UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____.

Commission file number 001-38676

BANK FIRST CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin (State or other jurisdiction of incorporation or organization)		**39-1435359** (I.R.S. Employer Identification No.)
402 North 8th Street **Manitowoc, Wisconsin** **(Address of principal executive offices)**	**54220** **(Zip Code)**	**(920) 652-3100** **Registrant's telephone number, including area code**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**BFC**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2024, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's common stock held by non-affiliates of the registrant was $815 million, based on the closing sales price of $83.20 per share as reported on the Nasdaq Capital Market.

As of February 28, 2025, 9,994,639 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the information required by Part III of this Annual Report are incorporated by reference from the Registrant's definitive Proxy Statement for the 2025 annual meeting of shareholders to be filed with Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report.

BANK FIRST CORPORATION

TABLE OF CONTENTS

In this Annual Report on Form 10-K (this "Annual Report"), references to "we," "our," "us," "Bank First" or "the Company" refer to Bank First Corporation, a Wisconsin corporation, and our wholly-owned banking subsidiary, Bank First, N.A., a national banking association, unless otherwise indicated or the context otherwise requires. References to "Bank" refer to Bank First, N.A., our wholly-owned banking subsidiary.

Cautionary Note Regarding Forward-Looking Statements
Certain statements contained in this Annual Report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include statements relating to our projected growth, anticipated future financial performance, financial condition, credit quality and management's long-term performance goals, as well as statements relating to the anticipated effects on our business, financial condition and results of operations from expected developments or events, our business, growth and strategies. These statements, which are based on certain assumptions and estimates and describe our future plans, results, strategies and expectations, can generally be identified by the use of the words and phrases "may," "will," "should," "could," "would," "goal," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target," "aim," "predict," "continue," "seek," "projection" and other variations of such words and phrases and similar expressions.

These forward-looking statements are not historical facts, and are based upon current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. The inclusion of these forward-looking statements should not be regarded as a representation by us or any other person that such expectations, estimates and projections will be achieved. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict and that are beyond our control. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date of this Annual Report, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

- the impact of current and future economic and market conditions generally (including seasonality) and in the financial services industry, nationally and within our primary market areas (particularly Wisconsin), including the effects of inflationary pressures, changes in interest rates, slowdowns in economic growth, and the potential for high unemployment rates, as well as the financial stress on borrowers and changes to customer and client behavior (including the velocity and levels of deposit withdrawals and loan repayment) and credit risk as a result of the foregoing;
- the risks of changes in interest rates on the level and composition of deposits (as well as the cost of, and competition for, deposits), loan demand, liquidity and the values of loan collateral, securities and market fluctuations, and interest rate sensitive assets and liabilities;
- the risk that our cost of funding could increase in the event we are unable to continue to attract stable and cost-efficient deposits;
- prolonged periods of high inflation and their effects on our business, profitability, and our stock price;
- concentration of our loan portfolio in real estate loans and changes in the prices, values and sales volumes of commercial and residential real estate;
- weakness in the real estate market, including the secondary residential mortgage market, which can affect, among other things, the value of collateral securing mortgage loans, mortgage loan originations and delinquencies, profits on sales of mortgage loans, and the value of mortgage servicing rights;
- the concentration of our business within our geographic areas of operation in Wisconsin;
- governmental monetary and fiscal policies, including interest rate policies of the Board of Governors of the Federal Reserve, as well as legislative, tax and regulatory changes, including those that impact the money supply and inflation and the possibility that the U.S. could default on its debt obligations;

- the risk that a future economic downturn and contraction could have a material adverse effect on our capital, financial condition, credit quality, results of operations and future growth;
- the credit risks of lending activities, including our ability to estimate credit losses and the allowance for credit losses, as well as the effects of changes in the level of, and trends in, loan delinquencies and write-offs;
- the risk that our asset quality may deteriorate or that our allowance for credit losses may prove to be inadequate or may be negatively affected by credit risk exposures;
- disruptions to the credit and financial markets, either nationally or globally;
- increased competition in the banking and mortgage banking industry, nationally, regionally or locally, including competition from nontraditional banking institutions such as Fintechs;
- our ability to realize the expected benefits from our strategic initiatives or other operational and execution goals in the time period expected, which could negatively affect our future profitability;
- our ability to maintain our operating efficiency;
- failure to keep pace with technological change or difficulties when implementing new technologies;
- our ability to attract and maintain business banking relationships with well-qualified businesses, real estate developers and investors with proven track records in our market areas;
- our ability to attract sufficient loans that meet prudent credit standards, including in our commercial and industrial and owner-occupied commercial real estate loan categories;
- our ability to comply with applicable capital and liquidity requirements, including our ability to generate liquidity internally or raise capital on favorable terms, including continued access to the debt and equity capital markets;
- our inability to receive dividends from our bank subsidiary and to service debt, pay dividends to our common shareholders, repurchase our shares of common stock and satisfy obligations as they become due;
- restrictions or limitations on access to funds from historical and alternative sources of liquidity could adversely affect our overall liquidity, which could restrict our ability to make payments on our obligations and our ability to support asset growth and sustain our operations and the operations of the Bank;
- inability of our risk management framework to effectively mitigate credit risk, interest rate risk, liquidity risk, price risk, compliance risk, cybersecurity risk, operational risk, strategic risk and reputational risk, including by virtue of our relationships with third-party business partners and other service providers;
- our business relationships with, and reliance upon, third parties that have strategic partnerships with us or that provide key components of our business infrastructure, including the costs of services and products provided to us by third parties, and disruptions in service or financial difficulties with a third-party vendor or business relationship;
- our ability to oversee the performance of third-party service providers that provide material services to our business;
- our ability to maintain expenses in line with current projections;
- our dependence on our management team and our ability to motivate and retain our management team;
- our ability to attract and retain qualified employees;
- we may not be able to identify suitable bank and non-bank acquisition opportunities as part of our growth strategy and even if we are able to identify attractive acquisition opportunities, we may not be able to complete such transactions on favorable terms or realize the anticipated benefits from such acquisitions;
- the risk that the regulatory environment may not be conducive to, or may prohibit the consummation of, future mergers and/or business combinations, may increase the length of time and amount of resources required to consummate such transactions, and the potential to reduce anticipated benefits from such mergers or combinations;
- system failures, including as a result of cyberattacks, or failures to prevent breaches of our network security;

- data processing system failures and errors;
- fraudulent and negligent acts by our clients, employees or vendors;
- our financial reporting controls and procedures' ability to prevent or detect all errors or fraud;
- our ability to identify and address potential cybersecurity risks, which may be exacerbated by recent developments in generative artificial intelligence, including brute force attacks (i.e., credential stuffing), ransomware or other malware, "denial-of-service" attacks, "hacking" and identify theft, a failure of which could disrupt our business and result in the disclosure of and/or misuse or misappropriation of confidential or proprietary information, disruption or damage to our systems, increased costs, losses, or adverse effects to our reputation;
- our current and future information technology system enhancements and operational initiatives may not be successfully implemented, which could negatively impact our operations;
- we may be required to make substantial expenditures to keep pace with regulatory initiatives and the rapid technological changes in the financial services industry;
- fluctuations in the market value and its impact on our stock price and the securities held in our securities portfolio;
- the adequacy of our reserves and the appropriateness of our methodology for calculating such reserves;
- increased credit losses or impairment of goodwill and other intangibles;
- the makeup of our asset mix and investments;
- our focus on small and mid-sized businesses;
- the institution and outcome of litigation and other legal proceeding against us or to which we become subject;
- changes in our accounting standards;
- the impact of recent and future legislative and regulatory changes;
- uncertainties surrounding geopolitical events, trade policy, taxation policy, and monetary policy which continue to impact the outlook for future economic growth, including U.S. imposition of tariffs against Mexico, Canada, and China and consideration of responsive actions by these nations or the expansion of import fees and tariffs among a larger group of nations, which is bringing greater ambiguity to the outlook for future economic growth;
- the potential implementation of a regulatory reform agenda under the new presidential administration that is significantly different than that of the prior administration, impacting rulemaking, supervision, examination and enforcement priorities of the federal banking agencies;
- examinations by our regulatory authorities;
- changes in the scope and cost of Federal Deposit Insurance Corporation ("FDIC") insurance and other coverage;
- political instability, acts of God, or of war or terrorism, natural disasters, including in the Company's footprint, health emergencies, epidemics or pandemics, or other catastrophic events that may affect general economic conditions;
- risks related to diversity, equity and inclusion ("DEI") and environmental, social and governance ("ESG") strategies and initiatives, the scope and pace of which could alter Bank First's reputation and shareholder, associate, customer and third-party affiliations or result in litigation in connection with anti-DEI and anti-ESG laws, rules or activism;
- the impact of recent adverse developments in the banking industry, highlighted by high-profile bank failures, on customer confidence, liquidity and regulatory responses to these developments (including increases in the cost of our deposit insurance assessments and increased regulatory scrutiny), the Company's ability to effectively manage its liquidity risk and any growth plans, and the availability of capital and funding; and
- other factors and risks described under the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections herein.

The foregoing factors should not be construed as exhaustive and should be read in conjunction with the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Annual Report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this Annual Report, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for us to predict their occurrence or how they will affect us.

PART I

ITEM 1. BUSINESS

General Overview

Bank First Corporation is a Wisconsin corporation that was organized in April 1982 to serve as the holding company for Bank First, N.A., a national banking association founded in 1894. The Bank is a wholly-owned subsidiary of the Company. The Company and the Bank are headquartered in Manitowoc, Wisconsin, and the Bank is a member of the Board of Governors of the Federal Reserve System (the "Federal Reserve") and regulated by the Office of the Comptroller of the Currency (the "OCC"). The Bank has twenty-six (26) offices, including its headquarters, in Brown, Columbia, Dane, Fond du Lac, Jefferson, Manitowoc, Monroe, Outagamie, Ozaukee, Shawano, Sheboygan, Waupaca, Waushara, and Winnebago counties in the State of Wisconsin. We serve businesses, professionals and consumers with a wide variety of financial services, including retail and commercial banking. Some of the products that we offer include checking accounts, savings accounts, money market accounts, cash management accounts, certificates of deposit, commercial and industrial loans, commercial real estate loans, construction and development loans, residential mortgages, consumer loans, credit cards, online banking, telephone banking and mobile banking.

The Bank has three subsidiaries: Bank First Investments, Inc., TVG Holdings, Inc. ("TVG") and BFC Title, LLC. Bank First Investments, Inc. is a Wisconsin corporation organized in 2011, and is wholly-owned by the Bank. Bank First Investments, Inc.'s purpose is to provide investment and safekeeping services to the Bank. TVG is a Wisconsin corporation organized in 2009. It is a wholly-owned subsidiary of the Bank, and its purpose is to hold the Bank's 40% ownership interest in Ansay & Associates, LLC ("Ansay"). Ansay is one of the nation's largest independent insurance providers, and the Bank's minority ownership of Ansay allows the Bank to provide diversified services to our customers without the risk and expense of an in-house insurance department. BFC Title, LLC is a Wisconsin limited liability company organized in 2020. It is a wholly-owned subsidiary of the Bank, and its purpose is to hold the Bank's 5.88% ownership interest in Generations Title, LLC, a Wisconsin title company.

As of December 31, 2024, we had total consolidated assets of $4.50 billion, total loans of $3.52 billion, total deposits of $3.66 billion and total stockholders' equity of $639.7 million. The Bank employed approximately 366 full-time equivalent employees ("FTE"), and had an average assets-to-FTE ratio of approximately $11.5 million for the year ended December 31, 2024. For more information, see the Bank's website at www.bankfirst.com.

Strategic Plan

The Bank is a relationship-based community bank focused on providing innovative solutions that are value driven to the communities we serve. The Bank's culture celebrates diversity, creativity, and responsiveness, with the highest ethical standards. Employees are supported and encouraged 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. The Bank's vision is to sustain its independence by remaining a top-performing provider of financial services in Wisconsin. The Bank focuses on creating value for its customers and shareholders by forging strong relationships and offering personalized and innovative solutions. Bank First is focused on building a culture which encourages, supports and celebrates diversity and inclusion for our employees, customers and communities. This collaboration fuels a stronger foundation for innovation and connects us to our communities.

Our strategic priorities are organized around the CAMELS ratings, including Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk. We have also added a sixth category to prioritize our strategic goals surrounding Information Technology. Under the heading of Capital, our priorities include (i) growing capital through strong earnings, (ii) assessing and monitoring short and long term capital goals, and (iii) deploying capital in the best interest of our shareholders. Under the heading of Asset Quality, our top priority is maintaining a strong credit culture. Under the heading of Management, our priorities are (i) to evaluate our talent to ensure alignment with core competencies, (ii) sustain and build upon employee engagement, and (iii) to maintain a robust vendor management program. Under the heading of Earnings, our priorities include (i) growing and strengthening relationships, and (ii) evaluating and pursuing prudent acquisitions and de novo growth. Under the Liquidity heading, our priorities are (i) ensure that liquidity levels are adequate for anticipated needs, and (ii) to maintain a relationship-centric customer portfolio. Under the heading of Sensitivity to Market Risk, our priorities include (i) minimizing optionality, and (ii) maintaining rate neutrality. Finally, under the heading of Information Technology, our strategic priorities include (i) advancing our digital strategy to match internal and external customer expectations, (ii) enhancing the flexibility in our core environment, (iii) monitoring the current cybersecurity environment, and (iii) training employees on cybersecurity risk and prudent responses.

Market Area

Bank First is a full-service community bank, offering business and retail products and services in communities throughout Wisconsin. Our branches are located in Brown, Columbia, Dane, Fond du Lac, Jefferson, Manitowoc, Monroe, Outagamie, Ozaukee, Shawano, Sheboygan, Waupaca, and Winnebago counties. Our main office is located at 402 N. 8th Street, Manitowoc, Wisconsin. Based on the deposit market share reports published by the FDIC on June 30, 2024, Bank First ranked in the top three of market share in five of the fourteen counties in which its branches are located.

The fourteen counties in which the Bank has offices have an estimated aggregate population of 1,894,606, based on 2020 U.S. Census data, and total deposits of approximately $62.5 billion as of June 30, 2024, according to the most recent data published by the FDIC.

Competition

The banking business is highly competitive, and we face competition in our market areas from many other local, regional, and national financial institutions. Competition among financial institutions is based on interest rates offered on deposit accounts, interest rates charged on loans, other credit and service charges relating to loans, the quality and scope of the services rendered, the convenience of banking facilities, and, in the case of loans to commercial borrowers, relative lending limits. We compete with commercial banks, credit unions, savings institutions, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds and other mutual funds, fintech companies, as well as regional and national financial institutions that operate offices in our market areas and elsewhere. The competing major commercial banks have greater resources that may provide them a competitive advantage by enabling them to maintain numerous branch offices, mount extensive advertising campaigns and invest in new technologies. In addition, competition from nontraditional banking institutions, often known as fintech and non-bank lenders, continues to increase and accelerate, with consumers and businesses having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The ability of such non-banking financial institutions to provide services previously limited to commercial banks has intensified competition. Because non-banking financial institutions are not subject to many of the same regulatory restrictions as banks and bank holding companies, they can often operate with greater flexibility and lower cost structures. These competitors have been successful in developing products that are in direct competition with or are alternatives to the banking services offered by traditional banking institutions. The increasingly competitive environment is the result of changes in regulation, changes in technology and product delivery systems, additional financial service providers, and the accelerating pace of consolidation among financial services providers.

The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Banks, securities firms and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Also, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems.

Some of our non-banking competitors have fewer regulatory constraints and may have lower cost structures. In addition, some of our competitors have assets, capital and lending limits greater than that of the Bank, have greater access to capital markets and offer a broader range of products and services than the Bank. These institutions may have the ability to finance wide-ranging advertising campaigns and may also be able to offer lower rates on loans and higher rates on deposits than we can offer. Some of these institutions offer services, such as international banking, which we do not directly offer, except for a limited suite of services such as international wires and currency exchange.

We compete with these institutions by focusing on our position as an independent, community bank and rely upon local promotional activities, personal relationships established by our officers, directors, and employees with our customers, and specialized services tailored to meet the needs of the communities served. We provide innovative products to our customers that are value-driven. We actively cultivate relationships with our customers that extend beyond a single loan to a full suite of products that serve the needs of our retail and commercial customers. Our goal is to develop long-standing connections with our customers and the communities that we serve. While our position varies by market, our management believes that it can compete effectively as a result of local market knowledge, local decision making, and awareness of customer needs.

Our Business

General

We emphasize a range of lending services, including commercial and residential real estate loans, construction and development loans, commercial and industrial loans, and consumer loans. Our customers are generally individuals, small to medium-sized businesses and professional firms that are located in or conduct a substantial portion of their business in our market areas. At December 31, 2024, we had total loans receivable of $3.52 billion, representing approximately 78.3% of our total assets. As of December 31, 2024, we had 32 nonaccrual loans totaling approximately $6.8 million, or 0.2% of total loans. For additional discussion related to nonperforming loans, see the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section as well as the notes to the consolidated financial statements.

Loan Approval

Certain credit risks are inherent in making loans. These include prepayment risks, risks resulting from uncertainties in the future value of collateral, risks resulting from changes in economic and industry conditions, and risks inherent in dealing with individual borrowers. We attempt to mitigate repayment risks by adhering to our comprehensive and robust internal credit policies and procedures. These policies and procedures include officer and customer lending limits, with approval process for larger loans, documentation examination, and follow-up procedures for any exceptions to credit policies. Our loan approval policies provide for various levels of officer lending authority. The Bank currently employs both a signature process through the line of business as well as credit administration and a committee process which involves the Bank’s board of directors each month. Both approvals and reviews of the credit actions are underwritten by an independent set of credit analysts who report to credit administration. For our loan commitments, a serial sign-off process is utilized up to $25,000,000, requiring multiple signatures for a loan approval. This process ensures that the necessary parties at all authority levels are aware of and approve the commitment. The Bank’s board of directors is involved in credits above this level after they have been through the serial sign-off process. We do not make any loans to any director, executive officer of the Bank, or the related interests of each, unless the loan is approved by the full board of directors of the Bank and is on terms not more favorable than would be available to a person not affiliated with the Bank.

Credit Administration and Loan Review

Our loan review consists of both commercial and retail review where loan files are reviewed and risk ratings are validated. Both are fully outsourced to a firm that specializes in file review and risk rating. Our policy for reviewing commercial credit files consisted of selecting a percentage of specific files on an annual basis as defined in our loan review plan, and reviewing them for risk rating and policy compliance. Our goal is to review every commercial relationship of $750,000 or more at least once in a five-year period. Our retail review consists of selecting a percentage of specific files on an annual basis, and reviewing them for policy compliance. Results of completed loan reviews are disclosed in writing, along with management responses, to the Loan Committee.

Lending Limits

Our lending activities are subject to a variety of lending limits imposed by federal law. In general, the Bank is subject to a base legal limit on loans to a single borrower equal to 15 percent of the Bank's capital and unimpaired surplus, plus an additional 10 percent of the Bank's capital and surplus, if the amount that exceeds the 15 percent general limit is fully secured by readily marketable collateral. This legal lending limit will increase or decrease as the Bank's level of capital increases or decreases. In addition to the legal lending, management and the board of directors have established a more conservative, internal lending limit. The Bank's legal and internal lending limits are a safety and soundness measure intended to prevent one person or a relatively small and economically related group of persons from borrowing an unduly large amount of the Bank's funds. It is also intended to safeguard the Bank's depositors by diversifying the risk of credit losses among a relatively large number of creditworthy borrowers engaged in various types of businesses. Based upon the capitalization of the Bank at December 31, 2024, the Bank's base legal lending limit was $65.6 million and the Bank's internal lending limit was $52.5 million. Our board of directors will adjust the internal lending limit as deemed necessary to continue to mitigate risk and serve the Bank's clients. We are also able to sell participations in our larger loans to other financial institutions, which allows us to manage the risk involved in these loans and to meet the lending needs of our clients requiring extensions of credit in excess of these limits.

Real Estate Loans

The principal component of our loan portfolio is loans secured by real estate. Real estate loans are subject to the same general risks as other loans and are particularly sensitive to fluctuations in the value of real estate. Fluctuations in the value of real estate and rising interest rates, as well as other factors arising after a loan has been made, could negatively affect a borrower's cash flow, creditworthiness, and ability to repay the loan. We obtain a security interest in real estate whenever possible, in addition to any other available collateral, in order to increase the likelihood of the ultimate repayment of the loan.

As of December 31, 2024, loans secured by real estate made up approximately $2.67 billion, or 75.8%, of our loan portfolio. These loans generally will fall into one of two categories:

- *Commercial Real Estate.* Commercial real estate loans generally have terms of 10 years or less, although payments may be structured on a longer amortization basis. We evaluate each borrower on an individual basis and attempt to determine their business risks and credit profile. We attempt to reduce credit risk in the commercial real estate portfolio by emphasizing loans on owner-occupied industrial, office, and retail buildings where the loan-to-value ratio, established by independent appraisals, does not generally exceed 85% of cost or appraised value. We also generally require that a borrower's cash flow exceed 110% of monthly debt service obligations. In order to ensure secondary sources of payment and liquidity to support a loan request, we typically review all of the personal financial statements of the principal owners and require their personal guaranties. Commercial real estate loans are generally viewed as having more risk of default than residential real estate loans. They are also typically larger than residential real estate loans and consumer loans and depend on cash flows from the owner's business or the property to service the debt. Because our loan portfolio contains a number of commercial real estate loans with relatively large balances, the deterioration of one or a few of these loans could cause a significant increase in our levels of nonperforming assets. As of December 31, 2024, commercial real estate loans made up approximately $1.75 billion or 49.9% of our loan portfolio.

- *Residential Mortgage Loans and Home Equity Loans.* We originate and hold short-term and long-term first mortgages and traditional second mortgage residential real estate loans. Generally, we limit the loan-to-value ratio on our residential real estate loans to 90%. We offer fixed and adjustable rate residential real estate loans with terms of up to 30 years. We also offer a variety of lot loan options to consumers to purchase the lot on which they intend build their home. We also offer traditional home equity loans and lines of credit. Our underwriting criteria for, and the risks associated with, home equity loans and lines of credit are generally the same as those for first mortgage loans. Home equity loans typically have terms of 20 years or less. We generally limit the extension of credit to 90% of the available equity of each property. As of December 31, 2024, residential mortgage loans and home equity loans made up approximately $913.2 million or 26.0% of our loan portfolio.

Commercial and Industrial Loans

We have significant expertise in small to middle market commercial and industrial lending. Our success is the result of our product and market expertise, and our focus on delivering high-quality, customized and quick turnaround service for our clients due to our focus on maintaining an appropriate balance between prudent, disciplined underwriting, on the one hand, and flexibility in our decision making and responsiveness to our clients, on the other hand, which has allowed us to grow our commercial and industrial loan portfolio while maintaining strong asset quality. As of December 31, 2024, commercial and industrial loans made up approximately $500.4 million or 14.2% of our loan portfolio.

We provide a mix of variable and fixed rate commercial and industrial loans. The loans are typically made to small- and medium-sized businesses involved in professional services, accommodation and food services, health care, wholesale trade, financial institutions, manufacturing, distribution, retailing and non-profits. We extend commercial business loans for working capital, accounts receivable and inventory financing and other business purposes. Generally, short-term loans have maturities ranging from 3 months to 1 year, and “term loans” have maturities ranging from 3 to 20 years. Lines of credit are generally intended to finance current transactions and typically provide for periodic principal payments, with interest payable monthly. Term loans generally provide for floating and fixed interest rates, with monthly payments of both principal and interest.

Construction and Development Loans

We offer fixed and adjustable rate residential and commercial construction loan financing to builders and developers and to consumers who wish to build their own home. The term of construction and development loans generally is limited to 9 to 24 months, although payments may be structured on a longer amortization basis. Most loans will mature and require payment in full upon completion and either the sale of the property or refinance into a permanent loan. We believe that construction and development loans generally carry a higher degree of risk than long-term financing of stabilized, rented, and owner-occupied properties because repayment depends on the ultimate completion of the project and usually on the subsequent sale of the property. Specific risks include:

- cost overruns;
- mismanaged construction;
- inferior or improper construction techniques;
- economic changes or downturns during construction;
- a downturn in the real estate market;
- rising interest rates which may prevent sale of the property; and
- failure to sell or stabilize completed projects in a timely manner.

We attempt to reduce risk associated with construction and development loans by obtaining personal guaranties and by keeping the maximum loan-to-value ratio at or below 85% of the lesser of cost or appraised value, depending on the project type. Generally, we do not have interest reserves built into loan commitments but require periodic cash payments for interest from the borrower’s cash flow. As of December 31, 2024, construction and development loans made up approximately $278.0 million or 7.9% of our loan portfolio.

Consumer Loans

We make a variety of loans to individuals for personal and household purposes, including secured and unsecured installment loans and revolving lines of credit. Consumer loans are underwritten based on the borrower's income, current debt level, past credit history, and the availability and value of collateral. Consumer rates are both fixed and variable, with negotiable terms. Our installment loans typically amortize over periods up to seven years. Although we typically require monthly principal and interest payments on our loan products, we will offer consumer loans at interest only with a single maturity date when a specific source of repayment is available. Consumer loans are generally considered to have greater risk than first or second mortgages on real estate because they may be unsecured, or, if they are secured, the value of the collateral may be difficult to assess and more likely to decrease in value than real estate. As of December 31, 2024, consumer loans made up approximately $55.4 million or 1.6% of our loan portfolio.

Mortgage Banking Activities

Our mortgage banking operations include correspondent or secondary market lending, and in-house mortgage lending (included in residential mortgage and home equity loan totals above). We conduct secondary market lending through Fannie Mae, Federal Home Loan Bank of Chicago, U.S. Dept. of Agriculture, the Federal Housing Administration, and the Wisconsin Housing and Economic Development Authority. We also offer a number of in-house mortgage products, including adjustable rate mortgages at one, three, five, seven, ten, and fifteen years, and fixed rate mortgages at up to thirty years. We also offer an eleven-month construction loan, a construction to permanent loan, and a twelve-month bridge loan.

Deposit Products

We offer a full range of traditional deposit services through our branch network in our market areas that are typically available in most banks and savings institutions, including checking accounts, commercial accounts, savings accounts and other time deposits of various types, ranging from money market accounts to long-term certificates of deposit. Transaction accounts and time deposits are tailored to and offered at rates competitive to those offered in our primary market areas. We also offer retirement accounts and health savings accounts. Our customers include individuals, businesses, associations, organizations and governmental authorities. We believe that our branch infrastructure will assist us in obtaining deposits from local customers in the future. Our deposits are insured by the FDIC up to statutory limits.

Securities

We manage our securities portfolio and cash to maintain adequate liquidity and to ensure the safety and preservation of invested principal, with a secondary focus on yield and returns. Specific goals of our investment portfolio are as follows:

- provide a ready source of balance sheet liquidity, ensuring adequate availability of funds to meet fluctuations in loan demand, deposit balances and other changes in balance sheet volumes and composition;
- serve as a means for diversification of our assets with respect to credit quality, maturity and other attributes;
- serve as a tool for modifying our interest rate risk profile pursuant to our established policies; and
- provide collateral to secure municipal and business deposits.

Our investment portfolio is comprised primarily of U.S. government securities, mortgage-backed securities backed by government-sponsored entities, corporate notes, and taxable and tax-exempt municipal securities.

Our investment policy is reviewed annually by our board of directors. Overall investment goals are established by our board, CEO, and members of our Asset Liability Management Committee (“ALCO”). Our board of directors has delegated the responsibility of monitoring our investment activities to our ALCO. Day-to-day activities pertaining to the securities portfolio are conducted under the supervision of our CEO and CFO. We actively monitor our investments on an ongoing basis to identify any material changes in the securities. We also review our securities for potential credit deterioration at least quarterly.

Human Capital Resources

Our Company culture emphasizes our longstanding dedication to being respectful to others and having a workforce that is representative of the communities we serve. Embracing inclusivity and a sense of belonging is at the core of our values, recognizing that diverse perspectives, backgrounds, and experiences strengthen our ability to meet the needs of our associates, communities, clients and shareholders. We believe in attracting, retaining and promoting quality talent and recognize that diversity makes us stronger as a Company. Our talent acquisition teams partner with hiring managers in sourcing and presenting a diverse slate of qualified candidates to strengthen our organization. All of our employees are chosen on the basis of their qualifications and merit.

We believe employees to be our greatest asset and that our future success depends on our ability to attract, retain and develop a qualified workforce representative of the customers and communities we serve. Professional development is a key priority, which is facilitated through our many corporate development initiatives including extensive training programs, corporate mentoring, leadership programs, and educational reimbursement.

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 our industry. For additional information regarding our employee benefit plans, *see* “Note 17 – Employee Benefit Plans” to our consolidated financial statements included in this report.

Bank First currently has approximately 366 FTEs. As of December 31, 2024, approximately 73% of our employees self-identified as female and approximately 7% self-identified as people of color. Our talent acquisition, development, and retention focus was on rewarding merit and achievement while nurturing and progressing skilled talent across various segments of the Bank. One-third (33%) of our Board members and 42% of our Senior Management team identify as female. None of our employees are represented by any collective bargaining unit or is a party to a collective bargaining agreement. We consider our relationship with our employees to be good and have not experienced interruptions of operations due to labor disagreements.

General Corporate Information

Our principal executive offices are located at 402 N. 8th Street, Manitowoc, Wisconsin 54220, and our telephone number at that address is (920) 652-3100. Additional information can be found on our website: www.bankfirst.com. The information contained on our website is not incorporated in this document by reference.

Public Information

Persons interested in obtaining information on the Company may read and copy any materials that we file with the U.S. Securities and Exchange Commission ("SEC"). The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. We make available, free of charge, on or through our website, www.bankfirst.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and amendments to such filings, as soon as reasonably practicable after each is electronically filed with, or furnished to, the SEC.

Supervision and Regulation

We are extensively regulated under federal and state law. The following is a brief summary that does not purport to be a complete description of all regulations that affect us or all aspects of those regulations. This discussion is qualified in its entirety by reference to the particular statutory and regulatory provisions described below and is not intended to be an exhaustive description of the statutes or regulations applicable to the Company's and the Bank's business. In addition, proposals to change the laws and regulations governing the banking industry are frequently raised at both the state and federal levels. The likelihood and timing of any changes in these laws and regulations, and the impact such changes may have on us and the Bank, are difficult to predict. In addition, bank regulatory agencies may issue enforcement actions, policy statements, interpretive letters and similar written guidance applicable to us or the Bank. Changes in applicable laws, regulations or regulatory guidance, or their interpretation by regulatory agencies or courts may have a material adverse effect on our and the Bank's business, operations, and earnings. Supervision and regulation of banks, their holding companies and affiliates is intended primarily for the protection of depositors and customers, the Deposit Insurance Fund ("DIF") of the FDIC, and the U.S. banking and financial system rather than holders of our capital stock.

