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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of Earliest Event Reported): May 29, 2004

CIB MARINE BANCSHARES, INC.
(Exact Name of Registrant as Specified in Its Charter)

WISCONSIN
(State or Other Jurisdiction of Incorporation)

000-24149 37-1203599
(Commission File Number) (IRS Employer Identification No.)

N27 W24025 PAUL COURT, PEWAUKEE, WISCONSIN 53072
(Address of Principal Executive Offices) (Zip Code)

(262) 695-6010
(Registrant's Telephone Number, Including Area Code)

Item 5. Other Events.

CIB Bank - Chicago, Central Illinois Bank, Marine Bank and CIB Bank - Indiana each consented to the issuance of a Cease and Desist Order, which orders became effective May 29, 2004. On May 29, 2004, the registrant entered into a Written Agreement with the Federal Reserve Bank of Chicago. The Cease and Desist Orders are filed concurrently herewith as Exhibits 99.1, 99.2, 99.3 and 99.4, and the Written Agreement is filed concurrently herewith as Exhibit 99.5.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CIB MARINE BANCSHARES, INC.

Dated: June 1, 2004

By: /s/ Donald J. Straka

Donald J. Straka,
Senior Vice President,
Chief Legal Officer, Secretary

EXHIBIT INDEX

Exhibit Number -----	Description of Exhibit -----	Location -----
99.1	CIB Bank - Chicago Cease & Desist Order	Filed electronically herewith.
99.2	Central Illinois Bank Cease & Desist Order	Filed electronically herewith.
99.3	Marine Bank Cease & Desist Order	Filed electronically herewith.
99.4	CIB Bank - Indiana Cease & Desist Order	Filed electronically herewith.
99.5	CIB Marine Bancshares, Inc. Supervisory Agreement	Filed electronically herewith.

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FEDERAL DEPOSIT INSURANCE CORPORATION
 WASHINGTON, D.C.
 AND
 STATE OF ILLINOIS
 OFFICE OF BANKS AND REAL ESTATE
 BUREAU OF BANKS AND TRUST COMPANIES

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In the Matter of )
                  ) ORDER TO CEASE AND DESIST
CIB BANK,         )
HILLSIDE, ILLINOIS )      FDIC-04-080b
                  )      OBRE NO. 2004-BBTC-28
(Illinois Chartered )
  Insured Nonmember Bank)
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CIB Bank, Hillside, Illinois ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law, rule or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under 38 Ill. Adm. Code, section 392.30, regarding hearings before the Office of Banks and Real Estate for the State of Illinois ("OBRE"), and under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. Section 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("STIPULATION") with representatives of the OBRE and the Federal Deposit Insurance Corporation (the "FDIC"), dated

April 30, 2004, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule, or regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the OBRE and the FDIC.

The OBRE and the FDIC considered the matter and determined that there was reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, or regulations. The OBRE and the FDIC, therefore, accepted the STIPULATION and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. Section 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of law, rule, or regulation:

- A. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- B. Operating with inadequate earnings;
- C. Operating with an inadequate allowance for loan and lease losses ("ALLL") for the volume, kind, and quality of loans and leases held;
- D. Engaging in hazardous lending and lax collection practices including but not limited to:

- (i) Failing to establish and enforce adequate loan repayment programs;
- (ii) Failing to extend credit with adequate diversification of risk;
- (iii) Failing to provide for the type and quality of loan underwriting and credit analysis consistent with prudent industry standards;
- (iv) Failing to identify problem credits in a timely manner;
- (v) Operating with an excessive level of adversely classified loans and non-accrual loans; and
- (vi) Extending credit to borrowers without adequate repayment capacity or sufficient cash flow from the project financed.

E. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule, or regulation;

F. Operating with management whose practices are detrimental to the Bank and jeopardize the safety of its deposits;

G. Violating laws, rules, or regulations, including:

- (i) Failing to comply with the safe and sound banking practice requirements of section 23A of the Federal Reserve Act ("section 23A"), 12 U.S.C. Section 371c (a)(4);

- (ii) Failing to comply with the lending limit restrictions of section 23A of the Federal Reserve Act ("section 23A"), 12 U.S.C. Section 371c (a)(1)(A); and
- (iii) Failing to comply with section 35.2 (c)(4) of the Illinois Banking Act that prohibits the acceptance of securities issued by an affiliate as acceptable collateral for a loan or extension of credit to that affiliate or any affiliate of a state bank.

H. Operating with inadequate liquidity in light of the Bank's asset and liability mix.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. Section 1813 (u), and its successors and assigns, take affirmative action as follows:

1. (a) Within 30 days from the last day of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Reports of Condition and Income its level of Tier 1 capital as a percentage of its total assets ("Capital Ratio") for that calendar quarter. If the capital ratio is less than 8.0 percent, the Bank shall, within 60 days

of the date of the required determination, increase its capital ratio to not less than 8.0 percent calculated as of the end of that preceding quarterly period. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any increase in Tier 1 capital may be accomplished by the following:

- (i) The sale of common stock and non-cumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or
- (ii) The elimination of all or part of the assets classified "Loss" or "one-half of Doubtful" in the OBRE and FDIC joint report of examination as of September 15, 2003 ("Joint Report") without loss or liability to the Bank, provided any collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged-off pursuant to this ORDER;
- (iii) The collection in cash of assets previously charged-off; or

- (iv) The direct contribution of cash by the directors and/or the shareholders of the Bank and/or CIB Marine Bancshares Inc., the Bank's holding company;
- (v) Any other means acceptable to the Commissioner of OBRE ("Commissioner") and the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director"); or
- (vi) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public or private distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with state and Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination

of such materials, the materials used in the offering of the securities shall be submitted to Scott D. Clarke, Assistant Commissioner, Office of Banks and Real Estate, 310 South Michigan Avenue, Suite 2130, Chicago, Illinois 60604, and to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429, for review. Any changes requested to be made in the materials by the OBRE or the FDIC shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes that are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(e) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

2. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Commissioner and the Regional Director.

3. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and submit to the Commissioner and Regional Director for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2004 and 2005. The plans required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

- (i) Realistic and comprehensive budgets;
- (ii) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections; and
- (iii) An identification of the major areas in, and means by which, the Board will seek to improve the Bank's earnings.

(c) Within 30 days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meetings at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year subsequent to 2005 for which this ORDER is in effect and shall be submitted to the Commissioner and Regional Director for review and comment within 30 days from the end of each year. Within 30 days of receipt of all such comments from the Commissioner and Regional Director after adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

4. (a) within 90 days from the effective date of this ORDER, the Bank shall formulate and adopt a realistic, comprehensive strategic plan. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for, and adequately support, the written strategic plan.

(b) The written strategic plan shall address, at a minimum:

- (i) Strategies for pricing policies and asset/liability management;
- (ii) Equity sources, desired loan portfolio mix, market area, acceptable funding sources, product offerings, and branch development plans;
- (iii) Staffing levels, training, and management succession;
- (iv) Financial goals including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank shall submit the strategic plan to the Commissioner and Regional Director for review and comment. After consideration of all such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting.

(d) Within 30 days from the end of each calendar quarter following adoption of the strategic plan by the Bank, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Commissioner and Regional Director for review and comment within 30 days prior to the end of each calendar year for which this ORDER is in effect. Within 30 days of receipt of any comments from the Commissioner and Regional Director, and after consideration of all comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the revised plan.

5. (a) During the life of this ORDER, the Bank shall not increase its total assets by more than 2.0 percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Commissioner and Regional Director.

(b) Such growth plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This growth plan shall not be implemented without the prior written consent of the Commissioner and Regional Director. For the purpose of this paragraph, "total assets" shall be defined as in the Federal Financial Institutions Examination Council ("FFIEC") Instructions for the Consolidated Reports of Condition and Income.

6. During the life of this ORDER, the Bank shall not increase its loans and leases, net of unearned income, by more

than 2.0 percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Commissioner and Regional Director. The growth plan shall not be implemented without the prior written consent of the Commissioner and Regional Director. For the purpose of this paragraph, "loans and leases, net of unearned income", shall be defined as in the FFIEC Instructions for the Consolidated Reports of Condition and Income.

7. During the life of this order, the Bank shall not implement a plan to sell, transfer, or otherwise dispose of any asset or group of assets with a value or aggregate value of greater than \$1,000,000 without providing 10 days written notice to the Commissioner and Regional Director for review and comment. Thereafter, the Bank shall approve the plan, which shall be recorded in the minutes of a board of directors' meeting.

8. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Commissioner and the Regional Director for review and comment a written plan to reduce the Bank's risk position in each asset in excess of \$2,000,000 which is classified "Substandard" or "Doubtful" in the Joint Report.

(b) As used in this paragraph, "reduce" means to collect; charge-off; or improve the quality of such assets so as to warrant removal of any adverse classification by the OBRE or the FDIC.

