

# SHAREHOLDER NEWS



**BankFirst**  
NATIONAL CORPORATION

AUGUST 2014

## Corporation name change complete

Effective July 1, 2014, First Maniwoc Bancorp, Inc. officially changed its name to Bank First National Corporation. Shareholders approved the name change at the company's Annual Meeting of the Shareholders on May 19, 2014.

The company's board of directors and management team agreed the name change of our holding company will better align it with the bank's name, the company's ticker symbol, and will be less confusing to our customers and potential investors outside of the Manitowoc market.

Current shareholders do not need to take any action regarding their stock registration or dividends, nor will they need new stock certificates issued.

## MESSAGE FROM THE PRESIDENT AND CEO



Dear Shareholder,

We are pleased to report that Bank First continues to grow its earnings per share, which is a benchmark we use to measure the return we are delivering to our shareholders. Earnings per share rose more than 4% in the first six months of 2014 to \$0.99 per share, up from \$0.95 in the same period last year.

We have grown earnings per share by continuing to improve our core profitability and reducing the number of shares of stock outstanding through our share repurchase program. The largest component of our earnings is our net interest income.

In the first six months of 2014, we have grown net interest income by nearly \$600,000 to \$16.5 million compared to the same period last year. Over the past 12 months, we've grown loans nearly 10%, or \$78 million, and funded that growth entirely by building our core deposit base.

The second largest component of our earnings is our non-interest income (please see the charts below), which largely consists of secondary market mortgage activity, revenue from our subsidiaries Ansay & Associates and United Financial Services (UFS), and deposit and loan fees. In the first half of 2014, our results in non-interest income were mixed. We are pleased with the returns we have received from our subsidiaries. Combined, Ansay and UFS increased their contributions to Bank First in the first half of 2014 by more than 23%, or \$296,000, compared to the same period last year. However, the revenue received from selling consumer mortgages in the secondary market and the income received from servicing them declined nearly \$1.2 million in the first two quarters of 2014 compared to the same period last year. The cyclical decline in mortgage activity has been experienced throughout our industry.

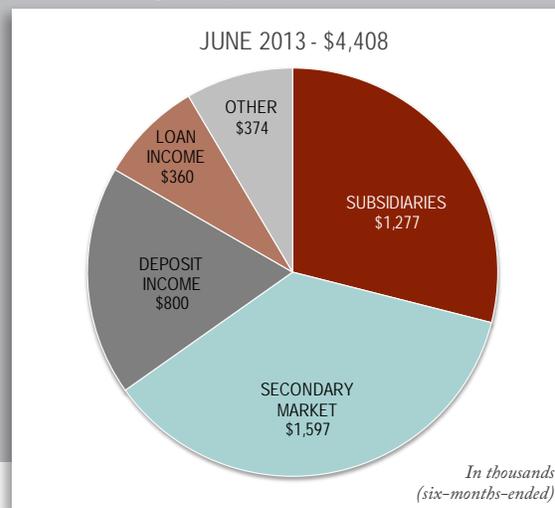
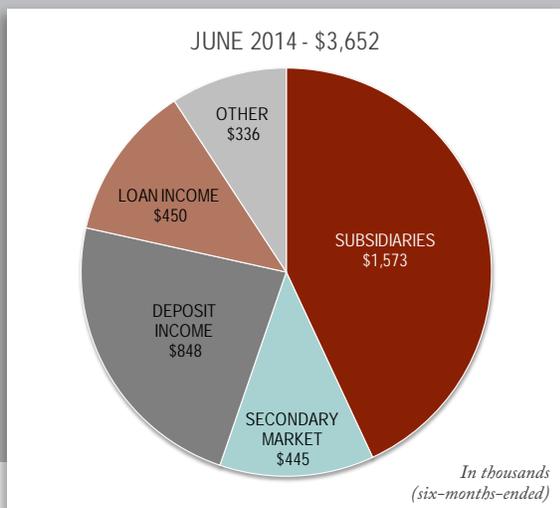
As mentioned above, we also grew earnings per share by reducing the number of shares outstanding through our share repurchase program. Through the first six months of 2014 we repurchased more than 65,000 shares of our stock at an average price of \$19.05. Details of our share repurchase program are available upon request.

Again, we are satisfied with your company's results through the first six months of 2014 and are excited with our opportunities in the second half of the year. Through our strategy of growing the bank one relationship at a time, while maintaining a disciplined approach to asset quality, we feel we can continue to grow the value of your investment in Bank First.