Regulation of the Company

We are registered as a bank holding company with the Federal Reserve under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). As such, we are subject to comprehensive supervision and regulation by the Federal Reserve and are subject to its regulatory reporting requirements. Federal law subjects bank holding companies, such as the Company, to particular restrictions on the types of activities in which they may engage, and to a range of supervisory requirements and activities, including regulatory enforcement actions for violations of laws and regulations. Violations of laws and regulations, or other unsafe and unsound practices, may result in regulatory agencies imposing fines or penalties, cease-and-desist orders, or taking other enforcement actions. Under certain circumstances, these agencies may enforce these remedies directly against officers, directors, employees and other parties participating in the affairs of a bank or bank holding company.

Activity Limitations. Bank holding companies are generally restricted to engaging in the business of banking, managing or controlling banks and certain other activities determined by the Federal Reserve to be closely related to banking. In addition, the Federal Reserve has the power to order a bank holding company or its subsidiaries to terminate any nonbanking activity or terminate its ownership or control of any nonbank subsidiary, when it has reasonable cause to believe that continuation of such activity or such ownership or control constitutes a serious risk to the financial safety, soundness, or stability of any bank subsidiary of that bank holding company.

Source of Strength Obligations. A bank holding company is required to act as a source of financial and managerial strength to its subsidiary bank and to maintain resources adequate to support its bank. The term "source of financial strength" means the ability of a company, such as us, that directly or indirectly owns or controls an insured depository institution, such as the Bank, to provide financial assistance to such insured depository institution in the event of financial distress. The appropriate federal banking agency for the depository institution (in the case of the Bank, this agency is the OCC) may require reports from us to assess our ability to serve as a source of strength and to enforce compliance with the source of strength requirements by requiring us to provide financial assistance to the Bank in the event of financial distress. If we were to enter bankruptcy or become subject to the orderly liquidation process established by the Dodd-Frank Act, any commitment by us to a federal bank regulatory agency to maintain the capital of the Bank would be assumed by the bankruptcy trustee or the FDIC, as appropriate, and entitled to a priority of payment.

Acquisitions. The BHC Act permits acquisitions of banks by bank holding companies, such that we and any other bank holding company, whether located in Wisconsin or elsewhere, may acquire a bank located in any other state, subject to certain deposit-percentage, age of bank charter requirements, and other restrictions. The BHC Act requires that a bank holding company obtain the prior approval of the Federal Reserve before (i) acquiring direct or indirect ownership or control of more than 5% of the voting shares of any additional bank or bank holding company, (ii) taking any action that causes an additional bank or bank holding company to become a subsidiary of the bank holding company, or (iii) merging or consolidating with any other bank holding company. The Federal Reserve may not approve any such transaction that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any section of the United States, or the effect of which may be substantially to lessen competition or to tend to create a monopoly in any section of the country, or that in any other manner would be in restraint of trade, unless the anticompetitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider: (1) the financial and managerial resources of the companies involved, including pro forma capital ratios; (2) the risk to the stability of the United States banking or financial system; (3) the convenience and needs of the communities to be served, including performance under the Community Reinvestment Act ("CRA"); and (4) the effectiveness of the companies in combatting money laundering.

Change in Control. Federal law restricts the amount of voting stock of a bank holding company or a bank that a person may acquire without the prior approval of banking regulators. Under the Change in Bank Control Act and the regulations thereunder, a person or group must give advance notice to the Federal Reserve before acquiring control of any bank holding company, such as the Company, and the OCC before acquiring control of any national bank, such as the Bank. Upon receipt of such notice, the bank regulatory agencies may approve or disapprove the acquisition. The Change in Bank Control Act creates a rebuttable presumption of control if a person or group acquires the power to vote 10% or more of our outstanding common stock. The overall effect of such laws is to make it more difficult to acquire a bank holding company and a bank by tender offer or similar means than it might be to acquire control of another type of corporation. Consequently, shareholders of the Company may be less likely to benefit from the rapid increases in stock prices that may result from tender offers or similar efforts to acquire control of other companies. Investors should be aware of these requirements when acquiring shares of our stock.

Governance and Financial Reporting Obligations. We are required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, as well as rules and regulations adopted by the SEC, the Public Company Accounting Oversight Board (“PCAOB”), and Nasdaq. In particular, we are required to include management and independent registered public accounting firm reports on internal controls as part of our Annual Report on Form 10- K in order to comply with Section 404 of the Sarbanes-Oxley Act. We have evaluated our controls, including compliance with the SEC rules on internal controls, and have and expect to continue to spend significant amounts of time and money on compliance with these rules. Our failure to comply with these internal control rules may materially adversely affect our reputation, ability to obtain the necessary certifications to financial statements, and the values of our securities. The assessments of our financial reporting controls as of December 31, 2024 are included in this report under “Item 9A. Controls and Procedures.”

Corporate Governance. The Dodd-Frank Act addresses many investor protections, corporate governance, and executive compensation matters that will affect most U.S. publicly traded companies. The Dodd-Frank Act (1) grants shareholders of U.S. publicly traded companies an advisory vote on executive compensation; (2) enhances independence requirements for Compensation Committee members; and (3) requires companies listed on national securities exchanges to adopt incentive-based compensation claw-back policies for executive officers.

Incentive Compensation. The Dodd-Frank Act required the banking agencies and the SEC to establish joint rules or guidelines for financial institutions with more than $1 billion in assets, such as us and the Bank, which prohibit incentive compensation arrangements that the agencies determine to encourage inappropriate risks by the institution. The banking agencies issued proposed rules in 2011 and previously issued guidance on sound incentive compensation policies. In 2016, the Federal Reserve and the OCC also proposed rules that would, depending upon the assets of the institution, directly regulate incentive compensation arrangements and would require enhanced oversight and recordkeeping. As of December 31, 2024, these rules have not been implemented. We and the Bank have undertaken efforts to ensure that our incentive compensation plans do not encourage inappropriate risks, consistent with three key principles— that incentive compensation arrangements should appropriately balance risk and financial rewards, be compatible with effective controls and risk management, and be supported by strong corporate governance.

Shareholder Say-On-Pay Votes. The Dodd-Frank Act requires public companies to take shareholders' votes on proposals addressing compensation (known as say-on-pay), the frequency of a say-on-pay vote, and the golden parachutes available to executives in connection with change-in-control transactions. Public companies must give shareholders the opportunity to vote on the compensation at least every three years and the opportunity to vote on frequency at least every six years, indicating whether the say-on-pay vote should be held annually, biennially, or triennially. The say-on-pay, the say-on-parachute and the say-on-frequency votes are explicitly nonbinding and cannot override a decision of our board of directors.

Other Regulatory Matters. We and our subsidiaries are subject to oversight by the SEC, the Financial Industry Regulatory Authority ("FINRA"), the PCAOB, Nasdaq and various state securities regulators. We and our subsidiaries have from time to time received requests for information from regulatory authorities in various states, including state attorneys general, securities regulators and other regulatory authorities, concerning our business practices. Such requests are considered incidental to the normal conduct of business.

Capital Requirements

The Company and Bank are required under federal law to maintain certain minimum capital levels based on ratios of capital to total assets and capital to risk-weighted assets. The required capital ratios are minimums, and the federal banking agencies may determine that a banking organization, based on its size, complexity or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner. Risks such as concentration of credit risks and the risks arising from non-traditional activities, as well as the institution's exposure to a decline in the economic value of its capital due to changes in interest rates, and an institution's ability to manage those risks are important factors that are to be taken into account by the federal banking agencies in assessing an institution's overall capital adequacy. The following is a brief description of the relevant provisions of these capital rules and their potential impact on our capital levels.

The Company and Bank are subject to the following risk-based capital ratios: a common equity Tier 1 ("CET1") risk-based capital ratio, a Tier 1 risk-based capital ratio, which includes CET1 and additional Tier 1 capital, and a total capital ratio, which includes Tier 1 and Tier 2 capital. CET1 is primarily comprised of the sum of common stock instruments and related surplus net of treasury stock, retained earnings, and certain qualifying minority interests, less certain adjustments and deductions, including with respect to goodwill, intangible assets, mortgage servicing assets and deferred tax assets subject to temporary timing differences. Additional Tier 1 capital is primarily comprised of noncumulative perpetual preferred stock, tier 1 minority interests and grandfathered trust preferred securities. Tier 2 capital consists of instruments disqualified from Tier 1 capital, including qualifying subordinated debt, other preferred stock and certain hybrid capital instruments, and a limited amount of loan loss reserves up to a maximum of 1.25% of risk-weighted assets, subject to certain eligibility criteria. The capital rules also define the risk-weights assigned to assets and off-balance sheet items to determine the risk-weighted asset components of the risk-based capital rules, including, for example, certain "high volatility" commercial real estate, past due assets, structured securities and equity holdings.

The leverage capital ratio, which serves as a minimum capital standard, is the ratio of Tier 1 capital to quarterly average assets net of goodwill, certain other intangible assets, and certain required deduction items. The required minimum leverage ratio for all banks is 4.0%.

In addition, the capital rules require a capital conservation buffer of CET1 of 2.5% above each of the minimum risk-based capital ratio requirements (CET1, Tier 1, and total risk-based capital), which is designed to absorb losses during periods of economic stress. These buffer requirements must be met for a bank to be able to pay dividends, engage in share buybacks or make discretionary bonus payments to executive management without restriction.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”), among other things, requires the federal bank regulatory agencies to take “prompt corrective action” regarding depository institutions that do not meet minimum capital requirements. FDICIA establishes five regulatory capital tiers: “well capitalized”, “adequately capitalized”, “undercapitalized”, “significantly undercapitalized”, and “critically undercapitalized”. A depository institution’s capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation. FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized.

To be well-capitalized, the Company and Bank must maintain at least the following capital ratios:

- 6.5% CET1 to risk-weighted assets;
- 8.0% Tier 1 capital to risk-weighted assets;
- 10.0% Total capital to risk-weighted assets; and
- 5.0% leverage ratio.

Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on our operations or financial condition. For example, only a well-capitalized depository institution may accept brokered deposits without prior regulatory approval. Failure to be well-capitalized or to meet minimum capital requirements could also result in restrictions on the Bank’s ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications or other restrictions on its growth. The Bank was well capitalized at December 31, 2024, and brokered deposits are not restricted.

In 2024, the Company and Bank’s regulatory capital ratios were above the applicable well-capitalized standards and met the then-applicable capital conservation buffer. Based on current estimates, we believe that the Company and Bank will continue to exceed all applicable well-capitalized regulatory capital requirements and the capital conservation buffer in 2025.

The Economic Growth, Regulatory Relief, and Consumer Protection Act (the “Economic Growth Act”) signed into law in May 2018 scaled back certain requirements of the Dodd-Frank Act and provided other regulatory relief. Among the provisions of the Economic Growth Act was a requirement that the Federal Reserve raise the asset threshold for those bank holding companies subject to the Federal Reserve’s Small Bank Holding Company Policy Statement (“Policy Statement”) to $3 billion. As a result, as of the effective date of that change in 2018, the Company was no longer required to comply with the risk-based capital rules applicable to the Bank. The Company crossed above the $3 billion threshold during the third quarter of 2022 and is now required to adhere to these capital rules.

As a result of the Economic Growth Act, the federal banking agencies were also required to develop a “Community Bank Leverage Ratio” (the ratio of a bank’s Tier 1 capital to average total consolidated assets) for financial institutions with assets of less than $10 billion. A “qualifying community bank” that exceeds this ratio will be deemed to be in compliance with all other capital and leverage requirements, including the capital requirements to be considered “well capitalized” under prompt corrective action statutes. The federal banking agencies may consider a financial institutions risk profile when evaluation whether it qualifies as a community bank for purposes of the capital ratio requirement. The federal banking agencies set the minimum capital for the new Community Bank Leverage Ratio at 9%. The Bank does not intend to opt into the Community Bank Leverage Ratio Framework.

On December 21, 2018, federal banking agencies issued a joint final rule to revise their regulatory capital rules to (i) address the upcoming implementation of the “current expected credit losses” (“CECL”) accounting standard under GAAP; (ii) provide an optional three-year phase-in period for the day-one adverse regulatory capital effects that banking organizations are expected to experience upon adopting CECL; and (iii) require the use of CECL in stress tests beginning with the 2020 capital planning and stress testing cycle for certain banking organizations. For more information regarding Accounting Standards Update No. 2016-13, which introduced CECL as the methodology to replace the current "incurred loss" methodology for financial assets measured at amortized cost, and changed the approaches for recognizing and recording credit losses on available-for-sale debt securities and purchased credit impaired financial assets, including the required implementation date for the Company, see the notes to the Company's consolidated financial statements for the year ended December 31, 2024.

Payment of Dividends

We are a legal entity separate and distinct from the Bank and our other subsidiaries. Our primary source of cash, other than securities offerings, is dividends from the Bank. The prior approval of the OCC is required if the total of all dividends declared by a national bank (such as the Bank) in any calendar year will exceed the sum of such bank's net profits for that year and its retained net profits for the preceding two calendar years, less any required transfers to surplus. Federal law also prohibits any national bank from paying dividends that would be greater than such bank's undivided profits after deducting statutory bad debts in excess of such bank's allowance for possible credit losses.

In addition, we and the Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal bank regulatory authority may prohibit the payment of dividends where it has determined that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. The OCC and the Federal Reserve have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsound and unsafe banking practice. The OCC and the Federal Reserve have each indicated that depository institutions and their holding companies should generally pay dividends only out of current operating earnings.

Under a Federal Reserve policy adopted in 2009, the board of directors of a bank holding company must consider different factors to ensure that its dividend level is prudent relative to maintaining a strong financial position, and is not based on overly optimistic earnings scenarios, such as potential events that could affect its ability to pay, while still maintaining a strong financial position. As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should consult with the Federal Reserve and eliminate, defer or significantly reduce the bank holding company's dividends if:

- its net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;

- its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or

- it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

Regulation of the Bank

As a national bank, our primary bank subsidiary, Bank First, N.A., is subject to comprehensive supervision and regulation by the OCC and is subject to its regulatory reporting requirements. The deposits of the Bank are insured by the FDIC up to applicable limits and, accordingly, the Bank is also subject to certain FDIC regulations and the FDIC has backup examination authority and some enforcement powers over the Bank. The Bank also is subject to certain Federal Reserve regulations.

In addition, as discussed in more detail below, the Bank and any other of our subsidiaries that offer consumer financial products and services are subject to regulation and potential supervision by the Consumer Financial Protection Bureau ("CFPB"). Authority to supervise and examine the Company and the Bank for compliance with federal consumer laws remains largely with the Federal Reserve and the OCC, respectively. However, the CFPB may participate in examinations on a "sampling basis" and may refer potential enforcement actions against such institutions to their primary regulators. The CFPB also may participate in examinations of our other direct or indirect subsidiaries that offer consumer financial products or services. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB, and state attorneys general are permitted to enforce certain federal consumer financial protection rules adopted by the CFPB. As the Company and the Bank each had less than $10 billion in consolidated assets in 2024, they are not subject to the routine supervision of the CFPB, but this may change in the future as the Company and the Bank grow.

Broadly, regulations applicable to the Bank include limitations on loans to a single borrower and to its directors, officers and employees; restrictions on the opening and closing of branch offices; the maintenance of required capital and liquidity ratios; the granting of credit under equal and fair conditions; the disclosure of the costs and terms of such credit; requirements to maintain reserves against deposits and loans; limitations on the types of investment that may be made by the Bank; and requirements governing risk management practices. The Bank is permitted under federal law to branch on a de novo basis across state lines where the laws of that state would permit a bank chartered by that state to open a de novo branch.

Transactions with Affiliates and Insiders. The Bank is subject to restrictions on extensions of credit and certain other transactions between the Bank and the Company or any nonbank affiliate. Generally, these covered transactions with either the Company or any affiliate are limited to 10% of the Bank's capital and surplus, and all such transactions between the Bank and the Company and all of its nonbank affiliates combined are limited to 20% of the Bank's capital and surplus. Loans and other extensions of credit from the Bank to the Company or any affiliate generally are required to be secured by eligible collateral in specified amounts. In addition, any transaction between the Bank and the Company or any affiliate are required to be on an arm's length basis. Federal banking laws also place similar restrictions on certain extensions of credit by insured banks, such as the Bank, to their directors, executive officers and principal shareholders.

Reserves. Historically, Federal Reserve rules required depository institutions, such as the Bank, to maintain reserves against their transaction accounts, primarily interest bearing and noninterest-bearing checking accounts. The Federal Reserve announced that reserve requirement ratios were reduced to zero percent effective March 26, 2020. This action eliminated reserve requirements for all depository institutions.

FDIC Insurance Assessments and Depositor Preference. The Bank's deposits are insured by the FDIC's DIF up to the limits under applicable law, which currently are set at $250,000 per depositor, per insured bank, for each account ownership category. The Bank is subject to FDIC assessments for its deposit insurance. The FDIC calculates quarterly deposit insurance assessments based on an institution's average total consolidated assets less its average tangible equity, and applies one of four risk categories determined by reference to its capital levels, supervisory ratings, and certain other factors. The assessment rate schedule can change from time to time, at the discretion of the FDIC, subject to certain limits.

Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency. In addition, the Federal Deposit Insurance Act provides that, in the event of the liquidation or other resolution of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution, including those of the parent bank holding company.

In October of 2022, the FDIC adopted a final rule to increase the initial base deposit insurance assessment rate by 2 basis points, applicable to all insured depository institutions, which began with the first quarterly assessment period in 2023 and will remain in effect until the level of the DIF reserve ratios to insured deposits meets the FDIC's long-term goals.

Standards for Safety and Soundness. The Federal Deposit Insurance Act requires the federal bank regulatory agencies to prescribe, by regulation or guideline, operational and managerial standards for all insured depository institutions relating to: (1) internal controls; (2) information systems and audit systems; (3) loan documentation; (4) credit underwriting; (5) interest rate risk exposure; and (6) asset quality. The federal banking agencies have adopted regulations and Interagency Guidelines Establishing Standards for Safety and Soundness to implement these required standards. These guidelines set forth the safety and soundness standards used to identify and address problems at insured depository institutions before capital becomes impaired. Under the regulations, if a regulator determines that a bank fails to meet any standards prescribed by the guidelines, the regulator may require the bank to submit an acceptable plan to achieve compliance, consistent with deadlines for the submission and review of such safety and soundness compliance plans.

Anti-Money Laundering. A continued focus of governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing. The USA PATRIOT Act broadened the application of anti-money laundering regulations to apply to additional types of financial institutions such as broker-dealers, investment advisors and insurance companies, and strengthened the ability of the U.S. government to help prevent, detect and prosecute international money laundering and the financing of terrorism. The principal provisions of Title III of the USA PATRIOT Act require that regulated financial institutions: (i) establish an anti-money laundering program that includes training and audit components; (ii) comply with regulations regarding the verification of the identity of any person seeking to open an account; (iii) take additional required precautions with non-U.S. owned accounts; and (iv) perform certain verification and certification of money laundering risk for their foreign correspondent banking relationships. Failure of a financial institution to comply with the USA PATRIOT Act's requirements could have serious legal and reputational consequences for the institution. The Bank has augmented its systems and procedures to meet the requirements of these regulations and will continue to revise and update its policies, procedures and controls to reflect changes required by law.

FinCEN has adopted rules that require financial institutions to obtain beneficial ownership information with respect to legal entities with which such institutions conduct business, subject to certain exclusions and exemptions. Bank regulators are focusing their examinations on anti-money laundering compliance, and we continue to monitor and augment, where necessary, our anti-money laundering compliance programs.

Banking regulators will consider compliance with the Act's money laundering provisions in acting upon merger and acquisition proposals.

Bank regulators routinely examine institutions for compliance with these anti-money laundering obligations and recently have been active in imposing “cease-and-desist” and other regulatory orders and money penalty sanctions against institutions found to be in violation of these requirements. Sanctions for violations of the Act can be imposed in an amount equal to twice the sum involved in the violating transaction, up to $1 million. On January 1, 2021, Congress passed federal legislation that made sweeping changes to federal anti-money laundering laws, subject to pending implementation by regulatory rulemaking. Most recently, on June 30, 2021, FinCEN published the first set of “national AML priorities,” as required by the Bank Secrecy Act, which include, but are not limited to, cybercrime, terrorist financing, fraud, and drug/human trafficking. FinCEN is required to implement regulations to specify how covered financial institutions, such as the Company, should incorporate these national priorities into their AML programs.

Economic Sanctions. The Office of Foreign Assets Control (“OFAC”) is responsible for helping to ensure that U.S. entities do not engage in transactions with certain prohibited parties, as defined by various Executive Orders and acts of Congress. OFAC publishes, and routinely updates, lists of names of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, including the Specially Designated Nationals and Blocked Persons List. If we find a name on any transaction, account or wire transfer that is on an OFAC list, we must undertake certain specified activities, which could include blocking or freezing the account or transaction requested, and we must notify the appropriate authorities.

Concentrations in Lending. During 2006, the federal bank regulatory agencies released guidance on “Concentrations in Commercial Real Estate Lending” (the “Guidance”) and advised financial institutions of the risks posed by commercial real estate (“CRE”) lending concentrations. The Guidance requires that appropriate processes be in place to identify, monitor and control risks associated with real estate lending concentrations. Higher allowances for credit losses and capital levels may also be required. The Guidance is triggered when CRE loan concentrations exceed either:

- Total reported loans for construction, land development, and other land of 100% or more of a bank’s total risk-based capital; or
- Total reported loans secured by multifamily and nonfarm nonresidential properties and loans for construction, land development, and other land of 300% or more of a bank’s total risk-based capital.

The Guidance also applies when a bank has a sharp increase in CRE loans or has significant concentrations of CRE secured by a particular property type. See Item 1A. Risk Factors -- *We are subject to lending concentration risk, which could cause our regulators to restrict our ability to grow* – for a discussion of our risks regarding CRE exposure.

Community Reinvestment Act. The Bank is subject to the provisions of the CRA, which imposes a continuing and affirmative obligation, consistent with their safe and sound operation, to help meet the credit needs of entire communities where the Bank accepts deposits, including low- and moderate-income neighborhoods. The OCC's assessment of the Bank's CRA record is made available to the public. Further, a less than satisfactory CRA rating will slow, if not preclude, expansion of banking activities. Following the enactment of the Gramm-Leach-Bliley Act ("GLB"), CRA agreements with private parties must be disclosed and annual CRA reports must be made to a bank's primary federal regulator. Federal CRA regulations require, among other things, that evidence of discrimination against applicants on a prohibited basis, and illegal or abusive lending practices be considered in the CRA evaluation. In May 2020, the OCC issued new final regulations meant to strengthen and modernize the CRA regulations, with an effective date of October 1, 2020. However, on December 14, 2021, the OCC issued a final rule rescinding its 2020 CRA Rule and replacing it with a rule based largely on the prior rules adopted jointly by the federal banking agencies in 1995. The Bank had a rating of "Outstanding" in its most recent CRA evaluation.

On October 24, 2023, the Office of the Comptroller of the Currency ("OCC"), Federal Reserve, and FDIC issued a final rule to modernize their respective CRA regulations. The revised rules substantially alter the methodology for assessing compliance with the CRA, with material aspects taking effect January 1, 2026, and revised data reporting requirements taking effect January 1, 2027. Among other things, the revised rules evaluate lending outside traditional assessment areas generated by the growth of non-branch delivery systems, such as online and mobile banking, apply a metrics-based benchmarking approach to assessment, and clarify eligible CRA activities. The final rules were challenged in federal court and a preliminary injunction was granted in March 2024 enjoining implementation of the rules. The effective dates will be extended for each day the injunction remains in place, pending the resolution of the lawsuit. If the final rules are reinstated, they are likely to make it more challenging and/or costly for the Bank to receive a rating of at least "satisfactory" on its CRA exam.

Privacy and Data Security. The GLB generally prohibits disclosure of consumer information to non-affiliated third parties unless the consumer has been given the opportunity to object and has not objected to such disclosure. Financial institutions are further required to disclose their privacy policies to customers annually. Financial institutions, however, will be required to comply with state law if it is more protective of consumer privacy than the GLB. The GLB also directed federal regulators, including the FDIC and the OCC, to prescribe standards for the security of consumer information. The Bank is subject to such standards, as well as standards for notifying customers in the event of a security breach. Under federal law, the Bank must disclose its privacy policy to consumers, permit customers to opt out of having nonpublic customer information disclosed to third parties in certain circumstances, and allow customers to opt out of receiving marketing solicitations based on information about the customer received from another subsidiary. States may adopt more extensive privacy protections. We are similarly required to have an information security program to safeguard the confidentiality and security of customer information and to ensure proper disposal. Customers must be notified when unauthorized disclosure involves sensitive customer information that may be misused. The federal banking agencies additionally require banks to notify their regulators within 36 hours of a "computer-security incident" that rises to the level of a "notification incident." The SEC has also adopted rules requiring registrants such as the Bank to disclose material cybersecurity incidents they experience and to disclose on an annual basis material information regarding their cybersecurity risk management, strategy and governance. *See* Item 1C for further discussion of the Bank's processes for assessing, identifying and managing materials risks from cybersecurity threats.

Furthermore, the federal banking regulators regularly issue guidance regarding cybersecurity intended to enhance cyber risk management. A financial institution is expected to implement multiple lines of defense against cyberattacks and ensure that their risk management procedures address the risk posed by potential cyber threats. A financial institution is further expected to maintain procedures to effectively respond to a cyberattack and resume operations following any such attack. The Company has adopted and implemented an Information Security Program to comply with the regulatory cybersecurity guidance.

Consumer Regulation. Activities of the Bank are subject to a variety of statutes and regulations designed to protect consumers. These laws and regulations include, among numerous other things, provisions that:

- limit the interest and other charges collected or contracted for by the Bank, including new rules respecting the terms of credit cards and of debit card overdrafts;
- govern the Bank's disclosures of credit terms to consumer borrowers;
- require the Bank to provide information to enable the public and public officials to determine whether it is fulfilling its obligation to help meet the housing needs of the community it serves;
- prohibit the Bank from discriminating on the basis of race, creed or other prohibited factors when it makes decisions to extend credit;
- govern the manner in which the Bank may collect consumer debts; and
- prohibit unfair, deceptive or abusive acts or practices in the provision of consumer financial products and services.

Mortgage Regulation. The CFPB adopted a rule that implements the ability-to-repay and qualified mortgage provisions of the Dodd-Frank Act (the "ATR/QM rule"), which requires lenders to consider, among other things, income, employment status, assets, payment amounts, and credit history before approving a mortgage, and provides a compliance "safe harbor" for lenders that issue certain "qualified mortgages." The ATR/QM rule defines a "qualified mortgage" to have certain specified characteristics, and generally prohibit loans with negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years from being qualified mortgages. The rule also establishes general underwriting criteria for qualified mortgages, including that monthly payments be calculated based on the highest payment that will apply in the first five years of the loan and that the borrower has a total debt-to-income ratio that is less than or equal to 43%. While "qualified mortgages" will generally be afforded safe harbor status, a rebuttable presumption of compliance with the ability-to-repay requirements will attach to "qualified mortgages" that are "higher priced mortgages" (which are generally subprime loans). In addition, the securitizer of asset-backed securities must retain not less than 5 percent of the credit risk of the assets collateralizing the asset-backed securities, unless subject to an exemption for asset-backed securities that are collateralized exclusively by residential mortgages that qualify as "qualified residential mortgages."

The CFPB has also issued rules to implement requirements of the Dodd-Frank Act pertaining to mortgage loan origination (including with respect to loan originator compensation and loan originator qualifications) as well as integrated mortgage disclosure rules. In addition, the CFPB has issued rules that require servicers to comply with new standards and practices with regard to: error correction; information disclosure; force-placement of insurance; information management policies and procedures; requiring information about mortgage loss mitigation options be provided to delinquent borrowers; providing delinquent borrowers access to servicer personnel with continuity of contact about the borrower's mortgage loan account; and evaluating borrowers' applications for available loss mitigation options. These rules also address initial rate adjustment notices for adjustable-rate mortgages (ARMs), periodic statements for residential mortgage loans, and prompt crediting of mortgage payments and response to requests for payoff amounts.

In 2020, the CARES Act granted certain forbearance rights and protection against foreclosure to borrowers with a "federally backed mortgage loan," including certain first or subordinate lien loans designed principally for the occupancy of one to four families. These consumer protections under the CARES Act continued during the COVID 19 pandemic emergency, and while most of these protections expired in 2022, on January 18, 2023, in its revised Mortgage Servicing Examination Procedures, the CFPB stated it expected servicers to continue to utilize these safeguards, regardless of their expiration.

Non-Discrimination Policies. The Bank is also subject to, among other things, the provisions of the Equal Credit Opportunity Act ("ECOA") and the Fair Housing Act ("FHA"), both of which prohibit discrimination based on race or color, religion, national origin, sex, and familial status in any aspect of a consumer or commercial credit or residential real estate transaction. The Department of Justice ("DOJ"), and the federal bank regulatory agencies have issued an Interagency Policy Statement on Discrimination in Lending that provides guidance to financial institutions in determining whether discrimination exists, how the agencies will respond to lending discrimination, and what steps lenders might take to prevent discriminatory lending practices. The DOJ has increased its efforts to prosecute what it regards as violations of the ECOA and FHA.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Form 10-K, you should carefully consider the risks described below, as well as the risk factors and uncertainties discussed in our other public filings with the SEC under the caption "Risk Factors" in evaluating us and our business and making or continuing an investment in our stock. Our operations and financial results are subject to various risks and uncertainties, including, but not limited, to the material risks described below. Many of these risks are beyond our control although efforts are made to manage those risks while simultaneously optimizing operational and financial results. The occurrence of any of the following risks, as well as risks of which we are currently unaware or currently deem immaterial, could materially and adversely affect our assets, business, cash flows, condition (financial or otherwise), liquidity, prospects, results of operations and the trading price of our common stock. It is impossible to predict or identify all such factors and, as a result, you should not consider the following factors to be a complete discussion of the risks, uncertainties and assumptions that could materially and adversely affect our assets, business, cash flows, condition (financial or otherwise), liquidity, prospects, results of operations and the trading price of our common stock.

In addition, certain statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements” beginning on page 1 of this Annual Report on Form 10- K.

Risks related to our business

Difficult or volatile conditions in the national financial markets, and the U.S. economy generally, may adversely affect our lending activity or other businesses, as well as our financial condition.

We are operating in an uncertain economic environment. Our business and financial performance are vulnerable to weak economic conditions in the financial markets generally and specifically in the state of Wisconsin, the principal market in which we conduct business. A deterioration in economic conditions in the global and financial markets as well as our primary market areas caused by inflation, recession, pandemics, outbreaks of hostilities or other international or domestic occurrences, unemployment, trade policies and tariffs, plant or business closings or downsizing, changes in securities markets or other factors could result in the following consequences, any of which could materially and adversely affect our business: increased loan delinquencies; problem assets and foreclosures; significant write-downs of asset values; lower demand for our products and services; reduced low cost or noninterest-bearing deposits; intangible asset impairment; and collateral for loans made by us, especially real estate, may decline in value, in turn reducing our customers’ ability to repay outstanding loans, and reducing the value of assets and collateral associated with our existing loans. In addition, regulatory scrutiny of the industry has increased and could continue to increase, leading to increased regulation of the industry that could lead to a higher cost of compliance, limit our ability to pursue business opportunities and increase our exposure to litigation or fines.

