

SHAREHOLDERnews

September 2009

MESSAGE FROM THE CEO



Dear Valued Shareholder:

Your new management team has completed its "First 180 Days" and we are pleased to share our progress with you. During the past six months, we:

- ✓ Enhanced our credit risk management systems and formed the Credit Administration Officer position to lay the foundation for continued prudent growth in the loan area;
- ✓ Broadened the role of our Director of Treasury Management to include oversight of Information Technology and Operations with our goal of continuing to offer custom technology-based banking solutions for our customers;
- ✓ Added electronic settlement of First Manitowoc Bancorp, Inc ("FMWC") stock transactions through our transfer agent services;
- ✓ Received approval from our regulators to repay our TARP proceeds, an acknowledgement of the financial strength of your institution;
- ✓ And in the last week of August, we announced the closing of 3 branches to improve efficiencies and to avail ourselves of a broad branch network in close proximity to the affected locations.

We believe these initiatives will positively impact our vision of being a highly-profitable, growth oriented, and independent regional bank with a strong customer focus by strengthening our risk management capabilities, enhancing our customers' experience and making tough decisions to manage costs.

Excluding the costs of early TARP repayment, our consolidated earnings for the quarter were \$1.8 million, consistent with prior year's quarter results. We continue to be profitable, our dividend has increased 11% to \$0.105 since last June and we continue to be a "well-capitalized" bank. Loans and deposits have increased in all three regions of the Company, and we are particularly pleased with the growth from our Green Bay market lead by Steve Pasowicz who joined Bank First National a year ago in July 2008.

Our planning and actions over the first six months of the year have been keenly focused on deployment of our people, our most important asset and the essence of our strategic plan. We plan to continue to strengthen our position in the market we serve by focusing on our people, our infrastructure, opportunities to grow our brand and most importantly delivering exceptional customer service.

I thank you for your continued support of First Manitowoc Bancorp, Inc.

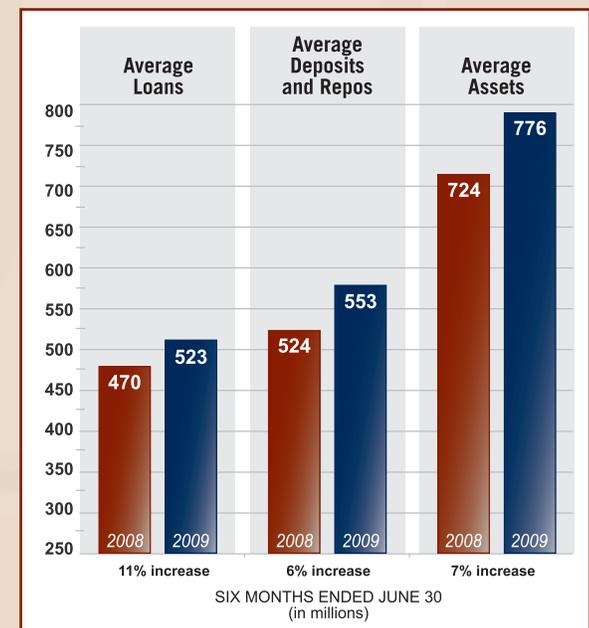
Sincerely yours,

Michael B. Molepske, CEO



First

Manitowoc Bancorp, Inc.



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
5724 Cty Tk U, Newton (920) 726-4266
2747 Manitowoc Rd., Bellevue (920) 469-0500

2210 Calumet Dr., New Holstein (920) 898-1616
2323 Eastern Ave., Plymouth (920) 893-1611
300 East Mill St., Plymouth (920) 892-3330
2865 S. Ridge Rd., Ashwaubenon (920) 499-0500
2600 Kohler Memorial Dr., Sheboygan (920) 694-1900

VINCENT GROUP INSURANCE & FINANCIAL SOLUTIONS

4712 Expo Dr., Manitowoc (800) 700-7350
1776 Main St., Little Chute (800) 556-3536
419 S. Washington St., Green Bay (920) 437-0587

