May 16, 2003

Dear Shareholder:

Net income for your company, CIB Marine Bancshares, Inc., was $4.7 million for the first quarter of 2003, as compared to $7.0 million for the same period in 2002, a decrease of 33.1%. While net income for the first quarter of 2003 was lower than the first quarter of 2002, it represents a significant improvement from the last two quarters of 2002. Diluted earnings per share for the first quarter of 2003 were $0.25 as compared to $0.38 for the first quarter of 2002, a decrease of 34.2%. Total assets at March 31, 2003 were $3.6 billion, as compared to $3.1 billion at March 31, 2002, an increase of 15.1%. The book value per share was $14.55 on March 31, 2003 as compared to $13.71 on March 31, 2002.

The decrease in net income was primarily the result of a $4.7 million increase in the provision for loan losses. The increase in the provision was primarily due to increases in net charge-offs, nonperforming loans, loans 90 days or more past due and still accruing, the credit risk associated with certain borrowing relationships, and certain risks associated with the growth in the loan portfolio. Net charge-offs increased $3.3 million, from $0.7 million in the first quarter of 2002 to $4.0 million in the first quarter of 2003. Nonperforming assets and loans 90 days or more past due and still accruing increased $34.5 million, from $49.9 million at December 31, 2002 to $84.4 million at March 31, 2003. While the allowance for loan loss increased from $52.4 million, or 1.93% of total loans, at December 31, 2002 to $57.1 million, or 2.09% of total loans at March 31, 2003, the ratio of the allowance to nonperforming loans and loans 90 days or more past due and still accruing decreased from 113.3% at December 31, 2002 to 72.7% at March 31, 2003.

The resolution of Canron Corporation remains a large challenge for us. Our ability to obtain bonding for this company and its ability to successfully bid projects are keys to resolving this challenge. During the first quarter of 2003, Canron experienced a net loss of $1.2 million. We expect Canron to continue to incur additional losses, and that we will be required to fund such losses, until such time as bonding is restored and their financial condition improves or upon the disposition of Canron. CIB Marine continues to explore various exit strategies regarding Canron, including immediate sale, stabilization and sale, and liquidation.

On a positive note, our mortgage company continues to grow both in mortgage volume and profitability. During the first quarter of 2003, we originated $120.1 million, purchased $476.3 million and sold $707.3 million of mortgage loans held for sale as compared to $50.4 million, $143.7 million and $199.1 million, respectively, during the first quarter of 2002. Net income for our mortgage banking segment for the first quarter of 2003 was $1.6 million, the most profitable quarter for our mortgage banking segment, as compared to a net loss of $15 thousand in the first quarter of 2002.

> Additional information regarding our financial condition and results of operation for the first quarter of 2003, are contained within our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, which is available on our website at www.cibmarine.com.

In April 2003, we opened four full-service banking facilities, three in the Florida market and one in the Chicago market. As a result, we now have 56 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 15 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.

As stated in our previous letter, our primary goals during 2003 are to reduce credit risk and improve earnings, and we remain committed to these goals. During the first quarter we initiated various action plans to address these issues and are confident that our actions will be successful. We continue to see opportunities for our style of banking and will continue to look to take advantage of these opportunities. As always, we appreciate your continued support and welcome your comments.

Warm regards,

J. Michael Straka
President and CEO