

NEWS RELEASE



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Bank First reports 50% increase in Fourth Quarter Net Income

Manitowoc, January 23, 2014 - Bank First, subsidiary of the parent company First Manitowoc Bancorp, Inc. ([OTCQB: BFNC](#)), today reported net income of \$2.9 million, or \$0.45 per share for the fourth quarter 2013, as compared to \$2.0 million, or \$0.30 per share, for the fourth quarter 2012. For the year ended December 31, 2013, Bank First reported net income of \$11.6 million, or \$1.79 per share, as compared to \$10.4 million, or \$1.58 per share, for the year ended December 31, 2012.

“The growth of our core bank has generated 11% growth in annual earnings for 2013 as compared to 2012,” said Mike Molepske, President and Chief Executive Officer at Bank First. “Our return on average assets was 1.15% for 2013, up from 1.11% in 2012. Our strong asset quality trends are also positively contributing to our profitability with a reduced provision for loan loss for 2013.”

“The Bank First relationship-based model of growing one relationship at a time has yielded 13% loan growth and 6% core deposit growth on a year-over-year basis. Net interest income before provision for loan losses grew by \$1.8 million, or 5%, for the year, reaching \$34.1 million compared to \$32.3 million in 2012,” Molepske continued. “Our growth is being generated in all four regions of the bank with the majority of the growth generated in our newest offices. As we look ahead to 2014, we are executing our strategy for continued organic growth with our recent announcement to start a new office in the Appleton market. We will focus on adding new relationships in our footprint and delivering on our promise to our employees, customers and shareholders.”

2013 Highlights:

- Total loans grew 13% in 2013 to \$823 million, or \$92 million of growth
- Total deposits grew 6% in 2013 to \$919 million, or \$50 million of growth
- Net interest margin was 3.82% for 2013, compared to 3.90% in 2012
- Nonperforming assets to total assets were 0.53%, compared to 0.96% at December 31, 2012
- Return on average assets was 1.15%, up from 1.11% a year earlier

Operating Performance:

Interest income was \$39.0 million for 2013, up \$829,000 from \$38.2 million in 2012. Interest expense was \$4.9 million, down \$934,000 from \$5.8 million in 2012. As a result, net interest income grew by \$1.8 million in 2013 to \$34.1 million. Average loans increased by \$72.7 million during 2013 and were generated primarily from our newest markets. Average deposits increased by \$34.8 million with a majority of the growth generated in our headquarters Manitowoc County market.

Noninterest income was \$6.7 million for the year 2013, down from \$8.4 million in 2012. The decline in noninterest income resulted from losses on the sales of investment securities and a decline in residential mortgage activity in 2013 compared to 2012.

Noninterest expense was \$22.8 million, down from \$23.3 million in 2012. During 2013 we continued to invest in innovative products and solutions for our customers. We introduced mobile deposits for smart phone and the iPad app, demonstrating our investment on an easier banking experience for our customers.

The efficiency ratio decreased from 55.6% to 54.1% in 2013 due to growth in core banking, which more than offset the slowdown in mortgage refinancing activity. Full-time equivalent staff was 154 at December 31, 2013, compared to 166 for 2012.

Nonperforming assets decreased from \$9.8 million at December 31, 2012, to \$5.6 million at December 31, 2013. The improvement in asset quality is driven by a decline in other real estate owned, which was \$3.0 million at December 31, 2013, down from \$5.7 million in 2012. As a result of improving credit quality trends, provision expense for 2013 was lower than 2012 by \$ 1.4 million.

Total assets are \$1.06 billion at December 31, 2013, up 4% from \$1.02 billion at December 31, 2012. Loan growth of \$92 million during 2013 is the driver of asset growth. The newer markets in Sheboygan and Winnebago counties impacted the loan growth the most. Core deposits also exhibited strong growth with \$50 million of growth generated from new relationships, as well as growth from our existing customer base.

Return on average assets was 1.15% for 2013, up from 1.11% for 2012. Return on average equity was 11.6%, up from 10.7% in 2012. Earnings growth has positively impacted capital ratios and is supporting the expansion plans for 2014.

“Our strong credit quality, improving profitability and sound capital base provide us with the opportunity to invest in talent, technology and resources as a recipe to deliver our Bank First service model in current and new markets,” added Molepske. “We remain focused on growing high quality market share one relationship at a time in our footprint and in geographies adjacent to our footprint. This disciplined approach has translated into core revenue growth and sustained profitability,” Molepske stated.