Additionally, all of our operating locations are within the state of Wisconsin, and a significant majority of our loans and deposits are made to borrowers or received from depositors who live and/or primarily conduct business in Wisconsin. Therefore, our success will depend in large part upon the general economic conditions in this area, which we cannot predict with certainty. This geographic concentration imposes risks from lack of geographic diversification, as adverse economic developments in Wisconsin, among other things, could affect the volume of loan originations, increase the level of nonperforming assets, increase the rate of foreclosure losses on loans and reduce the value of our loans and loan servicing portfolio. Any regional or local economic downturn that affects Wisconsin or existing or prospective borrowers or property values in such areas may affect us and our profitability more significantly and adversely than our competitors whose operations are less geographically concentrated.

Moreover, the financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict or trade wars. Sanctions or tariffs imposed by the United States and other countries in response to such conflict could further adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability.

Changes in interest rates may have an adverse effect on our net interest income.

Net interest income, which is the difference between the interest income that we earn on interest-earning assets and the interest expense that we pay on interest-bearing liabilities, is a major component of our income and our primary source of revenue from our operations. Narrowing of interest rate spreads could adversely affect our earnings and financial condition. We cannot control or predict with certainty changes in interest rates. Regional and local economic conditions, competitive pressures, and the policies of regulatory authorities, including monetary policies of the Federal Reserve Board ("FRB"), affect interest income and interest expense.

Beginning in early 2022, in response to growing signs of inflation, the FRB increased interest rates rapidly and made a number of adjustments to monetary policy and liquidity, including quantitative tightening and other balance sheet actions. Beginning in the third quarter of 2024, the FRB began slowly decreasing interest rates, with future interest rate changes, either increases or decreases uncertain, and dependent on the Federal Reserve's assessment of economic conditions and inflation. Further, the FRB has increased the benchmark rapidly and has announced an intention to take further actions to mitigate rising inflationary pressures. Rising interest rates can have a negative impact on our business by reducing the amount of money our clients borrow or by adversely affecting their ability to repay outstanding loan balances that may increase due to adjustments in their variable rates. In addition, as interest rates rise, we may have to offer more attractive interest rates to depositors to compete for deposits, or pursue other sources of liquidity, such as wholesale funds.

On the other hand, decreasing interest rates reduce our yield on our variable rate loans and on our new loans, which reduces our net interest income. In addition, lower interest rates may reduce our realized yields on investment securities which would reduce our net interest income and cause downward pressure on net interest margin in future periods. A significant reduction in our net interest income could have a material adverse impact on our capital, financial condition and results of operations.

We are unable to predict changes in interest rates, which are affected by factors beyond our control, including inflation, deflation, recession, unemployment, money supply, and other changes in financial markets. We have ongoing policies and procedures designed to manage the risks associated with changes in market interest rates and actively manage these risks through hedging and other risk mitigation strategies. However, if our assumptions are wrong or overall economic conditions are significantly different than anticipated, our risk mitigation techniques may be ineffective or costly.

Changes in interest rates may change the value of our mortgage servicing rights portfolio, which may increase the volatility of our earnings.

A mortgage servicing right is the right to service a mortgage loan - collect principal, interest and escrow amounts - for a fee. We measure and carry our residential mortgage servicing rights using the fair value measurement method. Fair value is determined as the present value of estimated future net servicing income, calculated based on a number of variables, including assumptions about the likelihood of prepayment by borrowers. The primary risk associated with mortgage servicing rights is that in a declining interest rate environment, they will likely lose a substantial portion of their value as a result of higher than anticipated prepayments. Moreover, if prepayments are greater than expected, the cash we receive over the life of the mortgage loans would be reduced. Conversely, these assets generally increase in value in a rising interest rate environment to the extent that prepayments are slower than previously estimated. An increase in the size of our mortgage servicing rights portfolio may increase our interest rate risk. Depending on the interest rate environment, it is possible that the fair value of our mortgage servicing rights may be reduced in the future. If such changes in fair value significantly reduce the carrying value of our mortgage servicing rights, our business, financial condition and results of operations could be adversely affected.

Inflation could negatively impact our business, our profitability and our stock price.

Inflation continued rising in the fourth quarter of 2024, and inflationary pressures may remain elevated into 2025. Prolonged periods of inflation may impact our profitability by negatively impacting our fixed costs and expenses, including increasing funding costs and expense related to talent acquisition and retention, and negatively impacting the demand for our products and services. Additionally, inflation may lead to a decrease in consumer and clients' purchasing power and negatively affect the need or demand for our products and services. If significant inflation continues, our business could be negatively affected by, among other things, increased default rates leading to credit losses which could decrease our appetite for new credit extensions. These inflationary pressures could result in missed earnings and budgetary projections causing our stock price to suffer.

Changes in the cost and availability of funding due to changes in the deposit market and credit market may adversely affect our capital resources, liquidity, and financial results.

In managing our consolidated balance sheets, we depend on access to a variety of sources of funding to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, and to accommodate the transaction and cash management needs of our clients. In addition to core deposits, sources of funding available to us and upon which we rely as regular components of our liquidity and funding management strategy, include borrowings from the Federal Home Loan Bank ("FHLB") and brokered deposits. In general, the amount, type, and cost of our funding, including from other financial institutions, the capital markets, and deposits, directly impacts our costs of operating our business and growing our assets and can therefore positively or negatively affect our financial results. A number of factors could make funding more difficult, more expensive, or unavailable on any terms, including, but not limited to, a downgrade in our credit ratings, financial results, changes within our organization, specific events that adversely impact our reputation, disruptions in the capital markets, specific events that adversely impact the financial services industry, counterparty availability, recently proposed changes to the FHLB system, changes affecting our assets, the corporate and regulatory structure, interest rate fluctuations, general economic conditions, and the legal, regulatory, accounting and tax environments governing our funding transactions. Also, we compete for funding with other banks and similar companies, many of which are substantially larger, and have more capital and other resources.

In addition to bank level liquidity management, we must manage liquidity at holding company for various needs including potential capital infusions into subsidiaries, the servicing of debt, the payment of dividends on our common stock, and share repurchases. The primary source of liquidity for us consists of dividends from the Bank which are governed by certain rules and regulations of our supervising agencies. Bank First's ability to receive dividends from the Bank in future periods will depend on a number of factors, including, without limitation, the Bank's future profits, asset quality, liquidity, and overall condition. If Bank First does not receive dividends from the Bank as needed, its liquidity could be adversely affected, and it may not be able to continue to execute its current capital plan to return capital to its shareholders. In addition to dividends from the Bank, we have historically had access to a number of alternative sources of liquidity, including the capital markets, but there is no assurance that we will be able to obtain such liquidity on terms that are favorable to us, or at all. If our access to these traditional and alternative sources of liquidity is diminished or only available on unfavorable terms, then our overall liquidity and financial condition will be adversely affected.

If the Bank loses or is unable to grow and retain its deposits, it may be subject to liquidity risk and higher funding costs.

The total amount that we pay for funding costs is dependent, in part, on the Bank's ability to grow and retain its deposits. If the Bank is unable to sufficiently grow and retain its deposits at competitive rates to meet liquidity needs, it may be subject to paying higher funding costs to meet these liquidity needs.

The Bank competes with banks and other financial services companies for deposits. As a result of monetary policy and the broader market for interest rates and funding, we were required to raise rates on our deposits to keep pace with our competition. Furthermore, if the Bank were to lose deposits, it must rely on more expensive sources of funding. This could result in a failure to maintain adequate liquidity and higher funding costs, reducing our net interest margin and net interest income. In addition, our access to deposits may be affected by the liquidity needs of our depositors. In particular, a substantial majority of our liabilities in 2024 were checking accounts and other liquid deposits, which are payable on demand or upon several days' notice, while by comparison, a substantial majority of our assets were loans, which cannot be called or sold in the same time frame. Moreover, our clients could withdraw their deposits in favor of alternative investments. While we have historically been able to replace maturing deposits and advances as necessary, we may not be able to replace such funds in the future, especially if a large number of our depositors seek to withdraw their accounts, regardless of the reason.

Our provision and allowance for credit losses may not be adequate to cover actual credit losses.

We make various assumptions and judgments about the collectability of our loan and lease portfolio and utilize these assumptions and judgments when determining the provision and allowance for credit losses. The determination of the appropriate level of the provision for credit losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes, as we have experienced. Deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the amount reserved in the allowance for credit losses. Due to the declining economic conditions, our customers may not be able to repay their loans according to the original terms, and the collateral securing the payment of those loans may be insufficient to pay any remaining loan balance. While we maintain our allowance to provide for loan defaults and non-performance, losses may exceed the value of the collateral securing the loans and the allowance may not fully cover any excess loss. In addition, bank regulatory agencies periodically review our provision and the total allowance for credit losses and may require an increase in the allowance for credit losses or future provisions for credit losses, based on judgments different than those of management. Any increases in the provision or allowance for credit losses will result in a decrease in our net income and, potentially, capital, and may have a material adverse effect on our financial condition or results of operations. In addition, we expect that the allowance for credit losses under the CECL standard to be more volatile and as such could have an impact on our results of operations. For a discussion of changes in accounting standards and regulatory capital implications, see “Business—Supervision and Regulation—Capital Requirements.”

If we do not effectively manage our asset quality and credit risk, we could experience credit losses.

Making any loan involves various risks, including risks inherent in dealing with individual borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and cash flows available to service debt, and risks resulting from changes in economic and market conditions. Our credit risk approval and monitoring procedures may fail to identify or reduce these credit risks, as some of these risks are outside of our control, and they cannot completely eliminate all credit risks related to our loan portfolio. If the overall economic climate, including employment rates, real estate markets, interest rates and general economic growth, in the United States, generally, or Wisconsin, specifically, experiences material disruption, our borrowers may experience difficulties in repaying their loans, the collateral we hold may decrease in value or become illiquid, and the levels of nonperforming loans, charge-offs and delinquencies could rise and require additional provisions for credit losses, which would cause our net income and return on equity to decrease. The future effects of the continued elevated inflationary and interest rate environment on economic activity could negatively affect the collateral values associated with our existing loans, the ability to liquidate the real estate collateral securing our residential and commercial real estate loans, our ability to maintain loan origination volume and to obtain additional financing, the future demand for or profitability of our lending and services, and the financial condition and credit risk of our customers. Further, in the event of delinquencies, regulatory changes and policies designed to protect borrowers may slow or prevent us from making our business decisions or may result in a delay in our taking certain remediation actions, such as foreclosure. If borrowers fail to repay their loans, our financial condition and results of operations would be adversely affected.

We face strong competition from financial services companies and other companies that offer banking services.

We conduct our banking operations primarily in Wisconsin. Many of our competitors offer the same, or a wider variety of, banking services within our market areas, and we compete with them for the same customers. These competitors include banks with nationwide operations, regional banks and community banks. In many instances these national and regional banks have greater resources than we do, and the smaller community banks may have stronger ties in local markets than we do, which may put us at a competitive disadvantage. We also face competition from many other types of financial institutions, including fintech companies, thrift institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In addition, a number of out-of-state financial institutions have opened offices and solicit deposits in our market areas. Increased competition in our markets may result in reduced loans and deposits, as well as reduced net interest margin and profitability. We compete with many forms of payments offered by both bank and non-bank providers, including a variety of new and evolving alternative payment mechanisms, systems and products, such as aggregators and web-based and wireless payment platforms or technologies, digital or “crypto” currencies, prepaid systems and payment services targeting users of social networks, communications platforms and online gaming. Our future success may depend, in part, on our ability to use technology competitively to offer products and services that provide convenience to customers and create additional efficiencies in our operations. If we are unable to attract and retain banking clients, we may be unable to continue to grow our loan and deposit portfolios, and our business, financial condition and results of operations may be adversely affected. Furthermore, the financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Finally, our credit union competitors benefit from competitive advantages, including the credit union exemption from paying federal income tax and can, therefore, more aggressively price many products and services. The impact of the existing regulatory framework and any future changes to it could negatively affect our ability to compete with these institutions, which could have a material adverse effect on our results of operations and prospects.

Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing our real estate loans and result in loan and other losses.

As of December 31, 2024, approximately 75.8% of our loan portfolio was comprised of loans with real estate as a primary or secondary component of collateral. This includes collateral consisting of income producing and residential construction properties, which properties tend to be more sensitive to general economic conditions and downturns in real estate markets. As a result, adverse developments affecting real estate values in our market areas could increase the credit risk associated with our real estate loan portfolio. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the area in which the real estate is located. Adverse changes affecting real estate values and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio, and could result in losses that would adversely affect credit quality, financial condition, and results of operation. Negative changes in the economy affecting real estate values and liquidity in our market areas could significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses. Collateral may have to be sold for less than the outstanding balance of the loan, which could result in losses on such loans. Such declines and losses could have a material adverse impact on our business, results of operations and growth prospects. If real estate values decline, it is also more likely that we would be required to increase our ACL-Loans, which could adversely affect our financial condition, results of operations and cash flows.

Our future success is largely dependent upon our ability to successfully execute our business strategy.

Our future success, including our ability to achieve our growth and profitability goals, is dependent on the ability of our management team to execute on our long-term business strategy, which requires them to, among other things:

maintain and enhance our reputation; attract and retain experienced and talented bankers in each of our markets; maintain adequate funding sources, including by continuing to attract stable, low-cost deposits; enhance our market penetration in our metropolitan markets and maintain our leadership position in our community markets; improve our operating efficiency; implement new technologies to enhance the client experience and keep pace with our competitors; identify attractive acquisition targets, close on such acquisitions on favorable terms and successfully integrate acquired businesses; attract and maintain commercial banking relationships with well-qualified businesses, real estate developers and investors with proven track records in our market areas; attract sufficient loans that meet prudent credit standards; originate conforming residential mortgage loans for resale into secondary market to provide mortgage banking income; maintain adequate liquidity and regulatory capital and comply with applicable federal and state banking regulations; manage our credit, interest rate and liquidity risks; develop new, and grow our existing, streams of noninterest income; oversee the performance of third-party service providers that provide material services to our business; and control expenses in line with current projections.

Failure to achieve these strategic goals could adversely affect our ability to successfully implement our business strategies and could negatively impact our business, growth prospects, financial condition and results of operations. Further, if we do not manage our growth effectively, our business, financial condition, results of operations and future prospects could be negatively affected, and we may not be able to continue to implement our business strategy and successfully conduct our operations. Furthermore, our strategic initiatives may result in an increase in expense, divert management attention, take away from other opportunities that may have proved more successful, negatively impact operational effectiveness or impact employee morale. Additionally, there can be no assurance that we will ultimately realize the anticipated benefits of these strategic initiatives, or that these strategic initiatives will positively impact our organization.

We depend on our executive officers and other key individuals to continue the implementation of our long-term business strategy and could be harmed by the loss of their services and our inability to make up for such loss with qualified replacements.

We believe that our continued growth and future success will depend in large part on the skills of our management team and our ability to motivate and retain these individuals and other key individuals. The loss of any of their service could reduce our ability to successfully implement our long-term business strategy, our business could suffer and the value of our common stock could be materially adversely affected.

The success of our operating model depends on our ability to attract and retain talented bankers and associates in each of our markets.

We strive to attract and retain these bankers in each of our markets by fostering an entrepreneurial environment, empowering them with local decision-making authority and providing them with sufficient infrastructure and resources to support their growth while also providing management with appropriate oversight. However, the competition for bankers in each of our markets is intense. We compete for talent with both smaller banks that may be able to offer bankers with more responsibility and autonomy and larger banks that may be able to offer bankers with higher compensation, resources and support. As a result, we may not be able to effectively compete for talent across our markets. Further, our bankers may leave us to work for our competitors and, in some instances, may take important banking and lending relationships with them to our competitors. If we are unable to attract and retain talented bankers in our markets, our business, growth prospects and financial results could be materially and adversely affected.

Acquisitions may disrupt our business and dilute stockholder value, and integrating acquired companies may be more difficult, costly, or time-consuming than we expect.

While we continue to focus on organic growth opportunities, we may pursue attractive bank or non-bank acquisition and consolidation opportunities that arise in our core markets and beyond. The number of financial institutions headquartered in Wisconsin, the Midwest United States, and across the country continues to decline through merger and other consolidation activity. In the event that attractive acquisition opportunities arise, we would likely face competition for such acquisitions from other banking and financial companies, many of which have significantly greater resources and may have more attractive valuations. This competition could either prevent us from being able to complete attractive acquisition opportunities or increase prices for potential acquisitions which could reduce our potential returns and reduce the attractiveness of these opportunities. Furthermore, our pursuit of acquisitions may disrupt our business, and any equity that we issue as merger consideration may have the effect of diluting the value of your investment. In addition, we may fail to realize some or all of the anticipated benefits of completed acquisitions. We anticipate that the integration of businesses that we may acquire in the future will be a time-consuming and expensive process, even if the integration process is effectively planned and implemented.

In addition, our acquisition activities could be material to our business and involve a number of significant risks, including the following:

incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in our attention being diverted from the operating of our existing business; using inaccurate estimates and judgments to evaluate credit, operations, management, and market risks with respect to the target company or the assets and liabilities that we seek to acquire; exposure to potential asset quality issues of the target company; intense competition from other banking organizations and other potential acquirers, many of which have substantially greater resources than we do; potential exposure to unknown or contingent liabilities of banks and businesses we acquire, including, without limitation, liabilities for regulatory and compliance issues; inability to realize the expected revenue increases, cost savings, increases in geographic or product presence, and other projected benefits of the acquisition; incurring time and expense required to integrate the operations and personnel of the combined businesses; inconsistencies in standards, procedures, and policies that would adversely affect our ability to maintain relationships with customers and employees; experiencing higher operating expenses relative to operating income from the new operations; creating an adverse short-term effect on our results of operations; losing key employees and customers; significant problems related to the conversion of the financial and customer data of the entity; integration of acquired customers into our financial and customer product systems; potential changes in banking or tax laws or regulations that may affect the target company; or risks of impairment to goodwill or litigation risk.

If difficulties arise with respect to the integration process, the economic benefits expected to result from acquisitions might not occur. As with any merger of financial institutions, there also may be business disruptions that cause us to lose customers or cause customers to move their business to other financial institutions. Failure to successfully integrate businesses that we acquire could have an adverse effect on our profitability, return on equity, return on assets, or our ability to implement our strategy, any of which in turn could have a material adverse effect on our business, financial condition, and results of operations.

The fair value of our investment securities may decline.

As of December 31, 2024, the fair value of our available for sale securities portfolio was approximately $223.1 million. Factors beyond our control can significantly influence the fair value of our securities and can cause adverse changes to the fair value of these securities. These factors include rating agency actions, defaults by or other adverse events affecting the issuer, lack of liquidity, changes in market interest rates, and continued instability in the capital markets. A prolonged decline in the fair value of our securities could result in an established allowance for credit losses, which would affect our results of operations.

The financial services industry is undergoing rapid technological changes and we may not have the resources to implement new technology to stay current with these changes.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services (including those related to or involving artificial intelligence, machine learning, blockchain and other distributed ledger technologies) and a growing demand for mobile and other phone and computer banking applications. In addition to better serving clients, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon our ability to address the needs of our clients by using technology to provide products and services that will satisfy client demands for convenience as well as to provide secure electronic environments and create additional efficiencies in our operations as we continue to grow and expand our market area. Many of our larger competitors have substantially greater resources to invest in technological improvements and have invested significantly more than us in technological improvements. As a result, they may be able to offer additional or more convenient products compared to those that we will be able to provide, which would put us at a competitive disadvantage. Some of these competitors consist of financial technology providers who are beginning to offer more traditional banking products and may either acquire a bank charter or obtain a bank-like charter, such as the Fintech charter provided by the OCC. Accordingly, we may not be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our clients, which could impair our growth and profitability. In addition, some of our competitors are subject to less regulation and/or more favorable tax treatment, which may put us at a competitive disadvantage.

We may not be able to successfully implement current or future information technology system enhancements and operational initiatives, which could adversely affect our business operations and profitability.

We continue to invest significant resources in our core information technology systems in order to provide functionality and security at an appropriate level, and to improve our operating efficiency and to streamline our client experience. These initiatives significantly increase the complexity of our relationships with third-party service providers and such relationships may be difficult to unwind. We may not be able to successfully implement and integrate such system enhancements and initiatives, which could adversely impact our ability to comply with a number of legal and regulatory requirements, which could result in sanctions from regulatory authorities. In addition, these projects could have higher than expected costs and/or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges that adversely impact our financial condition and results of operations, could result in significant costs to remediate or replace the defective components, and could impact our ability to compete. In addition, we may incur significant training, licensing, maintenance, consulting, and amortization expense during and after implementation, and any such costs may continue for an extended period of time. As such, we cannot guarantee that the anticipated long-term benefits of these system enhancements and operational initiatives will be realized.

We rely extensively on information technology systems to operate our business and an interruption or security breach may disrupt our business operations, result in reputational harm, and have an adverse effect on our operations.

As a complex financial institution, we rely extensively on our information technology systems to operate our business, including to process, record, and monitor a large number of client transactions on a continuous basis. As client, public, and regulatory expectations regarding operational and information security have increased, our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, and breakdowns. Our business, financial, accounting, data processing systems, or other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control. For example, there could be sudden increases in client transaction volume; electrical or telecommunications outages; natural disasters such as earthquakes, tornadoes, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and, as described below, cyber-attacks. While we have policies, procedures, and systems designed to prevent or limit the effect of possible failures, interruptions, or breaches in security of information systems and business continuity programs designed to provide services in the case of such events, there is no guarantee that these safeguards or programs will address all of the threats that continue to evolve.

The development and use of artificial intelligence (AI) presents risks and challenges that may adversely impact our business.

The Company or its third-party (or fourth party) vendors, clients or counterparties may develop or incorporate AI technology in certain business processes, services, or products. The development and use of AI presents a number of risks and challenges to the Company's business. The legal and regulatory environment relating to AI is uncertain and rapidly evolving, both in the U.S. and internationally, and includes regulatory schemes targeted specifically at AI as well as provisions in intellectual property, privacy, consumer protection, employment, and other laws applicable to the use of AI. These evolving laws and regulations could require changes in the Company's implementation of AI technology and increase the Company's compliance costs and the risk of non-compliance. AI models, particularly generative AI models, may produce output or take action that is incorrect, that reflects biases included in the data on which they are trained, that results in the release of private, confidential, or proprietary information, that infringes on the intellectual property rights of others, or that is otherwise harmful. In addition, the complexity of many AI models makes it difficult to understand why they are generating particular outputs. This limited transparency increases the challenges associated with assessing the proper operation of AI models, understanding and monitoring the capabilities of the AI models, reducing erroneous output, eliminating bias, and complying with regulations that require documentation or explanation of the basis on which decisions are made. Further, the Company may rely on AI models developed by third parties, and, to that extent, would be dependent in part on the manner in which those third parties develop and train their models, including risks arising from the inclusion of any unauthorized material in the training data for their models and the effectiveness of the steps these third parties have taken to limit the risks associated with the output of their models, matters over which the Company may have limited visibility. Any of these risks could expose the Company to liability or adverse legal or regulatory consequences and harm the Company's reputation and the public perception of its business or the effectiveness of its security measures.

System failure or breaches of our network security, or the security of our third-party data processing partner, including as a result of cyberattacks, could subject us to increased operating costs as well as litigation and other liabilities.

The computer systems and network infrastructure we use, including those we maintain with our service providers and vendors may be vulnerable to physical theft, fire, power loss, telecommunications failure or a similar catastrophic event, as well as cyberattacks, including through, for example, phishing attempts, brute force attacks, denial of service attacks, viruses or other malicious code, exploiting software vulnerabilities (including "zero-day attacks"), ransomware or other malware and supply chain attacks, and other disruptive problems caused by criminal threat actors. Any damage or failure that causes breakdowns or disruptions in our client relationship management, general ledger, deposit, loan and other systems could damage our reputation, result in a loss of client business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on us.

Cyberattacks and other technology disruptions could also jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, and those we maintain with our services providers and vendors. Information security risks have generally increased in recent years in part because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. Our operations rely on the secure processing, transmission and storage of confidential information in our computer systems and networks. Although we believe we have appropriate information security procedures and controls in place, our technologies, systems, networks, and our clients' devices may become the target of cyberattacks that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our clients' confidential, proprietary and other information, or otherwise disrupt our or our clients' business operations. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs.

We are under continuous threat of loss due to hacking and cyberattacks especially as we continue to expand client capabilities to utilize internet and other remote channels to transact business. While we are not aware of any material cybersecurity incidents on our computer or other information technology systems, there can be no assurance that we will not be the victim of successful cyberattacks in the future that could cause us to suffer material losses. The occurrence of any cyberattack could result in potential liability to clients, reputational damage, disclosure obligations, the disruption of our operations, and regulatory concerns, all of which could adversely affect our business, financial condition or results of operations.

We are subject to certain operational risks, including, but not limited to, client or employee fraud and data processing system failures and errors.

Employee errors and employee and client misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our clients or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence. We maintain a system of internal controls and insurance coverage to mitigate against operational risks. If our internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on our business, financial condition and results of operations.

In addition, we rely heavily upon information supplied by third parties, including the information contained in credit applications, property appraisals, title information, equipment pricing and valuation and employment and income documentation, in deciding which loans we will originate, as well as the terms of those loans. If any of the information upon which we rely is misrepresented, either fraudulently or inadvertently, and the misrepresentation is not detected prior to asset funding, the value of the asset may be significantly lower than expected, or we may fund a loan that we would not have funded or on terms we would not have extended.

Fraud is an increasing risk for us and for all banks, and as such, we may experience increased losses due to fraud.

In recent years, fraud risk increased significantly for us and for all banks. Deposit fraud (check kiting, wire fraud, etc.) and card fraud continue to be significant sources of fraud attempts and losses in our consumer banking business. Moreover, our commercial clients have experienced increased levels of financial fraud risk as well, often requiring our involvement and assistance because of our banking relationship with these clients. The methods used to perpetrate and combat fraud continue to evolve as technology changes and more tools for access to financial services emerge, such as real-time payments. In addition to cybersecurity risks, new techniques have made it easier for bad actors to obtain and use client personal information, mimic signatures, and otherwise create false documents that look genuine. Fraud schemes are broad and can include debit card/credit card fraud, check fraud, NSF fraud, mechanical devices attached to ATM machines, social engineering and phishing attacks to obtain personal information, impersonation of our clients through the use of falsified or stolen credentials, employee fraud, information fraud, and other malfeasance. Criminals are turning to new sources to steal personally identifiable information in order to impersonate our clients to commit fraud. Our anti-fraud actions are both preventative (anticipating lines of attack, educating employees and clients, making operational changes) and responsive (remediating actual attacks). We have established policies, processes, and procedures to identify, measure, monitor, mitigate, report, and analyze these risks. We continue to invest in systems, resources, and controls to detect and prevent fraud. There are inherent limitations, however, to our risk management strategies, systems, and controls as they may exist, or develop in the future. We may not appropriately anticipate, monitor, or identify these risks. If our risk management framework proves ineffective, we could suffer unexpected losses, we may have to expend resources detecting and correcting the failure in our systems, and we may be subject to potential claims from third parties and government agencies. We may also suffer reputational damage. Any of these consequences could adversely affect our business, financial condition, or results of operations.

Our regulators require us to report fraud promptly, and regulators often advise banks of new schemes to enable the entire industry to adapt as quickly as possible. However, some level of fraud loss is unavoidable, and the risk of loss cannot be eliminated.

If our enterprise risk management framework is not effective at mitigating risk and loss to us, we could suffer unexpected losses and our results of operations could be materially adversely affected.

Our enterprise risk management framework seeks to achieve an appropriate balance between risk and return, which is critical to optimizing shareholder value. We have established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which we are subject, including strategic, market, credit, liquidity, capital, cybersecurity, operational, regulatory compliance, litigation, and reputational. However, as with any risk management framework, there are inherent limitations to our risk management strategies as there may exist, or develop in the future, risks that we have not appropriately anticipated or identified. For example, the financial and credit crisis and resulting regulatory reform highlighted both the importance and some of the limitations of managing unanticipated risks. If our risk management framework proves ineffective, we could suffer unexpected losses and our business and results of operations could be materially adversely affected.

Our ability to maintain our reputation is critical to the success of our business, and the failure to do so may materially adversely affect our performance.

Our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring, and retaining and providing growth opportunities for employees who share our core values of being an integral part of the communities we serve, delivering superior service to our clients, caring about our clients and employees, and investing in our information technology and other systems. If our reputation is negatively affected by the actions of our employees or otherwise, including as a result of operational errors, clerical or record-keeping errors, or those resulting from faulty or disabled computer or telecommunications systems or a successful cyberattack against us or other unauthorized release or loss of client information, our reputation, business, and our operating results may be materially adversely affected. Damage to our reputation could also negatively impact our credit ratings and impede our access to the capital markets.

We rely on other companies to provide key components of our business infrastructure.

Third parties provide key components of our business operations such as our core technology infrastructure, cloud-based operations, data processing, recording and monitoring transactions, online banking interfaces and services, internet connections, and network access. We have selected these third-party vendors carefully and have conducted the due diligence consistent with regulatory guidance and best practices. While we have ongoing programs to review third party vendors and assess risk, we do not control their actions. Any problems caused by these third parties, including those resulting from disruptions in communication services provided by a vendor, issues at a third-party vendor of a vendor, failure of a vendor to handle current or higher volumes, cyber-attacks and security breaches at a vendor, failure of a vendor to provide services for any reason, or poor performance of services, could adversely affect our ability to deliver products and services to our clients and otherwise conduct our business. Financial or operational difficulties of a third-party vendor could also hurt our operations if those difficulties interfere with the vendor's ability to serve us. Furthermore, our vendors could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints. Replacing these third-party vendors could also create significant delay and expense. Accordingly, use of such third parties creates an unavoidable inherent risk to our business operations. Our digital services growth initiatives, core technology upgrades, and digital asset initiatives constitute specific increases in third-party risk as such initiatives are distinctly dependent on the performance of our third-party partners.

We may need to raise additional capital in the future.

We are required to meet certain regulatory capital requirements and maintain sufficient liquidity. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, which could include the possibility of financing acquisitions. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. Accordingly, we may be unable to raise additional capital if needed or on terms acceptable to us. Further, such additional capital could result in dilution to our existing shareholders. If we or the Bank fail to maintain capital to meet regulatory requirements, our financial condition, liquidity and results of operations, as well as our ability to maintain compliance with regulatory capital requirements, would be materially and adversely affected.

The costs and effects of litigation, investigations or similar matters involving us or other financial institutions or counterparties, or related adverse facts and developments, could materially affect our business, operating results and financial condition.

We may be involved from time to time in a variety of litigation, investigations, inquiries, or similar matters arising out of our business. Furthermore, litigation against banks tend to increase during economic downturns and periods of credit deterioration, which may occur or worsen as a result of current economic uncertainty. Most recently there has been an increase in class action lawsuits filed claiming deceptive practices or violations of account terms in connection with non-sufficient fees or overdraft charges and violations of the Fair Labor Standards Act (FLSA). We manage these risks through internal controls, personnel training, insurance, litigation management, our compliance and ethics processes, and other means. However, the commencement, outcome, and magnitude of litigation cannot be predicted or controlled with any certainty.

