FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF WISCONSIN

DEPARTMENT OF FINANCIAL INSTITUTIONS

MADISON, WISCONSIN

In the Matter of MARATHON SAVINGS BANK WAUSAU, WISCONSIN (STATE CHARTERED INSURED NONMEMBER BANK)	CONSENT ORDER FDIC-13-0429b

Marathon Savings Bank, Wausau, Wisconsin (“Bank”), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1818(b), and under section 220.04(9) of the Wisconsin Statutes, Wis. Stat. § 220.04(9), regarding hearings before the Wisconsin Department of Financial Institutions (“WDFI”), and having waived those rights, by and through its duly elected and acting board of directors entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER (“STIPULATION”) with representatives of the Federal

Deposit Insurance Corporation ("FDIC") and the WDFI, dated February 26, 2014, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices, the Bank consented to the issuance of a CONSENT ORDER ("ORDER") by the FDIC and the WDFI.

The FDIC and the WDFI considered the matter and determined to accept the STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Section 220.04(9) of the Wisconsin Statutes, Wis. Stat. § 220.04(9), have been satisfied, the FDIC and the WDFI HEREBY ORDER, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns take affirmative action as follows:

MANAGEMENT

1. (a) While this ORDER is in effect, the Bank shall have and retain qualified management. Management shall be provided the necessary written authority to implement the provisions of this ORDER. The qualifications of management shall be assessed on its ability to:

(i) Comply with the requirements of this ORDER;

(ii) Operate the Bank in a safe and sound manner;

(iii) Comply with applicable laws, rules, and regulations; and

(iv) Restore all aspects of the Bank to a safe and sound condition, including capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to interest rate risk.

(b) At a minimum, such management shall include the following positions:

(i) A chief executive officer or president with proven ability to manage a bank of comparable size and experience in upgrading a low quality loan portfolio, management of the investment function, liquidity management, and interest rate risk management;

(ii) A chief credit officer or senior lending officer with an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank’s portfolio; and

(iii) A chief financial officer or operations officer with demonstrated ability in all financial areas including, but not limited to, accounting, regulatory reporting, budget and planning, management of the investment function, liquidity management, and interest rate risk management.

(c) Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall request and obtain the FDIC's and WDFI's written approval. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the Act ("section 32"), 12 U.S.C. § 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b).

BOARD PARTICIPATION

2. (a) While this ORDER is in effect, the Bank's board of directors shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives, and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of Banks of comparable size. This participation shall include identifying and establishing board of directors' or Bank committees as needed and recommended in the August 19, 2013 Joint Report of Examination ("ROE") and board of directors meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be

reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; investment activity; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including management’s responses; reconciliation of general ledger accounts; and compliance with this ORDER. Bank board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within thirty (30) days from the effective date of this ORDER, the Bank’s board of directors shall develop, adopt, and implement a program that will provide for monitoring of the Bank’s compliance with this ORDER.

SUCCESSION PLAN

3. Within ninety (90) days from the effective date of this ORDER, the Bank’s board of directors shall cause a written review to be made of the Bank’s plans for management succession. This review shall be documented in the minutes of the board of directors’ meeting, and the results of this review shall be submitted to the Regional Director of the Chicago Regional Office of the FDIC (“Regional Director”) and Administrator, Division of Banking, WDFI (“Administrator”) for review and opportunity to comment.

CAPITAL

4. (a) As of the effective date of this ORDER, the Bank shall have and maintain its level of Tier 1 capital as a percentage of its total assets ("capital ratio") at a minimum of nine percent (9%) and its level of qualifying total capital as a percentage of risk-weighted assets ("total risk based capital ratio") at a minimum of twelve percent (12%). For purposes of this ORDER, Tier 1 capital, qualifying total capital, total assets, and risk-weighted assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Should the Bank be unable to maintain its capital ratio at a minimum of nine percent (9%) and its total risk based capital ratio at a minimum of twelve percent (12%), then within thirty (30) days of receipt of written direction from the Regional Director and the Administrator, the Bank shall develop, adopt, and implement a written plan to sell or merge itself into another federally insured financial institution or to otherwise immediately implement a capital plan acceptable to the Regional Director and Administrator such that within a reasonable time the Bank will take appropriate steps to, at a minimum, return capital to the required levels. A copy of the plan required by this paragraph shall be submitted to, and determined to be acceptable by, the Regional Director and the Administrator.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

5. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extension of credit (including any portion thereof) that has been charged off the books of the Bank or classified “Loss” in ROE, so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified “Substandard” or “Doubtful”, in the ROE, and is uncollected unless the Bank’s board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be signed by each Director, and incorporated in the minutes of the applicable board of directors’ meeting. A copy of the statement shall be placed in the appropriate loan file.

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

6. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall revise, implement and adhere to, a written plan to reduce the Bank’s risk position in each asset in

excess of $250,000 which is, delinquent or classified "Substandard" or "Doubtful" in the ROE. The plan shall include, but not be limited to, provisions which:

(i) Prohibit an extension of credit for the payment of interest, unless the board of directors provides, in writing, a detailed explanation of why the extension is in the best interest of the Bank;

(ii) Provide for review of the current financial condition of each delinquent or classified borrower, including a review of borrower cash flow and collateral value;

(iii) Delineate areas of responsibility for loan officers;

(iv) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(b) As used in this paragraph, "reduce" means to: (1) collect; (2) charge off; (3) sell; or (4) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and the WDFI.

(c) The plan required by this paragraph shall be acceptable to the Regional Director and the Administrator.

(d) While this ORDER remains in effect, the plan shall be revised to include assets which become more than 90 days delinquent after the effective date of this ORDER or are adversely classified at any subsequent examinations.

LOSS CHARGE-OFF

7. As of the effective date of this Order, the Bank shall charge off from its books and records any loan classified "Loss" in the ROE and subsequent visitations and examinations.

LOAN REVIEW AND GRADING SYSTEM

8. (a) Within sixty (60) days from the date of this ORDER, the Bank shall develop, an independent loan committee or retain an independent third party, to periodically review the Bank's loan portfolio and identify and categorize problem credits. As part of the review process, a report shall be developed to include the following information:

(i) The overall quality of the loan portfolio;

(ii) The identification, by type and amount of each problem or delinquent loan, including loans that warrant special attention by management;

(iii) The identification of all loans not in conformance with the Bank’s lending policy;

(iv) The identification of all loans to officers, directors, and their related interests; and

(v) The overall accuracy of credit presentations, including but not limited to, financial information presented, debt service and collateral coverage estimates, borrower liquid asset and stated net worth estimates, as well as the final internal risk rating assigned and associated risk rating rationale.

(b) Within sixty (60) days from the date of this ORDER, the Bank shall develop, adopt, implement and adhere to comprehensive loan grading and review procedures. The procedures shall include a tracking mechanism detailing corrective measures taken on problem assets, enhance the loan grading matrix, and improve the Bank's lending policies, credit presentations, document standards, and credit underwriting and administration procedures

LOAN ADMINISTRATION

9. (a) Within ninety (90) days from the effective date of this ORDER, the Bank shall revise, implement and adhere to

written lending and collection policies to provide effective guidance and control over the Bank's lending function. The policy shall include a system to monitor loan documentation exceptions on an ongoing basis and develop procedures to reduce the occurrence of documentation exceptions in the future. In addition, the Bank shall make all commercially reasonable efforts to obtain adequate and current documentation for all loans in the Bank's loan portfolio.

(b) The Bank's loan policy and practices required by this paragraph, at a minimum, shall incorporate the items discussed in the ROE.

(c) Copies of the policies required by this paragraph shall be submitted to the Regional Director and the Administrator.

ALLOWANCE FOR LOAN AND LEASE LOSSES

10. (a) From the effective date of this ORDER, and prior to the submission of all Reports of Condition and Income required by the FDIC, the board of directors of the Bank shall review the adequacy of the Bank’s Allowance for Loan and Lease Losses (ALLL), provide for an adequate ALLL, and thereafter maintain and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL

recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or the WDFI.