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 56 banks in Wisconsin, Missouri, Kansas, Illinois, and Arkansas. The Bank employs approximately 154 full-time equivalent staff and has assets of \$1.1 billion as of December 31, 2013. Further information about First Manitowoc Bancorp, Inc. is available by clicking on the Investor Relations tab at www.BankFirstNational.com.

First Manitowoc Bancorp is traded on the OTCQB marketplace under the symbol BFNC. The BFNC 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

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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 MANITOWOC BANCORP, INC.
AND SUBSIDIARIES
Consolidated Balance Sheets**

ASSETS	12/31/2013	12/31/2012	YOY Change
Cash and due from Banks	\$ 26,448,045	\$ 38,598,912	\$ (12,150,867)
Interest-bearing deposits	45,186,559	72,562,389	(27,375,830)
Federal funds sold	129,395	453,532	(324,137)
Cash and cash equivalents	<u>71,763,999</u>	<u>111,614,834</u>	<u>(39,850,835)</u>
Securities available for sale, at fair value	109,650,433	117,954,713	(8,304,280)
Other investments, at cost	2,958,417	2,958,417	(0)
Loans held for sale	272,200	542,300	(270,100)
Loans	823,144,428	731,073,845	92,070,583
Allowance for loan loss	(8,755,151)	(7,949,992)	(805,159)
Loans, net	<u>814,389,277</u>	<u>723,123,854</u>	<u>91,265,423</u>
Premises and equipment, net	9,272,220	10,050,581	(778,361)
Goodwill	7,983,933	7,983,933	0
Intangible assets, net	57,509	75,670	(18,161)
Mortgage Servicing Rights	2,505,802	2,010,928	494,874
Investment in minority owned subsidiaries	14,745,738	14,170,254	575,484
Other real estate owned	2,976,156	5,567,117	(2,590,961)
Cash value of life insurance	19,841,558	19,752,669	88,889
Other assets	3,496,787	4,620,489	(1,123,702)
Total Assets	<u>\$ 1,060,886,569</u>	<u>\$ 1,020,425,758</u>	<u>\$ 40,460,811</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	919,486,423	869,162,768	50,323,655
Fed funds purchased	-	-	-
Securities sold under repurchase agreements	30,844,504	43,098,904	(12,254,400)
Borrowed funds	-	-	-
Dividend Payable	445,204	-	445,204
Notes payable	1,815,000	2,820,040	(1,005,040)
Other liabilities	6,727,568	9,250,593	(2,523,025)
Total liabilities	<u>959,318,699</u>	<u>924,332,305</u>	<u>34,986,394</u>
Stockholders' Equity			
Common stock--\$0.01 par value: Authorized-- 20,000,000 shares Issued--6,714,252	67,146	67,146	0
Additional paid-in-capital	2,608,071	2,451,266	156,805
Retained earnings	103,631,067	93,472,830	10,158,237
Accumulated other comprehensive income	1,050,099	3,058,177	(2,008,078)
Treasury stock, at cost	(5,788,513)	(2,955,965)	(2,832,548)
Total stockholders' equity	<u>101,567,870</u>	<u>96,093,453</u>	<u>5,474,417</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,060,886,569</u>	<u>\$ 1,020,425,758</u>	<u>\$ 40,460,811</u>

