

# SHAREHOLDERnews

May 2010

## MESSAGE FROM THE CEO



Dear Shareholder:

We would like to take this opportunity to thank all of our shareholders who attended our 2010 annual shareholders' meeting held last month at the Wisconsin Maritime Museum in Manitowoc. We received positive comments from many in attendance who enjoyed the new venue and the early start time at 4:00 p.m. Holding the event at the Wisconsin Maritime Museum allowed us to have a more personalized atmosphere while supporting an outstanding local non-profit organization. The overall message delivered by all of our presenters was one that showed your financial institution performing well. The slides that were presented can be found under the investor relations/presentations tab at our website, [www.BankFirstNational.com](http://www.BankFirstNational.com).

Overall, during the first calendar quarter of 2010, we continued the positive momentum we established in 2009. Net profit for the first three months of 2010 improved more than 55% to nearly \$2.2 million compared to \$1.4 million in the same period last year. The improvement in our performance thus far in 2010 can be attributed to the cost savings we are realizing from our branch restructuring in 2009, improving interest rate margins, continued growth of our bank, and the positive performance of our two subsidiaries, United Financial Services, Inc. and Ansay & Associates, LLC.

In addition, our staff continues to address credit quality issues proactively by seeking solutions that assist our customers while reducing potential losses to the bank. This activity is reflected in our first quarter delinquency levels. In the first three months of 2010, 30+ day delinquency has averaged less than 0.39%, and we ended the quarter at just 0.40%. Also, 90+ day delinquency remained at 0.00% at March 31, 2010. Charge offs in the first three months of 2010 decreased to \$1.2 million from \$1.7 million in the fourth quarter of 2009. The level of charge offs is a reflection of the proactive collection efforts of our credit risk management staff.

We experienced improved performance from both of our subsidiaries in the first three months of 2010. United Financial Services, Inc., which provides full data processing for more than 40 financial institutions, recently announced that Nicolet National Bank is moving its data processing to United Financial Services, Inc. in the second quarter of this year. As we discussed at our shareholders' meeting, this subsidiary has strategic significance to our company and is recorded below fair value on our balance sheet.

Moreover, the investment we have in our insurance agency, Ansay & Associates, LLC, performed well in the first quarter of 2010. The tangible book value of this investment increased to more than \$14.1 million at March 31, 2010, compared to just under \$1.0 million at the same period last year. Also, we saw improvement in the pre-tax profit from this entity as well. Pre-tax profit from our investment increased 133% to nearly \$552,000 for the first three months of 2010 compared to \$237,000 during the same period in 2009.

Although the economic environment remains unsettled, we are confident our key strengths will assist our organization to continue to succeed. Our strength comes from our dedicated and engaged staff, a strong capital position, conservative credit risk management, and the underlying strength of the markets we serve.

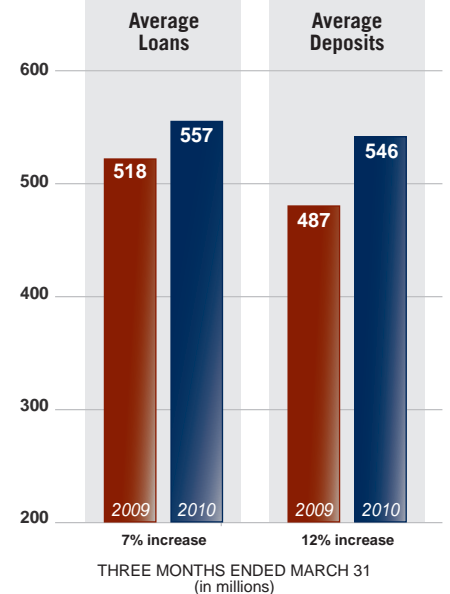
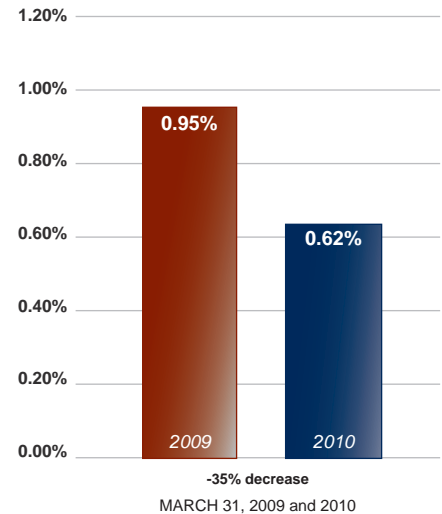
Sincerely yours,

Michael B. Molepske, CEO



**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 three months ended March 31, 2010

Our strong financial performance for 2009 continues into the first quarter of 2010. Banking relationships continue to grow and our investment in Ansay & Associates, LLC, has garnered higher revenue on a quarter-over-quarter basis. We are particularly pleased with the improvements in our efficiency ratio which is currently at 50%, down from 69% in the prior year period.

