

2021 | ANNUAL REPORT

with Proxy & Financial Statements



BankFirst
CORPORATION

ABOUT BANK FIRST

Bank First is headquartered in Wisconsin. Through a combination of acquisitions and de novo offices, the bank has expanded to serve the financial needs of those throughout Wisconsin. Our growth has been achieved through our relationship-based model of banking. We take pride in knowing our customers on a personal level and working together to create value for themselves, their families, and the communities in which we live.

WHO WE ARE:

Our Promise

We are a relationship-based bank focused on providing innovative products and services that are value driven to the communities we serve.

Our Culture

Bank First's culture celebrates diversity, creativity, and responsiveness, with the highest ethical standards. We support and encourage employees to develop their careers. They are empowered with the tools to be successful and are held accountable for the results they deliver to our customers and shareholders. We maintain a strong credit culture as a foundation of sound asset quality.

Our Vision

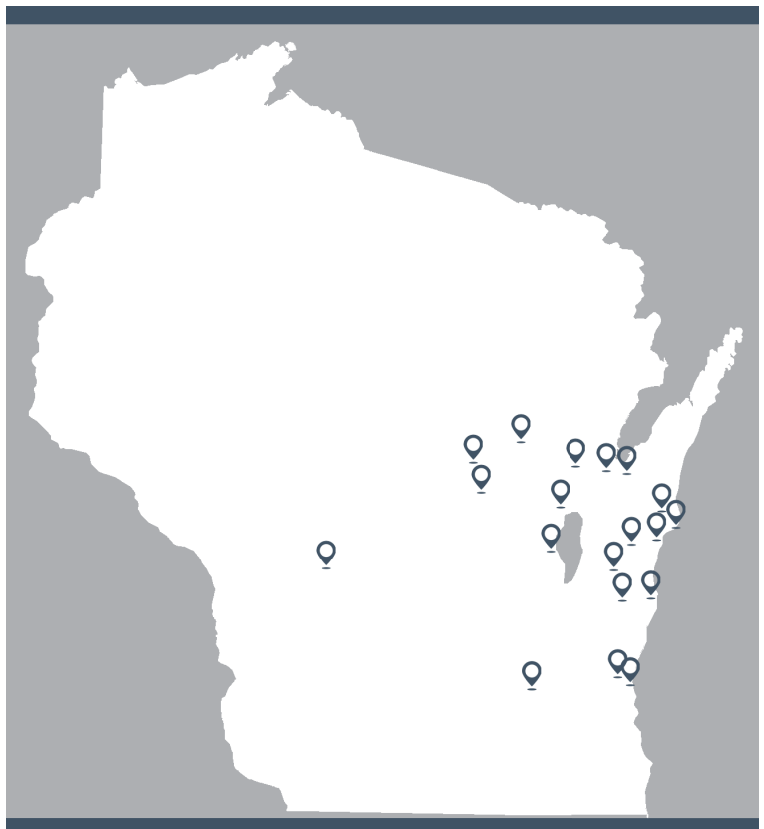
We will sustain our independence by remaining the top-performing provider of financial services in Wisconsin. Our team will strive to create value for our customers and shareholders by forging strong relationships and offering personalized and innovative solutions.

WHERE WE ARE:

While we provide financial products and services to customers throughout the world, we are proud to have physical locations within the following Wisconsin communities:

- Appleton
- Ashwaubenon
- Bellevue
- Cedarburg
- Clintonville
- Iola
- Kiel
- Manitowoc - 8th
- Manitowoc - Custer
- Mequon
- Mishicot
- Oshkosh
- Plymouth
- Seymour
- Sheboygan
- Tomah
- Two Rivers
- Valders
- Watertown
- Waupaca

NASDAQ:
BFC





402 N. 8th Street
P.O. Box 10
Manitowoc, Wisconsin 54221-0010
(920) 652-3100

April 22, 2022

Dear Shareholder:

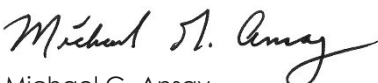
You are cordially invited to attend the 2022 Annual Meeting of Shareholders (the "Annual Meeting") of Bank First Corporation (the "Corporation"), the holding company for Bank First, N.A., which will be held on Monday, June 13, 2022, at 4:00 p.m., Central Daylight Time, at the Franciscan Center for Music Education and Performance, located at 6751 Calumet Avenue, Manitowoc, Wisconsin 54220. Refreshments will be served following the meeting.

The attached Notice of Annual Meeting of Shareholders and Proxy Statement describe the formal business to be acted upon at the Annual Meeting. The Proxy Statement and Annual Report on Form 10-K can be accessed at www.envisionreports.com/BFC or on our website at www.bankfirst.com. We expect directors and officers of the Corporation, as well as representatives of the Corporation's auditors, to be present at the Annual Meeting to respond to any shareholder questions. Shareholders may ask questions and provide comments in advance of the Annual Meeting by contacting our Investor Relations team at (920) 652-3360 or IR@bankfirst.com.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, we urge you to complete and vote and submit your proxy online, by telephone, or by mail to ensure a quorum at the Annual Meeting. If you vote your shares prior to the Annual Meeting, you will have the right to revoke your proxy and vote your shares by one of the methods described in the Proxy Statement.

We hope you will plan to attend our Annual Meeting on Monday, June 13, 2022. If you have any questions regarding any of the information provided herein, please do not hesitate to contact the Corporation's Corporate Secretary, Kelly Dvorak, at (920) 652-3244 or kdvorak@bankfirst.com. On behalf of our Board of Directors and Senior Management Team, thank you for your continued investment in Bank First Corporation. We look forward to seeing you at the Annual Meeting.

Sincerely,


Michael G. Ansay
Chairman of the Board


Michael B. Molepske
President and Chief Executive Officer



402 N. 8th Street
P.O. Box 10
Manitowoc, Wisconsin 54221-0010
(920) 652-3100

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on June 13, 2022

DATE: Monday, June 13, 2022
TIME: 4:00 p.m. Central Daylight Time
LOCATION: Franciscan Center for Music Education and Performance, located at 6751 Calumet Avenue, Manitowoc, Wisconsin 54220

NOTICE IS HEREBY GIVEN that the 2022 Annual Meeting of Shareholders (the "Annual Meeting") of Bank First Corporation (the "Corporation") will be held on Monday, June 13, 2022, at 4:00 p.m., Central Daylight Time, for the following purposes, all of which are described in greater detail in the accompanying Proxy Statement:

- (1) To elect four (4) directors of the Corporation, each for three-year terms and in each case until their successors are elected and qualified;
- (2) To ratify the appointment of Dixon Hughes Goodman, LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2022; and
- (3) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. As of the date of this Proxy Statement, the Board of Directors is not aware of any other such business.

The Corporation's Board of Directors has fixed the close of business on April 4, 2022 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting online or at any adjournments or postponements thereof. Only shareholders of record as of the close of business on such date will be entitled to notice of, and to vote at, the Annual Meeting online or at any adjournments or postponements thereof. If there are insufficient votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned to permit further solicitation of proxies by the Corporation.

It is important that your shares be represented and voted at the meeting regardless of the numbers of shares you own. Even if you plan to attend the Annual Meeting, you are urged to promptly vote the enclosed proxy. You can vote your shares online or by telephone, or by completing and returning the proxy card or voting instruction card sent to you. Voting instructions are printed on your proxy card or voting instruction card and are included in the accompanying proxy statement. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in the proxy statement.

The board of directors of the Corporation unanimously recommends that shareholders vote "FOR" each of the four director nominees for election as a director and "FOR" the ratification of Dixon Hughes Goodman, LLP as the Corporation's independent registered public accounting firm for 2022.

By Order of the Board of Directors

Handwritten signature of Kelly M. Dvorak in black ink.

Kelly M. Dvorak, Corporate Secretary
Manitowoc, Wisconsin
April 22, 2022

**Important Notice Regarding the Availability of Proxy Materials for the
Shareholder Meeting to be held on June 13, 2022:**

**The notice of annual meeting, proxy statement, proxy card and the 2021 annual report for
the period ending December 31, 2021, are available at
<https://www.envisionreports.com/BFC>**

**Whether or not you plan to attend the meeting, please vote online or by telephone, or
by marking, signing, dating and promptly returning the enclosed proxy card or voting
instruction card.**

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BANK FIRST CORPORATION
402 N. 8th Street
P.O. Box 10
Manitowoc, Wisconsin 54221-0010
(920) 652-3100

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

To Be Held on June 13, 2022

ABOUT THE ANNUAL MEETING

This Proxy Statement is provided by the Board of Directors of Bank First Corporation (the "Corporation") in connection with our 2022 Annual Meeting of Shareholders (the "Annual Meeting") and at any adjournment of the meeting. It describes the proposals to be voted on at the Annual Meeting and the voting process and includes certain other information.

The Annual Meeting will be held at the Franciscan Center for Music Education and Performance, 6751 Calumet Avenue, Manitowoc, Wisconsin 54220, on Monday, June 13, 2022 at 4:00 p.m., Central Daylight Time, for the purposes set forth in the Notice of Annual Meeting of Shareholders.

The meeting notice, containing information regarding the availability of proxy materials for the 2022 Annual Meeting of Shareholders is being mailed to shareholders on or around April 22, 2022. Shareholders will be able to access the proxy materials electronically and vote their shares at www.envisionreports.com/BFC. The meeting notice will also contain instructions regarding how to request a paper copy of the proxy materials. In accordance with the rules of the U.S. Securities and Exchange Commission (the SEC), we are permitted to furnish proxy materials, including this proxy statement and our 2021 annual report, to shareholders by providing access to these documents online instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless requested. Instead, most shareholders will only receive a notice that provides instructions on how to access and review our proxy materials online. We have elected electronic access to our proxy materials to save the Corporation the cost of producing and mailing these documents. We believe this expedites shareholder receipt of proxy materials, lowers the costs incurred by us and conserves natural resources. The notice also provides instructions on how to submit your proxy and vote online or by phone. If you would like to receive a printed copy or emailed copy of our proxy materials free of charge, please follow the instructions set forth in the notice to request the materials. If you receive more than one notice, it means that your shares are registered differently and are held in more than one account. To ensure that all shares are voted, please either vote each account over the Internet or by telephone or sign and return by mail all proxy cards.

Unless the context indicates otherwise, all references in this Proxy Statement to "we," "us," "our," "the Corporation," and "Bank First" refer to Bank First Corporation and its wholly owned subsidiary, Bank First, N.A., and the "Bank" refers to Bank First, N.A.

Purpose of Meeting

Shareholders will be asked to vote on the following matters:

- (1) To elect four (4) directors of the Corporation, each for three-year terms and in each case until their successors are elected and qualified;
- (2) To ratify the appointment of Dixon Hughes Goodman, LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2022; and
- (3) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. As of the date of this Proxy Statement, the Board of Directors is not aware of any other such business.

In addition, management will report on the Corporation's performance for the fiscal year ended December 31, 2021 and will respond to questions from shareholders.

Voting Recommendation

Proposal	Board's Recommendation	Reasons for Recommendation	See page
1. Election of four (4) directors	FOR	The Board and the Governance and Nominating Committee believe the four Board nominees possess the skills, experience, and knowledge to effectively monitor performance, provide oversight, and advise management on the Corporation's long-term strategy.	6
2. Ratification of Independent Registered Public Accounting Firm	FOR	Based on the Audit Committee's assessment of Dixon Hughes Goodman LLP's qualifications and performance, the Audit Committee believes the retention of Dixon Hughes Goodman LLP as the Corporation's independent registered public accounting firm for fiscal year ending December 31, 2022 is in the best interest of the Corporation.	44

VOTING INFORMATION

Record Date

Each share of the Corporation's common stock issued and outstanding as of the close of business on April 4, 2022 (the "Record Date") is entitled to receive notice of, and is further entitled to one vote on all matters to be voted upon at the Annual Meeting. If you were a shareholder of record on the Record Date, you are entitled to vote all the shares that you held on that date at the Annual Meeting or any postponements or adjournments thereof.

Outstanding Shares and Quorum

On the Record Date, there were 7,583,386 shares of common stock of the Corporation outstanding. A quorum of shareholders is necessary to hold a valid shareholder meeting. The presence, in person or by proxy, of the holders of at least a majority of the total number of shares of outstanding common stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. Thus, the holders of common stock representing at least 3,791,693 votes will be required to establish a quorum. No shares of preferred or other capital stock were outstanding as of the Record Date. In the event there are not sufficient votes for a quorum or to approve or ratify any proposal at the time of the Annual Meeting, the Annual Meeting may be adjourned or postponed to permit the further solicitation of proxies.

Procedures for Voting by Proxy

Shareholders of Record; Shares Registered Directly in Your Name. Shareholders of record may vote their shares in person during the Annual Meeting, or submit a proxy to cause their shares to be represented and voted at the Annual Meeting. Shareholders of record may grant a proxy with respect to their shares by mail, telephone or Internet. Granting a proxy by telephone or Internet will be available up to the date of the Annual Meeting. Voting instructions appear on your proxy card. If you grant a proxy by telephone or Internet, please have your proxy card available.

Beneficial Holders; Shares Registered in the Name of Broker; Bank or Other Agent. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, commonly referred to as "street name," you should have received our proxy materials from that organization rather than from the Corporation. As a beneficial owner, you have the right to direct your broker, bank, or other agent on how to vote the shares in your account. You should follow the instructions provided by your broker, bank or other agent regarding how to vote your shares. To attend the Annual Meeting, you must register in advance and submit proof of your "legal proxy" from your broker, bank or other reflecting your Corporation common stock ownership.

The Corporation must receive your vote no later than the time the polls close for voting at the Annual Meeting for your vote to be counted at the Annual Meeting. Please note that Internet and telephone voting will close at 11:59 p.m., on June 12, 2022.

The proxy solicited hereby, if properly voted and not revoked prior to its use, will be voted in accordance with the directions contained therein. Votes will be counted the day of the Annual Meeting by the inspector of election appointed by the Corporation for the Annual Meeting. The Board has appointed Chairman of the Board of Directors Michael G. Ansary and Corporate Secretary Kelly M. Dvorak to serve as the proxies for the Annual Meeting.

If you are a shareholder of record and you return a signed and dated proxy card without marking any voting selections, your shares will be voted "**FOR**" the election of the director nominees named in this Proxy Statement and "**FOR**" the ratification of the Corporation's

independent registered public accounting firm. If any director nominee becomes unavailable for election for any reason prior to the vote at the Annual Meeting, the Board may reduce the number of directors to be elected or substitute another person as a nominee, in which case your proxy (one of the individuals named on your proxy card) will vote for the substitute nominee. If any other matter is properly presented at the Annual Meeting, your proxy will vote your shares as recommended by the Board or, if no recommendation is given, will vote your shares using his or her discretion.

If your shares are held by your broker, bank or other agent as your nominee, you are considered the "beneficial holder" of the shares held for you in what is known as "street name." You are not the "recordholder" of such shares. If this is the case, you will need to obtain a proxy card from the organization that holds your shares and follow the instructions included on that form regarding how to instruct your broker, bank or other agent to vote your shares. Brokers, banks or other agents that have not received voting instructions from their customers cannot vote on their customers' behalf with respect to proposals that are not "routine" but may vote their customers' shares with respect to proposals that are "routine." Shares that brokers, banks and other agents are not authorized to vote are referred to as "broker non-votes." The ratification of the Corporation's independent registered public accounting firm is a routine proposal, while the election of directors is not a "routine" proposal. Therefore, if you are a beneficial holder and if you submit a voting instruction form to your bank, broker or other nominee but do not specify how to vote your shares, your shares will be voted in the bank, broker or other nominee's discretion with respect to the ratification of the Corporation's independent registered public accounting firm, but such shares will not be voted with respect to the election of directors.

Requirements for Shareholder Approval

In voting for the proposal to elect four directors (Proposal 1), you may vote in favor of all nominees or withhold your votes as to all or as to specific nominees. For the director nominees to be elected, a director nominee must receive more votes than any other nominee for the same seat on our Board of Directors, and must receive more votes cast in favor of that nominee than against the nominee. As a result, if you withhold your vote as to one or more nominees, it will have no effect on the outcome of the election unless you cast that vote for a competing nominee. As of the date of this Proxy Statement, we do not know of any competing nominees. Shareholders are not entitled to cumulative voting in the election of our directors. Accordingly, you may cast only one vote per share of our common stock for each nominee to the Board.

In voting on the proposal to approve the ratification of the Corporation's independent registered public accounting firm (Proposal 2), you may vote for or against the proposal or abstain. To ratify the appointment of Dixon Hughes Goodman, LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2022, the proposal must receive more votes cast in favor of the proposal than cast against the proposal.

Abstentions and Broker Non-Votes

Abstentions (i.e., shares for which authority is withheld to vote for a matter) are included in the determination of shares present and voting for purposes of whether a quorum exists. For the election of directors, failure to vote, votes withheld, and abstentions will have no effect on the outcome of the vote because directors are elected by a plurality of the votes cast. For the ratification of the appointment of the Corporation's independent registered public accounting firm, failure to vote, votes withheld, and abstentions will have no effect on the outcome of the vote.

Proxies relating to "street name" shares that are voted by brokers or other third-party nominees on certain matters will be treated as shares present and voting for purposes of determining the presence or absence of a quorum. Broker non-votes will be considered present for the purpose of establishing a quorum, but will not be treated as shares entitled to vote on such matters. Broker non-votes will have no effect on the outcome of the election of directors and the ratification of the appointment of the Corporation's independent registered public accounting firm.

Solicitation and Revocation

This Proxy Statement is furnished to the shareholders of the Corporation in connection with the solicitation by the Board of Directors of proxies to be voted at the Annual Meeting. The cost of soliciting proxies will be borne by the Corporation, and solicitation will be made principally by distribution via mail. Proxies also may be solicited by email, telephone, or other means of communication by certain directors, officers, and employees of the Corporation without additional compensation for their proxy solicitation efforts. The Corporation also made arrangements with brokerage firms, banks, nominees and other fiduciaries to forward proxy solicitation materials to the beneficial owners of the Corporation's common stock.

A proxy may be revoked at any time before it is exercised by (i) filing a written notice of revocation with the Corporate Secretary of the Corporation (Corporate Secretary, Kelly M. Dvorak, Bank First Corporation, 402 N. 8th Street, P.O. Box 10, Manitowoc, Wisconsin 54221-0010); (ii) submitting a duly executed proxy bearing a later date which is received by the Corporation at any time prior to the Annual Meeting date; or (iii) appearing at the Annual Meeting and voting in person. If your shares are held by your broker, bank or other agent as your nominee, you should follow the instructions provided by your broker, bank or other agent.

Voting Results

The Corporation will publish the voting results in a Current Report on Form 8 K, which will be filed with the SEC within four business days following the Annual Meeting.

Other Matters

Shareholders who have questions about the matters to be voted on at the Annual Meeting or how to submit a proxy should contact Corporate Secretary Kelly Dvorak at Bank First Corporation, 402 N. 8th Street, P.O. Box 10, Manitowoc, Wisconsin 54221-0010 or by phone at (920) 652-3244 or by email at kdvorak@bankfirst.com.

PROPOSAL 1 - ELECTION OF DIRECTORS

The Articles of Incorporation and Bylaws of the Corporation provide that the Board of Directors of the Corporation shall be divided into three classes which are as equal in number as possible and that the members of each class are to be elected for a term of three years and until their successors are elected and qualified. One class of directors is to be elected annually. A resolution of the Board of Directors of the Corporation adopted pursuant to the Corporation's Bylaws has established the number of directors at a maximum of twelve (12).

There are four (4) nominees for election to the Board of Directors at the Annual Meeting, each to serve a three-year term. Each of the director nominees is also a member of the Board of Directors of the Bank, a wholly-owned subsidiary of the Corporation. Information regarding the business experience of each nominee is included below. There are no arrangements or understandings between any of the directors and any other person pursuant to which he or she was selected as a director. No current director has any family relationship, as defined in Item 401 of Regulation S-K, with any other director or with any of our executive officers.

Each proxy executed and returned by a shareholder will be voted FOR the election of the director nominees listed below unless otherwise directed. At this time, the Board of Directors expects that all nominees will be available to serve as directors. If any person named as nominee should be unable or unwilling to stand for election at the time of the Annual Meeting, the proxies will nominate and vote for any replacement nominee or nominees recommended by the Board of Directors.

Nominees for Election as Directors

The following is a summary of information with respect to the director nominees, including the name of each director nominee, his or her experience and qualifications, each of the positions and offices he or she holds with the Corporation, his or her term of office as a director, and all periods during which he or she has served as a director of the Corporation. If elected, the director nominees will hold office for a three-year term expiring in 2025.

MICHAEL G. ANSAY

As sitting Chairman of the board of directors of the Company, Mr. Ansay is also the Chairman and Chief Executive Officer of Ansay & Associates, LLC, a second-generation independent insurance agency providing integrated insurance, risk management, and benefit solutions to businesses, families, and individuals. In his current role, Mr. Ansay is responsible for developing long-term strategic plans and implementing the mission, vision, and values of the agency to deliver high quality, customer-focused solutions. Under Mr. Ansay's direction, Ansay & Associates, LLC is one of the fastest-growing companies in Wisconsin and has been recognized as one of the Best and Brightest companies to work for nationwide. Growing from one office to over 20, Ansay & Associates manages the insurance and risk needs of over 12,000 businesses and 35,000 individuals. Mr. Ansay is also a managing member of Ansay Development Corporation and Ansay International. Mr. Ansay currently serves on the board of directors for the Independent Insurance Agency of Wisconsin, the Bruce Krier Charitable Foundation, and an Advisory Board Member for Dais Technology. Mr. Ansay has also been appointed Honorary Consul of Luxembourg for Wisconsin by Luxembourg's Ministry of Foreign Affairs. Mr. Ansay graduated from Marquette University in 1976 with a Bachelor of Science in Finance. Mr. Ansay became a director of the Company and Bank in February 2010, was appointed Vice-Chairman in February 2012, and assumed the role of Chairman in January 2013. Our board of directors



determined that Mr. Ansay is qualified to serve as a director and Chairman of our board based on his extensive experience driving growth, crafting and implementing long-term strategic goals, and his proven ability to bring people together and develop a strong team of leaders.

JUDY L. HEUN

Mrs. Heun has over 30 years of experience in accounting and finance, currently serving as a Financial Consultant for Kohler Company advising and directing the company leadership in topics regarding financial audit, policy/procedure, and planning and investing. Prior to her current role, she served as Vice President and Controller for Kohler Company's Kitchen & Bath North America multi-billion dollar international sector. Prior to that role, she served as the Director of Corporate Administrative Accounting for the Kohler Company for over 15 years. She is an accomplished leader with experience in various aspects of finance and operations with a professional skillset in accounting, planning, forecasting, financial reporting, internal controls, and continuous improvement. She is actively involved with the Plymouth community, currently serving on the finance council for St. John the Baptist Church and School with past involvement as finance committee chair for the school board. She also had active involvement in the Plymouth Soccer Club as a board member, treasurer, and team manager. Mrs. Heun graduated from the University of Wisconsin-Milwaukee in 1988 with a Bachelor of Business Administration degree in Finance. She earned her Master's degree in Business Administration from Marquette University in 1997. Mrs. Heun became a director of the Corporation and Bank in April 2019. Mrs. Heun brings a demonstrated history of strong financial discipline to the Corporation, as well as a wealth of experience in the areas of financial planning, forecasting, costing, and all other financial accounting processes.



LAURA E. KOHLER

Laura Kohler is Senior Vice President – Human Resources, Stewardship and Sustainability for Kohler Company, and has served on Kohler's Board of Directors since 1999. She oversees the company's worldwide Human Resources organization and leads Kohler's Stewardship and Sustainability programs. In this capacity she drives Kohler's global corporate social responsibility and sustainability strategies, which include a focus on community partnerships, corporate and associate giving, disaster relief and Kohler's journey to net positive. She also oversees Kohler's renowned Arts/Industry program. Laura began working summer jobs at Kohler Co. during high school. Since returning in 1995, she served as Vice President of Communications and then Vice President of Human Resources in 1999. She was promoted to Senior Vice President of Human Resources in 2002 with the addition of Labor Relations. Laura serves as board chair of Outward Bound USA, the Kohler Trust for the Arts & Education and the Kohler Trust for Preservation. She also is a board member for the John Michael Kohler Arts Center and The Actors Center in New York City and a trustee at Lawrence University. Laura previously served eight years on the Kohler Public School Board and in 2005 was named co-recipient of the Wisconsin State Superintendent's Friends of Education award. Laura earned her bachelor's degree in political science from Duke University and her master's degree in fine arts from the Catholic University of America.





Mr. Molepske is currently the President and Chief Executive Officer of the Corporation and Chief Executive Officer of the Bank. In these roles, he is responsible for providing strategic leadership by working with the Board of Directors and the Senior Management team to establish long-term goals, growth strategies, and policies and procedures for the Corporation and the Bank. Mr. Molepske's primary objective is to ensure the Bank's affairs are carried out competently, ethically, in accordance with the law, and in the best interest of employees, customers, and shareholders. In 2005, Mr. Molepske joined the Bank as the Senior Loan Officer and Regional President. In this role, he was responsible for overseeing and maintaining the integrity of the Bank's loan portfolio by ensuring proper compliance with all lending policies and procedures. In 2008 and 2010, respectively, Mr. Molepske was appointed to his current roles as Chief Executive Officer and President of the Corporation. From 1988 to 2005, Mr. Molepske served as a Credit Analyst, Business Banker, Senior Loan Officer, and Market President at Associated Bank, where he was responsible for overseeing the Lakeshore Region's commercial banking, private banking, credit administration, and treasury management functions. Mr. Molepske currently serves on the Board of Directors for RCS Foundation, Rahr-West Museum Foundation, and is the Chairman of the Officials Committee for the American Barefoot Club, a division of USA Water Ski and the World Barefoot Council, a division of the International Waterski & Wakeboard Federation. He also serves as Secretary and member of the Board of Directors of Ansay & Associates, LLC. Additionally, he serves on the Federal Reserve Chicago District's Community Depository Institutions Advisory Council. Mr. Molepske graduated from the University of Wisconsin, Madison with Bachelor of Science degrees in Finance and Management Information Systems. He later earned his Masters of Business Administration from the University of Wisconsin, Milwaukee. Mr. Molepske became a Director of the Corporation and Bank in 2008. He is also a member of the Bank's Senior Management Team. Our Board believes Mr. Molepske is qualified to serve as a director as Mr. Molepske is a proven leader with the vision and ability to successfully execute the Bank's strategic initiatives. His attention to detail and extensive knowledge of the financial sector enables him to anticipate change and quickly adapt in a highly dynamic industry, and under his leadership, Bank First has experienced exceptional growth, strong asset quality, and profitability.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE "FOR" EACH OF THE ABOVE NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS.

Directors Continuing in Office

The following is a summary of information with respect to the continuing directors, including the name of each director, his or her experience and qualifications, each of the positions and offices he or she holds with the Corporation, his or her term of office as a director, and all periods during which he or she has served as a director of the Corporation.

Directors Whose Terms Expire in 2023

ROBERT W. HOLMES

Mr. Holmes served as Executive Chairman of the Board of Directors of Tomah Bancshares, Inc., which was acquired by the Corporation on May 15, 2020. Mr. Holmes has over 40 years of experience in the financial services industry, dating back to 1975 when he founded and served as President and CEO of First Insurance Services, Inc. In 1983, First Insurance Services joined Wisconsin Savings Bank and Mr. Holmes was appointed to serve as President and CEO of the combined organization as well as Chairman of the Board of Directors. Mr. Holmes led an effort to position First Insurance Services and Wisconsin Savings Bank for sale, and in 1991 the combined organization was acquired by Heritage Mutual Insurance Company in Sheboygan, WI (operating today as Acuity Insurance). Mr. Holmes continued to serve as CEO and Chairman of the Board of Westland Savings Bank and Westland Insurance Services from 1991 to 1998. In 2003, Mr. Holmes founded Timberwood Bank and led the successful acquisition of Acuity Bank in 2007, growing total assets from \$22 million to over \$100 million. He continued growing the organization over the next 12 years reaching \$193 million in total assets. Outside the financial services industry, Mr. Holmes founded and served as a director Advanced Bioenergy, a 250 million gallon ethanol company. He also started numerous real estate-based businesses over the years. Mr. Holmes was also appointed by Governor Thompson to serve on the State Savings and Loan Review Board with the Wisconsin Department of Financial Institutions, and served until 2020. Active in the community Mr. Holmes served as President and Chairman of the Tomah Memorial Hospital Board. He has served on the Board of Directors of Handi-shop Industries, the Tomah Public Library and the board of trustees for the Congregational Church. Mr. Holmes received his Bachelor of Arts Degree from the University of Wisconsin-Lacrosse in 1969. He also attended the University of Nebraska from 1970-1971. Mr. Holmes was elected to the Board of Directors of the Corporation in June of 2020. With his extensive background in the banking industry as well as experience in acquisition structuring, regulatory guidance and strategic and corporate planning, Mr. Holmes brings additional strength and depth to the Board of Directors.



