June 29, 2018

Dear Shareholder:

On May 4, 2018, CIB Marine Bancshares, Inc. (the "Company") invited holders of shares of its 7 Percent Fixed Rate Noncumulative Nonconvertible Perpetual Preferred Stock, Series A ("Series A Preferred Shares") and 7 Percent Fixed Rate Noncumulative Convertible Perpetual Preferred Stock, Series B ("Series B Preferred Shares" and, together with the Series A Preferred Shares, the "Preferred Shares") to submit offers to the Company for the repurchase of Preferred Shares ("Sale Offers") by the Company upon the terms and subject to the conditions described in the Reverse Tender Offer materials and the Company's Articles of Incorporation (the "Solicitation").

Following the June 8, 2018, expiration of the Solicitation period, the Board of Directors, in consultation with its external legal and financial advisors, engaged in a thorough process of evaluating the Sale Offers submitted. Among other things, the Board considered (i) whether Sale Offers would be accretive or dilutive if repurchases were made with available cash or required the sale of new common stock issued in a capital raise; (ii) any Section 382 impairment to the Company's deferred tax asset that would result from the repurchases or the issuance of common stock; (iii) whether the acceptance of the Sale Offers would be in the best interest of the Company's shareholders; and (iv) other related relevant factors.

Some important points that the Board considered included:

1. 43,003 Preferred Shares were offered for repurchase in the Solicitation with a weighted average Sale Offer price of $806.27 per share.
2. To eliminate the convertibility rights of the Series B Preferred Shares, the Company would need to purchase all Preferred Shares offered in the Solicitation, which would require a capital raise. Based on the advice of the Company's financial advisors, the newly issued common shares would represent between 48% and 53% of the issued and outstanding common shares on a pro forma basis.
3. Based on the advice of the Company's tax consultant, the repurchase of all Preferred Shares offered and the issuance of the new common stock to fund the repurchases would result in an ownership change under Section 382 of the Internal Revenue Code. This would cause an impairment in the Company's net deferred tax asset of more than $10 million.
4. The analysis of the Sale Offers showed that the repurchase of all Preferred Shares offered in the Solicitation and the required capital raise was dilutive to ownership, book value, and earnings per share.

The Company has notified those shareholders whose Sale Offers met the criteria established by the Board and whose Preferred Shares will be repurchased for cash without requiring a capital raise. The accepted Sale Offers represent fewer than 5% of the Preferred Shares offered in the Solicitation.

The rejected Sale Offers failed to meet the minimum criteria for repurchase. The combination of the high offer prices creating the need for a substantial capital raise at a discount to book value, the significant loss in value of the deferred tax asset, and the generally dilutive effect of the transaction, made the acceptance of the remaining Sale Offers unacceptable. As proposed, to replace preferred stock that is perpetual, non-cumulative, and has limited conversion rights, with a significant issuance of common stock, as discussed

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above, is simply not in the best interest of the Company's shareholders, by any reasonable and objective standard.

While we are certain that many preferred shareholders are disappointed that their Sale Offers were rejected, we were exceedingly clear in our messages prior to the Solicitation that the Board would evaluate Sale Offers with a disciplined approach, and even provided examples of transactions that could be accretive and ranges of historic TARP repurchase transactions as guidance.

The Second Amendment to the Amended and Restated Articles of Incorporation approved by common and preferred shareholders allows the Company flexibility to pursue other avenues for the repurchase of Preferred Shares. While the Company has agreed to, and will, conduct two more modified Dutch auctions over the next two years, it will also be pursuing other possible repurchase opportunities. The Company remains committed to a disciplined approach to repurchasing Preferred Shares, provided it can be done at a reasonable price, in an accretive manner, and in the best interest of the Company and its shareholders.

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.