Marquette National Corporation and Subsidiaries
Consolidated Financial Statements
(Unaudited)
June 30, 2016

Marquette National Corporation and Subsidiaries
Financial Highlights
(Unaudited)
(in thousands, except share and per share data)

Balance Sheet

	6/30/16	12/31/15	Percent Change
Total assets	$1,588,056	$1,550,561	2%
Total loans, net	1,060,422	1,027,897	3%
Total deposits	1,334,673	1,309,638	2%
Stockholders' equity	135,050	130,432	4%
Book value per share	$120.52	$116.10	4%
Tangible book value per share	$88.98	$84.63	5%

Operating Results

	Six Months Ended June 30,		Percent
	2016	2015	Change
Net interest income	$23,618	$22,501	5%
Provision (credit) for loan losses	1,351	(543)	*
Net gain on sales of securities	2,739	459	*
Other income	8,067	8,160	-1%
Other expense	27,131	27,685	-2%
Net income	4,075	2,671	53%
Basic income per share	$3.63	$2.37	53%
Weighted average shares outstanding	1,123,530	1,126,369	0%
Cash dividends declared per share	$0.75	$0.75	0%
Comprehensive income	$5,744	$2,687	114%

* *Not meaningful*

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

	6/30/16	12/31/15
Assets		
Cash and due from banks	$ 38,934	$ 28,412
Interest-bearing deposits with banks	50,579	53,866
Total cash and cash equivalents	89,513	82,278
Securities available for sale, at fair value	257,028	262,380
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	9,018	9,018
Loans held for sale	9,925	5,632
Loans	1,071,090	1,038,789
Less: Allowance for loan losses	(10,668)	(10,892)
Loans, net	1,060,422	1,027,897
Premises and equipment, net	54,671	54,929
Bank owned life insurance	41,167	40,438
Goodwill	35,348	35,348
Other intangible assets, net	-	3
Other real estate owned	10,342	11,356
Accrued interest receivable and other assets	20,622	21,282
Total assets	$ 1,588,056	$ 1,550,561
Liabilities		
Deposits		
Noninterest-bearing	$ 242,158	$ 231,299
Interest-bearing	1,092,515	1,078,339
Total deposits	1,334,673	1,309,638
Securities sold under agreements to repurchase	45,451	41,655
Junior subordinated notes issued to capital trusts	56,702	56,702
Accrued interest payable and other liabilities	16,180	12,134
Total liabilities	1,453,006	1,420,129
Stockholders' Equity		
Preferred stock: $.01 par value; shares authorized: 150,000 at June 30, 2016 and December 31, 2015; shares issued: none at June 30, 2016 and December 31, 2015	-	-
Common stock: $.01 par value; shares authorized: 2,000,000 at June 30, 2016 and December 31, 2015; shares issued: 1,120,529 at June 30, 2016 and 1,021,321 at December 31, 2015	11	10
Surplus	36,643	25,776
Retained earnings	96,339	104,258
Deferred compensation	1,373	1,512
Accumulated other comprehensive income, net of tax	2,057	388
Less: Treasury stock, at cost, 9,453 shares at June 30, 2016 and 9,417 shares at December 31, 2015	(1,373)	(1,512)
Total stockholders' equity	135,050	130,432
Total liabilities and stockholders' equity	$ 1,588,056	$ 1,550,561

See accompanying notes to unaudited consolidated financial statements.

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

(in thousands, except share and per share data)

	Six Months Ended June 30,	
Interest and Dividend Income	**2016**	**2015**
Loans, including fees:		
Taxable	$ 21,915	$ 20,575
Exempt from federal income tax	247	335
Securities available for sale:		
Taxable	2,490	2,696
Exempt from federal income tax	119	124
Dividends	216	191
Federal Home Loan Bank and Federal Reserve Bank stock	105	108
Federal funds sold and interest-bearing deposits with banks	118	112
Total interest income and dividends	25,210	24,141
Interest Expense		
Deposits	959	1,073
Securities sold under agreements to repurchase	67	66
Borrowed funds	-	31
Subordinated notes issued to capital trusts	566	470
Total interest expense	1,592	1,640
Net interest income	23,618	22,501
Provision (credit) for loan losses	1,351	(543)
Net interest income after provision (credit) for loan losses	22,267	23,044
Other Income		
Service charges on deposit accounts	2,925	2,743
Income from trust services	929	876
Mortgage banking revenue, net	1,189	1,495
Wealth management product fees	618	746
Income from bank owned life insurance	729	666
Other operating income	1,677	1,634
Net gain on sales of securities	2,739	459
Total other income	10,806	8,619
Other Expense		
Salaries and employee benefits	13,707	13,980
Net occupancy expense	3,663	3,814
Equipment expense	676	657
Write down of premises and equipment transferred to other real estate owned	896	-
Other real estate owned income, net	(670)	(56)
Credit for unfunded loan commitments	-	(306)
Data processing expense	2,116	1,884
Professional and legal services	998	1,326
Advertising and promotion expenses	668	686
FDIC insurance premiums	631	1,013
Amortization of intangible assets	3	45
Other operating expenses	4,443	4,642
Total other expense	27,131	27,685
Income before income taxes	5,942	3,978
Income tax expense	1,867	1,307
Net income	$ 4,075	$ 2,671
Basic income per share	$ 3.63	$ 2.37
Weighted average shares outstanding	1,123,530	1,126,369