500 3rd Street, Suite 504, Wausau (715) 848-5424

GEORGE V. REIS INVESTMENT GROUP

1523 Washington St., Two Rivers (920) 793-4442

Ticker: **FMWC**

www.BankFirstNational.com



First Maniwoc Bancorp, Inc. Financial Results for six months ended June 30, 2009

Total assets for First Maniwoc Bancorp, Inc. ("the Corporation") increased by \$22 million or 3 percent to \$762 million at June 30, 2009 compared to \$740 million at June 30, 2008. Our asset growth reflects continued growth in loans of \$48 million or 10% on a year over year basis. Three offices posted 25% loan growth year over year: Sheboygan, Custer and Bellevue which posted loan growth of \$32 million, \$8 million and \$6 million, respectively. We are pleased to report consistent loan demand in all 3 regions of the market we serve: Southern, Central and Northern regions. Our loan growth was funded primarily by core deposit growth of \$24 million or 5% on a year over year basis. Five of our branches accounted for the majority of our core deposit growth: Sheboygan, Plymouth, Maniwoc 8th Street, and Bellevue. We are pleased to report deposit growth throughout our banking franchise. The remaining balance sheet growth was accomplished through an increase in borrowed funds and a new revolving line of credit obtained by the Holding Company in connection with our \$12.6 million TARP repayment in May 2009. The Treasury's investment in our Company was an indication of our soundness and the Treasury's acceptance of our repayment further highlights the financial soundness of Bank First National.

Total shareholders' equity increased by \$2 million to \$77 million at June 30, 2009 as compared with \$75 million at June 30, 2008. The second quarter 2009 dividend of \$0.105 per share reflects an increase of 11 percent as compared to the second quarter 2008 dividend of \$0.095. Return on average equity was 7.14 percent compared to 11.62 percent in 2008. Return on average assets was 0.83 percent in 2009 compared to 1.23 percent in 2008.

First Maniwoc Bancorp, Inc. reported net income of \$3.2 million for the six months ended June 30, 2009, a \$1.2 million or 27 percent decrease as compared to \$4.4 million for the prior year six month period ended June 30, 2008. Diluted earnings per share were \$0.36 for the first six months of 2009 compared to \$0.66 for the first six months of 2008. Preferred Stock Dividends paid

to the Treasury of \$238,000 together with the TARP warrant exercise of \$600,000 resulted in a reduction in diluted earnings per share of \$0.13 as those payments reduced equity and net income available for common stockholders.

For the first six months of 2009, our net income has been positively impacted by:

- Growth in net interest income of \$800,000 or 7% to \$12.2 million
- Stable provision for loan losses of \$1.7 million
- Approximately \$890,000 in gains on sales of mortgages to FNMA
- Approximately \$1 million of gains on the sales of investments compared to \$250,000 a year ago

Our earnings have been reduced by:

- Reduced income from our insurance subsidiary of approximately \$800,000
- A \$1 million fair value decline in the value of our mortgage servicing assets
- Increased FDIC assessments of approximately \$900,000 over prior year levels
- Increased personnel expense of \$700,000 as compared to prior year due to an overall increase in headcount in the organization
- Increased tax provision of approximately \$400,000 resulting from the combined effect of new Wisconsin tax legislation and one-time IRS refunds that were received in 2008

Overall, we are pleased with our 2009 results as they demonstrate a stabilization of our asset quality trends, improving net interest margin and continued strong capital ratios. Provision for loan losses totaled \$1.7 million in 2009 compared to \$1.6 million in 2008 and our allowance for probable credit losses as a percentage of gross loans increased to 1.03 percent at June 30, 2009 compared to 0.97 percent at June 30, 2008. Net charge-offs for the first six months of 2009 were \$979,000 compared to \$755,000 for the first six months of 2008. Our nonperforming assets to total assets have decreased to 0.83 percent at June 30, 2009, from 0.94 percent at June 30, 2008, due to a decrease in nonaccrual loans.

Total non-interest income increased by \$279,000 to \$7.0 million for the six

months ended June 30, 2009, from \$6.7 million in the first six months of 2008. We have seen a significant increase in our mortgage loan area thus far in 2009, and have originated nearly 700 mortgage loans in 2009 compared to 300 a year ago, resulting in \$890,000 of gains on loans sold into the secondary market. However, these gains have been offset by losses realized from the fair value of our mortgage servicing rights. The decline in mortgage rates reduced the average lives of our mortgages, thus reducing the value of the servicing rights.

Non-interest expense increased by 15 percent to \$13.3 million during the first six months of 2009 compared to \$11.6 million for the comparable period of 2008. Our staff increased by 9 persons from 254 at June 30, 2008 to 263 at June 30, 2009 and the Company's efficiency ratio is 68% compared to 62% as of June 30, 2008.

Our focus for the remainder of 2009 consists of prudent lending in light of the difficult economic environment, disciplined loan and deposit pricing, continued implementation of efficient practices at Bank First National and the evaluation of opportunities to enhance our brand and name recognition in the market we serve.

Third Quarter Cash Dividend

The board has declared a regular cash dividend of \$0.105 per share, which represents a 10.5% increase over last year's third quarter dividend. It is payable September 11, 2009 to shareholders of record August 31, 2009. We strongly recommend that you use our dividend direct deposit program. It is safe, secure, and very convenient. Please contact Joan Walsh at our Maniwoc Eighth Street office, (920) 652-3276, for details.

