

May 7, 2014

Dear Shareholder,

CIB Marine Bancshares, Inc. (OTCQB: CIBH) is pleased to report its financial results for the quarter ended March 31, 2014. The consolidated company, CIB Marine, reported earnings for the first quarter of 2014. Its subsidiary, CIBM Bank, also reported earnings for the first quarter of 2014 – the seventh profitable quarter in the last nine.

Result of Operations – Summary

Earnings from operations for the first quarter of 2014 were \$0.1 million compared to \$34,000 in the first quarter of 2013. Below are some additional first quarter operating highlights:

- CIBM Bank's first quarter 2014 pre-tax earnings were \$0.4 million compared to \$0.3 million for the same period in 2013.
- Net interest income increased by \$0.1 million from \$3.8 million during the first quarter of 2013 to \$3.9 million during the same period of 2014. The increase was primarily the result of higher average loan balances versus lower interest-earning due from bank balances, and lower costs on interest-bearing deposits. Net interest margin increased from 3.42% to 3.57% over the same time period.
- Noninterest income increased by \$0.3 million from \$0.4 million during the first quarter of 2013 to \$0.7 million during the first quarter of 2014. The increase was primarily the result of net mortgage banking revenues from the Avenue Mortgage operations.
- Noninterest expenses increased by \$0.4 million from \$4.1 million during the first quarter of 2013 to \$4.5 million during the first quarter of 2014. The increase was primarily the result of higher compensation expenses and professional service expenses for the quarter, partially offset by lower insurance, FDIC deposit insurance and other expenses.

Financial Condition - Summary

During the first quarter of 2014, CIB Marine increased its loan and securities balances. The book value per share of common stock at March 31, 2014, was \$0.38, up from December 31, 2013, at \$0.34 and down from March 31, 2013, at \$0.42. Below are select highlights of our financial condition as of March 31, 2014:

- Total assets increased by \$15 million during the first three months of 2014. Loans increased by \$7 million, securities increased by \$13 million and cash and due from banks declined by \$4 million. Noninterest-bearing demand deposits declined, in part due to seasonality, by \$4 million; time deposits decreased by \$4 million; and short-term borrowings, primarily from the Federal Home Loan Bank of Chicago, increased by \$22 million for this low cost borrowing source.
- The nonperforming asset ratio, or the sum of nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total assets, declined from 6.47% at March 31, 2013, and 4.48% at December 31, 2013, to 4.31% at March 31, 2014, marking continued significant progress in asset quality.
- CIB Marine and CIBM Bank continue to maintain elevated levels of capital and have reported strong capital positions in relation to regulatory requirements for a "well capitalized" bank. All additional regulatory restrictions that both CIB Marine and CIBM Bank had been subject to have been removed.

Attached please find unaudited financial results for the quarter ended March 31, 2014, including select financial information, a balance sheet and an income statement.

"Community Banking – The Way It Used To Be"

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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. You may request a paper copy of our quarterly results, by contacting Shareholder Relations Manager, Elizabeth Neighbors, at (262) 695-6010 or Elizabeth.Neighbors@cibmarine.com and she will put you on our mailing list.

2014 Annual Meeting

We have scheduled our Annual Meeting of Shareholders for 1:00pm on May 22, 2014, at the Milwaukee Athletic Club. You should have already received your proxy information and details about the meeting. If you have not yet done so, please promptly vote your shares.

Concluding Comments

Our first quarter of 2014 builds on the solid results of the final quarter of 2013. It also further extends the year-over-year improvement in our first quarter results since 2012's loss. Not surprisingly, underpinning this improvement has been the previously noted growth in our loans and total assets. This growth came through contributions from our Corporate, Retail and Mortgage lines of business. Notably, despite the well-publicized slowdown in the mortgage refinance market, our mortgage division continues to increase its contribution to the company.

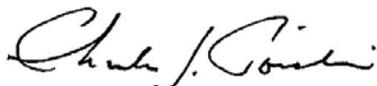
The quality of our balance sheet also continues to improve. Our other real estate owned (OREO) balances are continuing to respond to our active management of those assets. I would also note that subsequent to the quarter end, we disposed of our largest single OREO asset at around \$3 million dollars. This is not reflected in our first quarter financial results. Additionally, because of the growth in our loan portfolio and the previously mentioned OREO reductions, our nonperforming assets, as a proportion of our total assets (NPA/TA ratio), have declined again. Including the subsequent OREO disposal mentioned above, the NPA/TA ratio would have been 3.67% at March 31, 2014, compared to the 4.31% reported above. Improvements in our loan portfolio have allowed us to continue to make modest loan loss provisions, yet still keep our loan loss reserves at a conservative level.

We also continue to invest in products and services that make it easier for our clients to bank with us. Late last year we introduced mobile banking and in the first quarter of 2014 we expanded that capability by supplying our clients with the ability to deposit checks via their smart phones. These services are important competitive benchmarks we must meet to serve our clients, especially against larger competitors. We plan to invest in additional products, marketing capabilities and customer information systems in 2014.

Our company's strength continues to grow in many different dimensions. A strong capital base, asset growth and quality and the resultant earnings are all evidence of that strengthening.

As always, our success is the result of the hard work of our employees and the trust our clients place in our company to provide them with banking services.

