



**CIB MARINE BANCSHARES, INC.
AUDIT COMMITTEE CHARTER**

Purpose

This Charter governs the operation of the Audit Committee of CIB Marine Bancshares, Inc. (the "Committee"). The Committee shall provide assistance to the Board of Directors of CIB Marine Bancshares, Inc. (the "Board") in fulfilling its oversight responsibilities and in monitoring (a) the integrity of CIB Marine Bancshares, Inc.'s ("CIB Marine" or the "Company") financial statements and the financial reporting process, (b) the systems of internal accounting and financial controls, (c) the performance of the Company's internal audit function and independent auditors, (d) the Company's compliance with and legal and regulatory requirements related thereto, and (e) the qualifications and independence of the Company's independent auditors.

The Committee shall also perform the duties required by law to be performed by an audit committee for any subsidiary bank of the Company that does not have its own audit committee, in each case to the extent permitted and in the manner required by applicable laws and regulations.

Organization, Membership and Meetings

The Committee shall be appointed by the Board and consist of no fewer than three nor more than five members of the Board. The exact number shall be determined by resolution of the Board. The members shall serve at the pleasure of the Board and for such term or terms as the Board may determine. The Board shall elect from the members of the Committee a Chairperson. The Committee may elect from its members a Vice Chairperson to serve in the absence of the Chairperson.

The members of the Committee shall each be independent of management and the Company. Members of the Committee shall be considered independent as long as they (a) do not accept any consulting, advisory or other compensatory fee from the Company (with the exception of Director and Board Committee fees), (b) are not an affiliated person of the Company or its subsidiaries, and (c) meet the independence standards of the NASDAQ Stock Market, Inc. Additionally, in determining whether an outside Director is independent of Management, the Board shall also consider whether the Director serves or served as a promoter, underwriter, legal counsel, or trustee of or to the Company or its affiliates; or has outstanding extensions of credit from the Company or its affiliates, unless such credit was made in the ordinary course of business by a subsidiary bank on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons and in accordance with applicable law.

Each Committee member shall be financially literate, having a basic understanding of finance and accounting and being able to read and understand financial statements, including a company's balance sheet, income statement and cash flow statement. Members are encouraged to enhance their familiarity with finance and accounting by participating in educational programs. At least one member of the Committee shall have accounting or related financial management expertise and be a financial expert as defined by Securities and Exchange Commission ("SEC") regulations.

The Committee shall meet at least four times a year, with the authority to convene additional meetings as circumstances require. The Chairperson shall preside at the meetings of the Committee. A majority of the members of the Committee present (in person or by other electronic communication by which each member can hear the other members and participating persons) at any meeting of the Committee shall constitute a quorum and, unless otherwise provided in this Charter, approval by a majority of the quorum is necessary for Committee action. When appropriate, action may be taken by unanimous written consent in lieu of a meeting of the Committee. The Committee may invite members of management, internal auditors, independent auditors, legal counsel or others to attend meetings and to provide relevant information. The Committee may include non-Committee members at its meetings, and shall hold, when deemed necessary or appropriate by the Committee, an executive session of the meeting at which only independent directors are present. The Committee shall consider meeting in separate session(s) with CIB Marine's Risk and Compliance Management acting as Audit Liaison ("Liaison"), the Outside Professional Co-source Firm ("Co-source"), the independent auditor, and/or management to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee. The Committee shall prepare written minutes of its meetings, which minutes shall be maintained with the corporate records of the Company.

The Committee may form and delegate authority to subcommittees or one or more members when appropriate and in compliance with applicable laws and regulations.

Committee Authority, Duties and Responsibilities

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of their activities to the Board. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or compliance examinations or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company and for the compliance with legal, ethical and regulatory requirements. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate “tone” for quality of financial reporting and compliance with applicable legal, ethical and regulatory requirements.

The following shall be the principal duties and responsibilities of the Committee. The Board or the Committee may supplement these duties and responsibilities as deemed appropriate.

General

- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board and publish the same as required by applicable law.
- Recommend to the Board policies for the hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company that meet applicable rules, regulations and standards.
- Have the power and authority to investigate any matters within the Committee’s scope of responsibilities.
- Have the authority to the extent it deems necessary or appropriate to retain independent legal, accounting or other advisors to assist it in the performance of its duties or responsibilities, or in the conduct of any investigation, and to pay any and all fees and expenses of such advisors (the Company shall provide appropriate funding of the fees and expenses of the independent auditors and advisors as determined by the Committee).
- Review its own performance, at least annually, for purposes of self-evaluation and encourage the continuing improvement of the Committee in the performance of its duties and responsibilities.

Oversight of the Company’s relationship with the Independent Auditor

- Be directly and solely responsible for the compensation and oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
- Have the sole authority to appoint and replace the independent auditor (subject, if applicable, to shareholder ratification) and shall pre-approve all auditing and permitted non-auditing services, including the fees and terms thereof. The committee may delegate pre-approval authority to a member or sub-committee of the Committee, provided that the decision of such member or sub-committee must be presented to the Committee at its next scheduled meeting.

- Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the independent auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent auditor's independence, and taking into account the opinions of management and the Liaison, and report its conclusions with respect to the independent auditor to the Board.
- Review and evaluate the lead partner of the independent auditor team and ensure the rotation of the lead or coordination audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality control procedures, (b) any material issues raised by most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company.
- Discuss with the lead audit partner having primary responsibility for the audit whether the national office of the independent auditor was consulted by the Company's audit team on any issues raised by the independent auditor or on any matters of audit quality and consistency.
- Meet with the independent auditor prior to the audit to discuss planning and staffing of the audit.
- Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 (SAS 61) relating to the conduct of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- Resolve any disagreements between management and the independent auditor regarding financial reporting.

Oversight of the Company's Internal Audit Function

- Have sole authority to appoint and replace the Co-source to complete the internal audit work of the Company and shall pre-approve all internal auditing services, including the fees and terms thereof.

- Evaluate the qualifications and performance of the Co-source to ensure staff competency and sufficient experience and expertise to perform the engagement.
- Review with the CEO the appointment and replacement of the Liaison. The Liaison shall report to the Chairperson of the Audit Committee related to audit matters.
- Consider and review the Liaison's monitoring of the performance of the Co-source including but not limited to the audit risk assessment, audit schedule, fees, hours budgeted, changes in contract, timeliness of audits and audit reporting, and quality of work performed.
- Review Co-source risk rate system and revise as appropriate.
- Periodically review with the Co-source scope of activities, any significant difficulties encountered in engagements, disagreements with management, or scope of restrictions encountered in the course of the internal audit department's completion of work.
- Consider and review with management, the Co-source significant findings reported to the Committee, along with management's response and follow-up on previous audit recommendations.

Financial Statement and Disclosure Matters

Review and discuss with management and the independent auditor at the completion of the annual audit (a) the results of the independent auditor's audit of the financial statements and related footnotes, (b) the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, including their judgments about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements, (c) other matters related to the conduct of the audit which are to be communicated to the Committee under either generally accepted auditing standards including SAS 61, as amended, or relevant regulatory requirements, and (d) recommend to the board whether the audited financial statements should be included in the Company's Form 10-K.

- Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements. The Chairperson may represent the Committee for the purpose of this timely review.
- Review and discuss quarterly reports from the independent auditor on (a) all critical accounting practices to be used, (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments,

and the treatment preferred by the independent auditor, and (c) other material written communications between the independent auditor and management such as any management letter or schedule of adjusted differences.

- Prepare an annual report to shareholders to be included in the Company's annual proxy statement as required by SEC regulations. The report shall state whether the Committee has (a) reviewed the annual audited financial statements with management, (b) discussed with the independent auditors the matters required by SAS 61, (c) received from the independent auditors the required written communication and discussed with them their independence, and (d) based on the above reviews and discussions, recommended to the Board that the audited financial statements be included in the Company's form 10-K.
- Discuss and review with the Liaison and independent auditor the adequacy and effectiveness of internal controls over the financial reporting process.
- Review management's assertion on its assignment of the effectiveness of internal controls as of the end of the most recent fiscal year end and the independent auditors report on management's assertion.
- Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Forms 10-K and 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
- Discuss with management and the independent auditor significant financial reporting issues and judgments, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off balance sheet structures on the Company's financial statements.
- Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act (discovery of illegal acts) has not been implicated.
- Discuss with management and the independent auditor any correspondence or formal or informal enforcement matters with regulators or government agencies, including with respect to Federal, State and local tax matters, and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

- Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
- Discuss, at least generally, with management the information to be disclosed in the Company's earnings press release, including the use of "proforma" or "adjusted" non-GAAP information, as well as the types of presentations to be made and financial information and earnings guidance, if any, provided to analysts and rating agencies.
- Discuss with management the Company's significant financial risk exposures, and assess the steps taken to appropriately manage, monitor and control such exposures, including the Company's risk assessment and risk management policies.

Code of Ethics

- Periodically review and update CIB Marine's Code of Ethics, review the results of monitoring for compliance by management and/or the Co-source, and provide for and review prompt disclosure to the public of any change in, or waiver of such Code of Ethics.
- Review reports and disclosures of insider and affiliated party transactions.

Reports to the Board

- Make regular reports to the Board that include any actions taken by the Committee and such recommendations as the Committee may deem appropriate. In lieu of any such report, the minutes of the meetings or other records of action taken may be submitted to the Board for review.

Complaint Procedures

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential submission by employees of concerns regarding questionable accounting or auditing matters. The Committee forbids the retaliation against any person making a submission to it. The Committee will use its best efforts to protect the confidentiality of any person making a submission to it to the extent practical and consistent with law.

Oversight of the Credit Review Function

- Review and approve the annual Credit Review Plan.

- Review activity reports, portfolio analysis, project summaries and plan to actual status on a periodic basis.
- Discuss with management the budget, staffing and any recommended changes in planned scope with respect to the credit review function.

Other Duties

- Perform such other activities consistent with this Charter, CIB Marine's Bylaws and governing law, and as the Board or Committee deems necessary or appropriate.