

SHAREHOLDER NEWS



BankFirst
NATIONAL CORPORATION

FEBRUARY 2017

Kelly Dvorak joins Bank First as general counsel and corporate secretary

Bank First is proud to announce Kelly Dvorak has joined its team as general counsel and corporate secretary, effective March 13, 2017.

"As our bank continues to grow, it will be very beneficial to have an internal resource available to oversee legal affairs, as well as corporate and regulatory matters," stated Mike Molepske, Chief Executive Officer at Bank First. "On behalf of our board and senior management team, we are delighted Kelly is joining our organization.



KELLY DVORAK

Her knowledge and expertise in the field of law will complement our team of talented bankers."

Prior to joining Bank First, Dvorak served as legal counsel for DVO, Inc., a growing renewable energy engineering firm. From 2004 to 2010, Dvorak served as a litigation associate for Whyte Hirschboeck Dudek, S.C. in Madison and Milwaukee.

Dvorak earned her bachelor's degree in political science from the University of Wisconsin – Madison and earned her juris doctorate from the University of Wisconsin Law School.

A De Pere resident, Dvorak and her husband, Eric, have two children. In her spare time, she enjoys reading, writing, blogging, yoga, running, traveling and spending time with family.

MESSAGE FROM THE CEO



MIKE MOLEPSKE

Dear Shareholder,

Your team of dedicated bankers at Bank First is pleased to report record earnings in 2016. This is the sixth consecutive year of record earnings. In 2016, Bank First National Corporation reported earnings per share of \$2.40, an increase of 12.6% from 2015. Our record earnings last year were fueled by increased home mortgage activity and record asset growth which our CFO, Kevin LeMahieu, will discuss later in this newsletter.

At Bank First, our growth is the direct result of empowering our offices to do the right thing and holding them accountable for their financial results. We continue to increase our dominant market share in Sheboygan County. Last year, our Plymouth office led all of our offices in home loan originations resulting in loans growing 10.5% to \$88.7 million. Our office in Sheboygan grew its total deposits, including funds held under repurchase agreements, by more than \$22.5 million. Sheboygan is now both our largest loan and deposit office.

Last year, our newest office in Appleton grew its deposits and loans by \$24.4 million and \$16.1 million, respectively. Moreover, that office is scheduled to close more than \$22.0 million of new loans in the first quarter of 2017. Our second newest office, just to the south in Oshkosh, experienced a 28.5% increase in demand deposits which ended the year at \$26.3 million.

In addition, we experienced strong growth in our older offices. Last year, our 8th Street office in Manitowoc grew loans by more than \$10.7 million or 6.6%. We experienced strong deposit growth at our Custer Street office where total deposits rose by 8.1% to \$86.0 million. We built our new office in Two Rivers in 2015 to improve our efficiency in that market, and our staff delivered in 2016. In Two Rivers, we increased our deposits per employee to \$10.1 million, an improvement of nearly 20% from 2015.

Our two Green Bay area offices in Bellevue and Ashwaubenon generated exceptional loan growth in 2016. Those two offices grew total loans by nearly \$20 million, an increase of more than 14% from 2015.

Also, contributing to the success of Bank First were solid performances in our offices in Mishicot, Valders, Kiel and in Acuity Insurance's corporate headquarters in Sheboygan. Acuity's rapid growth has fueled the growth of our office there. We have outgrown our space at Acuity and we will be doubling the size of that office in 2017.

As we begin the new year, your remarkable team of bankers at Bank First will be working diligently to make 2017 another record year, while striving to always do the right thing.

Sincerely,

Michael B. Molepske, CEO and President

NOTICE TO SHAREHOLDERS:

Bank First National Corporation Annual Meeting
4:00 p.m. Monday, May 15, 2017
Capitol Civic Centre, 913 S. 8th St., Manitowoc, WI 54220

Bank First National Corporation Financial Results
for twelve months ended December 31, 2016

FOURTH QUARTER



KEVIN LEMAHIEU
Chief Financial Officer

Total assets for the Corporation increased by 6% to \$1.32 billion at December 31, 2016, compared to \$1.24 billion at December 31, 2015. Loans grew by nearly \$70 million on a year-over-year basis, ending 2016 at \$1.03 billion. Our continued high credit quality standards incorporated into this loan growth is evidenced by our 0.16% ratio of non-performing assets to total assets as of December 31, 2016. During 2016 we experienced a net recovery (loan recoveries exceeded loan charge-offs) of \$396,463. Non-performing assets were \$2.2 million at December 31, 2016, compared to \$3.5 million at December 31, 2015. Our loan growth was funded through core deposit growth of \$65 million during the year ended December 31, 2016. Demand deposits made up 29% of our overall core deposits, representing a low-cost source of funding for our outstanding loans.

