



August 3, 2017

Dear Shareholder,

CIB Marine Bancshares, Inc. ("CIB Marine" or the "Company") is pleased to report its financial results for the three and six months ended June 30, 2017.

Result of Operations – Summary

Net income for the second quarter of 2017 was \$1.0 million, or \$0.06 basic earnings per share ("EPS") and \$0.03 diluted EPS, compared to \$1.2 million, or \$0.07 basic EPS and \$0.03 diluted EPS, in the same period of 2016. Net income for the six months ended June 30, 2017, was \$1.9 million, or \$0.11 basic EPS and \$0.05 diluted EPS, compared to \$2.1 million, or \$0.12 basic EPS and \$0.06 diluted EPS, in the same period of 2016. CIB Marine's second quarter improvement over the first quarter of 2017 reflects the higher level of earning assets and improved quality of our non-interest income with more coming from our core business activities as opposed to collection activities.

Highlights for our second quarter and six months ended June 30, 2017, operating results include:

- Net income for subsidiary CIBM Bank was \$1.2 million for the second quarter of 2017 and \$2.3 million for the six months ended June 30, 2017, compared to net income of \$1.4 million and \$2.1 million for the same periods of 2016, respectively; reflecting stronger year to date results.
- Net interest income of \$4.8 million for the second quarter of 2017 is an increase of \$0.3 million from the same quarter of 2016, and net interest income of \$9.4 million for the six months ended June 30, 2017, is an increase of \$0.5 million from the same period of 2016. The growth primarily reflects higher earning asset balances.
- Noninterest income of \$2.6 million for the second quarter of 2017 is a decrease of \$0.2 million from the same quarter of 2016 and noninterest income of \$4.5 million for the six months ended June 30, 2017, is a decrease of \$0.4 million from the same period of 2016. The results reflect lower net mortgage banking revenue this year due to reduced refinancing activity and the prior year's net gain on sale of assets and write-downs related to collection activities, which was \$0.8 million in the 2016 year to date period. Underlying the numbers are improved gains on sale of SBA loans year to date of \$0.7 million compared to \$0.1 million in the same period of 2016.
- Noninterest expense increased \$0.3 million for the second quarter, compared to the same period of 2016, and \$0.2 million for the six months ended June 30, 2017, due primarily to an increase in commissions and employee benefits.
- Return on average assets was 0.65% for the quarter and 0.60% for the six months ended June 30, 2017, compared to 0.80% and 0.73% for the same periods in 2016. During 2016, collection activities outside of CIBM Bank resulted in higher consolidated earnings. Results in 2017 reflect an improved quality of earnings.

Financial Condition - Summary

As of June 30, 2017, total assets were \$650 million. Although loan balances increased by \$5 million since December 31, 2016, the decline in total assets of \$3.5 million reflects lower balances in reverse repurchase agreements and loans held for sale. Below are some highlights of our financial condition as of June 30, 2017:

- Book and tangible book value per share of common stock are reported at \$0.68 and \$1.16, respectively, for June 30, 2017, compared to \$0.51 and \$0.99, respectively, from one year prior. The primary difference between our book and tangible book value is the \$60 million liquidation preference used in the book value per share calculation and the \$51 million carry value of the preferred stock used in the tangible book value, both of which are used to reduce the total stockholders' equity in making the calculations.

"Community Banking – The Way It Used To Be"

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- Nonperforming assets to total assets reported at 1.51% at June 30, 2017, compared to 1.67% at December 31, 2016, reflecting lower nonaccrual loans.
- Nonaccrual loans to total loans reported at 0.99% at June 30, 2017, compared to 1.26% at December 31, 2016, as a result of the collection of a larger construction and development loan.
- The leverage capital ratio for CIB Marine was 11.56% at June 30, 2017, which is up from 11.14% at December 31, 2016, due to earnings and the decline in total assets, but down from 11.69% at June 30, 2016. The total risk based capital ratio was improved compared to both periods due to earnings and the increase in higher quality assets like residential loans, types of investment securities, and the reverse repurchase agreement in the balance sheet.

