

SHAREHOLDER NEWS



BankFirst
NATIONAL CORPORATION

MAY 2019

Bank First appoints Judy L. Heun to the Board of Directors

Bank First is pleased to announce the appointment of Judy L. Heun to its Board of Directors. Ms. Heun currently serves as Vice President and Controller for Kohler Company's Kitchen and Bath North America sector, a position she has held since 2017. In this role, she is accountable for the financial results of a multi-billion dollar international company. She also advises and directs the company leadership of the financial implications of various investments.



**JUDY L.
HEUN**

"We are delighted to welcome Judy to the Bank First Board of Directors," stated Mike Molepske, Chief Executive Officer of Bank First. "She brings a demonstrated history of strong financial discipline to the Bank, as well as a wealth of experience in the areas of financial planning, forecasting, costing, and all other financial accounting processes. These experiences contribute additional strength to the Board, allowing us to continue enhancing shareholder value."

Dedicated to the community, Ms. Heun is involved in her local church and soccer program, recently serving on both the school and soccer boards. She served as the finance committee chair for the St. John the Baptist school board for six years, and served as board member, treasurer, and team manager of the Plymouth Soccer Club.

MESSAGE FROM THE CEO



MIKE MOLEPSKE

To our shareholders,

The highlight of my position as CEO of Bank First is being able to work with the most talented team of bankers in Wisconsin. Their success is directly tied to their autonomy to make local decisions, combined with accountability for the results they deliver. We continually invest in our staff through training and educational programs, providing them with the tools and support they need to excel.

In the past decade, we have made substantial investments in our operations staff, including the establishment of a new commercial loan operations department in Clintonville, tripling the staff in our compliance department, moving all of our computer systems into a private cloud hosted by UFS (our data processing subsidiary), and hiring an Enterprise Risk Officer and an in-house General Counsel. These and many more investments support our goals of providing exceptional customer service and excellent shareholder return.

We also continue to invest in our facilities to make them welcoming and reflective of our mission, while increasing branch efficiency and the ratio of assets to employees. These investments have contributed greatly to the growth of Bank First. For example, we moved into our new branch in Sheboygan in March 2008. Since that time, we have seen remarkable growth in loans which now total more than \$427.0 million as of March 31, 2019, representing nearly 30% of all Bank First loans.

In August 2014, we moved our St. Nazianz staff into a recently acquired and renovated office five miles down the road in Valders. Since then, total deposits at that office have grown 60% and totaled more than \$46.0 million as of March 31, 2019. Moreover, the more efficient branch design improved total deposits per employee from less than \$6.7 million to more than \$11.2 million at the most recent quarter end.

In early 2015, we moved into our new Two Rivers office on Memorial Drive across from Lake Michigan. Prior to completing construction of this new office, Two Rivers was one of the Bank's least efficient branches. Since we moved into this beautiful new facility, total deposits have grown 26% and now total nearly \$71.0 million. Moreover, average deposits per employee has improved nearly 50% from \$7.8 million to more than \$11.7 million.

The following year, we entered the Appleton market, opening a new branch in the heart of Appleton's busiest retail area. The Appleton office has shown impressive growth in the last three years, boasting total deposits of \$37.9 million and loans totaling more than \$73.0 million.

I am excited to say that in January we began construction of a new Oshkosh office located near Oshkosh Avenue just off Interstate 41. This month, we will also break ground on a new Iola office located east of the Iola Welcome Center. In addition, we will be remodeling our offices in Chetek, Clintonville, and Waupaca. In July, after our upcoming acquisition of Partnership Bank, we will move forward with plans to remodel both the exterior and interior of the Cedarburg office.

As Bank First continues to grow and expand its footprint, it is essential that we continue to diligently invest in our staff, technology and facilities. This is consistent with our Promise. At Bank First, "we are a relationship-based community bank focused on providing innovative products and service that are value driven."

Sincerely,

Michael B. Molepske,
CEO and President
(920) 652-3202

***** Save the Date! *****

ANNUAL MEETING: MONDAY, JUNE 10, 2019 at 4:00 PM
Silver Lake College - Franciscan Center for Music Education and Performance
2406 South Alverno Road, Manitowoc, WI 54220

FIRST QUARTER

KEVIN LEMAHIEU
Chief Financial Officer
(920) 652-3362



Total assets for the Company increased by 6.0% to \$1.81 billion at March 31, 2019, compared to \$1.70 billion at March 31, 2018. Loans grew by \$26.8 million, representing a 1.9% increase in loans year-over-year. Core deposits increased by nearly \$105.0 million during this same period, or 7.1%. Deposit growth outpaced loan growth year-over-year as the Company continued its efforts to divest of certain out-of-state loans which were a part of the acquisition of Waupaca Bancorporation, Inc. (“Waupaca”).