Total assets for the Company increased by \$55 million or 7% to \$834 million at March 31, 2010, compared to \$778 million at March 31, 2009. Loans grew by 9% during the year with \$45 million year-over-year growth. Our asset growth was funded from strong core deposit growth of \$63 million on a year-over-year basis. Our non-interest bearing deposits have increased by 9% or \$8.5 million from \$95 million at March 31, 2009, to \$104 million at March 31, 2010.

We are pleased to report improved asset quality trends in 2010 compared to 2009. Our nonperforming assets to total assets have decreased to 0.62% at March 31, 2010, from 0.95% at March 31, 2009, due to a \$2.0 million decrease in nonaccrual loans. Net charge-offs for 2010 were \$1.2 million compared to \$319,000 in 2009. Our allowance for probable credit losses as a percentage of gross loans is 1.04% at March 31, 2010, and unchanged from March 31, 2009.

Our 2010 net income for the three

# 1st <sup>3/31/10</sup> quarter

months ended March 31, 2010, was \$2.2 million or \$0.33 per share, an increase of 55% over 2009 net income of \$1.4 million and a 79% improvement over first quarter 2009 earnings per share of \$0.18.

Net interest income increased by \$826,000 or 14% during 2010 to \$6.8 million, as compared to \$5.9 million in 2009, due to a \$40 million increase in average earning assets and expansion in net interest margin to 3.73% from 3.67% in 2009.

Total non-interest income was \$2.3 million for the first three months of 2010, compared to \$3.2 million for the prior year period. In 2010, Bank First National has recorded its 38% 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 \$1.8 million, or 28%, to \$4.7 million for the three months ended March 31, 2010,

compared to \$6.5 million in 2009. The reduced level of non-interest expense results from the three branch closures made in 2009 and the reflection of insurance related expenses in noninterest income for our 38% minority interest in Ansay & Associates, LLC. Our full-time equivalent staff decreased by 88 persons to 167 at March 31, 2010, from 255 at March 31, 2009.

We are pleased to report that our first quarter 2010 dividend of \$0.105 per share is unchanged from our dividend per share amount in the fourth quarter of 2009. Total shareholders' equity decreased by 8% or \$7.7 million to \$83.3 million at March 31, 2010, as compared with \$91.0 million at March 31, 2009. During 2009, the Company received \$12 million of TARP funds in January 2009 and repaid the U.S. Treasury's investment in May 2010; therefore, equity was higher in 2009 as of March 31, 2009.

Return on average equity for 2010 was 10.47% for 2010 compared to 6.11% in 2009. Return on average assets was 1.03% in 2010 compared to 0.71% in 2009. While the banking and economic climates remain 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.



For more information regarding our financial results, peer performance, and our  
**2009 ANNUAL REPORT**

we invite you to visit our Investor Relations page on our website... [www.BankFirstNational.com](http://www.BankFirstNational.com)

Click on...

**'INVESTOR RELATIONS':**

## First Quarter Cash Dividend

The board has declared a regular cash dividend of \$0.105 per share. It was payable March 12, 2010, to shareholders of record March 1, 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>3/31/2010</u>	<u>3/31/2009</u>
	(In Thousands)	
<b>ASSETS</b>		
Cash, Cash Equivalents and Fed Funds Sold	\$ 18,435	\$ 20,882
Investment Securities at Fair Value	190,263	172,388
Other Investments at Cost	3,639	3,639
Loans, Net	559,748	514,665
Premises and Equipment	9,232	10,346
Other Assets	52,435	56,354
<b>Total Assets</b>	<b>\$ 833,752</b>	<b>\$ 778,274</b>
<b>LIABILITIES</b>		
Deposits	\$ 641,421	\$ 569,235
Securities Sold Under Repurchase Agreements	76,192	72,803
Borrowed Funds	21,751	36,614
Notes Payable	3,800	-
Other Liabilities	7,284	8,665
<b>Total Liabilities</b>	<b>\$ 750,448</b>	<b>\$ 687,317</b>
<b>Total Shareholder Equity</b>	<b>83,304</b>	<b>90,957</b>
<b>Total Liabilities and Shareholder Equity</b>	<b>\$ 833,752</b>	<b>\$ 778,274</b>



**Consolidated  
Statements  
of Financial  
Condition**

**Consolidated  
Statements of  
Income**

	<u>3/31/2010</u>	<u>3/31/2009</u>
	(In Thousands, Except Share Data)	
Total Interest Income	\$ 9,555	\$ 9,556
Total Interest Expense	2,792	3,619
Net Interest Income	6,763	5,937
Provision for Loan Losses	1,440	977
Net Interest Income After Provision for Loan Losses	5,323	4,960
Total Other Income	2,256	3,203
Total Operating Expenses	4,703	6,494
Income Before Provision for Income Taxes	2,876	1,669
Provision for Income Taxes	721	279
<b>Net Income</b>	<b>\$ 2,155</b>	<b>\$ 1,390</b>
<b>Earnings Per Share: Basic and Diluted</b>	<b>\$ 0.33</b>	<b>\$ 0.18</b>