We establish reserves for legal claims when payments associated with the claims become probable and the losses can be reasonably estimated. However, our insurance may not cover all claims that may be asserted against us and indemnification rights to which we are entitled may not be honored, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition, and results of operations. In addition, premiums for insurance covering the financial and banking sectors are rising. We may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms or at historic rates, if at all.

Changes in accounting standards could materially impact our financial statements.

From time to time, FASB or the SEC may change the financial accounting and reporting standards that govern the preparation of our financial statements. Such changes may result in us being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. These changes may be beyond our control, can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, or apply an existing standard differently, also retrospectively, in each case resulting in our needing to revise or restate prior period financial statements.

Risks related to the business environment and our industry

***The Company is subject to extensive government regulation and supervision, which may interfere with our ability to conduct our business and may negatively impact our financial results*.**

The Company, primarily through the Bank and certain non-bank subsidiaries, are subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect depositors' funds and the safety and soundness of the banking system as a whole, and not shareholders. These regulations affect the Bank's lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect the Company and/or the Bank in substantial and unpredictable ways. Such changes could subject the Company and/or the Bank to additional costs, limit the types of financial services and products the Company and/or the Bank may offer, and/or limit the pricing the Company and/or the Bank may charge on certain banking services, among other things. Compliance personnel and resources may increase our costs of operations and adversely impact our earnings.

Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputation damage, which could have a material adverse effect on our business, financial condition and results of operations. While the Company has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur. *See* "Business - Supervision and Regulation".

Federal regulatory agencies, including the Federal Reserve and the OCC, periodically conduct examinations of our business, including for compliance with laws and regulations, and our failure to comply with any supervisory actions to which we are or become subject as a result of such examinations may adversely affect our business.

Federal regulatory agencies, including the Federal Reserve and the OCC, periodically conduct examinations of our business, including our compliance with laws and regulations. If, as a result of an examination, an agency was to determine that the financial, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of any of our operations had become unsatisfactory, or violates any law or regulation, such agency may take certain remedial or enforcement actions it deems appropriate to correct any deficiency. Remedial or enforcement actions include the power to enjoin "unsafe or unsound" practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced against a bank, to direct an increase in the bank's capital, to restrict the bank's growth, to assess civil monetary penalties against a bank's officers or directors, and to remove officers and directors. The CFPB also has authority to take enforcement actions, including cease-and-desist orders or civil monetary penalties, if it finds that we offer consumer financial products and services in violation of federal consumer financial protection laws.

If we were unable to comply with future regulatory directives, or if we were unable to comply with the terms of any future supervisory requirements to which we may become subject, then we could become subject to a variety of supervisory actions and orders, including cease-and-desist orders, prompt corrective actions, memoranda of understanding and other regulatory enforcement actions. Such supervisory actions could, among other things, impose greater restrictions on our business, as well as our ability to develop any new business. We could also be required to raise additional capital, dispose of certain assets and liabilities within a prescribed time period, or both. Failure to implement remedial measures as required by financial regulatory agencies could result in additional orders or penalties from federal and state regulators, which could trigger one or more of the remedial actions described above. The terms of any supervisory action and associated consequences with any failure to comply with any supervisory action could have a material negative effect on our business, operating flexibility and overall financial condition.

Further, bank failures, such as the ones occurring in 2023, have and may in the future diminish public confidence in small and regional banks' abilities to safeguard deposits in excess of federally insured limits, which could prompt customers to maintain their deposits with larger financial institutions. Concerns over rapid, large-scale deposit movement have and could in the future heighten regulatory scrutiny surrounding liquidity and increase competition for deposits and the resulting cost of funding, which could create pressure on net interest margin and results of operations. In addition, bank failures have and could in the future prompt the FDIC to increase deposit insurance costs. Increases in funding, deposit insurance or other costs as a result of these types of events have and could in the future materially adversely affect our financial condition and results of operations. Further, the disruption following these types of events have and could in the future generate significant market trading volatility among publicly traded bank holding companies and, in particular, regional banks like the Company.

We are subject to lending concentration risk, which could cause our regulators to restrict our ability to grow.

A substantial portion of our loan portfolio is secured by real estate. In weak economies, or in areas where real estate market conditions are distressed, we may experience a higher than normal level of nonperforming real estate loans. The collateral value of the portfolio and the revenue stream from those loans could come under stress, and additional provisions for the allowance for credit losses could be necessitated. Our ability to dispose of foreclosed real estate at prices at or above the respective carrying values could also be impaired, causing additional losses.

Commercial real estate ("CRE") is cyclical and poses risks of loss to us due to our concentration levels and risk of the asset, especially during a difficult economy, including the current stressed economy. As of December 31, 2024, 49.9% of our loan portfolio was comprised of loans secured by commercial real estate. The banking regulators continue to give CRE lending greater scrutiny, and banks with higher levels of CRE loans are expected to implement improved underwriting, internal controls, risk management policies and portfolio stress testing, as well as higher levels of allowances for possible losses and capital levels as a result of CRE lending growth and exposures.

Although we are actively working to manage our CRE concentration and believe that our underwriting policies, management information systems, independent credit administration process, and monitoring of real estate loan concentrations are currently sufficient to address the CRE Concentration Guidance, the OCC or other federal regulators could become concerned about our CRE loan concentrations, and they could limit our ability to grow by, among other things, restricting their approvals for the establishment or acquisition of branches, or approvals of mergers or other acquisition opportunities. Our loan portfolio contains several industry and collateral concentrations including, but not limited to, commercial and residential real estate. Due to the exposure in these concentrations, disruptions in markets, economic conditions, changes in laws or regulations or other events could cause a significant impact on the ability of borrowers to repay and may have a material adverse effect on our business, financial condition and results of operations.

The Federal Reserve may require us to commit capital resources to support the Bank.

The Federal Reserve, which examines us and the Bank, requires a bank holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. Under the "source of strength" doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. In addition, the Dodd-Frank Act directs the federal bank regulators to require that all companies that directly or indirectly control an insured depository institution serve as a source of strength for the institution. Under these requirements, in the future, we could be required to provide financial assistance to the Bank if it experiences financial distress.

A capital injection may be required at times when we do not have the resources to provide it, and therefore we may be required to borrow the funds. In the event of a bank holding company's bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the holding company's general unsecured creditors, including the holders of its note obligations. Thus, any borrowing that must be done by the holding company in order to make the required capital injection becomes more difficult and expensive and will adversely impact the holding company's cash flows, financial condition, results of operations and prospects.

The Company may be subject to more stringent capital requirements.

The Bank is subject to capital adequacy guidelines and other regulatory requirements specifying minimum amounts and types of capital which the Bank must maintain. From time to time, the regulators implement changes to these regulatory capital adequacy guidelines. If the Bank fails to meet these minimum capital guidelines and other regulatory requirements, our financial condition would be materially and adversely affected. We may also be required to satisfy additional capital adequacy standards as determined by the Federal Reserve. These requirements, and any other new regulations, could adversely affect our ability to pay dividends, or could require us to reduce business levels or to raise capital, including in ways that may adversely affect our financial condition or results of operations.

Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations.

In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market operations in U.S. government securities, adjustments of the discount rate and changes in reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits. The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted.

ESG, anti-ESG, DEI, and anti-DEI risks could adversely affect our reputation and shareholder, employee, client and third-party relationships and may negatively affect our stock price.

Our business faces increasing public scrutiny related to ESG and DEI activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as diversity, equity, inclusion, environmental stewardship, human capital management, support for our local communities, corporate governance and transparency, or fail to consider ESG factors in our business operations.

Furthermore, as a result of our diverse base of clients and business partners, we may face potential negative publicity based on the identity of our clients or business partners and the public's (or certain segments of the public's) view of those entities. Such publicity may arise from traditional media sources or from social media and may increase rapidly in size and scope. If our client or business partner relationships were to become intertwined in such negative publicity, our ability to attract and retain clients, business partners, and employees may be negatively impacted, and our stock price may also be negatively impacted. Additionally, we may face pressure to not do business in certain industries that are viewed as harmful to the environment or are otherwise negatively perceived, which could impact our growth. Additionally, investors and shareholder advocates are placing ever increasing emphasis on how corporations address ESG issues in their business strategy when making investment decisions and when developing their investment theses and proxy recommendations. In response to ESG developments (including, in particular DEI initiatives), there are increasing instances of "anti-ESG" legislation and anti-DEI executive orders, adverse media coverage, regulation, and litigation that could have unintended impacts on ordinary banking operations and increase litigation or reputational risk related to actions we choose to take and impact the results of our operations. We may incur meaningful costs with respect to our ESG efforts and if such efforts are negatively perceived, our reputation and stock price may suffer.

Our deposit insurance premiums could be substantially higher in the future, which could have a material adverse effect on our future earnings.

The FDIC insures deposits at FDIC-insured depository institutions, such as the Bank, up to applicable limits. The amount of a particular institution's deposit insurance assessment is based on that institution's risk classification under an FDIC risk-based assessment system. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to its regulators. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. Any future additional assessments, increases or required prepayments in FDIC insurance premiums could reduce our profitability, may limit our ability to pursue certain business opportunities or otherwise negatively impact our operations.

We are subject to federal and state fair lending laws, and failure to comply with these laws could lead to material penalties.

Federal and state fair lending laws and regulations, such as the Equal Credit Opportunity Act and the Fair Housing Act, impose nondiscriminatory lending requirements on financial institutions. The Department of Justice, CFPB and other federal and state agencies are responsible for enforcing these laws and regulations. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. A successful challenge to our performance under the fair lending laws and regulations could adversely impact our rating under the Community Reinvestment Act and result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on merger and acquisition activity and restrictions on expansion activity, which could negatively impact our reputation, business, financial condition and results of operations.

We could face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The Bank Secrecy Act of 1970, the USA PATRIOT Act and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti-money laundering programs and file suspicious activity and currency transaction reports as appropriate. FinCEN, established by the U.S. Department of the Treasury to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and engages in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration and IRS. There is also increased scrutiny of compliance with the rules enforced by OFAC related to U.S. sanctions regimes. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we have already acquired or may acquire in the future are deficient, we would be subject to liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans, which would negatively impact our business, financial condition and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. *See* "Business-Supervision and Regulation."

Risks related to our common stock

Applicable laws and regulations restrict both the ability of the Bank to pay dividends to the Company and the ability of the Company to pay dividends to our shareholders.

Both the Company and the Bank are subject to various regulatory restrictions relating to the payment of dividends. In addition, the Federal Reserve has the authority to prohibit bank holding companies from engaging in unsafe or unsound practices in conducting their business. These federal and state laws, regulations and policies are described in greater detail in "Business—Supervision and Regulation—Payment of Dividends," but generally look to factors such as previous results and net income, capital needs, asset quality, existence of enforcement or remediation proceedings, and overall financial condition.

For the foreseeable future, the majority, if not all, of the Company's revenue will be from any dividends paid to the Company by the Bank. Accordingly, our ability to pay dividends also depends on the ability of the Bank to pay dividends to us. Furthermore, the present and future dividend policy of the Bank is subject to the discretion of its board of directors.

We cannot guarantee that the Company or the Bank will be permitted by financial condition or applicable regulatory restrictions to pay dividends, that the board of directors of the Bank will elect to pay dividends to us, nor can we guarantee the timing or amount of any dividend actually paid.

Our securities are not FDIC insured.

Securities that we issue, including our common stock, are not savings or deposit accounts or other obligations of any bank, insured by the FDIC, any other governmental agency or instrumentality, or any private insurer, and are subject to investment risk, including the possible loss of our shareholders' investments.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

Assessing, identifying and managing material risks from cybersecurity threats is critical for maintaining the security of the Company's data and information systems, and is integrated into our enterprise risk management systems and processes. The Bank's approach to cybersecurity risk management and strategy is based on the Federal Financial Institutions Examination Council ("FFIEC") Cybersecurity Assessment Tool ("CAT"), which provides a repeatable and measurable process for evaluating cybersecurity preparedness and assessing, identifying, and managing material risks from cybersecurity threats. The CAT incorporates cybersecurity-related principles from the FFIEC Information Technology Examination Handbook and regulatory guidance, and concepts from other industry standards, including the National Institute of Standards and Technology Cybersecurity Framework.

The CAT consists of two parts: Cybersecurity Inherent Risk Profile and Cybersecurity Maturity. Completion of both parts of the CAT allow management and the Board to evaluate whether the Company's cybersecurity risk and preparedness are aligned. The Cybersecurity Inherent Risk Profile is the level of risk posed to the Company by technologies and connection types, delivery channels, online/mobile products and technology services, organizational characteristics and external threats. Cybersecurity Maturity is designed to help management measure the Company's level of risk and corresponding controls under the following five domains: (i) Cyber Risk Management and Oversight; (ii) Threat Intelligence and Collaboration; (iii) Cybersecurity Controls; (iv) External Dependency Management; and (v) Cyber Incident Management and Resilience.

The Information Security Officer ("ISO") and the Company's Information Technology Committee conduct and review the CAT annually to identify changes to the Company's inherent risk profile; when new threats arise or when considering changes to the business strategy, such as expanding operations, offering new products and services, or entering into new third-party relationships that support critical activities. Consequently, management can determine whether additional risk management practices or controls are needed to maintain or augment the Company's cybersecurity maturity.

In an effort to continually share threat intelligence and increase awareness of cybersecurity trends, the Company has also implemented a Cybersecurity Education and Awareness Program. This program includes the following components:

- Mandatory annual cybersecurity employee training for all employees;
- Training specifically targeted to Senior Management and Information Technology staff;
- Bimonthly review of emerging security trends by the Information Technology Committee;
- Mandatory annual cybersecurity Board training;
- Periodic communication to employees highlighting internal control requirements and information about common threats or fraud schemes; and
- Periodic communication to the Bank's customers highlighting emerging threats and good cybersecurity hygiene.

To date, we have not experienced a cybersecurity incident that has materially impacted our business strategy, results of operations, or financial condition. Despite our efforts, there can be no assurance that our cybersecurity risk management processes and measures described will be fully implemented, complied with, or effective in protecting our systems and information. We face risks from certain cybersecurity threats that, if realized, are reasonably likely to materially affect our business strategy, result of operations or financial condition. Please see Part I, Item 1A. Risk Factors for further discussion of the risks associated with an interruption or breach in our information systems or infrastructure.

Board and Management Governance

The Company's Board of Directors recognizes the importance of maintaining the trust and confidence of our customers, employees, and shareholders, including the risks associated with cybersecurity threats. The Board of Directors' responsibilities for cybersecurity risk management and strategy include the following:

- Engaging management in establishing the Bank's vision, risk appetite, and overall strategic direction;
- Approving plans to ensure the use of the CAT;
- Reviewing management's analysis of the CAT results, inclusive of any reviews or opinions on the results issued by independent risk management or internal audit functions regarding those results;
- Reviewing management's determination of whether the Bank's cybersecurity preparedness is aligned with its risks;
- Reviewing and approving plans to address any risk management or control weaknesses; and
- Reviewing the results of management's ongoing monitoring of the Bank's exposure to and preparedness for cyber threats.

The Company has also appointed an ISO, who reports directly to the Audit Committee and to the Chief Executive Officer and shares a co-sourced relationship with a third party consultant. The ISO has been with Bank First for over 10 years in various operational and administrative roles. For the past five years, he has served as the Bank's Enterprise Risk Manager, and as ISO for the past three years. In 2022, he earned the Certified Banking Security Manager certification from SBS Cybersecurity. The ISO works closely with the Director of Technology to ensure that the Bank's cybersecurity controls are in line with established internal culture, Board expectations and risk appetite, and all regulatory requirements. The ISO's responsibilities include the following:

- Developing a plan to conduct and complete the CAT on an annual basis;
- Working with the VP-Director of Technology to evaluate the results of the CAT;
- Leading employee efforts during the CAT to facilitate timely responses from across the Bank;
- Setting the target state of cybersecurity preparedness that best aligns to the Board of Directors' approved risk appetite;
- Reviewing, approving, and supporting plans to address risk management and control weaknesses;
- Analyzing and presenting the results of the CAT to the full Board of Directors;
- Providing periodic cybersecurity updates to the full Board of Directors;
- Overseeing the performance of ongoing monitoring to remain nimble and agile in addressing evolving areas of cybersecurity risk; and
- Overseeing the Bank's cybersecurity preparedness.
- Finally, the Company has established an Information Technology Committee to support the ISO in implementing the CAT, document formal action plans to be presented to the Board of Directors, enforce and implement the controls established by the CAT, and ensure employee compliance with internal controls

ITEM 2. PROPERTIES

Our main office is located at 402 North 8th Street, Manitowoc, Wisconsin 54220. Including its main office, the Bank operates twenty-six (26) additional branches located in fourteen (14) counties in Wisconsin. The addresses of these offices are provided below. We believe these premises will be adequate for present and anticipated needs and that we have adequate insurance to cover our owned and leased premises. For each property that we lease, we believe that upon expiration of the lease we will be able to extend the lease on satisfactory terms or relocate to another acceptable location:

Office	Address	City, State, Zip	Lease/Own
Main Office	402 N. 8th Street	Manitowoc, Wisconsin, 54220	Own
Appleton	4201 W. Wisconsin Avenue	Appleton, Wisconsin, 54913	Lease
Bellevue	2747 Manitowoc Road	Green Bay, Wisconsin, 54311	Own
Cambridge	221 W. Main Street	Cambridge, Wisconsin, 53523	Own
Cedarburg	W61 N529 Washington Avenue	Cedarburg, Wisconsin, 53012	Own
Clintonville	135 S. Main Street	Clintonville, Wisconsin, 54929	Own
Denmark	103 E. Main Street	Denmark, Wisconsin, 54208	Own
Fond du Lac	825 W. Johnson Street	Fond du Lac, Wisconsin, 54935	Own
Howard	1951 Shawano Avenue	Howard, Wisconsin, 54303	Own
Iola	295 E. State Street	Iola, Wisconsin, 54945	Own
Kiel	110 Fremont Street	Kiel, Wisconsin, 53042	Own
Manitowoc	2915 Custer Street	Manitowoc, Wisconsin, 54220	Own
Mishicot	110 Baugniet Street	Mishicot, Wisconsin, 54228	Own
Oshkosh	1159 N. Koeller Street	Oshkosh, Wisconsin, 54902	Own
Pardeeville	512 S. Main Street	Pardeeville, Wisconsin, 53954	Own
Plymouth	2700 Eastern Avenue	Plymouth, Wisconsin, 53073	Own
Poynette	105 S. Main Street	Poynette, Wisconsin, 53955	Own
Reedsville	100 Mill Street	Reedsville, Wisconsin, 54230	Own
Shawano	835 E. Green Bay Street	Shawano, Wisconsin, 54166	Own
Sheboygan	2600 Kohler Memorial Drive	Sheboygan, Wisconsin, 53081	Own
Tomah	110 W. Veterans Street	Tomah, Wisconsin, 54660	Own
Two Rivers	1703 Lake Street	Two Rivers, Wisconsin, 54241	Own
Valders	167 Lincoln Street	Valders, Wisconsin, 54245	Own
Watertown	104 W. Main Street	Watertown, Wisconsin, 53094	Own
Waupaca	111 Jefferson Street	Waupaca, Wisconsin, 54981	Own
Wautoma	105 N. Plaza Road	Wautoma, Wisconsin, 54982	Own

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are parties to various claims and lawsuits arising in the course of their normal business activities. Although the ultimate outcome of these suits cannot be ascertained at this time, it is the opinion of management that none of these matters, even if it resolved adversely to the Company, will have a material adverse effect on the Company’s consolidated financial position.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Bank First registered its common stock under Section 12(b) of the Exchange Act on October 23, 2018, in connection with listing on the Nasdaq Capital Market, and trades under the symbol "BFC". The trading volume of Bank First's common stock is less than that of banks with larger market capitalizations, even though Bank First has improved accessibility to its common stock first through its listing on Nasdaq. As of February 28, 2025, Bank First had approximately 1,583 shareholders of record, 11,515,130 shares issued and 9,994,639 shares outstanding.

Dividends from the Bank are the Company's primary source of funds to pay dividends to its shareholders. Under the National Bank Act, national banks may in any calendar year, without the approval of the OCC, pay dividends to the extent of net profits for that year, plus retained net profits for the preceding two years (less any required transfers to surplus). The need for the Bank to maintain adequate capital also limits dividends that may be paid to the Company.

For additional information regarding restrictions on the ability of the Bank to pay dividends to the Company see "Business—Supervision and Regulation—Payment of Dividends" of this Form 10-K.

Share Repurchase Program

On February 21, 2024, the Company reactivated its share repurchase program, pursuant to which the Company may repurchase up to $30 million of its common stock, par value $0.01 per share, for a period of one (1) year ending on February 20, 2025. The Company may repurchase shares from time to time in open market transactions or through privately negotiated transactions at the Company's discretion and in accordance with applicable securities laws. The timing, price, volume and nature of any share repurchases will be based on market conditions and other factors. The program was announced in a Current Report on Form 8-K on February 21, 2024. The table below sets forth information regarding repurchases of our common stock during the fourth quarter of 2024 under that program and other repurchases.

(in thousands, except per share data)	Total Number of Shares Repurchased	Average Price Paid per Share(1)	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(2)
October 2024	—	$ —	—	175,611
November 2024	—	—	—	175,611
December 2024	—	—	—	175,611
Total	—	$ —	—	175,611

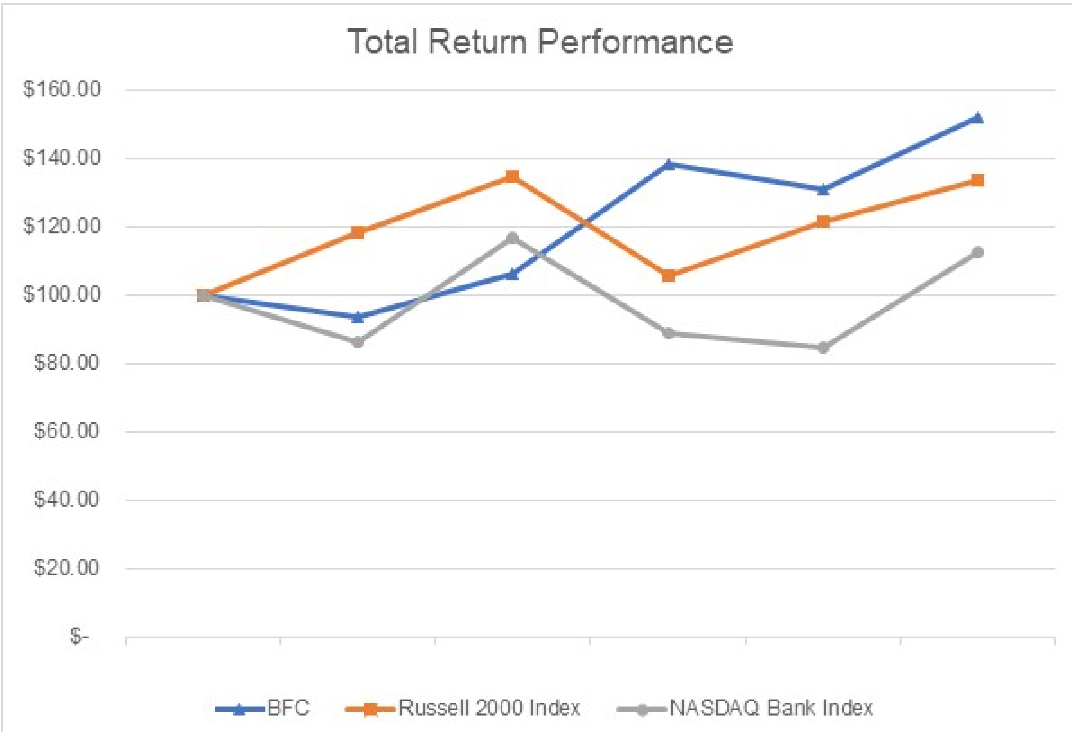
(1) The average price paid per share is calculated on a trade date basis for all open market transactions and excludes commissions and other transactions expenses.

(2) Based on the closing price per share as of December 31, 2024 ($99.09).

The Inflation Reduction Act of 2022 ("IRA") created a new nondeductible 1% excise tax on repurchases of corporate stock by certain publicly traded corporations or their specified affiliates after December 31, 2022. The tax is imposed on the fair value of the stock of a covered corporation that is repurchased in a given year, less the fair market value of any stock issued in that year. The Company falls under the definition of a "covered corporation". The excise tax applies to all of the stock of a covered corporation regardless of whether the corporation has profits or losses. The impact of the IRA on our consolidated financial statements will be dependent on the extent of stock repurchases made in current and future periods. There was no impact to our financial condition or result of operations as a result of this tax during the period presented above.

Performance Graph

The following graph compares the yearly percentage change in cumulative shareholder return on Bank First common stock with the cumulative total return of the Russell 2000 Index and the Nasdaq Bank Index for the last five fiscal years (assuming a $100 investment on December 31, 2019 and reinvestment of all dividends). The following performance graph and related information are neither “soliciting material” nor “filed” with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates it by reference into such filing.



Index	Period Ending 12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
BFC	$ 100.00	$ 93.78	$ 106.21	$ 138.13	$ 130.76	$ 152.04
Russell 2000	100.00	118.36	134.57	105.56	121.49	133.60
Nasdaq Bank	100.00	86.37	116.64	88.96	84.70	112.45

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes. Historical results of operations and the percentage relationships among any amounts included, and any trends that may appear, may not indicate trends in operations or results of operations for any future periods. We are a bank holding company and we conduct all of our material business operations through the Bank. As a result, the discussion and analysis above relates to activities primarily conducted at the Bank level.

We have made, and will continue to make, various forward-looking statements with respect to financial and business matters. Comments regarding our business that are not historical facts are considered forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in these forward-looking statements. For additional information regarding our cautionary disclosures, see the "Cautionary Note Regarding Forward-Looking Statements" at the beginning of this Annual Report.

OVERVIEW

Bank First Corporation is a Wisconsin corporation that was organized primarily to serve as the holding company for Bank First, N.A. Bank First, N.A., which was incorporated in 1894, is a nationally-chartered bank headquartered in Manitowoc, Wisconsin. It is a member of the Federal Reserve, and is regulated by the OCC. Including its headquarters in Manitowoc, Wisconsin, the Bank has 26 banking locations in Brown, Columbia, Dane, Fond du Lac, Jefferson, Manitowoc, Monroe, Outagamie, Ozaukee, Shawano, Sheboygan, Waupaca, Waushara, and Winnebago counties in Wisconsin. The Bank offers loan, deposit and treasury management products at each of its banking locations.

As with most community banks, the Bank derives a significant portion of its income from interest received on loans and investments. The Bank's primary source of funding is deposits, both interest-bearing and noninterest-bearing. In order to maximize the Bank's net interest income, or the difference between the income on interest-earning assets and the expense of interest-bearing liabilities, the Bank must not only manage the volume of these balance sheet items, but also the yields earned on interest-earning assets and the rates paid on interest-bearing liabilities. To account for credit risk inherent in all loans, the Bank maintains an allowance for credit losses ("ACL – Loans") to absorb possible losses on existing loans that may become uncollectible. The Bank establishes and maintains this allowance by charging a provision for credit losses against operating earnings. Beyond its net interest income, the Bank further receives income through the net gain on sale of loans held for sale as well as servicing income which is retained on those sold loans. In order to maintain its operations and bank locations, the Bank incurs various operating expenses which are further described within the "Results of Operations" later in this section.

The Bank, through its 100% owned subsidiary TVG Holdings, Inc., holds a 40% ownership interest in Ansay & Associates, LLC, an insurance agency providing clients primarily located in Wisconsin with insurance and risk management solutions. The Bank owned 49.8% of UFS, LLC through October 1, 2023. On that date it sold 100% of its member interest in UFS to a third party. These unconsolidated subsidiary interests contribute noninterest income to the Bank through their underlying annual earnings.

As of December 31, 2024, the Company had total consolidated assets of $4.50 billion, total loans of $3.52 billion, total deposits of $3.66 billion and total stockholders' equity of $639.7 million. The Company employs approximately 366 full-time equivalent employees ("FTE") and has an assets-to-FTE ratio of approximately $11.5 million. For more information, see the Company's website at www.bankfirst.com.

Recent acquisitions

Hometown Bancorp, Ltd.

On February 10, 2023, the Company completed a merger with Hometown Bancorp, Ltd. ("Hometown"), a bank holding company headquartered in Fond du Lac, Wisconsin, pursuant to the merger agreement, dated as of July 25, 2022, by and between the Company and Hometown, whereby Hometown merged with and into the Company, and Hometown Bank, Hometown's wholly-owned banking subsidiary, merged with and into the Bank. Hometown's principal activity was the ownership and operation of Hometown Bank, a state-chartered banking institution that operated ten (10) branches in Wisconsin at the time of closing. The merger consideration totaled approximately $130.5 million.

Pursuant to the terms of the merger agreement, Hometown shareholders could elect to receive either 0.3962 of a share of the Company’s common stock or $29.16 in cash for each outstanding share of Hometown common stock, subject to a maximum of 30% cash consideration in total, with cash paid in lieu of any remaining fractional share. Company stock issued totaled 1,450,272 shares valued at approximately $115.1 million, with cash of $15.4 million comprising the remainder of merger consideration.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accounting and reporting policies of the Company conform to GAAP in the United States and general practices within the financial institution industry. To prepare financial statements in conformity with GAAP, management makes estimates, assumptions and judgments based on available information. These estimates, assumptions and judgments are based on information available as of the date of the financial statements and, as this information changes, actual results could differ from the estimates, assumptions and judgments reflected in the financial statement. In particular, management has identified several accounting policies that, due to the estimates, assumptions and judgments inherent in those policies, are critical in understanding our financial statements.

The following is a discussion of the critical accounting policies and significant estimates that require us to make complex and subjective judgments. Additional information about these policies can be found in Note 1 of our consolidated financial statements as of December 31, 2024, included elsewhere in this Annual Report on Form 10-K.

Business Combinations, Core Deposit Intangible and Acquired Loans. We account for business combinations under the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805, Business Combinations (“ASC 805”). We recognize the full fair value of the assets acquired and liabilities assumed and immediately expense transaction costs. 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.

The primary identifiable intangible asset we typically record in connection with a whole bank or branch acquisition is the value of the core deposit intangible which represents the estimated value of the long-term deposit relationships acquired in the transaction. Determining the amount of identifiable intangible assets and their average lives involves multiple assumptions and estimates and is typically determined by performing a discounted cash flow analysis, which involves a combination of any or all of the following assumptions: customer attrition/runoff, alternative funding costs, deposit servicing costs, and discount rates.

Further, the valuation of acquired loans involves significant estimates and assumptions based on information available as of the acquisition date. Loans acquired in a business combination are evaluated either individually or in pools of loans with similar characteristics; including consideration of a credit component. A number of factors are considered in determining the estimated fair value of purchased loans including, among other things, the remaining life of the acquired loans, estimated prepayments, estimated loss ratios, estimated value of the underlying collateral, estimated holding periods, contractual interest rates compared to market interest rates, and net present value of cash flows expected to be received.

