



April 3, 2017

Dear Shareholders,

For several years, a Cleveland-based hedge fund, Clutterbuck Capital Management (“Clutterbuck”), has contacted CIB Marine Bancshares, Inc. (“CIB Marine” or the “Company”) with a series of demands – all related to its desire for a liquidity event for the CIB Marine preferred stock it holds. In the latest communication to certain of CIB Marine’s common shareholders, Clutterbuck claims that, as a preferred shareholder, it has the power to compel a sale or liquidation of the Company by reopening the Company’s 2009 prepackaged reorganization in the United States Bankruptcy Court. These claims were reviewed by the Company, the Board, and their legal advisors and were rejected for being factually and legally unsustainable. The rights and preferences of the preferred shareholders are described in the Company’s Amended and Restated Articles of Incorporation, as amended (“Articles”). We will provide our common shareholders a copy of the applicable section of the Articles as part of the proxy solicitation for our 2017 annual shareholder meeting in a few weeks, as it relates to an issue discussed further below. What you will see in the Articles is that the rights and preferences of the preferred shareholders are limited and do not include a right to compel the sale or liquidation of the Company.

We will not discuss details of any potential litigation in a public format. Legitimate legal issues need to be handled in the proper forum. For the benefit of the contacted shareholders, and to be absolutely clear, we are confident that, should Clutterbuck attempt to reopen the prepackaged reorganization in the U.S. Court, the Company would prevail. We categorically deny Clutterbuck’s claims and are eager to lay bare the facts related to Clutterbuck and its activities. Clutterbuck’s public release of unsupportable claims in an attempt to intimidate and mislead our shareholders is irresponsible, self-motivated and unacceptable to the Company. The Company is currently reviewing all of its available legal options against Clutterbuck, its staff and advisors, but its next action will be carried out in a proper forum. Our shareholders should understand that the Company is fully prepared to refute each and every false claim Clutterbuck described in its letter.

Shareholder Rights & Preferences

Perhaps the most irresponsible assertion in Clutterbuck’s letter is that shareholders only have three options moving forward. In reality, while Clutterbuck may have very few options for short-term liquidity, the opportunities and options available to the Company and the common shareholders are attractive and nearly unlimited.

- The common shareholders are the only full-voting shareholders of the Company. They alone elect the Board of Directors and direct the course of the Company. Any merger transaction entered into by the Company must be approved by a majority vote of the common shareholders. The preferred shareholders have very limited voting rights and, in particular, are not entitled to vote at all in a merger transaction in which the acquirer retains the preferred stock.
- In a merger transaction in which the preferred stock is redeemed, the preferred shareholders are entitled to receive the liquidation preference of the shares of \$1,000 per share, however, if an acquirer opts to retain the preferred stock the holders would not receive the “first \$56 million” as Clutterbuck erroneously asserts. An acquirer of the Company’s common stock would have the option to redeem the preferred stock or assume it subject to its existing rights and preferences (including assumption of Series B preferred shares if CIB Marine is the operating entity post-merger). If an acquirer assumes the preferred stock, it continues as perpetual non-cumulative stock with no maturity date or guaranteed dividends.

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- Incorrect information about the convertibility of the Series B preferred stock has been distributed by third parties. The truth is that the Series B shares are valuable to the preferred shareholders and represent an opportunity to participate in the upside of a transaction in a manner similar to the common shareholders. Dilution of the common shareholders by conversion of the Series B preferred stock is not a given as Clutterbuck has suggested. The Company can redeem the preferred stock prior to the transaction or an acquirer can make a transaction offer contingent upon the preferred shareholders accepting a discount to par and waiving their convertibility rights. Of course, the preferred and common shareholders would have an opportunity to vote on any such discount and waiver of convertibility and there can be no assurance that any such terms would be approved by common and/or preferred shareholders. Clutterbuck argues that it controls the preferred shareholder vote and would refuse a discount and waiver in the future, a claim that strikes us as inconsistent with Clutterbuck's position. Clutterbuck has taken extreme measures to try and achieve a short-term liquidity event, yet it wants common shareholders to believe it would refuse a quality offer at a discount in the future should the Board determine that it is in the best interest of all shareholders to pursue such an offer.

