



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

Division of Risk Management Supervision

February 7, 2021

BY ELECTRONIC DELIVERY

Board of Directors
Marathon Bank
550 Scott Street
Wausau, Wisconsin 54403
Email: nickz@marathonbank.com

RE: Notice of Intent to Convert and Interim Merger Application

Dear Members of the Board:

The Federal Deposit Insurance Corporation (FDIC) reviewed the Notice of Intent to Convert (Notice), filed on behalf of Marathon Bank, Wausau, Wisconsin (Bank), pursuant to the FDIC's regulations at 12 C.F.R. sections 303.160 – 303.163 and 333.4, and other pertinent regulations. The Notice was filed in connection with the Bank's Plan of Mutual Holding Company Reorganization and Minority Stock Issuance, whereby the Bank proposes to: (i) convert to a Wisconsin-chartered stock bank; (ii) establish a mid-tier Maryland stock holding company, Marathon Bancorp, Inc. (Bancorp), which will own 100 percent of the Bank's common stock; and (iii) establish a top-tier Wisconsin mutual holding company, Marathon MHC, which will own 55 percent of Bancorp's common stock.

Concurrently with the conversion, Bancorp intends to issue and offer for sale common stock on a priority basis to (i) eligible account holders (depositors who had accounts at the Bank with aggregate balances of at least \$50 at the close of business on September 30, 2019; (ii) the Bank's tax-qualified employee benefit plans (including the employee stock ownership and 401(k) plans); (iii) supplemental eligible account holders (depositors who had accounts at the Bank with aggregate balances of at least \$50 at the close of business on December 8, 2020; (iv) other depositors (depositors who had accounts at the Bank at the close of business on the voting record date); and (v) to the extent applicable, the local community (with a purchase preference given to persons residing in the Wisconsin counties of Marathon, Ozaukee, Milwaukee, and Waukesha, followed by other members of the general public) in a community offering and anyone in a syndicated offering. The FDIC has also reviewed the Interim Merger Application (Merger Application) filed in connection with the reorganization.

The FDIC has relied on information provided in the Bank's Notice and Merger Application, the accompanying materials, and subsequent responses to information requests in reaching its decision. Based on the information provided and representations made, the FDIC poses no objection to the Notice, subject to the conditions (certain of which must be met on an

ongoing basis) detailed in the enclosed Order and Basis approving the Merger Application filed in connection with the Notice.

Please provide documentation to the FDIC's Chicago Regional Office (CRO) to support satisfaction of the conditions in the Order and Basis. Also, please notify the CRO in writing when the proposed transactions have been consummated. Should you have any questions, contact Case Manager Cory Sloan at (608) 472-9659.

If an extension of the time limit in the Order and Basis is required, a letter requesting a specific extension, and the reasons for the extension, should be submitted to Acting Regional Director Teresa M. Sabanty via a secure email channel at CHIMailroom@fdic.gov.

Sincerely,

PATRICIA
COLOHAN

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PATRICIA COLOHAN
Date: 2021.02.07 18:49:35
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Patricia A. Colohan
Associate Director

Enclosure

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FEDERAL DEPOSIT INSURANCE CORPORATION

Marathon Bank
Wausau, Wisconsin

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to section 18(c) of the Federal Deposit Insurance (FDI) Act, Marathon Bank, Wausau, Marathon County, Wisconsin (Bank), a state-chartered, mutually owned Deposit Insurance Fund (DIF) member with total assets of \$174,536,000 and total deposits of \$139,790,000 as of December 31, 2020, filed an interim merger application (Merger Application) for the FDIC's consent to merge with Marathon Interim Bank II, Wausau, Marathon County, Wisconsin, a proposed new interim state-chartered stock savings bank. The Merger Application was filed in conjunction with a Notice of Intent to Convert (Notice) pursuant to sections 303.160 – 303.163 and 333.4 of the FDIC's regulations and other pertinent regulations.

The proposed transaction is to effect the Bank's reorganization pursuant to the Bank's Plan of Mutual Holding Company Reorganization and Minority Stock Issuance (the Plan of Reorganization), which, solely to facilitate such an undertaking, provides for the following:

- (i) The Bank will organize a Wisconsin-chartered interim stock savings bank as a wholly owned subsidiary (Marathon Interim Bank I);
- (ii) Marathon Interim Bank I will organize a Wisconsin-chartered interim stock savings bank as a wholly owned subsidiary (Marathon Interim Bank II);
- (iii) Marathon Interim Bank I will organize a Maryland stock corporation to be known as Marathon Bancorp, Inc. (Stock Holding Company) as a wholly owned subsidiary;
- (iv) The Bank will convert to stock form by exchanging its mutual savings bank charter for a stock savings bank charter and thereby become a stock savings bank (Stock Savings Bank), and Marathon Interim Bank I will become the wholly owned subsidiary of the Stock Savings Bank;
- (v) The shares of common stock of Marathon Interim Bank I will be cancelled, and Marathon Interim Bank I will exchange its articles of incorporation for Wisconsin mutual holding company articles of incorporation to become a Wisconsin-chartered mutual holding company to be known as Marathon MHC (Mutual Holding Company);
- (vi) Simultaneously with steps (iv) and (v), Marathon Interim Bank II will merge with and into the Stock Savings Bank (Interim Merger), with the Stock Savings Bank as the resulting subsidiary of the Mutual Holding Company, and all of the initially issued stock of the Stock Savings Bank will be transferred to Mutual Holding Company in exchange for membership interests in Mutual Holding Company; and

Marathon Bank, Wausau, Wisconsin
Order and Basis for Corporation Approval

- (vii) Mutual Holding Company will contribute the capital stock of the Stock Savings Bank to Stock Holding Company, and the Stock Savings Bank will become a wholly owned subsidiary of the Stock Holding Company.