Allowance for Credit Losses — Loans. The ACL – Loans represents management's estimate of expected credit losses in the Company's loan portfolio at the balance sheet date. The Company estimates the ACL – Loans based on the amortized cost basis of the underlying loan using a current expected credit loss methodology ("CECL"). To estimate the amount of ACL-Loans, the Company considers historical loss rates and other qualitative adjustments, as well as a forward-looking component that considers reasonable and supportable forecasts over the expected life of each loan. The Company's ACL - Loans is calculated using collectively evaluated and individually evaluated loans. This evaluation is inherently subjective as it requires material estimates that are susceptible to significant change including the amounts and timing of future cash flows expected to be received on loans.

Recent Accounting Pronouncements. For a discussion of recent accounting pronouncements, see "Note 1 – Summary of Significant Accounting Policies" of the Notes to the Consolidated Financial Statements in Item 8 of this report on Form 10-K for further discussion.

RESULTS OF OPERATIONS

The following discussion and analysis presents the more significant factors that affected our financial condition as of December 31, 2024 and 2023 and results of operations for each of the years then ended. Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K filed with the SEC on February 29, 2024 for a discussion and analysis of the more significant factors that affected periods prior to 2023.

General. Net income decreased $8.9 million, or 12.0%, to $65.6 million for the year ended December 31, 2024, from $74.5 million for the year ended December 31, 2023. During 2023, the Company sold 100% of its member interest in UFS, LLC, creating a pre-tax gain on sale of $38.9 million. There was no corresponding similar event during 2024. Offsetting this year-over-year decline in earnings, net interest income increased by $4.3 million, provision for credit losses declined by $5.5 million, and noninterest expenses declined by $9.4 million from 2023 to 2024.

Net Interest Income. The management of interest income and expense is fundamental to our financial performance. Net interest income, the difference between interest income and interest expense, is the largest component of the Company's total revenue. Management closely monitors both total net interest income and the net interest margin (net interest income divided by average earning assets). We seek to maximize net interest income without exposing the Company to an excessive level of interest rate risk through our asset and liability policies. Interest rate risk is managed by monitoring the pricing, maturity and repricing options of all classes of interest-bearing assets and liabilities. Our net interest margin can also be adversely impacted by the reversal of interest on nonaccrual loans and the reinvestment of loan payoffs into lower yielding investment securities and other short-term investments.

Net interest income increased by $4.3 million to $137.8 million for the year ended December 31, 2024, from $133.5 million for the year ended December 31, 2023. Total average interest-earning assets increased to $3.81 billion for the year ended December 31, 2024 from $3.66 billion for the year ended December 31, 2023. The Bank's net interest margin decreased four basis points to 3.65% for the year ended December 31, 2024, down from 3.69% for the year ended December 31, 2023.

Interest Income. Total interest income increased $23.9 million, or 13.1%, to $206.4 million for the year ended December 31, 2024, up from $182.5 million for the year ended December 31, 2023. This increase was driven by an increase in average rates earned on interest-earning assets, rising from 5.03% during 2023 to 5.45% during 2024, and a $153.9 million increase in average interest-earning assets during 2024 when compared to 2023.

Interest Expense. Interest expense increased $19.6 million, or 40.0%, to $68.6 million for the year ended December 31, 2024, up from $49.0 million for the year ended December 31, 2023. This increase was driven by a combination of increases in the average rates paid on interest-bearing liabilities, rising from 2.04% during 2023 to 2.69% during 2024, and a $152.1 million increase in average interest-bearing liabilities.

Interest expense on interest-bearing deposits increased by $21.8 million to $64.2 million for the year ended December 31, 2024, from $42.4 million for the year ended December 31, 2023. This increase was due to a higher interest rate environment driving an increase in average rates paid on interest-bearing deposits, rising from 1.84% during 2023 to 2.61% during 2024, and growth of $151.2 million year-over-year in average interest-bearing deposits. While the Bank continued to see average rates paid on interest-bearing deposits rise through the first three quarters of 2024, they declined during the fourth quarter.

Provision for Credit Losses. Credit risk is inherent in the business of making loans. We establish an allowance for credit losses through charges to earnings, which are shown in the statements of income as the provision for credit losses. When reductions in the allowance for credit losses are deemed appropriate, a negative provision for credit losses may be necessary.

We recorded a negative provision for credit losses of $0.8 million for the year ended December 31, 2024, compared to a positive provision of $4.7 million for the year ended December 31, 2023. Metrics regarding the credit quality of the Bank's loan portfolio continued to show very little in terms of credit stress during 2024. The negative provision for credit losses during 2024 related to improvement in financial trends related to two relationships that were part of the Hometown acquisition, which allowed for a reduction in specific reserves related to them. The elevated positive provision for credit losses during 2023 was primarily result of ASU 2016-13, which was adopted at the beginning of 2023. Under ASU 2016-13 a provision for credit losses totaling $5.5 million was recorded related to loans acquired from Hometown. The ACL-Loans was $44.2 million, or 1.26% of total loans, at December 31, 2024 compared to $43.6 million, or 1.30% of total loans, at December 31, 2023.

Noninterest Income. Noninterest income is an important component of our total revenues. A significant portion of our noninterest income has historically been associated with service charges and income from the Bank's unconsolidated subsidiaries, Ansay and UFS. Other typical sources of noninterest income include loan servicing fees and gains on sales of mortgage loans.

Noninterest income decreased by $38.4 million, or 66.1% to $19.7 million for 2024, down from $58.1 million during 2023. The primary driver of this decline was the aforementioned $38.9 million pre-tax gain on sale of UFS during 2023, while there was no corresponding similar event in 2024. Service charge income increased by $1.0 million for 2024 compared to 2023, which was the result of increased operating scale for the Company as well as renegotiated contractual agreements related to credit and debit card payment processing. Income from Ansay increased by $0.6 million for the full year of 2024 compared to 2023. Net gains on sale of mortgage loans increased $0.4 million year-over-year due to a rise in secondary market loan origination activity resulting from lower prevailing mortgage interest rates during periods of 2024. This increase in mortgage origination activity negatively impacted the valuation of the Company's mortgage servicing rights ("MSR") during 2024, leading to $0.3 million in negative valuation adjustments compared to positive adjustments totaling $0.4 million during 2023. Other noninterest income is comprised of many nonmaterial items, several of which increased from 2023 to 2024, though none of these increases were individually significant. The major components of our noninterest income are listed in the table below:

	For the Years Ended December 31,	
(in thousands)	**2024**	**2023**
Noninterest Income		
Service charges	$ 8,043	$ 7,033
Income from Ansay	3,502	2,922
Income from UFS	—	2,265
Loan servicing income	2,938	2,860
Valuation adjustment on MSR	(299)	395
Net gain on sales of mortgage loans	1,298	897
Gain on sale of UFS	—	38,904
Other	4,198	2,839
Total noninterest income	$ 19,680	$ 58,115

Noninterest Expense. Noninterest expense decreased $9.3 million to $78.8 million for the year ended December 31, 2024, down from $88.1 million for the year ended December 31, 2023. During 2023 the Company sold a significant number of available for sale securities, resulting a $7.9 million pre-tax loss, compared to negligible losses on sales of securities during 2024. The securities sold during 2023 had an average yield of 1.36%. Proceeds of these sales were reinvested in a combination of short and long-term investments with an average yield of 4.98%. Personnel expense increased $0.5 million, or 1.4%, due to customary pay raises year-over-year, offset by certain efficiencies realized from further integration of recent acquisitions made by the Company. Data processing expense increased by $1.7 million during 2024 compared to 2023 due to project-related costs for upgrading the Bank's digital banking platform and the increased scale from recent acquisitions. Expenses related to the Hometown acquisition totaled $1.6 million during 2023. The lack of a similar acquisition during 2024 caused decreases in the areas of postage, stationary, supplies and advertising expense year-over-year. Finally, gains on sales and valuations of OREO totaling $0.7 million during 2024 compared favorably to losses of $2.1 million during 2023. Amortization of intangibles decreased by $0.5 million year-over-year, the result of using the sum-of-the-years-digits method of amortization on core deposit intangibles which takes more expense in years immediately following the acquisition which created them. The major components of our noninterest expense are listed in the table below:

	For the Years Ended December 31,	
(In thousands)	**2024**	**2023**
Noninterest Expense		
Salaries, commissions, and employee benefits	$ 40,901	$ 40,355
Occupancy	5,957	5,670
Data processing	9,692	8,011
Postage, stationary, and supplies	885	1,084
Net loss (gain) on sales and valuations of other real estate owned	(694)	2,133
Net loss on sales of securities	34	7,901
Advertising	313	326
Charitable contributions	793	944
Federal deposit insurance	1,850	1,831
Outside service fees	4,560	4,519
Amortization of intangibles	5,793	6,324
Other	8,683	9,021
Total noninterest expenses	$ 78,767	$ 88,119

Income Tax Expense. We recorded a provision for income taxes of $14.0 million for the year ended December 31, 2024, compared to $24.3 million for the year ended December 31, 2023, reflecting effective tax rates of 17.5% and 24.6%, respectively. The Company's home state passed tax legislation during the third quarter of 2023 which exempted income produced by a significant portion of the Company's loans from taxation in Wisconsin. As a result of the lower anticipated future effective tax rate, the Company determined that a $2.9 million allowance was required to be made against its deferred tax asset, creating a one-time increase in tax expense for 2023. Final rules relating to qualifying loans under this legislation were not published until the first quarter of 2024. Based on these final rules, the Company was able to further reduce its estimated tax liability from 2023 by $1.3 million, resulting in the lower provision for income taxes and effective tax rate during 2024. The effective tax rates were reduced from the statutory federal and state income tax rates during both periods as a result of tax-exempt interest income produced by certain qualifying loans and investments in the Bank's portfolios.

NET INTEREST MARGIN

Net interest income represents the difference between interest earned, primarily on loans and investments, and interest paid on funding sources, primarily deposits and borrowings. Interest rate spread is the difference between the average rate earned on total interest-earning assets and the average rate paid on total interest-bearing liabilities. Net interest margin is the amount of net interest income, on a fully taxable-equivalent basis, expressed as a percentage of average interest-earning assets. The average rate earned on earning assets is the amount of annualized taxable equivalent interest income expressed as a percentage of average earning assets. The average rate paid on interest-bearing liabilities is equal to annualized interest expense as a percentage of average interest-bearing liabilities.

The following tables set forth the distribution of our average assets, liabilities and shareholders' equity, and average rates earned or paid on a fully taxable equivalent basis for each of the periods indicated:

	For the Year Ended December 31,								
	2024			2023			2022		
	Average Balance	Interest Income/ Expenses (1)	Rate Earned/ Paid (1)	Average Balance	Interest Income/ Expenses (1)	Rate Earned/ Paid (1)	Average Balance	Interest Income/ Expenses (1)	Rate Earned/ Paid (1)
	(dollars in thousands)								
ASSETS									
Interest-earning assets									
Loans (2)									
Taxable	$ 3,310,890	$ 184,853	5.58 %	$ 3,172,468	$ 165,113	5.20 %	$ 2,434,554	$ 103,612	4.26 %
Tax-exempt	111,467	5,258	4.72 %	103,957	4,686	4.51 %	96,183	4,227	4.39 %
Securities									
Taxable (available for sale)	129,832	6,146	4.73 %	185,867	5,851	3.15 %	227,101	5,230	2.30 %
Tax-exempt (available for sale)	33,204	1,130	3.40 %	36,690	1,195	3.26 %	81,181	2,140	2.64 %
Taxable (held to maturity)	108,849	4,242	3.90 %	71,908	2,678	3.72 %	24,416	670	2.74 %
Tax-exempt (held to maturity)	3,435	90	2.62 %	4,426	115	2.60 %	5,396	139	2.58 %
Cash and due from banks	111,379	6,046	5.43 %	79,822	4,104	5.14 %	220,929	1,883	0.85 %
Total interest-earning assets	3,809,056	207,765	5.45 %	3,655,138	183,742	5.03 %	3,089,760	117,901	3.82 %
Non-interest-earning assets	443,691			447,934			280,249		
Allowance for loan losses	(44,511)			(41,714)			(22,152)		
Total assets	$ 4,208,236			$ 4,061,358			$ 3,347,857		
LIABILITIES AND SHAREHOLDERS' EQUITY									
Interest-bearing deposits									
Checking accounts	$ 401,990	$ 11,132	2.77 %	$ 293,568	$ 5,362	1.83 %	$ 253,443	$ 1,075	0.42 %
Savings accounts	816,410	12,240	1.50 %	833,360	9,796	1.18 %	691,599	3,099	0.45 %
Money market accounts	616,964	14,880	2.41 %	665,988	12,722	1.91 %	666,717	3,025	0.45 %
Certificates of deposit	613,593	25,613	4.17 %	509,273	14,396	2.83 %	286,054	2,818	0.99 %
Brokered Deposits	7,662	303	3.95 %	3,184	90	2.83 %	8,587	251	2.92 %
Total interest-bearing deposits	2,456,619	64,168	2.61 %	2,305,373	42,366	1.84 %	1,906,400	10,268	0.54 %
Other borrowed funds	98,241	4,437	4.52 %	97,384	6,637	6.82 %	185,329	2,181	1.18 %
Total interest-bearing liabilities	2,554,860	68,605	2.69 %	2,402,757	49,003	2.04 %	2,091,729	12,449	0.60 %
Non-interest bearing liabilities									
Demand Deposits	1,000,772			1,078,468			878,727		
Other liabilities	32,820			10,533			4,971		
Total Liabilities	3,588,452			3,491,758			2,975,427		
Shareholders' equity	619,784			569,600			372,430		
Total liabilities & shareholders' equity	$ 4,208,236			$ 4,061,358			$ 3,347,857		
Net interest income on a fully taxable equivalent basis		139,160			134,739			105,452	
Less taxable equivalent adjustment		(1,360)			(1,259)			(1,366)	
Net interest income		$ 137,800			$ 133,480			$ 104,086	
Net interest spread (3)			2.77 %			2.99 %			3.22 %
Net interest margin (4)			3.65 %			3.69 %			3.41 %

(1) Annualized on a fully taxable equivalent basis calculated using a federal tax rate of 21%.

(2) Nonaccrual loans are included in average amounts outstanding.

(3) Interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.

(4) Net interest margin represents net interest income on a fully tax equivalent basis as a percentage of average interest-earning assets.

Rate/Volume Analysis

The following tables describe the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected our interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (i) changes attributable to changes in volumes (changes in average balance multiplied by prior year average rate) and (ii) changes attributable to changes in rate (change in average interest rate multiplied by prior year average balance), while (iii) changes attributable to the combined impact of volumes and rates have been allocated proportionately to separate volume and rate categories.

	Twelve Months Ended December 31, 2024 Compared with Twelve Months Ended December 31, 2023			Twelve Months Ended December 31, 2023 Compared with Twelve Months Ended December 31, 2022		
	Increase/(Decrease) Due to Change in			Increase/(Decrease) Due to Change in		
	Volume	Rate	Total	Volume	Rate	Total
	(dollars in thousands)			(dollars in thousands)		
Interest income						
Loans						
Taxable	$ 7,401	$ 12,339	$ 19,740	$ 35,439	$ 26,062	$ 61,501
Tax-exempt	348	224	572	348	111	459
Securities						
Taxable (AFS)	(2,097)	2,392	295	(1,065)	1,686	621
Tax-exempt (AFS)	(117)	52	(65)	(1,366)	421	(945)
Taxable (HTM)	1,434	130	1,564	1,696	312	2,008
Tax-exempt (HTM)	(26)	1	(25)	(25)	1	(24)
Cash and due from banks	1,702	240	1,942	(1,884)	4,105	2,221
Total interest income	8,645	15,378	24,023	$ 33,143	$ 32,698	$ 65,841
Interest expense						
Deposits						
Checking accounts	$ 2,407	$ 3,363	$ 5,770	$ 196	$ 4,091	$ 4,287
Savings accounts	(203)	2,647	2,444	751	5,946	6,697
Money market accounts	(990)	3,148	2,158	(3)	9,700	9,697
Certificates of deposit	3,371	7,846	11,217	3,410	8,168	11,578
Brokered Deposits	166	47	213	(153)	(8)	(161)
Total interest bearing deposits	4,751	17,051	21,802	4,201	27,897	32,098
Other borrowed funds	58	(2,258)	(2,200)	(1,482)	5,938	4,456
Total interest expense	4,809	14,793	19,602	2,719	33,835	36,554
Change in net interest income	$ 3,836	$ 585	$ 4,421	$ 30,424	$ (1,137)	$ 29,287

CHANGES IN FINANCIAL CONDITION

Total Assets. Total assets increased $273.2 million, or 6.5%, to $4.50 billion at December 31, 2024 from $4.22 billion at December 31, 2023. A significant increase in customer deposits during the fourth quarter of 2024, funding cash, investment, and loan growth was the primary cause of this year-over-year increase.

Cash and Cash Equivalents. Cash and cash equivalents increased by $13.8 million, or 5.6%, to $261.3 million at December 31, 2024 from $247.5 million at December 31, 2023.

Investment Securities. The carrying value of total investment securities increased by $88.3 million to $333.8 million at December 31, 2024 from $245.5 million at December 31, 2023. A significant portion of the deposit increase during the fourth quarter of 2024 required collateralization by investments in the Company's portfolio. As a result of this heightened need for collateral, the Company invested $100.0 million into a 30-day US Treasury note during December 2024 which matured at the end of January 2025.

Loans. Net loans increased by $173.7 million, or 5.3%, to $3.47 billion at December 31, 2024 from $3.30 billion at December 31, 2023. This increase was due to the addition of new customer relationships as well as inflationary impacts on the loan requirements of existing customers.

Bank-Owned Life Insurance. At December 31, 2024, our investment in bank-owned life insurance was $61.5 million, an increase of $0.2 million from $61.3 million at December 31, 2023.

Deposits. Deposits increased $228.2 million, or 6.7%, to $3.66 billion at December 31, 2024 from $3.43 billion at December 31, 2023. As previously mentioned, much of the growth during 2024 resulted during the fourth quarter and is anticipated to be seasonal.

Borrowings. At December 31, 2024, borrowings consisted of advances from the FHLB of Chicago and subordinated debt to other banks and individuals. FHLB borrowings increased to $135.4 million at December 31, 2024 from $35.3 million at December 31, 2023. These additional borrowings were intended to provide liquidity to support near-term loan growth. Subordinated debt remained stable at $12.0 million at December 31, 2024 and December 31, 2023. A junior subordinated debenture totaling $4.1 million, which was part of the acquisition of Hometown, was repaid in full during the first quarter of 2024.

Stockholders' Equity. Total stockholders' equity increased $19.9 million, or 3.2%, to $639.7 million at December 31, 2024 from $619.8 million at December 31, 2023. Repurchases of the Company's common stock totaling $31.2 million and dividends declared totaling $15.6 million offset the positive impact of earnings totaling $65.6 million during 2024.

LOANS

Our lending activities are conducted principally in Wisconsin. The Bank makes commercial and industrial loans, commercial real estate loans, construction and development loans, residential real estate loans, and a variety of consumer loans and other loans. Much of the loans made by the Bank are secured by real estate collateral. The Bank's commercial business loans are primarily made based on the cash flow of the borrower and secondarily on the underlying collateral provided by the borrower, with liquidation of the underlying real estate collateral typically being viewed as the primary source of repayment in the event of borrower default. Although commercial business loans are also often collateralized by equipment, inventory, accounts receivable, or other business assets, the liquidation of collateral in the event of default is often an insufficient source of repayment. Repayment of the Bank's residential loans are generally dependent on the health of the employment market in the borrowers' geographic areas and that of the general economy with liquidation of the underlying real estate collateral being typically viewed as the primary source of repayment in the event of borrower default.

Our loan portfolio is our most significant earning asset, comprising 78.3%, 79.3% and 79.1% of our total assets as of December 31, 2024, 2023 and 2022, respectively. Our strategy is to grow our loan portfolio by originating quality commercial and consumer loans that comply with our credit policies and that produce revenues consistent with our financial objectives. We believe our loan portfolio is well-balanced, which provides us with the opportunity to grow while monitoring our loan concentrations.

Total loans increased $174.2 million, or 5.2%, to $3.52 billion as of December 31, 2024 as compared to $3.34 billion as of December 31, 2023. This loan growth was comprised of an increase of $12.5 million, or 2.6%, in commercial and industrial loans, an increase of $55.0 million, or 3.2%, in commercial real estate loans, an increase of $77.1 million, or 38.4%, in construction and development loans, an increase of $24.5 million, or 2.8%, in residential 1-4 family loans and an increase of $5.1 million, or 7.7%, in consumer and other loans.

The following table presents the balance and associated percentage of each major category in our loan portfolio at December 31, 2024, 2023, and 2022:

	December 31,					
(In thousands)	2024	% of Total	2023	% of Total	2022	% of Total
Commercial & industrial	$ 500,352	14 %	$ 487,893	15 %	$ 492,450	17 %
Commercial real estate						
Owner Occupied	968,837	28 %	894,596	27 %	716,963	25 %
Non-owner occupied	459,431	13 %	472,321	14 %	391,040	13 %
Multi-family	326,408	9 %	332,757	10 %	290,580	10 %
Construction & Development	277,971	8 %	200,835	6 %	199,708	7 %
Residential 1-4 family	913,187	26 %	888,639	27 %	739,514	25 %
Consumer	55,387	2 %	50,950	1 %	44,963	2 %
Other Loans	15,595	— %	14,983	— %	18,760	1 %
Total Loans	$ 3,517,168	100 %	$ 3,342,974	100 %	$ 2,893,978	100 %

Our directors and officers and their affiliates are customers of, and have other transactions with, the Bank in the normal course of business. All loans and commitments included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than normal risk of collection or present other unfavorable features. At December 31, 2024 and December 31, 2023, total loans outstanding to such directors and officers and their affiliates were $62.9 million and $63.9 million, respectively. During the year ended December 31, 2024, the Bank had $19.0 million in net increases due to changes in the composition of directors and officers, $56.3 million of additional loan advances, and $76.4 million in repayments of these loans, compared to $24.5 million of additional loan advances and $30.8 million in repayments of these loans during the year ended December 31, 2023. At December 31, 2024 and December 31, 2023, all of the loans to directors and officers were performing according to their original terms.

Loan segments

Changes in the principal segments of our loan portfolio are discussed below. Descriptions of and risks related to these segments can be found in the consolidated financial statements and footnotes presented elsewhere in this report.

Commercial and Industrial (C&I). Our C&I portfolio totaled $500.4 million and $487.9 million at December 31, 2024 and 2023, respectively, and represented 14% and 15% of our total loans, respectively. C&I loans increased 2.6% during 2024 due to the increased business needs of customers in our markets in response to strong economic conditions. C&I loans decreased 0.9% during 2023 as a result of exiting a few nonperforming borrowers and borrowers from acquired institutions that did not fit the Bank's lending philosophy.

Commercial Real Estate (CRE). Our CRE loan portfolio totaled $1.75 billion and $1.70 billion at December 31, 2024 and 2023, respectively, and represented 50% and 51% of our total loans, respectively. Our CRE loans increased 3.2% during 2024, due to organic growth within our markets. Owner occupied CRE loans increased by 8.3% while non-owner occupied CRE loans declined by 2.7% as a result of management's desire to reduce exposure to non-owner occupied CRE loans from acquired institutions where the bank did not have full relationships with the borrowers. Our CRE loans increased 21.5% during 2023, primarily as a result of loans acquired from Hometown during 2023.

Construction and Development (C&D). Our C&D loan portfolio totaled $278.0 million and $200.8 million at December 31, 2024 and 2023, respectively, and represented 8% and 6% of our total loans, respectively. C&D loans increased 38.4% during 2024, as a result of a few large multi-family related projects for existing customers with experience in this industry. C&D loans increased 0.6% during 2023, as a result of management making a strategic decision to limit growth in this area.

Residential 1-4 Family. Our residential 1-4 family loan portfolio totaled $913.2 million and $888.6 million at December 31, 2024 and 2023, respectively, and represented 26% and 27% of our total loans, respectively. Residential 1-4 family loans increased 2.8% during 2024, driven by natural growth in our markets. Residential 1-4 family loans increased 20.2% during 2023, primarily as a result of loans acquired from Hometown during 2023.

We do not offer reverse mortgages nor do we offer loans that provide for negative amortization of principal, such as "Option ARM" loans, where the borrower can pay less than the interest owed on his loan, resulting in an increased principal balance during the life of the loan. We also do not offer "subprime loans" (loans that are made with low down payments to borrowers with weakened credit histories typically characterized by payment delinquencies, previous charge-offs, judgments, bankruptcies, or borrowers with questionable repayment capacity as evidenced by low credit scores or high debt-burden ratios) or Alt-A loans (defined as loans having less than full documentation).

Residential real estate loans are originated both for sale to the secondary market as well as for retention in the Bank's loan portfolio. The decision to sell a loan to the secondary market or retain within the portfolio is determined based on a variety of factors including but not limited to our asset/liability position, the current interest rate environment, and customer preference. Servicing rights are retained on all loans sold to the secondary market.

We were servicing mortgage loans sold to others without recourse of approximately $1.17 billion and $1.18 billion at December 31, 2024 and 2023, respectively.

Loans sold with the retention of servicing assets result in the capitalization of servicing rights. Loan servicing rights are subsequently amortized as an offset to other income over the estimated period of servicing. The net balance of capitalized servicing rights amounted to $13.4 million and $13.7 million at December 31, 2024 and 2023, respectively.

Consumer Loans. Our consumer loan portfolio totaled $55.4 million and $51.0 million at December 31, 2024 and 2023, respectively, and represented 2% and 1% of our total loans, respectively. Consumer loans include secured and unsecured loans, lines of credit and personal installment loans. Our consumer loans increased by 8.7% and 13.3% during 2024 and 2023, respectively.

Other Loans. Our other loans totaled $15.6 million and $15.0 million at December 31, 2024 and 2023, respectively, and are immaterial to the overall loan portfolio. The other loans category consists primarily of overdrawn depository accounts, loans utilized to purchase or carry securities and loans to nonprofit organizations.

Loan Portfolio Maturities.

The following tables summarize the dollar amount of loans maturing in our portfolio based on their loan type, fixed or variable rate of interest, and contractual terms to maturity at December 31, 2024. The tables do not include any estimate of prepayments, which can significantly shorten the average life of all loans and may cause our actual repayment experience to differ from that shown below. Demand loans, loans having no stated repayment schedule or maturity, and overdraft loans are reported as being due in one year or less.

	One Year or Less	One to Five Years	Five to Fifteen Years	Over Fifteen Years	Total
			(dollars in thousands)		
Commercial & industrial	$ 141,827	$ 234,323	$ 122,411	$ 1,791	$ 500,352
Commercial real estate					
Owner Occupied	121,928	455,155	319,156	72,598	968,837
Non-owner Occupied	51,968	287,483	112,239	7,741	459,431
Multi-family	19,877	142,798	163,240	493	326,408
Construction & Development	46,419	94,462	71,614	65,476	277,971
Residential 1-4 family	21,562	97,274	212,643	581,708	913,187
Consumer and other	15,534	32,873	16,103	6,472	70,982
Total	$ 419,115	$ 1,344,368	$ 1,017,406	$ 736,279	$ 3,517,168
Fixed Rate Loans:					
Commercial & industrial	$ 34,663	$ 170,368	$ 72,968	$ 1,757	$ 279,756
Commercial real estate					
Owner Occupied	64,905	356,869	115,893	20,457	558,124
Non-owner Occupied	47,573	242,546	30,605	—	320,724
Multi-family	17,106	133,927	113,757	—	264,790
Construction & Development	26,377	81,439	10,817	33,266	151,899
Residential 1-4 family	13,864	74,708	167,359	280,408	536,339
Consumer and other	14,924	31,861	15,026	6,472	68,283
Total	$ 219,412	$ 1,091,718	$ 526,425	$ 342,360	$ 2,179,915
Floating Rate Loans:					
Commercial & industrial	$ 107,164	$ 63,955	$ 49,443	$ 34	$ 220,596
Commercial real estate					
Owner Occupied	57,023	98,286	203,263	52,141	410,713
Non-owner Occupied	4,395	44,937	81,634	7,741	138,707
Multi-family	2,771	8,871	49,483	493	61,618
Construction & Development	20,042	13,023	60,797	32,210	126,072
Residential 1-4 family	7,698	22,566	45,284	301,300	376,848
Consumer and other	610	1,012	1,077	—	2,699
Total	$ 199,703	$ 252,650	$ 490,981	$ 393,919	$ 1,337,253

NONPERFORMING ASSETS

In order to operate with a sound risk profile, we focus on originating loans that we believe to be of high quality. We have established loan approval policies and procedures to assist us in maintaining the overall quality of our loan portfolio. When delinquencies in our loans exist, we rigorously monitor the levels of such delinquencies for any negative or adverse trends. From time to time, we may modify loans to extend the term or make other concessions to help a borrower with a deteriorating financial condition stay current on their loan and to avoid foreclosure. We generally do not forgive principal or interest on loans or modify the interest rates on loans to rates that are below market rates. Furthermore, we are committed to collecting on all of our loans and, as a result, at times have lower net charge-offs compared to many of our peer banks. We believe that our commitment to collecting on all of our loans results in higher loan recoveries.

Our nonperforming assets consist of nonperforming loans and foreclosed real estate. Nonperforming loans are those on which the accrual of interest has stopped, as well as loans that are contractually 90 days past due on which interest continues to accrue. The composition of our nonperforming assets is as follows:

	As of December 31,		
	2024	2023	2022
		(dollars in thousands)	
Nonperforming loans			
Nonaccrual loans			
Commercial & industrial	794	1,344	418
Commercial real estate			
Owner Occupied	4,999	3,877	2,688
Non-owner Occupied	493	—	—
Multi-family	—	—	—
Construction & Development	—	—	17
Residential 1-4 family	511	429	505
Consumer and other	29	12	—
Total nonaccrual loans	6,826	5,662	3,628
Loans past due > 90 days, but still accruing			
Commercial & industrial	328	106	—
Commercial real estate			
Owner Occupied	—	252	—
Non-owner Occupied	—	—	—
Multi-family	—	—	—
Construction & Development	—	—	—
Residential 1-4 family	1,294	507	268
Consumer and other	48	28	5
Total loans past due > 90 days, but still accruing	1,670	893	273
Total nonperforming loans	$ 8,496	$ 6,555	$ 3,901
OREO			
Commercial real estate owned	$ —	$ —	$ —
Residential real estate owned	—	—	—
Acquired bank property real estate owned	741	2,573	2,520
Total OREO	$ 741	$ 2,573	$ 2,520
Total nonperforming assets ("NPAs")	$ 9,237	$ 9,128	$ 6,421
Accruing modified loans to borrowers experiencing financial difficulty (1)	$ 16	$ 21	$ 450
Ratios			
Nonaccrual loans to total loans	0.19 %	0.17 %	0.13 %
NPAs to total loans plus OREO	0.26 %	0.27 %	0.22 %
NPAs to total assets	0.21 %	0.21 %	0.18 %
ACL - Loans to nonaccrual loans	647 %	770 %	625 %
ACL - Loans to total loans	1.26 %	1.30 %	0.78 %

(1) Amounts prior to January 1, 2023 represent accruing troubled debt restructured loans.

At December 31, 2024, 2023 and 2022, loans individually evaluated had specific reserves of $2.4 million, $4.2 million and a negligible amount, respectively. Levels of specific reserves are dependent on the specific underlying impaired loans at any given time. Management has evaluated the aforementioned loans and other loans classified as nonperforming and believes that all nonperforming loans have been adequately reserved for in the allowance for credit losses at December 31, 2024.

