

# NEWS RELEASE



P.O. Box 10  
Manitowoc, WI 54221-0010  
**For further information, contact:**  
Lisa M. O'Neill, Chief Financial Officer  
Phone: (920) 892-3362  
loneill@bankfirstnational.com

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## **Bank First reports record earnings for 2012 of \$10.4 million, an increase of 22% over 2011**

Bank First, subsidiary of the parent company First Manitowoc Bancorp, Inc. ([OTCQB: FMWC](#)), reported a 22% increase in consolidated net income for the year ended December 31, 2012, as compared to the prior year. Net income for 2012 rose to \$10.4 million, or \$1.58 per share, compared to net income of \$8.5 million, or \$1.30 per share in 2011. Fourth quarter 2012 net income was \$2.0 million, or \$0.30 per share, compared to \$1.9 million, or \$0.28 per share in the prior year fourth quarter, an improvement of 7%. Return on average assets was 1.11% for the year ended December 31, 2012, compared to 1.00% in the prior year.

“In 2012 we met one of our important milestones, when Bank First’s total assets surpassed the \$1 billion mark. We are proud of our accomplishments in 2012, but most importantly, our asset quality trends continue to be strong with nonperforming assets to total assets improving to 0.96% at year-end 2012, down from 1.09% in 2011,” said Mike Molepske, President and Chief Executive Officer of Bank First. Total gross loans increased by 8% to \$732 million, and core deposits increased by 15% to \$872 million year-over-year. “We continue to experience strong organic growth in loans and deposits, which has translated into 6% growth in net interest income on a year-over-year basis. In addition, our mortgage origination volumes continue to be high, with revenue on mortgage sales increasing by \$1.1 million to \$1.9 million as compared to \$772,000 last year.”

Noninterest expense was lower by 4% year-over-year, and the efficiency ratio improved from 62% to 56% for the year ended December 31, 2012. “During 2012, we added experienced bankers to our team and also focused on our mission of growing one

relationship at a time. We also invested in the roll-out of innovative banking technology for our customers and increased our wealth management referral activity,” said Mike Molepske.

The capital ratios of the company continue to exceed the well-capitalized threshold. The company’s excess capital provides capacity for continued growth. Molepske also stated, “We are growing one relationship at a time with a focus on high-quality loan growth. Our relationship-based focus and credit discipline has translated into improved financial performance for Bank First.”

First Manitowoc Bancorp, Inc. (FMWC) provides financial services through its sole subsidiary, Bank First National, which was incorporated in 1894. The Bank is an independent community bank with 12 banking locations in Manitowoc, Brown, and Sheboygan and Winnebago counties. The Bank has grown through both acquisitions and de novo branch expansion. The Bank offers loan, deposit, investment advisory and trust products at each of its banking offices. Insurance products are available through Ansay & Associates, LLC. Trust, investment advisory and other financial services are offered through the Bank’s partnership with Legacy Private Trust and through an alliance with Morgan Stanley Smith Barney. The Bank is a co-owner of a data processing subsidiary, United Financial Services, Inc., which provides data services for over 40 Wisconsin banks. The Bank employs approximately 166 full-time equivalent staff and has assets of \$1.0 billion as of December 31, 2012. Further information about First Manitowoc Bancorp, Inc. is available by clicking on the Investor Relations tab at [www.BankFirstNational.com](http://www.BankFirstNational.com).

First Manitowoc Bancorp is traded on the OTCQB marketplace under the symbol FMWC. The FMWC stock is traded on the OTC Markets Group platform that links to a diverse network of broker-dealers that provide liquidity and execution services in almost 10,000 equity and debt securities. To learn more about the OTC Markets Group visit [www.otcmarkets.com](http://www.otcmarkets.com)

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Forward Looking Statements: This news release may contain certain “forward-looking statements” that represent First Manitowoc Bancorp’s expectations or beliefs concerning future events. Such forward-looking statements are about matters that are inherently subject to risks and uncertainties. Because of the risks and uncertainties inherent in forward looking statements, readers are cautioned not to place undue reliance on them, whether included in this news release or made elsewhere from time to time by First Manitowoc Bancorp or on its behalf. First Manitowoc Bancorp disclaims any obligation to update such forward-looking statements. In addition, statements regarding historical stock price performance are not indicative of or guarantees of future price performance.