Please visit our website, www.cibmarine.com, for additional detailed financial results for both recent and prior periods, as well as a link to the quarterly reports we file with our regulators. As a reminder, we will continue to release our financial results on a quarterly basis via our website. Should you want a mailed or e-mailed copy of our quarterly results, please contact Shareholder Relations Manager, Elizabeth Neighbors, directly at (262) 695-6010 or Elizabeth.Neighbors@cibmarine.com to be added to our distribution list.

Annual Shareholder Meeting Results

We held our Annual Shareholder Meeting in Champaign, Illinois, on May 25, 2017, and enjoyed the opportunity to meet with many of our shareholders. For those of you who were unable to attend in person or via teleconference, copies of the script and presentation given by Mr. Elste and myself are available on our website. We are pleased to report that all proposals presented were approved by our shareholders. The final vote results have been posted to our website.

One of the proposals approved by the common shareholders authorized an amendment the Company's Amended and Restated Articles of Incorporation in order to allow us to engage in non-mandatory, non-pro rata, preferred stock repurchases upon terms established by the Board of Directors. Since the approval of that proposal, management has been engaged in discussions with known preferred shareholders to obtain input and build support for the amendment in anticipation of submitting the amendment to the preferred shareholders for a vote later this year.

Deferred Tax Assets

As we continue to improve in our earnings and earnings quality we get closer to a point where the valuation allowance set against our deferred tax assets could be reduced. We are currently utilizing our tax assets to reduce our tax expense, however, our deferred tax asset net of the valuation allowance in our total assets is zero. Generally, a valuation allowance reduction would result in an increase in total assets, increase in earnings through a credit to tax expense, and higher reported capital. Thereafter, future taxable income would result in higher reported tax expenses. The economic value of deferred tax assets is based on many factors that differ from the accounting presentation, including how much and when they are used in the future, the applicable future tax rates, limitations to their use under various state and federal rules and regulations, expiration dates for their use and various other factors. These elements cannot be known with certainty and can change over time.

Community Involvement

CIB Marine has always been proud to be involved in our communities by supporting jobs and home ownership through commercial and residential lending activity. Our net loan to deposit ratio is 97%, with the vast majority of our lending activities for both commercial and residential lending being in-market, a top quartile measure compared to peers. In addition, our loan growth has been in the top half or quartile relative to our peer banks for each of the last 3 calendar years. Recently we have been able to contribute more within our communities, including investing in securities that support affordable housing and small businesses, and employee volunteerism. Our employees have put their financial and professional skills to good use by participating in numerous volunteer opportunities that serve low to moderate income persons and areas within our communities, including co-hosting financial empowerment seminars with a Hispanic-focused community group, providing financial literacy education in schools, and assisting in tax preparation services.

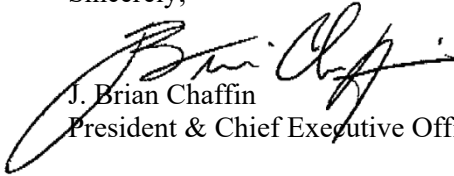
Community lending continues to be an area of focus for our organization. The geographic spread of our markets and the current status of the economy, present certain challenges, but we have committed substantial resources to continue growing and improving in support of underserved areas in our markets.

Concluding Comments

Improved gains on sale of SBA loans are a continued sign of progress in the development of our new Government Guaranteed Lending Division. At Avenue Mortgage, loan volumes have picked up from the first quarter but still lag behind last year due to the market slow-down in refinancing activity caused by higher interest rates. However, home purchase loans have picked up and our new lending efforts in central Illinois are gaining traction.