See accompanying notes to unaudited consolidated financial statements.

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

(in thousands)

	Six Months Ended June 30,	
	2016	**2015**
Net income	$ 4,075	$ 2,671
Other comprehensive income:		
Unrealized holding gains on available for sale securities arising during the period:		
Increase in net unrealized securities gains	5,480	413
Related income tax expense	(2,144)	(117)
Unrealized gains on available for sale securities, net of tax	3,336	296
Less: reclassification adjustment for net securities gains realized during the period:		
Net realized securities gains	2,739	459
Related income tax expense	(1,071)	(180)
Net after tax reclassification adjustment	1,668	279
Other comprehensive income, net of tax	1,669	16
Comprehensive income	$ 5,744	$ 2,687

See accompanying notes to unaudited consolidated financial statements.

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

(in thousands)

	Six Months Ended June 30,	
	2016	**2015**
Operating Activities		
Net income	$ 4,075	$ 2,671
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred loan fees and costs, net	190	165
Premium amortization on securities, net	1,550	2,508
Provision (credit) for loan losses	1,351	(543)
Origination of loans for sale	(61,663)	(87,008)
Proceeds from sale of loans originated for sale	58,559	86,207
Gain on sale of loans originated for sale	(1,189)	(1,495)
Earnings on bank owned life insurance	(729)	(666)
Net gain on sale of securities	(2,739)	(459)
Write down of premises and equipment transferred to other real estate owned	896	-
Depreciation and amortization	1,593	1,655
Amortization of intangible assets	3	45
Net gain on sales of other real estate owned	(1,036)	(290)
Write down of other real estate owned	413	126
Deferred income tax benefit	(1,220)	(168)
Decrease (increase) in accrued interest receivable and other assets	1,435	(680)
Increase in accrued interest payable and other liabilities	3,388	2,412
Net cash provided by operating activities	4,877	4,480
Investing Activities		
Securities available for sale:		
Proceeds from maturities, pay downs and calls	34,872	71,053
Proceeds from sales	8,170	1,378
Purchases	(33,836)	(17,936)
Redemption of Federal Reserve Bank stock	-	427
Net increase in loans	(34,819)	(52,875)
Purchases of premises and equipment	(2,632)	(707)
Proceeds from sales of other real estate owned	2,860	3,210
Net cash used in investing activities	(25,385)	4,550
Financing Activities		
Net increase in deposits	25,035	30,589
Net increase (decrease) in securities sold under agreements to repurchase	3,796	(11,336)
Repayment of borrowed funds	-	(2,100)
Cash dividends paid on common stock	(805)	(640)
Issuance of common stock	411	411
Cash paid for fractional shares	(37)	-
Repurchase of common stock	(657)	(684)
Net cash provided by financing activities	27,743	16,240
Net increase in cash and cash equivalents	7,235	25,270
Cash and cash equivalents at beginning of year	82,278	89,472
Cash and cash equivalents at end of year	$ 89,513	$ 114,742
Supplemental disclosures:		
Interest paid	$ 1,591	$ 1,642
Income taxes refunded	839	470
Supplemental schedule of non-cash investing and financing activities:		
Loans transferred to other real estate owned	$ 753	$ 3,420
Premises transferred to other real estate owned	470	-
Common stock cash dividends declared and unpaid	422	383

See accompanying notes to unaudited 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 six months ended June 30, 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 the 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 six months ended June 30, 2016, the Company repurchased 1,895 shares of common stock for $183,392, or an average price of $96.78 per share.