STEPHEN E. JOHNSON

Mr. Johnson, retired, formerly served as Market President and Community Reinvestment Act ("CRA") Officer for Bank First from 2017 to 2018. Prior to joining Bank First, Mr. Johnson was Director of Compliance and Chairman of the Board of First National Bank of Waupaca as well as Chairman of the Board of Waupaca Bancorporation, Inc. ("WBC") from 2016 to 2017. Mr. Johnson played a significant role in the merger of Bank First and WBC in 2017. Preceding his move to the banking industry, Mr. Johnson was employed by Sentry Insurance A Mutual Company for over 35 years, during which he served in various capacities that included responsibilities in Operations Support and Underwriting Planning, Marketing Operations, Affinity Markets, and Consumer Products Underwriting. Mr. Johnson's community activities include serving as a member of the Board of Directors of the Waupaca Area Community Foundation, the Western Golf Association / Evans Scholars Foundation, the Waupaca County Emergency Food and Shelter Program, and he is the President of the Board of Education for the School District of Waupaca. He formerly served on the Board of Directors of the ThedaCare Foundation



of Waupaca and the ThedaCare Family of Foundations. Mr. Johnson graduated from the University of Southern California in 1978 with a Bachelor of Arts degree in Psychology. He became a Director of the Corporation and Bank in January 2019. Mr. Johnson's background in CRA, marketing, customer acquisition, and operations, along with strategic and corporate planning, brings additional strength and a diverse business perspective to the Board of Directors.

DAVID R. SACHSE

Mr. Sachse is President and Owner of Landmark Consultants, Inc., a consulting, research, and entrepreneurship business formed in 1993. In that role, he has been involved in eight successful entrepreneurial ventures. Additionally, Mr. Sachse serves as minority owner and/or advisor to five successful ventures in eastern Wisconsin, including Nutrients, Milwaukee Forge, Heresite, DRS Central, and Terra Compactor, where he provides financial and operational counsel to these companies. Mr. Sachse also currently serves as Chairman of the Board of Directors of Landmark Group, Inc. and its wholly-owned subsidiary HTT, Inc., a company that designs and manufactures dies and metal stampings. At HTT, Inc., Mr. Sachse directed a strategic acquisition that resulted in significant growth in sales as well as numerous operational efficiencies and capabilities for the company. Mr. Sachse also served as President of Polar Ware/Stoelting from 2002–2012. Under his direction, the company became a leading manufacturer of stainless steel ice cream machines, cheese processing equipment, and industrial washers and dryers in North America, reporting over \$90 million in annual sales. Mr. Sachse led an effort to position Polar Ware/Stoelting for sale, and in 2012, it was acquired by The Vollrath Company. Mr. Sachse currently serves on the board of directors for the Sheboygan County Economic Development Corporation and is an active member of the Sheboygan County Economics Club. Mr. Sachse also currently serves on the board of directors of Ansay & Associates, LLC, an independent insurance agency in Wisconsin. Mr. Sachse graduated from the University of Wisconsin, Milwaukee in 1977 with a Bachelor of Science in Marketing and Finance. Mr. Sachse became a director of the Corporation and Bank in June 2010. With his extensive background in financial planning and analysis, internal audit and compliance, and acquisition structuring, Mr. Sachse offers a diverse range of business skills to the Corporation.



Directors Whose Terms Expire in 2024

MARY-KAY H. BOURBULAS

Ms. Bourbulas was formerly a director on the board of Partnership Community Bancshares, Inc., which was acquired by Bank First Corporation, effective July 12, 2019. She is a co-owner, founder and manager of Handen Distillery, a grain to bottle craft distillery located in Cedarburg, Wisconsin. Prior to opening the distillery in 2017, Ms. Bourbulas provided asset-based workout consulting for secured assets and distressed loans from 2006 to 2015. She also has an extensive background in securities management, having begun her career at Stein Roe & Farnham, a former Chicago-based investment advisory firm, in 1985. She then spent fourteen years at Strong Capital Management, where she led the high-yield municipal department and credit team. Ms. Bourbulas holds a bachelor's degree in Economics from Northwestern University. She became a director of the Corporation and Bank in July 2019, succeeding Robert Wagner



upon his retirement from the Board of Directors. Ms. Bourbulas' experience in evaluating and managing secured assets and troubled loans, coupled with her tenure in the investment services industry, brings valuable expertise to Bank First's Board of Directors.

ROBERT D. GREGORSKI

Mr. Gregorski is the founder and principal of Gregorski Development, LLC, a commercial real estate development company based in Menasha, Wisconsin. Formed in 2002, the company's portfolio of properties has grown to include single tenant retail buildings, multi-tenant retail buildings, ground-leased properties, vacant commercial land, and multi-family residential properties. In his role as a real estate developer, Mr. Gregorski is involved in all aspects of the sale, purchase, and development of commercial and multi-family residential properties, including site identification and acquisition, entitlement, due diligence, financing, construction, and property management. He has formed strategic alliances in the industry and focuses on maintaining the utmost integrity with every project. Previously, Mr. Gregorski served as a partner at Alpert & Gregorski, LLP, a personal injury law firm based in Manitowoc, Wisconsin. Mr. Gregorski received his Bachelor of Arts Degree from the University of Wisconsin, Madison in 1984 and his Juris Doctor degree from the University of Wisconsin Law School in 1988. Mr. Gregorski became a director of the Company and Bank in October 2010. Mr. Gregorski brings to our board extensive experience and expertise in real estate development. The knowledge garnered throughout his tenure with Gregorski Development, LLC positions him to be a valuable asset in a variety of contexts and committee roles, including analyzing the Bank's commercial real estate loan portfolio and assisting in site selection and development of new bank branches.



PHILLIP R. MAPLES

Mr. Maples is a partner in the law firm of Michael Best & Friedrich, LLP and has been practicing law for over 29 years. He joined Michael Best & Friedrich in 2016 and has an active statewide practice with a focus on wealth planning. He also works frequently with large corporate and agribusiness clients on transactional and structural planning, business succession and with their principals on estate, gift, and income tax issues. Working within his firm's Wealth Planning practice group he provides counsel on wealth transfer and related tax issues, along with the development and implementation of complex estate plans. He also works within the probate and trust administration areas and in the resolution of business disputes. Having served on the board of directors for several private companies he works frequently with the boards of his clients on governance and strategic issues. Prior to joining Michael Best & Friedrich in 2016, Mr. Maples spent six years with the management team of a local manufacturer leading their operational and legal departments. He was also a shareholder at the law firm of Whyte Hirschboeck Dudek, S.C. in Manitowoc from 1996 to 2009. Mr. Maples has been active in numerous community and statewide organizations throughout the years. He currently serves on the Board of Directors and Executive Committee of the Museum of Wisconsin Art and is the Museum's President for 2022. Mr. Maples received his Bachelor of Arts, with distinction, from the University of Wisconsin, Madison in 1988 and his Juris Doctor degree from the University of Wisconsin Law School in 1992, where he has returned to instruct in their practice skills program in the area of wealth planning. Mr. Maples brings significant legal knowledge and experience to the Board of Directors, specifically in the areas of estate, wealth, and business succession planning.



PETER J. VAN SISTINE



Mr. Van Sistine is a Global Enterprise Account Executive Vice President at NCR, the leading provider of self-service banking with solutions to help transform the bank. His primary concentration is maintaining NCR's leadership position in both Customer Experience and Customer Journey offerings as a Service. Mr. Van Sistine has more than 40 years of experience in financial technology and services. Prior to NCR, he was the Executive Vice President of Sales at FIS for 27 years, where he was responsible for creating and executing sales and marketing programs to drive new business and client retention metrics in support of organic growth goals and strategic acquisition. Prior to his role at FIS, he served as Senior Vice President of Metavante Corporation. He joined Metavante in 1991, as Vice President of Retail Strategy, designing and delivering sales and service technology solutions for financial services companies. Performing in many capacities, he later served as Senior Vice President of Business Development as well as the Senior Vice President of Marketing and Sales. Prior to his tenure with Metavante, Mr. Van Sistine served as Vice President of BISYS from 2000 to 2002, where he was responsible for new strategic business direction for all banking solutions as well as technology planning and implementation. In this role, Mr. Van Sistine garnered a strong understanding of major financial technologies, including: CRM, Electronic Banking, Data Warehousing, and Executive Information Solutions. He has deep roots in community banking, having served in many capacities while at Valley Bank in Appleton, Wisconsin. Mr. Van Sistine attended both the University of Wisconsin and Northwestern University's J.L. Kellogg Graduate School of Management. He became a director of the Bank in September 2017 and was elected to the Corporation's Board of Directors in 2018. Mr. Van Sistine brings to the Board extensive experience and expertise in the financial technology sector as well as a strategic and visionary approach to leadership.

Retiring Directors

The following directors are retiring from the Board of Directors after the Annual Meeting.

DONALD R. BRISCH



Before his retirement in 2009, Mr. Brisch served as the President and Vice President of Operations for Rockwell Lime Co. in Manitowoc, a leading producer of dolomitic lime, chemical grade limestone, and crushed limestone aggregate products for the manufacturing, energy, and construction industries. Mr. Brisch joined Rockwell Lime Co. in 1975 as a General Laborer and was soon promoted to Plant Superintendent in 1976. In this role, Mr. Brisch provided oversight of all production activities, including the preparation of operation schedules and budgets as well as the coordination of resources necessary to ensure production was in line with cost and quality specifications. Mr. Brisch was appointed Vice President of Operations and President of Rockwell Lime Co. in 1982 and 1994, respectively. In these roles, Mr. Brisch led a strategic initiative to install new hydrating, packaging, and milling plants, expanding the organization's capabilities and competitive edge in the marketplace. Mr. Brisch led an effort to position the company for sale, and in 2006, Rockwell Lime Co. was successfully acquired by Carmeuse Lime & Stone, a family-owned business located in Belgium. Mr. Brisch is active in his community and has served a total of 16 years on the Board of Directors of Holy Family Memorial Hospital and Silver Lake College in Manitowoc. Mr. Brisch graduated from Saint Mary's University in 1974 with a

Bachelor's degree in Natural Science. Mr. Brisch became a director of the Corporation and Bank in 2006. Since that time, he has been a dedicated member of the Board, serving as Lead Independent Director and participating as a member of every Board committee. His insight and leadership have played a vital role in the Corporation's success.

MICHAEL P. DEMPSEY

Mr. Dempsey joined the Bank in June 2010 as Executive Vice President and Chief Operating Officer, and currently serves as the President of the Bank since 2015. In this role, he is responsible for driving the Bank to establish, achieve and surpass sales, profitability, and business goals. He also provides leadership and guidance to ensure the mission and core values of the organization are upheld. From 1994 to 2009, Mr. Dempsey served as Executive Vice President, Senior Credit Officer, and Regional President in a regional capacity at Associated Bank, and was a member of Associated Bank's Corporate Executive Loan Committee, Corporate Pricing Committee, and Corporate Key Leadership Committee. Prior to his tenure at Associated Bank, Mr. Dempsey dedicated seventeen years to Firststar Bank in a variety of capacities, including Senior Credit Officer and Senior Vice President and Manager of the Fox Valley Regional Trust Division. Mr. Dempsey currently serves on the Oshkosh Chamber Economic Development Advisory Board, President of Waterfest, Inc., and is an active EAA AirVenture volunteer and member among many other Fox Valley community organizations. Mr. Dempsey graduated from the University of Wisconsin Oshkosh with a Bachelor of Science Degree in Political Science and his Master's Degree in Business Administration. Mr. Dempsey became a director of the Company and Bank in 2014, and also served on the Bank's Senior Management Team. Mike has been an integral part of Bank First since 2010, bringing a wealth of knowledge and experience that has produced one of the top-performing teams of bankers in the industry.



NAMED EXECUTIVE OFFICERS

Executive Officers Who Are Not Directors

The following is a summary of information with respect to the executive officers of the Corporation who are not directors, including the name of each individual, his or her experience and qualifications, and the details of the position he or she holds with the Corporation.

KEVIN M. LEMAHIEU

Mr. LeMahieu, age 50, joined the Corporation and the Bank in August 2014 as Chief Financial Officer. In this role, he oversees the Bank's finance and reporting functions. Mr. LeMahieu brings to the Corporation significant financial expertise, having served his entire professional career in the public accounting and finance fields. During his nine-year tenure with Beene Garter LLP from 1995 to 2004, Mr. LeMahieu was responsible for managing audit and review teams on engagements for clients in a variety of industries. He was also a member of the efficiency task force, a group responsible for analyzing the firm's audit and review approach and recommending solutions to maximize departmental efficiency. From 2004 to 2014, Mr. LeMahieu served in the capacities of Assurance Services Senior Manager and Director with CliftonLarsonAllen LLP, where he was responsible for managing audit and review teams on engagements for clients, working primarily with financial institutions. He also consulted with clients to provide cost and profit analysis, strategic merger guidance, accounting pronouncement interpretation, and internal control system guidance. Mr. LeMahieu graduated from Calvin College with a Bachelor of Science degree in Accountancy. He currently is a member of the Wisconsin Bankers Association, American Institute of Certified Public Accountants and Wisconsin Institute of Certified Public Accountants. He earned his Certified Public Accountant designation in 1996 and is currently licensed in Wisconsin.



JOAN A. WOLDT

Ms. Woldt joined the Corporation and Bank in 2010 as Regional President. Today, she serves as Executive Vice President and Chief Operating Officer. Woldt was hired alongside a team of bankers to establish a new Fox Valley Region for Bank First. She was first responsible for the Oshkosh market, then Appleton, and eventually oversaw the Green Bay and Waupaca markets. Woldt brings a culture and focus on the bank's customer experience, understanding the importance of attracting, retaining, and developing strong bankers in its markets. In her role as Chief Operating Officer, her responsibilities center on bank-wide regional reporting, which includes commercial and retail functions as well as frontline training. Prior to joining Bank First, Woldt served Associated Bank for 16 years, ending her tenure as Commercial Banking Group Leader in the Fox Valley and Fond du Lac markets. She also managed Associated Bank's Private Banking services, was a commercial banking sales trainer and was asked to participate in various corporate team initiatives. Woldt earned her bachelor's degree from the University of Wisconsin, Green Bay with an emphasis in finance. She is currently attending the Stonier Graduate School of Banking program. Active in the community, Woldt serves on the Oshkosh Area Chamber Board of Directors as President, serves on the Greater Oshkosh Economic Development Corporation Board of Directors, on the University of Wisconsin,



Green Bay Alumni Foundation Board of Directors, and is a long-time member of the Fox Cities Performing Arts Center Finance Committee. In the past, she served on the board and as President of the Oshkosh Community YMCA Board of Directors and served on the board of the Fox Cities Chamber.

JASON V. KREPLINE

Mr. Krepline joined the Corporation and Bank in 2005 as Vice President of Business banking. Soon thereafter, he was promoted to Regional President and Senior Loan Officer, where he was responsible for establishing the bank's footprint in Sheboygan while ensuring Bank First's lending portfolio remained in line with its culture of superior credit quality. Since establishing the Sheboygan office in 2008, Bank First has seen exponential growth in that market under the leadership of Krepline, growing from \$61 million in total deposits to \$326 million and from \$142 million in total loans to \$454 million as of December 2021. Today, Krepline serves Bank First as Chief Lending Officer, where he is responsible for overseeing the bank's Sheboygan County and West Regions in addition to providing leadership on bank credit decisions. He also serves as Chair of Bank First's Board Loan Committee. Prior to his tenure with Bank First, Krepline served Associated Bank for seven years in the positions of Credit Analyst, Business Banking Officer, and Vice President of Business Banking, where he was responsible for developing new and enhancing existing business banking relationships in the Sheboygan market. Krepline holds a Master of Business Administration degree, with an emphasis in finance, from Concordia University. He earned his bachelor degree in finance and economics from the University of Wisconsin, Eau Claire.



Officers of the Board of Directors

Chairman: Michael G. Ansay

President and Chief Executive Officer: Michael B. Molepske

Chief Financial Officer: Kevin M. LeMahieu

Executive Officer and President of the Bank: Michael P. Dempsey

Corporate Secretary and General Counsel: Kelly M. Dvorak

During the previous 10 years, no director, person nominated to become a director, or executive officer of the Corporation was the subject of any legal proceeding that is material to an evaluation of the ability or integrity of any such person.

CORPORATE GOVERNANCE

Overview

We are committed to having sound corporate governance principles, which are essential to running our business efficiently and maintaining our integrity in the marketplace. We understand that corporate governance practices change and evolve over time, and we seek to adopt and use practices that we believe will be of value to our shareholders and will positively aid in the governance of the Corporation. We will continue to monitor emerging developments in corporate governance and enhance our policies and procedures when required or when our Board of Directors determines that it would benefit us and our shareholders.

Board Leadership Structure

The Corporation is committed to strong Board leadership. Currently, the roles of Chairman of the Board and Chief Executive Officer are held by different individuals. Mr. Ansay serves as Chairman of the Board, and Mr. Molepske serves as Chief Executive Officer and President. It is the Corporation's view that structuring the Board leadership in this way allows for the most effective communication between the Board and Senior Management, as well as consistent leadership and cohesive strategic planning. From time to time, the Board leadership structure will be re-evaluated to ensure that it continues to be the most effective approach in serving the Corporation's goals. In addition, to further strengthen the oversight of the full board of directors, our independent directors hold executive sessions at which only independent directors are present.

Role of Board in the Oversight of Risk

The Board takes an active role in overseeing all areas of risk to the Corporation, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk, and operational risk. This oversight is done through various Board committees, all of which report directly to the Board. Our Board approves policies that set operational standards and risk limits at the Bank, and any changes to the Bank's risk management program require approval by the Bank's board of directors. Management is responsible for the implementation, integrity and maintenance of our risk management systems ensuring the directives are implemented and administered in compliance with the approved policy.

Cybersecurity and Information Security Risk Oversight

Our Board recognizes the importance of maintaining the trust and confidence of our customers, clients, and employees and devotes significant time and attention to oversight of cybersecurity and information security risk. In particular, our Board and Senior Management team each receive regular reporting on cybersecurity and information security risk, as well as presentations throughout the year on cybersecurity and information security topics. Our Governance and Nominating Committee also annually reviews and approves our Information Security Policy.

Board Self-Evaluation

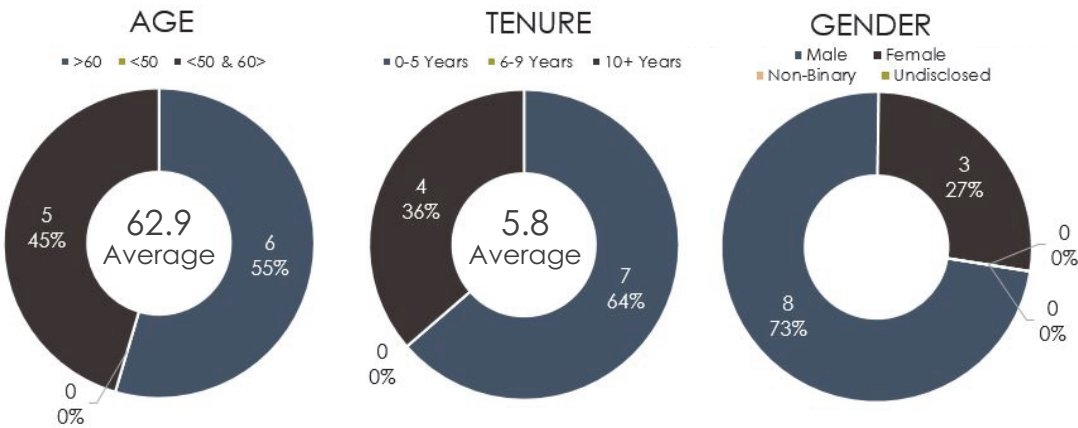
The Board undertakes an evaluation process on an annual basis, using an evaluation platform designed by an independent third party. Each director evaluates his or her own performance, as well as the performance of his or her fellow directors. The evaluations are reviewed by the Chairman of the Board, and the aggregated results are shared and discussed by the Board as a whole. The evaluation process improves the overall effectiveness of the Board by identifying its strengths, as well as areas for which additional training may be needed. In 2021, each committee of the Board also engaged in a self-assessment, which evaluated each committee's performance and identified areas of improvement.

Director Independence

The Board has evaluated the independence of its directors in accordance with the NASDAQ rules and applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Our corporate governance guidelines and principles and the NASDAQ rules require that a majority of the Board be composed of directors who meet the requirements for independence established by these standards. Based on those standards, the Board has determined that Ms. Bourbulas, Mr. Brisch, Mr. Gregorski, Ms. Heun, Mr. Holmes, Mr. Johnson, Ms. Kohler, Mr. Maples, Mr. Sachse and Mr. Van Sistine do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and that each of those directors is independent as that term is defined by the NASDAQ rules and applicable rules and regulations of the SEC. The Board has determined that Mr. Ansay, Mr. Dempsey and Mr. Molepske do have relationships that may give the appearance of interfering with the exercise of independent judgment in carrying out the responsibilities of a director, and that each of those directors is not independent as the term is defined by the NASDAQ rules and applicable rules and regulations of the SEC. Mr. Dempsey and Mr. Molepske are not independent because they are executive officers of the Corporation and of the Bank. Mr. Ansay is not independent because he is the Chief Executive Officer of Ansay & Associates, LLC, an affiliate of the Bank. The Board has further determined that each director who serves on the Audit, Compensation, and Governance and Nominating Committees satisfies the independence requirements for such committees in accordance with the NASDAQ rules and applicable rules and regulations of the SEC.

Director qualifications

We believe that our directors should have the highest professional and personal ethics and values, consistent with our longstanding values and standards. They should have broad experience at the policy-making level in business, government or civic organizations. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on their own unique experience. Each director must represent the interests of all shareholders. When considering potential director candidates, our Board of Directors also considers the candidate's independence, character, judgment, diversity, age, skills, including financial literacy, and experience in the context of our needs and those of our Board of Directors. Our Board of Directors' priority in selecting board members is the identification of persons who will further the interests of our shareholders through his or her record of professional and personal experiences and expertise relevant to our growth strategy.



*Board Diversity as of June 13, 2022

Board Diversity

The Corporation highly values diversity on its Board of Directors. We aim to ensure that the composition of the Board reflects diversity of race, gender, age, geography, education, and work experience. We believe that a diverse board translates to more effective strategic planning, critical decision making, and creative problem solving, all resulting in a better return for our shareholders. With the election of Laura Kohler, women will represent 27% of our current Board, and we are actively working to increase that number, as well as to augment the representation of ethnic minorities on the Board. The following matrix depicts the diversity of the Board as of June 13, 2022:

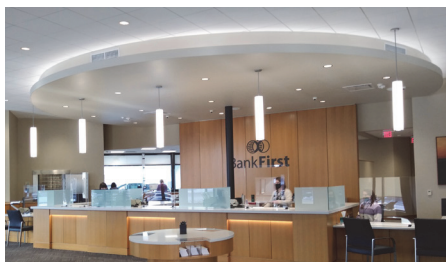
Board Diversity Matrix as of June 13, 2022				
Total Number of Directors	11			
Gender:	Male	Female	Non-Binary	Gender Undisclosed
Number of directors based on gender identity	8	3	0	0
Number of directors who identify any of the categories below:				
African American or Black	0	0		
Alaskan Native or American Indian	0	0		
Asian	0	0		
Hispanic or Latinx	0	0		
Native Hawaiian or Pacific Islander	0	0		
White	8	3		
Two or More Races or Ethnicities	0	0		
LGBTQ+	0			
Undisclosed	0			

Environmental, Social and Governance (ESG) Initiatives

Bank First Corporation is committed to operating our business responsibly, and believes our business, shareholders, communities, and employees benefit from our commitment to environmental, social, and governance ("ESG") best practices. Highlights of our ESG efforts include:

Environment

We have committed significant resources to reducing our carbon footprint in all our branches by using energy-efficient building practices in our newly constructed branches, and by remodeling our existing branches to increase energy efficiency. We consistently use low-E energy efficient windows, LED lighting, state of the art air filtration systems, high efficiency HVAC systems, recycled building materials, office furniture made from recycled materials, and low-flow bathroom fixtures to conserve water. Within the next 3-5 years, our Bellevue, Clintonville, Kiel, Mequon, Seymour, Sheboygan, and all Denmark State Bank offices will also be outfitted with new LED lighting. Our operations are also largely paperless, reducing our reliance on trees and paper products. We maximize natural daylight in our new buildings, boosting employee wellness and reducing our reliance on electricity. When possible, we also link our buildings to bike paths and sidewalks, which benefits both our employees and the community.



Social

"Bank First is a relationship-based bank focused on providing innovative products and services that are value driven to the communities we serve." This is the promise that we make to our employees, customers, communities, and shareholders. An integral part of this promise is community involvement. Our employees take great pride in serving our communities through volunteering, charitable contributions, education scholarships, and community development initiatives.



Our culture emphasizes our long-standing dedication to being respectful to others and having a workforce that is representative of the communities we serve. Diversity and inclusion are fundamental to our culture. We believe in attracting, retaining and promoting quality talent and recognize that diversity makes us stronger. Our talent acquisition team partners with hiring managers in sourcing and presenting a diverse slate of qualified candidates to strengthen our organization.



We believe our employees to be our greatest asset and that our future success depends on our ability to attract, retain and develop employees. Professional development is a key priority, which is facilitated through our many corporate development initiatives including an extensive training program, corporate mentoring, leadership programs, educational reimbursement and a professional speaker series.



**NAMED
"BEST BANK TO
WORK FOR"**

As part of our effort to attract and retain employees, we offer a broad range of benefits, including health, dental and vision insurance, life and disability insurance, cell phone and health club reimbursement, an employee assistance program, educational tuition reimbursement, annual clothing allowance, an employee referral program, 401(k) retirement plan, profit sharing, a flex spending cafeteria plan, and generous paid time off. We believe our compensation package and benefits are competitive with others in the industry. Bank First is a five-time award winner of the "Best Banks to Work For" by American Banker.

Governance

We believe that strong corporate governance and decision making are the foundation of operating responsibly and necessary for creating long-term shareholder value. Our directors are required to complete training on safety and soundness, bank management, and bank regulation on an annual basis, and receive regular training on identity theft, cybersecurity, the Bank Secrecy Act, fair lending, unfair and deceptive trade practices, and Regulation O throughout the year from our Compliance team. Our Governance and Nominating Committee also reviews the Bank's entire portfolio of policies in detail every year, to ensure that the policies are accurate and that the Bank is in compliance with policy requirements.

Code of Business Conduct and Ethics

The Corporation has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers, and employees. The Code of Business Conduct and Ethics is posted on the Bank's website, www.bankfirst.com, under the Investor Relations tab. All directors, officers, and employees of the Corporation are also subject to an Insider Trading Policy, governing trading of the Corporation's securities. This policy can also be found under the Investor Relations tab of the Bank's website.

COMMITTEES OF THE BOARD OF DIRECTORS

The Corporation has standing Audit, Compensation, Executive, and Governance and Nominating Committees of the Board of Directors. Each committee operates under a written charter adopted by the Board of Directors. You may review each of these charters under "Corporate Profile – Governance Documents" on the Investor Relations section of the Bank's website at www.bankfirst.com.