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

	YTD 12/31/2013	YTD 12/31/2012	YOY change
Interest/Dividend income:			
Loans, including fees	\$ 35,657,510	\$ 34,413,326	\$ 1,244,184
Federal funds sold	30,805	28,531	2,274
Securities:			
Taxable	1,382,233	1,668,938	(286,705)
Tax-exempt	2,020,451	2,049,424	(28,973)
Other	(104,826)	(3,214)	(101,612)
Total interest income	38,986,173	38,157,005	829,168
Interest expense:			
Deposits	4,527,049	5,185,739	658,690
Securities sold under repurchase agreements	235,579	487,420	251,841
Borrowed funds	116,374	139,760	23,386
Total interest expense	4,879,002	5,812,919	933,917
Net interest income	34,107,171	32,344,086	1,763,085
Provision for loan losses	1,475,000	2,900,000	1,425,000
Net interest income after provision	32,632,171	29,444,086	3,188,085
Noninterest income:			
Wealth Management Revenue	95,874	79,484	16,390
Service charges	2,488,307	2,868,642	(380,335)
Income from Ansay	964,698	1,196,235	(231,537)
Loan servicing income	1,226,718	967,074	259,644
Income from UFS	913,563	682,848	230,715
Net gain on sales of mortgage loans	1,066,156	1,874,471	(808,315)
Net loss on sales of securities	(906,224)	(68)	(906,156)
Other	819,526	707,758	111,768
Total Noninterest income	6,668,618	8,376,444	(1,707,826)
Noninterest expense:			
Salaries, commissions, and employee benefits	11,751,300	11,698,311	(52,989)
Occupancy	2,550,753	2,587,411	36,658
Data processing	1,513,677	1,454,050	(59,627)
Loss on sales of OREO	965,027	823,578	(141,449)
Postage, stationery, and supplies	380,444	410,533	30,089
Advertising	148,873	159,879	11,006
Outside service fees	1,713,950	1,789,350	75,400
Amortization of intangibles	18,161	18,161	-
Other	3,756,288	4,389,970	633,682
Total Noninterest expense	22,798,473	23,331,243	532,770
Income before provision for income taxes	16,502,316	14,489,287	2,013,029
Provision for income taxes	4,938,803	4,069,308	(869,495)
Net income	11,563,513	10,419,979	1,143,534
YTD Average Shares outstanding	6,463,823	6,587,174	(123,351)
Earnings per share--common shareholders	\$ 1.79	\$ 1.58	\$ 0.21

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

	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>Quarter over quarter Change</u>
Interest/Dividend income:			
Loans, including fees	\$ 9,106,027	\$ 8,644,577	\$ 461,450
Federal funds sold	71	11,148	(11,077)
Securities:		-	-
Taxable	344,986	361,967	(16,981)
Tax-exempt	501,551	470,878	30,673
Other	(29,010)	2,471	(31,481)
Total interest income	9,923,625	9,491,041	432,584
Interest expense:			
Deposits	1,168,953	1,245,448	76,495
Securities sold under repurchase agreements	23,455	72,842	49,387
Borrowed funds	20,496	34,660	14,164
Total interest expense	1,212,904	1,352,949	140,045
Net interest income	8,710,721	8,138,091	572,630
Provision for loan losses	250,000	1,200,000	950,000
Net interest income after provision	8,460,721	6,938,091	1,522,630
Noninterest income:			
Wealth Management Revenue	16,832	29,472	(12,640)
Service charges	622,942	678,904	(55,962)
Income from Ansay	34,699	33,683	1,016
Loan servicing income	263,752	272,236	(8,484)
Income from UFS	243,373	166,774	76,599
Net gain on sales of mortgage loans	130,674	576,173	(445,499)
Net loss on sales of securities	(566,608)	-	(566,608)
Other	255,791	182,768	73,023
Total Noninterest income	1,001,455	1,940,009	(938,554)
Noninterest expense:			
Salaries, commissions, and employee benefits	2,984,357	2,917,754	(66,603)
Occupancy	566,911	607,215	40,304
Data processing	375,958	381,150	5,192
Loss on sales of OREO	128,736	687,815	559,079
Postage, stationery, and supplies	91,659	95,186	3,527
Advertising	33,121	28,503	(4,618)
Outside service fees	449,777	593,350	143,573
Amortization of intangibles	4,540	4,540	0
Other	820,186	1,080,219	260,033
Total Noninterest expense	5,455,245	6,395,732	940,487
Income before provision for income taxes	4,006,931	2,482,369	1,524,562
Provision for income taxes	1,138,609	519,695	(618,914)
Net income	\$ 2,868,322	\$ 1,962,674	\$ 905,648
QTR Average Shares outstanding	6,382,072	6,550,272	(168,200)
Earnings per share--common shareholders	\$ 0.45	\$ 0.30	\$ 0.15