- (c) In developing such plan, the Bank shall, at a minimum,
 - (i) Review the financial position of each such borrower, including the source of repayment, repayment ability, and alternative repayment sources, and
 - (ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.
- (d) Such plan shall include, but not be limited to:
 - (i) Dollar levels to which the Bank shall reduce each asset within six months from the effective date of this ORDER; and
 - (ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(e) Within 30 days from the receipt of any comment from the Commissioner and the Regional Director, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow this written plan.

(f) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extension of credit (including any portion thereof) that has been charged-off the books of the Bank or classified "Loss" so long as such credit remains uncollected.

(g) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard", "Doubtful" or is listed for "Special Mention" and is uncollected unless the Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors' meeting.

(h) Within 60 days from the effective date of this ORDER, the Bank shall develop a system to correct loan administration deficiencies and ensure compliance with/adherence to the loan policy. Specific areas to be addressed include:

- (i) Timely identification of problem credits;

- (ii) ALLL adequacy;
- (iii) Conflicts of interest;
- (iv) Global cash flow analysis and requirements for extending credit to related interests;
- (v) Capitalizing interest;
- (vi) Prohibitions against emphasizing fee income over principal repayment; and
- (vii) Diversification of the loan portfolio.

(i) Within 180 days from the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for "Special Mention" in the Joint Report.

9. (a) As of the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" and 50% of all assets classified "Doubtful" in the Joint Report that have not been previously collected or charged-off. Any such charged-off asset shall not be rebooked without the prior written consent of the Commissioner and the Regional Director. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

(b) Within 30 days from the effective date of this ORDER, the Bank shall make an additional provision for loan and lease losses which, after review and consideration by the board

of directors, reflects the potential for further losses in the remaining loans or leases classified "Substandard" or "Doubtful" and all other loans and leases in its portfolio. In making this determination, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income, the Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions ("ALLL Policy Statement") and any analysis of the Bank's ALLL provided by the OBRE or the FDIC.

(c) Within 30 days from the effective date of this ORDER, Reports of Condition and Income required by the FDIC and filed by the Bank subsequent to September 15, 2003, but prior to the effective date of this ORDER, shall be amended and refiled if they do not reflect a provision for loan and lease losses and an ALLL which are adequate considering the condition of the Bank's loan portfolio.

(d) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of the ALLL provided. In making these determinations,

the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income, the ALLL Policy Statement, and any analysis of the Bank's ALLL provided by the OBRE and the FDIC.

(e) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

10. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Commissioner and Regional Director for review and comment a written plan to reduce each of the individual and industry loan concentrations of credit identified in the Joint Report. Such plan shall prohibit any additional advances that would increase the concentrations or create new concentrations and shall include, but not be limited to:

- (i) Dollar levels to which the Bank shall reduce each concentration within six and 12 months from the effective date of this ORDER; and
- (ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors. As used in this paragraph, "reduce" means to collect or charge off.

(b) Within 30 days from receipt of any comment from the Commissioner or Regional Director, and after the adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

11. (a) Within 30 days from the effective date of this ORDER, the Bank shall retain a bank consultant acceptable to the Commissioner and the Regional Director. The consultant shall develop a written analysis and assessment of the Bank's board of directors, executive officers and staffing needs ("Management Plan") for the purpose of providing qualified management for the Bank.

(b) The Bank shall provide the Commissioner and the Regional Director with a copy of the proposed engagement letter or contract with the consultant for review before it is executed. The contract or engagement letter, at a minimum, shall include:

- (i) A description of the work to be performed under the contract or engagement letter;
- (ii) The responsibilities of the consultant;

- (iii) Identification of the professional standards covering the work to be performed;
- (iv) Identification of the specific procedures to be used when carrying out the work to be performed;
- (v) The qualifications of the employee(s) who are to perform the work;
- (vi) The time frame for completion of the work;
- (vii) Any restrictions on the use of the reported findings; and
- (viii) A provision for unrestricted examiner access to work papers.

(c) The Management Plan shall be developed within 90 days from the effective date of this ORDER. The Management Plan shall include, at a minimum:

- (i) Identification of both the type and number of senior executive officer positions needed to properly manage and supervise the affairs of the Bank;
- (ii) Identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;

- (iii) Evaluation of all executive officers to determine whether these individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition;
- (iv) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those executive officer positions identified by this paragraph of this ORDER; and
- (v) Establishment of a review system that measures and evaluates senior executive officer performance at least annually.

(d) The Management Plan shall be submitted directly to the Commissioner and the Regional Director for review and comment upon its completion. Within 30 days from the receipt of any comments from the Commissioner and the Regional Director and after the adoption of any recommended changes, the Bank shall approve the Management Plan, and record its approval in the minutes of the board of directors' meeting. Thereafter, the Bank, its directors, officers, and employees shall implement and follow the Management Plan and/or any subsequent modification.

(e) Within 90 days from the effective date of this ORDER, the Bank shall have and thereafter retain qualified management. At a minimum, such management shall include: (i) a chief executive officer with proven ability in managing a bank of comparable size and with comparable problems; (ii) a senior lending officer with an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank's loan portfolio; and (iii) a distressed-asset manager with proven ability to satisfactorily resolve the Bank's asset quality problems.

(f) During the life of this ORDER, the Bank shall notify the Commissioner and the Regional Director in writing of any changes in any of the Bank's directors or senior executive officers. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the FDI Act ("section 32"), 12 U.S.C. Section 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. Section 303.101(b), and includes any person identified by the OBRE or the FDIC, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the Bank.

(g) Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall comply with the

requirements of section 32 and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. Sections 303.100-303.104. Further, the Bank shall request and obtain the Commissioner's written approval prior to the addition of any individual to the board of directors and the employment of any individual as a senior executive officer.

(h) Management shall be provided the necessary written authority to implement the provisions of this ORDER. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of this ORDER;
- (ii) Operate the Bank in a safe and sound manner;
- (iii) Comply with applicable laws, rules, and regulations; and
- (iv) Restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

12. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Commissioner and Regional Director for review and comment a written plan addressing liquidity, rate sensitivity objectives, and asset/liability management. Annually thereafter during the life of this ORDER, the Bank shall review this plan for adequacy and,

based upon such review, shall make appropriate revisions to the plan that are necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

- (i) Establishing prudent limitations on liquidity and funds management measurements;
- (ii) Establishing a desirable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;
- (iii) Identifying the source and use of borrowed and/or volatile funds;
- (iv) Establishing appropriate lines of credit at correspondent banks, including the appropriate Federal Reserve Bank;
- (v) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

- (vi) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;
- (vii) Addressing the proper use of borrowings and providing for appropriate tenor commensurate with the use of the borrowed funds, addressing concentration of funding sources, pricing and collateral requirements with specific allowable funding channels identified.

(b) Within 30 days from the receipt of all such comments from the Commissioner or Regional Director, and after revising the plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the plan.

13. Effective immediately, the Bank shall not renew or obtain brokered deposits without the prior approval of the Commissioner and the Regional Director.

14. (a) No later than July 30, 2004, and continuing thereafter, the Bank shall file accurate Consolidated Reports of Condition and Income; and

(b) Within 30 days of the effective date of this ORDER, the Bank shall establish policies and provide adequate

training to ensure reports are filed accurately in the future. While this ORDER is in effect, the Bank shall submit to the Commissioner and Regional Director a copy of all Reports of Condition and Income filed with the FDIC.

15. (a) Within 90 days from the effective date of this ORDER, the Bank shall submit to the Commissioner and Regional Director for review and comment a written plan, consistent with safe and sound banking considerations, to eliminate or reduce the impact of the violations of laws, rules, or regulations listed in the Joint Report.

(b) Within 30 days from the receipt of any comment from the Commissioner or Regional Director, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow this written plan.

(c) Within 10 days from the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

16. (a) Within 60 days of the effective date of this ORDER, the Bank shall conduct a study and prepare a written report for review and comment by the Commissioner and Regional Director regarding loans extended as of July 31, 2003, to or for the benefit of CIB Marine Bancshares, Inc. stockholders (CIB Marine Stock Study). The CIB Marine Stock Study should at a minimum:

- (i) Identify all loans extended to shareholders and/or their related interests;
- (ii) Identify all loans extended with all or a portion of the proceeds used to finance the purchase of CIB Marine Bancshares, Inc. stock; and
- (iii) Identify all loans extended that are collateralized by CIB Marine Bancshares, Inc. stock.

(b) Within 30 days of the completion of the CIB Marine Stock Study, the Bank shall disclose the findings to the board of directors for review and notation in the minutes. The Bank shall establish procedures to monitor and maintain records on such transactions to prevent covered transactions from exceeding limitations of section 23A.

