



April 8, 2003

Dear Shareholder:

During 2002 we celebrated our 15th 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 \$3.7 billion in assets at December 31, 2002. Through our six bank subsidiaries, we now have 52 banking facilities located in Illinois, Wisconsin, Florida, Indiana, Nebraska, Nevada and Arizona. We also have four non-bank operating subsidiaries through which we provide data processing, mortgage banking, mezzanine financing and factoring of receivables.

2002 was a very challenging year for CIB Marine. Net income decreased \$11.3 million, or 41.9%, from \$26.9 million for 2001 to \$15.6 million for 2002. Diluted earnings per share were \$0.84 for 2002, compared to \$1.49 for 2001, a decrease of \$0.65 or 43.6%. The decrease in net income was primarily due to a \$22.0 million increase in the provision for loan losses, from \$12.7 million in 2001 to \$34.7 million in 2002. During the third quarter of 2002, CIB Marine also incurred \$1.8 million in litigation settlement expense. At December 31, 2002 our book value per share was \$14.30 as compared to \$13.27 at December 31, 2001.

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. Net charge-offs increased \$13.9 million, from \$2.7 million in 2001 to \$16.6 million in 2002, while nonperforming assets and loans 90 days or more past due and still accruing increased \$10.5 million, from \$39.4 million at December 31, 2001 to \$49.9 million at December 31, 2002. As a result of the additional provisions, the allowance for loan loss increased from \$34.1 million, or 1.43% of total loans, at December 31, 2001 to \$52.4 million, or 1.93% of total loans at December 31, 2002. The increase in net charge-offs and nonperforming loans has resulted in CIB Bank-Chicago entering into a Memorandum of Understanding with its regulators, and CIB Marine, at the request of its primary regulator, adopting certain resolutions to improve credit risk management. CIB Marine is taking action to address these issues and expects that resolution of these issues will result in the termination of the Memorandum.

A substantial portion of the increase in net charge-offs arose out of our borrowing relationship with Canron Corporation and its prior owner. During 2002, CIB Marine charged-off approximately \$7.3 million with respect to this relationship. On October 31, 2002, CIB Marine took possession of the prior owner's 84% interest in Canron pursuant to a settlement order entered in the Bankruptcy Court. Canron is a steel fabrication and erection company with operations in the United States, Canada and Mexico. Canron has been operating without bonding for over two years which has negatively impacted its backlog and profitability. CIB Marine expects Canron to incur additional losses, and that it will be required to fund such losses, until such time as bonding is restored or upon the disposition of Canron. CIB Marine is exploring various exit strategies regarding Canron, including immediate sale, stabilization and sale, and liquidation.

Although our 2002 financial performance was disappointing, we accomplished various goals during 2002 which are expected to enhance long-term earnings and shareholder value. During the first quarter, we established banking facilities in Las Vegas, Nevada and Sebring, Florida. During the third quarter, we established our factoring company, CIB Commercial Finance, LLC. We also significantly expanded our mortgage banking operations during 2002 through the upgrading of our delivery and underwriting platforms, the hiring of additional personnel and acquiring the operations of a mortgage company. In December 2002, we acquired the business and certain assets of Comcor Mortgage Corporation, a Wisconsin based mortgage banking company, the operations of which are now conducted as a division of Mortgage Services, our mortgage banking subsidiary. Chuck Morris, the President of Comcor, and his staff have many years of mortgage banking experience and we are excited about them joining CIB Marine.

Additional information regarding our financial results for 2002, and the above items, are contained within our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, which is available on our website at www.cibmarine.com.

Our primary goal during 2003 is to reduce credit risk and improve earnings. We are committed to these goals and are confident that our actions will be successful. During 2003, we will also explore various alternatives relative to creating liquidity for our shareholders. While we cannot assure you that any additional liquidity will be created during 2003, we can assure you that we are aware of and sensitive to this issue and are diligently exploring various alternatives.

I would also like to take this opportunity to welcome C. Todd Atkins to the Board of Directors of CIB Marine. Mr. Atkins has been a member of the Board of Directors of Central Illinois Bank since 1992 and brings a

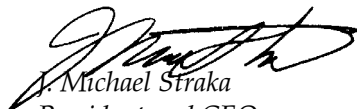
wealth of experience and knowledge to CIB Marine. Mr. Atkins is a member of the Atkins Group, a real estate management and development company. Please join me in welcoming Mr. Atkins to the Board.

The annual meeting of shareholders has been scheduled for Thursday, May 22, 2003, at 2:00 p.m. at the offices of Alto-Shaam, Inc., Menomonee Falls, Wisconsin. Additional details regarding the annual meeting, including the proxy statement, will be forwarded to you in approximately two weeks. We encourage you to complete and return the proxy card upon its receipt and look forward to seeing you at the meeting.

Your support and confidence in CIB Marine over the past 15 years has been a significant factor in our growth and success and is greatly appreciated. We are confident that our commitment to improving asset quality along with your continued support will result in CIB Marine becoming a stronger organization.

As always, we welcome your comments and suggestions.

Warm Regards,


J. Michael Straka
President and CEO

This letter contains forward-looking information. 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, 2002, including the captioned "Forward Looking Statements", and other periodic reports to the SEC contain information about factors that could affect actual results.