Sincerely,

Michael B. Molepske, President and CEO

### CONSOLIDATED NON-INTEREST INCOME *(excluding sales of investment securities)*



# SECOND QUARTER

6/30/2014

Total assets for the Company increased by more than 10% to \$1.089 billion at June 30, 2014, compared to \$989 million at June 30, 2013. Loans grew nearly \$78 million on a year-over-year basis to \$866 million. Our loan growth comes from an even split of increasing lending activity from our current customers and attracting new business and personal relationships within the markets we serve. Our loan growth is funded from core deposit growth of also \$78 million, or 9.4 percent, on a year-over-year basis.

Our provision for loan losses for the second quarter was \$570,000, up from \$425,000 a year ago. However, non-performing loans were down \$1.2 million over the same period and totaled less than \$5.6 million, or 0.51%, at June 30, 2014.

Earnings per share for the six-months-ended June 30, 2014, was \$0.99, an increase of more than 4 percent compared to the same period in 2013. Net income was \$6.3 million for the six-months-ended June 30, 2014, compared to \$6.2 million for the same period last year. Net interest income after provision for loan losses increased by \$575,000 during the first half of 2014 to \$16.5 million. Net interest margin was 3.73 percent for the first six months of 2014, down from 3.83 percent in the first half of last year. However, our loan growth more than offset the continuing decline in net interest margin due to the prolonged low interest rate environment.

Total non-interest income was \$3.7 million for the first six months of 2014, compared to \$4.1 million for the prior year period, a decrease

of \$417,000. The largest driver to this decline was lower fees from the sales of mortgage loans. Fees earned on the sales of mortgages in the first six months of this year were down \$570,000, or 70 percent, from the same period in 2013. Non-interest expense increased by \$151,000, or 1 percent, to \$11.1 million for the six-months-ended June 30, 2014. Our full-time equivalent (FTE) staff was 162 at June 30, 2014, down from 167 in the prior year. The company's assets per FTE increased to \$6.8 million at June 30, 2014, an improvement of \$821,000 over the same period last year.

Total shareholders' equity increased by 7.9 percent to \$106.3 million at June 30, 2014, as compared with \$98.6 million at June 30, 2013. Return on average equity for the first six months of 2014 was 12.0 percent, down from 12.5 percent in the same period last year. Return on average assets was 1.20 percent through six months of 2014, down from 1.26 percent the year prior.

We are very pleased to report our continued strong financial performance. Our dedicated staff of financial experts remain focused on growing and servicing our customer base one relationship at a time.

## Attention Shareholders:

To help us stay in touch with you, please reach out to Bridget Bonde, our Bank First Transfer Agent liaison, and provide us with your phone and email contact information. You can call her direct at (920) 652-3222 or email her at [bbonde@bankfirstnational.com](mailto:bbonde@bankfirstnational.com).

## Quarterly Common Stock Cash Dividend

The Board has declared a quarterly common stock cash dividend of \$0.12 per common share, an increase of one cent per common share over last quarter, or an estimated \$762,607 in total. The dividend will be payable on October 3, 2014, to shareholders of record as of September 19, 2014.

## Two Rivers office breaks ground, ahead of schedule

Bank First officials kicked off the official ground breaking ceremony for their new Two Rivers office on Thursday, May 22, 2014. Joining them were officials from A.C.E. Building Service, the City of Two Rivers, the Chamber of Manitowoc County, and The Kubala Washatko Architects Inc.

A.C.E. Building Service is the general contractor of the \$1.5 million project, which is expected to be completed in early 2015. The new building will span more than 4,600 square feet. This new office will align with the recent renovations made throughout the organization, bringing an updated look and consistency to the branch network.

The photo on the far right shows off the newly remodeled customer service area at the bank's Mishicot office.



Future Two Rivers office



Remodeled Mishicot office



# FINANCIAL PERFORMANCE

## Consolidated Statements of Financial Condition

	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>ASSETS</b>		
	<i>(In Thousands)</i>	
Cash, Cash Equivalents and Fed Funds Sold	\$ 38,657	\$ 31,667
Investment Securities at Fair Value	111,316	113,145
Other Investments at Cost	2,958	2,958
Loans, Net	856,628	777,598
Premises and Equipment	9,894	10,028
Other Assets	69,934	53,337
<b>Total Assets</b>	<b>\$ 1,089,387</b>	<b>\$ 988,733</b>
<b>LIABILITIES</b>		
Deposits	\$ 903,421	\$ 840,904
Securities Sold Under Repurchase Agreements	32,603	30,078
Borrowed Funds	20,000	-
Notes Payable	2,905	5,350
Other Liabilities	24,115	13,823
<b>Total Liabilities</b>	<b>\$ 983,044</b>	<b>\$ 890,155</b>
<b>Total Shareholder Equity</b>	<b>106,343</b>	<b>98,578</b>
<b>Total Liabilities and Shareholder Equity</b>	<b>\$ 1,089,387</b>	<b>\$ 988,733</b>