17. Within 30 days from the effective date of this ORDER, the Bank shall establish a compliance committee comprised of at least three directors who are not officers of the Bank. The committee shall monitor compliance with this ORDER and, within 60 days from the effective date of this ORDER and every 90 days thereafter, shall submit to the board of directors for consideration at its regularly scheduled meeting a written

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report detailing the Bank's compliance with this ORDER. The compliance report shall be incorporated into the minutes of the board of directors' meeting. Establishment of this committee does not in any way diminish the responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

18. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Commissioner and the Regional Director written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Commissioner and the Regional Director have, in writing, released the Bank from making further reports.

19. Following the effective date of this ORDER, the Bank shall send to its shareholders and to the shareholders of CIB Marine Bancshares, Inc. ("Bank Holding Company") a copy or description of this ORDER: (1) in conjunction with the Bank's and the Bank Holding Company's next shareholder communications; and (2) in conjunction with the Bank's and the Bank Holding Company's notice or proxy statement preceding their next shareholder meetings. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to

Scott D. Clarke, Assistant Commissioner, Office of Banks and Real Estate, 310 South Michigan Avenue, Suite 2130, Chicago, Illinois 60604, and to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the OBRE and the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The effective date of this ORDER shall be 10 calendar days after its issuance by the OBRE and the EDIC.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the OBRE and the FDIC.

Pursuant to delegated authority.

Dated: MAY 19, 2004

/s/ SCOTT D. CLARKE

Scott D. Clarke

Assistant Commissioner
Office of Banks and Real Estate
for the State of Illinois

/s/ SCOTT M. POLAKOFF

Scott M. Polakoff

Regional Director
Chicago Regional Office
Federal Deposit Insurance Corporation

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<DESCRIPTION> Central Illinois Bank Cease & Desist Order
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FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF ILLINOIS

OFFICE OF BANKS AND REAL ESTATE

BUREAU OF BANKS AND TRUST COMPANIES

In the Matter of)	ORDER TO CEASE AND DESIST
CENTRAL ILLINOIS BANK,)	FDIC-04-086b
CHAMPAIGN, ILLINOIS)	OBRE NO. 2004-BBTC-29
)	
(Illinois Chartered)	
Insured Nonmember Bank))	

Central Illinois Bank, Champaign, Illinois ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law, rule or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under 38 Ill. Adm. Code, section 392.30, regarding hearings before the Office of Banks and Real Estate for the State of Illinois ("OBRE"), and under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. Section 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("STIPULATION") with representatives of the OBRE and the Federal Deposit Insurance Corporation (the "FDIC"),

dated APRIL 30TH, 2004 , whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule, or regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the OBRE and the FDIC.

The OBRE and the FDIC considered the matter and determined that there was reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, or regulations. The OBRE and the FDIC, therefore, accepted the STIPULATION and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. Section 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of law, rule, or regulation:

A. Operating with an inadequate level of capital protection for the kind and quality of assets held;

B. Operating with inadequate earnings;

C. Operating with an inadequate allowance for loan and lease losses ("ALLL") for the volume, kind, and quality of loans and leases held;

D. Engaging in hazardous lending and lax collection practices including but not limited to:

- (i) Failing to establish and enforce adequate loan repayment programs;
- (ii) Failing to provide for the type and quality of loan underwriting and credit analysis consistent with prudent industry standards;
- (iii) Failing to identify problem credits in a timely manner;
- (iv) Operating with an excessive level of adversely classified loans and non-accrual loans; and
- (v) Extending credit to borrowers without adequate repayment capacity or sufficient cash flow from the project financed.

E. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule, or regulation;

F. Operating with management whose practices are detrimental to the Bank and jeopardize the safety of its deposits;

G. Violating laws, rules, or regulations, including:

- (i) Failing to comply with collateral requirements of section 23A of the Federal Reserve Act ("section 23A"), 12 U.S.C. Section 371c (c) (1);

H. Operating with inadequate liquidity in light of the Bank's asset and liability mix.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. Section 1813(u), and its successors and assigns, take affirmative action as follows:

1. (a) Within 30 days from the last day of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Reports of Condition and Income its level of Tier 1 capital as a percentage of its total assets ("Capital Ratio") for that calendar quarter. If the capital ratio is less than 8.0 percent, the Bank shall, within 60 days of the date of the required determination, increase its capital ratio to not less than 8.0 percent calculated as of the end of that preceding quarterly period. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any increase in Tier 1 capital may be accomplished by the following:

- (i) The sale of common stock and non-cumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or

- (ii) The elimination of all or part of the assets classified "Loss" in the OBRE and FDIC joint report of examination as of September 29, 2003 ("Joint Report"), without loss or liability to the Bank, provided any collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged-off pursuant to this ORDER;
- (iii) The collection in cash of assets previously charged-off; or
- (iv) The direct contribution of cash by the directors and/or the shareholders of the Bank and/or CIB Marine Bancshares Inc., the Bank's holding company;
- (v) Any other means acceptable to the Commissioner of OBRE ("Commissioner") and the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director"); or
- (vi) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such securities, including the

voting of any shares owned or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public or private distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with state and Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the offering of the securities shall be submitted to Scott D. Clarke, Assistant Commissioner, Office of Banks and Real Estate, 310 South Michigan Avenue, Suite 2130, Chicago, Illinois 60604, and to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429, for review. Any changes requested to be made in the materials by the OBRE or the FDIC shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes that are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities.

The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(e) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

2. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Commissioner and the Regional Director.

3. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and submit to the Commissioner and Regional Director for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2004 and 2005. The plans required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

- (i) Realistic and comprehensive budgets;
- (ii) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections; and
- (iii) An identification of the major areas in, and means by which, the Board will seek to improve the Bank's earnings.

(c) Within 30 days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meetings at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year subsequent to 2005 for which this ORDER is in effect and shall be submitted to the Commissioner and Regional Director for review and comment within 30 days from the end of each year. Within 30 days of receipt of all such comments from the Commissioner or Regional Director and after adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the

minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

4. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and adopt a realistic, comprehensive strategic plan. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for, and adequately support, the written strategic plan.

(b) The written strategic plan shall address, at a minimum:

- (i) Strategies for pricing policies and asset/liability management;
- (ii) Equity sources, desired loan portfolio mix, market area, acceptable funding sources, product offerings, and branch development plans;
- (iii) Staffing levels, training, and management succession;
- (iv) Financial goals including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank shall submit the strategic plan to the Commissioner and Regional Director for review and comment. After consideration of all such comments, the Bank shall approve

the plan, which approval shall be recorded in the minutes of a board of directors' meeting.

(d) Within 30 days from the end of each calendar quarter following the adoption of the strategic plan by the Bank, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Commissioner and Regional Director for review and comment within 30 days prior to the end of each calendar year for which this ORDER is in effect. Within 30 days of receipt of any comments from the Commissioner or Regional Director, and after consideration of all comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the revised plan.

5. (a) During the life of this ORDER, the Bank shall not increase its total assets by more than 2.0 percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Commissioner and Regional Director.

(b) Such growth plan, at a minimum, shall include the funding source to support the projected growth, as well as the

anticipated use of funds. This growth plan shall not be implemented without the prior written consent of the Commissioner and Regional Director. For the purpose of this paragraph, "total assets" shall be defined as in the Federal Financial Institutions Examination Council ("FFIEC") Instructions for the Consolidated Reports of Condition and Income.

6. During the life of this ORDER, the Bank shall not increase its loans and leases, net of unearned income, by more than 2.0 percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Commissioner and Regional Director. The growth plan shall not be implemented without the prior written consent of the Commissioner and Regional Director. For the purpose of this paragraph, "loans and leases, net of unearned income" shall be defined as in the FFIEC Instructions for the Consolidated Reports of Condition and Income.

7. During the life of this order, the Bank shall not implement a plan to sell, transfer, or otherwise dispose of any asset or group of assets with a value or aggregate value of greater than \$1,000,000 without providing 10 days written notice to the Commissioner and Regional Director for review and comment. Thereafter, the Bank shall approve the plan, which shall be recorded in the minutes of a board of directors' meeting.

8. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Commissioner and the Regional Director for review and comment a written plan to reduce the Bank's risk position in each asset in excess of \$2,000,000 which is classified "Substandard" in the Joint Report.

(b) As used in this paragraph, "reduce" means to collect; charge-off; or improve the quality of such assets so as to warrant removal of any adverse classification by the OBRE or the FDIC.

(c) In developing such plan, the Bank shall, at a minimum,

- (i) Review the financial position of each such borrower, including the source of repayment,
- (ii) repayment ability, and alternative repayment sources, and
- (iii) Evaluate the available collateral for each to improve the Bank's collateral position.

(d) Such plan shall include, but not be limited to:

- (i) Dollar levels to which the Bank shall reduce each asset within six months from the effective date of this ORDER; and

- (ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(e) Within 30 days from the receipt of any comment from the Commissioner or Regional Director, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow this written plan.

(f) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extension of credit (including any portion thereof) that has been charged-off the books of the Bank or classified "Loss" so long as such credit remains uncollected.