First Maniwoc Bancorp, Inc.
Financial Data

	Dec 2013 Actual YTD	Dec 2012 Actual YTD
Net Income and per share data		
Net Income (Bank)	\$12,058,589	\$10,870,333
Net Income (Consolidated)	\$11,563,515	\$10,419,981
Earnings per Share (Consolidated)	\$1.79	\$1.58
Change over prior period	13.1%	
Branch closing expense	\$0	\$0
Dividends (Holding Co.)	\$703,280	\$5,779,132
Dividend Payout Ratio (DPS/EPS)	6%	56%
Dividend Yield (DPS/Stock Price)	2.32%	5.71%
Book Value	\$15.91	\$14.71
Tangible Book Value less AFS impact	\$14.48	\$13.01
Tangible Book Value	\$14.65	\$13.48
Price Earnings Ratio	10.62	9.81
Book Value Multiple	1.19	1.05
Market Value	19.00	15.50
Period End Shares	6,384,432	6,531,121
Market Capitalization	121,304,208	101,232,376
Performance Ratios (1)		
Net Interest Margin (YTD)	3.82%	3.90%
Fee Income to Total Revenue	16.35%	20.57%
Efficiency Ratio	54.14%	55.57%
ROA	1.15%	1.11%
ROE	11.60%	10.69%
FTE - period end	153,740	165,750
Avg. number of FTE	160,785	165,985
Earnings per Avg. Employee	71,919	62,777
Avg Assets per Avg. Employee	6,233,628	5,664,030
Selected Financial Condition (EOP)		
Fed Funds Sold	\$129,395	\$453,532
Total Securities	\$112,608,851	\$121,032,787
Total Loans	\$823,416,628	\$731,616,145
Allowance for loan losses	\$8,755,151	\$7,949,992
Goodwill	\$7,983,933	\$7,983,933
Total Assets	\$1,060,886,568	\$1,020,425,758
Average Assets	\$1,002,276,738	\$940,144,007
Core Deposits	\$919,486,423	\$869,162,768
Total Deposits	\$919,486,423	\$869,162,768
Brokered Deposits (includes CDARS one-way buys)	\$0	\$0
CDARS Core Deposits	\$9,915,504	\$14,337,112
Other Borrowings	\$1,815,000	\$2,820,040
Repurchase Agreements	\$30,844,504	\$43,098,904
Total Wholesale Funding	\$32,659,504	\$45,918,944
Fed Funds Purchased	\$0	\$0
Total Equity	\$101,567,869	\$96,093,453
Average Stockholder's Equity	\$99,694,434	\$97,446,304

First Maniwoc Bancorp, Inc.
Financial Data

	Dec 2013 Actual YTD	Dec 2012 Actual YTD
Balance Sheet Ratios		
Loans to Deposits	90%	83%
Investments to Total Assets	11%	12%
Avg Earnings to Avg Bearing Liabilities	135%	130%
Brokered Deposits to Total Deposits	0%	0%
CDARS Deposits to Total Deposits	1%	2%
Repos to Total Deposits plus repos	3%	5%
Wholesale funding to total Liabilities	3%	5%
Wholesale funding to Risk Based Capital	33%	50%
Asset Quality		
Allowance for probable credit losses to total loans	1.06%	1.09%
Net charge-offs to average total loans	0.08%	0.33%
Nonaccrual loans to total loans	0.31%	0.54%
Loans past due 30 days to total loans	0.08%	0.11%
Non-performing assets to total assets	0.53%	0.96%
Nonaccrual loans	2,570,864	3,959,183
Loans 90 days past due	45,988	276,980
Other Real Estate Owned	2,976,156	5,567,117
Non-performing assets	<u>\$5,593,008</u>	<u>\$9,803,280</u>
Provision for loan losses	\$1,475,000	\$2,900,000
Gross charge-offs	997,312	2,596,008
Recoveries	(327,471)	(165,737)
Net Charge-offs	<u>\$669,841</u>	<u>\$2,430,271</u>
Provision less charge-offs	\$805,159	\$469,729
Condensed Income Statement		
Short-term investment income	30,805	28,531
Investment securities income	3,089,228	3,613,966
Loan income	35,866,141	34,514,509
Total Interest Income	<u>\$38,986,175</u>	<u>\$38,157,005</u>
Deposit interest expense	4,527,049	5,185,739
Repo interest expense	231,219	483,809
Other borrowings interest expense	120,733	143,330
Total Interest Expense	<u>\$4,879,002</u>	<u>\$5,812,919</u>
Net interest income	34,107,173	32,344,086
Provision for loan losses	1,475,000	2,900,000
Net interest income after provision for loan loss	<u>\$32,632,173</u>	<u>\$29,444,086</u>
Noninterest income	6,668,617	8,376,443
Noninterest expense	22,798,472	23,331,240
Net Income before Taxes	<u>\$16,502,318</u>	<u>\$14,489,289</u>
Taxes	\$4,938,803	\$4,069,308
NET INCOME	<u>\$11,563,515</u>	<u>\$10,419,981</u>