Earnings per share for the quarter ended March 31, 2019, was \$1.00. This represents a decrease of 4.8% compared to earnings per share of \$1.05 during the first quarter of 2018. Income from the accounting treatment of loans purchased in the Waupaca acquisition contributed \$0.12 and \$0.22 to earnings per share for the quarters ended March 31, 2019 and 2018, respectively. Without this impact, core earnings per share increased \$0.05, or 6.0%, year-over-year. Net income was \$6.6 million for the quarter ended March 31, 2019, compared to \$7.1 million during the quarter ended March 31, 2018. Absent the aforementioned income from purchased loans, core net income was \$5.8 and \$5.6 million for the quarters ended March 31, 2019 and 2018, respectively.

Non-interest income totaled \$3.3 million for the quarter ended

March 31, 2019, down from \$3.4 million during the first quarter of 2018. The primary driver for this reduction in non-interest income was a reduction in revenue provided by the Company’s investment in Ansay & Associates, LLC (Ansay), which was \$0.9 million and \$1.2 million for the quarters ended March 31, 2019 and 2018, respectively. Ansay was required to adopt new accounting standards for revenue recognition which will require its revenue, a majority of which has historically been recognized in the first two quarters of each year, to be more evenly recognized over all four quarters for 2019 and all years going forward. The new standards should not have an impact on total profitability of Ansay for the full year, but will change the timing of revenues received by the Company from this investment.

Non-interest expense totaled \$9.3 million for the quarter ended March 31, 2019, down from \$9.7 million for the first quarter of 2018. Occupancy expense declined year-over-year by \$0.5 million, the result of significant investments in facilities and equipment which were required in the first quarter of 2018 while the Company integrated the new offices acquired in the Waupaca acquisition, a cost which was not repeated in the first quarter of 2019. The Company continued its trend of efficient operations as its efficiency ratio, a measure of efficiency where a lower number indicates more efficient operations, was only slightly elevated from 50.0% for the first quarter of 2018 to 50.2% for the current quarter.

Total shareholders’ equity increased by 10.7% to \$179.2 million at March 31, 2019, compared to \$161.8 million at March 31, 2018. This growth in shareholders’ equity was accomplished while increasing the dividend for our shareholders from \$0.16 per share for the quarter ended March 31, 2018, to \$0.20 per share for the quarter ended March 31, 2019. The board and management assesses our common stock dividend every quarter as we consider current capital levels, alternative needs for funds and strategic initiatives of the Company.



Bank First receives regulatory approvals for upcoming merger with Partnership Bank

Bank First National Corporation recently received approval from the Office of the Comptroller of the Currency (OCC), the Federal Reserve (Fed), and the Wisconsin Department of Financial Institutions (WDFI) to merge Partnership Community Bancshares, Inc. (“Partnership”), parent company of Partnership Bank, into Bank First.

“We are pleased to move forward with the merger with Bank First,” stated David Braaten, Chief Executive Officer of Partnership Bank. “This is a tremendous opportunity to partner with one of the top performing banks in the State of Wisconsin and become an important part of its 125-year history. This merger will provide the additional scale and resources we need to better serve our customers and build new relationships.”

Partnership will seek approval of the merger from its shareholders at a special meeting to be held June 11, 2019. Subject to that approval, the merger of the two organizations is scheduled for Friday, July 12, 2019. The systems conversion would occur over that weekend, and the Cedarburg, Mequon, Tomah, and Watertown branches would open as Bank First branches on Monday, July 15, 2019.

FINANCIAL PERFORMANCE

Consolidated Statements of Financial Condition

| | <u>3/31/2019</u> | <u>3/31/2018</u> |
|---|-----------------------|---------------------|
| | <i>(In Thousands)</i> | |
| ASSETS | | |
| Cash, Cash Equivalents and Fed Funds Sold | \$ 109,178 | \$ 37,752 |
| Investment Securities | 163,530 | 163,320 |
| Other Investments | 4,427 | 4,687 |
| Loans, Net | 1,419,285 | 1,393,132 |
| Premises and Equipment | 26,915 | 24,343 |
| Other Assets | 82,073 | 80,389 |
| Total Assets | \$ 1,805,408 | \$ 1,703,623 |
| LIABILITIES | | |
| Deposits | \$ 1,573,677 | \$ 1,468,713 |
| Securities Sold Under Repurchase Agreements | 25,484 | 25,879 |
| Borrowed Funds | 11,500 | 35,500 |
| Other Liabilities | 15,570 | 11,736 |
| Total Liabilities | \$ 1,626,231 | \$ 1,541,828 |
| Total Shareholder Equity | 179,177 | 161,795 |
| Total Liabilities and Shareholder Equity | \$ 1,805,408 | \$ 1,703,623 |

Consolidated Statements of Income

| | <u>3/31/2019</u> | <u>3/31/2018</u> |
|---|--|------------------|
| | <i>(In Thousands, Except Per Share Data)</i> | |
| Total Interest Income | \$ 19,723 | \$ 19,309 |
| Total Interest Expense | 4,523 | 3,027 |
| Net Interest Income | 15,200 | 16,282 |
| Provision for Loan Losses | 625 | 485 |
| Net Interest Income After Provision for Loan Losses | 14,575 | 15,797 |
| Total Other Income | 3,306 | 3,443 |
| Total Operating Expenses | 9,302 | 9,677 |
| Income Before Provision for Income Taxes | 8,579 | 9,263 |
| Provision for Income Taxes | 1,992 | 2,200 |
| Net Income | \$ 6,587 | \$ 7,063 |
| Earnings Per Share: Basic and Diluted | \$ 1.00 | \$ 1.05 |

