

# SHAREHOLDERnews

August 2010

## MESSAGE FROM THE BOARD CHAIRMAN



Dear Fellow Shareholders,

As Chairman of the Board of Directors of First Manitowoc Bancorp, Inc., it is an honor to author this issue of our quarterly shareholder newsletter to update you on Bank First National and to share the news that I will be retiring on November 30, 2010, upon attaining 70 years old. I have served on the board for 30 years and have seen the Bank grow from \$75 million in assets to over \$800 million through a combination of acquisitions and de novo offices.

In 1982 when Tom Bare joined the Board of Directors he brought a new perspective to the table and I learned the importance of capital from him - he used to say "Capital is King" and those words have certainly been relevant in this difficult economic cycle. Our continued positive financial results for the second quarter 2010 reflect the healthy state of our Bank. Capital exceeds the well-capitalized requirements, asset quality trends continue to outperform peers, earnings are consistent and improving and our most important asset, our people, are driving the strategic plan of Bank First National.

During the past five years, Bank First National has experienced significant transition and change as we developed the succession management plan, in anticipation of Tom Bare's retirement which occurred in December of 2008. In 2009, we embarked in a leadership passage that included the transition of leadership in a joint manner to Michael B. Molepske as CEO and David J. Diedrich as President. During 2009, the Bank undertook many initiatives and its financial performance was very stable and positive. The three branch closures and operations restructure that occurred in 2009 are now positively impacting our 2010 financial results and have provided the foundation for our latest strategic initiative of expanding into the Fox Valley market.

We welcome Michael Dempsey, who recently accepted the position of Executive Vice President and Chief Operating Officer for our Bank. He has direct responsibility for regional banking services, with an initial emphasis on establishing a Bank First National office in Oshkosh. Our strategy is to establish a banking presence in Winnebago County, and offer our relationship based and technology-focused service model that has been successful for us in Sheboygan County. To further prepare the organization for our continued growth, the Board has appointed Michael B. Molepske as CEO/President, David J. Diedrich as President of the Central Region and Jason Krepline as Senior Loan Officer.

In closing, it is with great pleasure that I pass the Chairmanship leadership position to John Miller who has been a Director with the Bank since 1996. Mr. Miller is Chairman of the Board of Miller-St. Nazianz, Inc. an agricultural equipment manufacturer. I believe that the Board of Directors working together with Bank First National's leadership team will support this organization in delivering shareholder value to you.

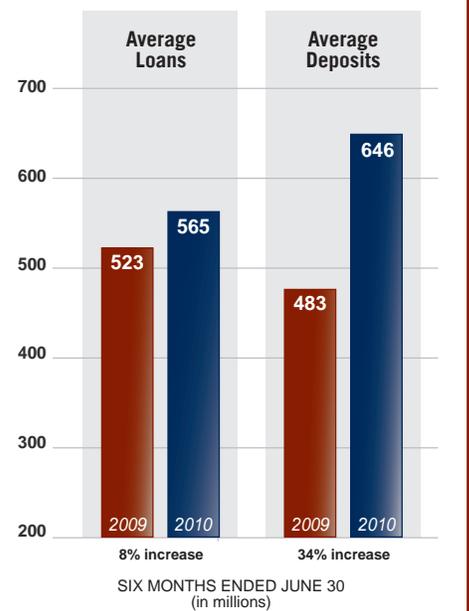
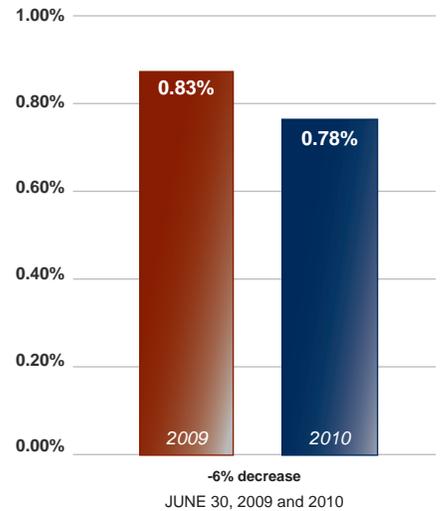
Sincerely yours,

