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

Marquette National Corporation and Subsidiary
Financial Highlights
(Unaudited)

(in thousands, except share and per share data)

Balance Sheet

	9/30/15	12/31/14	Percent Change
Total assets	$1,526,325	$1,528,869	0%
Total loans, net	1,010,544	926,347	9%
Total deposits	1,284,826	1,280,748	0%
Common stockholders' equity	131,812	128,877	2%
Common shares outstanding	1,021,630	1,025,109	0%
Common equity per share	$129.02	$125.72	3%
Tangible common equity per share	$94.41	$91.17	4%

Operating Results

	Nine Months Ended September 30,		Percent
	2015	2014	Change
Net interest income	$34,009	$36,418	-7%
Credit for loan losses	(239)	(1,257)	*
Net gain on sales of securities	653	78	*
Other income	12,380	11,837	5%
Other expense	41,233	41,893	-2%
Net income	4,165	5,498	-24%
Net income applicable to common shares	4,165	4,601	-9%
Basic income per common share	$4.07	$4.49	-9%
Weighted average common shares outstanding	1,023,306	1,025,265	0%
Cash dividends declared per common share	$1.13	$0.75	50%
Comprehensive income	$4,432	$11,501	-61%

* *Not meaningful*

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

	9/30/15	12/31/14
Assets		
Cash and due from banks	$ 31,791	$ 35,153
Interest-bearing deposits with banks	26,108	54,319
Total cash and cash equivalents	57,899	89,472
Securities available for sale, at fair value	279,288	336,455
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	9,018	9,445
Loans held for sale	7,380	7,525
Loans	1,021,757	940,482
Less: Allowance for loan losses	(11,213)	(14,135)
Loans, net	1,010,544	926,347
Premises and equipment, net	55,120	55,874
Bank owned life insurance	40,030	39,023
Goodwill	35,348	35,348
Other intangible assets, net	13	72
Other real estate owned	10,995	8,017
Accrued interest receivable and other assets	20,690	21,291
Total assets	$ 1,526,325	$ 1,528,869
Liabilities		
Deposits		
Noninterest-bearing	$ 216,132	$ 213,689
Interest-bearing	1,068,694	1,067,059
Total deposits	1,284,826	1,280,748
Securities sold under agreements to repurchase	40,759	46,784
Borrowed funds	-	3,200
Junior subordinated notes issued to capital trusts	56,702	56,702
Accrued interest payable and other liabilities	12,226	12,558
Total liabilities	1,394,513	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: 1,021,630 in 2015 and 1,025,109 in 2014	10	10
Surplus	25,755	25,530
Retained earnings	103,489	101,045
Deferred compensation	1,525	1,606
Accumulated other comprehensive income, net of tax	2,558	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	131,812	128,877
Total liabilities and stockholders' equity	$ 1,526,325	$ 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)

	Nine Months Ended September 30,	
Interest and Dividend Income	**2015**	**2014**
Loans, including fees:		
Taxable	$ 31,069	$ 31,426
Exempt from federal income tax	480	672
Securities available for sale:		
Taxable	4,097	6,261
Exempt from federal income tax	185	191
Dividends	307	268
Federal Home Loan Bank and Federal Reserve Bank stock	159	177
Federal funds sold and interest-bearing deposits with banks	142	62
Total interest income and dividends	36,439	39,057
Interest Expense		
Deposits	1,589	1,814
Federal funds purchased	-	1
Securities sold under agreements to repurchase	95	56
Borrowed funds	32	69
Subordinated notes issued to capital trusts	714	699
Total interest expense	2,430	2,639
Net interest income	34,009	36,418
Credit for loan losses	(239)	(1,257)
Net interest income after credit for loan losses	34,248	37,675
Other Income		
Service charges on deposit accounts	4,294	4,405
Income from trust services	1,361	1,259
Mortgage banking revenue, net	2,139	1,492
Wealth management product fees	1,116	1,080
Income from bank owned life insurance	1,007	978
Other operating income	2,463	2,623
Net gain on sales of securities	653	78
Total other income	13,033	11,915
Other Expense		
Salaries and employee benefits	20,610	20,849
Net occupancy expense	5,573	5,507
Equipment expense	957	1,147
Other real estate owned expense, net	100	864
Credit for unfunded loan commitments	(306)	(174)
Data processing expense	2,866	2,690
Professional and legal services	1,985	2,025
Advertising and promotion expenses	1,055	1,102
FDIC insurance premiums	1,519	1,529
Amortization of intangible assets	60	130
Other operating expenses	6,814	6,224
Total other expense	41,233	41,893
Income before income taxes	6,048	7,697
Income tax expense	1,883	2,199
Net income	4,165	5,498
Preferred stock dividends and discount accretion	-	(897)
Net income applicable to common shares	$ 4,165	$ 4,601
Basic income per common share	$ 4.07	$ 4.49
Weighted average common shares outstanding	1,023,306	1,025,265

