

August 6, 2015

Dear Shareholder,

CIB Marine is pleased to report its financial results for the three and six months ended June 30, 2015. The consolidated company, CIB Marine, improved revenues from both net interest income and noninterest income during the second quarter of 2015 compared to the second quarter of 2014 and on a combined basis versus the first quarter of 2015. Additionally, subsidiary CIBM Bank opened its Wheaton, Illinois branch bank and grew total assets during the second quarter.

Result of Operations – Summary

The 2015 second quarter net loss of \$143,000 compares to net income of \$26,000 during the same period in 2014, and the net loss of \$117,000 for the six months ended June 30, 2015 compares to net income of \$159,000 for the same period in the prior year. Whereas revenues grew over the quarter and year-to-date periods compared to the prior year, noninterest expenses were higher. Basic loss per share of common stock was \$0.01 for the second quarter of 2015, compared to nominal basic earnings per share for the same period of 2014, and the basic loss per share of common stock was \$0.01 for the six months ending June 30, 2015 compared to a basic earnings per share of \$0.01 for the same period of 2014.

Below are some highlights for our second quarter and year-to-date 2015 operating results:

- CIBM Bank net income was \$0.1 million and \$0.3 million for the quarter and six months ended June 30, 2015, compared to \$0.4 million and \$0.7 million for the same periods in 2014. Although revenues increased over the comparative periods, earnings declined due to a loss on write-downs of assets for OREO and higher occupancy and equipment expenses.
- Net interest income was higher by \$36,000 and \$21,000 for the quarter and six months ended June 30, 2015, respectively, compared to the same periods of 2014. Although interest income was higher, reflecting higher average earning asset balances, interest expense was higher as well, reflecting higher average interest-bearing liability balances at about the same average cost as the same period last year for both the quarter and six months ended June 30, 2015. Average interest-earning assets were up \$43 million between the two year-to-date periods and average yields on interest-earnings assets declined by 30 basis points while average costs of interest-bearing liabilities were down only 1 basis point. The decline in asset yields reflects competition in the market for loans, higher yielding loan and security pay downs and loan hedging activities to protect against potential future increases in short-term interest rates as described in our audited financial statements. The net interest margin declined from 3.42% and 3.49% for the quarter and six months ended June 30, 2014, to 3.18% and 3.20% for the same periods in 2015.
- Provisions for loan losses were \$97,000 and \$183,000 for the quarter and six months ended June 30, 2015, compared to \$150,000 and \$161,000 for the same periods in 2014.
- Noninterest income increased by \$0.6 million and \$1.2 million for the quarter and six months ended June 30, 2015, compared to the same periods of 2014. The increase was primarily the result of an increase in net mortgage banking revenues, but also growth in deposit service charges, reduced by write downs of certain OREO assets.
- Noninterest expense was \$0.8 million and \$1.5 million higher for the quarter and six months ended June 30, 2015, compared to the same periods of 2014, reflecting increases in compensation, in part due to commissions for higher mortgage loan volumes; an increase in equipment and occupancy reflecting the new Wheaton bank branch and increased space for growth of our mortgage operations; and other expenses offset partially by lower professional fees and insurance expenses.

“Community Banking – The Way It Used To Be”

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Financial Condition - Summary

As of June 30, 2015, total assets are up \$37 million compared to one year ago, \$24 million from December 31, 2014 and \$3 million from March 31, 2015. The increase has resulted primarily from loan growth and higher loans held for sale balances. Below are some highlights of our financial condition as of June 30, 2015:

- Book value per share of common stock at June 30, 2015, was \$0.41 compared to \$0.40 for the same period in 2014. Tangible book value per share at June 30, 2015 was \$0.89 compared to \$0.88 for the same period in 2014.
- 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, was 2.83% at June 30, 2015 compared to 2.94% at December 31, 2014, and 3.83% at June 30, 2014, reflecting continued improvement on the asset quality front.
- The Tier 1 leverage ratio for CIB Marine was 13.09% at June 30, 2015, compared to 13.50% at December 31, 2014, and 14.12% at June 30, 2014, reflecting a solid capital footing for continued business growth.