(g) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard" or is listed for "Special Mention" and is uncollected unless the Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension

of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors' meeting.

(h) Within 60 days from the effective date of this ORDER, the Bank shall develop a system to correct loan administration deficiencies and ensure compliance with/adherence to the loan policy. Specific areas to be addressed include:

- (i) Timely identification of problem credits;
- (ii) ALLL adequacy;
- (iii) Global cash flow analysis and requirements for extending credit to related interests;
- (iv) Capitalizing interest;
- (v) Within 180 days from the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for "Special Mention" in the Joint Report.

(i) Within 60 days from the effective date of this Order, the Bank shall submit to the Commissioner and Regional Director for review and comment a written evaluation of the Bank's procedures for originating, approving, and monitoring out-of-area loans and loans purchased from affiliates, and a plan to improve current procedures.

(j) Within 30 days of the receipt of any comments from the Commissioner or Regional Director, and after the adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter the Bank shall implement and follow the plan.

9. (a) As of the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" as of September 29, 2003 that have not been previously collected or charged-off. Any such charged-off asset shall not be rebooked without the prior written consent of the Commissioner and the Regional Director. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

(b) Within 30 days from the effective date of this ORDER, the Bank shall make an additional provision for loan and lease losses which, after review and consideration by the board of directors, reflects the potential for further losses in the remaining loans or leases classified "Substandard" and all other loans and leases in its portfolio. In making this determination, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income, the Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions ("ALLL

Policy Statement") and any analysis of the Bank's ALLL provided by the OBRE or the FDIC.

(c) Within 30 days from the effective date of this ORDER. Reports of Condition and Income required by the FDIC and filed by the Bank subsequent to September 29, 2003, but prior to the effective date of this ORDER, shall be amended and refiled if they do not reflect a provision for loan and lease losses and an ALLL which are adequate considering the condition of the Bank's loan portfolio.

(d) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of the ALLL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income, the ALLL Policy Statement, and any analysis of the Bank's ALLL provided by the OBRE and the FDIC.

(e) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

10. (a) Within 90 days from the effective date of this ORDER, the Bank shall have and thereafter retain qualified management. Each member of management shall have the qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of this ORDER;
- (ii) Operate the Bank in a safe and sound manner;
- (iii) Comply with applicable laws, rules, and regulations;
and
- (iv) Restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(b) During the life of this ORDER, the Bank shall notify the Commissioner and the Regional Director in writing of any changes in any of the Bank's directors or senior executive officers. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the FDI Act ("section 32"), 12 U.S.C. Section 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. Section 303.101(b), and includes any person identified by the OBRE or the FDIC, whether or not hired

as an employee, with significant influence over, or who participates in, major policymaking decisions of the Bank.

(c) Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. Sections 303.100-303.104. Further, the Bank shall request and obtain the Commissioner's written approval prior to the addition of any individual to the board of directors and the employment of any individual as a senior executive officer.

11. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Commissioner and Regional Director for review and comment a written plan addressing liquidity, rate sensitivity objectives, and asset/liability management. Annually thereafter during the life of this ORDER, the Bank shall review this plan for adequacy and, based upon such review, shall make appropriate revisions to the plan that are necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

- (i) Establishing prudent limitations on liquidity and funds management measurements;

- (ii) Establishing a desirable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;
- (iii) Identifying the source and use of borrowed and/or volatile funds;
- (iv) Establishing appropriate lines of credit at correspondent banks, including the appropriate Federal Reserve Bank;
- (v) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;
- (vi) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;
- (vii) Addressing the proper use of borrowings and providing for appropriate tenor commensurate with the use of the borrowed funds, addressing concentration of

funding sources, pricing and collateral requirements with specific allowable funding channels identified.

(b) Within 30 days from the receipt of all such comments from the Commissioner or Regional Director, and after revising the plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the plan.

12. Effective immediately, the Bank shall not renew or obtain brokered deposits without the prior approval of the Commissioner and the Regional Director.

13. (a) No later than July 30, 2004, and continuing thereafter, the Bank shall file accurate Consolidated Reports of Condition and Income; and

(b) Within 30 days of the effective date of this ORDER, the Bank shall establish policies and provide adequate training to ensure reports are filed accurately in the future. While this ORDER is in effect, the Bank shall submit to the Commissioner and Regional Director a copy of all Reports of Condition and Income filed with the FDIC.

14. (a) Within 90 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all existing violations of laws, rules, or regulations listed in the Joint Report, to the extent that they are curable.

(b) Within 10 days from the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

15. (a) Within 60 days of the effective date of this ORDER, the Bank shall conduct a study and prepare a written report for review and comment by the Commissioner and Regional Director regarding loans extended as of July 31, 2003, to or for the benefit of CIB Marine Bancshares, Inc. stockholders (CIB Marine Stock Study). The CIB Marine Stock Study should at a minimum:

- (i) Identify all loans extended to shareholders and/or their related interests;
- (ii) Identify all loans extended with all or a portion of the proceeds used to finance the purchase of CIB Marine Bancshares, Inc. stock; and
- (iii) Identify all loans extended that are collateralized by CIB Marine Bancshares, Inc. stock.

(b) Within 30 days of the completion of the CIB Marine Stock Study, the Bank shall disclose the findings to the board of directors for review and notation in the minutes. The Bank shall establish procedures to monitor and maintain records

on such transactions to prevent covered transactions from exceeding limitations of section 23A.

16. Within 30 days from the effective date of this ORDER, the Bank shall establish a compliance committee comprised of at least three directors who are not officers of the Bank. The committee shall monitor compliance with this ORDER and, within 60 days from the effective date of this ORDER and every 90 days thereafter, shall submit to the board of directors for consideration at its regularly scheduled meeting a written report detailing the Bank's compliance with this ORDER. The compliance report shall be incorporated into the minutes of the board of directors' meeting. Establishment of this committee does not in any way diminish the responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

17. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Commissioner and the Regional Director written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Commissioner and the Regional Director have, in writing, released the Bank from making further reports.

18. Following the effective date of this ORDER, the Bank shall send to its shareholders and to the shareholders of CIB Marine Bancshares, Inc. ("Bank Holding Company") a copy or description of this ORDER: (1) in conjunction with the Bank's and the Bank Holding Company's next shareholder communications; and (2) in conjunction with the Bank's and the Bank Holding Company's notice or proxy statement preceding their next shareholder meetings. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to Scott D. Clarke, Assistant Commissioner, Office of Banks and Real Estate, 310 South Michigan Avenue, Suite 2130, Chicago, Illinois 60604, and to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the OBRE and the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The effective date of this ORDER shall be 10 calendar days after its issuance by the OBRE and the FDIC.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as,

any provision has been modified, terminated, suspended, or set aside by the OBRE and the FDIC.

Pursuant to delegated authority.
Dated: MAY 19TH, 2004.

/s/ SCOTT D. CLARKE

Scott D. Clarke
Assistant Commissioner
Office of Banks and Real
Estate for the State of
Illinois

/s/ SCOTT M. POLAKOFF

Scott M. Polakoff
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

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FEDERAL DEPOSIT INSURANCE CORPORATION
 WASHINGTON, D.C.
 AND
 DEPARTMENT OF FINANCIAL INSTITUTIONS
 STATE OF WISCONSIN

In the Matter of)	ORDER TO CEASE AND DESIST
MARINE BANK,)	FDIC-04-085b
WAUWATOSA, WISCONSIN)	
(Insured State Nonmember Bank))	
)	

Marine Bank, Wauwatosa, Wisconsin ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law, rule, or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. Section 1818(b), and under section 220.04(9) of the Wisconsin Statutes, Wis. Stat. Section 220.04(9), regarding hearings before the Department of Financial Institutions for the State of Wisconsin ("WDFI"), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with representatives of the Federal Deposit Insurance Corporation ("FDIC") and WDFI, dated APRIL 27TH, 2004, whereby, solely for the purpose of this

proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule, or regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and WDFI.

The FDIC and WDFI considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, or regulations. The FDIC and WDFI, therefore, accepted the CONSENT AGREEMENT and issued the following:

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. Section 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of law, rule, or regulation:

- A. Operating with an excessive level of adversely classified assets.
- B. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - o Extending credit to borrowers without adequate repayment capacity or sufficient cash flow from the project financed;
 - o Failing to establish and enforce adequate loan repayment programs;

- o Failing to provide for the type and quality of loan underwriting and credit analysis consistent with prudent industry standards; and
- o Failing to identify problem credits in a timely manner.

C. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held.

D. Operating with an inadequate level of capital protection for the kind and quality of assets held.

E. Operating with inadequate earnings.

F. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule, or regulation.

G. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

H. Violating law, rule, or regulation, including:

- (i) The requirements of section 103 of the Treasury Department's Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulation, 31 C.F.R. Section 103.22(c)(2).

