CIB MARINE
BANCSHARES, INC.

March 23, 2016

Dear Shareholder,

The Board of Directors will soon issue a notice of annual meeting and a proxy for the election of three highly qualified directors. The Company encourages you to support the candidates proposed by the Board, all of whom have been selected because they represent the best interests of the Company and our shareholders.

Some shareholders may have recently received a letter from a small Cleveland-based hedge fund, Clutterbuck Capital Management LLC ("Clutterbuck"), soliciting votes for an alternate nominee. Clutterbuck has represented to us that it owns 100 shares of common stock, as well as a significant amount of Series A and Series B preferred stock. This fund is well known to the Company, having contacted the Company regularly to advocate a preferred shareholder agenda. Clutterbuck has apparently become frustrated by the Board's dedication to the interests of all shareholders and a refusal to engage in strategies that the Board, in its judgment, believes would damage the Company and its common shareholders.

The election of directors is a right reserved for our common shareholders. The preferred shareholders are not entitled to vote for the election of directors at the 2016 Annual Meeting. The Company's preferred stock is non-cumulative and perpetual, meaning it has no maturity date and is not entitled to any dividends unless and until declared by the Board of Directors and has no right to previously undeclared dividends.

The preferred shareholders currently have representation on the Board. Charlie Mires, a preferred shareholder, was recommended to the nominating committee of the Company by Clutterbuck in 2009. The Board appointed Mr. Mires as a director at that time and re-nominated him at the expiration of his first term. The shareholders of the Company re-elected Mr. Mires to serve for another three-year term at the 2015 Annual Meeting of shareholders. He continues to be a valuable director representing the interests of the preferred and common shareholders.

Much of Clutterbuck's criticism of the Board's actions is aimed at compensation paid to bank employees. Although compensation has increased, the main reason for such increases is related to additions in production at the Company's mortgage lending operation, as opposed to increases in management salaries as Clutterbuck would have you believe. Over the five year period cited by Clutterbuck, more than 100% of the increase in compensation is due to compensation at the Avenue Mortgage division as a result of increased production. In fact, compensation for all other employees has decreased over that period due to prior cost savings measures implemented by management and the Board.

For a common stock investment of less than $100, and based on their prior communications with us, we believe Clutterbuck now seeks to utilize our classified Board structure to incrementally gain increased control in a multi-step process. It should be kept in mind that Clutterbuck's ownership of preferred stock is exponentially larger than its interest in the Company's common stock and it would appear that Clutterbuck intends to advance its agenda as a preferred shareholder through its *de minimis* investment in common stock. The Board does <u>not</u> agree that additional preferred shareholder representation is required. The Board does not recommend that the common shareholders abdicate control of the Board to Clutterbuck or any preferred shareholder special interest. The long-term best interests of the Company and its shareholders are represented by the continuing director nominees proposed by the Board of Directors for reelection by the shareholders of the Company.

What the hedge fund's criticism of the Company fails to recognize is that under the leadership of former Chairman John Hickey, new talent was recruited at all levels of management and on the Board itself. In fact, the majority of the members of the Board today were added to the Board in 2010 or later. Among the many


*Phone: (262) 695-6010 • Fax: (262) 695-6014*
*1930 West Bluemound Road • Suite D • Waukesha, WI 53186*

accomplishments of the current Board and management of Company from 2010 to 2015 include:

- All regulatory orders against CIBM Bank (the "Bank") and Company have been terminated.
- The Bank has been profitable in each of the last four years.
- Asset Quality has made a remarkable recovery, with many measures at or below national and local Peer banks:
  - Non-performing and Restructured Assets / Total Assets have declined from 7.53% to 2.25%.
  - Non-accrual Loans to Total Loans has declined from 8.04% to 0.70%.
  - Net Charge-Offs to Average Loans have declined from 3.90% to a net recovery of 0.11% in 2015.
- There was an overhaul in the Bank's lending:
  - The Commercial Banking group has been rebuilt by CEO Brian Chaffin, and has developed a healthy pipeline from diverse sources, almost exclusively from within the Bank's Midwest banking markets.
  - Total loans have increased from a low of approximately $320 million in 2013 to $445 million at the end of 2015.
  - The loan portfolio has improved in its collateral diversification and in its industry and borrower size concentrations.
- The Company acquired a strategically key non-interest income niche business in 2013 – Avenue Mortgage.
- The Company realized cost efficiency improvements related to the closure of six under-performing Bank branches and a reduction of approximately 40 FTE (excluding the Company's mortgage division).

In short, the current Directors, three of whom are up for re-election this year, were directly and meaningfully involved in the Company's survival and turnaround from potential catastrophic loss for all of its shareholders, preferred and common alike, to a period of new growth and opportunity in the Bank.

In 2015 a new CEO, Brian Chaffin, and a new Chairman, Mark Elste, were appointed by the Board of Directors to replace the retiring interim CEO and Chairman, John Hickey. Since then the Company has:

- Avenue Mortgage: more than doubled Avenue Mortgage's lending force and acquired additional mortgage lending management talent.
- SBA Activity: through the new Chairman, we are opening opportunities in the Small Business Lending arena. The Company has commenced a process of putting some of these initiatives to work and expects that they will begin to contribute to its earnings in 2016.
- Cost Savings: the Company announced a cost reduction strategy in its 2015 Shareholder Letter that is currently being implemented. It will reduce staffing by 12 FTEs in certain areas, close two non-branch offices, and lower other costs for an annualized cost savings of $1.1 million when fully implemented.

The Board strongly encourages you to vigilantly protect your interests as a common shareholder and support the three directors the Board has proposed for reelection: John P. Hickey, Jr.; Charles E. Baker, CPA; and J. Brian Chaffin. When the Company distributes the proxy, please complete and return our **WHITE** proxy card voting in favor of the Board's nominees.

Sincerely,

Mark A. Elste
Chairman of the Board of Directors

J. Brian Chaffin
President & Chief Executive Officer

**FORWARD-LOOKING STATEMENTS**

CIB Marine has made statements in this Shareholder Letter that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. CIB Marine intends these forward-looking statements to be subject to the safe harbor created thereby and is including this statement to avail itself of the safe harbor. Forward-looking statements are identified generally by statements containing words and phrases such as "may," "project," "are confident," "should be," "intend," "predict," "believe," "plan," "expect," "estimate," "anticipate" and similar expressions. These forward-looking statements reflect CIB Marine's current views with respect to future events and financial performance that are subject to many uncertainties and factors relating to CIB Marine's operations and the business environment, which could change at any time.

There are inherent difficulties in predicting factors that may affect the accuracy of forward-looking statements.

Stockholders should note that many factors, some of which are discussed elsewhere in this Shareholder Letter and in the documents that are incorporated by reference, could affect the future financial results of CIB Marine and could cause those results to differ materially from those expressed in forward-looking statements contained or incorporated by reference in this document. These factors, many of which are beyond CIB Marine's control, include but are not limited to:

- operating, legal, and regulatory risks;
- economic, political, and competitive forces affecting CIB Marine's banking business;
- the impact on net interest income and securities values from changes in monetary policy and general economic and political conditions; and
- the risk that CIB Marine's analyses of these risks and forces could be incorrect and/or that the strategies developed to address them could be unsuccessful.

These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. CIB Marine undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to significant risks and uncertainties and CIB Marine's actual results may differ materially from the results discussed in forward-looking statements.