Meeting Attendance

The Board of Directors holds regularly scheduled quarterly meetings for the Corporation Board and monthly meetings for the Bank Board. Both boards also hold annual organizational meetings and annual shareholder meetings. The Audit Committee meets on a quarterly basis. The Compensation Committee and Executive Committee meet at least twice yearly. The Governance and Nominating Committee meets approximately on a monthly basis.

In 2021, the Board of Directors of the Corporation held five (5) meetings, and the Board of Directors of the Bank held twelve (12) meetings. All incumbent directors attended at least 75% of the aggregate number of Board meetings and meetings of the committees on which they served. In addition, all of the incumbent directors who were serving as directors at such time attended last year's Annual Meeting of Shareholders. We expect, but do not require, directors to attend the Annual Meeting.

Board Committee Composition

Name	Age	Director Since	Independent	AC	CC	GN	EC
Michael G. Ansay ¹	68	2010	No				
Mary-Kay H. Bourboulas ²	58	2019	Yes			C	M
Donald R. Brisch ³	70	2006	Yes	M	C	M	C
Michael P. Dempsey	69	2014	No				
Robert D. Gregorski ⁴	60	2010	Yes		M		M
Judy L. Heun	56	2019	Yes	M			M
Robert W. Holmes	74	2020	Yes				M
Stephen E. Johnson ⁵	66	2020	Yes	M		M	M
Laura E. Kohler	60	NEW	Yes				
Phillip R. Maples	56	2021	Yes			M	M
Michael B. Molepske	61	2009	No				
David R. Sachse ⁶	68	2010	Yes	C	M		M
Peter J. Van Sistine	65	2018	Yes		M		M

AC: Audit Committee CC: Compensation Committee GN: Governance & Nominating Committee
EC: Executive Committee C: Chair M: Member

1. Michael G. Ansay served as the Chairman of the Board in 2021-2022.
2. Mary-Kay H. Bourboulas replaced Katherine M. Reynolds as the Chair of the Governance and Nominating Committee on June 14, 2021, after Ms. Reynolds' retirement.
3. Donald R. Brisch served as the Lead Independent Director in 2021-2022.
4. Robert D. Gregorski joined the Compensation Committee in June, 2021, upon the retirement of Katherine M. Reynolds.
5. Stephen E. Johnson became an independent director as of December 31, 2021. He joined the Audit Committee and Governance & Nominating Committee on February 15, 2022.
6. David R. Sachse served as the Chairman of the Audit Committee until February 15, 2022. Judy L. Heun replaced him as the Chairwoman of the Audit Committee at that time. Mr. Sachse stepped down from the Audit Committee and joined the Compensation Committee on February 15, 2022.

All voting members of the above-listed committees are independent directors. Kelly M. Dvorak serves as the non-voting Corporate Secretary for each committee.

Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in overseeing the quality and integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements; the independent auditor's qualifications and independence; the performance of the Corporation's internal audit function and independent auditors; and other financial matters. Among other things, the Audit Committee has the authority to:

- retain, evaluate and, as necessary, terminate the Corporation's independent auditors;*
- review and approve the scope of the annual internal and external audits;
- review and pre-approve the engagement of our independent auditors to perform non-audit services and the related fees;*
- meet independently with our internal auditors, independent auditors, and Senior Management;
- review the integrity of our financial reporting process;
- review our financial statements and disclosures; and
- review disclosures from our independent auditors regarding compliance with the independence standards of the American Institute of Certified Public Accountants, SEC, and appropriate banking regulations.

* Matters with respect to which the Audit Committee has sole authority to act.

The Audit Committee is authorized to obtain advice and assistance from, and receive appropriate funding from the Corporation for, independent outside legal, accounting, and other professional advisors as the Audit Committee deems appropriate to fulfill its responsibilities.

In 2021, our Audit Committee was comprised of Mr. Donald R. Brisch, Ms. Judy L. Heun, and Mr. David R. Sachse. Each of the members of the Audit Committee met the independence requirements of the rules of NASDAQ and applicable rules and regulations of the SEC. During 2021, the Audit Committee held four (4) meetings.

Mr. David R. Sachse served as the Chair of the Audit Committee in 2021. He was designated as the Committee's financial expert as defined under the SEC rules, and possessed financial sophistication as defined under the rules of NASDAQ, based on his extensive experience with financial reporting and analysis. In addition, the Board believes that each member has sufficient knowledge and experience of financial and auditing matters to serve on the Audit Committee.

Compensation Committee

The Compensation Committee is primarily responsible for administering the Corporation's compensation program. Consequently, the Compensation Committee approves all elements of the compensation program including cash compensation, equity compensation, and other benefits. Under the Committee's charter, its duties include:

- overseeing the Corporation's compensation philosophy, compensation programs and retirement programs, including making recommendations and proposals concerning employee benefits;
- ensuring that a compensation market analysis is completed for the directors and members of Senior Management by a third-party service provider as the Committee deems necessary, but at least every three (3) years, and making recommendations to the Board based on the analysis;
- retaining or obtaining the advice of a compensation consultant, legal counsel, or other advisor, as necessary;

- overseeing the Corporation's regulatory and legal compliance with respect to compensation plans;
- determining, or recommending to the Board for determination, the compensation of non-employee directors;
- approving the recommended salaries, bonuses and long-term incentive compensation for Senior Management;
- approving the recommended salary, bonus, long-term compensation, and other compensation for the Chief Executive Officer; and
- approving the corporate goals and metrics, profit sharing contribution, retirement plan match, overall salary compensation and overall bonus compensation, for all Corporation employees on an annual basis.

The Committee grants sole discretion for market-based compensation adjustments and long-term incentive stock grants for employees who are not members of Senior Management to the Chief Executive Officer and Vice President of Human Resources. The Committee also has the authority, in its sole discretion, to select, retain and terminate (and obtain the advice of) any compensation adviser, including but not limited to compensation consultants and outside legal counsel, as necessary to assist with the execution of its duties and responsibilities as set forth in the committee charter, but only after taking into consideration all factors relevant to the advisor's independence from management. In 2021, our Compensation Committee was comprised of Mr. Donald R. Brisch, Mr. Robert D. Gregorski, and Mr. Peter J. Van Sistine. Each of the members of the Compensation Committee met the independence requirements of the rules of NASDAQ and applicable rules and regulations of the SEC. During 2021, the Compensation Committee held four (4) meetings.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee (i) is or has ever been an officer or employee of the Corporation or the Bank, (ii) was, during the last completed fiscal year, a participant in any related party transaction requiring disclosure under "Certain Relationships and Related Party Transactions," except with respect to loans made to such committee members in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with unrelated parties, or (iii) had, during the last completed fiscal year, any other interlocking relationship requiring disclosure under applicable SEC rules.

Executive Committee

The Executive Committee is a forum for discussion of matters of policy, practice, and long-term planning. The Committee consists of only independent directors and can be called at the request of any two members, but at least twice annually. In 2021, our Executive Committee was comprised of Ms. Mary-Kay H. Bourbulas, Mr. Donald R. Brisch, Mr. Robert D. Gregorski, Ms. Judy L. Heun, Mr. Robert W. Holmes, Mr. Phillip R. Maples (after June 14, 2021), Ms. Katherine M. Reynolds (until June 14, 2021), Mr. David R. Sachse, and Mr. Peter J. Van Sistine. Each of the members of the Executive Committee meets the independence requirements of the rules of NASDAQ and applicable rules and regulations of the SEC. During 2021, the Executive Committee held four (4) meetings.

Governance and Nominating Committee

The purpose of the Governance and Nominating Committee is to review candidates for membership on the Board, recommend individuals for nomination to the Board, and prepare and periodically review with the entire Board a list of general criteria for Board nominees. To be considered for nomination to an additional term on the Board, the Committee shall ensure that the individual continues to meet the criteria established for nominees to the Board. The Committee is also charged with overseeing the corporate

governance of the Corporation and the Bank, including reviewing the Corporation's Bylaws, reviewing the appropriateness and scope of all Corporation and Bank policies, and making recommendations concerning policy changes. The primary duties and responsibilities of the Committee include the following, pursuant to its charter:

- making recommendations to the Board regarding the size and composition of the Board;
- establishing and recommending to the Board criteria for the selection of new directors;
- identifying and recruiting Board candidates, consistent with criteria approved by the Board;
- recommending to the Board candidates for Board membership;
- selecting the director nominee(s) for the next Annual Meeting;
- determining the appropriate committee structure of the Board;
- reviewing all Corporation and Bank policies requiring Board approval on an annual basis;
- making recommendations to the Board concerning policy changes;
- conducting the formal performance evaluation of the Chief Executive Officer of the Corporation and Bank;
- overseeing the evaluation of the Board members;
- overseeing the corporate governance of the Corporation and the Bank;
- reviewing the Bylaws of the Corporation and the Bank as necessary; and
- ensuring complete and accurate reporting to the SEC and other regulatory bodies as required by law.

The Governance and Nominating Committee will consider nominees recommended by (i) any current director, (ii) the Corporation's executive officers, and (iii) any shareholder, provided that such shareholder's recommendations are made in accordance with the Bylaws. Shareholder nominees that comply with the Bylaws will receive the same consideration that nominees from other sources receive. One or more members of the Governance and Nominating Committee will interview the selected nominees and make recommendations to the Board of Directors. For more information, please see "Submission of Shareholder Proposals and Shareholder Communications" on page 48.

When considering and evaluating nominees, the Committee will consider the following factors:

- Professional experience and core competencies
- Knowledge of the banking and finance industry
- Personal, professional, and financial integrity
- Ability and willingness to attend Board and committee meetings and actively participate therein
- Other board memberships
- Community involvement
- Any potential conflicts of interest and/or affiliate relationships
- Diversity in race, ethnicity, gender, and age
- Diversity in geography, professional experience, and industry

In 2021, our Governance and Nominating Committee was comprised of Ms. Mary-Kay H. Bourbulas, Mr. Donald R. Brisch, Ms. Katherine M. Reynolds (until June 14, 2021), and Mr. Phillip R. Maples (after June 14, 2021). Each member of the Governance and Nominating Committee met the independence requirements of the rules of NASDAQ and applicable rules and regulations of the SEC. During 2021, the Governance and Nominating Committee held ten (10) meetings.

DIRECTOR COMPENSATION

The Board's philosophy for director compensation is to provide the Corporation with the best opportunity to compete for, attract, and retain qualified board members, compensate board members fairly and in alignment with shareholder's interests, and be fiscally responsible for the long-term success and viability of the Corporation.

The Compensation Committee reviews the compensation paid to non-employee directors. Our objective for compensation of our directors is to pay at or near the 50th percentile of our peer group with direct compensation. Direct compensation includes annual retainer fees and long-term stock grants (equity ownership). Since the directors of the Corporation are representing the shareholders, we feel these directors should also be shareholders of the Corporation. Including equity as part of the annual director compensation package increases the share ownership of directors and increases their stake in the Corporation.

All directors and executive officers are subject to a share ownership requirement. Upon initial election to the Board, all directors must own a minimum of 2,000 Bank First Corporation shares. Between initial election to the Board and the fifth anniversary thereof, all directors must own a minimum of five times (5x) the director's annual stock award. Executive officers must own a minimum of 1,000 shares of Bank First Corporation stock initially, and a minimum of one and one-half times (1.5x) his or her base salary in Bank First Corporation stock within five years. All of our directors and executive officers have complied with our stock ownership policy in the fiscal year 2021.

The Compensation Committee evaluates the competitiveness of director compensation on an ongoing basis and makes pay recommendations to the full Board for approval at least annually, utilizing data from compensation studies, surveys, and proxy disclosures of public peer companies, among other information. Every three years, or under special request, a compensation analysis is completed by a third-party independent consultant, specializing in executive and board compensation. The Committee retained Blanchard Consulting Group ("BCG") to conduct a comprehensive Board of Director compensation study in 2021, which provided us with director compensation data from our peer group and survey data sources. The BCG evaluation found that the Corporation's director compensation for the average director and all directors in aggregate was between the 25th percentile and median (50th percentile) values of our peer group. Based on this assessment and the Committee's review of the information, it was determined that director compensation be adjusted in 2022 to better reflect the Corporation's desired market positioning. As such, the annual stock award was moved from a value of \$45,000 to a value of \$55,000 for 2022.

Below, we summarize the 2021 director fees paid to our non-employee directors. Mr. Molepske and Mr. Dempsey do not receive additional compensation for serving as directors.

Compensation Structure for Non-Employee Directors (2021)	
Base annual retainer	\$10,000
Annual stock award	\$45,000
Additional Annual Chair of the Board fee	\$23,000
Additional Annual Audit Committee Chair fee	\$6,500
Additional Annual Compensation and Retirement Committee Chair fee	\$5,000
Additional Annual Governance and Nominating Committee Chair fee	\$5,000

Fiscal Year 2021 Non-Employee Director Compensation				
Director	Fees Earned or Paid in Cash (a) \$	Stock Awards (b) \$	All Other Compensation (c) \$	Total Compensation \$
Michael G. Ansay	33,000	45,000	737	78,737
Mary-Kay H. Bourbulas	10,000	45,000	699	55,699
Donald R. Brisch	15,000	45,000	737	60,737
Robert D. Gregorski	10,000	45,000	737	55,737
Judy L. Heun	10,000	45,000	737	55,737
Robert W. Holmes	10,000	45,000	583	55,583
Stephen E. Johnson	10,000	45,000	737	55,737
Phillip R. Maples	10,000	0	0	10,000
Katherine M. Reynolds	0 (d)	45,000	287	60,287
David R. Sachse	16,500	45,000	737	62,237
Peter J. Van Sistine	10,000	45,000	737	55,737

- (a) On May 18, 2021 the directors received an annual retainer fee based on their board position and chair roles, if applicable. Mr. Maples joined the board June 15, 2021 and received the annual retainer at that time.
- (b) On March 1, 2022, the Corporation granted restricted stock for 2021 board services to its non-employee directors pursuant to the Corporation's 2020 Equity Plan ("Equity Plan"). Each director received 646 shares of restricted stock at a fair market value price of \$69.73 per share, which restricted shares vest on the one-year anniversary of the grant. Stock award values are computed pursuant to the Equity Plan and based on the targeted value as determined by the Compensation Committee annually. The table reflects the grant date fair value of the restricted stock awards, which is based on the fair market value of a share of Corporation stock on the grant date, computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718.
- (c) Reflects dividends paid on unvested stock awards in 2021.
- (d) Ms. Reynolds retired from the Board of Directors in 2021 and therefore did not earn any fees.

Non-Qualified Deferred Compensation for Directors and Executive Officer

The Bank's deferred compensation plan terminated in 2019 and all balances were paid out in 2020. Please reference our prior year proxies for more information.

NAMED EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee prepared this Compensation Discussion and Analysis to provide information we believe will be helpful to understand our executive compensation program and decisions as they relate to 2021 compensation for our Chief Executive Officer, Chief Financial Officer, and other named executive officers ("NEOs") as disclosed in the Summary Compensation Table.

Executive Compensation Components

We compensate our NEOs through a mix of:

- base salary
- performance-based annual cash incentives
- performance-based long-term equity incentive compensation (awarded in the form of restricted stock with a three-year ratable vesting period), and;
- other benefits and perquisites

We believe the current mix and value of these compensation elements provide our NEOs with total annual compensation that is both reasonable and competitive compared to our peers, appropriately reflects the Bank's performance, and rewards our NEOs for their performance.

Executive Compensation Philosophy

The Corporation's executive compensation philosophy is intended to provide a total compensation package that is competitive with market practices while varying awards to recognize Corporation and individual performance. Our goal is to pay at or near the 50th percentile of our peers for salaries, cash compensation (salary plus bonus), and direct compensation (cash compensation plus a three year average of equity grants) at targeted (expected) levels of performance. Our compensation program is designed to be performance-based, where the opportunity to earn higher compensation (via our annual cash and long-term incentive plans) is provided if performance warrants. The objective is to provide competitive pay for achieving performance goals consistent with the Corporation's business objectives and its performance compared to the performance of other financial institutions. The Corporation's philosophy is that actual compensation should exceed market when superior performance is achieved and be lower than market when performance falls below expectations.

Compensation Program Best Practices

Below, we summarize our executive compensation program's best practices.

What we do	What we don't do
Pay for Performance: We only pay between target and maximum level incentive payouts when performance expectations are exceeded.	Provide excessive perquisites
Use multi-year vesting periods for our equity grants. Multi-year vesting periods helps attract and retain key officers and creates ownership.	Provide incentive plans which encourage taking inappropriate risks.
Use an independent compensation consultant every three years or as requested. Independent consultants protect against biased results.	
Enforce stock ownership requirements for both our executive officers and non-employee directors.	
Ensure "triggers" are met before any incentive award payments are made.	

Material Components of our Compensation Program

Below, we summarize each component and the corresponding rationale of our executive compensation elements:

Compensation Program Component	Rationale
Peer Group /Industry Surveys	A comparator peer group of public banks with similar financial performance as ours is utilized as one method to assess our executive and board compensation packages. The peer group allows us to compare both our executive and board compensation programs to competitive market practices. Additionally, we utilize banking industry specific survey data to supplement our peer group assessment of executive and board of director pay.
Base Salary	While the Bank takes into consideration other factors in determining total compensation, base salaries, which have a more immediate impact, must be competitive to attract and retain talent. In order to reward and retain its top talent, the Bank's philosophy is for base salaries to approximate the 50th percentile of its top performing bank peers when the executive is satisfactorily performing all of the necessary duties required of their position.
Annual Cash Incentive Plan	The Bank's annual performance-based bonus program is based on the Bank's and the executive's prior year performance. Bonuses are calculated as a percentage of salary, with payout opportunity levels established at target and maximum percentages. The program requires the NEO to meet or exceed annual performance targets, such as return on assets, assets per full-time equivalent employees ("FTE"), and earnings per share. Established "trigger" criteria that focus on credit quality and regulatory standing must be met before any bonuses are paid. The payout opportunity levels are determined and approved by the Compensation Committee.
Long-Term Incentive Plan	The purpose of the Long-Term Incentive/Equity Plan is to provide financial incentives for selected employees of the Corporation, thereby promoting long-term growth and financial success by attracting and retaining employees of outstanding ability, strengthening the Corporation's capacity to develop, maintain, and direct a competent management team, provide an effective means for selected employees to acquire and maintain ownership of Corporation stock, motivate employees to achieve long-range performance goals and objectives, and provide incentive compensation opportunities competitive with those of peers. The Corporation provides long-term incentives in the form of restricted common stock, with a three-year ratable vesting schedule, to encourage retention and ownership.
Other Benefits and Perquisites	Generally, our NEOs participate in the same benefit plans designed for all of our full-time employees. We provide our NEOs with a limited number of perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain qualified executives.

Peer Group

Our current peer group consists of the below nineteen banks. The peer group was selected based on national, publicly-traded banks (excluding the coasts) and 2020 year-end asset size. Additionally, we selected financial performance criteria of ROAA greater than or equal to 1.00% as of 2020 year-end, and three-year total return at the time the peer group was compiled of greater than or equal to 10.0%. We also excluded OTC exchange traded banks. The peer group was utilized as part of the Blanchard Consulting Group executive and board compensation reviews conducted in 2021 and was developed by Blanchard Consulting Group with input from the Corporation. At the time the peer group was compiled, the peer banks were between \$2 billion and \$6 billion in asset size (2020YE). As of December 31, 2021, the Corporation's assets were approximately \$2.9 billion.

Peer Group		
Alerus Financial Corporation	HBT Financial, Inc.	Southern Missouri Bancorp, Inc.
Altabancorp (a)	Lakeland Financial Corporation	Spirit of Texas Bancshares, Inc.
Bridgewater Bancshares, Inc.	MVB Financial Corp.	Stock Yards Bancorp, Inc.
City Holding Company	Nicolet Bankshares, Inc.	Triumph Bancorp, Inc.
First Mid Bancshares, Inc.	Red River Bancshares, Inc.	Waterstone Financial, Inc.
German American Bancorp, Inc.	South Plains Financial, Inc.	West Bancorporation, Inc.
Guaranty Bancshares, Inc.		

(a)Altabancorp was acquired by Glacier Bancorp, Inc. on October 1, 2021.

2021 Executive Compensation Assessment

As discussed under "Role of Independent Compensation Consultants," the Corporation engaged Blanchard Consulting Group in 2021 to conduct executive and board of director compensation reviews. This assessment found that overall, the Corporation's executive pay levels were generally within a market competitive range (defined as +/- 15% of peer group median) on salaries, cash compensation (salary + bonus), and direct compensation (cash compensation + three-year average of equity grants). The assessment also found that the Corporation's award opportunity levels under the short and long-term incentive plans are competitive compared to our peer group and industry practices. The Compensation Committee and executive management utilized this report to assist with executive pay decisions during 2021 but did not exclusively rely upon them.

Base Salary

The base salaries of our NEOs have been historically reviewed and set annually by the Board, working with our Compensation Committee. In establishing base salaries for our NEOs, the Compensation Committee has relied on external market data obtained from outside sources including banking industry surveys and the information provided by our independent compensation consultant, which included peer group and banking industry survey information. In order to reward and retain its top talent, the Bank's philosophy is for base salaries to approximate the 50th percentile of its top performing bank peers. In

addition to considering the information obtained from external market data sources, the Compensation Committee has also considered each NEO's:

- scope of responsibility,
- years of experience,
- demonstrated leadership,
- our overall financial performance, and
- each executive's individual performance and contributions to our overall Corporation performance.

After reviewing the factors as described above, we determined modest 2021 salary increases were appropriate for our NEOs. Below, we detail the salary increases from 2020 to 2021:

Name	Position	2021 Salary	2020 Salary	% Increase
Michael B. Molepske	Chief Executive Officer	\$565,032	\$551,250	2.5%
Michael P. Dempsey	President	\$355,656	\$346,981	2.5%
Kevin M. LeMahieu	Chief Financial Officer	\$278,531	\$268,775	3.6%
Joan A. Woldt	Chief Operating Officer	\$294,470	n/a*	--
Jason V. Krepline	Chief Lending Officer	\$275,625	n/a*	--

*Ms. Woldt and Mr. Krepline became NEOs in 2022.

Annual Cash Incentive Plan

We pay annual cash incentive/bonus awards to our NEOs, if performance warrants such awards. Annual incentive awards/bonuses are intended to recognize and reward NEOs who contribute significantly to our performance for the year. The Compensation Committee determines whether such bonuses will be paid for any year and the amount of any bonus paid is based upon annually established formulas and specific performance measures.

In 2021, the Corporation used a performance-based cash incentive plan designed to align executive pay with performance, drive the Corporation's strategic goals, and drive superior financial results. The Plan is designed to achieve the following goals and objectives:

- Recognize and reward achievement of the Bank's annual goals critical to driving our long-term strategy.
- Motivate and reward superior performance.
- Attract and retain talent needed for the Bank's success.
- Be competitive with market.
- Encourage teamwork and collaboration through shared goals.
- Ensure incentives support sound risk management practices.

2021 Annual Cash Incentive Plan – Earning Opportunities

Below, we detail the 2021 earning opportunities as a percent of salary for the NEOs under the performance-based Annual Cash Incentive Plan. The earning opportunities remained unchanged from 2020. As mentioned previously, the 2021 independent compensation consulting assessment found that the Corporation's award opportunity levels under both our short and long-term incentive plans were overall competitive versus our peer group and industry practices.

		2021 Actual Cash Incentive (as a % of Salary) (a)	2021 Annual Incentive Plan Earning Opportunity (as a % of Salary)	
Name	Position		Target	Maximum
Michael B. Molepske	Chief Executive Officer	60%	40%	60%
Michael P. Dempsey	President	45%	30%	45%
Kevin M. LeMahieu	Chief Financial Officer	45%	30%	45%
Joan A. Woldt	Chief Operating Officer	45%	30%	45%
Jason V. Krepline	Chief Lending Officer	45%	30%	45%

(a) Bank First's annual compensation cycle begins on March 15 of each year. The 2021 Actual Cash Incentive as a Percentage of Salary is calculated based on actual salaries earned during the year, which includes the NEOs' 2020 salary paid from January 1 – March 15, 2021 and their new 2021 salary paid from March 16 – December 31, 2021. For purposes of the table above, we illustrate the actual award as a percent of salary using the award earned in relation to the target and maximum award earning potential as a percent of salary.

2021 Annual Cash Incentive Plan – Metric Performance Calculation and Actual Performance Results

The annual cash incentive plan is based on the achievement of specific performance measures. For each goal, the Bank sets target and maximum criteria and links them to payout levels. The Bank uses a proportional approach to determine the incentive payouts when performance goal results are between target and maximum. If performance is below a threshold level, then no payment is made for the applicable goal.

The 2021 annual cash incentive plan was based on the achievement of the goals as detailed in the tables below. Each goal is assigned a target and maximum level of achievement with a corresponding payout. The Compensation Committee designed the target levels of achievement to be challenging yet reasonably attainable, with maximum awards set at an extremely difficult level of achievement. Levels of achievement for each goal were assessed using a combination of budget, historical performance, peer group performance, and the Corporation's forecasted 2021 performance. Triggers and metrics for the year are determined in the first quarter. Each of the three goals are equal in weight as the Committee believes each goal requires similar focus and is essential in achieving our performance objectives.

Applies to: Chief Executive Officer & Chief Financial Officer					
2021 Annual Incentive Plan Goal	Goal Weighting	Threshold	Target	Maximum	2021 Actual Performance
Assets Per FTE Employee	33%	\$7,717,400	\$8,210,000	\$8,702,600	\$9,510,511
Earnings Per Share - Consolidated	34%	\$4.45	\$4.94	\$5.43	\$5.92
Return on Assets - Consolidated	33%	1.26%	1.40%	1.54%	1.60%

Assets Per Full-Time Equivalent Employee (FTE) is used to measure the Bank's efficiency. While there are numerous ways to measure efficiency, we focus on Assets Per FTE as it is a simple measure that is easily understood by employees throughout all levels of the organization. Additionally, it is an objective measure that cannot be easily skewed year-to-year by profitability. We focus on Earnings Per Share (EPS) to measure the value of Bank First. We believe the best measure of an organization's performance and our success in enhancing shareholder value is long-term growth in EPS. Focusing on Return on Assets ensures we are being good stewards of the assets we are entrusted to oversee by our shareholders.

Applies to: President, Chief Operating Officer & Chief Lending Officer					
2021 Annual Incentive Plan Goal	Goal Weighting	Threshold	Target	Maximum	2021 Actual Performance
Bank-Wide Loan Growth (000's)	34%	\$1,271,871,450	\$1,335,465,023	\$1,399,058,595	\$1,415,557,139
Assets Per FTE Employee	33%	\$7,717,400	\$8,210,000	\$8,702,600	\$9,510,511
Earnings Per Share - Consolidated	33%	\$4.45	\$4.94	\$5.43	\$5.92

The President, Chief Operating Officer, and Chief Lending Officer are tasked with developing new and enhancing existing customer relationships. As they are responsible for growing the bank in an efficient manner to enhance shareholder value, their goals focus on bank-wide loan growth, assets per full-time equivalent employee, and consolidated earnings per share.

We elected to replace Return on Assets with Bank-Wide Loan Growth for the President, Chief Operating Officer, and Chief Lending Officer in 2021 due to the excess liquidity held by the bank from the events surrounding the COVID-19 pandemic. The banking industry as a whole was faced with excess liquidity during the year. A goal centered on Bank-Wide Loan Growth placed specific focus on deploying this liquidity into the communities we serve.

Long-Term Incentive Equity Plan ("LTIP")

We believe that equity grants are appropriate long-term incentives to link pay and performance. The purpose of granting equity is also to attract and retain key officers and to encourage performance by providing an ownership stake in our Corporation. We continue to review the practice of granting equity awards each year to ensure that this form of incentive compensation will continue to drive our NEOs to achieve our Corporation's long-term objectives.