- (ii) The State of Wisconsin requirements regarding correspondent bank services set forth in section 221.0301 of Wisconsin Statutes, Wis. Stat. Section 221.0301.

I. Operating with inadequate liquidity in light of the Bank's asset and liability mix.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director") and the Administrator, Division of Banking, WDFI ("Administrator") for review and comment a written plan to reduce the Bank's risk position in each asset in excess of \$1,000,000 which is classified "Substandard" or "Doubtful" in the Report of Examination as of September 29, 2003 ("Report"). In developing such plan, the Bank shall, at a minimum:

- (i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and
- (ii) Evaluate the available collateral for each such credit, including possible

actions to improve the Bank's collateral position.

(b) Such plan shall include, but not be limited to:

- (i) Dollar levels to which the Bank shall reduce each asset within six months from the effective date of this ORDER; and
- (ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(c) As used in this paragraph, "reduce" means to:

(1) collect; (2) charge off; or (3) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and WDFI.

(d) Within 30 days from the receipt of any comment from the Regional Director and Administrator, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow this written plan.

2. Within 60 days from the effective date of this ORDER, the Bank shall develop a system to correct loan administration

deficiencies and ensure compliance with the loan policy. Specific areas to be addressed include:

- (i) Timely identification of problem credits;
- (ii) ALLL adequacy;
- (iii) Global cash flow requirements for extensions of credit to related interests; and
- (iv) Capitalizing interest.

3. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extension of credit (including any portion thereof) that has been charged-off the books of the Bank or classified "Loss" so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard", "Doubtful" or is listed for "Special Mention" and is uncollected unless the Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan

file and shall be incorporated in the minutes of the applicable board of directors' meeting.

4. (a) Within 60 days from the effective date of this Order, the Bank shall submit to the Regional Director and Administrator for review and comment a written evaluation of the Bank's procedures for originating, approving, and monitoring out-of-area loans and loans purchased from affiliates, and a plan to improve current procedures.

(b) Within 30 days of the receipt of any comments from the Regional Director or Administrator, and after the adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter the Bank shall implement and follow the plan.

5. (a) As of the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" and 50 percent of all assets classified "Doubtful" as of September 29, 2003, that have not been previously collected or charged off. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

(b) Within 30 days from the effective date of this ORDER, the Bank shall make an additional provision for loan and

lease losses which, after review and consideration by the board of directors, reflects the potential for further losses in the remaining loans or leases classified "Substandard" and "Doubtful" and all other loans and leases in its portfolio. In making this determination, the board of directors shall consider the Federal Financial Institutions Examination Council ("FFIEC") Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or WDFI.

(c) Within 30 days from the effective date of this ORDER, Reports of Condition and Income required by the FDIC and filed by the Bank subsequent to September 29, 2003, but prior to the effective date of this ORDER, shall be amended and refiled if they do not reflect a provision for loan and lease losses and an ALLL which are adequate considering the condition of the Bank's loan portfolio.

(d) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the

board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or WDFI.

(e) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

6. (a) Within 30 days from the last day of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Report of Condition and Income its level of Tier 1 capital as a percentage of its total assets ("capital ratio") for that calendar quarter. If the capital ratio is less than 8.0 percent, the Bank shall, within 60 days of the date of the required determination, increase its capital ratio to not less than 8.0 percent calculated as of the end of that preceding quarterly period. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any such increase in Tier 1 capital may be accomplished by the following:

- (i) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or

- (ii) The elimination of all or part of the assets classified "Loss" or "one-half of Doubtful" as of September 29, 2003, without loss or liability to the Bank, provided any such collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged off pursuant to this ORDER; or
- (iii) The collection in cash of assets previously charged off; or
- (iv) The direct contribution of cash by the directors and/or the shareholders of the Bank; or
- (v) Any other means acceptable to the Regional Director and Administrator; or
- (vi) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public or private distribution of Bank securities,

including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the offering of the securities shall be submitted to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to WDFI, 345 West Madison Avenue, 4th Floor, P.O. Box 7876, Madison, Wisconsin 53707-7876. Any changes requested to be made in the materials by the FDIC or WDFI shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall

be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(e) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

7. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and Administrator.

8. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Administrator for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2004 and 2005. The plans required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

- (i) realistic and comprehensive budgets;
- (ii) a budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections;
- (iii) identification of major areas in, and means by which, earnings will be improved; and
- (iv) a description of the operating assumptions that form the basis for and adequately support major projected income and expense components.

(c) Within 30 days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director and Administrator for review and comment within 30 days of the end of each year. Within 30 days of receipt of all such comments

from the Regional Director and Administrator and after adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

9. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and adopt a realistic, comprehensive strategic plan. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address, at a minimum:

- (i) Strategies for pricing policies and asset/liability management; and
- (ii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank will submit the strategic plan to the Regional Director and Administrator for review and comment. After consideration of all such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting.

(d) Within 30 days from the end of each calendar quarter following the adoption of the strategic plan by the Bank, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Regional Director and Administrator for review and comment 30 days prior to the end of each calendar year for which this ORDER is in effect. Within 30 days of receipt of all such comments from the Regional Director and Administrator, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the revised plan.

10. During the life of this ORDER, the Bank shall not increase its total assets by more than two percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Regional Director and Administrator. Such growth plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This growth plan shall not be implemented without the prior written consent

of the Regional Director and Administrator. For the purpose of this paragraph, "total assets" shall be defined as in the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income.

11. During the life of this ORDER, the Bank shall not increase its loans and leases, net of unearned income, by more than two percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Regional Director and Administrator. The growth plan shall not be implemented without the prior written consent of the Regional Director and Administrator. For the purpose of this paragraph, "loans and leases, net of unearned income" shall be defined as in the FFIEC Instructions for the Consolidated Reports of Condition and Income.

12. During the life of this order, the Bank shall not implement a plan to sell, transfer, or otherwise dispose of any asset or group of assets with a value or aggregate value of greater than \$1,000,000 without providing 10 days written notice to the Regional Director and Administrator for review and comment. Thereafter, the Bank shall approve the plan, which shall be recorded in the minutes of a board of directors' meeting.

13. (a) Within 90 days from the effective date of this ORDER, the Bank shall have and thereafter retain qualified management. Each member of management shall have the qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of this ORDER;
- (ii) Operate the Bank in a safe and sound manner;
- (iii) Comply with applicable laws, rules, and regulations;
and
- (iv) Restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(b) During the life of this ORDER, the Bank shall notify the Regional Director and the Administrator in writing of any changes in any of the Bank's directors or senior executive officers. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the FDI Act ("section 32"), 12 U.S.C. Section 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. Section 303.101(b), and includes any person identified by the FDIC or the WDFI, whether or not hired

as an employee, with significant influence over, or who participates in, major policymaking decisions of the Bank.

(c) Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. Sections 303.100-303.104. Further, the Bank shall request and obtain the Administrator's written approval prior to the addition of any individual to the board of directors and the employment of any individual as a senior executive officer.

14. (a) Within 30 days of the effective date of this Order, the Bank shall eliminate and/or correct all violations of law, rule or regulation in the Report.

(b) Within 10 days of the effective of this Order, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules and regulations.

15. (a) No later than July 30, 2004, and continuing thereafter, the Bank shall file accurate Consolidated Reports of Condition and Income; and

(b) Within 30 days of the effective date of this ORDER, the Bank shall establish policies and provide adequate training to ensure reports are filed accurately in the future. While this Order is in effect, the Bank shall submit to the

Regional Director and Administrator a copy of all Reports of Condition and Income filed with the FDIC.

16. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and Administrator for review and comment a written plan addressing liquidity, rate sensitivity objectives, and asset/liability management. Annually thereafter during the life of this ORDER, the Bank shall review this plan for adequacy and, based upon such review, shall make appropriate revisions to the plan that are necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

- (i) Establishing prudent limitations on liquidity and funds management measurements;
- (ii) Establishing a desirable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;
- (iii) Identifying the source and use of borrowed and/or volatile funds;
- (iv) Establishing appropriate lines of credit at correspondent banks, including the appropriate Federal Reserve Bank;

- (v) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;
- (vi) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs; and
- (vii) Addressing the proper use of borrowings and providing for appropriate tenor commensurate with the use of the borrowed funds, addressing concentration of funding sources, pricing and collateral requirements with specific allowable funding channels identified.

(b) Within 30 days from the receipt of all such comments from the Regional Director and Administrator, and after revising the plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of

directors' meeting. Thereafter, the Bank shall implement the plan.

17. (a) Within 60 days of the effective date of this ORDER, the Bank shall conduct a study and prepare a written report for review and comment by the Regional Director and Administrator regarding loans extended as of July 31, 2003, to or for the benefit of CIB Marine Bancshares, Inc. stockholders (CIB Marine Stock Study). The CIB Marine Stock Study should at a minimum:

- (i) Identify all loans extended to shareholders and/or their related interests;
- (ii) Identify all loans extended with all or a portion of the proceeds used to finance the purchase of CIB Marine Bancshares, Inc. stock; and
- (iii) Identify all loans extended that are collateralized by CIB Marine Bancshares, Inc. stock.