See accompanying notes to unaudited consolidated financial statements.

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

(in thousands)

	Nine Months Ended September 30,	
	2015	**2014**
Net income	$ 4,165	$ 5,498
Other comprehensive income:		
Unrealized holding gains on available for sale securities arising during the period:		
Increase in net unrealized securities gains	1,018	8,008
Related income tax expense	(354)	(3,224)
Unrealized gains on available for sale securities, net of tax	664	4,784
Less: reclassification adjustment for net securities gains realized during the period:		
Net realized securities gains (amounts are included in net gain on sales of securities in the Consolidated Statements of Income in total other income)	653	78
Related income tax expense (amounts are included in income tax expense in the Consolidated Statements of Income)	(255)	(30)
Net after tax reclassification adjustment	398	48
Other comprehensive income, net of tax	267	4,736
Comprehensive income	$ 4,432	$ 10,234

See accompanying notes to unaudited consolidated financial statements.

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

(in thousands)

	Nine Months Ended September 30,	
	2015	**2014**
Operating Activities		
Net income	$ 4,165	$ 5,498
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred loan fees and costs, net	249	359
Premium amortization on securities, net	3,015	2,825
Credit for loan losses	(239)	(1,257)
Origination of loans for sale	(116,104)	(90,060)
Proceeds from sale of loans originated for sale	118,388	80,545
Gain on sale of loans originated for sale	(2,139)	(1,492)
Earnings on bank owned life insurance	(1,007)	(978)
Net gain on sale of securities	(653)	(78)
Depreciation and amortization	2,314	2,293
Amortization of intangible assets	60	130
(Gain) loss on sales of other real estate owned	(324)	139
Write down of other real estate owned	212	241
Deferred income tax expense	83	3,893
Decrease in accrued interest receivable and other assets	377	2,129
Decrease in accrued interest payable and other liabilities	(539)	(3,382)
Net cash provided by operating activities	7,858	805
Investing Activities		
Securities available for sale:		
Proceeds from maturities, pay downs and calls	51,789	41,947
Proceeds from sales	21,772	7,790
Purchases	(18,391)	(160,118)
Redemption of Federal Reserve Bank stock	427	306
Net increase in loans	(92,718)	(7,903)
Purchases of premises and equipment	(1,474)	(3,157)
Proceeds from sales of other real estate owned	5,680	5,991
Net cash used in investing activities	(32,915)	(115,144)
Financing Activities		
Net increase (decrease) in deposits	4,078	(33,113)
Net (decrease) increase in securities sold under agreements to repurchase	(6,025)	16,640
Repayment of borrowed funds	(3,200)	-
Dividends paid on common stock	(1,023)	(513)
Dividends paid on preferred stock	-	(833)
Issuance of common stock	410	453
Repurchase of common stock	(756)	(372)
Net cash used in financing activities	(6,516)	(17,738)
Net decrease in cash and cash equivalents	(31,573)	(132,077)
Cash and cash equivalents at beginning of year	89,472	162,438
Cash and cash equivalents at end of period	$ 57,899	$ 30,361
Supplemental disclosures:		
Interest paid	$ 2,442	$ 2,645
Income taxes paid	610	50
Supplemental schedule of non-cash investing and financing activities:		
Loans transferred to other real estate owned	8,511	4,696
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 nine months ended September 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 nine months ended September 30, 2015, the Company repurchased 4,967 shares of common stock for $499,962, or an average price of $100.66 per share.