Upon consummation of the proposed transaction, the deposits of the Stock Savings Bank will continue to be insured by the DIF by operation of section 4(d) of the FDI Act. The Bank will retain the name Marathon Bank and will be a stock savings bank that will be wholly owned by Marathon Bancorp, Inc., which in turn will be majority-owned by Marathon MHC.

Following the consummation of the proposed transaction, the Bank will operate the same banking business with the same management at the same locations now being served by the Bank, including its main office at 500 Scott Street, Wausau, Marathon County, Wisconsin. The proposed transaction will not alter the competitive structure of banking in the market served by the Bank.

Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act. A review of available information, including the Community Reinvestment Act (CRA) Statement of the proponent, disclosed no inconsistencies with the purposes of the CRA. The Bank is expected to continue to meet the credit needs of its community, consistent with the safe and sound operation of the institution.

In connection with the Merger Application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent bank and the resultant bank, the convenience and needs of the community to be served, and the effect of the proposed transaction on competition. The FDIC has also taken into consideration the effectiveness of the insured depository institution involved in the proposed transaction in combating money-laundering activities, and the risk posed by the transaction to the stability of the U.S. banking or financial system.

Having found favorably on all statutory factors, the FDIC hereby approves the Interim Merger, subject to the following conditions, some of which are continuing in nature:

1. The Bank shall provide written evidence that the Plan of Reorganization was approved by a vote of at least a majority of the depositors who are entitled to vote on the transaction.
2. Any change in proposed senior executive officers or the Bank's board of directors prior to the consummation of the proposed transaction will render this approval null and void, unless the Bank submits prior written notice to and receives written non-objection from the FDIC Chicago Regional Director prior to consummation of the proposed transaction.
3. The Bank will provide 60 days' prior written notice to and obtain written non-objection from the FDIC Chicago Regional Director prior to implementing any policy or executing any agreement relating to the allocation and sharing of costs with the Bank.
4. During the one-year period after the close of the conversion offering, the Bank shall provide at least 60 days' prior written notice to the FDIC Chicago Regional Director of any repurchase of shares and include copies of all documents filed with other regulators.

Marathon Bank, Wausau, Wisconsin
Order and Basis for Corporation Approval

5. Except for the issuance of all of the Bank's stock to Marathon, MHC, and the contribution of that stock to Marathon Bancorp, Inc., no shares of the Bank's stock shall be sold, transferred, or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless 30 days' prior written notice is provided to, and non-objection is received from, the FDIC Chicago Regional Director.
6. During the one-year period after the close of the conversion offering, shares issued to directors and executive officers (insiders) in the conversion offering are restricted from resale without the prior written approval of the FDIC Chicago Regional Director, except for the following, which shall not require such prior approval: (1) in the event of the death of an insider, the successor in interest may sell the shares; (2) if the insider is no longer employed by or is a trustee or director of the Bank and Marathon Bancorp, Inc., he or she may sell the shares; and (3) the insider may transfer the shares to his or her lineal descendant(s) or spouse, or into a trust or retirement vehicle for the benefit of the insider or such descendants or spouse.
7. Prior to the sale, transfer, or other disposition of any shares of Marathon Bancorp, Inc. by Marathon, MHC, to any person (including any Employee Stock Ownership Plan), or prior to a conversion of Marathon, MHC, to stock form, the Bank shall provide written notice to the FDIC Chicago Regional Director and include copies of all documents filed with the state and Federal banking or securities regulators in connection with any such sale, transfer, disposition, or conversion.
8. During the three-year period after the close of the proposed transaction, the Bank shall operate within the parameters set forth in the Business Plan submitted with the Notice and Merger Application, and must provide at least 60 days' prior written notice to and receive written non-objection from the FDIC Chicago Regional Director prior to implementing any proposed material deviation or material change from the Business Plan (including, but not limited to, any merger, acquisition, or business combination) involving the Bank.
9. The Bank's conversion into a stock bank and merger with Marathon Interim Bank II shall only be consummated on the same date as the consummation of all of the other steps of the Plan of Reorganization, as proposed in the Notice and Merger Application submitted to the FDIC.
10. The Bank shall submit copies of all final securities disclosure materials to the FDIC's Chicago Regional Office mailroom at CHIMailroom@fdic.gov.
11. The Bank shall advise the FDIC of the results of the conversion offering (and the community offering and syndicated offering, as applicable), and deliver an updated appraisal that takes the results of the conversion offering into account, discusses any material events or changes during the subscription period, and explains any securities purchase orders that have been rejected (including the reason(s) for rejection).
12. The Bank shall provide written evidence that all necessary final approvals regarding the proposed transactions have been obtained from the appropriate Federal and state authorities.
13. The proposed transactions may not be consummated later than six months after the date of this Order unless such period is extended in writing by the FDIC Chicago Regional Director.

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14. The Bank shall notify the FDIC Chicago Regional Director as soon as it becomes aware of any material change in the facts and circumstances prior to the consummation of the proposed transactions.
15. Until the proposed transactions are consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

Pursuant to the delegated authority of the FDIC Board of Directors.

Dated at Washington, D.C. this 7th day of February, 2021.

PATRICIA
COLOHAN

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PATRICIA COLOHAN
Date: 2021.02.07
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Patricia A. Colohan
Associate Director
Division of Risk Management Supervision