Earnings per share for the year ended December 31, 2016, was \$2.40. This represents an increase of 12.6% compared to earnings per share of \$2.13 during 2015. Net income was \$14.9 million for the year ended December 31, 2016, compared to \$13.4 million during 2015. Net interest margin was 3.26% for 2016, down from 3.32% during 2015. We have been able

to maintain and increase profitability despite the continued difficult interest rate environment through continued loan and core deposit growth. The Corporation's assets per full-time equivalent staff (FTE) increased to \$7.8 million at December 31, 2016, an improvement of \$416,000 per FTE from the end of 2015.

Total non-interest income was \$9.0 million for 2016, compared to \$7.5 million for 2015, an increase of \$1.6 million. This increase in non-interest income was primarily a result of an increase of over \$1.0 million in profitability of our investment in Ansay & Associates, as well as an increase in income from the origination, sale and servicing of mortgage loans of \$0.4 million.

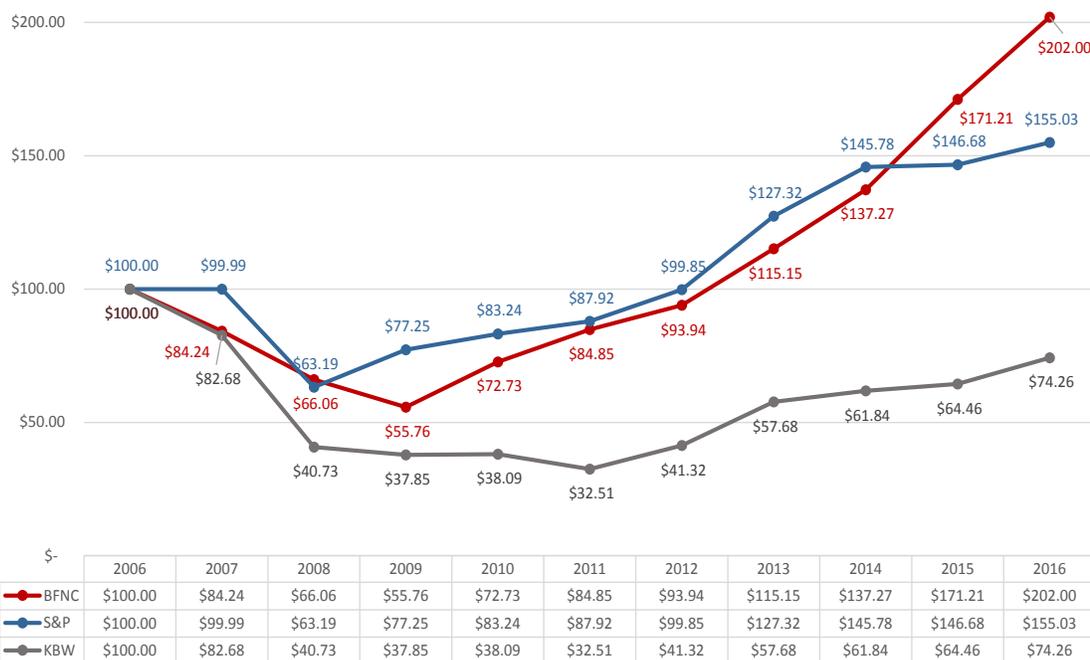
Total non-interest expense increased by \$2.6 million for 2016. This increase was primarily driven by higher personnel costs and increases in the cost of our information technology expenses. The increase in our personnel costs of \$1.1 million was driven by investments in our new office in Appleton, as well as increased staffing to service our growing customer relationships. The Corporation's efficiency ratio for the year ended December 31, 2016, was 50.8%, indicating that efficiency remains a point of emphasis for the organization.

Total shareholders' equity increased by 7.2% to \$127.5 million at December 31, 2016, compared to \$118.9 million at December 31, 2015. This growth in shareholders' equity was accomplished while maintaining a dividend payout ratio of 25% for the year ended December 31, 2016. Return on average equity for 2016 was 12.0%, up from 11.7% for 2015.

Quarterly Common Stock Cash Dividend

The Board has declared a quarterly common stock cash dividend of \$0.16 per common share, an increase of 14.3% from the fourth quarter of 2015. The dividend will be payable on April 4, 2017, to shareholders of record as of March 28, 2017.

Comparison of 10 Year Cumulative Total Return
Bank First National Corporation, S&P 500, and KBW Bank Index



BFNC Stock Repurchase Program

Bank First has a stock repurchase program under which the Corporation may repurchase shares of outstanding BFNC stock.

Please contact Mike Molepske at (920) 652-3202 or Bridget Bonde at (920) 652-3222 for further information.