	<u>3/31/2010</u>	<u>3/31/2009</u>
Return on Average Assets	1.03%	0.71%
Return on Average Equity	10.47%	6.11%
Efficiency Ratio	50%	69%
Net Interest Margin (bank only)	3.73%	3.55%
FTE - period end	167	255
Dividend Payout Ratio	32%	57%
Dividends Per Share	\$ 0.105	\$ 0.105



**Key Financial  
Metrics**

## Board appoints new member

John J. Zimmer, Chairman of the Board, has recently announced the appointment of **Michael G. Ansay** to its Board of Directors.

"We are fortunate to have Mike join our team. His business and leadership experience coupled with his knowledge of our industry make him a perfect choice for our Board of Directors," said Zimmer. "Mr. Ansay brings strong financial skills and operating expertise to complement and add depth to our Board of Directors."

Mr. Ansay is currently the Chairman and CEO of Ansay & Associates, LLC, and is also a managing member of Ansay Real Estate. He joined A.N. Ansay Agency in 1977 after earning his bachelor's degree in finance from Marquette University, Milwaukee. Ansay is also a board member of the Luxembourg Cultural Society of Belgium, WI; a member of the Planning Commission for the Town of Grafton; and a board member of Camp Vista. He is a Certified Insurance Counselor and is a member of the Independent Insurance Agents of Wisconsin (IIAW) and Professional Insurance Agents (PIA) organizations.



**MICHAEL ANSAY**

## Recent promotions

**Kelly L. Fischer** has been promoted to Senior Vice President / Director of Operations. Fischer has been employed with the Bank since 1999 and previously held the position of Vice President. In addition to Operations, Fischer is responsible for the Bank's Treasury Management, Card Services, and IT departments. Fischer holds a bachelors degree in accounting from Silver Lake College. She currently is treasurer of the Manitowoc Chapter of Women in Management and is a Leadership Manitowoc graduate.

**Kory Schmidt** has been promoted to Business Banking Officer. He has been employed with the Bank since 2005, holding various positions within the credit department. Prior to joining Bank First National, he was employed at Associated Bank. Schmidt earned his bachelor of business administration degree from UW-Green Bay, and is currently pursuing his master's degree from Lakeland College, with an emphasis in finance.

**Shelly Braun** has been promoted to Assistant Vice President/Branch Manager at the Bank's 8th Street office. Braun has been with the Bank since 1997, most recently serving as AVP/Mortgage Loan Officer at the Sheboygan office. Prior to that, she was an underwriting assistant at the Bank's Custer Street office. Braun is a board member of the Sheboygan Noon Optimist Group, and is also the founder and event coordinator of the Heart&Sole 5k – a charity run to benefit Children's Hospital of Wisconsin.



**KELLY FISCHER**



**KORY SCHMIDT**



**SHELLY BRAUN**

## Bank First National welcomes new hires

Bank First National recently announced the addition of three new employees to the Bank.

**Richard Balge**, Vice President/Private Banking, joins our Sheboygan office after spending nearly 29 years with M&I Bank. Balge received his bachelor's degree in finance from UW-Milwaukee, and his master's degree in management from Cardinal Stritch University. He is also a graduate of the Graduate School of Banking. Balge currently serves as board president of the John Michael Kohler Arts Center, a director of the Sheboygan Symphony Orchestra, and a member of the LTC Foundation Board. He resides in Kohler with his wife, Amy. They have two grown children.

**Joanne Enders** joins the Bank as the Controller in the Finance Department. Enders spent the past seven years as Director of Finance in the healthcare industry, working at St. Nicholas Hospital in Sheboygan



**RICHARD BALGE**



**JOANNE ENDERS**



**LAURE ROPSON**

from 2007 to 2010, and Calumet Medical Center in Chilton from 2003 to 2006. Prior to working in the healthcare industry she was a cost accountant analyst at Bemis Manufacturing in Sheboygan Falls. She received her bachelor's degree in accounting and her master's degree in business from Lakeland College. Enders resides in the Kiel area with her husband, David, and their three children,

Jonathan, Caitlin and Gabrielle. She is a board member and finance committee member of the Boys & Girls Club of Sheboygan.

**Laure Ropson**, Operations Manager at the Bank, will be responsible for supervising the Operations staff. Ropson has over 30 years experience in the banking industry. Ropson earned her bachelor's degree in business administration from Lakeland College. She resides in the Green Bay area and is a Green Bay Miracle League Buddy, as well as a children's church teacher at the Woodland Worship Center.



**First**  
Manitowoc Bancorp, Inc.

### 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

John M. Webster