

WISCONSIN TICKER

## Building relationships to fuel future growth First Manitowoc stock rose 38% in March

By **PAUL GORES**

[pgores@journalsentinel.com](mailto:pgores@journalsentinel.com)

Back in 1954, Eugene and Evelyn Holly wanted to open a shop to build kitchen and bathroom cabinets, but they needed money to get started. Eugene went to First National Bank in Manitowoc to see what lenders there thought about the idea.

“They were the only bank that would listen to my father’s business plans,” said Francis Holly, president of Shoto Corp. in Two Rivers. “They believed in his mind-set and his mission and said, ‘OK, we’ll go with him.’” Since then, both the Hollys’ business — Shoto now makes plastic laminated components and commercial fixtures for the office furniture industry — and the bank have been growing. And Shoto, today run by children of Eugene and Evelyn Holly, still does its banking there.

It’s precisely the type of customer relationship that the bank, which changed its name to Bank First National two years ago, intends to keep using as a model as it grows.

“If you are building relationships with sound companies in your marketplace, they’re going to grow, and by default, you’ll grow with them,” said Chief Financial Officer Lisa O’Neill, explaining the oft-repeated philosophy of the bank’s top executives.

It’s a philosophy that seems to work.

Over the past 10 years, the bank has more than doubled its assets to nearly \$800 million as it has moved into nearby markets like She-

Please see **TICKER, 2D**



**MARK HOFFMAN** / [MHOFFMAN@JOURNALSENTINEL.COM](mailto:MHOFFMAN@JOURNALSENTINEL.COM)

Bank First National Chief Executive Michael B. Molepske (left), President David J. Diedrich and Chief Financial Officer Lisa M. O’Neill want to carry on customer-friendly traditions set by previous leaders.

From page **1**

**TICKER**

### Relationships fuel growth

boygan, New Holstein and Ashwaubenon while remaining one of the two dominant banks in Manitowoc County. (The other is Investors Community Bank.) Along the way, Bank First National added insurance products by purchasing insurers such as the Vincent Group Inc. and investment services by acquiring George V. Reis Investment Group Inc.

“It appears from everything that I’ve been able to see that they’re a well-run and well-managed bank,”

said Jon C. Bruss, chief executive of Fortress Partners Capital Management, in Hartland.

In March, the company's thinly traded stock was one of the top five gainers in the Wisconsin Ticker, a monthly analysis of public company stock prices in the state by Bloomberg News. A \$1,000 investment in Bank First National's parent company — First Manitowoc Bancorp Inc. — on March 1 would have grown to more than \$1,384 by the end of the month, according to Bloomberg.

Bank First National's history goes back to 1894 and includes several alterations to its name. The current one, in which the word *Bank* in Bank First National is meant to double as a verb, was adopted in 2007 as the bank outgrew the geography of the name First National Bank in Manitowoc. At that point, 12 of its branches weren't in Manitowoc.

Today, the bank has 250 employees and 15 branches spread across Manitowoc, Brown, Calumet and Sheboygan counties — growth that was part of the strategy of Thomas J. Bare, whose influence remains even though he retired as CEO at the end of 2008. The bank continues to execute plans hatched when Bare was CEO, O'Neill said. Michael B. Molepske is now chief executive and David J. Diedrich is president.

"Sheboygan County has been our biggest growth area for the last few years," O'Neill said, noting that the bank is keeping its eyes open for opportunities in the West Bend area and the Fox Valley as well as its existing markets.

Like many banks in the weak economy last year, Bank First National saw its net income fall from the year before: \$6.2 million compared with \$7.4 million in 2007. It beefed up reserves for potential losses related mostly to real estate loans, but also to cover losses linked to a loan officer — no longer with the bank — who O'Neill said "amassed a pretty significant loan exposure to the construction development arena." That exposure led the bank to tighten loan-review policies and procedures, she said.

In January, Bank First National accepted a \$12 million investment from the U.S. Treasury under the federal government's Troubled Asset Relief Program to stabilize the financial system. In making the cash infusion the Treasury noted it was investing in "healthy" banks.

Bank First National executives were surprised that some customers viewed it as "bailout" money and now are among those looking into repaying the federal investment early, O'Neill said.

The bank currently pays a quarterly cash dividend of 10.5 cents a share.

Bank First National's challenges are similar to those of most banks during the recession, starting with managing credit risk, O'Neill said. The bank's history may help in that regard.

"We've been a very conservative bank. Tom Bare's style was very conservative," O'Neill said.