

# SHAREHOLDERnews

November 2012

## MESSAGE FROM THE PRESIDENT AND CEO



Dear Valued Shareholder,

Typically in our quarterly newsletter, I write about the bank's financial accomplishments and our strategic direction. However, this quarter, I will leave the financial reporting to our Chief Financial Officer, Lisa O'Neill, which you will find in the following pages. Instead, I would like to share with you the strategic importance of our Manitowoc roots and

inform you of recent efforts to grow our presence in Manitowoc County.

Bank First National was established in Manitowoc, Wisconsin, in 1894. Bank First has been serving the Manitowoc community for 118 years and our corporate headquarters remains in Manitowoc today. We are proud of our heritage. Our success in growing our footprint into adjacent markets is based on our solid foundation and the strong capital that we built here in Manitowoc. We have no plans to change that. Rather, we continue to invest in our community.

This year we purchased the property to the south of our Custer Street office in Manitowoc to expand our parking lot in order to better accommodate the additional staff we hired for our growing mortgage underwriting and servicing departments. The parking lot expansion followed our interior remodeling of the Custer Street office upper and lower levels in 2011. By the time you read this newsletter, the remodeling of the upper level of our headquarters on 8th Street in Manitowoc will be complete. This area houses deposit operations, marketing, enterprise risk management, internal audit, human resources, and treasury management departments. In 2013 we will turn our focus to another branch in Manitowoc County, our Two Rivers office. We are excited to share with you that we have engaged an architect to draw plans for a completely new facility at our current site that will serve as the prototype office for our future growth plans.

Like your bank, I also have deep roots in the Manitowoc area. My family moved to the area when I was just three years old. I graduated from Lincoln High School in 1979 and went on to receive my Bachelor of Business Administration, majoring in both Finance and Management Information Systems, from the University of Wisconsin in Madison. I earned my Masters of Business Administration from the University of Wisconsin in Milwaukee. Moreover, my parents continue to live in the area. My mother, Kay, was raised in Two Rivers and her father, Neal Schroeder, was treasurer of Schroeder's Department Store. While my father, Richard, remains active in the local business community.



**First**  
Manitowoc Bancorp, Inc.

As a Manitowoc-based company, it is important that the President of Bank First live in the area. My wife, Amy, and I are in the process of moving our home from Kohler to the cottage we built in the Manitowoc area in 2002 on Woodland Drive. We waited until now to move from the Sheboygan area because our youngest daughter, Sarah, was a senior at Kohler High School last year. She has since graduated and is now attending Rollins College in Winter Park, Florida. Our oldest daughter, Mary, is a sophomore at the University of Michigan in Ann Arbor.

Bank First is a key contributor to businesses and families in Manitowoc County. We gather deposits in our market and those funds are invested in our community through loans. Our staff also contributes to our community through significant volunteer efforts in nonprofit organizations. At Bank First, we take pride in being the oldest community bank in Manitowoc. In recent years, we have enhanced our success by delivering our relationship-based banking model into adjacent markets with new offices in Sheboygan and Oshkosh. Our growth has had a positive impact on our profitability and provided the capital for investing in our current footprint, growing our human capital and providing innovative banking solutions for our customers. However, we will not lose sight of our roots in Manitowoc. Our culture was born in Manitowoc and the success we've achieved in our new markets is the direct result of it.

Sincerely,

Michael B. Molepske, President and CEO

## Fourth Quarter Common Stock Cash Dividend

The Board declared a fourth quarter cash dividend of \$0.11 per share. It will be payable on December 14, 2012, to shareholders of record on December 7, 2012.

We strongly recommend that you use the dividend direct deposit program. Please contact our Shareowner Relations at 1-800-468-9716.