Nonaccrual Loans

Loans are typically placed on nonaccrual status when any payment of principal and/or interest is 90 days or more past due, unless the collateral is sufficient to cover both principal and interest and the loan is in the process of collection. Loans are also placed on nonaccrual status when management believes, after considering economic and business conditions, that the principal or interest will not be collectible in the normal course of business. We monitor closely the performance of our loan portfolio. In addition to the monitoring and review of loan performance internally, we have also contracted with an independent organization to review our commercial and retail loan portfolios. The status of delinquent loans, as well as situations identified as potential problems, is reviewed on a regular basis by senior management.

ALLOWANCE FOR CREDIT LOSSES - LOANS

The Company assesses the adequacy of its ACL - Loans at the end of each calendar quarter. The level of ACL - Loans is based on the Company's evaluation of historical default and loss experience, current and projected economic conditions, asset quality trends, known and inherent risks in the portfolio, adverse situations that may affect the borrowers' ability to repay a loan, the estimated value of any underlying collateral, composition of the loan portfolio and other relevant factors. The ACL - Loans is increased by a provision for credit losses, which is charged to expense, when the analysis shows that an increase is warranted. The ACL – Loans is reduced by charge-offs, net of recoveries, when they occur. The ACL is believed adequate to absorb all expected future losses to be recognized over the contractual life of the loans in the portfolio.

For further details on the Company's ACL – Loans, refer to the footnotes presented along with the consolidated financial statements elsewhere in this report.

At December 31, 2024, the ACL - Loans was $44.2 million (representing 1.26% of year-end loans). Bank First recorded a negative provision for credit losses totaling $0.8 million during 2024. While the Bank's overall credit quality has remained consistently strong over all these periods, improvement in financial trends related to two relationships that were part of the Hometown acquisition allowed for a reduction in specific reserves related to them, causing the decrease in overall required allowance for credit losses related to the loan portfolio. The Company adopted CECL as of January 1, 2023, which increased the ACL - Loans by $11.0 million. In addition, the ACL - Loans increased during 2023 due to the acquisition of Hometown, which required a $3.6 million provision for credit losses on non-Purchase Credit Deteriorated ("PCD") loans and a $5.5 million reserve related to PCD loans. The reserve related to PCD loans was recorded as an adjustment to the acquisition date fair values on these loans and was not included in the provision for credit losses. The Bank has recorded net loan recoveries over each of the last three years.

The following table summarizes the changes in our ACL - Loans for the years indicated:

	Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
		(dollars in thousands)	
Balance of ACL - Loans at the beginning of period	$ 43,609	$ 22,680	$ 20,315
Adoption of CECL	—	10,972	—
ACL - Loans on PCD loans acquired	—	5,534	—
Net loans charged-off (recovered):			
Commercial & industrial	2	(22)	(499)
Commercial real estate - owner occupied	(615)	(70)	816
Commercial real estate - non-owner occupied	—	—	(360)
Commercial real estate - multi-family	—	—	—
Construction & Development	—	—	(152)
Residential 1-4 family	31	(106)	26
Consumer	73	—	21
Other Loans	67	67	(17)
Total net loans recovered	(442)	(131)	(165)
Provision charged to operating expense	(800)	4,682	2,200
Transfer from (to) ACL - Unfunded Commitments	900	(390)	—
Balance of ACL - Loans at end of period	$ 44,151	$ 43,609	$ 22,680
Ratio of net charge-offs (recoveries) to average loans by loan composition			
Commercial & industrial	0.00 %	— %	(0.12)%
Commercial real estate - owner occupied	(0.07)%	(0.01)%	0.13 %
Commercial real estate - non-owner occupied	— %	— %	(0.06)%
Commercial real estate - multi-family	— %	— %	— %
Construction & Development	— %	— %	(0.09)%
Residential 1-4 family	0.00 %	(0.01)%	— %
Consumer	0.14 %	— %	0.05 %
Other Loans	0.44 %	0.36 %	(0.04)%
Total net charge-offs (recoveries) to average loans	(0.01)%	— %	(0.01)%

The level of charge-offs depends on many factors, including the national and regional economy. Cyclical lagging factors may result in charge-offs being higher than historical levels. The dollar amount of the ACL - Loans increased primarily as a result of loan growth and changes in the portfolio composition. Although the allowance is allocated between categories, the entire allowance is available to absorb losses attributable to all loan categories. Management believes that the ACL - Loans is adequate.

The following table summarizes an allocation of the ACL - Loans and the related percentage of loans outstanding in each category for the periods below.

	As of December 31					
	2024		2023		2022	
(in thousands, except %)	Amount	% of Loans	Amount	% of Loans	Amount	% of Loans
Loan Type:						
Commercial & industrial	$ 5,394	15 %	$ 5,965	15 %	$ 4,071	17 %
Commercial real estate - owner occupied	11,033	27 %	12,285	27 %	5,204	25 %
Commercial real estate - non-owner occupied	4,740	13 %	5,700	14 %	2,644	13 %
Commercial real estate - multi-family	3,739	10 %	4,754	10 %	2,761	10 %
Construction & development	5,223	7 %	3,597	6 %	1,592	7 %
Residential 1-4 family	12,801	26 %	10,620	27 %	5,944	25 %
Consumer	1,084	2 %	615	1 %	314	2 %
Other loans	137	— %	73	— %	150	1 %
Total allowance	$ 44,151	100 %	$ 43,609	100 %	$ 22,680	100 %

SOURCES OF FUNDS

General. Deposits traditionally have been our primary source of funds for our investment and lending activities. We continue to focus on growing core deposits through our relationship driven banking philosophy and community-focused marketing programs. We also borrow from the FHLB of Chicago to supplement cash needs, to lengthen the maturities of liabilities for interest rate risk management purposes and to manage our cost of funds. Our additional sources of funds are scheduled payments and prepayments of principal and interest on loans and investment securities and fee income and proceeds from the sales of loans and securities.

Deposits. Our current deposit products include noninterest-bearing and interest-bearing checking accounts, savings accounts, money market accounts, and certificate of deposits. As of December 31, 2024, deposit liabilities accounted for approximately 81.4% of our total liabilities and equity. We accept deposits primarily from customers in the communities in which our branches and offices are located, as well as from small businesses and other customers throughout our lending area. We rely on our competitive pricing and products, quality customer service, and convenient locations and hours to attract and retain deposits. Deposit rates and terms are based primarily on current business strategies, market interest rates, liquidity requirements and our deposit growth goals.

Total deposits were $3.66 billion and $3.43 billion as of December 31, 2024 and 2023, respectively. Noninterest-bearing deposits at December 31, 2024 and 2023 were $1.02 billion and $1.05 billion, respectively, while interest-bearing deposits were $2.64 billion and $2.38 billion at December 31, 2024 and 2023, respectively. During 2024 the Bank experienced 6.7% growth in deposits, but also experienced a shift in customer behavior, moving balances from noninterest-bearing accounts to interest-bearing accounts, resulting in the noted decline in noninterest-bearing totals.

At December 31, 2024, we had a total of $651.1 million in certificates of deposit. This total included $20.1 million of brokered deposits, of which $5.0 million had remaining maturities of one year or less. Based on historical experience and our current pricing strategy, we believe we will retain a large portion of these non-brokered accounts upon maturity.

The following tables set forth the average balances of our deposits for the periods indicated:

	December 31, 2024		2023		2022	
	Amount	Percent	Amount	Percent	Amount	Percent
	(dollars in thousands)					
Noninterest-bearing demand deposits	$ 1,000,772	28.9 %	$ 1,078,468	31.9 %	$ 878,727	31.6 %
Interest-bearing checking deposits	401,990	11.6 %	293,568	8.7 %	253,443	9.1 %
Savings deposits	816,410	23.6 %	833,360	24.6 %	691,599	24.8 %
Money market accounts	616,964	17.8 %	665,988	19.7 %	666,717	23.9 %
Certificates of deposit	613,593	17.7 %	509,273	15.1 %	286,054	10.3 %
Brokered deposits	7,662	0.2 %	3,184	0.1 %	8,587	0.3 %
Total	$ 3,457,391	100 %	$ 3,383,841	100 %	$ 2,785,127	100.0 %

The following table provides information on maturities of certificates of deposits which exceed FDIC insurance limits of $250,000 as of December 31, 2024:

	Time Deposits over FDIC Insurance Limits	Portion of Time Deposits in Excess of FDIC Insurance Limits
	(dollars in thousands)	
3 months or less remaining	$ 62,208	$ 34,458
Over 3 to 6 months remaining	61,580	27,580
Over 6 to 12 months remaining	25,849	9,599
Over 12 months or more remaining	13,689	6,189
Total	$ 163,326	$ 77,826

Borrowings

Deposits and investment securities held for sale are the primary source of funds for our lending activities and general business purposes. However, we may also obtain advances from the FHLB, purchase federal funds and engage in overnight borrowing from the Federal Reserve, correspondent banks, or enter into repurchase agreements.

Securities sold under repurchase agreements

The Company had securities sold under repurchase agreements which had contractual maturities up to one year from the transaction date with variable and fixed rate terms. The agreements to repurchase required that the Company (seller) repurchase identical securities as those that were sold. The securities underlying the agreements were under the Company's control. The Company redeemed all securities sold under repurchase agreements during the first quarter of 2024 and has had no such balances since that time.

The following table summarizes securities sold under repurchase agreements, and the weighted average interest rates paid:

(dollars in thousands)	Year ended December 31, 2024	2023	2022
Average daily amount of securities sold under repurchase agreements during the period	$ 414	$ 36,833	$ 25,749
Weighted average interest rate on average daily securities sold under repurchase agreements	5.33 %	4.92 %	2.11 %
Maximum outstanding securities sold under repurchase agreements at any month-end	$ —	$ 75,747	$ 97,196
Securities sold under repurchase agreements at period end	$ —	$ 75,747	$ 97,196
Weighted average interest rate on securities sold under repurchase agreements at period end	NA	5.31 %	4.31 %

Lines of credit and other borrowings

The Company's other borrowings have historically consisted primarily of short-term FHLB of Chicago advances collateralized by a blanket pledge agreement on the Company's FHLB capital stock and retail and commercial loans held in the Company's portfolio. There were $135.4 million and $35.3 million of advances outstanding from the FHLB at December 31, 2024 and 2023, respectively. See Note 14 "Notes Payable" of the Notes to Consolidated Financial Statements under Part II, Item 8 for additional disclosures.

The total loans pledged as collateral were $1.47 billion and $1.49 billion at December 31, 2024 and 2023, respectively.

On July 22, 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 $6.0 million under each agreement, or $12.0 million 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 $6.0 million under these agreements at December 31, 2024 and 2023.

During August 2022, the Company entered into subordinated note agreements with an individual. The Company had outstanding balances of $6.0 million under these agreements as of December 31, 2024 and 2023. These notes were issued with 10-year maturities, carry interest at a fixed rate of 5.25% through August 6, 2027, and at a variable rate thereafter, payable quarterly. These notes are callable on or after August 6, 2027 and qualify for Tier 2 capital for regulatory purposes. The individual associated with these subordinated note agreements is not a related party of the Company.

As a result of the acquisition of Hometown during February 2023, the Company acquired all of the common securities of Hometown's wholly-owned subsidiaries, Hometown Bancorp, Ltd. Capital Trust I ("Trust I") and Hometown Bancorp, Ltd. Capital Trust II ("Trust II"). The Company also assumed adjustable rate junior subordinated debentures issued to these trusts. The junior subordinated debentures issued to Trust I and Trust II totaled $4.1 million and $8.2 million, respectively, carried interest at floating rates resetting on each quarterly payment date, and were due on January 7, 2034 and December 15, 2036, respectively. Applicable discounts originally totaling $1.5 million were recorded to carry the assumed debentures at their then estimated fair value and were being accreted to interest expense over the remaining life of the debentures. Both junior subordinated debentures were redeemable by the Company, subject to prior approval by the Federal Reserve Bank, on any quarterly payment date. The junior subordinated debentures represented the sole asset of Trust I and Trust II. The trusts were not included in the Company's consolidated financial statements. The net effect of all agreements assumed with respect to Trust I and Trust II is that the Company, through payments on its debentures, was liable for the distributions and other payments required on the trusts' preferred securities. Trust I and Trust II also provided the Company with $12.0 million in Tier 1 capital for regulatory capital purposes. The Company redeemed the junior subordinated debenture related to Trust II during December 2023, resulting in Trust II's dissolution. The Company redeemed the junior subordinated debenture related to Trust I on January 8, 2024, resulting in Trust I's dissolution.

INVESTMENT SECURITIES

Our securities portfolio consists of securities available for sale and securities held to maturity. Securities are classified as held to maturity or available for sale at the time of purchase. U.S. Treasury securities, obligations of states and political subdivisions, and mortgage-backed securities, all of which are issued by U.S. government agencies or U.S. government-sponsored enterprises, make up the largest components of the securities portfolio. We manage our investment portfolio to provide an adequate level of liquidity as well as to maintain neutral interest rate-sensitive positions, while earning an adequate level of investment income without taking undue or excessive risk.

Securities available for sale consist of U.S. Treasury securities, obligations of U.S. Government sponsored agencies, obligations of states and political subdivision, agency mortgage-backed securities, and corporate notes. 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 fair value of securities available for sale totaled $223.1 million and included negligible gross unrealized gains and gross unrealized losses of $12.9 million at

December 31, 2024. At December 31, 2023, the fair value of securities available for sale totaled $142.2 million and included gross unrealized gains of $0.1 million and gross unrealized losses of $12.2 million.

Securities classified as held to maturity consist of U.S. Treasury securities and obligations of states and political subdivisions. These securities, which management has the intent and ability to hold to maturity, are reported at amortized cost of $110.8 million and $103.3 million as of December 31, 2024 and 2023, respectively.

The Company recognized a negligible net loss on sale of investment securities during the year ended December 31, 2024 and a net loss on sale of investment securities of $7.9 million during the year ended December 31, 2023.

The following tables set forth the composition and maturities of investment securities as of December 31, 2024 and December 31, 2023. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Within One Year		**After One, But Within Five Years**		**After Five, But Within Ten Years**		**After Ten Years**		**Total**	
At December 31, 2024	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)
					(dollars in thousands)					
Available for sale securities										
U.S. Treasury securities	$ 99,656	4.2 %	$ —	— %	$ —	— %	$ —	— %	$ 99,656	4.2 %
Obligations of U.S. Government sponsored agencies	$ 1,493	5.0 %	$ 1,200	4.5 %	$ 13,761	2.0 %	$ 11,312	2.2 %	$ 27,766	2.3 %
Obligations of states and political subdivisions	344	4.9 %	11,970	4.1 %	18,853	3.1 %	31,825	2.8 %	62,992	3.2 %
Mortgage-backed securities	45	3.5 %	10,598	3.4 %	7,979	4.4 %	11,204	3.7 %	29,826	3.8 %
Corporate notes	—	— %	5,000	8.7 %	9,606	3.3 %	1,063	10.3 %	15,669	5.5 %
Total available for sale securities	$ 101,538	4.2 %	$ 28,768	4.7 %	$ 50,199	3.0 %	$ 55,404	3.0 %	$ 235,909	3.7 %
Held to maturity securities										
U.S. Treasury securities	$ 22,671	3.6 %	$ 40,574	3.7 %	$ 44,316	4.3 %	$ —	— %	$ 107,561	3.9 %
Obligations of states and political subdivisions	800	2.3 %	2,395	2.7 %	—	— %	—	— %	3,195	2.6 %
Total held to maturity securities	$ 23,471	3.5 %	$ 42,969	3.7 %	$ 44,316	4.3 %	$ —	— %	$ 110,756	3.9 %
Total	$ 125,009	4.1 %	$ 71,737	4.1 %	$ 94,515	3.6 %	$ 55,404	3.0 %	$ 346,665	3.8 %

At December 31, 2023	Within One Year		After One, But Within Five Years		After Five, But Within Ten Years		After Ten Years		Total	
	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)	Amortized Cost	Weighted Average Yield (1)
	(dollars in thousands)									
Available for sale securities										
Obligations of U.S. Government sponsored agencies	$ 980	5.1 %	$ 1,464	5.0 %	$ 16,202	2.2 %	$ 12,807	2.2 %	$ 31,453	2.5 %
Obligations of states and political subdivisions	—	— %	9,828	4.1 %	14,542	3.5 %	39,559	2.8 %	63,929	3.1 %
Mortgage-backed securities	3,579	2.6 %	8,649	3.3 %	11,788	4.1 %	13,773	3.7 %	37,789	3.6 %
Corporate notes	4,995	3.3 %	5,000	6.5 %	9,119	3.4 %	1,543	6.5 %	20,657	4.4 %
Certificates of deposit	490	1.3 %	—	— %	—	— %	—	— %	490	1.3 %
Total available for sale securities	$ 10,044	3.1 %	$ 24,941	4.4 %	$ 51,651	3.2 %	$ 67,682	2.9 %	$ 154,318	3.3 %
Held to maturity securities										
U.S. Treasury securities	$ 16,816	3.4 %	$ 60,714	3.6 %	$ 21,643	4.7 %	$ —	— %	99,173	3.8 %
Obligations of states and political subdivisions	956	2.7 %	2,324	2.5 %	871	3.0 %	—	— %	4,151	2.6 %
Total held to maturity securities	$ 17,772	3.4 %	$ 63,038	3.6 %	$ 22,514	4.6 %	$ —	— %	$ 103,324	3.8 %
Total	$ 27,816	3.3 %	$ 87,979	3.8 %	$ 74,165	3.7 %	$ 67,682	2.9 %	$ 257,642	3.5 %

(1) Weighted Average Yield is shown on a fully taxable equivalent basis using a federal tax rate of 21%.

LIQUIDITY, CASH FLOWS, AND CAPITAL RESOURCES

Liquidity. Liquidity is defined as the Company's ability to generate adequate cash to meet its needs for day-to-day operations and material long and short-term commitments. Liquidity is the risk of potential loss if we were unable to meet our funding requirements at a reasonable cost. We are expected to maintain adequate liquidity at the Bank to meet the cash flow requirements of customers who may be either depositors wishing to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs. Our asset and liability management policy is intended to cause the Bank to maintain adequate liquidity and, therefore, enhance our ability to raise funds to support asset growth, meet deposit withdrawals and lending needs, maintain reserve requirements and otherwise sustain our operations.

We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all of our short-term and long-term cash requirements. We manage our liquidity based on demand and specific events and uncertainties to meet current and future financial obligations of a short-term nature. We also monitor our liquidity requirements in light of interest rate trends, changes in the economy and the scheduled maturity and interest rate sensitivity of the investment and loan portfolios and deposits. Our objective in managing liquidity is to respond to the needs of depositors and borrowers as well as to increase earnings enhancement opportunities in a changing marketplace.

Our liquidity is maintained through investment portfolio, deposits, borrowings from the FHLB, and lines available from correspondent banks. Our highest priority is placed on growing noninterest bearing deposits through strong community involvement in the markets that we serve. Borrowings and brokered deposits are considered short-term supplements to our overall liquidity but are not intended to be relied upon for long-term needs. We believe that our present position is adequate to meet our current and future liquidity needs, and management knows of no trend or event that will have a material impact on the Company's ability to maintain liquidity at satisfactory levels. Management further believes that our present position is adequate to assure that securities classified as held to maturity will not need to be sold prior to maturity.

Cash Flows. Our cash flows consist of operating activities, investing activities, and financing activities.

Net cash flows provided by operating activities totaled $65.8 million during 2024 compared to $52.9 million during 2023. The largest contributing factor to the increase in cash flows provided by operating activities during 2024 was an increase in net income excluding realized gains and losses on the sale of securities and UFS (which are considered investing activities).

Net cash flows used by investing activities totaled $252.9 million during 2024 compared to net cash flows provided by investing activities totaling $269.0 million during 2023. Significant increases in our loan portfolio along with purchases of securities during 2024 created net cash flows used during 2024. The absence of significant increases in these areas added to proceeds from the sales of securities and UFS and $90.0 million in net cash received in the acquisition of Hometown created net cash flows provided by investing activities during 2023.

Net cash flows provided by financing activities totaled $201.0 million during 2024 compared to net cash flows used in financing activities totaling $193.8 million during 2023. The primary difference in year-over-year cash flows related to financing activities was significant growth in deposits during 2024 compared to significant decreases in deposits during 2023.

See the consolidated statement of cash flows elsewhere in this report for further information regarding cash flow activity during 2024 and 2023.

Capital Adequacy. Total shareholders' equity was $639.7 million at December 31, 2024, compared to $619.8 million at December 31, 2023. Our total shareholders' equity increased during 2024 and 2023 as a result of our profitability, reduced by dividends paid and common share repurchases. Growth in shareholders' equity was further stimulated by the acquisition of Hometown during 2023.

Our capital management consists of providing adequate equity to support our current and future operations. We are subject to various regulatory capital requirements administered by state and federal banking agencies, including the Federal Reserve and the OCC. Failure to meet minimum capital requirements may prompt certain actions by regulators that, if undertaken, could have a direct material adverse effect on our financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and Company must meet specific capital guidelines that involve quantitative measure of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and the classifications are also subject to qualitative judgment by the regulator in regards to risk weighting and other factors. See "Business—Supervision and Regulation—Capital Requirements."

The following table reflects capital ratios computed pursuant to the regulatory capital rules as applicable to the Company and the Bank. As a result of the Economic Growth Act, the Company is no longer required to comply with its risk-based capital rules. For more information, see "Business—Supervision and Regulation—Capital Requirements."

	Actual		Minimum Capital Required for Capital Adequacy		Minimum Capital Required for Capital Adequacy Plus Capital Conservation Buffer Basel III Phase-In Schedule		Minimum To Be Well-Capitalized Under prompt corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)							
At December 31, 2024								
Bank First Corporation:								
Total capital (to risk-weighted assets)	$ 509,763	14.1 %	$ 288,325	8.0 %	$ 378,427	10.5 %	N/A	N/A
Tier I capital (to risk-weighted assets)	457,749	12.7 %	216,244	6.0 %	306,346	8.5 %	N/A	N/A
Common equity tier I capital (to risk-weighted assets)	457,749	12.7 %	162,183	4.5 %	252,285	7.0 %	N/A	N/A
Tier I capital (to average assets)	457,749	11.0 %	167,134	4.0 %	167,134	4.0 %	N/A	N/A
Bank First, N.A:								
Total capital (to risk-weighted assets)	$ 438,549	12.2 %	$ 288,152	8.0 %	$ 378,200	10.5 %	$ 360,190	10.0 %
Tier I capital (to risk-weighted assets)	398,535	11.1 %	216,114	6.0 %	306,162	8.5 %	288,152	8.0 %
Common equity tier I capital (to risk-weighted assets)	398,535	11.1 %	162,086	4.5 %	252,133	7.0 %	234,124	6.5 %
Tier I capital (to average assets)	398,535	9.5 %	167,019	4.0 %	167,019	4.0 %	208,774	5.0 %
At December 31, 2023								
Bank First Corporation:								
Total capital (to risk-weighted assets)	$ 484,398	14.0 %	$ 276,904	8.0 %	$ 363,437	10.5 %	N/A	N/A
Tier I capital (to risk-weighted assets)	437,979	12.7 %	207,678	6.0 %	294,211	8.5 %	N/A	N/A
Common equity tier I capital (to risk-weighted assets)	433,979	12.5 %	155,759	4.5 %	242,291	7.0 %	N/A	N/A
Tier I capital (to average assets)	437,979	11.1 %	158,581	4.0 %	158,581	4.0 %	N/A	N/A
Bank First, N.A:								
Total capital (to risk-weighted assets)	$ 446,634	12.9 %	$ 276,726	8.0 %	$ 363,202	10.5 %	$ 345,907	10.0 %
Tier I capital (to risk-weighted assets)	412,215	11.9 %	207,544	6.0 %	294,021	8.5 %	276,726	8.0 %
Common equity tier I capital (to risk-weighted assets)	412,215	11.9 %	155,658	4.5 %	242,135	7.0 %	224,840	6.5 %
Tier I capital (to average assets)	412,215	10.4 %	158,585	4.0 %	158,585	4.0 %	198,231	5.0 %

As previously mentioned, the Company carried $12.0 million of subordinated debt as of December 31, 2024 and 2023, as well as $4.0 million of junior subordinated debt as of December 31, 2023. These totals are included in total capital for the Company in the tables above.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

We are party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments primarily include commitments to originate and sell loans, standby and direct pay letters of credit, unused lines of credit and unadvanced portions of construction and development loans. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in these particular classes of financial instruments.

Our exposure to credit loss in the event of nonperformance by the other party to the financial instrument for loan commitments, standby and direct pay letters of credit and unadvanced portions of construction and development loans is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Off-Balance Sheet Arrangements.

Our significant off-balance-sheet arrangements consist of the following:

- Unused lines of credit
- Standby and direct pay letters of credit
- Credit card arrangements

Off-balance sheet arrangement means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the registrant is a party, under which the registrant has (1) any obligation under a guarantee contract, (2) retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement, (3) any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, or (4) any obligation, including a contingent obligation, arising out of a variable interest.

Loan commitments are made to accommodate the financial needs of our customers. Standby and direct pay letters of credit commit us to make payments on behalf of customers when certain specified future events occur. Both arrangements have credit risk essentially the same as that involved in extending loans to clients and are subject to our normal credit policies. Collateral (e.g., securities, receivables, inventory, equipment, etc.) is obtained based on management's credit assessment of the customer.

Loan commitments and standby and direct pay letters of credit do not necessarily represent our future cash requirements because while the borrower has the ability to draw upon these commitments at any time, these commitments occasionally expire without being drawn upon. Our off-balance sheet arrangements as of December 31, 2024 were as follows:

	Amounts of Commitments Expiring - By Period as of December 31, 2024				
Other Commitments	**Total**	**Less Than One Year**	**One to Three Years**	**Three to Five Years**	**After Five Years**
			(dollars in thousands)		
Unused lines of credit	$ 753,209	$ 411,564	$ 105,345	$ 37,493	$ 198,807
Standby and direct pay letters of credit	11,055	9,651	599	625	180
Credit card arrangements	24,399	—	—	—	24,399
Total commitments	$ 788,663	$ 421,215	$ 105,944	$ 38,118	$ 223,386

We closely monitor the amount of our remaining future commitments to borrowers in light of prevailing economic conditions and adjust these commitments as necessary. We will continue this process as new commitments are entered into or existing commitments are renewed.

Effects of Inflation

The effect of inflation on a financial institution differs significantly from the effect on an industrial company. While a financial institution's operating expenses, particularly salary and employee benefits, are affected by general inflation, the asset and liability structure of a financial institution consists largely of monetary items. Monetary items, such as cash, investments, loans, deposits and other borrowings, are those assets and liabilities which are or will be converted into a fixed number of dollars regardless of changes in prices. As a result, changes in interest rates have a more significant impact on a financial institution's performance than does general inflation. For additional information regarding interest rates and changes in net interest income see "Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Sensitivity." Inflation may have impacts on the Bank's customers, on businesses and consumers and their ability or willingness to invest, save or spend, and perhaps on their ability to repay loans. As such, there would likely be impacts on the general appetite of banking products and the credit health of the Bank's customer base.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and rates. Our market risk arises primarily from interest rate risk inherent in its lending, investment and deposit-taking activities. To that end, management actively monitors and manages its interest rate risk exposure.

Our profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may adversely impact our earnings to the extent that the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis. We monitor the impact of changes in interest rates on its net interest income using several tools.

Our primary objective in managing interest rate risk is to minimize the adverse impact of changes in interest rates on our net interest income and capital, while configuring our asset-liability structure to obtain the maximum yield-cost spread on that structure. We rely primarily on our asset-liability structure to control interest rate risk.

Interest Rate Sensitivity. Interest rate risk is the risk to earnings and value arising from changes in market interest rates. Interest rate risk arises from timing differences in the repricings and maturities of interest-earning assets and interest-bearing liabilities (repricing risk), changes in the expected maturities of assets and liabilities arising from embedded options, such as borrowers' ability to prepay home mortgage loans at any time and depositors' ability to redeem certificates of deposit before maturity (option risk), changes in the shape of the yield curve where interest rates increase or decrease in a nonparallel fashion (yield curve risk), and changes in spread relationships between different yield curves, such as U.S. Treasuries.

An asset sensitive position refers to a balance sheet position in which an increase in short-term interest rates is expected to generate higher net interest income, as rates earned on our interest-earning assets would reprice upward more quickly than rates paid on our interest-bearing liabilities, thus expanding our net interest margin. Conversely, a liability sensitive position refers to a balance sheet position in which an increase in short-term interest rates is expected to generate lower net interest income, as rates paid on our interest-bearing liabilities would reprice upward more quickly than rates earned on our interest-earning assets, thus compressing our net interest margin.

The Company actively manages its interest rate sensitivity position. The objectives of interest rate risk management are to control exposure of net interest income to risks associated with interest rate movements and to achieve sustainable growth in net interest income. The Company's ALCO, using policies and procedures approved by the Company's board of directors, is responsible for the management of the Company's interest rate sensitivity position. The Company manages interest rate sensitivity by changing the mix, pricing and re-pricing characteristics of its assets and liabilities, through the management of its investment portfolio, its offerings of loan and selected deposit terms and through wholesale funding. Wholesale funding consists of, but is not limited to, multiple sources including borrowings with the FHLB of Chicago, the Federal Reserve Bank of Chicago's discount window and certificates of deposit from institutional brokers.

The Company uses several tools to manage its interest rate risk including interest rate sensitivity analysis, or gap analysis, market value of portfolio equity analysis, interest rate simulations under various rate scenarios and net interest margin reports. The results of these reports are compared to limits established by the Company's ALCO policies and appropriate adjustments are made if the results are outside the established limits.

There are an infinite number of potential interest rate scenarios, each of which can be accompanied by differing economic/political/regulatory climates; can generate multiple differing behavior patterns by markets, borrowers, depositors, etc.; and, can last for varying degrees of time. Therefore, by definition, interest rate risk sensitivity cannot be predicted with certainty. Accordingly, the Company's interest rate risk measurement philosophy focuses on maintaining an appropriate balance between theoretical and practical scenarios; especially given the primary objective of the Company's overall asset/liability management process is to facilitate meaningful strategy development and implementation.

Therefore, we model a set of interest rate scenarios capturing the financial effects of a range of plausible rate scenarios; the collective impact of which will enable the Company to clearly understand the nature and extent of its sensitivity to interest rate changes. Doing so necessitates an assessment of rate changes over varying time horizons and of varying/sufficient degrees such that the impact of embedded options within the balance sheet are sufficiently examined.

The following table demonstrates, as of December 31, 2024, the annualized result of an interest rate simulation and the estimated effect that a parallel interest rate shift, or “shock,” in the yield curve and subjective adjustments in deposit pricing might have on the Company’s projected net interest income over the next 12 months. This simulation assumes that there is no growth in interest-earning assets or interest-bearing liabilities over the next 12 months. The changes to net interest income shown below are in compliance with the Company’s policy guidelines.