John J. Zimmer



**First**  
Manitowoc Bancorp, Inc.

### Non-Performing Loans to Total Loans



## BANK FIRST NATIONAL

402 N. Eighth St., Manitowoc (920) 684-6611  
4712 Expo Dr., Manitowoc (920) 652-3150  
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



Ticker: **FMWC**

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



# First Maniwoc Bancorp, Inc. Financial Results for six months ended June 30, 2010

## 2nd <sup>6/30/10</sup> quarter

Our solid financial performance for 2009 continues into 2010. This quarter we announced plans to expand our footprint into the Fox Valley area and we continue our focus on growing banking relationships one at a time. Our core banking business continues to grow, our insurance activities are earning more operating profit on a year-over-year basis, and our solid foundation is providing an opportunity for selective and high quality growth.

Total assets for the Company increased by \$53 million or 7 percent to \$815 million at June 30, 2010, compared to \$762 million at June 30, 2009. Loans grew by 9 percent during the year with \$47 million year-over-year growth. Our asset growth was funded from strong core deposit growth of \$75 million on a year-over-year basis. Our non-interest bearing deposits have increased by 14 percent or \$13 million from \$97 million at June 30, 2009, to \$110 million at June 30, 2010.

We are pleased to report continued stable asset quality trends in 2010 compared to 2009. Our nonperforming assets to total assets have decreased to 0.78 percent at June 30, 2010, from 0.83 percent at June 30, 2009, due to a \$2.0 million decrease in other real estate owned assets. Net charge-offs for 2010 were \$1.3 million compared to \$979,000 in 2009. Provision for loan losses was \$3.5 million in 2010 compared to \$1.7 million in 2009. During 2010 we have increased our provision expense to ensure proper protection during these challenging economic times. As a result, our allowance for probable credit losses as a percentage of gross loans is 1.35 percent

at June 30, 2010, up from 1.03 percent at June 30, 2009.

Our 2010 net income for the six months ended June 30, 2010, was \$3.5 million or \$0.53 per share, an increase of 46 percent over 2009 net income available for common shareholders of \$2.4 million or \$0.36 per share. Our 2009 results include \$0.13 per share of TARP related costs that are nonrecurring in 2010.

Net-interest income increased by \$1.8 million or 15 percent during 2010 to \$14.0 million, as compared to \$12.2 million in 2009, due to a \$55 million increase in average earning assets and expansion in net-interest margin to 3.83 percent from 3.62 percent in 2009.

Total non-interest income was \$3.6 million for the first six months of 2010, compared to \$7.0 million for the prior year period. In 2010, Bank First National has recorded its 38 percent interest in Ansay & Associates, LLC in one net line item in noninterest income. In 2009 and prior, the insurance business was consolidated with Bank First National and therefore revenues and expenses were reported gross in 2009 and prior.

Non-interest expense decreased by \$3.7 million, or 28 percent, to \$9.7

million for the six months ended June 30, 2010, compared to \$13.3 million in 2009. The reduced level of non-interest expense results from the three branch closures in 2009 and the reflection of insurance related expenses in non-interest income for our 38 percent minority interest in Ansay & Associates, LLC. Our full time equivalent staff decreased by 88 persons to 175 at June 30, 2010, from 263 at June 30, 2009. The merger of our insurance subsidiary with Ansay LLC reduced our consolidated headcount by 60 persons, as the Company holds a minority owned 38 percent interest in the newly formed entity versus a 100 percent owned subsidiary. The Company's efficiency ratio decreased to 51 percent at June 30, 2010, from 68 percent at June 30, 2009.

We are pleased to report that our second quarter 2010 dividend of \$0.105 per share is unchanged from our dividend per share amount in the first quarter of 2010. Total shareholders' equity increased by 10 percent or \$7.6 million to \$84.7 million at June 30, 2010, as compared with \$77.3 million at June 30, 2009.

Return on average equity for 2010 was 8.48 percent for 2010 compared to 7.14 percent in 2009. Return on average assets was 0.84 percent in 2010 compared to 0.83 percent in 2009. While the banking and economic climate remains turbulent, we are pleased to report profitable and sound financial trends as we prepare and respond to these challenging economic times. Our financial results are derived from our focus on building relationships and delivering high quality and innovative financial services.