First Maniowoc Bancorp, Inc.  
Financial Data

	Dec 2012 Actual YTD	Dec 2011 Actual YTD
<b>Net Income and per share data</b>		
Net Income (Bank)	\$10,870,333	\$9,334,825
Net Income (Consol)	\$10,419,981	\$8,547,386
Earnings per Share (Consol)	\$1.58	\$1.30
Change over prior period	22.1%	
Branch closing expense	\$0	\$607,768
Dividends (Holding Co.)	\$5,779,132	\$2,769,666
Dividend Payout Ratio (DPS/EPS)	56%	32%
Dividend Yield (DPS/Stock Price)	5.68%	3.00%
Book Value	\$14.71	\$14.09
Tangible Book Value less AFS impact	\$13.02	\$12.39
Tangible Book Value	\$13.49	\$12.88
Price Earnings Ratio	9.80	10.80
Book Value Multiple	1.05	0.99
Market Value	15.50	14.00
Period End Shares	6,531,121	6,587,879
Market Capitalization	101,232,376	92,230,306
<b>Performance Ratios (1)</b>		
Net Interest Margin (YTD)	3.92%	4.11%
Fee Income to Total Revenue	20.57%	19.45%
Efficiency Ratio	55.57%	62.04%
ROA	1.11%	1.00%
ROE	10.69%	9.59%
FTE - period end	165.750	166.220
Avg. number of FTE	165.985	168.610
Earnings per Avg Employee	62,777	50,693
Avg Assets per Avg Employee	5,664,030	5,063,391
<b>Selected Financial Condition (EOP)</b>		
Fed Funds Sold	\$453,532	\$910,423
Total Securities	\$121,032,787	\$134,868,890
Total Loans	\$731,616,145	\$678,631,857
Allowance for loan losses	\$7,949,992	\$7,480,263
Goodwill	\$7,983,933	\$7,983,933
Total Assets	\$1,020,425,758	\$911,518,115
Average Assets	\$940,144,007	\$853,738,327
Core Deposits	\$871,882,242	\$755,092,093
Total Deposits	\$871,882,242	\$755,092,093
Brokered Deposits (includes CDARS one-way buys)	\$0	\$0
CDARS Core Deposits	\$14,337,112	\$16,469,117
Other Borrowings	\$2,820,040	\$3,700,020
Repos	\$43,098,904	\$51,933,043
Total Wholesale Funding	\$45,918,944	\$55,633,063
Fed Funds Purchased	\$0	\$0
Total Equity	\$96,093,453	\$92,822,622
Average Stockholder's Equity	\$97,446,304	\$89,158,361
(1) Interim amounts are for bank only, annual amounts are consolidated		
<b>Balance Sheet Ratios</b>		
Loans to Deposits	83%	89%
Investments to Total Assets	12%	15%
Avg Earnings to Avg Bearing Liabilities	130%	126%
Brokered Deposits to Total Deposits	0%	0%
CDARS Deposits to Total Deposits	2%	2%
Repos to Total Deposits plus repos	5%	6%
Wholesale funding to total Liabilities	5%	7%
Wholesale funding to Risk Based Capital	49%	63%

First Maniowoc Bancorp, Inc.  
Financial Data

	Dec 2012 Actual YTD	Dec 2011 Actual YTD
<b>Asset Quality</b>		
Allowance for probable credit losses to total loans	1.09%	1.10%
Net charge-offs to average total loans	0.33%	0.14%
Non Accrual loans to total loans	0.54%	0.46%
Loans past due 30 days to total loans	0.04%	0.13%
Non-performing assets to total assets	0.96%	1.09%
Non accrual loans	3,959,183	3,096,388
Loans 90 days past due	276,980	155,153
OREO	5,567,117	6,639,322
Non-performing assets	<u>\$9,803,280</u>	<u>\$9,890,863</u>
Provision for loan losses	\$2,900,000	\$2,110,334
Gross charge-offs	2,596,008	1,263,401
Recoveries	(165,737)	(286,624)
Net Charge-offs	<u>\$2,430,271</u>	<u>\$976,777</u>
Provision less charge-offs	\$469,729	\$1,133,557
<b>Condensed Income Statement</b>		
Short-term investment income	28,531	11,587
Investment securities income	3,613,966	4,374,002
Loan income	34,514,509	33,354,391
<b>Total Interest Income</b>	<u>\$38,157,005</u>	<u>\$37,739,980</u>
Deposit interest expense	5,185,739	6,484,131
Repo interest expense	483,809	653,339
Other borrowings interest expense	143,330	214,198
<b>Total Interest Expense</b>	<u>\$5,812,919</u>	<u>\$7,351,668</u>
Net interest income	32,344,086	30,388,312
Provision for loan losses	2,900,000	2,110,334
<b>Net interest income after provision for loan loss</b>	<u>\$29,444,086</u>	<u>\$28,277,978</u>
Noninterest income	8,376,443	7,337,637
Noninterest expense	23,331,240	24,212,606
<b>Net Income before Taxes</b>	<u>\$14,489,289</u>	<u>\$11,403,009</u>
Taxes	\$4,069,308	\$2,855,622
<b>NET INCOME</b>	<u>\$10,419,981</u>	<u>\$8,547,386</u>

