Marquette National Corporation and Subsidiary
Consolidated Financial Statements
(Unaudited)
March 31, 2016

Marquette National Corporation and Subsidiary
Financial Highlights
(Unaudited)

(in thousands, except share and per share data)

Balance Sheet

	3/31/16	12/31/15	Percent Change
Total assets	$1,576,487	$1,550,561	2%
Total loans, net	1,066,495	1,027,897	4%
Total deposits	1,329,462	1,309,638	2%
Stockholders' equity	133,853	130,432	3%
Book value per share	$118.87	$116.10	2%
Tangible book value per share	$87.48	$84.63	3%

Operating Results

	Three Months Ended March 31,		Percent
	2016	2015	Change
Net interest income	$11,976	$11,271	6%
Provision (credit) for loan losses	588	(599)	*
Net gain on sales of securities	96	-	*
Other income	3,821	3,819	0%
Other expense	13,644	13,982	-2%
Net income	1,309	1,072	22%
Basic income per share	$1.16	$0.95	23%
Weighted average shares outstanding	1,123,616	1,127,591	0%
Cash dividends declared per share	$0.375	$0.375	0%
Comprehensive income	$3,592	$5,856	-39%

* *Not meaningful*

Marquette National Corporation and Subsidiary
Consolidated Balance Sheets
(Unaudited)

(in thousands, except share data)

	3/31/16	12/31/15
Assets		
Cash and due from banks	$ 38,263	$ 28,412
Interest-bearing deposits with banks	40,376	53,866
Total cash and cash equivalents	78,639	82,278
Securities available for sale, at fair value	250,030	262,380
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	9,018	9,018
Loans held for sale	9,917	5,632
Loans	1,077,417	1,038,789
Less: Allowance for loan losses	(10,922)	(10,892)
Loans, net	1,066,495	1,027,897
Premises and equipment, net	54,658	54,929
Bank owned life insurance	40,801	40,438
Goodwill	35,348	35,348
Other intangible assets, net	-	3
Other real estate owned	11,186	11,356
Accrued interest receivable and other assets	20,395	21,282
Total assets	$ 1,576,487	$ 1,550,561
Liabilities		
Deposits		
Noninterest-bearing	$ 241,663	$ 231,299
Interest-bearing	1,087,799	1,078,339
Total deposits	1,329,462	1,309,638
Securities sold under agreements to repurchase	41,416	41,655
Junior subordinated notes issued to capital trusts	56,702	56,702
Accrued interest payable and other liabilities	15,054	12,134
Total liabilities	1,442,634	1,420,129
Stockholders' Equity		
Preferred stock: $.01 par value; shares authorized: 150,000 at March 31, 2016 and December 31, 2015; shares issued: none at March 31, 2016 and December 31, 2015	-	-
Common stock: $.01 par value; shares authorized: 2,000,000 at March 31, 2016 and December 31, 2015; shares issued: 1,126,045 at March 31, 2016 and 1,021,321 at December 31, 2015	11	10
Surplus	36,769	25,776
Retained earnings	94,402	104,258
Deferred compensation	1,512	1,512
Accumulated other comprehensive income, net of tax	2,671	388
Less: Treasury stock, at cost, 10,329 shares at March 31, 2016 and 9,417 shares at December 31, 2015	(1,512)	(1,512)
Total stockholders' equity	133,853	130,432
Total liabilities and stockholders' equity	$ 1,576,487	$ 1,550,561

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)

	Three Months Ended March 31,	
Interest and Dividend Income	**2016**	**2015**
Loans, including fees:		
Taxable	$ 11,107	$ 10,214
Exempt from federal income tax	127	175
Securities available for sale:		
Taxable	1,251	1,452
Exempt from federal income tax	60	62
Dividends	122	95
Federal Home Loan Bank and Federal Reserve Bank stock	53	58
Federal funds sold and interest-bearing deposits with banks	45	45
Total interest income and dividends	12,765	12,101
Interest Expense		
Deposits	482	541
Securities sold under agreements to repurchase	31	37
Borrowed funds	-	20
Subordinated notes issued to capital trusts	276	232
Total interest expense	789	830
Net interest income	11,976	11,271
Provision (credit) for loan losses	588	(599)
Net interest income after provision (credit) for loan losses	11,388	11,870
Other Income		
Service charges on deposit accounts	1,392	1,319
Income from trust services	460	433
Mortgage banking revenue, net	469	618
Wealth management product fees	304	334
Income from bank owned life insurance	363	326
Other operating income	833	789
Net gain on sales of securities	96	-
Total other income	3,917	3,819
Other Expense		
Salaries and employee benefits	6,953	7,017
Net occupancy expense	1,893	2,008
Equipment expense	321	386
Write down of premises and equipment transferred to other real estate owned	896	-
Other real estate owned income, net	(1,009)	(232)
Data processing expense	1,031	975
Professional and legal services	463	549
Advertising and promotion expenses	321	316
FDIC insurance premiums	315	504
Amortization of intangible assets	4	25
Other operating expenses	2,456	2,434
Total other expense	13,644	13,982
Income before income taxes	1,661	1,707
Income tax expense	352	635
Net income	$ 1,309	$ 1,072
Basic income per share	$ 1.16	$ 0.95
Weighted average shares outstanding	1,123,616	1,127,591

See accompanying notes to unaudited consolidated financial statements.