### BANK FIRST LOCATIONS:

402 N. Eighth St., Manitowoc (920) 684-6611  
2915 Custer St., Manitowoc (920) 683-5710  
1509 Washington St., Two Rivers (920) 793-2274  
106 Packer Dr., Francis Creek (920) 683-5700

109 S. Fourth Ave., St. Nazianz (920) 773-2101  
110 Baugniet St., Mishicot (920) 755-4200  
110 Fremont St., Kiel (920) 894-2215  
2747 Manitowoc Rd., Bellevue (920) 469-0500

2323 Eastern Ave., Plymouth (920) 893-1611  
2865 S. Ridge Rd., Ashwaubenon (920) 499-0500  
2600 Kohler Memorial Dr., Sheboygan (920) 694-1900  
101 City Center, Oshkosh (920) 237-5126



OTCQB: **FMWC**

[www.BankFirstNational.com](http://www.BankFirstNational.com)



# First Maniwoc Bancorp, Inc. Financial Results for nine months ended September 30, 2012

Total assets for the Company increased by \$57 million to \$938 million at September 30, 2012, compared to \$880 million at September 30, 2011. Loans grew by 11 percent on a year-over-year basis or \$72 million. Total loans are \$725 million and our loan growth is focused on selective and high quality relationships. Our asset growth is funded from strong core deposit growth totaling \$63 million or 9 percent on a year-over-year basis. More importantly, our non-interest bearing deposits have increased by 20 percent or \$26 million from \$134 million at September 30, 2011, to \$160 million at September 30, 2012, and represent 20 percent of total deposits.

Net income for the nine-months ended September 30, 2012, was \$8.46 million or \$1.28 per share, an increase of 27 percent or \$1.8 million over the prior year period in 2011 of \$6.7 million or \$1.01 per share. Net interest income increased by \$1.6 million or 7 percent during the first nine months of 2012 to \$24.2 million compared to \$22.6 million last year. Net interest margin was 3.92 percent on a year-to-date basis, down from 4.12 percent in the prior year period, due primarily to declining loan yields.

Our provision for loan losses was \$1.7 million, down 9 percent from \$1.9 million a year ago. We are pleased to report continued strong asset quality trends in 2012 compared to 2011. Our non-performing assets to total assets are 1.14 percent, down from 1.39 percent as of September 2012.

Total non-interest income was \$6.4 million for the first nine months of 2012, compared to \$5.3 million for the prior year period, an increase of 21 percent or \$1.1 million. Non-interest income increased due primarily to

growth in revenue from the sales of mortgages in the secondary market. Bank First originated \$86 million in secondary market mortgages through September 30, 2012, compared to \$33 million in the prior year. Historically low mortgage rates, coupled with our focus on relationship banking, have provided the occasion to capture additional mortgage business, which has produced increased revenue of \$890,000 on a year-over-year basis.

Non-interest expense increased by \$103,000 to \$16.9 million for the nine months-ended September 30, 2012, compared to \$16.8 million in same period of 2011. We are pleased to report that our losses on other real estate loans have declined by \$610,000 since last September. FDIC assessments are lower this year by \$431,000 compared to the same period in 2011. Salaries and benefits are also lower than prior year by \$350,000. These favorable reductions in expense were offset by a one-time charge in 2012. During the third quarter, the bank recognized a \$1.4 million early termination charge in connection with the prepayment of a collateralized borrowing that was scheduled to mature in 2018. The early prepayment charge accounted for \$0.15 of earnings per share for 2012. Our efficiency

ratio improved to 53.6 percent compared to 58.3 percent in the prior year period. Our full-time equivalent staff was 167 at September 30, 2012, down from 169 in the prior year period.

We are pleased to report that our fourth quarter 2012 dividend of \$0.11 per share is unchanged from our dividend per share amount in the third quarter of 2012 and is up 5% compared to the fourth quarter 2011. Total shareholders' equity increased by 7 percent or \$6.7 million to \$98.4 million at September 30, 2012, as compared with \$91.8 million at September 30, 2011.

Return on average equity for the nine months of 2012 was 11.65 percent, up from 10.12 percent in the first nine months of 2011. Return on average assets was 1.21 percent in 2012, up from 1.06 percent in 2011. Our financial results are derived from our focus on building relationships and delivering high quality and innovative financial services.