(b) Within 30 days of the completion of the CIB Marine Stock Study, the Bank shall disclose the findings to the board of directors for review and notation in the minutes. The Bank shall establish procedures to monitor and maintain records

on such transactions to prevent covered transactions from exceeding limitations of section 23A.

18. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy or description of this ORDER: (1) in conjunction with the Bank's next shareholder communication; and (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to the FDIC Registration and Disclosure Section 550 17th Street, N.W., Washington, D.C. 20429 and to WDFI, 345 West Washington Avenue, 4th Floor, P.O. Box 7876, Madison, Wisconsin 53707-7876, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and WDFI shall be made prior to dissemination of the description, communication, notice or statement.

19. Within 30 days from the effective date of this ORDER, the Bank shall establish a compliance committee comprised of at least three directors who are not officers of the Bank. The committee shall monitor compliance with this ORDER and, within 60 days from the effective date of this ORDER and every 90 days thereafter, shall submit to the board of directors for consideration at its regularly scheduled meeting a written

report detailing the Bank's compliance with this ORDER. The compliance report shall be incorporated into the minutes of the board of directors' meeting. Establishment of this committee does not in any way diminish the responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

20. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and Administrator written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and Administrator have, in writing, released the Bank from making further reports.

The Bank shall ensure that processes, personnel, and control systems are in place to ensure implementation of and adherence to the plans and proposals developed pursuant to this provision.

The effective date of this ORDER shall be 10 calendar days after its issuance by the FDIC and WDFI.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

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The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and WDFI.

Pursuant to delegated authority.

Dated: MAY 19TH, 2004.

/s/ SCOTT M. POLAKOFF

/s/ MICHAEL J. MACH

Scott M. Polakoff
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

Michael J. Mach
Administrator, Division of Banking
Department of Financial Institutions
State of Wisconsin

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FEDERAL DEPOSIT INSURANCE CORPORATION
 WASHINGTON, D.C.
 AND
 DEPARTMENT OF FINANCIAL INSTITUTIONS
 STATE OF INDIANA

In the Matter of) ORDER TO CEASE AND DESIST
)
 CIB BANK) FDIC-04-084b
 INDIANAPOLIS, INDIANA)
)
 (Insured State Nonmember Bank))

CIB Bank, Indianapolis, Indiana ("Bank"), having been advised of its rights to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank, and of its rights to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. Section 1818(b), and under Indiana Code Sections 28-11-4-1 through 28-11-4-12, regarding hearings before the Department of Financial Institutions for the State of Indiana ("DFI"), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with representatives of the Federal Deposit Insurance Corporation ("FDIC") and DFI, dated April 30, 2004, whereby, solely for the purpose of this

proceeding and without admitting or denying the charges of unsafe or unsound banking practices, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and DFI.

The FDIC and DFI considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe and unsound banking practices. The FDIC and DFI, therefore, accepted the CONSENT AGREEMENT and issued the following:

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. Section 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of law, rule, or regulation:

- A. Operating with an excessive level of adversely classified assets.
- B. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - o Extending credit to borrowers without adequate repayment capacity or sufficient cash flow from the project financed;
 - o Failing to establish and enforce adequate loan repayment programs;

- o Failing to provide for the type and quality of loan underwriting and credit analysis consistent with prudent industry standards; and
- o Failing to identify problem credits in a timely manner.

C. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held.

D. Operating with an inadequate level of capital protection for the kind and quality of assets held.

E. Operating with inadequate earnings.

F. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule, or regulation.

G. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

H. Operating with inadequate liquidity in light of the Bank's asset and liability mix.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional

Director of the Chicago Regional Office of the FDIC ("Regional Director") and the Director of DFI ("Director") for review and comment a written plan to reduce the Bank's risk position in each asset in excess of \$1,000,000 which is classified "Substandard" in the Report of Examination as of September 29, 2003 ("Report"). In developing such plan, the Bank shall, at a minimum:

- (i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and
 - (ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.
- (b) Such plan shall include, but not be limited to:
- (i) Dollar levels to which the Bank shall reduce each asset within six months from the effective date of this ORDER; and
 - (ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(c) As used in this paragraph, "reduce" means to: (1) collect; (2) charge off; or (3) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and DFI.

(d) Within 30 days from the receipt of any comment from the Regional Director or Director, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow this written plan.

2. Within 180 days from the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for "Special Mention" in the Report.

3. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extension of credit (including any portion thereof) that has been charged-off the books of the Bank so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard" or is listed for "Special Mention" and is uncollected unless the Bank's board of

directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors' meeting.

4. Within 60 days from the effective date of this ORDER, the Bank shall develop a system to correct loan administration deficiencies and ensure compliance with the loan policy. Specific areas to be addressed include:

- (i) Timely identification of problem credits;
- (ii) ALLL adequacy;
- (iii) Global cash flow requirements for extensions of credit to related interests; and
- (iv) Capitalizing interest.

5. (a) Within 60 days from the effective date of this Order, the Bank shall submit to the Regional Director and Director for review and comment a written evaluation of the Bank's procedures for originating, approving, and monitoring out-of-area loans and loans purchased from affiliates, and a plan to improve current procedures.

(b) Within 30 days of the receipt of any comments from the Regional Director or Director, and after the adoption

of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter the Bank shall implement and follow the plan.

6. (a) Within 30 days from the effective date of this ORDER, the Bank shall make a provision for loan and lease losses which, after review and consideration by the board of directors, reflects the potential for losses in the loans or leases classified "Substandard" and all other loans and leases in its portfolio. In making this determination, the board of directors shall consider the Federal Financial Institutions Examination Council ("FFIEC") Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or DFI.

(b) Within 30 days from the effective date of this ORDER, Reports of Condition and Income required by the FDIC and filed by the Bank subsequent to September 29, 2003, but prior to the effective date of this ORDER, shall be amended and refiled if they do not reflect a provision for loan and lease losses and an ALLL which are adequate considering the condition of the Bank's loan portfolio.

(c) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall

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review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or DFI.

(d) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

7. (a) Within 30 days from the last day of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Report of Condition and Income its level of Tier 1 capital as a percentage of its total assets ("capital ratio") for that calendar quarter. If the capital ratio is less than 8.0 percent, the Bank shall, within 60 days of the date of the required determination, increase its capital ratio to not less than 8.0 percent calculated as of the end of that preceding quarterly period. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any such increase in Tier 1 capital may be accomplished by the following:

- (i) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or
- (ii) The collection in cash of assets previously charged off; or
- (iii) The direct contribution of cash by the directors and/or the shareholders of the Bank; or
- (iv) Any other means acceptable to the Regional Director and Director; or
- (v) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public or private distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an

accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the offering of the securities shall be submitted to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to Department of Financial Institutions, State of Indiana, 30 South Meridian Street, Suite 300, Indianapolis, Indiana 46204, for their review. Any changes requested to be made in the materials by the FDIC or DFI shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(e) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

8. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and Director.

9. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Director for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2004 and 2005. The plans required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

- (b) The written profit plan shall address, at a minimum:
- (i) realistic and comprehensive budgets;
 - (ii) a budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections;

- (iii) identification of major areas in, and means by which, earnings will be improved; and
- (iv) a description of the operating assumptions that form the basis for and adequately support major projected income and expense components.

(c) Within 30 days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director and Director for review and comment within 30 days of the end of each year. Within 30 days of receipt of all such comments from the Regional Director and Director and after adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

10. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and adopt a realistic, comprehensive strategic plan. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address, at a minimum:

- (i) Strategies for pricing policies and asset/liability management; and
- (ii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank will submit the strategic plan to the Regional Director and Director for review and comment. After consideration of all such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting.

(d) Within 30 days from the end of each calendar quarter following the adoption of the strategic plan by the Bank, the Bank's board of directors shall evaluate the Bank's

actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Regional Director and Director for review and comment 30 days prior to the end of each calendar year for which this ORDER is in effect. Within 30 days of receipt of all such comments from the Regional Director and Director, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the revised plan.

11. During the life of this ORDER, the Bank shall not increase its total assets by more than two percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Regional Director and Director. Such growth plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This growth plan shall not be implemented without the prior written consent of the Regional Director and Director. For the purpose of this paragraph, "total assets" shall be defined as in the Federal

12. During the life of this ORDER, the Bank shall not increase its loans and leases, net of unearned income, by more than two percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Regional Director and Director. The growth plan shall not be implemented without the prior written consent of the Regional Director and Director. For the purpose of this paragraph, "loans and leases, net of unearned income" shall be defined as in the FFIEC Instructions for the Consolidated Reports of Condition and Income.