Change in Interest Rates (in Basis Points)	Percentage Change in Net Interest Income
+300	(4.5)%
+200	(3.0)%
+100	(1.5)%
-100	(1.3)%
-200	(2.1)%
-300	(2.1)%

Economic Value of Equity Analysis. We also analyze the sensitivity of the Company’s financial condition to changes in interest rates through our economic value of equity model. This analysis measures the difference between estimated changes in the present value of the Company’s assets and estimated changes in the present value of the Company’s liabilities assuming various changes in current interest rates. The Company’s economic value of equity analysis as of December 31, 2024 estimated that, in the event of an instantaneous 200 basis point increase in interest rates, the Company would experience a 3.00% increase in the economic value of equity. At the same date, our analysis estimated that, in the event of an instantaneous 100 basis point decrease in interest rates, the Company would experience 3.23% decrease in the economic value of equity. The estimates of changes in the economic value of our equity require us to make certain assumptions including loan and mortgage-related investment prepayment speeds, reinvestment rates, and deposit maturities and decay rates. These assumptions are inherently uncertain and, as a result, we cannot precisely predict the impact of changes in interest rates on the economic value of our equity. Although our economic value of equity analysis provides an indication of our interest rate risk exposure at a particular point in time, such estimates are not intended to, and do not, provide a precise forecast of the effect of changes in market interest rates on the economic value of our equity and will differ from actual results.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Bank First Corporation and Subsidiaries Manitowoc, Wisconsin

Consolidated Financial Statements

Years Ended December 31, 2024, 2023 and 2022

TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Bank First Corporation

Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Bank First Corporation and Subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

Basis for Opinion

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definitions and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses on Loans – Qualitative Factor Adjustments

Description of the Critical Audit Matter

As described in Note 4 to the financial statements the Company's allowance for credit losses on loans ("ACL-Loans") was $44.1 million as of December 31, 2024. To estimate the ACL – Loans the Company segments the loan portfolio into loan pools based on loan type and similar credit risk elements. Loans with similar risk characteristics are evaluated in pools and the Company utilizes a discounted cash flow ("DCF") method where probability of default and loss given default assumptions are applied to a projective model of the pool's cash flows while considering prepayment and principal curtailment effects. The Company utilizes peer call report data to measure historical credit loss experience with similar risk characteristics within the segments over an economic cycle and has incorporated macroeconomic drivers to adjust the historical loss experience estimate for reasonable and supportable forecasts that are quantitatively related to the Company's historical credit loss experience. The expected credit losses for each loan pool are then adjusted for changes in qualitative factors not inherently considered in the quantitative analyses and include lending policy, changes in nature and volume of loans, staff experience, changes in volume and trends of problem loans, concentration risk, trends in underlying collateral values, external factors, quality of loan review system and other economic conditions.

We identified the qualitative factor adjustments included in the ACL-Loans as a critical audit matter. The principal considerations for our determination included the high degree of judgment and subjectivity in auditing management's identification and measurement of qualitative factor adjustments. This required a high degree of effort, specialized skills and knowledge, and significant judgment.

How the Critical Audit Matter Was Addressed in the Audit

The primary procedures we performed to address this critical audit matter included:

- Evaluated the design and operating effectiveness of controls relating to the ACL-Loans, including:
  - Controls over the completeness and accuracy of data included in the model used to determine the ACL-Loans, and
  - Controls over management's review and approval of the ACL-Loans, including management's estimation of the qualitative factor adjustments applied within the qualitative framework.
- Evaluated the reasonableness of management's qualitative factor adjustments, including testing management's identification of qualitative factors, the application of qualitative factor adjustments within the model, and assessing the completeness and accuracy of data utilized in development of the qualitative adjustments.
- Evaluated management's judgments and assumptions related to the qualitative adjustments by assessing relevant trends in credit quality and evaluating the relationship of the trends to the qualitative adjustments applied to the ACL-Loans.

/s/ Forvis Mazars, LLP

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

Atlanta, Georgia
February 28, 2025

Bank First Corporation and Subsidiaries
Consolidated Balance Sheets

	December 31, 2024	December 31, 2023
	(In thousands, except share and per share data)	
Assets		
Cash and due from banks	$ 59,164	$ 69,973
Interest-bearing deposits	202,168	177,495
Cash and cash equivalents	261,332	247,468
Securities held to maturity, at amortized cost ($109,424 and $103,626 fair value at December 31, 2024 and December 31, 2023, respectively)	110,756	103,324
Securities available for sale, at fair value ($235,909 and $154,318 amortized cost at December 31, 2024 and December 31, 2023, respectively)	223,061	142,197
Loans held for sale	3,088	3,012
Loans	3,517,168	3,342,974
Allowance for credit losses - loans ("ACL-Loans")	(44,151)	(43,609)
Loans, net	3,473,017	3,299,365
Premises and equipment, net	71,108	69,891
Goodwill	175,106	175,106
Other investments	22,643	21,366
Cash value of life insurance	61,542	61,292
Core deposit intangibles, net	21,203	26,996
Mortgage servicing rights ("MSR")	13,369	13,668
Other real estate owned ("OREO")	741	2,573
Investment in Ansay and Associates, LLC ("Ansay")	34,093	32,926
Other assets	24,001	22,658
TOTAL ASSETS	$ 4,495,060	$ 4,221,842
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Interest-bearing deposits	$ 2,636,192	$ 2,382,185
Noninterest-bearing deposits	1,024,881	1,050,735
Total deposits	3,661,073	3,432,920
Securities sold under repurchase agreements	—	75,747
Notes payable	135,372	35,270
Subordinated notes	12,000	12,000
Junior subordinated debenture	—	4,124
Other liabilities	46,932	41,983
Total liabilities	3,855,377	3,602,044
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 - 11,515,130 shares as of December 31, 2024 and December 31, 2023		
Outstanding - 10,012,088 and 10,365,131 shares as of December 31, 2024 and December 31, 2023, respectively	115	115
Additional paid-in capital	333,842	333,815
Retained earnings	398,002	348,001
Treasury stock, at cost - 1,503,042 and 1,149,999 shares as of December 31, 2024 and December 31, 2023, respectively	(82,925)	(53,387)
Accumulated other comprehensive loss	(9,351)	(8,746)
Total stockholders' equity	639,683	619,798
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,495,060	$ 4,221,842

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Income

	Years Ended December 31		
	2024	2023	2022
	(In Thousands, except per share amounts)		
Interest income:			
Loans, including fees	$ 189,007	$ 168,815	$ 106,951
Securities:			
Taxable	10,338	8,460	5,887
Tax-exempt	964	1,035	1,801
Other	6,096	4,173	1,895
Total interest income	206,405	182,483	116,534
Interest expense:			
Deposits	64,168	42,367	10,268
Securities sold under repurchase agreements	22	1,813	542
Borrowed funds	4,415	4,823	1,639
Total interest expense	68,605	49,003	12,449
Net interest income	137,800	133,480	104,085
Provision for credit losses	(800)	4,682	2,200
Net interest income after provision for credit losses	138,600	128,798	101,885
Noninterest income:			
Service charges	8,043	7,033	5,810
Income from Ansay	3,502	2,922	2,558
Income from UFS, LLC (“UFS”)	—	2,265	3,055
Loan servicing income	2,938	2,860	1,922
Valuation adjustment on MSR	(299)	395	2,865
Net gain on sales of mortgage loans	1,298	897	1,560
Gain on sale of UFS	—	38,904	—
Other	4,198	2,839	1,931
Total noninterest income	19,680	58,115	19,701
Noninterest expense:			
Salaries, commissions, and employee benefits	40,901	40,355	33,155
Occupancy	5,957	5,670	5,467
Data processing	9,692	8,011	6,324
Postage, stationery, and supplies	885	1,084	771
Net (gain) loss on sales and valuations of OREO	(694)	2,133	(146)
Net loss on sale of securities	34	7,901	—
Advertising	313	326	271
Charitable contributions	793	944	718
Federal deposit insurance	1,850	1,831	1,098
Outside service fees	4,560	4,519	5,629
Amortization of intangibles	5,793	6,324	2,318
Other	8,683	9,021	6,348
Total noninterest expense	78,767	88,119	61,953
Income before provision for income taxes	79,513	98,794	59,633
Provision for income taxes	13,950	24,280	14,419
Net Income	$ 65,563	$ 74,514	$ 45,214
Earnings per share - basic	$ 6.50	$ 7.28	$ 5.58
Earnings per share - diluted	$ 6.50	$ 7.28	$ 5.58

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Net Income	$ 65,563	$ 74,514	$ 45,214
Other comprehensive income (loss):			
Unrealized gains (losses) on available for sale securities:			
Unrealized holding gains (losses) arising during period	(760)	1,302	(26,266)
Amortization of unrealized holding gains on securities transferred from available for sale to held to maturity	—	(1)	(1)
Reclassification adjustment for losses included in net income	34	7,901	—
Income tax benefit (expense)	121	(2,382)	7,092
Total other comprehensive income (loss)	(605)	6,820	(19,175)
Comprehensive income	$ 64,958	$ 81,334	$ 26,039

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity

(dollars in thousands)	Serial Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
Balance at January 1, 2022	$ —	$ 85	$ 93,149	$ 258,104	$ (32,294)	$ 3,609	$ 322,653
Net income	—	—	—	45,214	—	—	45,214
Other comprehensive loss	—	—	—	—	—	(19,175)	(19,175)
Purchase of treasury stock	—	—	—	—	(14,314)	—	(14,314)
Sale of treasury stock	—	—	—	—	114	—	114
Cash dividends ($0.94 per share)	—	—	—	(7,822)	—	—	(7,822)
Amortization of stock-based compensation	—	—	1,662	—	—	—	1,662
Vesting of restricted stock awards	—	—	(1,303)	—	1,303	—	—
Shares issued in the acquisition of Denmark Bancshares, Inc. (1,579,530 shares)	—	16	124,755	—	—	—	124,771
Balance at December 31, 2022	$ —	$ 101	$ 218,263	$ 295,496	$ (45,191)	$ (15,566)	$ 453,103
Net income	—	—	—	74,514	—	—	74,514
Other comprehensive income	—	—	—	—	—	6,820	6,820
Purchase of treasury stock	—	—	—	—	(10,046)	—	(10,046)
Sale of treasury stock	—	—	—	—	195	—	195
Cash dividends ($1.15 per share)	—	—	—	(11,959)	—	—	(11,959)
Amortization of stock-based compensation	—	—	2,142	—	—	—	2,142
Vesting of restricted stock awards	—	—	(1,655)	—	1,655	—	—
Adoption of new accounting pronouncement	—	—	—	(10,050)	—	—	(10,050)
Shares issued in the acquisition of Hometown Bancorp, Ltd. (1,450,272 shares)	—	14	115,065	—	—	—	115,079
Balance at December 31, 2023	$ —	$ 115	$ 333,815	$ 348,001	$ (53,387)	$ (8,746)	$ 619,798
Net income	—	—	—	65,563	—	—	65,563
Other comprehensive loss	—	—	—	—	—	(605)	(605)
Purchase of treasury stock	—	—	—	—	(31,928)	—	(31,928)
Sale of treasury stock	—	—	—	—	245	—	245
Cash dividends ($1.55 per share)	—	—	—	(15,562)	—	—	(15,562)
Amortization of stock-based compensation	—	—	2,172	—	—	—	2,172
Vesting of restricted stock awards	—	—	(2,145)	—	2,145	—	—
Balance at December 31, 2024	$ —	$ 115	$ 333,842	$ 398,002	$ (82,925)	$ (9,351)	$ 639,683

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Consolidated Statements of Cash Flows

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Cash flows from operating activities:			
Net income	$ 65,563	$ 74,514	$ 45,214
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	(800)	4,682	2,200
Depreciation and amortization of premises and equipment	2,253	2,073	1,656
Amortization of intangibles	5,793	6,324	2,318
Net (accretion) amortization of securities	(3,411)	(2,377)	315
Amortization of stock-based compensation	2,172	2,142	1,662
Accretion of purchase accounting valuations	(4,635)	(6,884)	(2,559)
Net change in deferred loan fees and costs	(488)	(1,434)	(881)
Expense (benefit) from deferred income taxes	1,773	(1,724)	(869)
Change in fair value of MSR and other investments	296	(693)	(3,028)
Loss from sale and disposal of premises and equipment	375	363	57
Net (gain) loss on sale of OREO and valuation allowance	(694)	2,133	(146)
Proceeds from sales of mortgage loans	118,240	74,693	85,471
Originations of mortgage loans held for sale	(117,018)	(76,160)	(83,774)
Gain on sales of mortgage loans	(1,298)	(897)	(1,560)
Realized loss on sale of securities	34	7,901	—
Realized gain on sale of UFS	—	(38,904)	—
Undistributed income of UFS joint venture	—	(2,265)	(3,055)
Undistributed income of Ansay joint venture	(3,502)	(2,922)	(2,558)
Net earnings on life insurance	(1,661)	(1,534)	(925)
(Increase) decrease in other assets	(2,994)	(2,006)	2,877
Increase (decrease) in other liabilities	5,849	15,920	(2,407)
Net cash provided by operating activities	65,847	52,945	40,008
Cash flows from investing activities, net of effects of business combination:			
Activity in securities available for sale and held to maturity:			
Sales	10,206	76,038	—
Maturities, prepayments, and calls	206,357	126,737	14,690
Purchases	(302,209)	(26,646)	(142,414)
Proceeds from other investments	—	248	—
Net increase in loans	(168,856)	(37,410)	(198,000)
Proceeds from sale of UFS	—	51,674	—
Dividends received from UFS	—	1,747	2,408
Dividends received from Ansay	2,335	1,924	1,960
Proceeds from sale of OREO	3,938	1,827	320
Net (purchase) sales of Federal Home Loan Bank (“FHLB”) stock	(1,274)	262	(635)
Net purchases of Federal Reserve Bank (“FRB”) stock	—	(3,880)	(3,627)
Proceeds from life insurance	1,411	—	—
Proceeds from sale of premises and equipment	2,380	—	—
Purchases of premises and equipment	(7,225)	(13,484)	(6,872)
Net cash received in business combination	—	89,959	154,364
Net cash (used in) provided by investing activities	(252,937)	268,996	(177,806)

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

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Cash flows from financing activities, net of effects of business combination:			
Net increase (decrease) in deposits	$ 228,070	$ (159,410)	$ (72,879)
Net increase (decrease) in securities sold under repurchase agreements	(75,747)	(21,449)	56,074
Proceeds from advances of notes payable	140,000	121,700	3,122,700
Repayment of notes payable	(40,000)	(93,107)	(3,129,584)
Proceeds from issuance of subordinated notes	—	—	6,000
Repayment of subordinated notes	—	(11,500)	—
Repayment of junior subordinated debentures	(4,124)	(8,248)	—
Dividends paid	(15,562)	(11,959)	(7,822)
Proceeds from sales of common stock	245	195	114
Repurchase of common stock	(31,928)	(10,046)	(14,314)
Net cash provided by (used in) financing activities	200,954	(193,824)	(39,711)
Net increase (decrease) in cash and cash equivalents	13,864	128,117	(177,509)
Cash and cash equivalents at beginning of year	247,468	119,351	296,860
Cash and cash equivalents at end of year	$ 261,332	$ 247,468	$ 119,351
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 65,970	$ 44,145	$ 11,311
Income taxes	14,086	23,806	14,135
Supplemental schedule of noncash activities:			
Loans transferred to OREO	412	—	24
Closed branch building transferred to OREO	1,748	2,623	1,115
MSR resulting from sale of loans	1,343	879	771
Amortization of unrealized holding gains on securities transferred from available for sale to held to maturity recognized in other comprehensive income, net of tax	—	(1)	(1)
Change in unrealized gains and losses on investment securities available for sale, net of tax	(639)	(1,080)	(19,174)
Acquisition:			
Fair value of assets acquired	$ —	$ 615,105	$ 685,840
Fair value of liabilities assumed	—	549,564	612,700
Net assets acquired	$ —	$ 65,541	$ 73,140
Common stock issued in acquisition	$ —	$ 115,079	$ 124,771

See accompanying notes to consolidated financial statements.

Bank First Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies
The accounting and reporting policies of Bank First Corporation and Subsidiaries ("Company") 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 Company and its wholly owned subsidiary, 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. TVG has an investment in a minority-owned subsidiary, Ansay, which is accounted for using the equity method in the consolidated financial statements. TVG owns 40.0% of Ansay. The Bank owned 49.8% of UFS, which provides data processing solutions to over 60 banks in the Midwest. On October 1, 2023, it sold 100% of its member interest in UFS to a third party.

Organization
The Company 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 credit 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 Company 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 Company recognizes the full fair value of the assets acquired and liabilities assumed and immediately expenses transaction costs. 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 Company 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, 2024 and 2023 were approximately $1.6 million and $3.1 million, respectively.

Securities
Securities are classified as held to maturity ("HTM") or available for sale ("AFS") at the time of purchase. Investment securities classified as HTM, which management has the intent and ability to hold to maturity, are reported at amortized cost. Investment securities classified as AFS, 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 HTM or AFS 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 HTM classification from the AFS 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 HTM 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.

Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in earnings.

The Bank evaluates securities for potential credit losses at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. For AFS securities, management determines whether the decline in fair value below the amortized cost basis (impairment) is due to credit-related or other factors. In making that evaluation, management considers the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Company to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. Any impairment on AFS securities that is related to factors other than credit is recognized in other comprehensive income, net of related deferred income taxes. Credit-related impairment on AFS securities is recognized as an allowance for credit losses ("ACL") on the balance sheet based on the amount by which the amortized cost basis exceeds the fair value, with a corresponding charge to net income. Both the ACL and charge to net income may be reversed if conditions change. However, if the Company intends to sell, or more likely than not will be required to sell, an impaired AFS security before recovering its amortized cost basis, the entire impairment must be recognized in net income with a corresponding adjustment to the security's amortized cost basis rather than through the establishment of an ACL. For HTM securities, management determines whether an ACL is necessary after considering the facts and circumstances of the underlying investment securities and evaluates expected credit losses by security type, aggregated by similar risk characteristics, based on historical credit losses adjusted for current conditions and supportable forecasts. The Company's HTM portfolio primarily consists of U.S. Treasury securities which have an explicit government guarantee; therefore, no ACL has been recorded for these securities.

Other Investments
Other investments are carried at cost, minus impairment if any, or, where available, recently observable market prices, which approximates fair value, and consist of FHLB stock, FRB stock, Bankers' Bancorporation stock, and public and private company securities. 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 carried at their amortized cost basis, which is the unpaid principal balance outstanding, net of deferred loan fees and costs and any direct principal charge-offs.

Interest income is accrued on the unpaid principal balance using the simple interest method. The accrual of interest income on loans is discontinued when, in the opinion of management, there is reasonable doubt as to the borrower’s ability to meet payment of interest or principal when due. Loans are generally placed on nonaccrual status when contractually past due 90 days or more as to interest or principal, though they may be placed in such status earlier. Loans past due 90 days or more may continue on accrual only when they are well secured and/or in process of collection or renewal. When interest accrual is discontinued, all previously accrued but uncollected interest is reversed against current period interest income. Except in very limited circumstances, cash collections on nonaccrual loans are credited to the loan receivable balance and no interest income is recognized on those loans until the principal balance is paid in full. Accrual of interest may be resumed when the customer is current on all principal and interest payments and has been paying on a timely basis for a sustained period of time.

A description of each segment of the loan portfolio, including the corresponding credit risk, is included below:

Commercial / Industrial – Commercial and industrial loans are typically made to small and middle-market established businesses involved in professional services, accommodation and food services, health care, financial services, wholesale trade, manufacturing, distribution, retailing and non-profits. Most clients are privately owned with markets that range from local to national in scope. Many of the loans to this segment are secured by liens on corporate assets and the personal guarantees of the principals. The regional economic strength or weakness impacts the relative risks in this loan category. There is little concentration in any one business sector, and loan risks are generally diversified among many borrowers. Risks associated with commercial and industrial loans include monitoring the condition of the collateral which often consists of inventory, accounts receivable, and other non-real estate assets. Declines in general economic conditions and other events can cause cash flows to fall to levels insufficient to service this debt.

Commercial Real Estate – Owner Occupied and Non-owner Occupied – Commercial real estate loans generally have terms of 10 years or less, although payments may be structured on a longer amortization basis. We evaluate each borrower on an individual basis and attempt to determine their business risks and credit profile. We attempt to reduce credit risk in the commercial real estate portfolio by emphasizing loans on owner-occupied industrial, office, and retail buildings where the loan-to-value ratio, established by independent appraisals, does not generally exceed 85% of cost or appraised value. We also generally require that a borrower’s cash flow exceed 110% of monthly debt service obligations. In order to ensure secondary sources of payment and liquidity to support a loan request, we typically review all of the personal financial statements of the principal owners and require their personal guaranties. Commercial real estate loans are generally viewed as having more risk of default than residential real estate loans. They are also typically larger than residential real estate loans and consumer loans and depend on cash flows from the owner’s business or the property to service the debt. Because our loan portfolio contains a number of commercial real estate loans with relatively large balances, the deterioration of one or a few of these loans could cause a significant increase in our levels of nonperforming assets. Non-owner occupied commercial real estate also carries an elevated risk of vacancy inhibiting cash flow and creating an inability to service the debt.

Multi-Family – Multi-family loans are a subset of commercial real estate loans and generally carry similar terms and underwriting requirements. These loans are broken out as a separate segment due to unique risk characteristics that they exhibit. While similar in nature to other non-owner occupied commercial real estate, they are significantly impacted by the individual credit capacity of many more individual tenants than other commercial real estate as well as the condition and capacity of the local residential housing markets. The underlying real estate also has a lack of suitable alternative uses.

Construction and Development – Construction and development loans are generally limited to a term of 9 to 24 months, although payments may be structured on a longer amortization basis. Most loans will mature and require payment in full upon completion and either the sale of the property or refinance into a permanent loan. We believe that construction and development loans generally carry a higher degree of risk than long-term financing of stabilized, rented, and owner-occupied properties because repayment depends on the ultimate completion of the project and usually on the subsequent sale of the property. We attempt to reduce risk associated with construction and development loans by obtaining personal guaranties and by keeping the maximum loan-to-value ratio at or below 85% of the lesser of cost or appraised value, depending on the project type. Generally, we do not have interest reserves built into loan commitments but require periodic cash payments for interest from the borrower’s cash flow.

Residential 1-4 Family – We offer fixed and adjustable rate residential real estate loans with terms of up to 30 years. We also offer a variety of lot loan options to consumers to purchase the lot on which they intend build their home. We also offer traditional home equity loans and lines of credit. Our underwriting criteria for, and the risks associated with, home equity loans and lines of credit are generally the same as those for first mortgage loans. Home equity loans typically have terms of 20 years or less. We generally limit the extension of credit to 90% of the available equity of each property. These loans carry risk associated with local employment and declining real estate values.

Consumer – Consumer loans are underwritten based on the borrower’s income, current debt level, past credit history, and the availability and value of collateral. Consumer rates are both fixed and variable, with negotiable terms. Our installment loans typically amortize over periods up to seven years. Although we typically require monthly principal and interest payments on our loan products, we will offer consumer loans at interest only with a single maturity date when a specific source of repayment is available. Consumer loans are generally considered to have greater risk than first or second mortgages on real estate because they may be unsecured, or, if they are secured, the value of the collateral may be difficult to assess and more likely to decrease in value than real estate.

Other – We make loans utilized to purchase or carry securities as well as loans to nonprofit organizations. Other loans also include overdrawn depository accounts.

Loans and Related Interest Income - Acquired

Loans purchased in acquisition transactions are acquired loans, and are recorded at their fair value at the acquisition date.

Acquired loans that have evidence of more-than-insignificant deterioration in credit quality since origination are considered purchased credit deteriorated (“PCD”) loans. At acquisition, an estimate of expected credit losses is made for PCD loans. This initial allowance for credit losses is allocated to individual PCD loans and added to the purchase price or acquisition date fair value to establish the initial cost basis of the PCD loans. Any difference between the unpaid principal balance of PCD loans and the amortized cost basis is considered to relate to noncredit factors, resulting in a discount or premium that is accreted or amortized to interest income. For acquired loans not deemed PCD loans at acquisition, the difference between the initial fair value mark and the unpaid principal balance is recognized in interest income over the estimated life of the loans. In addition, an initial allowance for expected credit losses is estimated and recorded as provision expense at the acquisition date. The subsequent measurement of expected credit losses for all acquired loans is the same as the subsequent measurement of expected credit losses for originated loans.

Allowance for Credit Losses - Loans

The ACL – Loans represents management’s estimate of expected credit losses in the Company’s loan portfolio at the balance sheet date. The Company estimates the ACL – Loans based on the amortized cost basis of the underlying loan and has made an accounting policy election to exclude accrued interest from the loan’s amortized cost basis and the related measurement of the ACL – Loans. Estimating the amount of the ACL – Loans is a function of a number of factors, including but not limited to changes in the loan portfolio, net charge-offs, trends in past due and nonaccrual loans, the level of potential problem loans, and expected future economic conditions, all of which may be susceptible to significant change. We establish the ACL – Loans through charges to earnings, which are shown in the statements of income as the provision for credit losses. Specifically identifiable and quantifiable known losses are promptly charged off against the allowance.

The Company uses a current expected loss model (“CECL”) to evaluate the reasonable value of the ACL - Loans. This methodology considers historical loss rates and other qualitative adjustments, as well as a forward-looking component that considers reasonable and supportable forecasts over the expected life of each loan. To develop the ACL – Loans estimate under CECL, the Company segments the loan portfolio into loan pools based on loan type and similar credit risk elements; calculates the historical loss rates for the segmented loan pools; applies the loss rates over the calculated life of the pooled loans; adjusts the forecasted macro-level economic conditions; and determines qualitative adjustments based on factors and conditions unique to the Company’s portfolio. The Company further individually evaluates PCD loans and other loans that no longer share similar risk characteristics with the collectively evaluated pools based on the amount and timing of estimated future cash flows or collateral values and establishes specific reserves when these estimated future cash flows or collateral values do not justify the carrying value of the loan.

Management believes that the ACL - Loans 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 ACL - Loans. 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 Credit Losses – Unfunded Commitments

In addition to the ACL – Loans, the Company has established an allowance for unfunded commitments, included in other liabilities on the consolidated balance sheets, representing expected credit losses over the contractual period for which the Company is exposed to credit risk resulting from a contractual obligation to extend credit. The ACL – Unfunded Commitments is maintained at a level that management believes is sufficient to absorb losses arising from unfunded loan commitments, and is determined quarterly based on methodology similar to the methodology for determining the ACL – Loans.

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 as well as buildings that the Company no longer utilizes in its operations are held for sale and are initially recorded at fair value at the date of foreclosure or abandonment 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 credit 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.

Company Owned Life Insurance

The Company has purchased life insurance policies on certain key executives, and also holds life insurance that was previously purchased by institutions that were subsequently acquired by the Company. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. Company owned life insurance is included in other assets.

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). See Note 2 for additional information on an acquisition completed in 2023.

The value of core deposits are typically recorded in connection with a whole bank or branch acquisition. The value of the core deposit intangible represents the estimated value of the long-term deposit relationships acquired in the transaction.

Determining the value of core deposits and their average lives involves multiple assumptions and estimates and is typically determined by performing a discounted cash flow analysis, which involves a combination of any or all of the following assumptions: customer attrition/runoff, alternative funding costs, deposit servicing costs, and discount rates. The value of 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.

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 Company 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 Company evaluated goodwill and core deposit intangibles for impairment during 2024, 2023 and 2022, determining that there was no goodwill or core deposit intangible impairment.

Income Taxes
The Company files one consolidated federal income tax return, a state tax return in its home state of Wisconsin, and other returns in states where the Company deems its business activity necessitates filing. 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 Company are recorded as treasury stock at cost.

Securities Sold Under Repurchase Agreements
The Company 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 Company may have to provide additional collateral to the counterparty, as necessary.

Off-Balance-Sheet Financial Instruments
In the ordinary course of business, the Company 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.

Earnings Per Share Computations
Basic earnings per share is net income divided by the weighted average number of common shares outstanding during the period. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock options (none for the years ended December 31, 2024, 2023, or 2022).

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, 2024 and 2023.

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 Company presents comprehensive income in the statement of comprehensive income.

Stock-based Compensation
The Company 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.*

Rate Lock Commitments
Commitments to fund mortgage loans, at a set interest rate, (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. The fair values of the Company's rate lock commitments to customers as of December 31, 2024 and 2023 were not material and have not been recorded.

Operating Segments
While the Company's chief decision-makers monitor the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis. Operating segments are aggregated into one as operating results for all segments are similar. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

Reclassifications
Certain 2023 and 2022 amounts have been reclassified to conform to the presentation used in 2024. These reclassifications had no effect on the operations, financial condition or cash flows of the Company.

Recently Implemented Accounting Standards
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 was originally effective for all entities from March 12, 2020 through December 31, 2022. In December 2022, the FASB issued ASU 2022-06 which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The Company has been diligent in responding to reference rate reform and no longer has any products tied to rates impacted by this reform.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* This ASU is intended to improve the disclosures about a public entity's reportable segments and addresses requests from investors and other decision makers for additional, more detailed information about a reportable segment's expenses. The amendment applies to all public entities that are required to report segment information in accordance with Topic 280. This update was effective for annual periods beginning after December 15, 2023, applied retrospectively to all periods presented. Adoption of the amendment did not have a material impact on these consolidated financial statement disclosures.

New Accounting Pronouncements That Have Not Yet Been Adopted

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements.* This ASU modifies the disclosure or presentation requirements of a variety of topics in the Codification. The amendments in this ASU are expected to clarify or improve disclosure and presentation requirements for certain codification topics. The effective date for each amendment will be the date on which the Security and Exchange Commission's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If, by June 30, 2027, the Securities and Exchange Commission has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company does not anticipate a significant impact to its financial statement disclosures as a result of this ASU.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* This ASU is intended to improve the transparency and decision usefulness of income tax disclosures by requiring specific categories in the rate reconciliation table and disaggregation of taxes paid by jurisdiction. All public entities must also provide additional information for reconciling items that meet a specific quantitative threshold. This update is effective for annual periods beginning after December 15, 2024. The Company anticipates that this standard will require expanded disclosure related to its income tax exposure, but will not cause any change in the accounting for operational results.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses*. This ASU is intended to improve the disclosures about a public entity's income statement expense categories and addresses requests from investors and other decision makers for additional, more detailed information about income statement expense categories. The amendment applies to all public entities that are required to report income statement categories in accordance with Topic 280. The effective date for this update was amended by ASU 2025-01, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date,* and is now effective for annual periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027.

Note 2 Acquisition

Hometown Bancorp, Ltd.

On February 10, 2023, the Company completed a merger with Hometown Bancorp, Ltd. ("Hometown"), a bank holding company headquartered in Fond du Lac, Wisconsin, pursuant to the Agreement and Plan of Bank Merger ("Merger Agreement"), dated as of July 25, 2022 by and among the Company and Hometown, whereby Hometown merged with and into the Company, and Hometown Bank, Hometown's wholly-owned banking subsidiary, merged with and into the Bank. Hometown's principal activity was the ownership and operation of Hometown Bank, a state-chartered banking institution that operated ten (10) branches in Wisconsin at the time of closing.