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

(in thousands)

	Three Months Ended March 31,	
	2016	**2015**
Net income	$ 1,309	$ 1,072
Other comprehensive income:		
Unrealized holding gains on available for sale securities arising during the period:		
Increase in net unrealized securities gains	3,845	2,441
Related income tax expense	(1,504)	(931)
Unrealized gains on available for sale securities, net of tax	2,341	4,784
Less: reclassification adjustment for net securities gains realized during the period:		
Net realized securities gains	96	-
Related income tax expense	(38)	-
Net after tax reclassification adjustment	58	-
Other comprehensive income, net of tax	2,283	4,784
Comprehensive income	$ 3,592	$ 5,856

See accompanying notes to unaudited consolidated financial statements.

Marquette National Corporation and Subsidiaries
Consolidated Statements of Cash Flows

(in thousands)

	Three Months Ended March 31,	
	2016	**2015**
Operating Activities		
Net income	$ 1,309	$ 1,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred loan fees and costs, net	100	88
Premium amortization on securities, net	700	1,141
Provision (credit) for loan losses	588	(599)
Origination of loans for sale	(27,037)	(42,254)
Proceeds from sale of loans originated for sale	23,221	38,921
Gain on sale of loans originated for sale	(469)	(618)
Earnings on bank owned life insurance	(363)	(326)
Net gain on sale of securities	(96)	-
Write down of premises and equipment transferred to other real estate owned	896	-
Depreciation and amortization	785	792
Amortization of intangible assets	4	25
Net gain on sales of other real estate owned	(1,038)	(344)
Write down of other real estate owned	95	-
Deferred income tax benefit	(1,138)	(617)
Decrease in accrued interest receivable and other assets	1,802	1,702
Increase (decrease) in accrued interest payable and other liabilities	1,614	(323)
Net cash provided by operating activities	973	(1,340)
Investing Activities		
Securities available for sale:		
Proceeds from maturities, pay downs and calls	11,605	18,404
Proceeds from sales	4,876	712
Purchases	(1,000)	(720)
Redemption of Federal Reserve Bank stock	-	427
Net (increase) decrease in loans	(40,073)	4,245
Purchases of premises and equipment	(1,844)	(242)
Proceeds from sales of other real estate owned	2,370	1,966
Net cash (used in) provided by investing activities	(24,066)	24,792
Financing Activities		
Net increase in deposits	19,824	21,840
Net decrease in securities sold under agreements to repurchase	(239)	(400)
Repayment of borrowed funds	-	(1,000)
Cash dividends paid on common stock	(383)	(256)
Issuance of common stock	411	399
Cash paid for fractional shares	(37)	-
Repurchase of common stock	(122)	(788)
Net cash provided by financing activities	19,454	19,795
Net (decrease) increase in cash and cash equivalents	(3,639)	43,247
Cash and cash equivalents at beginning of year	82,278	89,472
Cash and cash equivalents at end of year	$ 78,639	$ 132,719
Supplemental disclosures:		
Interest paid	$ 786	$ 825
Income taxes refunded	1,294	-
Supplemental schedule of non-cash investing and financing activities:		
Loans transferred to other real estate owned	$ 787	$ 2,812
Premises transferred to other real estate owned	470	-
Common stock cash dividends declared and unpaid	423	385

See accompanying notes to consolidated financial statements.

NOTE 1 – GENERAL

The unaudited consolidated financial statements of Marquette National Corporation and Subsidiaries (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.

All adjustments consisting of normal recurring accruals which are, in the opinion of management, necessary for fair presentation of the interim consolidated financial statements have been included and fairly and accurately present the financial position, results of operations and cash flows of the Company. 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, 2015. Operating results for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016.

NOTE 2 – STOCK DIVIDEND

On January 27, 2016, the Company’s Board of Directors declared a 10% stock dividend. The record date of the dividend was February 10, 2016 and the distribution date was February 26, 2016. Earnings per share and average shares outstanding have been adjusted to reflect the stock dividend in our consolidated financial statements.

NOTE 3 – STOCK REPURCHASE PROGRAM

On January 27, 2016, the Company’s Board of Directors authorized the repurchase of up to $750,000 of its outstanding common stock at prevailing market prices through open market or negotiated transactions. During the three months ended March 31, 2016, the Company repurchased 1,295 shares of common stock for $122,285, or an average price of $94.43 per share.