

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

Written Agreement by and between

MARQUETTE FINANCIAL COMPANIES
Minneapolis, Minnesota

and

FEDERAL RESERVE BANK OF
MINNEAPOLIS
Minneapolis, Minnesota

Docket No. 10-253-WA/RB-HC

WHEREAS, Marquette Financial Companies, Minneapolis, Minnesota (“MFC”), a registered bank holding company, owns and controls Meridian Bank, National Association, Wickenburg, Arizona (the “Bank”); another insured depository institution (collectively, the “Subsidiary Banks”); and various nonbank subsidiaries;

WHEREAS, it is the common goal of MFC and the Federal Reserve Bank of Minneapolis (the “Reserve Bank”) to maintain the financial soundness of MFC so that MFC may serve as a source of strength to the Subsidiary Banks;

WHEREAS, MFC and the Reserve Bank have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on February 14, 2011, the board of directors of MFC, at a duly constituted meeting, adopted a resolution authorizing and directing Albert J. Colianni, Jr. to enter into this Agreement on behalf of MFC, and consenting to compliance with each and every provision of this Agreement by MFC and its institution-affiliated parties, as defined in sections

3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, MFC and the Reserve Bank agree as follows:

Source of Strength

1. The board of directors of MFC shall take appropriate steps to fully utilize MFC’s financial and managerial resources, pursuant to section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Subsidiary Banks, including, but not limited to, taking steps to ensure that the Bank complies with the Formal Agreement entered into with the Office of the Comptroller of the Currency dated June 3, 2009, any other supervisory action taken by the Bank’s federal regulator, and any supervisory action taken by the other subsidiary bank’s federal or state regulator during the term of this Agreement.

Credit Risk Management and Credit Administration

2. Within 60 days of this Agreement, MFC shall submit to the Reserve Bank an acceptable written plan to strengthen credit risk management practices at MFC. The plan shall, at a minimum, address, consider, and include:

- (a) Timely and accurate identification and quantification of credit risk within the loan portfolio;
 - (b) strategies to minimize credit losses and reduce the level of problem assets;
- and
- (c) a complete description of required loan documentation and collateral for each specific type of loan, and a requirement for the maintenance of such documentation in the loan files.

Allowance for Loan and Lease Losses

3. (a) Within 60 days of this Agreement, MFC shall establish an allowance for loan and lease losses (“ALLL”) methodology for loans held by MFC, consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17). MFC shall submit a description of its methodology to the Reserve Bank upon adoption.

(b) Within 60 days of this Agreement, MFC shall submit to the Reserve Bank an acceptable written program for maintenance of an adequate ALLL for loans held by MFC. The program shall include policies and procedures to ensure adherence to the ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of any required regulatory reports, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by in determining the adequacy of the ALLL. During the term of this Agreement, MFC shall submit to the Reserve Bank, within 45 days after the end of each calendar quarter, a written report regarding the board of directors’ quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

Dividends and Distributions

4. (a) MFC shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation (the “Director”) of the Board of Governors.

(b) MFC shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(c) MFC shall not, without the prior written approval of the Reserve Bank, directly or indirectly take dividends or any other form of payment representing a reduction in capital from any other subsidiary bank that, during the term of this Agreement, is subject to any restrictions by the subsidiary bank's federal or state regulator that limits the payment of dividends.

(d) MFC and its nonbank subsidiaries shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(e) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on MFC's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, MFC must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

Debt and Stock Redemption

5. (a) MFC and its nonbank subsidiaries shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) MFC shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

Strategic Plan

6. Within 60 days of this Agreement, the MFC shall submit to the Reserve Bank a revised written Strategic Plan that, at a minimum, establishes short and long term goals designed to improve the condition of the MFC and a description of how the MFC's board of directors and senior management intend to achieve the stated objectives.

Capital Plan

7. Within 60 days of this Agreement, MFC shall submit to the Reserve Bank an acceptable written plan to maintain sufficient capital at MFC on a consolidated basis. The plan shall, at a minimum, address, consider, and include:

(a) The consolidated organization's and the Subsidiary Banks' current and future capital requirements, including compliance with the Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and D of Regulation Y of the Board of Governors (12 C.F.R. Part 225, App. A and D) and the applicable capital adequacy guidelines for the Subsidiary Banks issued by the Subsidiary Banks' federal regulators;

(b) the adequacy of the capital of each of the Subsidiary Banks, taking into account the volume of classified credits, concentrations of credit, allowance for loan and lease losses, current and projected asset growth, and projected retained earnings;

(c) the source and timing of additional funds necessary to fulfill the consolidated organization's and the Subsidiary Banks' future capital requirements;

(d) supervisory requests for additional capital at the Subsidiary Banks or the requirements of any supervisory action imposed on the Subsidiary Banks by their federal or state regulators; and

(e) the requirements of section 225.4(a) of Regulation Y of the Board of Governors that MFC serve as a source of strength to each of the Subsidiary Banks.

8. MFC shall notify the Reserve Bank, in writing, no more than 30 days after the end of any quarter in which MFC's capital ratios fall below the approved plan's minimum ratios. Together with the notification, MFC shall submit an acceptable written plan that details the steps that MFC will take to increase its capital ratios to or above the approved plan's minimums.

Conflicts of Interest Policy

9. Within 90 days of this Agreement, MFC shall develop a written conflicts of interests policy that shall, at a minimum, apply to all directors, officers or employees of MFC and address the responsibilities for conduct and the avoidance of conflicts of interest, and the appearance thereof, in transactions involving affiliates.

Compliance with Laws and Regulations

10. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, MFC shall comply with the notice provisions of section 32 of the FDI

Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(b) MFC shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Progress Reports

11. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

Approval and Implementation of Plans and Program

12. (a) MFC shall submit written plans and a program that are acceptable to the Reserve Bank within the applicable time period set forth in paragraphs 2, 3(b), 6, and 7 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, MFC shall adopt the approved plans and program. Upon adoption, MFC shall promptly implement the approved plans and program, and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and program shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

13. All communications regarding this Agreement shall be sent to:
 - (a) Ms. Diann G. Townsend
Assistant Vice President
Federal Reserve Bank of Minneapolis
90 Hennepin Avenue
Minneapolis, Minnesota 55401-1804
 - (b) Mr. Albert J. Colianni Jr.
Chief Executive Officer
Marquette Financial Companies
60 South Sixth Street
Minneapolis, Minnesota 55402

Miscellaneous

14. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to MFC to comply with any provision of this Agreement.

15. The provisions of this Agreement shall be binding upon MFC and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

16. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

17. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting MFC, the Subsidiary Banks, any nonbank subsidiary of MFC, or any of their current or former institution-affiliated parties and their successors and assigns.

18. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 17th day of February, 2011

MARQUETTE FINANCIAL COMPANIES

FEDERAL RESERVE BANK
OF MINNEAPOLIS

By: /s/ Albert J. Colianni, Jr.
Albert J. Colianni, Jr.
Chief Executive Officer

By: /s/ James M. Barnes
James M. Barnes
Vice President