In 2021, the Bank continued to use our Long-Term Incentive Plan ("LTIP") to align executive pay with performance, drive the Corporation's strategic goals, and drive superior financial results. The LTIP is designed to support the Corporation's pay for performance philosophy and reward key executives for creating long-term shareholder value. We believe it is important to align executives with shareholder interests through performance goals and focus on shareholder value appreciation. Overall, the LTIP is designed to meet the objectives as described previously under the "Material Components of Compensation Program" section. The LTIP utilizes restricted stock awards with a three-year ratable vesting schedule. We feel the use of restricted stock, or full-value equity grants, remains appropriate as our equity granting vehicle, as it continues to be very prevalent within the banking industry based on our independent compensation consulting studies and regulatory best practices. The recipients are entitled to receive dividends during their restricted period and have the right to vote such shares of restricted stock. Awards are granted and vest on or around March 1 of each year and the Compensation Committee has discretion to determine the grant and vesting date.

2021 Long-Term Incentive Plan – Earning Opportunities

Below, we detail the 2021 equity award earning opportunity per executive officer as a percent of salary. The earning opportunities remained unchanged from 2020.

Name	Position	2021 Actual Equity Award (as a % of Salary)	2021 Equity Award Earning Opportunity (as a % of Salary)	
			Target	Maximum
Michael B. Molepske	Chief Executive Officer	60%	40%	60%
Michael P. Dempsey	President	45%	30%	45%
Kevin M. LeMahieu	Chief Financial Officer	45%	30%	45%
Joan A. Woldt	Chief Operating Officer	45%	30%	45%
Jason V. Krepline	Chief Lending Officer	45%	30%	45%

(a) Bank First's annual compensation cycle begins on March 15 of each year. The 2021 Actual Equity Award as a Percentage of Salary is calculated based on actual salaries earned during the year, which includes the NEOs' 2020 salary paid from January 1 – March 15, 2021 and their new 2021 salary paid from March 16 – December 31 2021. For purposes of the table above, we illustrate the actual award as a percent of salary using the award earned in relation to the target and maximum award earning potential as a percent of salary.

2021 LTIP – Metric Performance Calculation and Actual Performance Results

For 2021, LTIP performance goal criteria mirrored the Annual Cash Incentive Plan design performance criteria. By linking the restricted stock awards and annual cash incentives, we reward NEOs for performance achieved during the prior year while encouraging each individual to have a vested interest in the future success of the Corporation.

Treatment of LTIP Awards Under Termination Events

The LTIP details treatment of awards under various employment termination events. If a participant terminates their employment or is terminated for cause, he or she will forfeit their unvested shares. The Compensation Committee has the discretion to accelerate vesting upon the retirement of an NEO. Shares of restricted stock will become immediately vested upon the occurrence of a change of control of the Corporation. In exchange for shares of restricted stock, all recipients of long-term incentive awards who are employees of the Bank agree to certain restrictive covenants in the event that their employment with the Bank is terminated, including non-solicitation of customers, non-solicitation of employees, and confidentiality.

LTIP Governance Features

The Bank desires to promote best practices by aligning equity compensation arrangements with the interests of our shareholders. As a result, important governance features are incorporated into the LTIP, including, but not limited to the items below:

- Minimum vesting periods of one year for non-employee directors and three years for NEOs.
- No “hedging” or “pledging”.
- No liberal share recycling. Shares of common stock are not allowed to be added back to the plan reserve for future grants under certain circumstances, as described in the LTIP.
- No tax gross-ups.
- Material amendments require shareholder approval.
- The LTIP does not contain an “evergreen” feature that automatically replenishes the shares available for future grants.
- The LTIP does not provide for “reload” or other automatic grants to any participant.

Incentive Plan Payout Triggers

Below, we summarize the annual cash incentive and long-term incentive plan’s triggers, which must be met before any cash or equity incentive/bonus award is paid. If the criteria below are not met, no incentive awards are paid. We believe these criteria reduce the risk to the Corporation and ensure that awards are paid only if the Corporation is in good standing.

Incentive Plan Triggers	Criteria
Non-Performing-Assets to Total Assets - Bank	Must be less than or equal to 2%
Unapproved Exceptions as a % of Total	Must be less than or equal to 15%
Regulatory Standing	Bank must be in good regulatory and audit standing
Employment Status	Employee must be in good standing and actively employed at the time of payout/grant

Clawback Policy

The Bank has a clawback policy, which is triggered based upon certain material inaccuracies in the financial statements of the Corporation or by violations of the confidentiality or non-solicitation provisions contained in the restricted stock award agreements signed by all recipients of long-term incentive compensation. Any incentive compensation in the form of cash or BFC common stock is subject to clawback under this policy. The Corporation believes the clawback policy assists with risk mitigation. The Compensation Committee may determine, in its discretion, whether to seek to recover or cancel any overpayment made in the event of a material inaccuracy in the Corporation’s financial statements or in the event of a violation of a restrictive covenant.

CEO Pay Ratio

Below, we disclose the Corporation's CEO Pay Ratio, as required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of SEC Regulation S-K. The SEC rules require that we identify our median employee by use of a consistently applied compensation measure ("CACM"). We identified the median employee in 2021 by examining the gross pay of employees, excluding the CEO, who received compensation during calendar year 2021. Once we identified our median employee, we determined the annual total compensation of our median employee for 2021. We then calculated the CEO's and median employee's 2021 total compensation in a comparable manner to the CEO compensation provided in the Summary Compensation Table. This information is provided solely for compliance purposes and is not used in any other compensation evaluation.

	Annual Total Compensation		Annual Total Compensation
Mr. Molepske	\$1,297,972	Mr. Molepske	\$1,297,972
Median Employee (a)	\$47,363	Median Employee (b)	\$83,139
CEO Pay Ratio	27:1	CEO Pay Ratio	16:1

(a) Reflects all full-time, part-time or seasonal employees who were employed by the Bank as of December 31, 2021.

(b) Reflects only full-time employees who were employed by the Bank for the entire year in 2021.

Benefits and Perquisites

Generally, our NEOs participate in the same benefit plans designed for all of our full-time employees, including health, dental, vision, disability and basic group life insurance coverage. We also provide our employees, including our NEOs, with a 401(k)/profit sharing plan to assist in planning for retirement and securing appropriate levels of income during retirement. The purpose of our employee benefit plans is to help attract and retain quality employees, including executives, by offering benefit plans similar to those typically offered by our competitors.

- *401(k)/Profit Sharing Plan.* Our NEOs, all of whom are eligible to participate in the 401(k)/profit sharing plan, may elect to participate on the same basis as all other employees. In 2021, we made contributions to the NEOs' accounts based on the contributions made by each executive and we also made profit sharing contributions, which was based on the Bank's performance goals (Assets Per Full-Time Equivalent Employee, Earnings Per Share, and Return on Assets). Our 401(k)/profit sharing plan also has Employee Stock Ownership Plan ("ESOP") provisions. Our NEOs are eligible to participate in this feature on the same basis as all other employees. Our ESOP is structured as a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code. The ESOP gives our employees an opportunity to purchase shares of our common stock in each participant's 401(k)/profit sharing account subject to compliance with the terms of the ESOP. We believe that our stockholders will correspondingly benefit from the increased ownership interest on the part of our participating employees.
- *Perquisites.* We provide our NEOs with a limited number of perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain qualified executives. Our Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to NEOs. In 2021, we provided certain NEOs with perquisites such as: business development and country club dues, fitness reimbursement, clothing allowance, and holiday cash.
- *CEO Excess Benefit Payment.* In 2012, the Compensation Committee of the Board of Directors adopted an excess benefit payment plan for Mr. Molepske for the purpose of providing benefits to him in excess of the limitations on contributions and benefits imposed by section 415 of the tax code. The amount is calculated annually to be equivalent to Mr. Molepske's merit increase, which is based on performance, and paid to him annually via a taxable cash payment.

Role of Independent Compensation Consultants

Every three years, or under special request, a compensation analysis is completed by a third-party independent consultant, specializing in executive and board compensation. Total compensation market data, including base salary, bonuses, and long-term incentives are provided by the consultant and considered by the Compensation Committee to assess if any compensation adjustments are warranted based on the information provided. The Compensation Committee engaged Blanchard Consulting Group ("BCG") as its independent compensation consultant in 2021 to advise the Compensation Committee on market competitive executive and board compensation data. In 2021, BCG provided us with comprehensive reports which evaluated both our executive and board compensation programs. These reports provided us with peer group, survey, and BCG internal database information. BCG is a national firm with an exclusive focus on the banking and financial services industry. BCG did not provide additional services other than compensation consulting to the Compensation Committee. The Compensation Committee conducted an assessment of potential conflicts of interest and independence issues for BCG and no conflicts of interest or independence issues relating to BCG's services were identified by the Compensation Committee. The Compensation Committee and executive management utilized the BCG executive and board compensation reports to assist with executive and board pay decisions during 2021 but did not solely rely on them.

Employment/Change-in-Control Agreements with NEOs

The Corporation did not have employment or change-in-control agreements with the NEOs in place during 2021. We believe that not having employment agreements in place provides us with more flexibility and adaptability when making executive compensation decisions. The Corporation did implement change-in-control ("CIC") agreements for the NEOs in 2022, except for Bank President Michael P. Dempsey, who is retiring in June 2022. In the event of a change in control of the Corporation, the CIC agreement for CEO Michael B. Molepske provides compensation in the amount of three times the CEO's base salary plus a bonus equal to the average of the previous three years' bonus, as well as health insurance premiums for a period of three years, or until the CEO becomes eligible for Medicare. The CIC agreements for the NEOs provide compensation in the amount of two times the NEO's base salary plus a bonus equal to the average of the previous three years' bonus, as well as health insurance premiums for a period of two years, or until the NEO becomes eligible for Medicare.

NAMED EXECUTIVE OFFICER COMPENSATION

This table contains information about compensation awarded to our Named Executive Officers for the fiscal years ended December 31, 2021, 2020 and 2019.

2021, 2020 AND 2019 SUMMARY COMPENSATION TABLE

Name & Principal Position	Year	Salary (a)(\$)	Non-Equity Incentive Plan Compensation (b)(\$)	Stock Awards (c)(\$)	All Other Compensation (d)(\$)	Total Compensation (\$)
Michael B. Molepske Chief Executive Officer (Director)	2021	565,032	340,403	340,561	51,976	1,297,972
	2020	551,250	332,100	332,254	45,694	1,261,298
	2019	533,333	257,515	257,643	45,095	1,093,586
Michael P. Dempsey President (Director)	2021	355,656	160,699	160,867	14,280	691,502
	2020	346,981	156,779	156,856	12,460	673,076
	2019	338,250	121,569	121,750	13,091	594,660
Kevin M. LeMahieu Chief Financial Officer	2021	278,531	135,000	135,136	17,539	566,206
	2020	268,775	121,500	121,692	3,757	515,724
	2019	261,375	93,939	94,079	3,745	453,138
Joan A. Woldt Chief Operating Officer	2021	294,470	144,000	144,131	9,972	592,573
	2020	-	-	-	-	-
	2019	-	-	-	-	-
Jason V. Krepline Chief Lending Officer	2021	275,625	124,538	124,677	12,929	537,769
	2020	-	-	-	-	-
	2019	-	-	-	-	-

- (a) Reflects the NEO's actual salary earned in 2021, 2020 and 2019 for Mr. Molepske, Mr. Dempsey, and Mr. LeMahieu. Ms. Woldt and Mr. Krepline became NEOs in 2022, so only their 2021 compensation is reported.
- (b) Bonuses paid in March of each year are based on the performance results for the prior year.
- (c) Restricted stock awards are granted in March of each year based on the performance results of the prior year pursuant to the Equity Plan. These awards vest equally over five years from the date of grant prior to 2021. In 2021, the Compensation Committee approved a change to the vesting schedule from five years to three years. The table reflects the grant date fair market value of the restricted stock awards on the grant date, which was \$69.73 per share, computed in accordance with FASB ASC Topic 718.
- (d) Details regarding all other compensation for 2021 are set forth in the table below. In addition, in 2021, we provided certain NEOs with additional perquisites not detailed in the table below. These values are not reported as they are generally available on a non-discriminatory basis to all employees.

All Other Compensation

Named Executive Officer	Excess Benefit Plan (\$)(a)	Dividends on Unvested Stock Awards (\$)(b)	Business Development (\$)(c)
Michael B. Molepske	37,691	14,285	-
Michael P. Dempsey	-	7,280	7,000
Kevin M. LeMahieu	-	5,394	12,145
Joan A. Woldt	-	4,972	5,000
Jason V. Krepline	-	5,357	7,572

(a) Reflects the Corporation's excess benefit cash payment to Mr. Molepske.

(b) Reflects dividends paid on unvested stock awards in 2021.

(c) Reflects business development expenses paid in 2021.

Outstanding Equity Awards as of December 31, 2021

Named Executive Officer	Number of Unvested Shares	Market Value of Unvested Shares (\$)(a)
Michael B. Molepske	779(b)	56,275
	1,458(c)	105,326
	2,472(d)	178,577
	3,352(e)	242,148
	4,677(f)	337,866
Michael P. Dempsey	543(b)	39,226
	838(c)	60,537
	1,224(d)	88,422
	1,584(e)	114,428
	2,208(f)	159,506
Kevin M. LeMahieu	311(b)	22,467
	602(c)	43,488
	945(d)	68,267
	1,224(e)	88,422
	1,713(f)	123,747
Joan A. Woldt	298(b)	21,528
	706(c)	51,001
	1,047(d)	75,635
	1,296(e)	93,623
	903(f)	65,233
Jason V. Krepline	343(b)	24,778
	706(c)	51,001
	954(d)	68,917
	1,028(e)	74,263
	1,713(f)	123,747

- (a) The market value of restricted stock reflects the number of shares unvested multiplied by the December 31, 2021 stock price of \$72.24. Restricted stock shares granted prior to 2021 vest equally over five years from the grant date. Restricted stock shares granted during 2021 vest equally over three years from the grant date.
- (b) The restricted shares vest on March 1, 2022.
- (c) The restricted shares vest in two approximately equal annual installments on March 1, 2022 and March 1, 2023.
- (d) The restricted shares vest in three approximately equal annual installments on March 1, 2022, March 1, 2023 and March 1, 2024.
- (e) The restricted shares vest in four approximately equal annual installments on March 1, 2022, March 1, 2023, March 1, 2024 and March 1, 2025.
- (f) The restricted shares vest in three approximately equal annual installments on March 1, 2022, March 1, 2023, and March 1, 2024.

COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of shares of the Corporation's common stock as of April 4, 2022, by (i) each director and director nominee of the Corporation, (ii) each of the named executive officers of the Corporation, (iii) all directors and named executive officers as a group, and (iv) all shareholders known to us who may be considered a beneficial owner of more than 5% of the outstanding shares of the Corporation's common stock.

Except as indicated below, the address for each shareholder listed in the table below is: Bank First Corporation, 402 N. 8th Street, Manitowoc, Wisconsin 54220.

Common Stock		
Beneficial Owner	Number of Shares (a)(b)	Percent of Class(c)
Directors:		
Michael G. Ansay	60,003(d)	*
Mary-Kay H. Bourboulas	5,025(e)	*
Donald R. Brisch	15,718(f)	*
Michael P. Dempsey (Executive Officer)	77,675(g)	1.02
Robert D. Gregorski	32,989(h)	*
Judy L. Heun	2,032(i)	*
Robert W. Holmes	181,109(j)	2.39
Stephen E. Johnson	35,247(k)	*
Laura E. Kohler (nominee)	3,525(l)	*
Phillip R. Maples	2,190(m)	*
Michael B. Molepske (Executive Officer)	106,335(n)	1.40
David R. Sachse	24,898(o)	*
Peter J. Van Sistine	7,726(p)	*

Named Executive Officers who are not Directors:		
Kevin M. LeMahieu	19,021(q)	*
Joan A. Woldt	25,437(r)	*
Jason V. Krepline	28,840(s)	*

All Directors and Named Executive Officers:	627,770	8.28
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Other Material Shareholders:		
Richard S. Molepske	524,000(t)	6.91
Associated Banc-Corp	411,211(u)	5.42
BlackRock, Inc.	464,475(v)	6.12

- (a) Beneficial ownership is determined in accordance with rules of the SEC and includes voting or investment power to the securities. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each beneficial owner identified in the table possesses sole voting and investment power over all our shares of common stock shown as beneficially owned by the beneficial owner.
- (b) This amount includes shares allocated to participant accounts within the ESOP. The shares allocated to participant accounts within the ESOP as of April 4, 2022 are as follows: Michael B. Molepske: 0; Michael P. Dempsey: 31,097; Kevin M. LeMahieu: 8,039; Joan A. Woldt: 18,184; Jason V. Krepline: 23,229.
- (c) Percentage ownership is based on 7,583,386 shares of common stock outstanding as of April 4, 2022. The asterisk (*) represents less than 1% of the total number of shares of common stock outstanding on the Record Date.
- (d) Shares held in trust: 17,960; shares held directly: 42,043 (including 646 unvested shares from equity awards).
- (e) Shares held directly: 5,025 (including 646 unvested shares from equity awards).
- (f) Shares held in trust: 1,155; shares held directly: 14,563 (including 646 unvested shares from equity awards).
- (g) Shares held directly: 77,675 (including 6,202 unvested shares from equity awards).
- (h) Shares held directly: 32,989 (including 646 unvested shares from equity awards).
- (i) Shares held directly: 2,032 (including 646 unvested shares from equity awards).
- (j) Shares held in trust: 181,109 (including 646 unvested shares from equity awards).
- (k) Shares held as custodian: 2,912; shares held directly: 32,335 (including 646 unvested shares from equity awards).
- (l) Director nominee: 3,525 shares held directly.
- (m) Shares held in trust: 1,544; shares held directly: 646 (including 646 unvested shares from equity awards).
- (n) Shares held in trust: 52,401; shares held directly: 53,934 (including 12,893 unvested shares from equity awards).
- (o) Shares held directly: 24,898 (including 646 unvested shares from equity awards).
- (p) Shares held directly: 7,726 (including 646 unvested shares from equity awards).
- (q) Shares held directly: 19,021 (including 4,929 unvested shares from equity awards).
- (r) Shares held directly: 25,437 (including 4,692 unvested shares from equity awards).
- (s) Shares held directly: 28,840 (including 4,960 unvested shares from equity awards).
- (t) The information contained herein is based on information provided by the respective individual as of March 29, 2021. The address for Richard S. Molepske is 9102 S. Lake Drive, Manitowoc, WI 54220.
- (u) The information contained herein is based on information reported by Nasdaq, at www.nasdaq.com/market-activity/stocks/bfc/institutional-holdings. Associated Banc-Corp. is located at 433 Main Street, Green Bay, WI 54301.
- (v) The information contained herein is based on information disclosed by the entity on a Schedule 13G filed with the SEC on February 3, 2022. The address for BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

Grants of Plan-Based Awards

The following table shows the plan-based awards granted for the year ended December 31, 2021 to each of our NEOs:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (b)			Estimated Future Payouts Under Equity Incentive Plan Awards (c)			
NEO	Grant Date (a)	Thres- hold (\$)	Target (\$)	Max (\$)	Thres- hold (#)	Target (#)	Max (#)	Actual (#)
Michael B. Molepske	3/1/22	0	226,935	340,403	0	3,255	4,884	4,884
Michael P. Dempsey	3/1/22	0	107,132	160,699	0	1,539	2,307	2,307

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (b)			Estimated Future Payouts Under Equity Incentive Plan Awards (c)			
NEO	Grant Date (a)	Thres- hold (\$)	Target (\$)	Max (\$)	Thres- hold (#)	Target (#)	Max (#)	Actual (#)
Kevin M. LeMahieu	3/1/22	0	90,000	135,000	0	1,293	1,938	1,938
Joan A. Woldt	3/1/22	0	96,000	144,000	0	1,377	2,067	2,067
Jason V. Krepline	3/1/22	0	83,025	124,538	0	1,191	1,788	1,788

(a) Stock price on grant date was \$69.73.

(b) Bank First's annual compensation cycle begins on March 15 of each year. The Estimated Future Payouts under both Non-Equity and Equity Incentive Plan awards is calculated based on actual salaries earned during the year, which includes the NEOs' 2020 salary paid from January 1 – March 15, 2021 and their new 2021 salary paid from March 16 – December 31 2021.

(c) Due to the three-year vesting schedule for equity awards, all awards are adjusted upwards to be divisible by three.

Potential Payments Upon Termination or Change-in-Control

The below table includes the amount of compensation payable to each of the NEOs upon a termination of employment under certain circumstances as of December 31, 2021. Under the Bank First 2020 Equity Plan, employees shall become fully vested immediately upon the participant's termination of service due to participant's death, or if an event constitutes a Change in Control. The following unvested shares would vest upon these qualifying events.

NEO	Number of Shares (#)	Market Value (\$) (a)
Michael B. Molepske	12,738	920,193
Michael P. Dempsey	6,397	462,119
Kevin M. LeMahieu	4,795	346,391
Joan A. Woldt	4,250	307,020
Jason V. Krepline	4,744	342,706

(a) The market value of vested stock reflects the number of shares vested multiplied by the December 31, 2021, stock price of \$72.24.

Compensation Committee Report

The Committee reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement and based upon such review and discussion, the Compensation Committee recommended to Bank First's Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into Bank First's annual report on Form 10-K for the year ended December 31, 2021 as required by Item 402(b) of Regulation S-K.

This report has been furnished by the Compensation Committee of the Board:

Donald R. Brisch, Chair

Robert D. Gregorski

David R. Sachse

Peter J. Van Sistine

The foregoing report of the Compensation Committee does not constitute soliciting material and shall not be deemed to be filed or incorporated by reference into any other Bank First filing under the Securities Act of 1933, as amended ("the Securities Act") or under the Securities Exchange Act of 1934, as amended ("the Exchange Act"), except to the extent Bank First specifically incorporates this report by reference therein.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transactions

Transactions by the Corporation with related parties are subject to a formal written policy, as well as regulatory requirements and restrictions. These requirements and restrictions include Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve's Regulation W, which governs certain transactions by us with our affiliates, and the Federal Reserve's Regulation O, which governs certain loans by us to executive officers, directors and principal shareholders. We have adopted policies to comply with these regulatory requirements and restrictions.

In addition, our board of directors has adopted a written policy governing the approval of related party transactions that complies with all applicable requirements of the SEC and the Nasdaq Stock Market concerning related party transactions. The Audit Committee is responsible for reviewing and approving all related party transactions, as well as reviewing the procedures used to identify related parties and any transactions with related parties. Under SEC regulations, the Corporation is required to disclose any transaction occurring in the last fiscal year or that is currently proposed in an amount that exceeds \$120,000, in which the Corporation was or is a participant, and in which an executive officer or director of the Corporation, or an immediate family member thereof, had or will have a direct or indirect material interest. All transactions between the Corporation or the Bank and executive officers, directors, principal shareholders (that we are aware of) and affiliates thereof, will, to the best of our efforts, contain terms no less favorable to the Corporation or the Bank than could have been obtained by them in arms' length negotiations with unaffiliated persons and will be reviewed and approved by the Audit Committee. In determining whether to approve a related person transaction, the Audit Committee will consider all of the relevant and material facts and circumstances available to it, including (if applicable) but not limited to: the benefits to the Corporation; the impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and whether the terms are comparable to the terms available to unrelated third parties or to employees generally. After its review, the Audit Committee will only approve or ratify related person transactions that are (i) in, or are not inconsistent with, the best interests of the Corporation and its shareholders, as the Audit Committee determines in good faith, (ii) on terms comparable to those that could be obtained in arm's length dealings with an unrelated third person, and (iii) approved or ratified by a majority of the disinterested members of the Audit Committee.

The Bank's wholly owned subsidiary, TVG Holdings, Inc., owns 40.0% of Ansay & Associates, LLC. Michael G. Ansay, Chairman of the Board of Directors of the Corporation, is the Chairman and Chief Executive Officer of Ansay & Associates.

The Corporation did not engage in any other transactions that require disclosure under SEC regulations.

Loans to Related Persons

The Bank has had, and expects to have in the future, loans and other banking transactions in the ordinary course of business with directors (including our independent directors) and executive officers of the Corporation and its subsidiaries, including members of their families or corporations, partnerships or other organizations in which such officers or directors have a controlling interest. In addition, the Bank is subject to the provisions of Section 23A of the Federal Reserve Act, which places limits on the amount of loans or extensions of credit to, or

investments in, or certain other transactions with, affiliates and on the amount of advances to third parties collateralized by the securities or obligations of affiliates. The Bank is also subject to the provisions of Section 23B of the Federal Reserve Act which, among other things, prohibits an institution from engaging in certain transactions with certain affiliates unless the transactions are on terms substantially the same, or at least as favorable to such institution or its subsidiaries, as those prevailing at the time for comparable transactions with nonaffiliated companies.

In accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, to the best of our knowledge, all loans to executive officers, directors, principal shareholders, and any affiliates thereof, are made in the ordinary course of business, are made on the same terms, including interest rates, loan fees, and collateral as those prevailing at the time for comparable transactions with the general public and do not involve more than the normal risk of repayment or present other unfavorable features. During 2021, no executive officer, director, principal shareholder (that we are aware of), or any affiliate of the Corporation or the Bank had loans outstanding at preferred interest rates from the Corporation or the Bank.

PROPOSAL 2 - RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Dixon Hughes Goodman, LLP ("DHG") as the independent registered public accounting firm to audit the Corporation's financial statement for the fiscal year ending December 31, 2022. Although not required to do so, the Board is submitting the selection of DHG as our independent registered public accounting firm to our shareholders for ratification as a matter of good corporate governance. The Board recommends that our shareholders ratify such appointment. Even if the appointment of DHG is ratified by the shareholders, the Audit Committee, in its discretion, could decide to terminate the engagement of DHG and engage another audit firm if the Audit Committee determines such action is necessary or desirable. In the event that the appointment is not ratified by the required shareholder vote, the vote would be considered in connection with the engagement of an independent auditor for 2022. The Audit Committee will reconsider the appointment, but also may decide to maintain the appointment.

Representatives of DHG will be in attendance at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. Bank First encourages all shareholders to ask questions of and provide comments to representatives of DHG in advance of the Meeting by contacting our Investor Relations team at (920) 652-3360 or IR@bankfirst.com. Representatives of DHG will have the opportunity to respond to appropriate questions at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSAL TO RATIFY THE APPOINTMENT OF DIXON HUGHES GOODMAN, LLP AS THE CORPORATION'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2022.

INFORMATION REGARDING THE CORPORATION'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

DHG served as the Corporation's independent registered public accounting firm for the years ended December 31, 2021 and 2020.

Fees Billed by the Corporation's Independent Registered Public Accounting Firms

This table presents fees for professional audit services rendered by the Corporation's independent registered public accounting firm for the audit of the Corporation's annual financial statements during the years ended December 31, 2021 and 2020, and fees billed for other services rendered by the firms during those periods.

Year Ended December 31	2021	2020
Audit fees	\$228,000	\$237,500
Audit-related fees	\$0	\$10,000
Tax fees	\$0	\$0
All other fees	\$0	\$0
Total	\$228,000	\$247,500

Audit fees

These amounts represent fees of the independent registered public accounting firms for the audit of our annual consolidated financial statements, the audit of internal controls over financial reporting (FDICIA), and the services that an independent auditor would customarily provide in connection with subsidiary audits, statutory requirements, regulatory filings, and similar engagements for the year. Audit fees also include advice about accounting matters that arose in connection with or as a result of the audit or the review of periodic financial statements.

Audit-related fees

Audit-related fees generally consist of assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's consolidated financial statements or internal controls over financial reporting. This category may include fees related to the performance of audits and attest services not required by statute or regulations, due diligence related to mergers, acquisitions, and investments, and accounting consultations about the application of generally accepted accounting principles to proposed transactions. These services support the evaluation of the effectiveness of internal controls over revenue recognition and enhance the independent auditor's understanding of our products and controls.

Tax fees

Tax fees, of which there were none, generally fall into two categories: tax compliance and return preparation, and tax planning and advice. The tax compliance and return preparation services consist of preparing original and amended tax returns and claims for refunds.