We encourage all shareholders to familiarize themselves with the rights and preferences of common stock and preferred stock ownership by reviewing the governing documents. We believe it will provide you important information to use while evaluating the accuracy and truthfulness of communications like the Clutterbuck letter. We discussed some of these issues at length at last year's annual shareholder meeting. You can review the transcript and slides on the "Additional Financial Information" portion of the Company's website: www.cibmarine.com.

Accuracy and attention to detail matter. Many of you will recall that Clutterbuck publicly announced in advance of last year's shareholder meeting that it would pursue a proxy contest, but failed to comply with the relatively simple common stock ownership requirements and abandoned its action shortly after announcing it. In addition, in Clutterbuck's latest proposal (which it claims is made on behalf of "the Preferred Shareholders"), it states at least seven times that it would accept \$95 per share for every share of preferred stock in a merger transaction. The liquidation value of the CIB Marine preferred stock is \$1,000 per share. As proposed, Clutterbuck would commit all preferred shareholders to accept a 90.5% discount to liquidation value, a proposal that would obviously be attractive to the Company and its common shareholders. We believe, however, that Clutterbuck intended to propose a 5% discount, or \$950 per share of preferred stock. We are not certain whether this material error is the result of simple carelessness or a failure to understand the basic terms of the preferred stock, but it is troubling and calls into question Clutterbuck's ability to make a legitimate proposal and provide competent analysis. We also have a number of questions about the discount Clutterbuck proposes, which appears to be based on Clutterbuck's self-motivated desires for short-term liquidity rather than any market valuation analysis.

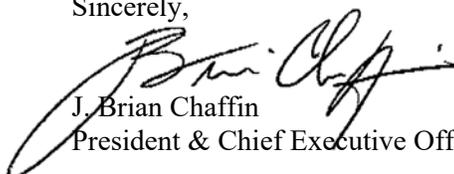
CIB Marine's Plan

This discussion brings up an important issue we have been working on for several months: the need to provide liquidity opportunities for the preferred shareholders. Our common shareholders have access to the OTCQB market to trade CIB Marine common stock (symbol: CIBH), but the preferred stock has no similar market. In the proxy statement for the 2017 annual shareholder meeting, we will present a plan that, if approved by our common and preferred shareholders, will allow the Company to engage in non-mandatory repurchase offers for its preferred stock. The preferred shareholders would have access to liquidity and the common (and any remaining preferred) shareholders would receive the benefits of book value accretion. The discount to par of every repurchase of preferred stock has a direct impact on increasing the book value of the common stock and can create material shareholder value. When we couple a preferred stock repurchase plan with continued profitability that utilizes our deferred tax assets over the next several years, the Company would be well-positioned to continue to add meaningful shareholder value. Preferred shareholders would not be required to sell their stock to the Company under such a plan, but would have an option to do so at a mutually agreeable price. A detailed discussion of the proposal will be included in the proxy statement for the 2017 annual

shareholder meeting. Please also look for the release of the Company's first quarter 2017 results in the coming weeks, where we will provide an analysis of the benefits of a non-mandatory preferred stock repurchase plan.

The Board of CIB Marine remains committed to pursuing transaction opportunities that benefit the Company and its shareholders. Shareholders should understand that we will always evaluate and discuss such opportunities with credible partners, however, the current focus of the Board is on building shareholder value. Based on reported trades on the OTCQB, the value of CIB Marine common stock rose 151% in 2016. While the value of the preferred stock is more difficult to assess, information we have received from preferred shareholders leads us to believe that they have recognized significant appreciation as well. Continuing to build shareholder value will allow us to maximize the return for all of our shareholders when a desirable transaction presents itself. We can assure all of our shareholders that the individual needs of one shareholder will not dictate the timing, terms, or process for the Company's merger activity. The best interests of our shareholders and commitment to our fiduciary duties will continue to guide our actions going forward.

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, 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.