## Consolidated Statements of Income

	<b>6/30/2014</b>	<b>6/30/2013</b>
	<i>(In Thousands, Except Per Share Data)</i>	
Total Interest Income	\$ 19,588	\$ 19,107
Total Interest Expense	2,355	2,444
Net Interest Income	17,233	16,663
Provision for Loan Losses	770	775
Net Interest Income After Provision for Loan Losses	16,463	15,888
Total Other Income	3,651	4,069
Total Operating Expenses	11,057	10,906
Income Before Provision for Income Taxes	9,057	9,051
Provision for Income Taxes	2,769	2,833
<b>Net Income</b>	<b>\$ 6,288</b>	<b>\$ 6,218</b>
<b>Earnings Per Share: Basic and Diluted</b>	<b>\$ 0.99</b>	<b>\$ 0.95</b>

## Key Financial Metrics

	<b>6/30/2014</b>	<b>6/30/2013</b>
YTD Return on Average Assets	1.20%	1.26%
YTD Return on Average Equity	11.98%	12.54%
Average Assets per Average Full Time Equivalent	\$ 6,750	\$ 5,929
Net Interest Margin (YTD)	3.73%	3.83%
Full Time Equivalent - period end	162	167
Dividend Payout Ratio	67%	0%
Dividends Per Share (YTD)	\$ 0.22	\$ 0.00

# Employee promotions

Bank First is proud to announce these recent Officer promotions:

## Sharol Schroeder — AVP Human Resources

Congratulations to Sharol Schroeder on her promotion to Assistant Vice President / Human Resources. Sharol recently celebrated her 20th anniversary at Bank First. She earned her bachelor's degree in business administration, with an emphasis in human resources management, from the University of Wisconsin - Green Bay.

## Cheryl Schuh — AVP Deposit Operations

Kudos to Cheryl Schuh on her recent promotion to Assistant Vice President / Deposit Operations Manager. Cheryl has been with the bank for nine years and has worked as a Commercial Administrative Assistant and most recently as our Loan Operations Manager. She holds an associate's degree in accounting from Lakeshore Technical College.

## Denise Goebel — Loan Operations

Congratulations to Denise Goebel who has been promoted to our Loan Operations Manager. Denise has been with the bank for four years as an Administrative Assistant in our Sheboygan office. She earned her bachelor's degree in business administration, with an emphasis in finance, from the University of Wisconsin - Milwaukee.



SHAROL SCHROEDER



CHERYL SCHUH



DENISE GOEBEL



MICHAEL DEMPSEY

## Dempsey joins the BFNC board

Michael Dempsey, Executive Vice President and Chief Operations Officer at Bank First, joined the Bank First National Corporation Board of Directors on May 19, 2014 following shareholder approval at the Company's annual meeting. "Mike's extensive banking experience and knowledge of the industry make him a great fit to serve on our board," stated Mike Molepske, President and CEO. "His contributions will help facilitate the organization's strategic growth and provide great value to our shareholders."



# Office spotlight

## Loan Operations



Front row, left to right: Shannon Leonhard, Jaclyn Sleger, Sue Vang, Cheryl Schuh. Back row, left to right: Liza Machut, Dennis Kozlovsky, Wendy Prudowsky, Debi Kracht, Jean Tienor, AJ Spackman, Denise Goebel.

This quarter's office spotlight features our loan operations department, which is housed in the lower level of the Custer Street location in Manitowoc.

This busy department reviews, processes and services all retail loans for Bank First, including mortgage loans, personal loans and home equity lines of credit. They also process, underwrite, sell and service secondary market loans to Fannie Mae. Currently, the department services nearly 5,000 mortgage loans and 2,000 tax escrow accounts.

## Bank First hires new Chief Financial Officer, Kevin LeMahieu



KEVIN LEMAHIEU

Bank First recently announced the addition of Kevin LeMahieu as Chief Financial Officer to their team. LeMahieu, 42, will join the organization on August 4 and will oversee accounting, asset and liability management, the investment portfolio, and treasury functions. LeMahieu has over 19 years of public accounting experience, working primarily with financial institutions.

Since 2004, he has served as Director and Senior Manager in the Sheboygan office at CliftonLarsonAllen LLP, a firm with \$550 million in revenue and is among the nation's top ten accounting firms. In that capacity, Kevin served his clients in many areas, including internal and external audit and loan review. He earned his bachelor's degree in accountancy from Calvin College in Grand Rapids, MI and also earned his CPA. Involved in his community, LeMahieu resides in Oostburg with his wife, Michelle, and their two children, Kaitlyn and Brandon.



Find us on Facebook

### 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  
167 Lincoln St., Valders (920) 775-4740

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