All other fees

All other fees, of which there were none, consist of permitted services other than those that meet the criteria above and include training activities and economic, industry, and accounting subscriptions and surveys.

The Audit Committee concluded that the provision of the non-audit services listed above is compatible with maintaining the independence of Dixon Hughes Goodman LLP.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee has a policy for pre-approval of all audit and permissible non-audit services provided by the independent auditor. Each year, the Audit Committee approves the terms on which the independent auditor is engaged for the ensuing fiscal year. The Audit Committee, as permitted by its pre-approval policy, from time to time delegates the approval of certain permitted services or classes of services to a member of management. All fees paid to Dixon Hughes Goodman, LLP for the fiscal years ended December 31, 2021 and 2020 were pre-approved by the Audit Committee.

AUDIT COMMITTEE REPORT

The Audit Committee has the responsibilities and powers set forth in its charter, which include the responsibility to assist the Board of Directors in its oversight of our accounting and financial reporting principles and policies and internal audit controls and procedures, the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the independent auditor and our internal audit function. The Audit Committee is also required to prepare this report to be included in our annual proxy statement pursuant to the proxy rules of the SEC.

Management is responsible for the preparation, presentation and integrity of our financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures to provide for compliance with accounting standards and applicable laws and regulations. The internal auditor is responsible for testing such internal controls and procedures. Our independent registered public accounting firm is responsible for planning and carrying out a proper audit of our annual financial statements, reviews of our quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures.

The Audit Committee reviews our financial reporting process. In this context, the Audit Committee:

- has reviewed and discussed with management the audited financial statements for the year ended December 31, 2021;
- has discussed with DHG, the Corporation's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board ("PCAOB");
- Discussed with DHG the matters required to be discussed by the applicable requirements of the PCAOB and the SEC; and
- has received the written disclosures and the letter from DHG, required by PCAOB Rule 3526 ("Independence Discussions with Audit Committees"), as modified or supplemented, and has discussed with DHG the independent accountant's independence.

Based on this review and the discussions referred to above, the Audit Committee recommended that our Board of Directors include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021, for filing with the SEC.

This report is submitted on behalf of the members of the Audit Committee and shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall it be incorporated by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference and shall not otherwise be deemed filed under these Acts.

Respectfully submitted by the Audit Committee of the Board,
Judy L. Heun, Chair
Donald R. Brisch
Stephen E. Johnson

SUBMISSION OF SHAREHOLDER PROPOSALS AND SHAREHOLDER COMMUNICATIONS

Shareholder Proposals

In order for a shareholder proposal to be considered for inclusion in the Corporation's Proxy Statement for the 2023 annual meeting of shareholders, the written proposal must be received by the Corporate Secretary of the Corporation at the address below. The Corporate Secretary must receive the proposal no later than December 23, 2022. The proposal will also need to comply with the SEC's regulations under Rule 14a-8 regarding the inclusion of shareholder proposals in company sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary
Bank First Corporation
402 N. 8th Street
P.O. Box 10
Manitowoc, WI 54221-0010

For a shareholder proposal that is not intended to be included in the Corporation's Proxy Statement for the 2023 annual meeting of shareholders, or if you want to nominate a person for election as a director, you must provide written notice to the Corporate Secretary at the address above. The Secretary must receive this notice not earlier than February 12, 2023 and not later than March 14, 2023. The notice of a proposed item of business must provide information as required in the Bylaws of Corporation which, in general, require that the notice include for each matter a brief description of the matter to be brought before the meeting; the reason for bringing the matter before the meeting; your name, address, and number of shares you own beneficially or of record; and any material interest you have in the proposal.

The notice of a proposed director nomination must provide information as required in the Bylaws of Corporation which, in general, require that the notice of a director nomination include your name, address and the number of shares you own beneficially or of record; the name, age, business address, residence address and principal occupation of the nominee; and the number of shares owned beneficially or of record by the nominee. In addition, each nomination shall include a representation that the shareholder is entitled to vote at the annual meeting and intends to appear in person or by proxy at the meeting to make the nomination, and background information about the nominee.

It is the policy of the Governance and Nominating Committee to consider all timely and properly submitted nominations for directors. See the section entitled "Governance and Nominating Committee" for a summary of the Committee's selection process and criteria. Nominations not made in accordance with the specified requirements will be disregarded. No director nominations were received from shareholders in connection with the 2022 Annual Meeting.

Shareholder Communications

Shareholders wishing to communicate with the Board, with a particular director, or with the Corporate Secretary, may do so in writing directed to the Corporate Secretary of the Corporation, Kelly M. Dvorak, 402 N. 8th Street, P.O. Box 10, Manitowoc, WI 54221-0010. The Corporate Secretary is responsible for reviewing all communications addressed to our Board, any committee or any specific director to determine whether such communications require Board, committee or personal review, response or action. Generally, the Corporate Secretary will not forward to the Board, any committee or any specific director any communications

relating to Corporation products and services, solicitations, or otherwise improper or irrelevant topics. If, however, the Corporate Secretary determines that a communication relates to corporate governance or otherwise requires review, response or action by the Board, any committee or any specific director, then she will promptly send a copy of such communication to each director serving on the Board, the applicable committee or the applicable director.

Householding

In a further effort to reduce printing costs and postage fees, we may adopt a practice approved by the SEC called "householding." Under this practice, shareholders who have the same address and last name and have elected to receive paper copies of proxy materials will receive only one copy of our proxy materials, unless one or more of these shareholders notifies us that he or she wishes to continue receiving individual copies. Upon request, the Corporation will promptly deliver a separate copy of the Proxy Statement to a shareholder at a shared address to which a single copy of the documents was delivered. Conversely, shareholders sharing an address who are receiving multiple copies of Annual Reports or Proxy Statements may request delivery of a single copy. You can contact the Corporation by calling (920) 652-3244 or by writing to Corporate Secretary, Bank First Corporation, 402 N. 8th Street, P.O. Box 10, Manitowoc, WI 54221-0010, or by sending an email to kdvorak@bankfirst.com to request a separate copy of the proxy materials and for future meetings or, if you are currently receiving multiple copies, to receive only a single copy in the future.

Shareholders who beneficially own shares of our common stock held in street name may contact their broker, bank or other agent as your nominee to request information about householding.

ADDITIONAL INFORMATION

Our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC, can be accessed, along with this Proxy Statement, on our corporate website under the Investor Relations tab at www.bankfirst.com. If you wish to receive a copy of any exhibit on our Annual Report on Form 10-K for the year ended December 31, 2021, we will mail these documents to you free of charge. Requests should be sent to:

Bank First Corporation
Attn: Corporate Secretary
402 N. 8th Street
P.O. Box 10
Manitowoc, WI 54221-0010

The Annual Report on Form 10-K for the year ended December 31, 2021 is not, and shall not be, deemed to be a part of our proxy materials.

OTHER MATTERS

We are not aware of any business that will be presented at the Annual Meeting other than the matters described herein. However, if any other matters should properly come before the Annual Meeting or any adjournments or postponements thereof, it is intended that the proxies solicited hereby will be voted with respect to those other matters in accordance with the judgment of the persons voting the proxies.

BANK FIRST CORPORATION
AND SUBSIDIARIES
Manitowoc, Wisconsin

Consolidated Financial Statements

Years Ended December 31, 2021, 2020 and 2019

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Bank First Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Bank First Corporation and Subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Dixon Hughes Goodman LLP

We have served as the Company's auditor since 2019.

Atlanta, Georgia
March 16, 2022

Bank First Corporation and Subsidiaries
Consolidated Balance Sheets

	December 31	
	2021	2020
	<i>(In Thousands, except share and per share data)</i>	
Assets		
Cash and due from banks	\$ 29,171	\$ 36,255
Interest-bearing deposits	<u>267,689</u>	<u>133,964</u>
Cash and cash equivalents	296,860	170,219
Securities held to maturity, at amortized cost (\$5,922 and \$6,688 fair value at December 31, 2021 and 2020, respectively)	5,911	6,669
Securities available for sale, at fair value	212,689	165,039
Loans held for sale	786	809
Loans, net	2,215,199	2,173,802
Premises and equipment, net	49,461	43,183
Goodwill	55,357	55,472
Other investments	9,004	8,896
Cash value of life insurance	31,897	31,394
Core deposit intangibles, net	4,035	5,441
Mortgage Servicing Rights ("MSR")	5,016	3,726
Other real estate owned ("OREO")	150	1,885
Investment in minority-owned subsidiaries	42,935	42,278
Other assets	<u>8,252</u>	<u>9,203</u>
TOTAL ASSETS	<u>\$2,937,552</u>	<u>\$2,718,016</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Interest-bearing deposits	\$1,728,504	\$1,605,317
Noninterest-bearing deposits	<u>799,936</u>	<u>715,646</u>
Total deposits	2,528,440	2,320,963
Securities sold under repurchase agreements	41,122	36,377
Notes payable	8,011	23,469
Subordinated notes	17,500	17,500
Other liabilities	<u>19,826</u>	<u>24,850</u>
Total liabilities	<u>2,614,899</u>	<u>2,423,159</u>
Stockholders' equity:		
Serial preferred stock - \$0.01 par value		
Authorized - 5,000,000 shares	—	—
Common stock - \$0.01 par value		
Authorized - 20,000,000 shares		
Issued - 8,478,383 shares as of December 31, 2021 and 2020		
Outstanding - 7,616,540 and 7,709,497 shares as of December 31, 2021 and 2020, respectively	85	85
Additional paid-in capital	93,149	92,847
Retained earnings	258,104	221,393
Treasury stock, at cost - 861,843 and 768,886 shares as of December 31, 2021 and 2020, respectively	(32,294)	(25,227)
Accumulated other comprehensive income	<u>3,609</u>	<u>5,759</u>
Total stockholders' equity	<u>322,653</u>	<u>294,857</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$2,937,552</u>	<u>\$2,718,016</u>

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Income

	Years Ended December 31		
	2021	2020	2019
	<i>(In Thousands, except per share amounts)</i>		
Interest income:			
Loans, including fees	\$93,422	\$ 95,273	\$82,939
Securities:			
Taxable	2,788	3,358	3,134
Tax-exempt	1,866	1,888	1,662
Other	310	181	1,430
Total interest income	<u>98,386</u>	<u>100,700</u>	<u>89,165</u>
Interest expense:			
Deposits	7,527	12,473	17,875
Securities sold under repurchase agreements	10	114	461
Borrowed funds	767	1,278	1,162
Total interest expense	<u>8,304</u>	<u>13,865</u>	<u>19,498</u>
Net interest income	<u>90,082</u>	<u>86,835</u>	<u>69,667</u>
Provision for loan losses	3,100	7,125	5,250
Net interest income after provision for loan losses	<u>86,982</u>	<u>79,710</u>	<u>64,417</u>
Noninterest income:			
Service charges	6,128	5,003	3,506
Income from Ansay and Associates, LLC ("Ansay")	2,587	2,740	1,792
Income from UFS, LLC ("UFS")	2,556	3,066	2,935
Loan servicing income	3,839	1,420	550
Net gain on sales of mortgage loans	7,371	5,310	1,401
Net (loss) gain on sales of securities	(3)	3,233	634
Net gain on sale of other investments	—	—	234
Other	1,040	2,748	1,580
Total noninterest income	<u>23,518</u>	<u>23,520</u>	<u>12,632</u>
Noninterest expense:			
Salaries, commissions, and employee benefits	28,515	27,273	22,903
Occupancy	4,198	4,719	3,860
Data processing	5,344	5,515	4,509
Postage, stationery, and supplies	713	872	591
Net (gain) loss on sales and valuations of OREO	(20)	1,395	(73)
Advertising	227	226	268
Charitable contributions	534	574	566
Outside service fees	3,076	4,112	3,041
Amortization of intangibles	1,405	1,636	1,069
Penalty for early extinguishment of debt	—	1,323	—
Other	6,541	5,708	6,026
Total noninterest expense	<u>50,533</u>	<u>53,353</u>	<u>42,760</u>
Income before provision for income taxes	<u>59,967</u>	<u>49,877</u>	<u>34,289</u>
Provision for income taxes	14,523	11,831	7,595
Net Income	<u>\$45,444</u>	<u>\$ 38,046</u>	<u>\$26,694</u>
Earnings per share - basic	<u>\$ 5.92</u>	<u>\$ 5.07</u>	<u>\$ 3.91</u>
Earnings per share - diluted	<u>\$ 5.92</u>	<u>\$ 5.07</u>	<u>\$ 3.87</u>
Dividends per share	<u>\$ 1.14</u>	<u>\$ 0.81</u>	<u>\$ 0.80</u>

See accompanying notes to consolidated financial statements

Bank First Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2021	2020	2019
	<i>(In Thousands)</i>		
Net Income	\$45,444	\$38,046	\$26,694
Other comprehensive (loss) income:			
Unrealized (losses) gains on available for sale securities:			
Unrealized holding (losses) gains arising during period	(2,946)	7,987	4,378
Amortization of unrealized holding gains on securities transferred from available for sale to held to maturity	(2)	(102)	(44)
Reclassification adjustment for losses (gains) included in net income	3	(3,233)	(634)
Income tax benefit (expense)	795	(1,387)	(840)
Total other comprehensive (loss) income	(2,150)	3,265	2,860
Comprehensive income	<u>\$43,294</u>	<u>\$41,311</u>	<u>\$29,554</u>

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity

	Serial Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
	<i>(In Thousands, except share and per share amounts)</i>						
Balance at January 1, 2019	\$ —	\$74	\$27,601	\$168,363	\$(21,349)	\$ (366)	\$174,323
Net income	—	—	—	26,694	—	—	26,694
Change in accounting principle in unconsolidated subsidiary	—	—	—	(100)	—	—	(100)
Other comprehensive income	—	—	—	—	—	2,860	2,860
Purchase of treasury stock	—	—	—	—	(4,205)	—	(4,205)
Issuance of treasury stock as deferred compensation payout	—	—	26	—	88	—	114
Shares issued in the acquisition of Partnership Community Bancshares, Inc. (534,659 shares)	—	5	35,298	—	—	—	35,303
Cash dividends (\$0.80 per share)	—	—	—	(5,463)	—	—	(5,463)
Amortization of stock-based compensation	—	—	685	—	—	—	685
Vesting of restricted stock awards	—	—	(525)	—	525	—	—
Balance at December 31, 2019	—	79	63,085	189,494	(24,941)	2,494	230,211
Net income	—	—	—	38,046	—	—	38,046
Other comprehensive income	—	—	—	—	—	3,265	3,265
Purchase of treasury stock	—	—	—	—	(4,367)	—	(4,367)
Sale of treasury stock	—	—	—	—	19	—	19
Issuance of treasury stock as deferred compensation payout	—	—	—	—	3,368	—	3,368
Cash dividends (\$0.81 per share)	—	—	—	(6,147)	—	—	(6,147)
Amortization of stock-based compensation	—	—	1,081	—	—	—	1,081
Vesting of restricted stock awards	—	—	(694)	—	694	—	—
Shares issued in the acquisition of Tomah Bancshares, Inc. (575,641 shares)	—	6	29,375	—	—	—	29,381
Balance at December 31, 2020	—	85	92,847	221,393	(25,227)	5,759	294,857
Net income	—	—	—	45,444	—	—	45,444
Other comprehensive loss	—	—	—	—	—	(2,150)	(2,150)
Purchase of treasury stock	—	—	—	—	(8,272)	—	(8,272)
Sale of treasury stock	—	—	—	—	114	—	114
Cash dividends (\$1.14 per share)	—	—	—	(8,733)	—	—	(8,733)
Amortization of stock-based compensation	—	—	1,393	—	—	—	1,393
Vesting of restricted stock awards	—	—	(1,091)	—	1,091	—	—
Balance at December 31, 2021	\$ —	\$85	\$93,149	\$258,104	\$(32,294)	\$ 3,609	\$322,653

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Cash Flows

Years Ended December 31
2021 2020 2019
(In Thousands)

Cash flows from operating activities:

Net income	\$ 45,444	\$ 38,046	\$ 26,694
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	3,100	7,125	5,250
Depreciation and amortization of premises and equipment	1,780	1,536	1,273
Amortization of intangibles	1,405	1,636	1,069
Net amortization of securities	807	689	388
Amortization of stock-based compensation	1,393	1,081	685
Accretion of purchase accounting valuations	(1,947)	(5,473)	(7,077)
Net change in deferred loan fees and costs	(1,208)	2,417	(216)
(Benefit) expense for deferred income taxes	(1)	(116)	856
Change in fair value of MSR and other investments	465	2,262	775
(Gain) loss from sale and disposal of premises and equipment	(37)	178	23
(Gain) loss on sale of OREO and valuation allowance	(20)	1,395	(73)
Proceeds from sales of mortgage loans	295,904	215,903	86,057
Originations of mortgage loans held for sale	(290,372)	(212,190)	(85,983)
Gain on sales of mortgage loans	(7,371)	(5,310)	(1,401)
Realized (gain) loss on sale of securities available for sale and other investments	3	(3,233)	(868)
Undistributed income of UFS joint venture	(2,556)	(3,066)	(2,935)
Undistributed income of Ansay joint venture	(2,587)	(2,740)	(1,792)
Net earnings on life insurance	(768)	(741)	(625)
Decrease (increase) in other assets	1,862	(1,876)	(720)
(Decrease) increase in other liabilities	(5,013)	6,440	1,268
Net cash provided by operating activities	40,283	43,963	22,648

Cash flows from investing activities, net of effects of business combination:

Activity in securities available for sale and held to maturity:			
Sales	9,087	59,697	45,506
Maturities, prepayments, and calls	34,033	73,524	13,364
Purchases	(93,767)	(28,764)	(103,848)
Net increase in loans	(41,713)	(343,581)	(36,496)
Dividends received from UFS	2,646	2,103	2,108
Dividends received from Ansay	1,840	1,712	1,329
Proceeds from sale of OREO	1,893	5,472	1,704
Proceeds from sales of other investments	—	—	984
Net purchases of Federal Home Loan Bank ("FHLB") stock	—	(640)	(65)
Net purchases of Federal Reserve Bank ("FRB") stock	—	(2,760)	—
Proceeds from life insurance	265	—	—
Proceeds from sale of premises and equipment	548	284	—
Purchases of premises and equipment	(8,718)	(8,371)	(7,268)
Investment in Ansay	—	—	(13,700)
Net cash received (used) in business combination	—	35,296	(9,771)
Net cash used in investing activities	(93,886)	(206,028)	(106,153)

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Cash Flows - (continued)

	Years Ended December 31		
	2021	2020	2019
	(In Thousands)		
Cash flows from financing activities, net of effects of business combination:			
Net increase in deposits	\$207,770	\$ 307,032	\$ 17,506
Net (decrease) increase in securities sold under repurchase agreements	4,745	(10,305)	14,376
Proceeds from advances of notes payable	5,000	88,000	44,000
Repayment of notes payable	(20,380)	(127,400)	(4,000)
Proceeds from subordinated debt	—	6,000	—
Repayment of subordinated debt	—	(7,000)	—
Dividends paid	(8,733)	(6,147)	(5,463)
Proceeds from sales of common stock	114	19	—
Repurchase of common stock	(8,272)	(4,367)	(4,205)
Net cash provided by financing activities	180,244	245,832	62,214
Net increase (decrease) in cash and cash equivalents	126,641	83,767	(21,291)
Cash and cash equivalents at beginning of year	170,219	86,452	107,743
Cash and cash equivalents at end of year	<u>\$296,860</u>	<u>\$ 170,219</u>	<u>\$ 86,452</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 7,064	\$ 14,972	\$ 18,938
Income taxes	16,760	10,181	6,677
Supplemental schedule of noncash activities:			
Loans transferred to OREO	—	1,892	4,927
Closed branch building transferred to OREO	140	—	—
MSR resulting from sale of loans	1,862	1,375	740
Amortization of unrealized holding gains on securities transferred from available for sale to held to maturity recognized in other comprehensive income, net of tax	(2)	(81)	(35)
Change in unrealized gains and losses on investment securities available for sale, net of tax	(2,148)	3,346	2,895
Payment of deferred compensation through issuance of treasury stock	—	3,368	114
Initial recognition of right-of-use lease asset and liability	—	—	1,699
Cancellation of subordinated debt issued to acquired institution	—	—	6,500
Acquisition:			
Fair value of assets acquired	\$ —	\$ 209,918	\$307,768
Fair value of liabilities assumed	—	191,701	286,612
Net assets acquired	<u>\$ —</u>	<u>\$ 18,217</u>	<u>\$ 21,156</u>
Common stock issued in acquisition	\$ —	\$ 29,381	\$ 35,303

See accompanying notes to consolidated financial statements.

Note 1 Summary of Significant Accounting Policies

The accounting and reporting policies of Bank First Corporation and Subsidiaries ("Corporation") conform to generally accepted accounting principles ("GAAP") in the United States and general practices within the financial institution industry. Significant accounting and reporting policies are summarized below.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries, Veritas Asset Holdings, LLC ("Veritas") and Bank First, National Association ("Bank"). The Bank's wholly owned subsidiaries are Bank First Investments, Inc., TVG Holdings, Inc. ("TVG") and BFC Title LLC. All significant intercompany balances and transactions have been eliminated. The Bank and TVG have investments in minority-owned subsidiaries that are accounted for using the equity method in the consolidated financial statements. The Bank owns 49.8% of UFS which provides data processing solutions to over 60 banks in the Midwest. TVG owns 40.0% of Ansay providing clients throughout the Midwest with superior insurance and risk management solutions.

Organization

The Corporation provides a variety of financial services to individual and business customers, primarily located in Wisconsin, through the Bank. The Bank is subject to competition from other traditional and nontraditional financial institutions and is also subject to the regulations of certain federal agencies and undergoes periodic examinations by those regulatory authorities including the Office of the Comptroller of the Currency and the Federal Reserve Bank.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. The allowance for loan losses, carrying value of real estate owned, carrying value of goodwill, fair value of mortgage servicing rights, and fair values of financial instruments are inherently subjective and are susceptible to significant change.

Business Combinations

The Corporation accounts for business combinations under the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, Business Combinations. The Corporation recognizes the full fair value of the assets acquired and liabilities assumed and immediately expenses transaction costs. There is no separate recognition of the acquired allowance for loan losses on the acquirer's balance sheet as credit related factors are incorporated directly into the fair value of the net tangible and intangible assets acquired. If the amount of consideration exceeds the fair value of assets purchased less the fair value of liabilities assumed, goodwill is recorded. Alternatively, if the amount by which the fair value of assets purchased exceeds the fair value of liabilities assumed and consideration paid, a gain (bargain purchase gain) is recorded. Fair values are subject to refinement for up to one year after the closing date of an acquisition as information relative to closing date fair values becomes available. Results of operations of the acquired business are included in the statement of income from the effective date of the acquisition. Additional information regarding acquisitions is provided in Note 2.

Cash and Cash Equivalents

For purposes of reporting cash flows in the consolidated financial statements, cash and cash equivalents include cash on hand, interest-bearing and noninterest-bearing accounts in other financial institutions, and federal funds sold, all of which have original maturities of three months or less. Generally, federal funds are purchased and sold for one day periods. In the normal course

of business, the Corporation maintains cash and due from bank balances with correspondent banks. Accounts at each institution that are insured by the Federal Deposit Insurance Corporation have up to \$250,000 of insurance. Total uninsured balances held at December 31, 2021 and 2020 were approximately \$992,000 and \$5,284,000, respectively. The Bank is required to maintain deposits on hand or with the FRB to meet specific reserve requirements. During 2021 and 2020, in response to liquidity concerns resulting from the COVID-19 pandemic ("COVID"), this reserve requirement was reduced to zero by the FRB.

Securities

Securities are classified as held to maturity or available for sale at the time of purchase. Investment securities classified as held to maturity, which management has the intent and ability to hold to maturity, are reported at amortized cost. Investment securities classified as available for sale, which management has the intent and ability to hold for an indefinite period of time, but not necessarily to maturity, are carried at fair value, with unrealized gains and losses, net of related deferred income taxes, included in stockholders' equity as a separate component of other comprehensive income.

The net carrying value of debt securities classified as held to maturity or available for sale is adjusted for amortization of premiums and accretion of discounts utilizing the effective interest method over the expected estimated maturity. Such amortization and accretion is included as an adjustment to interest income from securities. Interest and dividends are included in interest income from securities.

Transfers of debt securities into the held to maturity classification from the available for sale classification are made at fair value as of the date of transfer. The unrealized holding gain or loss as of the date of transfer is retained in other comprehensive income and in the carrying value of the held to maturity securities, establishing the amortized cost of the security. These unrealized holding gains and losses as of the date of transfer are amortized or accreted over the remaining life of the security.

Unrealized gains or losses considered temporary and the noncredit portion of unrealized losses deemed other-than-temporary are reported as an increase or decrease in accumulated other comprehensive income. The credit related portion of unrealized losses deemed other-than-temporary is recorded in current period earnings. Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in earnings. The Bank evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. As part of such monitoring, the credit quality of individual securities and their issuers are assessed. In addition, management considers the length of time and extent that fair value has been less than cost, the financial condition and near-term prospects of the issuer, and that the Corporation does not have the intent to sell the security and it is more likely than not that it will not have to sell the security before recovery of its cost basis. Adjustments to market value that are considered temporary are recorded as a separate component of equity, net of tax. If an impairment of security is identified as other-than-temporary based on information available such as the decline in the credit worthiness of the issuer, external market ratings or the anticipated or realized elimination of associated dividends, such impairments are further analyzed to determine if a credit loss exists. If there is a credit loss, it will be recorded in the consolidated statement of income in the period of identification.

Other Investments

Other investments are carried at cost, or, where available, recently observable market prices, which approximates fair value, and consist of FHLB stock, FRB stock, Bankers' Bancorporation stock and preferred stock in a community development project (sold during 2021). Other investments are evaluated for impairment at least on an annual basis.

Loans Held for Sale

Loans originated and intended for sale in the secondary market, consisting of the current origination of certain fixed-rate mortgage loans, are carried at the lower of cost or estimated fair value in the aggregate. A gain or loss is recognized at the time of the sale reflecting the present value of the difference between the contractual interest rate of the loans sold and the yield to

the investor, adjusted for the initial value of mortgage servicing rights associated with loans sold with servicing retained. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Loans and Related Interest Income - Originated

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are generally reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for loan losses. The accrual of interest on loans is calculated using the simple interest method on daily balances of the principal amount outstanding and is recognized in the period earned utilizing the loan convention applicable by loan type. Loan origination fees, net of certain direct loan origination costs, are deferred and recognized in interest income using the effective interest method over the estimated life of the loan.

The accrual of interest is discontinued when a loan becomes 90 days past due and is not both well collateralized and in the process of collection, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. When loans are placed on nonaccrual or charged off, all unpaid accrued interest is reversed and additional income is recorded only to the extent that payments are received and the collection of principal is reasonably assured. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, when the obligation has performed in accordance with the contractual terms for a reasonable period of time, and future payments of principal and interest are reasonably assured. Loans are considered impaired if it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. Total impaired loans are evaluated based on the fair value of the collateral rather than on discounted cash flow basis.

In response to the COVID-19 pandemic, the CARES Act was signed into law. Under the CARES Act, banks may elect to deem that loan modifications do not result in troubled debt restructurings ("TDRs") if they are (1) related to COVID-19; (2) executed on a loan that was not more than 30 days past due as of December 31, 2019; and (3) executed between March 1, 2020 and the earlier of (A) 60 days after the date of termination of the national emergency declaration or (B) January 1, 2022. Additionally, in accordance with the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised), other short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not TDRs under ASC Subtopic 310-40. This includes short-term (e.g. up to six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or delays in payment that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time a modification program is implemented. Loans modified under this guidance are not considered TDRs.

Loans and Related Interest Income - Acquired

Acquired loans are recorded at their estimated fair value at the acquisition date, and are initially classified as either purchase credit impaired ("PCI") loans (i.e. loans that reflect credit deterioration since origination and it is probable at acquisition that the Corporation will be unable to collect all contractually required payments) or purchased non-impaired loans (i.e. performing acquired loans).

