Marquette National Corporation and Subsidiary
Consolidated Financial Statements
(Unaudited)
June 30, 2015

Marquette National Corporation and Subsidiary
Financial Highlights
(Unaudited)

(in thousands, except share and per share data)

Balance Sheet

	6/30/15	12/31/14	Percent Change
Total assets	$1,550,177	$1,528,869	1%
Total loans, net	976,180	926,347	5%
Total deposits	1,311,337	1,280,748	2%
Common stockholders' equity	130,522	128,877	1%
Common shares outstanding	1,022,321	1,025,109	0%
Common equity per share	$127.67	$125.72	2%
Tangible common equity per share	$93.07	$91.17	2%

Operating Results

	Six Months Ended June 30,		Percent
	2015	2014	Change
Net interest income	$22,501	$24,371	-8%
(Credit) provision for loan losses	(543)	39	*
Net gain on sales of securities	459	38	*
Other income	8,160	7,788	5%
Other expense	27,685	27,703	0%
Net income	2,671	3,253	-18%
Net income applicable to common shares	2,671	2,676	0%
Basic income per common share	$2.61	$2.62	0%
Weighted average common shares outstanding	1,023,972	1,022,028	0%
Cash dividends declared per common share	$0.75	$0.50	50%
Comprehensive income	$2,687	$9,256	-71%

** Not meaningful*

Marquette National Corporation and Subsidiary
Consolidated Balance Sheets
(Unaudited)
(in thousands, except share data)

	6/30/15	12/31/14
Assets		
Cash and due from banks	$ 31,261	$ 35,153
Interest-bearing deposits with banks	83,481	54,319
Total cash and cash equivalents	114,742	89,472
Securities available for sale, at fair value	279,865	336,455
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	9,018	9,445
Loans held for sale	9,821	7,525
Loans	989,432	940,482
Less: Allowance for loan losses	(13,252)	(14,135)
Loans, net	976,180	926,347
Premises and equipment, net	54,984	55,874
Bank owned life insurance	39,689	39,023
Goodwill	35,348	35,348
Other intangible assets, net	27	72
Other real estate owned	8,459	8,017
Accrued interest receivable and other assets	22,044	21,291
Total assets	$ 1,550,177	$ 1,528,869
Liabilities		
Deposits		
Noninterest-bearing	$ 229,122	$ 213,689
Interest-bearing	1,082,215	1,067,059
Total deposits	1,311,337	1,280,748
Securities sold under agreements to repurchase	35,448	46,784
Borrowed funds	1,100	3,200
Junior subordinated notes issued to capital trusts	56,702	56,702
Accrued interest payable and other liabilities	15,068	12,558
Total liabilities	1,419,655	1,399,992
Stockholders' Equity		
Preferred stock - $.01 par value; shares authorized: 150,000; shares issued: none in 2015 and 2014	-	-
Common stock $.01 par value; shares authorized: 2,000,000; shares issued: 1,022,321 in 2015 and 1,025,109 in 2014	10	10
Surplus	25,772	25,530
Retained earnings	102,432	101,045
Deferred compensation	1,525	1,606
Accumulated other comprehensive income, net of tax	2,308	2,292
Less: Treasury stock, at cost, 9,168 shares in 2015 and 11,309 shares in 2014	(1,525)	(1,606)
Total stockholders' equity	130,522	128,877
Total liabilities and stockholders' equity	$ 1,550,177	$ 1,528,869

See accompanying notes to unaudited consolidated financial statements.

Marquette National Corporation and Subsidiary
Consolidated Statements of Income
(Unaudited)

(in thousands, except share and per share data)

	Six Months Ended June 30,	
Interest and Dividend Income	**2015**	**2014**
Loans, including fees:		
Taxable	$ 20,575	$ 20,894
Exempt from federal income tax	335	463
Securities available for sale:		
Taxable	2,696	4,300
Exempt from federal income tax	124	128
Dividends	191	177
Federal Home Loan Bank and Federal Reserve Bank stock	108	113
Federal funds sold and interest-bearing deposits with banks	112	63
Total interest income and dividends	24,141	26,138
Interest Expense		
Deposits	1,073	1,224
Securities sold under agreements to repurchase	66	35
Borrowed funds	31	44
Subordinated notes issued to capital trusts	470	464
Total interest expense	1,640	1,767
Net interest income	22,501	24,371
(Credit) provision for loan losses	(543)	39
Net interest income after (credit) provision for loan losses	23,044	24,332
Other Income		
Service charges on deposit accounts	2,743	2,822
Income from trust services	876	814
Mortgage banking revenue, net	1,495	895
Wealth management product fees	746	799
Income from bank owned life insurance	666	647
Other operating income	1,634	1,811
Net gain on sales of securities	459	38
Total other income	8,619	7,826
Other Expense		
Salaries and employee benefits	13,980	13,897
Net occupancy expense	3,814	3,857
Equipment expense	657	791
Other real estate owned (income) expense, net	(56)	557
Credit for unfunded loan commitments	(306)	(174)
Data processing expense	1,884	1,808
Professional and legal services	1,326	1,203
Advertising and promotion expenses	686	725
FDIC insurance premiums	1,013	1,020
Amortization of intangible assets	45	94
Other operating expenses	4,642	3,925
Total other expense	27,685	27,703
Income before income taxes	3,978	4,455
Income tax expense	1,307	1,202
Net income	2,671	3,253
Preferred stock dividends and discount accretion	-	(577)
Net income applicable to common shares	$ 2,671	$ 2,676
Basic income per common share	$ 2.61	$ 2.62
Weighted average common shares outstanding	1,023,972	1,022,028