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.

Concluding Comments

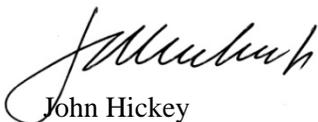
The quarter and first half of 2015 reflects the effect of additional costs related to some of our important longer term projects – the growth of our mortgage operations and the establishment of a new bank branch in Wheaton, Illinois. In addition, we have written down some OREO assets as part of ongoing valuation and work-out processes that we believe will result in improved prospects for final resolution in the future.

During 2015 we have experienced continued total revenue growth and are working to build pipelines and momentum for continued growth in our balance sheet, mortgage business activity, deposit base, and treasury services. Although our net interest margin has declined recently, this is reflecting competitive pressures in loans and certain segments of deposits; pay-downs of older, higher yielding loans and securities; and our hedging activities to reduce interest rate risk.

It is important to remind our shareholders from time to time that although our strategy for the bank is designed to improve the amount and quality of earnings over time, due to the amount and terms of the preferred stock in relation to our earnings, CIB Marine has not declared and has no current intention of declaring any dividends on the preferred stock. Additionally, there can be no assurance that CIB Marine will be able to declare any such dividends in the foreseeable future.

I would like to acknowledge and thank the dedicated employees of the bank whose day to day attention to our clients and our mission is critical to our future success. The banking team at CIB Marine continues to work diligently at delivering the best service for our clients and the best value for our shareholders.

Sincerely,



John Hickey
Chairman, President and 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

	Quarters Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(Dollars in thousands, except share and per share data)				
Selected Statements of Operations Data				
Interest and dividend income	\$4,539	\$4,480	\$8,999	\$8,896
Interest expense	557	534	1,128	1,046
Net interest income	3,982	3,946	7,871	7,850
Provision for loan losses	97	150	183	161
Net interest income after provision for loan losses	3,885	3,796	7,688	7,689
Noninterest income (1)	1,436	873	2,812	1,583
Noninterest expense	5,464	4,645	10,617	9,113
Income (loss) before income taxes	(143)	24	(117)	159
Income tax benefit	—	(2)	—	—
Net income (loss)	\$(143)	\$26	(117)	\$159
Common Share Data				
Basic net income (loss)	\$(0.01)	\$0.00	\$(0.01)	\$0.01
Diluted net income (loss)	(0.01)	0.00	(0.01)	0.00
Dividends	—	—	—	—
Tangible book value per share (2)	0.89	0.88	0.89	0.88
Book value per share (2)	0.41	0.40	0.41	0.40
Weighted average shares outstanding-basic	18,127,892	18,127,892	18,127,892	18,127,892
Weighted average shares outstanding-diluted	18,127,892	35,631,892	18,127,892	35,631,892
Financial Condition Data				
Total assets	\$525,513	\$488,326	\$525,513	\$488,326
Loans	394,319	364,427	394,319	364,427
Allowance for loan losses	(7,670)	(8,123)	(7,670)	(8,123)
Investment securities	90,912	98,378	90,912	98,378
Deposits	402,858	384,838	402,858	384,838
Borrowings	52,288	34,273	52,288	34,273
Stockholders' equity	67,466	67,213	67,466	67,213
Financial Ratios and Other Data				
Performance Ratios:				
Net interest margin (3)	3.18%	3.42%	3.20%	3.49%
Net interest spread (4)	3.03	3.26	3.05	3.33
Noninterest income to average assets (5)	1.11	0.72	1.10	0.67
Noninterest expense to average assets	4.22	3.88	4.17	3.90
Efficiency ratio (6)	100.85	96.65	99.50	96.77
Earnings (loss) on average assets (7)	(0.11)	0.02	(0.05)	0.07
Earnings (loss) on average equity (8)	(0.84)	0.16	(0.34)	0.48
Asset Quality Ratios:				
Nonaccrual loans to total loans (9)	1.39%	1.91%	1.39%	1.91%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	2.44	3.55	2.44	3.55
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (9)	2.83	3.83	2.83	3.83
Allowance for loan losses to total loans	1.95	2.23	1.95	2.23
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	79.71	62.80	79.71	62.80
Net charge-offs to average loans	0.01	0.34	0.04	0.20
Capital Ratios:				
Total equity to total assets	12.84%	13.76%	12.84%	13.76%
Total risk-based capital ratio	16.86	17.60	16.86	17.60
Tier 1 risk-based capital ratio	15.60	16.35	15.60	16.35
Leverage capital ratio	13.09	14.12	13.09	14.12
Other Data:				
Number of employees (full-time equivalent)	158	151	158	151
Number of banking facilities	11	10	11	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.
- (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 common equity.
- (9) Excludes loans held for sale.