PCI loans are accounted for under the accounting guidance for loans and debt securities acquired with deteriorated credit quality, found in FASB ASC Topic 310-30, Receivables—Loans and Debt Securities Acquired with Deteriorated Credit Quality. The Corporation estimates the amount and timing of expected principal, interest and other cash flows for each loan or pool of loans meeting the criteria above, and determines the excess of the loan's scheduled contractual principal and contractual interest payments over all cash flows expected to be collected at acquisition as an amount that should not be accreted. These credit discounts (nonaccretable marks) are included in the determination of the initial fair value for acquired loans; therefore, an allowance for loan losses is not recorded at the acquisition date. Differences between the

estimated fair values and expected cash flows of acquired loans at the acquisition date that are not credit-based (accretable marks) are subsequently accreted to interest income over the estimated life of the loans using a method that approximates a level yield method if the timing and amount of the future cash flows is reasonably estimable. Subsequent to the acquisition date for PCI loans, increases in cash flows over those expected at the acquisition date result in a move of the discount from nonaccretable to accretable. Decreases in expected cash flows after the acquisition date are recognized through the provision for loan losses.

Performing acquired loans are accounted for under FASB ASC Topic 310-20, Receivables—Nonrefundable Fees and Other Costs. Performance of certain loans may be monitored and based on management's assessment of the cash flows and other facts available, portions of the accretable difference may be delayed or suspended if management deems appropriate. The Corporation's policy for determining when to discontinue accruing interest on performing acquired loans and the subsequent accounting for such loans is essentially the same as the policy for originated loans described above.

Allowance for Loan Losses - Originated

The allowance for loan losses ("ALL") is established through a provision for loan losses charged to expense as losses are estimated to have occurred. Loan losses are charged against the allowance when management believes that the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

Management regularly evaluates the allowance for loan losses using general economic conditions, the Corporation's past loan loss experience, composition of the portfolio, and other relevant factors. This evaluation is inherently subjective since it requires material estimates that may be susceptible to significant change.

The ALL consists of specific reserves for certain impaired loans and general reserves for non-impaired loans. Specific reserves reflect estimated losses on impaired loans from management's analyses developed through specific credit allocations. The specific credit reserves are based on regular analyses of impaired non-homogenous loans greater than \$250,000. These analyses involve a high degree of judgment in estimating the amount of loss associated with specific loans, including estimating the amount and timing of future cash flows and collateral values. The general reserve is based on the Bank's historical loss experience which is updated quarterly. The general reserve portion of the ALL also includes consideration of certain qualitative factors such as 1) changes in lending policies and/or underwriting practices, 2) national and local economic conditions 3) changes in portfolio volume and nature, 4) experience, ability and depth of lending management and other relevant staff, 5) levels of and trends in past-due and nonaccrual loans and quality, 6) changes in loan review and oversight, 7) impact and effects of concentrations and 8) other issues deemed relevant.

Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses. Such agencies may require the Bank to recognize additions to the allowance based on their judgments of information available to them at the time of their examination.

Allowance for Loan Losses - Acquired

An ALL is calculated using a methodology similar to that described for originated loans. Performing acquired loans are subsequently evaluated for any required allowance at each reporting date. Such required allowance for each loan pool is compared to the remaining fair value discount for that pool. If greater, the excess is recognized as an addition to the allowance through a provision for loan losses. If less than the discount, no additional allowance is recorded. Charge-offs and losses first reduce any remaining fair value discount for the loan pool and once the discount is depleted, losses are applied against the allowance established for that pool.

For PCI loans after acquisition, cash flows expected to be collected are recast for each loan periodically as determined appropriate by management. If the present value of expected cash flows for a loan is less than its carrying value, impairment is reflected by an increase in the ALL and

a charge to the provision for loan losses. If the present value of the expected cash flows for a loan is greater than its carrying value, any previously established ALL is reversed and any remaining difference increases the accretible yield which will be taken into income over the remaining life of the loan. Loans which were considered troubled debt restructurings by an acquired institution prior to the acquisition are not required to be classified as troubled debt restructurings in the Corporation's consolidated financial statements unless or until such loans would subsequently meet criteria to be classified as such, since acquired loans were recorded at their estimated fair values at the time of the acquisition.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. Premises and equipment acquired in corporate acquisitions are recorded at estimated fair value on the date of acquisition. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of premises and equipment are reflected in income. Premises and equipment, and other long-term assets, are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

Depreciation expense is computed using the straight-line method over the following estimated useful lives.

Buildings and improvements	40 years
Land improvements	20 years
Furniture, fixtures and equipment	2-7 years

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure less estimated costs to sell the asset, establishing a new cost basis. Any write downs at the time of foreclosure are charged to the allowance for loan loss. OREO properties acquired in conjunction with corporate acquisitions are recorded at fair value on the date of acquisition. Subsequent to foreclosure, valuations are periodically performed by management, and a valuation allowance is established if fair value declines below carrying value. Costs relating to the development and improvement of the property are capitalized. Revenue and expenses from operations and changes in the valuation allowance are included in other expenses.

Intangible Assets and Goodwill

Intangible assets consist of the value of core deposits, mortgage servicing assets and the excess of purchase price over fair value of net assets (goodwill). Core deposits are stated at cost less accumulated amortization and are amortized on a sum of the year's digits basis over a period of one to ten years. See Note 2 for additional information on acquisitions completed in 2020 and 2019.

Mortgage servicing rights are recognized as separate assets when rights are acquired through purchase or through sale of mortgage loans with servicing retained. Servicing rights acquired through sale of financial assets are recorded based on the fair value of the servicing right. The determination of fair value is based on a valuation model and includes stratifying the mortgage servicing rights by predominant characteristics, such as interest rates and terms, and estimating the fair value of each stratum based on the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as costs to service, a discount rate, and prepayment speeds. Changes in fair value are recorded as an adjustment to earnings.

The Corporation performs a "qualitative" assessment of goodwill to determine whether further impairment testing of indefinite-lived intangible assets is necessary on at least an annual basis. If it is determined, as a result of performing a qualitative assessment over goodwill, that it is more likely than not that goodwill is impaired, management will perform an impairment test to determine if the carrying value of goodwill is realizable.

The Corporation evaluated goodwill and core deposit intangibles for impairment during 2021, 2020 and 2019, determining that there was no goodwill or core deposit intangible impairment.

Income Taxes

The Corporation files one consolidated federal income tax return and two state returns. Federal income tax expense is allocated to each subsidiary based on an intercompany tax sharing agreement.

Deferred tax assets and liabilities have been determined using the liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities and the current enacted tax rates which will be in effect when these differences are expected to reverse. Provision (benefit) for deferred taxes is the result of changes in the deferred tax assets and liabilities.

Treasury Stock

Common stock shares repurchased by the Corporation are recorded as treasury stock at cost.

Securities Sold Under Repurchase Agreements

The Corporation sells securities under repurchase agreements. These transactions are accounted for as collateralized financing transactions and are recorded at the amounts at which the securities were sold. The Corporation may have to provide additional collateral to the counterparty, as necessary.

Off-Balance-Sheet Financial Instruments

In the ordinary course of business, the Corporation has entered into off-balance-sheet financial instruments including commitments to extend credit, unfunded commitments under lines of credit, and letters of credit. Such financial instruments are recorded in the consolidated financial statements when they are funded.

Advertising

Advertising costs are generally expensed as incurred.

Per Share Computations

Weighted average shares outstanding were 7,680,896, 7,497,862, and 6,820,225 for the years ended December 31, 2021, 2020 and 2019, respectively. All outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends are considered participating securities for basic and diluted earnings per share calculations. There were 59,264, 56,606, and 51,226 average shares of dilutive instruments outstanding during the years ended December 31, 2021, 2020, and 2019.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe that there are any such matters that will have a material effect on the consolidated financial statements at December 31, 2021 and 2020.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Bank, the transferee obtains the right, free of conditions that constrain it from taking advantage of that right, to pledge or exchange the transferred assets and the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

Comprehensive Income

GAAP normally requires that recognized revenues, expenses, gains and losses be included in net income. In addition to net income, another component of comprehensive income includes the after-tax effect of changes in unrealized gains and losses on available for sale securities. This item

is reported as a separate component of stockholders' equity. The Corporation presents comprehensive income in the statement of comprehensive income.

Stock-based Compensation

The Corporation uses the fair value method of recognizing expense for stock-based compensation based on the fair value of restricted stock awards at the date of grant as prescribed by accounting standards codification Topic 781-10 *Compensation/Stock Compensation*.

Mortgage Banking Derivatives

Commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as free standing derivatives. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest rate on the loan is locked. The Bank enters into forward commitments for the future delivery of mortgage loans when interest rate locks are entered into in order to hedge the change in interest rates resulting from its commitments to fund loans. The forward commitments for the future delivery of mortgage loans are based on the Bank's "best efforts" and therefore the Bank is not penalized if a loan is not delivered to the investor if the loan did not get originated. Changes in the fair values of these derivatives generally offset each other and are included in "other income" in the consolidated statements of income.

Reclassifications

Certain 2020 and 2019 amounts have been reclassified to conform to the presentation used in 2021. These reclassifications had no effect on the operations, financial condition or cash flows of the Corporation.

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Certain aspects of this ASU were updated in November 2018 by the issuance of ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. The main objective of the ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. During 2019 FASB issued ASU 2019-10 which delayed the effective date of ASU 2016-13 for smaller, publicly traded companies, until interim and annual periods beginning after December 15, 2022. This delay applies to the Corporation as it was classified as a "Smaller reporting company" as defined in Rule 12b-2 of the Exchange Act as of the date ASU 2019-10 was enacted. The Corporation is currently evaluating the impact of ASU 2016-13 on the consolidated financial statements, although the general expectation in the banking industry is that the implementation of this standard will result in higher required balances in the ALLL.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. It provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The updated guidance is effective for all entities from March 12, 2020 through December 31, 2022. The Corporation has been diligent in responding to reference rate reform and does not anticipate a significant impact to its financial statements as a result.

In October 2020, the FASB issued ASU 2020-08, *Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs*. This ASU clarifies the requirements for entities to reevaluate whether a callable debt security is within the scope of paragraph 310-20-35-33 of the stated subtopic for each reporting period. The ASU was published to clarify the Codification

and correct its unintended application and was effective for fiscal years, and interim periods within those fiscal years, beginning after December 31, 2020. The adoption of this guidance did not have an impact on the Corporation's consolidated financial statements as all premiums within its securities portfolio were already being amortized to the earliest call date prior to implementation as required under subtopic 310-20.

Note 2 Acquisitions

Tomah Bancshares, Inc.

On May 15, 2020, the Company completed a merger with Tomah Bancshares, Inc. ("Timberwood"), a bank holding company headquartered in Tomah, Wisconsin, pursuant to the Agreement and Plan of Bank Merger, dated as of November 20, 2019, by and among the Company and Timberwood, whereby Timberwood merged with and into the Company, and Timberwood Bank, Timberwood's wholly-owned banking subsidiary, merged with and into the Bank. Timberwood's principal activity was the ownership and operation of Timberwood Bank, a state-chartered banking institution that operated one (1) branch in Wisconsin at the time of closing. The merger consideration totaled approximately \$29.8 million.

Pursuant to the terms of the Merger Agreement, Timberwood shareholders received 5.1445 shares of the Company's common stock for each outstanding share of Timberwood common stock, and cash in lieu of any remaining fractional share. Company stock issued totaled 575,641 shares valued at approximately \$29.4 million, with cash of \$0.4 million comprising the remainder of merger consideration.

The Company accounted for the transaction under the acquisition method of accounting, and thus, the financial position and results of operations of Timberwood prior to the consummation date were not included in the accompanying consolidated financial statements. The accounting required assets purchased and liabilities assumed to be recorded at their respective fair values at the date of acquisition. The Company determined the fair value of core deposit intangibles, securities, premises and equipment, loans, other assets and liabilities, deposits and borrowings with the assistance of third party valuations, appraisals, and third party advisors. The estimated fair values will be subject to refinement for up to one year after deal consummation as additional information becomes available relative to the closing date fair values.

The fair value of the assets acquired and liabilities assumed on May 15, 2020 was as follows:

(in thousands)	As Recorded by Timberwood	Fair Value Adjustments	As Recorded by the Company
Cash, cash equivalents and securities	\$ 79,614	\$ (656)	\$ 78,958
Other investments	533	—	533
Loans	117,343	1,068	118,411
Premises and equipment, net	2,538	(1,006)	1,532
Core deposit intangible	—	1,697	1,697
Other assets	11,392	(2,605)	8,787
Total assets acquired	<u>\$211,420</u>	<u>\$(1,502)</u>	<u>\$209,918</u>
Deposits	\$170,362	\$ 742	\$171,104
Subordinated debt	6,500	—	6,500
Other borrowings	12,938	210	13,148
Other liabilities	1,923	(974)	949
Total liabilities assumed	<u>\$191,723</u>	<u>\$ (22)</u>	<u>\$191,701</u>
Excess of assets acquired over liabilities assumed	<u>\$ 19,697</u>	<u>\$(1,480)</u>	<u>\$ 18,217</u>
Less: purchase price			29,812
Goodwill (originally recorded)			11,595
Refinement to fair value estimates			305
Goodwill (after refinement)			<u>\$ 11,900</u>

Partnership Community Bancshares, Inc.

On July 12, 2019, the Corporation completed a merger with Partnership Community Bancshares, Inc. ("Partnership"), a bank holding company headquartered in Cedarburg, Wisconsin, pursuant to the Agreement and Plan of Bank Merger, dated as of January 22, 2019 and as amended on April 30, 2019, by and among the Corporation and Partnership, whereby Partnership merged with

and into the Corporation, and Partnership Bank, Partnership's wholly-owned banking subsidiary, merged with and into the Bank. Partnership's principal activity was the ownership and operation of Partnership Bank, a state-chartered banking institution that operated four branches in Wisconsin at the time of closing. The merger consideration totaled approximately \$49,589,000.

Pursuant to the terms of the Merger Agreement, Partnership shareholders had the option to receive either 0.34879 shares of the Corporation's common stock or \$17.3001 in cash for each outstanding share of Partnership common stock, and cash in lieu of any remaining fractional share. The stock versus cash elections by the Partnership shareholders were subject to final consideration being made up of approximately \$14,285,000 in cash and 534,659 shares of Corporation common stock, valued at approximately \$35,303,000 (based on a value of \$66.03 per share on the closing date).

The purpose of the merger was for strategic reasons beneficial to the Corporation. The acquisition is consistent with its plan to drive growth and efficiency through increased scale, leverage the strengths of each bank across the combined customer base, enhance profitability, and add liquidity and shareholder value.

The Corporation accounted for the transaction under the acquisition method of accounting, and thus, the financial position and results of operations of Partnership prior to the consummation date were not included in the accompanying consolidated financial statements. The accounting required assets purchased and liabilities assumed to be recorded at their respective fair values at the date of acquisition. The Corporation determined the fair value of core deposit intangibles, securities, premises and equipment, loans, other assets and liabilities, deposits and borrowings with the assistance of third party valuations, appraisals, and third party advisors. The estimated fair values will be subject to refinement for up to one year after the consummation as additional information becomes available relative to the closing date fair values.

The fair value of the assets acquired and liabilities assumed on July 12, 2019 was as follows:

(in thousands)	As Recorded by Partnership Community Bancshares	Fair Value Adjustments	As Recorded by Bank First Corporation
Cash, cash equivalents and securities	\$ 21,447	\$ (291)	\$ 21,156
Other investments	441	441	
Loans	276,279	(957)	275,322
Premises and equipment, net	6,066	(2,940)	3,126
Core deposit intangible	—	4,236	4,236
Other assets	3,668	(181)	3,487
Total assets acquired	<u>\$307,901</u>	<u>\$ (133)</u>	<u>\$307,768</u>
Deposits	<u>\$268,653</u>	<u>\$ 154</u>	<u>\$268,807</u>
Subordinated debt	7,000	195	7,195
Other borrowings	9,800	(18)	9,782
Other liabilities	841	(13)	828
Total liabilities assumed	<u>\$286,294</u>	<u>\$ 318</u>	<u>\$286,612</u>
Excess of assets acquired over liabilities assumed	<u>\$ 21,607</u>	<u>\$ (451)</u>	<u>\$ 21,156</u>
Less: purchase price			49,589
Goodwill			<u>\$ 28,433</u>

Note 3 Securities

The following is a summary of available for sale securities (dollar amounts in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>December 31, 2021</u>				
U.S. Treasury securities	\$ 49,574	\$ 121	\$(193)	\$ 49,502
Obligations of U.S. Government sponsored agencies	26,722	165	(341)	26,546
Obligations of states and political subdivisions	83,019	3,786	(67)	86,738
Mortgage-backed securities	26,143	1,117	(1)	27,259

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate notes	20,760	436	(94)	21,102
Certificates of deposit	1,529	13	—	1,542
Total available for sale securities	<u>\$207,747</u>	<u>\$5,638</u>	<u>\$(696)</u>	<u>\$212,689</u>

December 31, 2020

Obligations of U.S. Government sponsored agencies	\$ 18,276	\$ 556	\$ (53)	\$ 18,779
Obligations of states and political subdivisions	67,653	4,564	—	72,217
Mortgage-backed securities	41,804	2,395	—	44,199
Corporate notes	27,358	470	(85)	27,743
Certificates of deposit	2,063	38	—	2,101
Total available for sale securities	<u>\$157,154</u>	<u>\$8,023</u>	<u>\$(138)</u>	<u>\$165,039</u>

The following is a summary of held to maturity securities (dollar amounts in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
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December 31, 2021

Obligations of states and political subdivisions	\$5,911	\$11	\$ —	\$5,922
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December 31, 2020

Obligations of states and political subdivisions	\$6,669	\$19	\$ —	\$6,688
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At December 31, 2021, unrealized losses in the investment securities portfolio related to debt securities. The unrealized losses on these debt securities arose primarily due to changing interest rates and are considered to be temporary. From the December 31, 2021 tables above, 7 out of 9 U.S. Treasury securities, 2 out of 75 mortgage-backed securities, 5 out of 10 obligations of U.S. Government sponsored agency securities, 7 out of 16 corporate notes and 5 out of 121 obligations of states and political subdivisions contained unrealized losses. At December 31, 2021 and 2020, management has both the intent and ability to hold securities containing unrealized losses.

The following table shows the fair value and gross unrealized losses of securities with unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (dollar amounts in thousands):

	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<u>December 31, 2021 - Available for Sale</u>						
U.S. Treasury securities	\$34,746	\$(193)	\$ —	\$ —	34,746	(193)
Obligations of U.S. Government sponsored agencies	13,185	(86)	4,558	(255)	17,743	(341)
Obligations of states and political subdivisions	8,624	(67)	—	—	8,624	(67)
Mortgage-backed securities	254	(1)	—	—	254	(1)
Corporate notes	8,973	(94)	—	—	8,973	(94)
Totals	<u>\$65,782</u>	<u>\$(441)</u>	<u>\$4,558</u>	<u>\$(255)</u>	<u>\$70,340</u>	<u>\$(696)</u>
<u>December 31, 2020 - Available for Sale</u>						
Obligations of U.S. Government sponsored agencies	\$ 5,640	\$ (53)	\$ —	\$ —	\$ 5,640	\$ (53)
Corporate notes	7,890	(85)	—	—	7,890	(85)
Totals	<u>\$13,530</u>	<u>\$(138)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$13,530</u>	<u>\$(138)</u>

Contractual maturities will differ from expected maturities for mortgage-backed securities because borrowers may have the right to call or prepay obligations without penalties. The following is a summary of amortized cost and estimated fair value of securities, by contractual maturity, as of December 31, 2021 (dollar amounts in thousands):

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 807	\$ 809	\$ 715	\$ 715
Due after one year through 5 years	10,365	10,995	3,492	3,503
Due after 5 years through ten years	91,439	91,938	1,704	1,704
Due after 10 years	78,993	81,688	—	—
Subtotal	181,604	185,430	5,911	5,922
Mortgage-backed securities	26,143	27,259	—	—
Total	<u>\$207,747</u>	<u>\$212,689</u>	<u>\$5,911</u>	<u>\$5,922</u>

Following is a summary of the proceeds from sales of securities available for sale, as well as gross gains and losses, from the years ended December 31 (dollar amounts in thousands):

	2021	2020	2019
Proceeds from sales of securities	\$9,087	\$59,697	\$45,506
Gross gains on sales	—	3,284	657
Gross losses on sales	(3)	(51)	(23)

As of December 31, 2021 and 2020, the carrying values of securities pledged to secure public deposits, securities sold under repurchase agreements, and for other purposes required or permitted by law were approximately \$134,299,000 and \$134,918,000, respectively.

Note 4 Loans

The composition of loans at December 31 is as follows (dollar amounts in thousands):

	2021	2020
Commercial/industrial	\$ 367,284	\$ 447,344
Commercial real estate - owner occupied	574,960	549,619
Commercial real estate - non-owner occupied	537,077	443,144
Construction and development	132,675	140,042
Residential 1-4 family	571,749	545,818
Consumer	31,992	30,359
Other	21,489	38,054
Subtotals	2,237,226	2,194,380
ALL	(20,315)	(17,658)
Loans, net of ALL	2,216,911	2,176,722
Deferred loan fees and costs	(1,712)	(2,920)
Loans, net	<u>\$2,215,199</u>	<u>\$2,173,802</u>

A summary of the activity in the allowance for loan losses by loan type as of December 31, 2021 and December 31, 2020 is as follows (dollar amounts in thousands):

	Commercial / Industrial	Commercial Real Estate - Owner Occupied	Commercial Real Estate - Non-Owner Occupied	Construction and Development	Residential 1-4 Family	Consumer	Other	Total
ALL - January 1, 2021	\$ 2,049	\$ 6,108	\$ 3,904	\$ 1,027	\$ 3,960	\$ 201	\$ 409	\$ 17,658
Charge-offs	(233)	(618)	—	—	(125)(7)	(36)	(1,019)	
Recoveries	53	343	5	143	15	1	16	576
Provision	1,830	(200)	1,242	(186)	595	29	(210)	3,100
ALL - December 31, 2021	<u>3,699</u>	<u>5,633</u>	<u>5,151</u>	<u>984</u>	<u>4,445</u>	<u>224</u>	<u>179</u>	<u>20,315</u>
ALL ending balance individually evaluated for impairment	<u>70</u>	<u>—</u>	<u>894</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>964</u>
ALL ending balance collectively evaluated for impairment	<u>\$ 3,629</u>	<u>\$ 5,633</u>	<u>\$ 4,257</u>	<u>\$ 984</u>	<u>\$ 4,445</u>	<u>\$ 224</u>	<u>\$ 179</u>	<u>\$ 19,351</u>
Loans outstanding- December 31, 2021	\$367,284	\$574,960	\$537,077	\$132,675	\$571,749	\$31,992	\$21,489	\$2,237,226
Loans ending balance individually evaluated for impairment	<u>439</u>	<u>4,966</u>	<u>1,519</u>	<u>—</u>	<u>273</u>	<u>—</u>	<u>—</u>	<u>7,197</u>
Loans ending balance collectively evaluated for impairment	<u>\$366,845</u>	<u>\$569,994</u>	<u>\$535,558</u>	<u>\$132,675</u>	<u>\$571,476</u>	<u>\$31,992</u>	<u>\$21,489</u>	<u>\$2,230,029</u>
	Commercial / Industrial	Commercial Real Estate - Owner Occupied	Commercial Real Estate - Non-Owner Occupied	Construction and Development	Residential 1-4 Family	Consumer	Other	Total
ALL - January 1, 2020	\$ 2,320	\$ 4,587	\$ 1,578	\$ 548	\$ 2,169	\$ 141	\$ 53	\$ 11,396
Charge-offs	(1,087)	(783)	—	(33)	(63)	(90)	(35)	(2,091)
Recoveries	4	1,129	40	—	42	—	13	1,228
Provision	812	1,175	2,286	512	1,812	150	378	7,125
ALL - December 31, 2020	<u>2,049</u>	<u>6,108</u>	<u>3,904</u>	<u>1,027</u>	<u>3,960</u>	<u>201</u>	<u>409</u>	<u>17,658</u>
ALL ending balance individually evaluated for impairment	<u>10</u>	<u>—</u>	<u>890</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>900</u>
ALL ending balance collectively evaluated for impairment	<u>\$ 2,039</u>	<u>\$ 6,108</u>	<u>\$ 3,014</u>	<u>\$ 1,027</u>	<u>\$ 3,960</u>	<u>\$ 201</u>	<u>\$ 409</u>	<u>\$ 16,758</u>
Loans outstanding - December 31, 2020	\$447,344	\$549,619	\$443,144	\$140,042	\$545,818	\$30,359	\$38,054	\$2,194,380
Loans ending balance individually evaluated for impairment	<u>478</u>	<u>1,171</u>	<u>8,676</u>	<u>—</u>	<u>260</u>	<u>—</u>	<u>—</u>	<u>10,585</u>
Loans ending balance collectively evaluated for impairment	<u>\$446,866</u>	<u>\$548,448</u>	<u>\$434,468</u>	<u>\$140,042</u>	<u>\$545,558</u>	<u>\$30,359</u>	<u>\$38,054</u>	<u>\$2,183,795</u>

A summary of past due loans as of December 31, 2021 are as follows (dollar amounts in thousands):

	30-89 Days Past Due Accruing	90 Days or more Past Due and Accruing	Non-Accrual	Total
Commercial/industrial	\$ 12	\$738	\$ 247	\$ 997
Commercial real estate - owner occupied	—	—	5,884	5,884
Commercial real estate - non-owner occupied	65	—	650	715
Construction and development	—	—	19	19
Residential 1-4 family	2,002	245	439	2,686
Consumer	2	16	2	20
Other	—	—	—	—
	<u>\$2,081</u>	<u>\$999</u>	<u>\$7,241</u>	<u>\$10,321</u>

A summary of past due loans as of December 31, 2020 are as follows (dollar amounts in thousands):

	30-89 Days Past Due Accruing	90 Days or more Past Due and Accruing	Non-Accrual	Total
12/31/2020 Commercial/industrial	\$ 116	\$ —	\$ 433	\$ 549
Commercial real estate - owner occupied	—	1,582	1,078	2,660
Commercial real estate - non-owner occupied	—	—	8,087	8,087
Construction and development	—	—	281	281
Residential 1-4 family	1,415	142	912	2,469
Consumer	4	14	5	23
Other	—	—	—	—
	<u>\$1,535</u>	<u>\$1,738</u>	<u>\$10,796</u>	<u>\$14,069</u>

Credit Quality:

We utilize a numerical risk rating system for commercial relationships whose total indebtedness equals \$250,000 or more. All other types of relationships (ex: residential, consumer, commercial under \$250,000 of indebtedness) are assigned a "Pass" rating, unless they have fallen 90 days past due or more, at which time they receive a rating of 7. The Corporation uses split ratings for government guaranties on loans. The portion of a loan that is supported by a government guaranty is included with other Pass credits.

The determination of a commercial loan risk rating begins with completion of a matrix, which assigns scores based on the strength of the borrower's debt service coverage, collateral coverage, balance sheet leverage, industry outlook, and customer concentration. A weighted average is taken of these individual scores to arrive at the overall rating. This rating is subject to adjustment by the loan officer based on facts and circumstances pertaining to the borrower. Risk ratings are subject to independent review.

Commercial borrowers with ratings between 1 and 5 are considered Pass credits, with 1 being most acceptable and 5 being just above the minimum level of acceptance.

Commercial borrowers rated 6 have potential weaknesses which may jeopardize repayment ability.

Borrowers rated 7 have a well-defined weakness or weaknesses such as the inability to demonstrate significant cash flow for debt service based on analysis of the company's financial information. These loans remain on accrual status provided full collection of principal and interest is reasonably expected. Otherwise they are deemed impaired and placed on nonaccrual status. Borrowers rated 8 are the same as 7 rated credits with one exception: collection or liquidation in full is not probable.