See accompanying notes to unaudited consolidated financial statements.

Marquette National Corporation and Subsidiary
Consolidated Statements of Comprehensive Income
(Unaudited)
(in thousands)

	Six Months Ended June 30,	
	2015	**2014**
Net income	$ 2,671	$ 3,253
Other comprehensive income:		
Unrealized holding gains on available for sale securities arising during the year:		
Increase in net unrealized securities gains	413	10,088
Related income tax expense	(117)	(4,062)
Unrealized gains on available for sale securities, net of tax	296	6,026
Less: reclassification adjustment for net securities gains realized during the year:		
Net realized securities gains (amounts are included in net gain on sales of securities in the Consolidated Statements of Income in total other income)	459	38
Related income tax expense (amounts are included in income tax expense in the Consolidated Statements of Income)	(180)	(15)
Net after tax reclassification adjustment	279	23
Other comprehensive income, net of tax	16	6,003
Comprehensive income	$ 2,687	$ 9,256

See accompanying notes to unaudited consolidated financial statements.

Marquette National Corporation and Subsidiary
Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2015	**2014**
Operating Activities		
Net income	$ 2,671	$ 3,253
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred loan fees and costs, net	165	249
Premium amortization on securities, net	2,508	1,653
(Credit) provision for loan losses	(543)	39
Origination of loans for sale	(87,008)	(50,420)
Proceeds from sale of loans originated for sale	86,207	44,963
Gain on sale of loans originated for sale	(1,495)	(895)
Earnings on bank owned life insurance	(666)	(647)
Net gain on sale of securities	(459)	(38)
Depreciation and amortization	1,655	1,547
Amortization of intangible assets	45	94
(Gain) loss on sales of other real estate owned	(290)	27
Write down of other real estate owned	126	154
Deferred income tax benefit (provision)	(168)	908
(Increase) decrease in accrued interest receivable and other assets	(680)	3,698
Increase (decrease) in accrued interest payable and other liabilities	2,412	(2,805)
Net cash provided by operating activities	4,480	1,780
Investing Activities		
Securities available for sale:		
Proceeds from maturities, pay downs and calls	71,053	24,727
Proceeds from sales	1,378	3,712
Purchases	(17,936)	(159,417)
Redemption of Federal Reserve Bank stock	427	306
Net increase in loans	(52,875)	(5,824)
Purchases of premises and equipment	(707)	(1,608)
Proceeds from sales of other real estate owned	3,210	3,659
Net cash provided by (used in) investing activities	4,550	(134,445)
Financing Activities		
Net increase (decrease) in deposits	30,589	(4,257)
Net decrease (increase) in securities sold under agreements to repurchase	(11,336)	13,839
Repayment of borrowed funds	(2,100)	-
Dividends paid on common stock	(640)	(257)
Dividends paid on preferred stock	-	(513)
Issuance of common stock	411	437
Repurchase of common stock	(684)	(302)
Net cash provided by financing activities	16,240	8,947
Net increase (decrease) in cash and cash equivalents	25,270	(123,718)
Cash and cash equivalents at beginning of year	89,472	162,438
Cash and cash equivalents at end of period	$ 114,742	$ 38,720
Supplemental disclosures:		
Interest paid	$ 1,642	$ 1,765
Income taxes paid	470	50
Supplemental schedule of non-cash investing and financing activities:		
Loans transferred to other real estate owned	3,420	2,160
Common stock dividends declared and unpaid	383	256
Preferred stock dividends accrued and unpaid	-	163

See accompanying notes to unaudited consolidated financial statements.

NOTE 1 – GENERAL

These unaudited consolidated financial statements of Marquette National Corporation and Subsidiary (the "Company") have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for annual year-end financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation, have been included and are of a normal, recurring nature. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company’s Consolidated Financial Statements for the year ended December 31, 2014. Operating results for the six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

NOTE 2 – STOCK REPURCHASE PROGRAM

On February 13, 2015, the Company announced that its Board of Directors has authorized the repurchase of up to $500,000 of its outstanding common stock at prevailing market prices through open market or negotiated transactions. During the six months ended June 30, 2015, the Company repurchased 4,967 shares of common stock for $499,962, or an average price of $100.66 per share.