13. During the life of this order, the Bank shall not implement a plan to sell, transfer, or otherwise dispose of any asset or group of assets with a value or aggregate value of greater than \$1,000,000 without providing 10 days written notice to the Regional Director and Director for review and comment. Thereafter, the Bank shall approve the plan, which shall be recorded in the minutes of a board of directors' meeting.

14. (a) Within 90 days from the effective date of this ORDER, the Bank shall have and thereafter retain qualified management. Each member of management shall have the qualifications and experience commensurate with his or her

duties and responsibilities at the Bank. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of this ORDER;
- (ii) Operate the Bank in a safe and sound manner;
- (iii) Comply with applicable laws, rules, and regulations; and
- (iv) Restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(b) During the life of this ORDER, the Bank shall notify the Regional Director and the Director in writing of any changes in any of the Bank's directors or senior executive officers. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the EDI Act ("section 32"), 12 U.S.C. S 1831(i), and section 303.101(b) of the PDIC Rules and Regulations. 12 C.F.R. Section 303.101(b), and includes any person identified by the FDIC or the DPI, whether or not hired as an employee, with significant influence over, or who participates in, major policy making decisions of the Bank.

(c) Prior to the addition of any individual to the board of directors or the employment of any individual as a

senior executive officer, the Bank shall comply with the requirements of section 32 and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. Sections 303.100-303.104. Further, the Bank shall request and obtain the Director's written approval prior to the addition of any individual to the board of directors and the employment of any individual as a senior executive officer.

15. (a) No later than July 30, 2004, and continuing thereafter, the Bank shall file accurate Consolidated Reports of Condition and Income; and

(b) Within 30 days of the effective date of this ORDER, the Bank shall establish policies and provide adequate training to ensure reports are filed accurately in the future. While this Order is in effect, the Bank shall submit to the Regional Director and Director a copy of all Reports of Condition and Income filed with the FDIC.

16. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and Director for review and comment a written plan addressing liquidity, rate sensitivity objectives, and asset/liability management. Annually thereafter during the life of this ORDER, the Bank shall review this plan for adequacy and, based upon such review, shall make appropriate revisions to the plan that are necessary to strengthen funds management

procedures and maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

- (i) Establishing prudent limitations on liquidity and funds management measurements;
- (ii) Establishing a desirable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;
- (iii) Identifying the source and use of borrowed and/or volatile funds;
- (iv) Establishing appropriate lines of credit at correspondent banks, including the appropriate Federal Reserve Bank;
- (v) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

- (vi) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs; and
- (vii) Addressing the proper use of borrowings and providing for appropriate tenor commensurate with the use of the borrowed funds, addressing concentration of funding sources, pricing and collateral requirements with specific allowable funding channels identified.

(b) Within 30 days from the receipt of all such comments from the Regional Director or Director, and after revising the plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the plan.

17. (a) Within 60 days of the effective date of this ORDER, the Bank shall conduct a study and prepare a written report for review and comment by the Regional Director and Director regarding loans extended as of July 31, 2003, to or for the benefit of CIB Marine Bancshares, Inc. stockholders (CIB Marine Stock Study). The CIB Marine Stock Study should at a minimum:

- (i) Identify all loans extended to shareholders and/or their related interests;
- (ii) Identify all loans extended with all or a portion of the proceeds used to finance the purchase of CIB Marine Bancshares, Inc. stock; and
- (iii) Identify all loans extended that are collateralized by CIB Marine Bancshares, Inc. stock.

(b) Within 30 days of the completion of the CIB Marine Stock Study, the Bank shall disclose the findings to the board of directors for review and notation in the minutes. The Bank shall establish procedures to monitor and maintain records on such transactions to prevent covered transactions from exceeding limitations of section 23A.

18. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy or description of this ORDER: (1) in conjunction with the Bank's next shareholder communication; and (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to the FDIC Registration and

Disclosure Section 550 17th Street, N.W., Washington, D.C. 20429 and to Department of Financial Institutions, State of Indiana, 30 South Meridian Street, Suite 300, Indianapolis, Indiana 46204, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and DFI shall be made prior to dissemination of the description, communication, notice or statement.

19. Within 30 days from the effective date of this ORDER, the Bank shall establish a compliance committee comprised of at least three directors who are not officers of the Bank. The committee shall monitor compliance with this ORDER and, within 60 days from the effective date of this ORDER and every 90 days thereafter, shall submit to the board of directors for consideration at its regularly scheduled meeting a written report detailing the Bank's compliance with this ORDER. The compliance report shall be incorporated into the minutes of the board of directors' meeting. Establishment of this committee does not in any way diminish the responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

20. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and Director written progress reports signed by each member of the Bank's board of directors,

detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and Director have, in writing, released the Bank from making further reports.

The Bank shall ensure that processes, personnel, and control systems are in place to ensure implementation of and adherence to the plans and proposals developed pursuant to this provision.

The effective date of this ORDER shall be 10 calendar days after its issuance by the FDIC and DFI.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and DFI.

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Pursuant to delegated authority.

Dated: MAY 19TH, 2004.

/s/ SCOTT M. POLAKOFF

Scott M. Polakoff
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

/s/ CHARLES W. PHILLIPS

Charles W. Phillips
Director
Department of Financial
Institutions
State of Indiana

Attest: /s/ J. PHILIP GODDARD

J. Philip Goddard
Secretary to the Members

23

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UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

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Written Agreement by and between )
CIB MARINE BANCSHARES, INC. ) Docket No. 04-012-WA/RB-HC
Pewaukee, Wisconsin )
and )
FEDERAL RESERVE BANK )
OF CHICAGO )
Chicago, Illinois )
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WHEREAS, in recognition of their common goal to restore the financial soundness of CIB Marine Bancshares, Inc., Pewaukee, Wisconsin ("CIB Marine"), a registered bank holding company that owns and controls, directly or indirectly, six subsidiary banks* (the "Subsidiary Banks") and various nonbank subsidiaries, CIB Marine and the Federal Reserve Bank of Chicago (the "Reserve Bank") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, CIB Marine oversees the activities and operations of the Subsidiary Banks on a consolidated basis and provides various services to the Subsidiary Banks, including but not limited to, credit administration, loan review, finance/treasury management, audit, compliance, accounting, and operations management;

* CIB Bank, Hillside, Illinois; Central Illinois Bank, Champaign, Illinois; Marine Bank, Wauwatosa, Wisconsin; CIB Bank, Indianapolis, Indiana; Citrus Bank, N.A., Vero Beach, Florida; and Marine Bank, Scottsdale, Arizona.

WHEREAS, as a result of the identification of deficiencies by the Reserve Bank and other federal and state bank regulators, CIB Marine is taking steps to enhance and improve the centralized functions and services it provides to the Subsidiary Banks; and

WHEREAS, on May 27, 2004, the board of directors of CIB Marine, at a duly constituted meeting, adopted a resolution authorizing and directing Stanley Calderon, President and Chief Executive Officer, to enter into this Agreement on behalf of CIB Marine and consenting to compliance with each and every provision of this Agreement by CIB Marine and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1813(u) and 1818(b)(3)).

NOW, THEREFORE, CIB Marine and the Reserve Bank hereby agree as follows:

BOARD OVERSIGHT

1. Within 60 days of this Agreement, the board of directors shall submit to the Reserve Bank an acceptable written plan that describes the specific actions that the board of directors proposes to take in order to strengthen the board of directors' oversight of the consolidated organization and the bank holding company's management information systems. The plan shall, at a minimum, address, consider, and include actions to improve and strengthen:

(a) The systems and controls needed by the board of directors to supervise management's adherence to approved policies, procedures, and guidelines in all areas and the monitoring of exceptions to approved policies and guidelines;

(b) systems and controls to address noncompliance with approved policies, procedures, and guidelines;

(c) policies and procedures to ensure the timely implementation of corrective actions by management and the board of directors in response to audit and regulatory findings;

(d) the timeliness and accuracy of the reports provided to the board of directors in its oversight of the operations and management of the consolidated organization, including but not limited to, information sufficient to assess management's compliance with approved policies and procedures on loan administration, loan review, concentrations of credit, lending limitations, allowance for loan and lease losses, and conflicts of interest; and

(e) the adoption of written charters for all board of directors' committees.

MANAGEMENT SUCCESSION PLAN

2. Within 90 days of this Agreement, CIB Marine shall submit to the Reserve Bank a written plan providing for orderly management succession. The plan shall, at a minimum, identify the individual(s) at CIB Marine who are considered to have the potential for advancement or promotion, the area(s) in which such individual(s) may assume new duties or responsibilities or the position(s) to which they may be promoted, and the training to be provided such individual(s) to ensure adequate successor management.