Key Financial Metrics

| | <u>3/31/2019</u> | <u>3/31/2018</u> |
|-----------------------------------|------------------|------------------|
| YTD Return on Average Assets | 1.49% | 1.57% |
| YTD Return on Average Equity | 15.05% | 17.37% |
| Average Assets per Average FTE | \$ 7,184 | \$ 7,366 |
| Net Interest Margin (YTD) | 3.82% | 4.04% |
| Full Time Equivalent - period end | 247 | 244 |
| Dividend Payout Ratio | 20% | 15% |
| Dividends Per Share (YTD) | \$ 0.20 | \$ 0.16 |
| Shares Outstanding - period end | 6,577,045 | 6,692,407 |

Bank First announces recent promotions

JESSICA DARMAWAN has been promoted to Senior Vice President - Treasury Management. Jessica joined Bank First in 2004 as a teller and since then, has quickly evolved into a key member of the Bank's Treasury Management team. In her new role, Jessica will be responsible for managing the Bank's e-banking division and developing new Treasury Management client opportunities while enhancing the Bank's relationship with existing customers by identifying, analyzing, and supporting products and services integral to their operational needs. Ms. Darmawan earned her Bachelor of Arts degree in Communications and Education from the University of Wisconsin - Stevens Point. She received the AAP (Accredited ACH Professional) designation in October 2017. Dedicated to her community, Jessica volunteers

her time with Preble youth sports. She resides in Green Bay with her husband and their two daughters. In her spare time, Jessica enjoys running, traveling, and spending time with her family.

Bank First also recently announced the promotion of **RACHEL WILKE** to Treasury Management Officer. Rachel joined Bank First in 2011 as a teller and then served as a member of the Deposit Operations team. Most recently, Rachel has served as a Treasury Management Representative for Bank First. In her new role, Rachel will be responsible for Treasury Management sales and onboarding new customer relationships as well as reviewing and adding value to existing business customer relationships. Rachel earned her Associate's



DARMAWAN



WILKE

Degree in Accounting from Northeast Wisconsin Technical College. In her spare time, she enjoys walking her dog, working out, fishing, and spending time with family and friends. She resides in Two Rivers with her fiancé, Brad, and their dog Leia.

BANK FIRST'S NEW OSHKOSH OFFICE WELL UNDER WAY!

Members of the Bank First team recently gathered for a groundbreaking ceremony at the site of their future Oshkosh office, located at 1159 N. Koeller Street (at the corner of Interstate 41 and US Hwy. 21). The new 6,800 square foot office will match the contemporary design and efficient use of space similar to other recently-constructed Bank First locations. It is expected to open at the end of this year.



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Newsletter moving to electronic delivery

In an effort to be more environmentally-friendly, our newsletter will be emailed to shareholders in the future. Simply visit our Investor Relations page on our website and click on the **"Subscribe to Newsletter"** button and it will be emailed to you.

In addition, a PDF version of our newsletter will be published on our Investor Relations site under Press Releases / Newsletters. Hard copies are available upon request by calling Bridget at (920) 652-3222.

BFC Stock Repurchase Program

Bank First has a stock repurchase program under which the Corporation may repurchase shares of outstanding BFC stock. Please contact Mike Molepske at (920) 652-3202 or Bridget Bonde at (920) 652-3222 for further information.

Quarterly Common Stock Cash Dividend

The Corporation's Board of Directors approved a quarterly cash dividend of \$0.20 per common share, payable on July 8, 2019, to shareholders of record as of June 24, 2019.



APPLETON
4201 W. Wisconsin Avenue
920-733-1927

CHETEK
621 2nd Street
715-924-4851

KIEL
110 Fremont Street
920-894-2215

MISHICOT
110 Baugniet Street
920-755-4200

SHEBOYGAN
689 Woodland Plaza
920-833-2515

VALDERS
167 Lincoln Street
920-775-4740

ASHWAUBENON
2865 South Ridge Road
920-499-0500

CLINTONVILLE
135 S. Main Street
715-823-3131

MANITOWOC
402 N. 8th Street
920-652-3100

OSHKOSH
101 City Center
920-237-5126

SHEBOYGAN
2600 Kohler Memorial Dr.
920-694-1900

WAUPACA
111 Jefferson Street
715-258-5511

BELLEVUE
2747 Manitowoc Road
920-469-0500

IOLA
148 North Main Street
715-445-3211

MANITOWOC
2915 Custer Street
920-652-3110

PLYMOUTH
2700 Eastern Avenue
920-893-1611

TWO RIVERS
1703 Lake Street
920-793-2274

WEYAUWEGA
101 Main Street
920-867-4611