CIB MARINE
BANCSHARES, INC.

September 4, 2003

Dear Shareholder:

The second quarter of 2003 was disappointing for CIB Marine, as we did not meet our expectations for net income. Our net income for the second quarter of 2003 was $0.9 million, a decrease of $4.3 million, or 82.0% from $5.2 million for the same period in 2002. Diluted earnings per share were $0.05 for the second quarter of 2003 compared to $0.28 for the same period in 2002. The decrease in net income for the quarter was primarily the result of a $2.7 million impairment loss associated with Canron, a $1.5 million provision for losses related to a standby letter of credit, and a $1.1 million increase in the provision for loan losses.

Our net income for the first six months of 2003 was $5.6 million, a decrease of $6.6 million, or 54.1% from $12.2 million for the same period in 2002. Diluted earnings per share were $0.30 for the first six months of 2003 compared to $0.66 for the same period in 2002. The decrease in net income for the six-month period was primarily the result of a $5.8 million increase in the provision for loan losses, a $2.7 million impairment loss associated with Canron, and a $2.0 million provision for losses related to a standby letter of credit.

The increase in the provision for loan losses was primarily the result of increases in net charge-offs, nonperforming assets, loans 90 days or more past due and still accruing and the credit risk associated with certain borrowing relationships. Net charge-offs for the second quarter of 2003 were $5.5 million, compared to $3.2 million in the second quarter of 2002. Net charge-offs for the six months ended June 30, 2003 were $9.4 million compared to $3.9 million for the same period in 2002. Nonperforming assets and loans 90 days or more past due and still accruing interest were $81.6 million at June 30, 2003, compared to $84.4 million at March 31, 2003 and $49.9 million at December 31, 2002. At June 30, 2003, the allowance for loan losses was $60.6 million, or 2.25% of total loans, compared to $52.4 million and 1.93% at December 31, 2002.

The ratio of the allowance to nonaccrual, restructured and loans 90 days or more past due and still accruing was 99.2% at June 30, 2003, compared to 72.7% at March 31, 2003 and 113.3% at December 31, 2002.

Total assets at June 30, 2003, were $3.6 billion, a 1.9% decrease from total assets of $3.7 billion at December 31, 2002. The decrease in total assets was primarily due to an $80.5 million reduction in loans held for sale and a $20.9 million reduction in loans, partially offset by a $53.9 million increase in securities. Total stockholders' equity was $265.1 million at June 30, 2003, compared to $261.8 at December 31, 2002 and $257.3 at June 30, 2002. CIB Marine's book value per share was $14.52 at June 30, 2003, compared to $14.30 at December 31, 2002, and $14.11 at June 30, 2002.

The resolution of Canron Corporation remains a large challenge for CIB Marine. Canron's inability to obtain bonding has resulted in continued deterioration of its work backlog and financial condition. As a result, CIB Marine recorded a $2.7 million impairment loss during the second quarter of 2003, reducing its equity investment in Canron to $0.9 million, its estimated fair market value. At June 30, 2003, CIB Marine also had $32.0 million in loans outstanding to Canron, which are secured by all of the assets of Canron. CIB Marine continues to explore various strategies relative to Canron, including the immediate sale of its equity interest in the company. Canron is also exploring an orderly liquation of its assets, as well as other strategies to wind up its affairs. During the second quarter of 2003, Canron closed certain facilities and reduced its workforce as a result of the decrease in work backlog. Additional facility closures and reductions in workforce will be considered as warranted.

Our mortgage operations continued to benefit from a low interest rate environment and the upgrading of our mortgage delivery and underwriting platforms. During the first six months of 2003, we originated $279.0 million, purchased $918.2 million and sold $1.3 billion of loans held for sale as compared to $101.1 million, $335.2 million and $441.1 million, respectively, during the same period in 2002.

During the second quarter of 2003, we opened five full-service banking facilities, three in the Florida market and two in the Chicago market. As a result, we now have 57 banking facilities located in seven states, operating through six separately chartered banking organizations: Central Illinois Bank with 18 banking facilities located throughout central Illinois; CIB Bank – Chicago with 16 banking facilities located in the Chicago metropolitan area; Marine Bank – Wisconsin with seven banking facilities located in the Milwaukee metropolitan area; CIB Bank – Indiana with five banking facilities located in the Indianapolis metropolitan area; Marine Bank, FSB with three banking facilities, one each in Omaha, Nebraska, Las Vegas, Nevada, and Scottsdale, Arizona; and Citrus Bank with eight banking facilities located in Florida.

Additional information regarding our financial condition and results of operations at and for the quarter and six months ended June 30, 2003, are contained within our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, which is available on our website at www.cibmarine.com.

We remain committed to our goals of reducing credit risk and improving earnings during the remainder of 2003. We appreciate your support as we work to achieve these goals and welcome your comments and suggestions.

Warm regards,

J. Michael Straka
President and CEO