Financial Performance

	<u>6/30/2009</u>	<u>6/30/2008</u>
	(In Thousands)	
ASSETS		
Cash, Cash Equivalents and Fed Funds Sold	\$12,319	\$33,039
Investment Securities at Fair Value	165,904	171,809
Other Investments at Cost	3,539	3,639
Loans, Net	521,272	473,588
Premises and Equipment	10,097	10,036
Other Assets	48,868	47,570
Total Assets	<u><u>\$761,999</u></u>	<u><u>\$739,681</u></u>
LIABILITIES		
Deposits	\$574,271	\$565,314
Securities Sold Under Repurchase Agreements	67,735	68,459
Borrowed Funds	28,750	21,643
Notes Payable	4,600	-
Other Liabilities	9,289	9,120
Total Liabilities	<u><u>684,645</u></u>	<u><u>664,536</u></u>
Total Shareholder Equity	<u><u>77,354</u></u>	<u><u>75,145</u></u>
Total Liabilities and Shareholder Equity	<u><u>\$761,999</u></u>	<u><u>\$739,681</u></u>



**Consolidated
Statements
of Financial
Condition**

	<u>6/30/2009</u>	<u>6/30/2008</u>
	(In Thousands, Except Share Data)	
Consolidated Statements of Income		
Total Interest Income	\$ 19,153	\$ 20,556
Total Interest Expense	6,938	9,116
Net Interest Income	12,215	11,440
Provision for Loan Losses	1,680	1,600
Net Interest Income After Provision for Loan Losses	10,535	9,840
Total Other Income	6,997	6,718
Total Operating Expenses	13,344	11,576
Income Before Provision for Income Taxes	4,188	4,982
Provision for Income Taxes	956	562
Net Income	<u><u>\$ 3,232</u></u>	<u><u>\$ 4,420</u></u>
Earnings Per Share: Basic and Diluted	\$ 0.36	\$ 0.66

	<u>6/30/2009</u>	<u>6/30/2008</u>
Return on Average Assets	0.83%	1.23%
Return on Average Equity	7.14%	11.62%
Efficiency Ratio	67.56%	61.55%
Net Interest Margin (bank only)	3.63%	3.69%
FTE - period end	263	254
Dividend Payout Ratio	58%	29%
Dividends Per Share	\$ 0.21	\$ 0.19



**Key Financial
Metrics**

what's new

Tom Bare celebrated his retirement on Saturday, August 22. Rick Haendel, President of United Financial Services, Inc., the Bank's data processing subsidiary, presented Tom with a "cash crown" as a retirement gift. Over the years Tom preached "cash is king" to Rick. Congratulations, Tom. We wish you all the happiness you so richly deserve!



Branch closings announcement

Bank First National announced on August 24 that it has completed a branch profitability study of its entire branch network and has identified three branches that will be closed in late 2009. The decision to close these offices reflects the goal of improving efficiencies at Bank First National. The branches to be closed are Newton, New Holstein, and one of the bank's two Plymouth offices located at 300 East Mill Street. The nearby presence of other Bank First National branches with identical services means that the closings should have minimal effect on customer convenience.

"In addition to physical locations of nearby branches, we're able to serve our customers through virtual channels, such as ATM's, debit cards, telephone and Internet banking," stated Michael B. Molepske, Chief Executive Officer. "We're seeing a stronger demand for these channels as customers become more comfortable using advanced banking methods." Bank First National is focused on offering state-of-the-art innovations, and products and services that make banking easier. Mobile banking is expected to be available in early 2010.

Unfortunately, these branch closures will result in layoffs of employees at these branches. Layoffs are anticipated to occur in November of 2009. The Bank is reviewing positions available at other offices as part of an effort to retain as many of these affected employees as possible.

"While we are pleased that we are improving efficiencies and are able to provide our customers with technologically advanced means of banking, we regret having to lay off employees at these three branches," Molepske said. "We all will continue to work towards enhancing shareholder value, supporting our customers and providing them with efficient and cost effective services."

Shareholder Services Update

Ticker: **FMWC**

Shareholders of our First Manitowoc 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 Financial Services 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 Packerland Brokerage Services, Inc., and are available to answer any questions you have about opening a brokerage account for the purpose of holding your stock.

Investment products are not bank deposits, are not FDIC insured, are not insured by any Federal Government Agency, have no bank guarantee and may lose value.

Registered Representative, Securities and Advisory Services offered through Packerland Brokerage Services, Inc., an unaffiliated entity- Member FINRA & SIPC.

Feedback

Your feedback is valuable to us. If you have any feedback or comments about this newsletter or about the way we communicate with you, please send us an email at:
investorrelations@bankfirstnational.com



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