The breakdown of loans by risk rating as of December 31, 2021 is as follows (dollar amounts in thousands):

	Pass (1-5)	6	7	8	Total
Commercial/industrial	\$ 355,469	\$ —	\$ 11,815	\$ —	\$ 367,284
Commercial real estate - owner occupied	570,703	—	4,257	—	574,960
Commercial real estate - non-owner occupied	513,175	—	23,902	—	537,077
Construction and development	131,429	—	1,246	—	132,675
Residential 1-4 family	570,022	83	1,644	—	571,749
Consumer	31,988	—	4	—	31,992
Other	21,489	—	—	—	21,489
	<u>\$2,194,275</u>	<u>\$83</u>	<u>\$42,868</u>	<u>\$ —</u>	<u>\$2,237,226</u>

The breakdown of loans by risk rating as of December 31, 2020 is as follows (dollar amounts in thousands):

	Pass (1-5)	6	7	8	Total
Commercial/industrial	\$ 440,461	\$2,479	\$ 4,404	\$ —	\$ 447,344
Commercial real estate - owner occupied	520,075	5,844	23,700	—	549,619
Commercial real estate - non-owner occupied	432,444	—	10,700	—	443,144
Construction and development	139,693	21	328	—	140,042
Residential 1-4 family	543,163	456	2,199	—	545,818
Consumer	30,359	—	—	—	30,359
Other	38,054	—	—	—	38,054
	<u>\$2,144,249</u>	<u>\$8,800</u>	<u>\$41,331</u>	<u>\$ —</u>	<u>\$2,194,380</u>

The ALL represents management's estimate of probable and inherent credit losses in the loan portfolio. Estimating the amount of the ALL requires the exercise of significant judgment and the use of estimates related to the amount and timing of expected future cash flows on impaired loans, estimated losses on pools of homogenous loans based on historical loss experience, and consideration of other qualitative factors such as current economic trends and conditions, all of which may be susceptible to significant change. The loan portfolio also represents the largest asset on the consolidated balance sheets. Loan losses are charged off against the ALL, while recoveries of amounts previously charged off are credited to the ALL. A provision for loan losses ("PFL") is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors.

The ALL consists of specific reserves for certain individually evaluated impaired loans and general reserves for collectively evaluated non-impaired loans. Specific reserves reflect estimated losses on impaired loans from management's analyses developed through specific credit allocations. The specific reserves are based on regular analyses of impaired, non-homogenous loans greater than \$250,000. These analyses involve a high degree of judgment in estimating the amount of loss associated with specific loans, including estimating the amount and timing of future cash flows and collateral values. The general reserve is based in part on the Bank's historical loss experience which is updated quarterly. The general reserve portion of the ALL also includes consideration of certain qualitative factors such as 1) changes in lending policies and/or underwriting practices, 2) national and local economic conditions, 3) changes in portfolio volume and nature, 4) experience, ability and depth of lending management and other relevant staff, 5) levels of and trends in past-due and nonaccrual loans and quality, 6) changes in loan review and oversight, 7) impact and effects of concentrations and 8) other issues deemed relevant.

There are many factors affecting ALL; some are quantitative while others require qualitative judgment. The process for determining the ALL (which management believes adequately considers potential factors which might possibly result in credit losses) includes subjective elements and, therefore, may be susceptible to significant change. To the extent actual outcomes differ from management estimates, additional PFL could be required that could adversely affect the Corporation's earnings or financial position in future periods. Allocations of the ALL may be made for specific loans but the entire ALL is available for any loan that, in management's judgment, should be charged off or for which an actual loss is realized. As an integral part of their

examination process, various regulatory agencies review the ALL as well. Such agencies may require that changes in the ALL be recognized when such regulators' credit evaluations differ from those of management based on information available to the regulators at the time of their examinations.

A summary of impaired loans individually evaluated as of December 31, 2021 is as follows (dollar amounts in thousands):

	Commercial/ Industrial	Commercial Real Estate - Owner Occupied	Commercial Real Estate - Non-Owner Occupied	Construction and Development	Residential 1-4 Family	Consumer	Other	Total
<u>With an allowance recorded:</u>								
Recorded investment	\$357	\$ —	\$1,406	\$ —	\$ —	\$ —	\$ —	\$1,763
Unpaid principal balance	357	—	1,406	—	—	—	—	1,763
Related allowance	70	—	894	—	—	—	—	964
<u>With no related allowance recorded:</u>								
Recorded investment	\$ 82	\$4,966	\$ 113	\$ —	\$273	\$ —	\$ —	\$5,434
Unpaid principal balance	82	4,966	113	—	273	—	—	5,434
Related allowance	—	—	—	—	—	—	—	—
<u>Total:</u>								
Recorded investment	\$439	\$4,966	\$1,519	\$ —	\$273	\$ —	\$ —	\$7,197
Unpaid principal balance	439	4,966	1,519	—	273	—	—	7,197
Related allowance	70	—	894	—	—	—	—	964
Average recorded investment	\$459	\$3,069	\$5,098	\$ —	\$267	\$ —	\$ —	\$8,893

A summary of impaired loans individually evaluated as of December 31, 2020 is as follows (dollar amounts in thousands):

	Commercial/ Industrial	Commercial Real Estate - Owner Occupied	Commercial Real Estate - Non-Owner Occupied	Construction and Development	Residential 1-4 Family	Consumer	Other	Total
<u>With an allowance recorded:</u>								
Recorded investment	\$ 478	\$ —	\$7,684	\$ —	\$ —	\$ —	\$ —	\$ 8,162
Unpaid principal balance	478	—	7,684	—	—	—	—	8,162
Related allowance	10	—	890	—	—	—	—	900
<u>With no related allowance recorded:</u>								
Recorded investment	\$ —	\$1,171	\$ 992	\$ —	\$260	\$ —	\$ —	\$ 2,423
Unpaid principal balance	—	1,171	992	—	260	—	—	2,423
Related allowance	—	—	—	—	—	—	—	—
<u>Total:</u>								
Recorded investment	\$ 478	\$1,171	\$8,676	\$ —	\$260	\$ —	\$ —	\$10,585
Unpaid principal balance	478	1,171	8,676	—	260	—	—	10,585
Related allowance	10	—	890	—	—	—	—	900
Average recorded investment	\$1,178	\$2,535	\$4,338	\$ —	\$130	\$ —	\$ —	\$ 8,181

An analysis of interest income on impaired loans for the years ended December 31 follows (dollar amounts in thousands):

	2021	2020	2019
Interest income in accordance with original terms	\$ 679	\$ 683	\$ 651
Interest income recognized	(720)	(519)	(129)
(Increase) Reduction in interest income	<u>\$ (41)</u>	<u>\$ 164</u>	<u>\$ 522</u>

The following table presents loans acquired with deteriorated credit quality as of December 31, 2021 and 2020. No loans in this table had a related allowance at December 31, 2021 and 2020, and therefore, the below disclosures were not expanded to include loans with and without a related allowance (dollar amounts in thousands).

	December 31, 2021		December 31, 2020	
	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance
Commercial & Industrial	\$ 596	\$ 685	\$ 805	\$ 907
Commercial real estate - owner occupied	2,664	3,146	3,860	4,718
Commercial real estate - non-owner occupied	1,018	1,150	1,245	1,410
Construction and development	—	—	81	90
Residential 1-4 family	863	1,124	870	1,162
Consumer	—	—	—	—
Other	—	—	—	—
	<u>\$5,141</u>	<u>\$6,105</u>	<u>\$6,861</u>	<u>\$8,287</u>

Due to the nature of these loan relationships, prepayment expectations have not been considered in the determination of future cash flows. Management regularly monitors these loan relationships, and if information becomes available that indicates expected cash flows will differ from initial expectations, it may necessitate reclassification between accretable and non-accretable components of the original discount calculation.

The following table represents the change in the accretable and non-accretable components of discounts on loans acquired with deteriorated credit quality during the year ended December 31, 2021 and 2020 (dollar amounts in thousands):

	December 31, 2021		December 31, 2020	
	Accretable discount	Non-accretable discount	Accretable discount	Non-accretable discount
Balance at beginning of year	\$1,250	\$176	\$ 222	\$ 220
Acquired balance, net	—	—	1,064	727
Reclassifications between accretable and non-accretable	27	(27)	771	(771)
Accretion to loan interest income	(464)	—	(807)	—
Disposals of loans	—	—	—	—
Balance at end of year	<u>\$ 813</u>	<u>\$149</u>	<u>\$1,250</u>	<u>\$ 176</u>

A TDR includes a loan modification where a borrower is experiencing financial difficulty and we grant a concession to that borrower that we would not otherwise consider except for the borrower's financial difficulties. A TDR may be either on accrual or nonaccrual status based upon the performance of the borrower and management's assessment of collectability. If a TDR is placed on nonaccrual status, it remains there until a sufficient period of performance under the restructured terms has occurred at which time it is returned to accrual status, generally six months. As of December 31, 2021 and 2020 the Corporation had specific reserves of \$7,000 and \$0 related to TDR's, respectively. Loans modified under the guidance of the Cares Act are not considered TDRs and as such are not included in the tables below.

The following table presents the troubled debt restructurings during the year ended December 31, 2021 (dollar amounts in thousands):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial & Industrial	1	\$ 8	\$ 8
Commercial Real Estate	2	131	131
Totals		<u>\$139</u>	<u>\$139</u>

The following table presents the troubled debt restructurings during the year ended December 31, 2020 (dollar amounts in thousands):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial Real Estate	1	\$ 85	\$ 85
Residential 1-4 Family	1	114	114
Totals		<u>\$199</u>	<u>\$199</u>

Note 5 Related Party Matters

Directors, executive officers, and principal shareholders of the Corporation, including their families and firms in which they are principal owners, are considered to be related parties. Loans to officers, directors, and shareholders owning 10% or more of the Corporation, that we are aware of, were made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others and did not involve more than the normal risk of collectability or present other unfavorable features.

A summary of loans to directors, executive officers, principal shareholders, and their affiliates for the years ended December 31 is as follows (dollar amounts in thousands):

	2021	2020
Balances at beginning	\$ 67,131	\$ 68,554
New loans and advances	24,723	54,758
Repayments	(18,356)	(56,181)
Balance at end	<u>\$ 73,498</u>	<u>\$ 67,131</u>

Deposits from directors, executive officers, principal shareholders, and their affiliates totaled approximately \$22,665,000 and \$26,486,000 as of December 31, 2021 and 2020, respectively.

Note 6 Mortgage Servicing Rights

Loans serviced for others are not included in the accompanying consolidated balance sheets. MSRs are recognized as separate assets when loans sold in the secondary market are sold with servicing retained. The Corporation utilizes a third party consulting firm to determine an accurate assessment of the mortgage servicing rights fair value. The third party firm collects relevant data points from numerous sources. Some of these data points relate directly to the pricing level or relative value of the mortgage servicing while other data points relate to the assumptions used to derive fair value. In addition, the valuation evaluates specific collateral types, and current and historical performance of the collateral in question. The valuation process focuses on the non-distressed secondary servicing market, common industry practices and current regulatory standards. The primary determinants of the fair value of mortgage servicing rights are servicing fee percentage, ancillary income, expected loan life or prepayment speeds, discount rates, costs to service, delinquency rates, foreclosure losses and recourse obligations. The valuation data also contains interest rate shock analyses for monitoring fair value changes in differing interest rate environments.

Following is an analysis of activity for the years ended December 31 in servicing rights assets that are measured at fair value (dollar amounts in thousands):

	2021	2020
Fair value at beginning of year	\$ 3,726	\$ 4,287
MSR asset acquired	—	384
Servicing asset additions	1,862	1,375
Loan payments and payoffs	(1,319)	(1,533)
Changes in valuation inputs and assumptions used in the valuation model	747	(787)
Amount recognized through earnings	1,290	(945)
Fair value at end of year	<u>\$ 5,016</u>	<u>\$ 3,726</u>
Unpaid principal balance of loans serviced for others	\$705,462	\$612,707
Mortgage servicing rights as a percent of loans serviced for others	0.71	0.61

During the years ended December 31, 2021 and 2020, the Corporation utilized economic assumptions in measuring the initial value of MSRs for loans sold whereby servicing is retained by the Corporation. The economic assumptions used at December 31, 2021 and 2020 included constant prepayment speed of 13.8 and 16.3 months, respectively, and a discount rate of 10.28% at the end of both years. The constant prepayment speeds are obtained from publicly available sources for each of the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation loan programs that the Corporation originates under. The assumptions used by the Corporation are hypothetical and supported by a third party valuation. The Corporation's methodology for estimating the fair value of MSRs is highly sensitive to changes in assumptions.

The carrying value of the mortgage servicing rights approximates fair market value at December 31, 2021 and 2020. Changes in fair value are recognized through the income statement as loan servicing income.

Note 7 Premises and Equipment

An analysis of premises and equipment at December 31 follows (dollar amounts in thousands):

	2021	2020
Land and land improvements	\$ 9,763	\$ 4,895
Buildings and building improvements	42,470	39,773
Furniture and equipment	5,955	5,826
Totals	58,188	50,494
Less accumulated depreciation	10,307	8,902
Right-of-use lease asset (see Note 21)	1,580	1,591
Premises and equipment, net	<u>\$49,461</u>	<u>\$43,183</u>

Included in buildings and improvements at December 31, 2021 and 2020, is \$1,110,000 and \$1,843,000, respectively, in construction in progress. These amounts relate to branch locations which were under construction. These balances begin accumulating depreciation upon being placed in service.

Depreciation and amortization of premises and equipment charged to operating expense totaled approximately \$1,778,000, \$1,508,000, and \$1,272,000 for the years ended December 31, 2021, 2020, and 2019, respectively.

Note 8 Other Real Estate Owned

Changes in OREO for the years ended December 31 were as follows (dollar amounts in thousands):

	2021	2020
Beginning of year	\$ 1,885	\$ 6,888
Transfers in	140	1,892
Depreciation	(2)	(28)
(Loss) gain on sale of OREO and valuation allowance	20	(1,395)
Sales	(1,893)	(5,472)
End of year	<u>\$ 150</u>	<u>\$ 1,885</u>

Activity in the valuation allowance for the years ended December 31 was as follows (dollar amounts in thousands):

	2021	2020	2019
Beginning of year	\$ 112	\$ 2,121	\$2,208
Additions charged to expense	217	356	13
Valuation relieved due to sale of OREO	(142)	(2,365)	(100)
End of year	<u>\$ 187</u>	<u>\$ 112</u>	<u>\$2,121</u>

Note 9 Investment in Minority-owned Subsidiaries

The Corporation has a 49.8% membership interest in UFS. The business operations of UFS consist of providing data processing and other information technology services to the Corporation and other financial institutions. As of December 31, 2021 and 2020, UFS had total assets of \$27,914,000 and \$26,353,000 and liabilities of \$4,493,000 and \$3,133,000, respectively. The Corporation's investment in UFS was \$11,605,000 and \$11,695,000 at December 31, 2021 and 2020, respectively. The investment is accounted for on the equity method. The Corporation's undistributed earnings from its investment in UFS were approximately \$2,556,000, \$3,066,000, and \$2,935,000 for the years ended December 31, 2021, 2020 and 2019, respectively. Data processing service fees paid by the Corporation to UFS were approximately \$3,754,000, \$3,664,000, and \$3,248,000 for the years ended December 31, 2021, 2020 and 2019, respectively.

The Corporation has a contract with UFS that was renewed for five years on January 1, 2018.

The Corporation's proportionate share of earnings of UFS flow through to its tax return. Deferred income taxes of approximately \$1,671,000 and \$1,469,000 were provided to account for the difference in the tax and book basis of assets and liabilities held at UFS at December 31, 2021 and 2020, respectively. During 2021, 2020 and 2019, the Corporation received \$2,646,000, \$2,103,000 and \$2,108,000 in dividends from UFS, respectively.

TVG, the insurance subsidiary of the Bank, maintained a 40.0% investment in Ansay at December 31, 2021 and 2020. Ansay is an independent insurance agency that has operated in southeastern Wisconsin since 1946, managing the insurance and risk needs of commercial and personal insurance clients in Wisconsin and the Midwest. As of December 31, 2021 and 2020, Ansay had total assets of \$80,612,000 and \$77,177,000 and liabilities of \$39,135,000 and \$37,729,000, respectively. The Corporation's investment in Ansay, which is accounted for using the equity method, was \$31,330,000 and \$30,583,000 at December 31, 2021 and 2020, respectively. The Corporation recognized undistributed earnings of approximately \$2,587,000, \$2,740,000 and \$1,792,000 and received dividends of \$1,840,000, \$1,712,000 and \$1,329,000 from its investment in Ansay during the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021 and 2020, Ansay had term loans with the Bank totaling approximately \$16,936,000 and \$15,241,000, respectively. Ansay also has available revolving lines of credit totaling \$18,940,000 with the Corporation, under which there were outstanding balances of \$1,944,000 as of December 31, 2021. There were no balances outstanding under these revolving lines as of December 31, 2020.

Ansay maintained deposits at the Bank totaling \$10,304,000 and \$12,924,000 as of December 31, 2021 and 2020, respectively.

The CEO of Ansay, Michael G. Ansay, serves as Chairman of the Board of the Corporation. As a related party, during 2021, 2020 and 2019 the Corporation received insurance consulting services and purchased director and officer fidelity bond and commercial insurance coverage through Ansay spending approximately \$329,000, \$261,000 and \$225,000, respectively.

The Corporation's proportionate share of earnings of Ansay flow through to its tax return. Deferred income taxes of approximately \$1,192,000 and \$1,235,000 were provided to account for the difference in the tax and book basis of assets and liabilities held at Ansay as of December 31, 2021 and 2020, respectively.

Note 10 Core Deposit Intangibles

The gross carrying amount and accumulated amortization of core deposit intangibles for the years ended December 31 are as follows (dollar amounts in thousands):

	<u>2021</u>		<u>2020</u>	
	Gross Carrying Amount	Intangible Accumulated Amortization	Gross Carrying Amount	Intangible Accumulated Amortization
Core deposit intangible	\$9,030	\$4,995	\$9,030	\$3,589

Amortization expense was \$1,405,000, \$1,636,000 and \$1,069,000 for the years ended December 31, 2021, 2020 and 2019, respectively.

The following table shows the estimated future amortization expense of core deposit intangibles. The projections of amortization expense are based on existing asset balances as of December 31, 2021 (dollar amounts in thousands):

	<u>Core Deposit Intangible</u>
2022	\$1,174
2023	942
2024	711
2025	496
2026	364
Thereafter	348
Total	<u>\$4,035</u>

Note 11 Goodwill

Goodwill was \$55,357,000 and \$55,472,000 at December 31, 2021 and 2020, respectively.

Note 12 Deposits

The composition of deposits at December 31 is as follows (dollar amounts in thousands):

	<u>2021</u>	<u>2020</u>
Noninterest-bearing demand deposits	\$ 799,936	\$ 715,646
Interest-bearing demand deposits	286,606	223,753
Savings deposits	1,185,727	1,033,253
Time deposits	244,477	329,154
Brokered certificates of deposit	11,694	19,157
Total deposits	<u>\$2,528,440</u>	<u>\$2,320,963</u>

Time deposits of \$250,000 or more were approximately \$36,788,000 and \$55,182,000 at December 31, 2021 and 2020, respectively.

The scheduled maturities of time deposits at December 31, 2021, are summarized as follows (dollar amounts in thousands):

2022	\$155,166
2023	49,538
2024	27,023
2025	5,185
2026	3,718
Thereafter	15,541
Total	<u>\$256,171</u>

Note 13 Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements have contractual maturities up to one year from the transaction date with variable and fixed rate terms. The agreements to repurchase securities require that the Corporation (seller) repurchase identical securities as those that are sold. The securities underlying the agreements were under the Corporation's control.

Information concerning securities sold under repurchase agreements at December 31 consists of the following (dollar amounts in thousands):

	2021	2020	2019
Outstanding balance at the end of the year	\$41,122	\$36,377	\$45,865
Weighted average interest rate at the end of the year	0.02%	0.04%	1.47%
Average balance during the year	\$34,637	\$34,984	\$21,522
Average interest rate during the year	0.03%	0.32%	2.14%
Maximum month end balance during the year	\$57,915	\$79,718	\$45,865

Note 14 Notes Payable

There were \$7,958,000 and \$23,338,000 of advances outstanding from the FHLB at December 31, 2021 and 2020, respectively. From time to time the Bank utilized short-term FHLB advances to fund liquidity during these years. The advances, rate, and maturities of FHLB advances as of December 31 were as follows:

	Maturity	Rate	2021	2020
			(dollars in thousands)	
Fixed rate, fixed term	01/22/2021	1.67%	—	2,000
Fixed rate, fixed term	01/25/2021	2.37%	—	5,000
Fixed rate, fixed term	01/27/2021	1.60%	—	1,000
Fixed rate, fixed term	03/29/2021	0.00%	—	2,377
Fixed rate, fixed term	05/03/2021	2.87%	—	500
Fixed rate, fixed term	05/03/2021	0.00%	—	4,000
Fixed rate, fixed term	05/03/2021	0.00%	—	4,000
Fixed rate, fixed term	06/28/2021	2.00%	—	250
Fixed rate, fixed term	11/03/2021	1.46%	—	400
Fixed rate, fixed term	12/08/2021	2.87%	—	500
Fixed rate, fixed term	12/27/2021	1.99%	—	250
Fixed rate, fixed term	01/24/2022	2.51%	250	250
Fixed rate, fixed term	05/02/2022	2.98%	500	500
Fixed rate, fixed term	05/16/2022	0.00%	5,000	—
Fixed rate, fixed term	06/08/2022	2.92%	500	500
Fixed rate, fixed term	11/21/2022	3.02%	600	600
Fixed rate, fixed term	11/21/2023	3.06%	600	600
Fixed rate, fixed term	01/04/2027	0.00%	—	103
Fixed rate, fixed term	04/22/2030	0.00%	508	508
			<u>7,958</u>	<u>23,338</u>
Purchase accounting adjustment			53	131
Total notes payable			<u>\$8,011</u>	<u>\$23,469</u>

Future maturities of borrowings were as follows (dollars in thousands):

	December 31, 2021	December 31, 2020
1 year or less	\$6,850	\$20,277
1 to 2 years	600	1,850
2 to 3 years	—	600
3 to 4 years	—	—
4 to 5 years	—	—
Over 5 years	508	611
	<u>\$7,958</u>	<u>\$23,338</u>

At December 31, 2021 and 2020, respectively, total loans available to be pledged as collateral on FHLB borrowings were approximately \$915,512,000 and \$825,300,000 and, of that total, \$527,199,000 and \$374,100,000 qualified as eligible collateral. The Bank owned \$3,353,000 of FHLB stock at December 31, 2021 and 2020. In addition to the fixed rate, fixed term advances noted above, as of December 31, 2020, the Bank had \$800,000 of credit outstanding from the FHLB which consisted entirely of letters of credit. There were no such letters of credit as of December 31, 2021. At December 31, 2021 and 2020, the Bank had available liquidity of \$519,242,000 and \$350,000,000 for future draws, respectively. FHLB stock is included in other investments at December 31, 2021 and 2020. This stock is recorded at cost, which approximates fair value.

The Corporation maintains a \$7,500,000 line of credit with a commercial bank, which was entered into on May 15, 2021. There were no outstanding balances on this note at December 31, 2021. Any future borrowings will require monthly payments of interest at a variable rate, and will be due in full on May 15, 2022.

Note 15 Subordinated Debt

During September 2017, the Corporation entered into subordinated note agreements with three separate commercial banks. The Corporation had up to twelve months from entering these agreements to borrow funds up to a maximum availability of \$22,500,000. As of December 31, 2021 and 2020, the Corporation had borrowed \$11,500,000 under these agreements. These notes were all issued with 10-year maturities, carry interest at a variable rate payable quarterly, are callable on or after the sixth anniversary of their issuance dates, and qualify for Tier 2 capital for regulatory purposes.

During July 2020, the Company entered into subordinated note agreements with two separate commercial banks. The Company had through December 31, 2020, to borrow funds up to a maximum availability of \$6,000,000 under each agreement, or \$12,000,000 total. These notes were issued with 10-year maturities, carry interest at a fixed rate of 5.0% through June 30, 2025, and at a variable rate thereafter, payable quarterly. These notes are callable on or after January 1, 2026 and qualify for Tier 2 capital for regulatory purposes. The Company had outstanding balances of \$6,000,000 under these agreements at December 31, 2021 and 2020.

Note 16 Income Taxes

The components of the provision for income taxes for the years ended December 31 are as follows (dollar amounts in thousands):

	2021	2020	2019
Current tax expense:			
Federal	\$ 9,898	\$ 8,181	\$4,327
State	4,626	3,766	2,412
Total current	<u>14,524</u>	<u>11,947</u>	<u>6,739</u>
Deferred tax expenses (benefit):			
Federal	(1)	(82)	620
State	—	(34)	236
Total deferred	<u>(1)</u>	<u>(116)</u>	<u>856</u>
Total provision for income taxes	<u>\$14,523</u>	<u>\$11,831</u>	<u>\$7,595</u>

A summary of the sources of differences between income taxes at the federal statutory rate and the provision for income taxes for the years ended December 31 follows (dollar amounts in thousands):

	2021	2020	2019
Tax expense at statutory rate	\$12,593	\$10,474	\$ 7,201
Increase (decrease) in taxes resulting from:			
Tax-exempt interest	(1,074)	(1,369)	(1,320)
State taxes (net of Federal benefit)	3,666	2,987	1,923
Cash surrender value of life insurance	(161)	(156)	(131)
ESOP dividend	(98)	(78)	(93)
Tax credits	—	—	(39)
Nondeductible expenses associated with acquisition	—	71	—
Other	(403)	(98)	54
Total provision for income taxes	<u>\$14,523</u>	<u>\$11,831</u>	<u>\$ 7,595</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Corporation's assets and liabilities. Deferred taxes are included in other liabilities of the balance sheet. The major components of the net deferred tax asset (liability) as of December 31 are presented below (dollar amounts in thousands):

	2021	2020
Deferred tax assets:		
Deferred compensation	\$ 69	\$ 95
Premises and equipment	—	59
Allowance for loan losses	5,534	4,810
Accrued vacation and severance	36	35
Other real estate owned	51	68
Other	454	464
Total deferred tax assets	<u>6,144</u>	<u>5,531</u>
Deferred tax liabilities:		
Investment in acquisition and discount accretion	(69)	(122)
Premises and equipment	(179)	—
Mortgage servicing rights	(1,366)	(1,006)
Other investments	(323)	(309)
Prepaid expenses	(71)	(71)
Investment in minority owned subsidiaries	(2,867)	(2,704)
Goodwill and other intangibles	(753)	(963)
Purchase accounting	(697)	(538)
Unrealized gain on securities available for sale	(1,335)	(2,129)
Total deferred tax liabilities	<u>(7,660)</u>	<u>(7,842)</u>
Net deferred tax liability	<u><u>\$(1,516)</u></u>	<u><u>\$(2,311)</u></u>

Tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Corporation recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. When applicable, interest and penalties on uncertain tax positions are calculated based on the guidance from the relevant tax authority and included in income tax expense. At December 31, 2021 and 2020, there was no liability for uncertain tax positions. Federal income tax returns for 4 years ended December 31, 2018 through 2021 remain open and subject to review by applicable tax authorities. State income tax returns for 5 years ended December 31, 2017 through 2021 remain open and subject to review by applicable tax authorities.