# 3rd 9/30/12 quarter

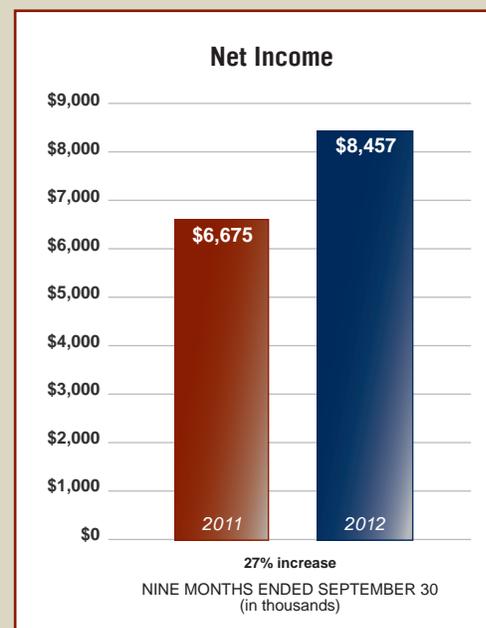


**LISA O'NEILL**  
Chief Financial Officer

## Shareholder Services

Shareholders of our First Maniwoc Bancorp, Inc. ("FMWC") stock can elect to hold qualifying shares in "book-entry" or electronic position in lieu of paper certificates.

If you are interested in finding out more information about maintaining your FMWC shares in book entry format, please contact our Shareowner Relations at 1-800-468-9716. Holding shares in book entry can prevent certificates from being lost or stolen.



# Financial Performance

	<u>9/30/2012</u>	<u>9/30/2011</u>
<b>ASSETS</b>		
	(In Thousands)	
Cash, Cash Equivalents and Fed Funds Sold	\$ 29,069	\$ 31,174
Investment Securities at Fair Value	123,467	134,127
Other Investments at Cost	2,958	3,539
Loans, Net	717,434	645,675
Premises and Equipment	9,698	9,326
Other Assets	54,995	56,320
<b>Total Assets</b>	<b>\$ 937,621</b>	<b>\$ 880,161</b>
<b>LIABILITIES</b>		
Deposits	\$ 803,156	\$ 723,995
Securities Sold Under Repurchase Agreements	25,473	38,426
Borrowed Funds	-	10,991
Notes Payable	3,600	4,020
Other Liabilities	6,976	10,978
<b>Total Liabilities</b>	<b>\$ 839,205</b>	<b>\$ 788,410</b>
<b>Total Shareholder Equity</b>	<b>98,416</b>	<b>91,751</b>
<b>Total Liabilities and Shareholder Equity</b>	<b>\$ 937,621</b>	<b>\$ 880,161</b>



**Consolidated  
Statements  
of Financial  
Condition**

**Consolidated  
Statements of  
Income**

	<u>9/30/2012</u>	<u>9/30/2011</u>
	(In Thousands, Except Share Data)	
Total Interest Income	\$ 28,666	\$ 28,226
Total Interest Expense	4,460	5,663
Net Interest Income	24,206	22,563
Provision for Loan Losses	1,700	1,860
Net Interest Income After Provision for Loan Losses	22,506	20,703
Total Other Income	6,436	5,313
Total Operating Expenses	16,935	16,833
Income Before Provision for Income Taxes	12,007	9,183
Provision for Income Taxes	3,550	2,508
<b>Net Income</b>	<b>\$ 8,457</b>	<b>\$ 6,675</b>
<b>Earnings Per Share: Basic and Diluted</b>	<b>\$ 1.28</b>	<b>\$ 1.01</b>

	<u>9/30/2012</u>	<u>9/30/2011</u>
YTD Return on Average Assets	1.21%	1.06%
YTD Return on Average Equity	11.65%	10.12%
Average Assets per Average FTE	\$ 5,580	\$ 4,976
Net Interest Margin	3.92%	4.12%
FTE - period end	167	169
Dividend Payout Ratio	26%	31%
Dividends Per Share (YTD)	\$ 0.33	\$ 0.31



