

November 19, 2002

Dear Shareholder:

On September 15<sup>th</sup> we celebrated our 15<sup>th</sup> year of ownership of CIB Marine Bancshares, Inc. Over this period of time, we have grown from a \$9.4 million single-bank holding company located in Sidney, Illinois, to a multi-bank holding company with \$3.3 billion in assets at September 30, 2002. Through our six bank subsidiaries, we now have 51 banking facilities located in Illinois, Wisconsin, Florida, Indiana, Nebraska, Nevada and Arizona. We also have five non-bank subsidiaries through which we provide data processing, mortgage banking, mezzanine financing and receivables factoring services and manufacture payment processing systems.

Net income for the third quarter of 2002 was \$2.2 million, a decrease of \$4.6 million, or 67.4%, from \$6.8 million for the third quarter of 2001. Diluted earnings per share were \$0.12 for the third quarter of 2002, compared to \$0.37 for the third quarter of 2001, a decrease of \$0.25 or 67.6%. The decrease in net income was primarily due to an \$8.6 million increase in the provision for loan losses, from \$3.1 million in the third quarter of 2001 to \$11.7 million in the third quarter of 2002. The increase in the provision for loan losses was due to an increase in net charge-offs, nonperforming loans and the credit risk associated with certain borrowing relationships. During the third quarter of 2002, CIB Marine also incurred \$1.8 million in litigation settlement expense. The litigation settlement expense was related to the settlement of two separate, but related lawsuits which arose in the ordinary course of our business. Pursuant to the terms of the settlement, CIB Marine denies any wrongdoing in connection with the actions taken by CIB Marine giving rise to such litigation matters.

Net income for the nine months ended September 30, 2002 was \$14.4 million, a decrease of \$4.7 million or 24.5%, from \$19.1 million for the first nine months of 2001. Diluted earnings per share were \$0.78 for the first nine months of 2002, compared to \$1.06 for the first nine months of 2001, a decrease of \$0.28 or 26.4%. The decrease in net income for the first nine months of 2002 was also primarily the result of the increase in the provision for loan losses, which was \$23.5 million for

the first nine months of 2002, compared to \$9.0 million for the same period of 2001. For additional financial information, please see the enclosed press release.

While we are disappointed with our third quarter results, we are confident that our business strategy of building commercial banking relationships with small to medium size businesses remains strong. We believe that the recent decrease in our asset quality is not an indication of the quality of the majority of the loans which comprise of our loan portfolio, but rather the result of a few larger borrowing relationships. We are focused on and committed to working through these relationships and believe that our efforts will result in improved asset quality and increased profitability. The extent and success of our efforts, however, will also be dependent upon various external factors, including the economy.

In addition, we continue to seek to take advantage of opportunities to expand our product offerings, increase revenues and reduce expenses. During 2002, we have expended a significant amount of time and monies updating the processing capabilities of our mortgage banking operations. These updates will allow us to process a significantly greater volume of mortgage loans in a much more efficient manner. The results of these efforts were partially realized during the third quarter of 2002 as we processed a record level of mortgage transactions. Going forward we plan to implement additional strategies to increase the level of our mortgage banking operations, including the expansion of our broker network, the hiring of additional lenders and selective acquisitions of mortgage companies.

In September, we established a factoring company as a subsidiary of CIB Bank – Chicago. The assets of this company were acquired as a result of a loan workout situation. The factoring company specializes in improving the cash flows of borrowers who may not otherwise qualify for conventional bank financing by purchasing their receivables on a discounted basis. Nino Pellettieri, who has over 20 years of commercial banking experience, including significant experience in the receivables factoring business, is the President of this company. Mr. Pellettieri has been with CIB Marine as an Executive Vice President of commercial lending for nearly eight years and also serves as President of CIB Marine Capital, LLC, our mezzanine financing company. The staff of this company are very experienced in the factoring industry and have worked together for a number of years. This company, along with our mezzanine company, allow us to offer a broader array of financing alternatives to our commercial customers.

Your support over the past fifteen years is greatly appreciated and has been a significant factor in making CIB Marine the company it is today. As a result of your support and the combined efforts of our shareholders,

directors and employees, the book value per share of our common stock has increased 87.6% from \$7.58 at December 31, 1997 to \$14.22 at September 30, 2002.

As always, we welcome your input and ideas.

Warm Regards,

A handwritten signature in black ink, appearing to read "J. Michael Straka". The signature is fluid and cursive, with a large initial "J" and a stylized "S" at the end.

J. Michael Straka  
President and CEO

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This letter contains forward-looking information, including forward-looking information regarding nonperforming assets. Actual results could differ materially from those indicated by these statements. CIB Marine's Annual Report on Form 10-K for the year ended December 31, 2001, including the captioned "Forward Looking Statements", and other periodic reports to the SEC contain information about factors that could affect actual results.

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