LOAN POLICIES AND PROCEDURES

3. Within 60 days of this Agreement, CIB Marine shall submit to the Reserve Bank an acceptable written plan to strengthen and improve enterprise-wide compliance with written loan policies and procedures relating to underwriting, loan approval, loan review, loan modification, and workout processes. The plan shall, at a minimum, address, consider, and include:

(a) Uniform adherence to written loan policies and procedures;

(b) enhanced policies, procedures and controls concerning loan participations;

(c) compliance with established concentrations of credit limits by borrower and industry group and systems to manage the risk associated with asset concentrations;

(d) appropriate segregation and independence of the loan review function; and

(e) separation of the loan workout function from the lending function and procedures for the assignment of loans to the workout group.

RISK MANAGEMENT

4. Within 90 days of this Agreement, CIB Marine shall submit to the Reserve Bank an acceptable written plan designed to establish enhanced risk management processes for the consolidated organization. The plan shall, at a minimum, address, consider, and include:

(a) Policies and procedures designed to (i) identify, assess, manage, and monitor risk exposures of the consolidated organization, including but not limited to, the areas of credit, operational, liquidity, legal and reputational risks, and to set risk tolerance levels for the consolidated organization, and (ii) strengthen and improve the consolidated credit risk management program, including underwriting, loan grading, loan policy exceptions, and collections;

(b) management information systems and reporting procedures designed to ensure that appropriate management personnel and committees receive timely and accurate reports necessary to effectively manage risks and correct weaknesses and deficiencies;

(c) improvements to the oversight of risk management processes by the board of directors, including but not limited to, timely response to identified deficiencies and risks; and

(d) internal controls designed to effectively manage risks and observe acceptable risk parameters, including but not limited to, enhancements to the internal auditing of the lending function's adherence to loan policy standards.

REGULATORY REPORTS

5. CIB Marine shall take all actions as are necessary to ensure that each regulatory report, including Form Y-9C, accurately reflects CIB Marine's condition on the date for which it is filed, and that all records indicating how the report was prepared are maintained for subsequent supervisory review.

COMPLIANCE

6. (a) Within 90 days of this Agreement, CIB Marine shall submit to the Reserve Bank an acceptable written plan, consistent with safe and sound banking considerations, to address the violations of laws, rules, or regulations listed in the report of the inspection completed March 12, 2004, by the Reserve Bank.

(b) Within 10 days of this Agreement, CIB Marine shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

CONFLICTS OF INTEREST

7. Within 90 days of this Agreement, CIB Marine shall submit to the Reserve Bank an acceptable written plan to enhance the organization's code of ethics and conflicts of interest policy and enterprise-wide adherence to the code of ethics and conflicts of interest policy. The plan shall provide, at a minimum, for:

(a) An enhanced code of ethics that applies to all directors, officers, and employees within the consolidated organization and addresses the responsibilities for conduct

and the avoidance of conflicts of interest, in particular in the administration of loans to insiders, shareholders, and their affiliates and any other transactions from which any insider may derive personal benefit; and

(b) internal controls that monitor compliance with the code of ethics and conflicts of interest policy and report any noncompliance or exceptions to approved policy.

CAPITAL PLAN

8. (a) Within 90 days of this Agreement, CIB Marine shall submit to the Reserve Bank an acceptable written plan to restore and maintain a sufficient capital position for the consolidated organization. The plan shall, at a minimum, address, consider, and include:

(i) The current and future capital requirements of each of the Subsidiary Banks, nonbank subsidiaries, and the consolidated organization, including compliance with the Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and D of Regulation Y of the Board of Governors (12 C.F.R. Part 225, App. A and D);

(ii) the asset quality, condition, and risk profile of each Subsidiary Bank;

(iii) the Subsidiary Banks' anticipated level of retained earnings and anticipated dividends of both the Subsidiary Banks and CIB Marine;

(iv) actions to be taken and the source and timing of additional funds to fulfill the consolidated organization's future capital requirements and to maintain the adequacy of the consolidated organization's Allowance for Loan and Lease Losses (the "ALLL") and each of the Subsidiary Banks' ALLLs; and

(v) projected or anticipated growth of the consolidated organization.

(b) CIB Marine shall monitor and review the sufficiency of the consolidated organization's capital position on a quarterly basis and shall reflect such reviews in the minutes of the meetings of the board of directors.

EARNINGS AND CASH FLOW

9. Within 90 days of this Agreement, CIB Marine shall submit to the Reserve Bank a written business plan that includes the goals and strategies for improving consolidated earnings for calendar years 2004 and 2005. The written plan shall, at a minimum, address, consider, and include:

(a) Identification of the major areas and means by which the board of directors will seek to improve CIB Marine's operating performance;

(b) financial performance objectives, including plans for asset growth, earnings, liquidity, and capital supported by quarterly and annual pro forma financial statements and assumptions; and

(c) a budget review process that ensures, at a minimum:

(i) Timely reporting of discrepancies between budget and performance;

(ii) documentation of variances from budget; and

(iii) timely and appropriate revisions to budget.

10. (a) Within 90 days of this Agreement, CIB Marine shall submit to the Reserve Bank an acceptable written plan for 2004 to service its outstanding debt and other obligations,

including trust preferred securities, without incurring additional debt. The plan shall, at a minimum, address, consider, and include:

- (i) Appropriate earnings, growth, capital, and cash flow projections;
- (ii) alternative sources of funds; and
- (iii) actions to be taken by CIB Marine to comply with the terms of all outstanding debt and other obligations.

(b) For each year after 2004, CIB Marine shall by January 30 of such year submit to the Reserve Bank a parent-only cash flow analysis for such year.

DEBT SERVICE, DIVIDENDS, AND REDEMPTIONS

11. (a) CIB Marine shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the "Director").

(b) CIB Marine shall not make any distribution of interest or dividends on its trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(c) CIB Marine shall not, directly or indirectly, purchase or redeem any shares of its stock or other securities without the prior written approval of the Reserve Bank.

(d) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date, distribution date, or redemption date and shall contain, but not be limited to, current and projected information on earnings, cash flow, capital levels and asset quality of CIB Marine.

12. CIB Marine shall not, directly or indirectly, increase its borrowings or incur any debt, including debt to stockholders, without the prior written approval of the Reserve Bank.

APPOINTMENT OF NEW OFFICERS AND DIRECTORS; SEVERANCE AND INDEMNIFICATION PAYMENTS

13. During the term of this Agreement, or as otherwise required by law, CIB Marine shall comply with the provisions of section 32 of the FDI Act (12 U.S.C. 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. Part 225, Subpart H) with respect to the appointment of any new directors or the hiring or promotion of any senior executive officers as defined in Regulation O of the Board of Governors (12 C.F.R. Part 215).

14. CIB Marine shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

COMPLIANCE COMMITTEE

15. (a) Within 15 days of this Agreement, the board of directors of CIB Marine shall establish a committee to monitor CIB Marine's compliance with the provisions of this Agreement (the "Compliance Committee"). The Compliance Committee shall be comprised of three or more outside directors who are not officers or employees of CIB Marine or any of the Subsidiary Banks and who do not directly or indirectly own more than ten percent of the outstanding shares of CIB Marine or any of the Subsidiary Banks. At a minimum, the Compliance Committee shall keep detailed minutes of each meeting and shall report its findings to CIB Marine's board of directors on a monthly basis.

(b) Within 30 days after the end of each calendar quarter (June 30, September 30, December 31, and March 31,) following the date of this Agreement, CIB Marine shall furnish to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Progress reports

may be discontinued when the corrections required by this Agreement have been accomplished and the Reserve Bank has, in writing, released CIB Marine from making further reports.

MISCELLANEOUS

16. The plans required by paragraphs 1, 3, 4, 6(a), 7, 8(a), and 10(a) of this Agreement shall be submitted to the Reserve Bank for review and approval. Acceptable plans shall be submitted to the Reserve Bank within the time periods set forth in this Agreement. CIB Marine shall adopt the approved plans within 10 days of approval by the Reserve Bank and then shall fully implement and comply with them. During the term of this Agreement, the approved plans shall not be amended or rescinded without prior written approval of the Reserve Bank.

17. All communications regarding this Agreement shall be sent to:

- (a) Richard C. Cahill
Vice President
Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604

- (b) Stanley Calderon
President and Chief Executive Officer
CIB Marine Bancshares, Inc.
N27 W24025 Paul Court
Pewaukee, WI 53072

TERM AND EFFECT OF AGREEMENT

18. The provisions of this Agreement shall be binding upon CIB Marine and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

19. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Reserve Bank.

20. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to CIB Marine to comply with any provision of this Agreement.

21. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank or any federal or state agency or department from taking any other action affecting CIB Marine or any of its current or former institution-affiliated parties.

22. This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS HEREOF, the parties have caused this Agreement to be executed as of the 29th day of May, 2004.

CIB Marine Bancshares, Inc.

Federal Reserve Bank of Chicago

By: /s/ Stanley Calderon

Stanley Calderon
President and
Chief Executive Officer

By: /s/ Richard C. Cahill

Richard C. Cahill
Vice President