**FIRST MANITOWOC BANCORP, INC.  
AND SUBSIDIARIES**

**Consolidated Balance Sheets**

<b>ASSETS</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>YOY change</b>
Cash and Due from Banks	\$ 38,598,912	\$ 35,776,499	\$ 2,822,413
Interest-bearing deposits	72,562,389	4,252,519	68,309,870
Federal funds sold	453,532	910,423	(456,891)
Cash and cash equivalents	111,614,834	40,939,441	70,675,392
Securities available for sale, at fair value	117,954,713	131,448,791	(13,494,079)
Other investments (at cost)	2,958,417	3,538,615	(580,198)
Loans held for sale	542,300	1,877,450	(1,335,150)
Loans	731,073,845	676,517,423	54,556,422
Allowance for loan loss	(7,949,992)	(7,480,263)	(469,729)
Loans, net	723,123,854	669,037,160	54,086,693
Premises and equipment	10,050,581	9,572,834	477,747
Goodwill	7,983,933	7,983,933	-
Intangible assets	75,670	93,831	(18,161)
Mortgage Servicing Rights	2,010,928	1,703,793	307,135
Investment in Subsidiary (UFS & Ansay)	14,170,254	14,824,444	(654,190)
Deferred Tax	-	-	-
Other Real Estate Owned	5,567,117	6,639,322	(1,072,205)
Officer Life Insurance	19,752,669	17,201,597	2,551,072
Other assets	4,620,489	5,166,584	(546,095)
<b>Total Assets</b>	<b>\$ 1,020,425,758</b>	<b>\$ 910,027,795</b>	<b>\$ 110,397,963</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits	\$ 869,162,768	\$ 752,486,214	\$ 116,676,554
Fed Funds Purchased	-	-	-
Securities sold under repurchase agreements	43,098,904	51,933,043	(8,834,139)
Borrowed funds	-	-	-
Notes Payable	2,820,040	3,700,020	(879,980)
Other liabilities	9,250,593	9,085,896	164,697
<b>Total liabilities</b>	<b>\$ 924,332,305</b>	<b>\$ 817,205,173</b>	<b>\$ 107,127,132</b>
<b>Shareholders' Equity</b>			
Common stock--\$0.01 par value: Authorized-- 20,000,000 shares Issued--6,714,252	\$ 67,146	\$ 67,146	\$ -
Additional Paid-in-Capital	2,451,266	2,451,266	-
Retained earnings	93,472,830	88,831,977	4,640,853
Accumulated other comprehensive income	3,058,177	3,214,307	(156,131)
Restricted Shares	(302,643)	-	(302,643)
Treasury stock at cost	(2,653,322)	(1,742,074)	(911,249)
<b>Total shareholders' equity</b>	<b>\$ 96,093,453</b>	<b>\$ 92,822,622</b>	<b>\$ 3,270,831</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,020,425,758</b>	<b>\$ 910,027,795</b>	<b>\$ 110,397,963</b>