FINANCIAL PERFORMANCE

Consolidated Statements of Financial Condition

	<u>12/31/2016</u>	<u>12/31/2015</u>
	<i>(In Thousands)</i>	
ASSETS		
Cash, Cash Equivalents and Fed Funds Sold	\$ 80,157	\$ 85,644
Investment Securities	142,883	131,674
Other Investments at Cost	6,088	5,338
Loans, Net	1,015,529	946,626
Premises and Equipment	13,323	12,960
Other Assets	58,017	55,433
Total Assets	\$ 1,315,997	\$ 1,237,675
LIABILITIES		
Deposits	\$ 1,127,020	\$ 1,062,575
Securities Sold Under Repurchase Agreements	50,106	45,617
Other Liabilities	11,348	10,555
Total Liabilities	\$ 1,188,474	\$ 1,118,747
Total Shareholder Equity	127,523	118,928
Total Liabilities and Shareholder Equity	\$ 1,315,997	\$ 1,237,675

Consolidated Statements of Income

	<u>12/31/2016</u>	<u>12/31/2015</u>
	<i>(In Thousands, Except Per Share Data)</i>	
Total Interest Income	\$ 44,726	\$ 41,062
Total Interest Expense	5,932	5,063
Net Interest Income	38,794	35,999
Provision for Loan Losses	320	1,008
Net Interest Income After Provision for Loan Losses	38,474	34,991
Total Other Income	9,019	7,463
Total Operating Expenses	24,874	22,305
Income Before Provision for Income Taxes	22,619	20,149
Provision for Income Taxes	7,706	6,754
Net Income	\$ 14,913	\$ 13,395
Earnings Per Share: Basic and Diluted	\$ 2.40	\$ 2.13

Key Financial Metrics

	<u>12/31/2016</u>	<u>12/31/2015</u>
YTD Return on Average Assets	1.13%	1.14%
YTD Return on Average Equity	12.01%	11.65%
Average Assets per Average FTE	\$ 7,834	\$ 7,418
Net Interest Margin (YTD)	3.26%	3.32%
Full Time Equivalent - period end	173	161
Dividend Payout Ratio	25%	24%
Dividends Per Share (YTD)	\$ 0.59	\$ 0.51
Shares Outstanding - period end	6,210,892	6,267,660

BANK FIRST NATIONAL CORPORATION

Board of Directors

Bank First's Board of Directors consist of a diverse team of leaders with extensive backgrounds in finance, audit and compliance, litigation, operations, and sales generation. The Board's primary objective is to provide oversight and ensure the Bank's affairs are carried out competently, ethically, in accordance with the law, and in the best interest of our valued employees, customers, and shareholders.

To achieve its objectives, the Board operates under six committee charters, including: Loan, Audit, Compensation, Nominating, Executive, and Policy & Governance. Each board member provides a unique perspective and significant level of expertise to the committees on which they serve.

MICHAEL G. ANSAY - Mr. Ansay is Chairman and Chief Executive Officer of Ansay & Associates, LLC, a full-service, independent insurance agency. He is also a managing member of Ansay Real Estate and Ansay International. Mr. Ansay became a director of the Corporation and Bank in February 2010, was appointed Vice-Chairman in February 2012, and assumed the role of Chairman in January of 2013.

MICHAEL B. MOLEPSKE - Mr. Molepske was appointed President and Chief Executive Officer of the Corporation and Bank in May 2010 and December 2008, respectively. He is presently President and Chief Executive Officer of the Corporation and Chief Executive Officer of the Bank. He has been with Bank First since 2005 in the capacities of Chief Executive Officer, President, Senior Loan Officer, Regional President and Executive Officer. He was appointed a director of both the Corporation and Bank in December 2008.

DONALD R. BRISCH - Mr. Brisch, retired, formerly served as the President and Vice President of Operations for Rockwell Lime Co. in Manitowoc, WI. He became a director of the Corporation and Bank in 2006.

MICHAEL P. DEMPSEY - Mr. Dempsey joined the Bank in June of 2010 as Executive Vice President and Chief Operating Officer. He is presently President of the Bank. He has direct responsibility for regional banking services and has more than thirty years of community



Front row: Katherine Reynolds, Michael Molepske, Robert Gregorski. Back row: Michael Ansay, Donald Brisch, David Sachse, and Michael Dempsey.

and commercial banking experience. He became a director of the Corporation and Bank in 2014.

DAVID R. SACHSE - Mr. Sachse is President and Owner of Landmark Consultants, Inc., a consulting, research, and entrepreneurship business formed in 1993. Throughout his tenure with Landmark Consultants, Mr. Sachse has been involved in eight successful entrepreneurial ventures, where he served in the capacities of owner, President, advisor, and board member. He became a director of the Corporation and Bank in June 2010.

ROBERT D. GREGORSKI - Mr. Gregorski is the founder and Principal of Gregorski Development, LLC, a commercial real estate development company. The company's portfolio of properties include single tenant retail buildings, multi-tenant retail buildings, ground leased properties, vacant commercial land, and multi-family residential buildings. Mr. Gregorski became a director of the Corporation and Bank in October 2010.

KATHERINE M. REYNOLDS - Ms. Reynolds is a Partner at Michael Best & Friedrich, LLP. Her practice includes wealth planning, business, real estate, and municipal law. Ms. Reynolds has been a director of the Corporation and the Bank since 1992.



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BANK FIRST LOCATIONS:

402 N. Eighth St., Manitowoc (920) 684-6611
2915 Custer St., Manitowoc (920) 683-5710
1703 Lake 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
4201 W. Wisconsin Ave., Appleton (920) 733-1927