Common stock, $1 par value; 50,000,000 authorized shares;18,346,391 issued shares; 18,135,344 outstanding shares	18,346	18,346
Capital surplus	158,493	158,493
Accumulated deficit	(159,285)	(157,931)
Accumulated other comprehensive income related to available for sale securities	542	1,924
Accumulated other comprehensive loss related to non-credit other-than-temporary impairments	(2,372)	(3,674)
Accumulated other comprehensive loss, net	(1,830)	(1,750)
Treasury stock 218,499 shares at cost	(529)	(529)
Total stockholders' equity	66,195	67,629
Total liabilities and stockholders' equity	$460,153	$475,129

CIB MARINE BANCSHARES, INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(audited)

	Years Ended December 31,	
	2013	2012
	(Dollars in thousands)	
Interest Income		
Loans	$15,045	$17,713
Loans held for sale	8	127
Securities	2,584	3,434
Other investments	73	130
Total interest income	17,710	21,404
Interest Expense		
Deposits	2,461	3,069
Short-term borrowings	9	17
Federal Home Loan Bank advances	—	132
Total interest expense	2,470	3,218
Net interest income	15,240	18,186
Reversal of loan losses	(22)	(3,213)
Net interest income after reversal of loan losses	15,262	21,399
Noninterest Income		
Deposit service charges	414	499
Other service fees	162	202
Mortgage banking revenue, net	366	—
Other income	196	130
Total other-than-temporary impairment losses		
Total impairment loss	—	(1,422)
Loss recognized in other comprehensive income	—	—
Net impairment loss recognized in earnings	—	(1,422)
Net gains on sale of securities	2	773
Net losses on assets	(240)	(1,425)
Total noninterest income (loss)	900	(1,243)
Noninterest Expense		
Compensation and employee benefits	9,584	9,982
Equipment	868	860
Occupancy and premises	1,509	1,528
Data processing	627	598
Federal deposit insurance	578	1,043
Professional services	1,266	1,481
Telephone and data communication	428	427
Insurance	451	686
Other expense	2,205	2,134
Total noninterest expense	17,516	18,739
Income (loss) from operations before income taxes	(1,354)	1,417
Income tax expense	—	50
Net income (loss)	(1,354)	1,367
Preferred stock dividends	—	—
Net income (loss) allocated to common stockholders	$(1,354)	$1,367