**Key Financial  
Metrics**

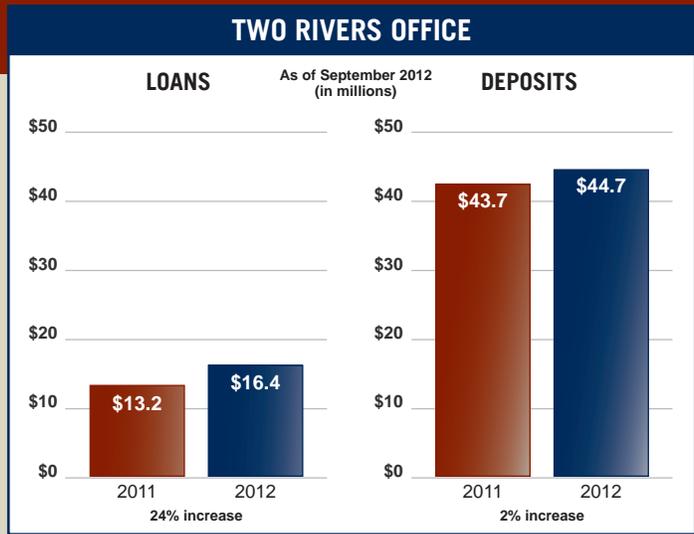


## Office Spotlight:

# Two Rivers

Our spotlight office this quarter is Two Rivers. This office is located at 1509 Washington Street, Two Rivers, and opened in the fall of 1989 which, at that time, brought our branch network to a total of four offices. This office is led by Jeff Zimmerlee and employs eight people. As of September 30, 2012, loans grew by 24 percent year-over-year from \$13.2 million to \$16.4 million. Deposits grew by 2 percent year-over-year from \$43.7 million to \$44.7 million.

In spring, Bank First will implement plans to completely reconstruct this office at our current site. The architectural design is modeled off our Sheboygan office and recently remodeled 8th Street office.



L to R: Mary Sisel, Sue Hilke, Jeff Zimmerlee, Tracy Taylor, Kris LaFond, Mandy Cisler and Lynne Krizek. Not pictured: Mary Becker and Pat Hunt.

## Bank First announces promotion and new hire

Bank First recently announced the promotion of **Jeff Zimmerlee** to Vice President / Market Manager. Zimmerlee has been with Bank First since 2005, most recently serving as Branch Manager at the Two Rivers, Mishicot and Francis Creek offices. In his new role, Zimmerlee will manage the Central Region retail area, which includes offices located in Manitowoc, Two Rivers, Francis Creek, Mishicot and St. Nazianz.



**JEFF ZIMMERLEE**

Zimmerlee is a graduate of the University of Wisconsin – Milwaukee and of Manitowoc’s Lincoln High School. His studies focused on business, human resource management, marketing and economics. Zimmerlee is a member of the Two Rivers Rotary Club, St. Francis of Assisi Parish, the Two Rivers Business Association and the Manitowoc County Board of Realtors. He and his wife, Kelle, reside in Manitowoc with their two children.



**AMANDA SITKIEWITZ**

**Amanda Sitkiewitz** recently joined Bank First as Branch Manager / Retail Banker at the bank’s 402 N. 8th Street, Manitowoc, location. In her new position, Sitkiewitz will oversee the retail area, as well as serve as a mortgage and consumer lender for the office.

Sitkiewitz has over 8 years of banking experience in the Lakeshore area. She earned a Bachelor of Arts degree in Spanish from the University of Wisconsin - Green Bay and is a native to the Manitowoc area.

Involved in her community, Sitkiewitz is a member of the SAIL organization through the Manitowoc County Chamber. She resides in Manitowoc with her husband, Eric. In her spare time she enjoys traveling, running, reading and baking.



### First Manistowoc Bancorp, Inc. Board of Directors

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