Although loan growth has slowed this year so far, our net interest margin has improved from 2.84% as reported in the fourth quarter of 2016 to 3.09% in the second quarter of 2017. Our balance sheet repricing structure, including interest rate swaps hedging certain fixed rate commercial real estate loans, has responded well to the three Fed rate hikes between December of last year and June of this year. Most importantly, thirteen of the last fourteen quarters have been profitable at CIBM Bank, and this marks the sixth consecutive quarter of profits. These sustained results would not be possible without our dedicated and hard-working staff and I look forward to seeing what they're capable of in the future.

Sincerely,



J. Brian Chaffin
President & Chief Executive Officer

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

CIB MARINE BANCSHARES, INC.
Selected Unaudited Consolidated Financial Data

	Quarters Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands, except share and per share data)			
Selected Statements of Operations Data				
Interest and dividend income	\$5,732	\$5,214	\$11,294	\$10,390
Interest expense	973	729	1,865	1,464
Net interest income	4,759	4,485	9,429	8,926
Provision for loan losses	47	118	275	179
Net interest income after provision for loan losses	4,712	4,367	9,154	8,747
Noninterest income (1)	2,611	2,788	4,458	4,841
Noninterest expense	6,279	5,951	11,680	11,432
Income before income taxes	1,044	1,204	1,932	2,156
Income tax expense	20	15	20	15
Net income	\$1,024	\$1,189	1,912	2,141
Common Share Data				
Basic net income	\$0.06	\$0.07	\$0.11	\$0.12
Diluted net income	0.03	0.03	0.05	0.06
Dividends	—	—	—	—
Tangible book value per share (2)	1.16	0.99	1.16	0.99
Book value per share (2)	0.68	0.51	0.68	0.51
Weighted average shares outstanding-basic	18,153,029	18,127,892	18,140,530	18,127,892
Weighted average shares outstanding-diluted	36,516,207	35,631,892	36,355,672	35,631,892
Financial Condition Data				
Total assets	\$650,051	\$615,708	\$650,051	\$615,708
Loans	488,289	461,859	488,289	461,859
Allowance for loan losses	(7,653)	(8,219)	(7,653)	(8,219)
Investment securities	111,160	103,542	111,160	103,542
Deposits	493,364	468,377	493,364	468,377
Borrowings	82,025	72,833	82,025	72,833
Stockholders' equity	72,279	69,266	72,279	69,266
Financial Ratios and Other Data				
Performance Ratios:				
Net interest margin (3)	3.09%	3.11%	3.06%	3.13%
Net interest spread (4)	2.92	2.96	2.89	2.98
Noninterest income to average assets (5)	1.65	1.88	1.40	1.65
Noninterest expense to average assets	3.96	4.02	3.68	3.90
Efficiency ratio (6)	85.20	81.82	84.11	83.04
Earnings on average assets (7)	0.65	0.80	0.60	0.73
Earnings on average equity (8)	5.71	6.98	5.41	6.37
Asset Quality Ratios:				
Nonaccrual loans to total loans (9)	0.99%	0.81%	0.99%	0.81%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (9)	1.36	1.63	1.36	1.63
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (9)	1.51	1.59	1.51	1.59
Allowance for loan losses to total loans	1.57	1.78	1.57	1.78
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (9)	72.81	109.14	72.81	109.14
Net charge-offs (recoveries) to average loans	(0.03)	0.12	0.09	0.01
Capital Ratios:				
Total equity to total assets	11.12%	11.25%	11.12%	11.25%
Total risk-based capital ratio	15.93	15.60	15.93	15.60
Tier 1 risk-based capital ratio	14.68	14.34	14.68	14.34
Leverage capital ratio	11.56	11.69	11.56	11.69
Other Data:				
Number of employees (full-time equivalent)	181	167	181	167
Number of banking facilities	11	11	11	11

(1) Noninterest income includes gains and losses on securities.

(2) Tangible book value per share is the shareholder equity less the carry value of the preferred stock and less the goodwill and intangible assets, divided by the total shares of common outstanding. Book value per share is the shareholder equity less the liquidation preference of the preferred stock, divided by the total shares of common outstanding.

(3) Net interest margin is the ratio of net interest income to average interest-earning assets.