**FIRST MANITOWOC BANCORP, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Income YTD**

	<u>YTD</u> <u>12/31/2012</u>	<u>YTD</u> <u>12/31/2011</u>	<u>YOY</u> <u>Change</u>
Loans, including fees	34,514,509	33,354,391	1,160,118
Federal funds sold	28,532	11,588	16,944
Securities:			
Taxable	1,668,938	2,249,650	(580,712)
Tax-exempt	1,948,241	2,114,036	(165,795)
Other	(3,215)	10,315	(13,530)
Total interest income	<u>38,157,005</u>	<u>37,739,980</u>	<u>417,025</u>
Interest expense:			
Deposits	5,185,738	6,484,131	(1,298,393)
Securities sold under repurchase agreements	487,420	664,757	(177,337)
Borrowed funds	139,761	202,779	(63,019)
Total interest expense	<u>5,812,919</u>	<u>7,351,668</u>	<u>(1,538,749)</u>
Net interest income	32,344,086	30,388,312	1,955,774
Provision for loan losses	2,900,000	2,110,334	789,666
Net interest income after provision for loan losses	<u>29,444,086</u>	<u>28,277,978</u>	<u>1,166,108</u>
Other income:			
Trust service fees	79,484	690,857	(611,373)
Service charges	2,868,642	2,196,031	672,611
Ansay Insurance Revenue	1,196,235	856,754	339,481
Loan servicing income	967,074	23,439	943,636
Dividend Income	-	-	-
UFS Income	682,848	876,519	(193,671)
Loss on sales of OREO	-	-	-
Gain on sales of mortgage loans	1,874,471	771,500	1,102,971
Gain on sales of securities	(68)	724,925	(724,993)
Other	707,758	1,219,838	(512,080)
Total other income	<u>8,376,443</u>	<u>7,359,863</u>	<u>1,016,581</u>
Other expenses:			
Salaries, commissions, and employee benefits	11,580,440	11,753,939	(173,499)
Occupancy	2,540,671	2,493,254	47,417
Data processing	1,454,050	1,365,952	88,097
Loss on sales of OREO	823,578	2,543,409	(1,719,831)
Postage, stationery, and supplies	410,533	467,265	(56,732)
Advertising	159,879	208,440	(48,562)
Professional Fees	1,796,580	2,122,477	(325,897)
Amortization of goodwill and other intangibles	18,161	43,157	(24,996)
Branch Closing Expense	-	-	-
Other	4,547,350	3,236,940	1,310,410
Total other expenses	<u>23,331,242</u>	<u>24,234,833</u>	<u>(903,591)</u>
Income before provision for income taxes	14,489,288	11,403,008	3,086,280
Provision for income taxes	4,069,308	2,855,622	1,213,686
Net income	<u>10,419,980</u>	<u>8,547,386</u>	<u>1,872,594</u>
Preferred Stock, Series A, Accretion	-	-	-
Preferred Stock Dividends	-	-	-
Net Income Available to Common Stockholders	<u>10,419,980</u>	<u>8,547,387</u>	<u>1,872,593</u>
Average Shares outstanding	6,587,174	6,593,759	(6,585)
Earnings per share--common shareholders	<u>\$ 1.58</u>	<u>\$ 1.30</u>	<u>\$ 0.28</u>

**FIRST MANITOWOC BANCORP, INC.  
AND SUBSIDIARIES  
Consolidated Quarterly Statements of Income**

	4th Quarter 2012	4th Quarter 2011	Quarter change
Interest/Dividend income:			
Loans, including fees	8,644,577	8,529,662	114,915
Federal funds sold	11,148	6,219	4,929
Securities:	-	-	-
Taxable	361,967	556,402	(194,435)
Tax-exempt	470,878	419,492	51,387
Other	2,471	2,200	271
<b>Total interest income</b>	<b>9,491,041</b>	<b>9,513,974</b>	<b>(22,934)</b>
Interest expense:			
Deposits	1,245,448	1,500,321	(254,873)
Securities sold under repurchase agreements	72,842	149,722	(76,880)
Borrowed funds	34,660	38,847	(4,188)
<b>Total interest expense</b>	<b>1,352,949</b>	<b>1,688,890</b>	<b>(335,941)</b>
<b>Net interest income</b>	<b>8,138,091</b>	<b>7,825,084</b>	<b>313,007</b>
<b>Provision for loan losses</b>	<b>1,200,000</b>	<b>250,000</b>	<b>950,000</b>
<b>Net interest income after provision</b>	<b>6,938,091</b>	<b>7,575,084</b>	<b>(636,993)</b>
Other income:			
Trust service fees	29,472	109,820	(80,348)
Service charges	678,904	674,243	4,660
Ansay Insurance Revenue	33,683	(61,240)	94,923
Loan servicing income	272,236	238,740	33,496
UFS Income	166,774	183,738	(16,965)
Loss on sales of OREO	-	-	-
Gain on sales of mortgage loans	576,173	381,857	194,316
Gain on sales of securities	-	-	-
Other	182,768	519,920	(337,152)
<b>Total other income</b>	<b>1,940,009</b>	<b>2,047,079</b>	<b>(107,070)</b>
Other expenses:			
Salaries, commissions, and employee benefits	2,917,754	2,742,761	174,994
Occupancy	607,215	641,182	(33,967)
Data processing	381,150	371,055	10,096
Loss on sales of OREO	687,815	1,797,740	(1,109,925)
Postage, stationery, and supplies	95,186	116,071	(20,884)
Advertising	28,503	45,422	(16,919)
Outside service fees	593,350	334,752	258,599
Amortization of goodwill and other intangibles	4,540	10,789	(6,249)
Other	1,080,219	1,342,446	(262,227)
<b>Total other expenses</b>	<b>6,395,732</b>	<b>7,402,217</b>	<b>(1,006,485)</b>
Income before provision for income taxes	2,482,369	2,219,947	262,422
Provision for income taxes	519,695	347,537	172,158
<b>Net income</b>	<b>1,962,674</b>	<b>1,872,409</b>	<b>90,264</b>
Average Shares outstanding	6,550,272	6,593,759	(43,487)
<b>Earnings per share--common shareholders</b>	<b>\$ 0.30</b>	<b>\$ 0.28</b>	<b>\$ 0.02</b>