### Second Quarter Cash Dividend

The board declared a regular cash dividend of \$0.105 per share. It was payable June 11, 2010, to shareholders of record May 28, 2010. We strongly recommend that you use the dividend direct deposit program. It is safe, secure, and very convenient.

Please contact Joan Walsh at our Eighth Street office, (920) 652-3276, for details.

### Shareholder services

Shareholders of our First Maniwoc Bancorp, Inc. ("FMWC") stock can now 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 Joan Walsh at 920-652-3276. Holding shares in book entry can prevent certificates from being lost or stolen.

In addition, the Bank First National Wealth Management Department can assist you in opening a brokerage account for the purpose of holding your stock.

Bank First National employees Susan Hoppe 920-652-3282 and Wendi Lucarelli 920-892-3307 are registered representatives with Woodbury Financial Services, Inc., and are available to answer any questions you have about opening a brokerage account for the purpose of holding your stock.

Securities and Investment Advisory Services offered through Woodbury Financial Services, Inc. P.O. Box 64284, St. Paul, MN 55164 (800) 800-2638 Member FINRA ([www.finra.org](http://www.finra.org)), SIPC ([www.sipc.org](http://www.sipc.org)) and Registered Investment Advisor. Not FDIC Insured. Not Bank Guaranteed. Not a Bank Deposit. Not insured by any government agency. May lose value. Bank First National and Woodbury Financial Services, Inc. are not affiliated entities.

# Financial Performance

	<u>6/30/2010</u>	<u>6/30/2009</u>
	(In Thousands)	
<b>ASSETS</b>		
Cash, Cash Equivalents and Fed Funds Sold	\$ 19,104	\$ 12,319
Investment Securities at Fair Value	161,217	165,904
Other Investments at Cost	3,539	3,539
Loans, Net	568,717	521,272
Premises and Equipment	9,172	10,097
Other Assets	53,300	48,868
<b>Total Assets</b>	<b>\$ 815,049</b>	<b>\$ 761,999</b>
<b>LIABILITIES</b>		
Deposits	\$ 643,611	\$ 574,271
Securities Sold Under Repurchase Agreements	54,959	67,735
Borrowed Funds	21,442	28,750
Notes Payable	3,400	4,600
Other Liabilities	6,670	9,289
<b>Total Liabilities</b>	<b>\$ 730,082</b>	<b>\$ 684,645</b>
<b>Total Shareholder Equity</b>	<b>84,967</b>	<b>77,354</b>
<b>Total Liabilities and Shareholder Equity</b>	<b>\$ 815,049</b>	<b>\$ 761,999</b>



**Consolidated  
Statements  
of Financial  
Condition**

**Consolidated  
Statements of  
Income**

	<u>6/30/2010</u>	<u>6/30/2009</u>
	(In Thousands, Except Share Data)	
Total Interest Income	\$ 19,299	\$ 19,153
Total Interest Expense	5,279	6,938
Net Interest Income	14,020	12,215
Provision for Loan Losses	3,457	1,680
Net Interest Income After Provision for Loan Losses	10,563	10,535
Total Other Income	3,625	6,997
Total Operating Expenses	9,663	13,344
Income Before Provision for Income Taxes	4,525	4,188
Provision for Income Taxes	1,021	956
<b>Net Income</b>	<b>\$ 3,504</b>	<b>\$ 3,232</b>
<b>Net Income available for common shareholders</b>	<b>\$ 3,504</b>	<b>\$ 2,394</b>
<b>Earnings Per Share: Basic and Diluted</b>	<b>\$ 0.53</b>	<b>\$ 0.36</b>

	<u>6/30/2010</u>	<u>6/30/2009</u>
Return on Average Assets	0.84%	0.83%
Return on Average Equity	8.48%	7.14%
Efficiency Ratio	51%	68%
Net Interest Margin (bank only)	3.83%	3.62%
FTE - period end	175	263
Dividend Payout Ratio	40%	58%
Dividends Per Share	\$ 0.21	\$ 0.21



**Key Financial  
Metrics**

## Dempsey joins Bank First National to establish office in Fox Valley

Michael Dempsey has accepted the position of Executive Vice President and Chief Operating Officer for Bank First National. He has direct responsibility for regional banking services, with an initial emphasis on establishing Bank First National's presence in the Fox Valley area.