Sincerely,



Chuck Ponicki
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 Consolidated Financial Data (unaudited)

	At or for the Three Months Ended March 31,	
	2014	2013
(Dollars in thousands, except share and per share data)		
Selected Statements of Operations Data		
Interest and dividend income	\$4,416	\$4,490
Interest expense	512	661
Net interest income	3,904	3,829
Provision for loan losses	11	78
Net interest income after provision for loan losses	3,893	3,751
Noninterest income (1)	710	397
Noninterest expense	4,468	4,114
Income from operations before income taxes	135	34
Income tax expense	2	—
Net income	\$133	\$34
Common Share Data		
Basic net income	\$0.01	\$0.00
Diluted net income	0.00	0.00
Dividends	—	—
Book value per share	0.38	0.42
Weighted average shares outstanding-basic	18,127,892	18,127,892
Weighted average shares outstanding-diluted	35,631,892	35,631,892
Financial Condition Data		
Total assets excluding assets of company held for disposal	\$475,743	\$468,772
Loans	348,634	318,372
Allowance for loan losses	(8,273)	(9,243)
Investment securities	103,671	89,733
Deposits	380,470	393,602
Borrowings, including junior subordinated debentures	26,810	6,103
Stockholders' equity	66,870	67,684
Financial Ratios and Other Data		
Performance Ratios:		
Net interest margin (2)	3.57%	3.42%
Net interest spread (3)	3.40	3.25
Noninterest income to average assets (4)	0.62	0.31
Noninterest expense to average assets	3.91	3.54
Efficiency ratio (5)	96.90	98.33
Earnings on average assets (6)	0.12	0.03
Earnings on average equity (7)	0.81	0.20
Asset Quality Ratios:		
Nonaccrual loans to total loans (8)	1.70%	3.59%
Nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing to total loans (8)	3.35	6.25
Nonperforming assets, restructured loans and loans 90 days or more past due and still accruing to total asset (8)	4.31	6.47
Allowance for loan losses to total loans	2.37	2.90
Allowance for loan losses to nonaccrual loans, restructured loans and loans 90 days or more past due and still accruing (8)	70.85	46.42
Net charge-offs to average loans	0.05	2.81
Capital Ratios:		
Total equity to total continuing assets	14.06%	14.44%
Total risk-based capital ratio	17.91	19.60
Tier 1 risk-based capital ratio	16.65	18.34
Leverage capital ratio	14.62	14.67
Other Data:		
Number of employees (full-time equivalent)	152	134
Number of banking facilities	10	11

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

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

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

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

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

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

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

(8) Excludes loans held for sale from nonaccrual loans, nonperforming assets and 90 days or more past due and still accruing.

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

	March 31, 2014	December 31, 2013
	(Dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$6,553	\$10,886
Investment securities:		
Securities available for sale	102,145	89,043
Trading securities	1,526	1,688
Total investment securities	103,671	90,731
Loans held for sale	1,721	1,226
Loans	348,634	341,332
Allowance for loan losses	(8,273)	(8,308)
Net loans	340,361	333,024
Federal Home Loan Bank stock	2,170	2,170
Premises and equipment, net	4,774	4,834
Accrued interest receivable	1,545	1,288
Other real estate owned, net	8,815	9,700
Bank owned life insurance	4,113	4,089
Goodwill and other intangible assets	282	287
Other assets	1,738	1,918
Total assets	\$475,743	\$460,153
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand	\$67,097	\$71,425
Interest-bearing demand	32,022	30,471
Savings	146,359	147,058
Time	134,992	138,947
Total deposits	380,470	387,901
Short-term borrowings	26,810	4,348
Accrued interest payable	227	235
Other liabilities	1,366	1,474
Total liabilities	408,873	393,958
Stockholders' Equity		
Preferred stock, \$1 par value; 5,000,000 authorized shares; 7% fixed rate noncumulative perpetual issued-55,624 shares of Series A and 4,376 shares of Series B convertible; aggregate liquidation preference-\$60,000	51,000	51,000
Common stock, \$1 par value; 50,000,000 authorized shares; 18,346,391 issued shares; 18,135,344 outstanding shares	18,346	18,346
Capital surplus	158,493	158,493
Accumulated deficit	(159,152)	(159,285)
Accumulated other comprehensive income related to available for sale securities	1,084	542
Accumulated other comprehensive loss related to non-credit other-than-temporary impairments	(2,372)	(2,372)
Accumulated other comprehensive loss, net	(1,288)	(1,830)
Treasury stock 218,499 shares at cost	(529)	(529)
Total stockholders' equity	66,870	66,195
Total liabilities and stockholders' equity	\$475,743	\$460,153

CIB MARINE BANCSHARES, INC.
Consolidated Statements of Operations (unaudited)

	Three Months Ended March 31,	
	2014	2013
	(Dollars in thousands)	
Interest Income		
Loans	\$3,737	\$3,775
Loans held for sale	21	(12)
Securities	656	701
Other investments	2	26
Total interest income	4,416	4,490
Interest Expense		
Deposits	508	658
Short-term borrowings	4	3
Total interest expense	512	661
Net interest income	3,904	3,829
Provision for loan losses	11	78
Net interest income after provision for loan losses	3,893	3,751
Noninterest Income		
Deposit service charges	97	103
Other service fees	48	46
Mortgage banking revenue, net	374	—
Other income	173	54
Net gains on sale of securities	3	42
Net gains on assets	15	152
Total noninterest income	710	397
Noninterest Expense		
Compensation and employee benefits	2,809	2,345
Equipment	198	225
Occupancy and premises	357	351
Data processing	153	150
Federal deposit insurance	98	128
Professional services	270	180
Telephone and data communication	105	103
Insurance	93	139
Other expense	385	493
Total noninterest expense	4,468	4,114
Income from operations before income taxes	135	34
Income tax expense	2	—
Net income	133	34
Preferred stock dividends	—	—
Net income allocated to common stockholders	\$133	\$34