Note 17 Employee Benefit Plans

Employee Stock Ownership Plan

The Corporation has a defined contribution profit sharing 401(k) plan which includes the provisions for an employee stock ownership plan ("ESOP"). The plan is available to all employees over 18 years of age after completion of three months of service. Employees participating in the plan may elect to defer a minimum of 2% of compensation up to the limits specified by law. All participants of the 401(k) plan are eligible for the ESOP and may allocate their contributions to purchase shares of the Corporation's stock. As of December 31, 2021 and 2020, the plan held 340,131 and 361,787 shares, respectively. These shares are included in the calculation of the Corporation's earnings per share. The Corporation may make discretionary contributions up to the limits established by IRS regulations. The discretionary match was 35% of participant contributions up to 10% of the employee's salary in 2021, 2020, and 2019. The Corporation made additional discretionary contributions to the plan of \$600,000, \$733,000, \$505,000 in 2021, 2020 and 2019, respectively. Total expense associated with the plans was approximately \$1,169,000, \$1,272,000 and \$957,000 in 2021, 2020 and 2019, respectively

Share-based Compensation

The Corporation has made restricted share grants during 2021, 2020 and 2019 pursuant to the Bank First National Corporation 2011 Equity Plan and the Bank First Corporation 2020 Equity Plan, which replaced the 2011 Plan. The purpose of the Plan is to provide financial incentives for selected employees and for the non-employee Directors of the Corporation, thereby promoting the long-term growth and financial success of the Corporation. The Corporation stock to be offered under the Plan pursuant to Stock Appreciation Rights, performance unit awards, and restricted stock and unrestricted Corporation stock awards must be Corporation stock previously issued and outstanding and reacquired by the Corporation. The number of shares of Corporation stock that may be issued pursuant to awards under the 2020 Plan shall not exceed, in the aggregate, 700,000. As of December 31, 2021, 25,815 shares of Corporation stock has been awarded under the 2020 Plan. Compensation expense for restricted stock is based on the fair value of the awards of Bank First Corporation common stock at the time of grant. The value of restricted stock grants that are expected to vest is amortized into expense over the vesting periods. For the year ended December 31, 2021, 2020 and 2019, compensation expense of \$1,392,000, \$1,081,000 and \$685,000, respectively, was recognized related to restricted stock awards.

As of December 31, 2021, there was \$2,236,000 of unrecognized compensation cost related to non-vested restricted stock awards granted under the plan. That cost is expected to be recognized over a weighted average period of 2.52 years. The aggregate grant date fair value of restricted stock awards that vested during 2021 was approximately \$1,091,000.

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Shares	Weighted- Average Grant- Date Fair Value	Shares	Weighted- Average Grant- Date Fair Value
Restricted Stock				
Outstanding at beginning of year	57,175	\$53.08	50,676	\$43.03
Granted	25,416	70.67	27,466	60.76
Vested	(21,755)	50.15	(18,623)	37.28
Forfeited or cancelled	(2,225)	62.40	(2,344)	51.27
Outstanding at end of year	<u>58,611</u>	<u>\$61.44</u>	<u>57,175</u>	<u>\$53.08</u>

Deferred Compensation Plan

The Corporation has a deferred compensation agreement with one of its former executive officers. The benefits were payable beginning June 30, 2009, the date of termination of employment with the Corporation via retirement. The estimated annual cash benefit payment upon retirement at the age of 70 under the salary continuation plan is \$108,011. The payoff is for the participant's lifetime and is guaranteed to the participant or their surviving beneficiary for a minimum of 15 years. Related expense for this agreement was approximately \$15,000, \$19,000,

and \$23,000 for the years ended December 31, 2021, 2020 and 2019, respectively. The vested present value of future payments of approximately \$ 255,000 and \$348,000 at December 31, 2021 and 2020, respectively, is included in other liabilities. During 2021 and 2020 the discount rate used to present value the future payments of this obligation was 4.95%.

Note 18 Stockholders' Equity and Regulatory Matters

The Bank, as a national bank, is subject to the dividend restrictions set forth by the Office of the Comptroller of the Currency. Under such restrictions, the Bank may not, without the prior approval of the Office of the Comptroller of the Currency, declare dividends in excess of the sum of the current year's earnings (as defined) plus the retained earnings (as defined) from the prior two years. The dividends that the Bank could declare without the prior approval of the Office of the Comptroller of the Currency as of December 31, 2021 totaled approximately \$77,800,000. The payment of dividends may be further limited because of the need for the Bank to maintain capital ratios satisfactory to applicable regulatory agencies.

Banks and certain bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action.

The Economic Growth, Regulatory Relief, and Consumer Protection Act, signed into law in May 2018 raised the threshold for those bank holding companies subject to the Federal Reserve's Small Bank Holding Company Policy Statement to \$3 billion. As a result, as of the effective date of that change in 2018, the Corporation was no longer required to comply with the risk-based capital rules applicable to the Bank. The Federal Reserve may, however, require smaller bank holding companies to maintain certain minimum capital levels, depending upon general economic conditions and a bank holding company's particular condition, risk profile and growth plans.

Under regulatory guidance for non-advanced approaches institutions, the Bank is required to maintain minimum amounts and ratios of common equity Tier I capital to risk-weighted assets, including an additional conservation buffer determined by banking regulators. As of December 31, 2021 and 2020, this buffer was 2.50%. As of December 31, 2021 and 2020, the Bank met all capital adequacy requirements to which they are subject.

Actual and required capital amounts and ratios are presented below (dollar amounts in thousands):

	Actual		For Capital Adequacy Purposes		Minimum Capital Adequacy with Capital Buffer		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>December 31, 2021</u>								
Total capital (to risk-weighted assets):								
Corporation	\$ 297,467	12.44%	NA	NA	NA	NA	NA	NA
Bank	\$ 291,994	12.21%	\$ 191,339	8.00%	\$ 251,133	10.50%	\$ 239,174	10.00%
Tier 1 capital (to risk-weighted assets):								
Corporation	\$ 259,652	10.86%	NA	NA	NA	NA	NA	NA
Bank	\$ 271,679	11.36%	\$ 143,505	6.00%	\$ 203,298	8.50%	\$ 191,339	8.00%
Common Equity Tier 1 capital (to risk-weighted assets):								
Corporation	\$ 259,652	10.86%	NA	NA	NA	NA	NA	NA
Bank	\$ 271,679	11.36%	\$ 107,628	4.50%	\$ 167,422	7.00%	\$ 155,463	6.50%
Tier 1 capital (to average assets):								
Corporation	\$ 259,652	9.29%	NA	NA	NA	NA	NA	NA
Bank	\$ 271,679	9.72%	\$ 111,825	4.00%	\$ 111,825	4.00%	\$ 139,781	5.00%

	Actual		For Capital Adequacy Purposes		Minimum Capital Adequacy with Capital Buffer		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>December 31, 2020</u>								
Total capital (to risk-weighted assets):								
Corporation	\$ 263,344	11.74%	NA	NA	NA	NA	NA	NA
Bank	\$ 263,129	11.73%	\$ 179,420	8.00%	\$ 235,489	10.50%	\$ 224,275	10.00%
Tier 1 capital (to risk-weighted assets):								
Corporation	\$ 228,186	10.17%	NA	NA	NA	NA	NA	NA
Bank	\$ 245,471	10.95%	\$ 134,565	6.00%	\$ 190,634	8.50%	\$ 179,420	8.00%
Common Equity Tier 1 capital (to risk-weighted assets):								
Corporation	\$ 228,186	10.17%	NA	NA	NA	NA	NA	NA
Bank	\$ 245,471	10.95%	\$ 100,924	4.50%	\$ 156,993	7.00%	\$ 145,779	6.50%
Tier 1 capital (to average assets):								
Corporation	\$ 228,186	8.74%	NA	NA	NA	NA	NA	NA
Bank	\$ 245,471	9.46%	\$ 103,814	4.00%	\$ 103,814	4.00%	\$ 129,768	5.00%

Note 19 Segment Information

The Corporation, through the branch network of its subsidiary, the Bank, provides a full range of consumer and commercial financial institution services to individuals and businesses in Wisconsin. These services include credit cards; secured and unsecured consumer, commercial, and real estate loans; demand, time, and savings deposits; and ATM processing. The Corporation also offers a full-line of insurance services through its equity investment in Ansay and offers data processing services through its equity investment in UFS.

While the Corporation's chief decision makers monitor the revenue streams of various Corporation products and services, operations are managed and financial performance is evaluated on a Corporation-wide basis. Accordingly, all of the Corporation's financial institution operations are considered by management to be aggregated in one reportable operating segment.

Note 20 Commitments and Contingencies

The Corporation enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. Accordingly, such commitments, along with any related fees received from potential borrowers, are recorded at fair value in derivative assets or liabilities, with changes in fair value recorded in the net gain or loss on sale of mortgage loans. Fair value is based on fees currently charged to enter into similar agreements and for fixed rate commitments also considers the difference between current levels of interest rates and committed rates. The notional amount of rate lock commitments at December 31, 2021 and 2020, respectively, was \$21,921,000 and \$69,600,000.

The Bank is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Bank's exposure to credit loss is represented by the contractual or notional amount of these commitments. The Bank follows the same credit policies in making commitments as it does for on-balance-sheet instruments. Since some of the commitments are expected to expire without being drawn upon and some of the commitments may not be drawn upon to the total extent of the commitment, the notional amount of these commitments does not necessarily represent future cash requirements.

The following commitments were outstanding at December 31 (dollar amounts in thousands):

	Notional Amount	
	2021	2020
Commitments to extend credit:		
Fixed	\$ 90,036	\$ 72,298
Variable	412,095	388,738
Credit card arrangements	10,916	10,867
Letters of credit	9,062	7,567

Commitments to extend credit are agreements to lend to a customer at fixed or variable rates as long as there is no violation of any condition established in the contract. Commitments have fixed expiration dates or other termination clauses and may require payment of a fee. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable; inventory; property, plant, and equipment; real estate; and stocks and bonds.

Letters of credit include \$100,000 of direct pay letters of credit and \$8,962,000 of standby letters of credit. Direct pay letters of credit generally are issued to support the marketing of industrial development revenue and housing bonds and provide that all debt service payments will be paid by drawing on the letter of credit. The letter of credit draws are then repaid by draws from the customer's bank account. Standby letters of credit are conditional lending commitments issued by the Corporation to guaranty the performance of a customer to a third party. Generally, all standby letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Corporation generally holds collateral supporting these commitments. The majority of the Corporation's loans, commitments, and letters of credit have been granted to customers in the Corporation's market area. The concentrations of credit by type are set forth in Note 4. Standby letters of credit were granted primarily to commercial borrowers. Management believes the diversity of the local economy will prevent significant losses in the event of an economic downturn.

Note 21 Leases

In accordance with GAAP, leases where the Corporation is the lessee are recognized on-balance sheet through a right-of-use ("ROU") model that requires recognition of a ROU lease asset and liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The Corporation leases certain properties under operating leases that resulted in the recognition of ROU lease assets of approximately \$1,580,000 and \$1,591,000 and corresponding lease liabilities of the same value on the Corporation's Consolidated Balance Sheets as of December 31, 2021 and 2020, respectively.

GAAP provides a number of optional practical expedients in transition. The Corporation has elected the "package of practical expedients," which permits the Corporation not to reassess under the new standard the prior conclusions about lease identification, lease classification and initial direct costs. The Corporation also elected the use of the hindsight, a practical expedient which permits the use of information available after lease inception to determine the lease term via the knowledge of renewal options exercised not available as of the leases inception. The Corporation elected the short-term lease recognition exemption for all leases that qualify, meaning those with terms under twelve months. ROU assets or lease liabilities are not to be recognized for short-term leases. The Corporation also elected the practical expedient to not separate lease and non-lease components for all leases, the majority of which consist of real estate common area maintenance expenses. However, since these non-lease items are subject to change, they are treated and disclosed as variable payments in the quantitative disclosures below.

Lessee Leases

The Corporation's lessee leases are operating leases, and consist of leased real estate for branches. Options to extend and renew leases are generally exercised under normal circumstances. Advance notification is required prior to termination, and any noticing period is often limited to the months prior to renewal. Rent escalations are generally specified by a payment schedule, or are subject to a defined formula. The Corporation also elected the practical expedient to not separate lease and non-lease components for all leases, the majority of which consist of real estate common area maintenance expenses. Generally, leases do not include guaranteed residual values, but instead typically specify that the leased premises are to be returned in satisfactory condition with the Corporation liable for damages.

For operating leases, the lease liability and ROU asset (before adjustments) are recorded at the present value of future lease payments. The Corporation is electing to utilize the Wall Street Journal Prime Rate on the date of lease commencement as the lease interest rate.

	For the year ended	
	December 31, 2021	December 31, 2020
	(dollar amounts in Thousands)	
Amortization of ROU Assets - Operating Leases	\$ 11	\$ 108
Interest on Lease Liabilities - Operating Leases	87	26
Operating Lease Cost (Cost resulting from lease payments)	98	133
New ROU Assets - Operating Leases	—	—
Weighted Average Lease Term (Years) - Operating Leases	32.00	32.75
Weighted Average Discount Rate - Operating Leases	5.50%	5.50%

A maturity analysis of operating lease liabilities and reconciliation of the undiscounted cash flows to the total operating lease liabilities is as follows (dollar amounts in thousands):

	December 31, 2021	December 31, 2020
Operating lease payments due:		
Within one year	\$ 86	\$ 98
After one but within two years	86	86
After two but within three years	85	86
After three but within four years	85	85
After four years but within five years	94	85
After five years	3,231	3,325
Total undiscounted cash flows	3,667	3,765
Discount on cash flows	(2,087)	(2,174)
Total operating lease liabilities	<u>\$ 1,580</u>	<u>\$ 1,591</u>

Note 22 Fair Value of Financial Instruments

Accounting guidance establishes a fair value hierarchy to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Information regarding the fair value of assets measured at fair value on a recurring basis is as follows (dollar amounts in thousands):

	Instruments Measured At Fair Value	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2021</u>				
Assets				
Securities available for sale				
U.S. Treasury securities	\$49,502	\$ —	\$49,502	\$ —
Obligations of U.S. Government sponsored agencies	26,546	—	26,546	—
Obligations of states and political subdivisions	86,738	—	86,738	—
Mortgage-backed securities	27,259	—	27,259	—
Corporate notes	21,102	—	21,102	—
Certificates of deposit	1,542	—	1,542	—
Mortgage servicing rights	5,016	—	5,016	—
<u>December 31, 2020</u>				
Assets				
Securities available for sale				
Obligations of U.S. Government sponsored agencies	\$18,779	\$ —	\$18,779	\$ —
Obligations of states and political subdivisions	72,217	—	72,217	—
Mortgage-backed securities	44,199	—	44,199	—
Corporate notes	27,743	—	27,743	—
Certificates of deposit	2,101	—	2,101	—
Mortgage servicing rights	3,726	—	3,726	—

There were no assets measured on a recurring basis using significant unobservable inputs (Level 3) during these periods.

Information regarding the fair value of assets measured at fair value on a non-recurring basis is as follows (dollar amounts in thousands):

	Assets Measured At Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2021</u>				
OREO	\$ 150	\$ —	\$ —	\$ 150
Impaired Loans, net of impairment reserve	6,233	—	—	6,233
	<u>\$ 6,383</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,383</u>
<u>December 31, 2020</u>				
OREO	\$ 1,885	\$ —	\$ —	\$ 1,885
Impaired Loans, net of impairment reserve	9,685	—	—	9,685
	<u>\$11,570</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$11,570</u>

The following is a description of the valuation methodologies used by the Corporation for the items noted in the table above, including the general classification of such instruments in the fair value hierarchy. For individually evaluated impaired loans, the amount of impairment is based upon the present value of expected future cash flows discounted at the loan's effective interest rate, the estimated fair value of the underlying collateral for collateral-dependent loans, or the estimated liquidity of the note. For OREO, the fair value is based upon the estimated fair value of the underlying collateral adjusted for the expected costs to sell. The following table shows significant unobservable inputs used in the fair value measurement of Level 3 assets:

<u>As of December 31, 2021</u>	<u>Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range of Discounts</u>	<u>Weighted Average Discount</u>
Other real estate owned	Third party appraisals, sales contracts or brokered price options	Collateral discounts and estimated costs to sell	18% - 97%	18.0%
Impaired loans	Third party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 100%	7.4%

The following methods and assumptions were used by the Corporation to estimate fair value of financial instruments.

Cash and cash equivalents - Fair value approximates the carrying amount.

Securities - The fair value measurement is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data.

Loans held for sale - Fair value is based on commitments on hand from investors or prevailing market prices.

Loans - Fair value of variable rate loans that reprice frequently are based on carrying value. Fair value of other loans is estimated by discounting future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings. Fair value of impaired and other nonperforming loans are estimated using discounted expected future cash flows or the fair value of the underlying collateral, if applicable.

Other investments - The carrying amount reported in the consolidated balance sheets for other investments approximates the fair value of these assets.

Mortgage servicing rights - Fair values were determined using the present value of future cash flows.

Cash value of life insurance - The carrying amount approximates its fair value.

Deposits - Fair value of deposits with no stated maturity, such as demand deposits, savings, and money market accounts, by definition, is the amount payable on demand on the reporting date. Fair value of fixed-rate time deposits is estimated using discounted cash flows applying interest rates currently offered on similar time deposits.

Securities sold under repurchase agreements - The fair value of securities sold under repurchase agreements with variable rates or due on demand is the amount payable at the reporting date. The fair value of securities sold under repurchase agreements with fixed terms is estimated using discounted cash flows with discount rates at interest rates currently offered for securities sold under repurchase agreements of similar remaining values.

Notes payable and Subordinated notes - Rates currently available to the Corporation for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. Fair value of borrowings is estimated by discounting future cash flows using the current rates at which similar borrowings would be made. Fair value of borrowed funds due on demand is the amount payable at the reporting date.

Off-balance-sheet instruments - Fair value is based on quoted market prices of similar financial instruments where available. If a quoted market price is not available, fair value is based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreement and the company's credit standing. Since this amount is immaterial, no amounts for fair value are presented.

The carrying value and estimated fair value of financial instruments at December 31 follows (dollar amounts in thousands):

		Fair Value			
December 31, 2021	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	\$ 296,860	\$296,860	\$ —	\$ —	\$ 296,860
Securities held to maturity	5,911	—	5,922	—	5,922
Securities available for sale	212,689	—	212,689	—	212,689
Loans held for sale	786	—	—	786	786
Loans, net	2,215,199	—	—	2,210,593	2,210,593
Other investments, at cost	9,004	—	—	9,004	9,004
Mortgage servicing rights	5,016	—	5,016	—	5,016
Cash surrender value of life insurance	31,897	31,897	—	—	31,897
Financial liabilities:					
Deposits	\$2,528,440	\$ —	\$ —	\$2,457,287	\$2,457,287
Securities sold under repurchase agreements	41,122	—	41,122	—	41,122
Notes payable	8,011	—	8,011	—	8,011
Subordinated notes	17,500	—	17,500	—	17,500

		Fair Value			
December 31, 2020	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	\$ 170,219	\$170,219	\$ —	\$ —	\$ 170,219
Securities held to maturity	6,669	—	6,688	—	6,688
Securities available for sale	165,039	—	165,039	—	165,039
Loans held for sale	809	—	—	809	809
Loans, net	2,173,802	—	—	2,168,865	2,168,865
Other investments, at cost	8,896	—	—	8,896	8,896
Mortgage servicing rights	3,726	—	3,726	—	3,726
Cash surrender value of life insurance	31,394	31,394	—	—	31,394
Financial liabilities:					
Deposits	\$2,320,963	\$ —	\$ —	\$2,309,489	\$2,309,489
Securities sold under repurchase agreements	36,377	—	36,377	—	36,377
Notes payable	23,469	—	23,469	—	23,469
Subordinated notes	17,500	—	17,500	—	17,500

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Corporation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Consequently, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Corporation.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Corporation's entire holdings of a particular instrument. Because no market exists for a significant portion of the Corporation's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters that could affect the estimates. Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments.

Deposits with no stated maturities are defined as having a fair value equivalent to the amount payable on demand. This prohibits adjusting fair value derived from retaining those deposits for an expected future period of time. This component, commonly referred to as a deposit base intangible, is neither considered in the above amounts nor is it recorded as an intangible asset on the consolidated balance sheet. Significant assets and liabilities that are not considered financial assets and liabilities include premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

Note 23 Parent Company Only Financial Statements

Balance Sheets

	December 31	
	2021	2020
	(In Thousands)	
<i>Assets</i>		
Cash and cash equivalents	\$ 6,183	\$ 1,584
Investment in Bank	334,680	312,142
Investment in Veritas	39	39
Other assets	7	8
TOTAL ASSETS	<u>\$340,909</u>	<u>\$313,773</u>
<i>Liabilities and Stockholders' Equity</i>		
<i>Liabilities</i>		
Subordinated notes	\$ 17,500	\$ 17,500
Other liabilities	756	1,416
Total liabilities	<u>18,256</u>	<u>18,916</u>
<i>Stockholders' equity:</i>		
Common stock	85	85
Additional paid-in capital	93,149	92,847
Retained earnings	258,104	221,393
Treasury stock, at cost	(32,294)	(25,227)
Accumulated other comprehensive income	3,609	5,759
Total stockholders' equity	<u>322,653</u>	<u>294,857</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$340,909</u>	<u>\$313,773</u>

Statements of Income

Years Ended December 31
2021 2020 2019
(In Thousands)

Income:

Dividends received from Bank	\$22,361	\$21,406	\$16,335
Equity in undistributed earnings of subsidiaries	24,687	18,104	11,361
Other income	—	(7)	234
Total income	<u>47,048</u>	<u>39,503</u>	<u>27,930</u>
Other expenses	2,205	2,005	1,611
Benefit for income taxes	(601)	(548)	(375)
Net income	<u>\$45,444</u>	<u>\$38,046</u>	<u>\$26,694</u>

Statements of Cash Flows

	Years Ended December 31,		
	2021	2020	2019
	<i>(In thousands)</i>		
Cash flow from operating activities:			
Net income	\$ 45,444	\$ 38,046	\$ 26,694
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock compensation	1,393	1,081	685
Equity in earnings of subsidiaries (includes dividends)	(47,048)	(39,410)	(27,696)
Changes in other assets and liabilities:			
Other assets	1	606	(329)
Other liabilities	(660)	478	(33)
Net cash provided by (used in) operating activities	<u>(870)</u>	<u>801</u>	<u>(679)</u>
Cash flows from investing activities, net of effects of business combination:			
Sale of other investments	—	—	750
Dividends received from Bank	22,360	21,406	16,335
Dividends received from Veritas	—	2,121	—
Net cash used in business combination	—	(4,474)	(14,241)
Contribution to subsidiaries	—	(65)	(2,620)
Net cash provided by investing activities	<u>22,360</u>	<u>18,988</u>	<u>224</u>
Cash flows from financing activities, net of effects of business combination:			
Repayment of notes payable	—	(10,000)	—
Proceeds from notes payable	—	—	10,000
Repayment of subordinate notes	—	(7,122)	—
Proceeds from subordinated notes	—	6,000	—
Cash dividends paid	(8,733)	(6,147)	(5,463)
Issuance of common stock	—	3,368	114
Repurchase of common stock	(8,158)	(4,367)	(4,205)
Net cash (used in) provided by financing activities	<u>(16,891)</u>	<u>(18,268)</u>	<u>446</u>
Net increase (decrease) in cash and cash equivalents	<u>4,599</u>	<u>1,521</u>	<u>(9)</u>
Cash and cash equivalents at beginning	1,584	63	72
Cash and cash equivalents at end	<u>\$ 6,183</u>	<u>\$ 1,584</u>	<u>\$ 63</u>
Supplemental schedule of noncash activities:			
Amortization of unrealized holding gains on securities transferred from available for sale to held to maturity recognized in other comprehensive income, net of tax	(2)	(81)	\$ (35)
Change in unrealized gains and losses on investment securities available for sale, net of tax	—	3,756	2,958

Note 24 Earnings Per Common Share

See Note 1 for the Corporation's accounting policy regarding per share computations. Earnings per common share, earnings per share assuming dilution, and related information are summarized as follows:

	Years ended December 31,		
	2021	2020	2019
<u>Basic</u>			
Net income available to common shareholders	\$ 45,444	\$ 38,046	\$ 26,694
Less: Earnings allocated to participating securities	\$ (351)	\$ (287)	\$ (200)
Net income allocated to common shareholders	<u>\$ 45,093</u>	<u>\$ 37,759</u>	<u>\$ 26,494</u>
Weighted average common shares outstanding including participating securities	7,680,896	7,497,862	6,820,225
Less: Participating securities (1)	(59,264)	(56,606)	(51,226)
Average shares	<u>7,621,632</u>	<u>7,441,256</u>	<u>6,768,999</u>
Basic earnings per common shares	<u>\$ 5.92</u>	<u>\$ 5.07</u>	<u>\$ 3.91</u>
<u>Diluted</u>			
Net income available to common shareholders	\$ 45,444	\$ 38,046	\$ 26,694
Weighted average common shares outstanding for basic earnings per common share	7,621,632	7,441,256	6,768,999
Add: Dilutive effects of stock based compensation awards	21,535	39,821	110,385
Average shares and dilutive potential common shares	<u>7,643,167</u>	<u>7,481,077</u>	<u>6,879,384</u>
Diluted earnings per common share	<u>\$ 5.92</u>	<u>\$ 5.07</u>	<u>\$ 3.87</u>

Note 25 Quarterly Results of Operations

2021 Quarters	Fourth	Third	Second	First
	<i>(dollars in thousands, except share and per share data)</i>			
Interest income	\$ 25,043	\$ 24,898	\$ 24,003	\$ 24,442
Interest expense	1,812	1,964	2,189	2,339
Net interest and dividend income	<u>23,231</u>	<u>22,934</u>	<u>21,814</u>	<u>22,103</u>
Provision for loan losses	600	650	950	900
Net interest and dividend income after provision for loan losses	22,631	22,284	20,864	21,203
Noninterest income	5,706	5,028	6,574	6,210
Noninterest expense	13,620	12,466	12,221	12,225
Income before provision for income taxes	<u>14,717</u>	<u>14,846</u>	<u>15,217</u>	<u>15,188</u>
Provision for income taxes	3,553	3,628	3,669	3,674
Net income	<u>\$ 11,164</u>	<u>\$ 11,218</u>	<u>\$ 11,548</u>	<u>\$ 11,514</u>
Share data				
Average shares outstanding, basic	7,570,128	7,605,541	7,653,317	7,657,301
Average shares outstanding, diluted	7,595,052	7,624,791	7,668,740	7,677,976
Earnings per share, basic	\$ 1.47	\$ 1.46	\$ 1.50	\$ 1.49
Earnings per share, diluted	\$ 1.47	\$ 1.46	\$ 1.50	\$ 1.49

2020 Quarters	Fourth	Third	Second	First
	<i>(dollars in thousands, except share and per share data)</i>			
Interest income	\$ 27,094	\$ 25,928	\$ 24,382	\$ 23,296
Interest expense	2,623	3,003	3,586	4,653
Net interest and dividend income	24,471	22,925	20,796	18,643
Provision for loan losses	1,650	1,350	3,150	975
Net interest and dividend income after provision for loan losses	22,821	21,575	17,646	17,668
Noninterest income	6,744	5,115	7,764	3,897
Noninterest expense	13,972	12,202	14,438	12,741
Income before provision for income taxes	15,593	14,488	10,972	8,824
Provision for income taxes	4,063	3,534	2,676	1,558
Net income	<u>\$ 11,530</u>	<u>\$ 10,954</u>	<u>\$ 8,296</u>	<u>\$ 7,266</u>
Share data				
Average shares outstanding, basic	7,659,904	7,673,572	7,395,199	7,028,690
Average shares outstanding, diluted	7,682,101	7,691,326	7,405,995	7,128,246
Earnings per share, basic	\$ 1.49	\$ 1.42	\$ 1.11	\$ 1.03
Earnings per share, diluted	\$ 1.49	\$ 1.42	\$ 1.11	\$ 1.02

Note 26 Pending Merger Transaction

On January 18, 2022, the Corporation entered into an Agreement and Plan of Merger with Denmark Bancshares, Inc. ("Denmark"), a Wisconsin Corporation, under which Denmark will merge with and into the Corporation and Denmark's banking subsidiary, Denmark State Bank, will merge with and into the Bank. The transaction is expected to close during the third quarter of 2022 and is subject to, among other items, approval by the shareholders of both institutions and regulatory agencies. Merger consideration will consist of up to 20% cash and no less than 80% of common stock of the Corporation, and will total approximately \$119 million, subject to the fair market value of the Corporation's common stock on the date of closing. Based on results as of December 31, 2021, the combined company would have total assets of approximately \$3.6 billion, loans of approximately \$2.7 billion, and deposits of approximately \$3.1 billion.

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