"We are excited to have identified the ideal candidate who will develop a banking team and establish Bank First National's presence in a new market," stated Mike Molepske, CEO and President of Bank First National. "Dempsey's knowledge and experience adds depth to our management team and value to our organization."

Dempsey brings more than 30 years of community and commercial banking experience to Bank First National, including 15 years at Associated Bank, NA where he served as Regional President and CEO. He was responsible for commercial, retail, mortgage and private banking services, as well as treasury management, credit underwriting and SBA lending functions.

An active member of the Oshkosh community, Dempsey serves on the board of the UW-Oshkosh Foundation, President of Waterfest Concert Series, Chairman of the Business Recruitment Committee of Oshkosh Area Economic Development Corporation and Oshkosh Industrial Development Corporation, and also volunteers at the EAA.

Dempsey holds both his MBA and Bachelor's degree from the University of Wisconsin-Oshkosh.



**MICHAEL DEMPSEY**

## Board appoints new member

John J. Zimmer, Chairman of the Board for First Manitowoc Bancorp, Inc. has announced the appointment of **David R. Sachse** to the boards of directors of First Manitowoc Bancorp, Inc. and Bank First National.

"With Mr. Sachse's business expertise, we are very fortunate to have him join our Boards," said Zimmer. "His good judgment, diverse experience, and commitment to success will play a key role in Bank First National's growth and success."

Mr. Sasche is currently President of Polar Ware Co./Stoelting, LLC, an ISO 9001:2008 certified manufacturing company located in Kiel, Wisconsin; co-owner and President of Nutrients, Inc., the number one manufacturer in North America of vinegar nutrients located in Manitowoc, Wisconsin; and owner and Chairman of HTT Inc., a leading metal stamping and tool & die company located in Sheboygan Falls, Wisconsin. He earned Bachelor of Science degree in marketing and finance from UW-Milwaukee, and also has his C.F.P. designation.



**DAVID SACHSE**

## Bank First National welcomes new hires

Mike Molepske, CEO and President at Bank First National, recently announced the addition of Joan Woldt and Meghann Kasper to the Bank First National team. They will be joining Michael Dempsey, Executive Vice President and Chief Operating Officer, in establishing Bank First National's footprint in the Oshkosh and Fox Valley area.

**Joan Woldt**, Regional President, joins Bank First National after spending 15 years with Associated Bank. She previously held the position of Commercial Banking Group Leader at Associated Bank in the Fox Valley and Fond du Lac markets, where she also managed Associated Bank's Private Banking Services.

Woldt earned her bachelor's degree from UW-Green Bay with an emphasis in finance. She currently serves on the Board of Directors for the Oshkosh YMCA and the Fox Cities Chamber, and is a member of the Oshkosh Business Retention Committee. She also volunteers as St. Elizabeth Ann Seton Elementary School. Having grown up in the Appleton area, Woldt now resides in Oshkosh with her husband and son. In her free time, she enjoys jogging, biking, fishing, photography,

reading, watching football and time with her family.

**Meghann Kasper** joins Bank First National as Vice President, Business Banking. Kasper previously held the position of Vice President, Commercial Banking at Associated Bank where she was employed the past 7 years. She currently serves as Board President of Arc – a Winnebago County Disability Association, Treasurer of the Clogging Association of Wisconsin, Board Member of the Oshkosh Area Economic Development, Treasurer of the Oshkosh Area Humane Society, Chair of the Oshkosh Chamber of Commerce Holiday Parade, and a Committee Member for the Paine Art Center & Gardens fundraising events.

She also is a member of the Propel – a young professionals organization in Oshkosh.

Kasper earned her bachelor's degree from UW-Oshkosh with a degree in finance, and is currently pursuing her Masters of Business Administration from UW-Oshkosh. She resides in Oshkosh with her husband, and enjoys reading, exercising, clog dancing, and spending time with her family.



**JOAN WOLDT**



**MEGHANN KASPER**



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

John J. Zimmer

John C. Miller

Michael B. Molepske

David J. Diedrich

Michael G. Ansay

Donald R. Brisch

Daniel J. Lalko

Craig A. Pauly

Katherine M. Reynolds

David R. Sachse

John M. Webster