(b) The ALLL methodology shall be revised to conform to the Interagency Statement on the Allowance for Loan and Lease Losses. At a minimum, the ALLL methodology and adequacy calculation shall be based upon the assign factor values and impaired credits as outlined under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 450-20, Contingencies – Loss Contingencies and ASC Topic 310-10, Receivables.

(c) ALLL entries required by this paragraph shall be made prior to any capital determinations required by this ORDER.

PROFIT PLAN AND BUDGET

11. (a) Within ninety (90) days from the effective date of this ORDER, the Bank shall revise, implement and adhere to a written profit plan and a realistic, comprehensive budget for all categories of income and expense for fiscal year 2014. The plans required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall

earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

(i) Realistic and comprehensive budgets;

(ii) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections;

(iii) Identification of major areas in, and means by which, earnings will be improved; and

(iv) A description of the operating assumptions that form the basis for and adequately support major projected income and expense components.

(c) During each monthly board of directors' meeting following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each fiscal year for which this ORDER is in effect.

(e) Copies of the plans and budgets required by this paragraph shall be acceptable to the Regional Director and the Administrator.

STRATEGIC PLAN

12. (a) Within one hundred and twenty (120) days from the effective date of this ORDER, the Bank shall revise, adopt, implement and adhere to a realistic, comprehensive strategic plan. The plan required by this paragraph shall contain an assessment of the Bank’s current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address, at a minimum:

(i) Strategies for pricing policies and asset/liability management;

(ii) Forecasts for maintaining a sound funds management position; and

(iii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors’ meeting.

(d) Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank’s board of directors shall evaluate the Bank’s actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors’ meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised thirty (30) days prior to the end of each fiscal year for which this ORDER is in effect.

(f) The strategic plan and any revisions thereto shall be acceptable to the Regional Director and the Administrator.

CORRECTION OF VIOLATIONS

13. Within sixty (60) days from the effective date of this ORDER, the Bank shall make all commercially reasonable efforts to eliminate and/or correct all violations of law, rule, and regulations listed in the ROE, and implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

INVESTMENT ACTIVITIES

14. Within thirty (30) days from the effective date of this ORDER, the Bank shall revise, adopt, and implement investment policy and procedures that establishes reasonable market risk limitations for investment activities and implements risk management systems to ensure adherence to these parameters. The policy, at a minimum, shall be consistent with the Supervisory Policy Statement on Investment Securities and End-User Derivative Activities (April 23, 1998) and specifically address board oversight, investment strategies, appropriate risk limits for the approved types of investments, stress testing of the investment portfolio, and procedures for Other Than Temporary Impairment (OTTI). The Bank shall implement and adhere to each of the provisions of its Investment Policy.

INTEREST RATE RISK

15. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall review and revise its Asset Liability Management Policy and Procedures to establish realistic and meaningful parameters for managing sensitivity to interest rate risk on an ongoing basis. The policy shall comply with the Joint Agency Policy Statement on Interest Rate Risk (June 26, 1996), identify the means by which the interest rate risk position will be monitored, and establish risk parameters. In

addition, the policy will provide for the periodic reporting to management and the Bank's board of directors regarding interest rate risk with adequate information provided to assess the level of risk. The Bank shall implement and adhere to each of the provisions of its Interest Rate Risk Policy. A copy of the policy shall be forwarded to the Regional Director and Administrator upon its adoption.

(b) Within sixty (60) days from the effective date of this ORDER, the Bank shall develop, adopt, and submit an interest rate risk reduction strategy.

(c) Within ninety (90) days from the effective date of this ORDER, the Bank shall implement a risk measurement system capable of modeling the embedded optionality evident in the Bank's investment portfolio.

PROGRESS REPORTS

16. Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Administrator written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof.

The effective date of this ORDER shall be the date of its issuance by the FDIC and the WDFI.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and the WDFI.

Pursuant to delegated authority.

Dated: March 12, ____________, 2014.

/S/	/S/
M. Anthony Lowe Regional Director Chicago Regional Office Federal Deposit Insurance Corporation	Michael J. Mach Administrator Department of Financial Institutions for the State of Wisconsin