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

	June 30, 2015	December 31, 2014
	(Dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$9,407	\$8,314
Investment securities:		
Securities available for sale	90,912	88,877
Loans held for sale	18,440	5,386
Loans	394,319	387,293
Allowance for loan losses	(7,670)	(7,556)
Net loans	386,649	379,737
Federal Home Loan Bank stock	2,170	2,170
Premises and equipment, net	4,826	4,846
Accrued interest receivable	1,245	1,198
Other real estate owned, net	5,229	5,367
Bank owned life insurance	4,234	4,185
Goodwill and other intangible assets	254	265
Other assets	2,147	1,573
Total assets	\$525,513	\$501,918
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand	\$74,514	\$73,228
Interest-bearing demand	29,909	31,145
Savings	155,364	154,310
Time	143,071	141,518
Total deposits	402,858	400,201
Short-term borrowings	52,288	31,260
Accrued interest payable	272	278
Other liabilities	2,629	2,646
Total liabilities	458,047	434,385
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	(159,100)	(158,983)
Accumulated other comprehensive loss, net	(744)	(794)
Treasury stock 218,499 shares at cost	(529)	(529)
Total stockholders' equity	67,466	67,533
Total liabilities and stockholders' equity	\$525,513	\$501,918

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

	Quarters Ended		Six Months Ended	
	June 30,	2014	June 30,	2014
	2015		2015	
	(Dollars in thousands)			
Interest and Dividend Income				
Loans	\$3,850	\$3,759	\$7,680	\$7,496
Loans held for sale	134	36	206	57
Securities	552	683	1,107	1,339
Other investments	3	2	6	4
Total interest income	4,539	4,480	8,999	8,896
Interest Expense				
Deposits	542	524	1,104	1,032
Short-term borrowings	15	10	24	14
Total interest expense	557	534	1,128	1,046
Net interest income	3,982	3,946	7,871	7,850
Provision for loan losses	97	150	183	161
Net interest income after provision for loan losses	3,885	3,796	7,688	7,689
Noninterest Income				
Deposit service charges	110	108	218	205
Other service fees	54	50	103	98
Mortgage banking revenue, net	1,253	686	2,374	1,060
Other income	50	54	238	227
Net gain (loss) on sale of securities	—	13	13	16
Net loss on assets	(31)	(38)	(134)	(23)
Total noninterest income	1,436	873	2,812	1,583
Noninterest Expense				
Compensation and employee benefits	3,443	2,893	6,901	5,702
Equipment	261	236	529	434
Occupancy and premises	376	316	776	673
Data processing	144	159	290	312
Federal deposit insurance	106	109	211	207
Professional services	284	262	437	532
Telephone and data communication	103	113	212	218
Insurance	56	81	113	174
Other expense	691	476	1,148	861
Total noninterest expense	5,464	4,645	10,617	9,113
Income (loss) from operations before income taxes	(143)	24	(117)	159
Income tax benefit	—	(2)	—	—
Net income (loss)	(143)	26	(117)	159
Preferred stock dividends	—	—	—	—
Net income (loss) allocated to common stockholders	\$(143)	\$26	\$(117)	\$159