(4) Net interest spread is the yield on average interest-earning assets less the rate on average interest-bearing liabilities.

(5) Noninterest income to average assets excludes gains and losses on securities.

(6) The efficiency ratio is noninterest expense divided by the sum of net interest income plus noninterest income, excluding gains and losses on securities.

(7) Earnings on average assets are net income divided by average total assets.

(8) Earnings on average equity are net income divided by average common equity.

(9) Excludes loans held for sale.

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

	June 30, 2017	December 31, 2016
	(Dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$10,462	\$10,291
Reverse repurchase agreements	20,440	24,275
Securities available for sale	111,160	112,072
Loans held for sale	9,166	11,469
Loans	488,289	483,518
Allowance for loan losses	(7,653)	(7,592)
Net loans	480,636	475,926
Federal Home Loan Bank stock	2,948	3,803
Premises and equipment, net	4,309	4,427
Accrued interest receivable	1,386	1,382
Other real estate owned, net	3,153	3,159
Bank owned life insurance	4,441	4,389
Goodwill and other intangible assets, net	209	221
Other assets	1,741	2,145
Total assets	\$650,051	\$653,559
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand	\$79,888	\$77,154
Interest-bearing demand	31,961	33,832
Savings	183,608	176,435
Time	197,907	195,676
Total deposits	493,364	483,097
Short-term borrowings	82,025	96,944
Accrued interest payable	358	349
Other liabilities	2,025	3,646
Total liabilities	577,772	584,036
Stockholders' Equity		
Preferred stock, \$1 par value; 5,000,000 authorized shares; 7% fixed rate noncumulative perpetual issued-55,624 shares of Series A and 4,376 shares of Series B convertible; aggregate liquidation preference-\$60,000	51,000	51,000
Common stock, \$1 par value; 50,000,000 authorized shares; 18,383,891 issued shares; 18,172,844 outstanding shares	18,384	18,346
Capital surplus	158,640	158,552
Accumulated deficit	(153,605)	(155,517)
Accumulated other comprehensive loss, net	(1,611)	(2,329)
Treasury stock 218,499 shares at cost	(529)	(529)
Total stockholders' equity	72,279	69,523
Total liabilities and stockholders' equity	\$650,051	\$653,559

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

	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Interest and Dividend Income				
Loans	\$4,997	\$4,635	\$9,823	\$9,207
Loans held for sale	79	95	125	178
Securities	598	478	1,209	995
Other investments	58	6	137	10
Total interest income	5,732	5,214	11,294	10,390
Interest Expense				
Deposits	817	692	1,566	1,397
Short-term borrowings	156	37	299	67
Total interest expense	973	729	1,865	1,464
Net interest income	4,759	4,485	9,429	8,926
Provision for loan losses	47	118	275	179
Net interest income after provision for loan losses	4,712	4,367	9,154	8,747
Noninterest Income				
Deposit service charges	129	121	242	224
Other service fees	54	52	100	119
Mortgage banking revenue, net	2,027	2,102	3,169	3,438
Other income	127	96	224	213
Net gain on sale of securities	—	—	—	—
Net gains on sale of assets	274	417	723	847
Total noninterest income	2,611	2,788	4,458	4,841
Noninterest Expense				
Compensation and employee benefits	4,333	4,143	8,038	7,767
Equipment	319	293	609	566
Occupancy and premises	381	389	771	824
Data processing	136	151	276	305
Federal deposit insurance	81	106	168	212
Professional services	130	213	330	462
Telephone and data communication	88	99	169	208
Insurance	96	56	155	110
Other expense	715	501	1,164	978
Total noninterest expense	6,279	5,951	11,680	11,432
Income from operations before income taxes	1,044	1,204	1,932	2,156
Income tax expense	20	15	20	15
Net income	1,024	1,189	1,912	2,141
Preferred stock dividends	—	—	—	—
Net income allocated to common stockholders	\$1,024	\$1,189	\$1,912	\$2,141