The merger consideration totaled approximately $130,452,000. Pursuant to the terms of the Merger Agreement, Hometown shareholders could elect to receive either 0.3962 shares of the Company's common stock or $29.16 in cash for each outstanding share of Hometown common stock, subject to a maximum of 30% cash consideration in total, with cash paid in lieu of any remaining fractional share. Company stock issued totaled 1,450,272 shares valued at approximately $115,079,000, with cash of $15,373,000 comprising the remainder of merger consideration.

The fair value of the assets acquired and liabilities assumed on February 10, 2023 was as follows:

	As Recorded by Hometown	Fair Value Adjustments	As Recorded by the Company
Cash, cash equivalents and securities	$ 174,582	$ (1,010)	$ 173,572
Other investments	1,195	—	1,195
Loans, net	406,168	(10,367)	395,801
Premises and equipment, net	7,577	(1,109)	6,468
Core deposit intangible	405	16,085	16,490
Other assets	28,011	(6,432)	21,579
Total assets acquired	$ 617,938	$ (2,833)	$ 615,105
Deposits	$ 532,165	$ 209	$ 532,374
Other borrowings	5,000	(331)	4,669
Junior subordinated debentures	12,372	(1,464)	10,908
Other liabilities	469	1,144	1,613
Total liabilities assumed	$ 550,006	$ (442)	$ 549,564
Excess of assets acquired over liabilities assumed	$ 67,932	$ (2,391)	$ 65,541
Less: purchase price			130,452
Goodwill			64,911
Refinement to fair value estimates (1)			(30)
Goodwill (after refinement)			$ 64,881

(1) Refinement consists of adjustments to the initial fair value estimates of other assets and liabilities.

Goodwill of $64,881,000 arising from the merger consisted largely of synergies and the cost saves resulting from the combining of operations of the companies, and is not expected to be deductible for income tax purposes.

The Company purchased loans through this merger for which there was, at the date of acquisition, more than insignificant deterioration of credit quality since origination. The carrying value of these loans at acquisition was as follows:

	February 10, 2023
Purchase price of PCD loans at acquisition	$ 25,778
Non-credit discount on PCD loans at acquisition	4,498
Allowance for credit losses on PCD loans at acquisition	5,534
Par value of PCD acquired loans at acquisition	$ 35,810

The Company accounted for this transaction under the acquisition method of accounting, and thus, the financial position and results of operations of Hometown prior to the consummation date was not included in the accompanying consolidated financial statements. The Company determined the fair value of core deposit intangibles, securities, premises and equipment, loans, other assets and liabilities and deposits with the assistance of third-party valuations, appraisals and third-party advisors. The estimated fair values were subject to refinement for up to one year after deal consummation as additional information became available relative to the closing date fair values.

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
December 31, 2024				
U.S. Treasury securities	$ 99,656	$ —	$ —	$ 99,656
Obligations of U.S. Government sponsored agencies	27,766	1	(3,026)	24,741
Obligations of states and political subdivisions	62,992	3	(6,638)	56,357
Mortgage-backed securities	29,826	3	(1,836)	27,993
Corporate notes	15,669	—	(1,355)	14,314
Total available for sale securities	$ 235,909	$ 7	$ (12,855)	$ 223,061
December 31, 2023				
Obligations of U.S. Government sponsored agencies	$ 31,453	$ 4	$ (3,163)	$ 28,294
Obligations of states and political subdivisions	63,929	77	(5,760)	58,246
Mortgage-backed securities	37,789	5	(1,664)	36,130
Corporate notes	20,657	—	(1,619)	19,038
Certificates of deposit	490	—	(1)	489
Total available for sale securities	$ 154,318	$ 86	$ (12,207)	$ 142,197

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
December 31, 2024				
U.S. Treasury securities	$ 107,561	$ 224	$ (1,556)	$ 106,229
Obligations of states and political subdivisions	3,195	—	—	3,195
Total held to maturity securities	$ 110,756	$ 224	$ (1,556)	$ 109,424
December 31, 2023				
U.S. Treasury securities	$ 99,173	$ 1,372	$ (1,070)	$ 99,475
Obligations of states and political subdivisions	4,151	—	—	4,151
Total held to maturity securities	$ 103,324	$ 1,372	$ (1,070)	$ 103,626

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	Number of Securities
December 31, 2024 - Available for Sale							
Obligations of U.S. Government sponsored agencies	$ 1,177	$ (23)	$ 22,069	$ (3,003)	$ 23,246	$ (3,026)	24
Obligations of states and political subdivisions	10,380	(129)	44,686	(6,509)	55,066	(6,638)	77
Mortgage-backed securities	3,913	(140)	23,863	(1,696)	27,776	(1,836)	100
Corporate notes	—	—	13,168	(1,355)	13,168	(1,355)	9
Totals	$ 15,470	$ (292)	$ 103,786	$ (12,563)	$ 119,256	$ (12,855)	210
December 31, 2024 - Held to Maturity							
U.S. Treasury securities	$ 46,456	$ (1,045)	$ 31,322	$ (511)	$ 77,778	$ (1,556)	48
December 31, 2023 - Available for Sale							
Obligations of U.S. Government sponsored agencies	$ 6,519	$ (173)	$ 19,519	$ (2,990)	$ 26,038	$ (3,163)	24
Obligations of states and political subdivisions	6,806	(71)	40,959	(5,689)	47,765	(5,760)	65
Mortgage-backed securities	5,751	(95)	28,693	(1,569)	34,444	(1,664)	104
Corporate notes	4,926	(68)	12,487	(1,551)	17,413	(1,619)	9
Certificate of deposits	—	—	489	(1)	489	(1)	2
Totals	$ 24,002	$ (407)	$ 102,147	$ (11,800)	$ 126,149	$ (12,207)	204
December 31, 2023 - Held to Maturity							
U.S. Treasury securities	$ 31,785	$ (99)	$ 35,362	$ (971)	$ 67,147	$ (1,070)	49
Obligations of states and political subdivisions	—	—	220	—	220	—	1
Totals	$ 31,785	$ (99)	$ 35,582	$ (971)	$ 67,367	$ (1,070)	50

As of December 31, 2024, no allowance for credit losses has been recognized on available for sale securities in an unrealized loss position as the Company does not believe any of the debt securities are credit impaired. This is based on the Company's analysis of the risk characteristics, including credit ratings, and other qualitative factors related to these securities. The issuers of these securities continue to make timely principal and interest payments under the contractual terms of the securities. As of December 31, 2024, the Company did not intend to sell these securities and it was more likely than not that the Company would not be required to sell the debt securities before recovery of their amortized cost, which may be at maturity. The unrealized losses have occurred as a result of changes in interest rates, market spreads and market conditions subsequent to purchase, not credit deterioration.

Furthermore, the Company monitors the credit quality of debt securities held to maturity quarterly through the use of credit ratings. U.S. Treasury securities at December 31, 2024 were all rated AAA and have the full faith and credit backing of the United States Government. Obligations of states and political subdivisions in an unrealized loss position at December 31, 2024 are not material to the financial statements.

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, 2024 (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	$ 101,493	$ 101,495	$ 23,471	$ 23,370
Due after one year through 5 years	18,170	17,741	42,969	42,466
Due after 5 years through 10 years	42,220	37,714	44,316	43,588
Due after 10 years	44,200	38,118	—	—
Subtotal	206,083	195,068	110,756	109,424
Mortgage-backed securities	29,826	27,993	—	—
Total	$ 235,909	$ 223,061	$ 110,756	$ 109,424

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):

	2024	2023	2022
Proceeds from sales of securities	$ 10,206	$ 76,038	$ —
Gross gains on sales	—	122	—
Gross losses on sales	(34)	(8,023)	—

The tax benefit for 2024 related to these net realized losses was negligible, and for 2023 was $1.7 million.

As of December 31, 2024 and 2023, 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 $273.4 million and $204.8 million, respectively.

At year-end 2024 and 2023, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

Note 4 Loans and Allowance for Credit Losses

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

	2024	2023
Commercial/industrial	$ 501,042	$ 488,498
Commercial real estate - owner occupied	969,413	893,977
Commercial real estate - non-owner occupied	459,516	473,829
Multi-family	326,573	332,959
Construction and development	278,639	201,823
Residential 1-4 family	912,985	888,412
Consumer	55,164	50,741
Other	15,593	14,980
Subtotals	3,518,925	3,345,219
ACL - Loans	(44,151)	(43,609)
Loans, net of ACL - Loans	3,474,774	3,301,610
Deferred loan fees, net	(1,757)	(2,245)
Loans, net	$ 3,473,017	$ 3,299,365

The ACL - Loans is based on the Company's evaluation of historical default and loss experience, current and projected economic conditions, asset quality trends, known and inherent risks in the portfolio, adverse situations that may affect the borrowers' ability to repay a loan, the estimated value of any underlying collateral, composition of the loan portfolio and other relevant factors. Loans with similar risk characteristics are evaluated in pools and the Company utilizes a discounted cash flow ("DCF") method to estimate ACL for all loan pools. Under the DCF method, probability of default ("PD") and loss given default ("LGD") are applied to a projective model of the pool's cash flows while considering prepayment and principal curtailment effects. The analysis produces expected cash flows for each instrument in the pool by pairing loan-level term information (maturity date, payment amount, interest rate, etc.) with top-down pool assumptions (default rates and prepayment speeds). Management has determined that peer loss experience provides the best basis for its assessment of expected credit losses to determine the ACL. The Company utilized peer call report data to measure historical credit loss experience with similar risk characteristics within the segments over an economic cycle. Management reviewed the historical loss information to appropriately adjust for differences in current asset specific risk characteristics.

The historical loss experience estimate by pool is then adjusted by forecast factors that are quantitatively related to the Company's historical credit loss experience. For all loan pools, the Company utilizes and forecasts the national unemployment rate as a loss driver. The Company also utilizes and forecasts national GDP growth as a second loss driver for its commercial real estate – owner occupied and construction and development pools, the CRE (SA) interest rates and price index as a second loss driver for its commercial real estate – non-owner occupied pool, the real retail and food services sales index as a second loss driver for its consumer loan pool, and the S&P Case-Schiller US home price index as a second loss driver for its residential 1-4 family pool. For both national unemployment and national GDP growth the Company utilized a twelve-month forecast period, followed by a twelve-month reversion to the mean. The Company utilized the high-end range of the Federal Reserve Bank Open Market Committee forecast for national unemployment and the low-end range for national GDP growth at December 31, 2024. As of December 31, 2024, the Company anticipates the national unemployment rate to rise during the forecast period and the national GDP growth rate to decline. The Company utilized long-term averages for the remaining loss drivers. The reasonable and supportable period and reversion period are re-evaluated each quarter by the Company and are dependent on the current economic environment among other factors.

The Company performed a loss driver refresh study to determine whether the utilized loss drivers remained appropriate along with a study analyzing assumptions around prepayments, curtailments and funding within the model during 2024. While the fundamental methodology remained unchanged, these studies along with improved economic forecasts throughout 2024 served to marginally reduce the risk of loss projected within the model.

The expected credit losses for each loan pool are then adjusted for changes in qualitative factors not inherently considered in the quantitative analyses. The qualitative adjustments either increase or decrease the quantitative model estimation. The Company considers factors that are relevant within the qualitative framework which include the following (including respective weighting): lending policy (10% of factor), changes in nature and volume of loans (10% of factor), staff experience (5% of factor), changes in volume and trends of problem loans (10% of factor), concentration risk (10% of factor), trends in underlying collateral values (10% of factor), external factors (i.e. competition, legal and regulatory requirements; 20% of factor), quality of loan review system (5% of factor) and changes in economic conditions (20% of factor). Changes in economic conditions, changes in volume and trends of problem loans, and changes in underlying collateral values were adjusted to reflect slight reductions to the risk characteristics in each during 2024. All other qualitative factors remained consistent throughout the year.

Expected credit losses for loans that no longer share similar risk characteristics with the collectively evaluated pools are excluded from the collective evaluation and estimated on an individual basis. Specific allocations of the ACL for credit losses on individually evaluated loans are estimated on one of several methods, including the estimated fair value of the underlying collateral, observable market value of similar debt or the present value of expected cash flows.

A summary of the activity in ACL - Loans by loan type as of December 31, 2024 is as follows (dollar amounts in thousands):

	Commercial / Industrial	Commercial Real Estate - Owner Occupied	Commercial Real Estate - Non - Owner Occupied	Multi-Family	Construction and Development	Residential 1-4 Family	Consumer	Other	Total
ACL - Loans - January 1, 2024	$ 5,965	$ 12,285	$ 5,700	$ 4,754	$ 3,597	$ 10,620	$ 615	$ 73	$ 43,609
Charge-offs	(26)	(294)	—	—	—	(44)	(110)	(92)	(566)
Recoveries	24	909	—	—	—	13	37	25	1,008
Provision	(569)	(1,867)	(960)	(1,015)	1,626	2,212	542	131	100
ACL - Loans - December 31, 2024	$ 5,394	$ 11,033	$ 4,740	$ 3,739	$ 5,223	$ 12,801	$ 1,084	$ 137	$ 44,151

A summary of the activity in ACL - Loans by loan type as of December 31, 2023 is as follows (dollar amounts in thousands):

	Commercial / Industrial	Commercial Real Estate - Owner Occupied	Commercial Real Estate - Non - Owner Occupied	Multi-Family	Construction and Development	Residential 1-4 Family	Consumer	Other	Total
ACL - Loans - January 1, 2023	$ 4,071	$ 5,204	$ 2,644	$ 2,761	$ 1,592	$ 5,944	$ 314	$ 150	$ 22,680
Adoption of ASU 2016-13	1,859	1,982	1,161	753	2,063	2,567	620	(33)	10,972
ACL - Loans on PCD loans acquired	1,082	4,424	—	—	—	28	—	—	5,534
Charge-offs	—	—	—	—	—	—	(4)	(84)	(88)
Recoveries	22	70	—	—	—	106	4	17	219
Provision	(1,069)	605	1,895	1,240	(58)	1,975	(319)	23	4,292
ACL - Loans - December 31, 2023	$ 5,965	$ 12,285	$ 5,700	$ 4,754	$ 3,597	$ 10,620	$ 615	$ 73	$ 43,609

In addition to the ACL-Loans, the Company has established an ACL-Unfunded Commitments, classified in other liabilities on the consolidated balance sheets. This allowance is maintained to absorb losses arising from unfunded loan commitments related to fixed and variable rate commitments to extend credit, and is determined quarterly based on methodology similar to the methodology for determining the ACL-Loans. This quarterly assessment includes consideration of the likelihood that funding of these commitments will eventually occur. The Company has identified the unfunded portion of certain lines of credit, credit card arrangements and letters of credit as unconditionally cancellable credit exposures, meaning the Company can cancel the unfunded commitment at any time. No credit loss estimate is recorded for off-balance sheet credit exposures that are unconditionally cancelable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement. The ACL - Unfunded Commitments was $2.9 million and $3.8 million at December 31, 2024 and 2023, respectively. See Note 20 for further information on commitments.

The provision for credit losses is determined by the Company as the amount to be added to the ACL loss accounts for various types of financial instruments including loans, investment securities, and off-balance sheet credit exposures after net charge-offs have been deducted to bring the ACL to a level that, in management's judgment, is necessary to absorb expected credit losses over the lives of the respective financial instruments.

The following table presents the components of the provision for credit losses (dollar amounts in thousands):

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Provision for credit losses on:			
Loans	$ 100	$ 4,292	$ 2,200
Unfunded Commitments	(900)	390	—
Total provision for credit losses	$ (800)	$ 4,682	$ 2,200

A summary of past due loans as of December 31, 2024 are as follows (dollar amounts in thousands):

	30-89 Days Past Due Accruing	90 Days or more Past Due and Accruing	Non-Accrual	Total	Non-Accrual with no specifically allocated ACL
Commercial/industrial	$ 50	$ 328	$ 794	$ 1,172	$ 1
Commercial real estate - owner occupied	446	—	4,999	5,445	800
Commercial real estate - non-owner occupied	—	—	493	493	493
Multi-family	—	—	—	—	—
Construction and development	90	—	—	90	—
Residential 1-4 family	1,317	1,294	511	3,122	511
Consumer	108	48	29	185	29
Other	—	—	—	—	—
	$ 2,011	$ 1,670	$ 6,826	$ 10,507	$ 1,834

A summary of past due loans as of December 31, 2023 are as follows (dollar amounts in thousands):

	30-89 Days Past Due Accruing	90 Days or more Past Due and Accruing	Non-Accrual	Total	Non-Accrual with no specifically allocated ACL
Commercial/industrial	$ 4,303	$ 106	$ 1,344	$ 5,753	$ 365
Commercial real estate - owner occupied	180	252	3,877	4,309	343
Commercial real estate - non-owner occupied	14	—	—	14	—
Multi-family	—	—	—	—	—
Construction and development	—	—	—	—	—
Residential 1-4 family	871	507	429	1,807	394
Consumer	68	28	12	108	11
Other	—	—	—	—	—
	$ 5,436	$ 893	$ 5,662	$ 11,991	$ 1,113

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the estimated fair value of the collateral at the balance sheet date, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral.

The following tables present collateral dependent loans by portfolio segment and collateral type, including those loans with and without a related allowance allocation (dollar amounts in thousands). A significant portion of the loan balances in these tables and essentially all of the allowance allocations relate to PCD loans which were acquired from Hometown. Real estate collateral primarily consists of operating facilities of the underlying borrowers. Other business assets collateral primarily consists of receivables and inventory of the underlying borrowers.

As of December 31, 2024	Collateral Type					
	Real Estate	Other Business Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
Commercial/industrial	$ —	$ 793	$ 793	$ —	$ 793	$ 793
Commercial real estate - owner occupied	7,795	—	7,795	800	6,995	1,601
Commercial real estate - non-owner occupied	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—
Construction and development	—	—	—	—	—	—
Residential 1-4 family	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Loans	$ 7,795	$ 793	$ 8,588	$ 800	$ 7,788	$ 2,394

As of December 31, 2023	Collateral Type					
	Real Estate	Other Business Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
Commercial/industrial	$ —	$ 5,320	$ 5,320	$ 47	$ 5,273	$ 1,089
Commercial real estate - owner occupied	8,131	—	8,131	794	7,337	3,156
Commercial real estate - non-owner occupied	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—
Construction and development	—	—	—	—	—	—
Residential 1-4 family	35	—	35	35	—	—
Consumer	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Loans	$ 8,166	$ 5,320	$ 13,486	$ 876	$ 12,610	$ 4,245

The Company utilizes a numerical risk rating system for commercial relationships and certain residential 1-4 family relationships that have commercial characteristics. All other types of relationships (ex: most residential, consumer, other) 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 Company 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.

Table of Contents

The following tables present total loans by risk ratings and year of origination. Loans acquired from other previously acquired institutions have been included in the table based upon the actual origination date (dollar amounts in thousands).

As of December 31, 2024	Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving	Revolving to Term	Total
Commercial/industrial									
Grades 1-4	$ 82,243	$ 55,703	$ 66,599	$ 49,142	$ 44,118	$ 21,121	$ 77,853	$ -	$ 396,779
Grade 5	16,551	3,076	45,395	4,508	2,266	318	16,574	-	88,688
Grade 6	274	403	608	1,027	7	-	541	-	2,860
Grade 7	362	854	316	5,766	416	752	4,249	-	12,715
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 99,430**	**$ 60,036**	**$ 112,918**	**$ 60,443**	**$ 46,807**	**$ 22,191**	**$ 99,217**	**$ -**	**$ 501,042**
Current-period gross charge-offs	**$ -**	**$ -**	**$ 9**	**$ 15**	**$ -**	**$ 2**	**$ -**	**$ -**	**$ 26**
Commercial real estate - owner occupied									
Grades 1-4	$ 92,953	$ 63,421	$ 105,388	$ 161,227	$ 93,903	$ 177,068	$ 41,293	$ -	$ 735,253
Grade 5	48,644	21,142	19,031	20,585	8,741	42,643	8,902	-	169,688
Grade 6	-	-	3,095	1,674	5,658	1,931	3,468	-	15,826
Grade 7	149	840	8,633	3,444	3,594	28,997	2,989	-	48,646
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 141,746**	**$ 85,403**	**$ 136,147**	**$ 186,930**	**$ 111,896**	**$ 250,639**	**$ 56,652**	**$ -**	**$ 969,413**
Current-period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ 293**	**$ -**	**$ 1**	**$ -**	**$ -**	**$ 294**
Commercial real estate - non-owner occupied									
Grades 1-4	$ 27,703	$ 54,919	$ 61,803	$ 123,875	$ 47,293	$ 96,008	$ 9,883	$ -	$ 421,484
Grade 5	1,723	1,935	2,827	2,627	3,502	13,008	-	-	25,622
Grade 6	-	-	1,489	-	-	2,590	1,565	-	5,644
Grade 7	-	-	-	5,906	351	509	-	-	6,766
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 29,426**	**$ 56,854**	**$ 66,119**	**$ 132,408**	**$ 51,146**	**$ 112,115**	**$ 11,448**	**$ -**	**$ 459,516**
Current-period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**-**
Multi-family									
Grades 1-4	$ 1,724	$ 26,209	$ 32,891	$ 100,950	$ 71,584	$ 82,936	$ 3,385	$ -	$ 319,679
Grade 5	779	1,014	1,307	994	-	118	-	-	4,212
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	442	-	-	-	-	2,240	-	-	2,682
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 2,945**	**$ 27,223**	**$ 34,198**	**$ 101,944**	**$ 71,584**	**$ 85,294**	**$ 3,385**	**$ -**	**$ 326,573**
Current-period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**-**
Construction and development									
Grades 1-4	$ 66,756	$ 45,018	$ 60,063	$ 11,608	$ 3,666	$ 4,921	$ 1,566	$ -	$ 193,598
Grade 5	23,486	52,351	2,529	1,033	603	199	522	-	80,723
Grade 6	233	-	-	-	-	-	-	-	233
Grade 7	-	676	-	2,489	160	760	-	-	4,085
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 90,475**	**$ 98,045**	**$ 62,592**	**$ 15,130**	**$ 4,429**	**$ 5,880**	**$ 2,088**	**$ -**	**$ 278,639**
Current-period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**-**
Residential 1-4 family									
Grades 1-4	$ 98,107	$ 96,939	$ 179,313	$ 176,752	$ 139,663	$ 100,537	$ 93,957	$ -	$ 885,268
Grade 5	2,785	2,971	6,266	2,221	3,017	1,621	1,064	-	19,945
Grade 6	-	151	350	-	-	197	-	-	698
Grade 7	-	-	537	1,282	854	2,900	1,501	-	7,074
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 100,892**	**$ 100,061**	**$ 186,466**	**$ 180,255**	**$ 143,534**	**$ 105,255**	**$ 96,522**	**$ -**	**$ 912,985**
Current-period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 44**	**$ -**	**$ -**	**$ 44**
Consumer									
Grades 1-4	$ 25,766	$ 12,581	$ 8,063	$ 3,825	$ 2,774	$ 1,624	$ 466	$ -	$ 55,099
Grade 5	-	-	-	-	-	-	-	-	-
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	10	11	15	9	-	20	-	-	65
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 25,776**	**$ 12,592**	**$ 8,078**	**$ 3,834**	**$ 2,774**	**$ 1,644**	**$ 466**	**$ -**	**$ 55,164**
Current-period gross charge-offs	**$ 88**	**$ 15**	**$ 4**	**$ -**	**$ 3**	**$ -**	**$ -**	**$ -**	**$ 110**
Other									
Grades 1-4	$ 1,901	$ 119	$ 573	$ 483	$ 605	$ 9,070	$ 2,557	$ -	$ 15,308
Grade 5	-	50	31	-	-	-	204	-	285
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	-	-	-	-	-	-	-	-	-
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 1,901**	**$ 169**	**$ 604**	**$ 483**	**$ 605**	**$ 9,070**	**$ 2,761**	**$ -**	**$ 15,593**
Current-period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 92**	**$ -**	**$ 92**
Total Loans	**$ 492,591**	**$ 440,383**	**$ 607,122**	**$ 681,427**	**$ 432,775**	**$ 592,088**	**$ 272,539**	**$ -**	**$ 3,518,925**
Total current-period gross charge-offs	**$ 88**	**$ 15**	**$ 13**	**$ 308**	**$ 3**	**$ 47**	**$ 92**	**$ -**	**$ 566**

As of December 31, 2023	Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving	Revolving to Term	Total
Commercial/industrial									
Grades 1-4	$ 59,526	$ 133,469	$ 62,894	$ 54,552	$ 10,380	$ 20,575	$ 78,439	$ -	$ 419,835
Grade 5	6,127	5,367	11,641	4,208	1,180	3,039	21,420	-	52,982
Grade 6	671	93	61	206	-	-	627	-	1,658
Grade 7	365	271	5,756	2,351	30	1,687	3,563	-	14,023
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 66,689**	**$ 139,200**	**$ 80,352**	**$ 61,317**	**$ 11,590**	**$ 25,301**	**$ 104,049**	**$ -**	**$ 488,498**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - owner occupied									
Grades 1-4	$ 55,239	$ 105,187	$ 167,124	$ 108,680	$ 47,115	$ 178,586	$ 33,220	$ -	$ 695,151
Grade 5	7,586	24,734	24,890	12,955	11,168	26,179	21,519	-	129,031
Grade 6	-	1,161	1,694	110	867	6,552	699	-	11,083
Grade 7	3,143	9,988	10,061	2,313	14,775	15,777	2,655	-	58,712
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 65,968**	**$ 141,070**	**$ 203,769**	**$ 124,058**	**$ 73,925**	**$ 227,094**	**$ 58,093**	**$ -**	**$ 893,977**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - non-owner occupied									
Grades 1-4	$ 54,774	$ 72,336	$ 127,450	$ 53,341	$ 45,898	$ 84,129	$ 9,870	$ -	$ 447,798
Grade 5	944	4,819	2,872	3,516	97	10,081	-	-	22,329
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	-	-	64	366	2,722	550	-	-	3,702
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 55,718**	**$ 77,155**	**$ 130,386**	**$ 57,223**	**$ 48,717**	**$ 94,760**	**$ 9,870**	**$ -**	**$ 473,829**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - multi-family									
Grades 1-4	$ 25,099	$ 28,144	$ 103,804	$ 74,083	$ 25,640	$ 61,589	$ 2,149	$ -	$ 320,508
Grade 5	672	1,092	10,660	-	-	27	-	-	12,451
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	-	-	-	-	-	-	-	-	-
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 25,771**	**$ 29,236**	**$ 114,464**	**$ 74,083**	**$ 25,640**	**$ 61,616**	**$ 2,149**	**$ -**	**$ 332,959**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction and development									
Grades 1-4	$ 65,134	$ 67,396	$ 35,017	$ 5,013	$ 1,853	$ 4,281	$ 779	$ -	$ 179,473
Grade 5	11,796	1,190	6,060	743	-	84	808	-	20,681
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	707	-	-	172	-	790	-	-	1,669
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 77,637**	**$ 68,586**	**$ 41,077**	**$ 5,928**	**$ 1,853**	**$ 5,155**	**$ 1,587**	**$ -**	**$ 201,823**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential 1-4 family									
Grades 1-4	$ 102,529	$ 199,295	$ 197,713	$ 160,489	$ 44,411	$ 77,644	$ 80,659	$ -	$ 862,740
Grade 5	3,816	4,819	6,269	119	612	2,465	604	-	18,704
Grade 6	158	319	810	-	-	180	249	-	1,716
Grade 7	316	366	29	1,022	400	2,947	172	-	5,252
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 106,819**	**$ 204,799**	**$ 204,821**	**$ 161,630**	**$ 45,423**	**$ 83,236**	**$ 81,684**	**$ -**	**$ 888,412**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consumer									
Grades 1-4	$ 23,711	$ 12,497	$ 6,570	$ 4,498	$ 1,194	$ 1,326	$ 925	$ -	$ 50,721
Grade 5	-	-	-	-	-	-	-	-	-
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	-	-	-	-	-	20	-	-	20
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 23,711**	**$ 12,497**	**$ 6,570**	**$ 4,498**	**$ 1,194**	**$ 1,346**	**$ 925**	**$ -**	**$ 50,741**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ -	$ 4
Other									
Grades 1-4	$ 347	$ 663	$ 551	$ 1,076	$ 38	$ 9,697	$ 2,520	$ -	$ 14,892
Grade 5	-	-	-	-	-	-	88	-	88
Grade 6	-	-	-	-	-	-	-	-	-
Grade 7	-	-	-	-	-	-	-	-	-
Grade 8	-	-	-	-	-	-	-	-	-
Total	**$ 347**	**$ 663**	**$ 551**	**$ 1,076**	**$ 38**	**$ 9,697**	**$ 2,608**	**$ -**	**$ 14,980**
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ 84	$ -	$ 84
Total Loans	**$ 422,660**	**$ 673,206**	**$ 781,990**	**$ 489,813**	**$ 208,380**	**$ 508,205**	**$ 260,965**	**$ -**	**$ 3,345,219**
Total current-period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 88**	**$ -**	**$ 88**

Note 5 Related Party Matters
Directors, executive officers, and principal shareholders of the Company, 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 Company, 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):

	2024	2023
Balances at beginning	$ 63,892	$ 70,151
Net increase from change in composition of officers and directors	19,047	—
New loans and advances	56,330	24,495
Repayments	(76,418)	(30,754)
Balance at end	$ 62,851	$ 63,892

Deposits from directors, executive officers, principal shareholders, and their affiliates totaled approximately $22.5 million and $19.1 million as of December 31, 2024 and 2023, 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 Company utilizes a third-party consulting firm to assist in determining 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 in servicing rights assets that are measured at fair value (dollar amounts in thousands):

	Year Ended December 31, 2024	Year Ended December 31, 2023
Fair value at beginning of period	$ 13,668	$ 9,582
Servicing asset additions	1,343	879
Loan payments and payoffs	(1,735)	(1,624)
Changes in valuation inputs and assumptions used in the valuation model	93	1,140
Amount recognized through earnings	(299)	395
MSR asset acquired	—	3,691
Fair value at end of period	$ 13,369	$ 13,668
Unpaid principal balance of loans serviced for others	$ 1,172,311	$ 1,175,709
Mortgage servicing rights as a percent of loans serviced for others	1.14	1.16

During the years ended December 31, 2024 and 2023, the Company utilized economic assumptions in measuring the initial value of MSRs for loans sold whereby servicing is retained by the Company. The economic assumptions used at December 31, 2024 and 2023 included constant prepayment speed of 8.2 and 7.5 months and a discount rate of 10.18% and 10.19%, respectively. 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 Company originates under.

The assumptions used by the Company are hypothetical and supported by a third-party valuation. The Company'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, 2024 and 2023.

Note 7 Premises and Equipment

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

	2024	2023
Land and land improvements	$ 11,082	$ 13,594
Buildings and building improvements	66,096	60,790
Furniture and equipment	6,904	7,169
Totals	84,082	81,553
Less accumulated depreciation	14,559	13,245
Right-of-use lease asset (see Note 21)	1,585	1,583
Premises and equipment, net	$ 71,108	$ 69,891

Included in buildings and improvements at December 31, 2024 and 2023, is $0.8 million and $5.7 million, 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 $2.3 million, $2.1 million, and $1.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Note 8 Other Real Estate Owned

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

	2024	2023
Beginning of year	$ 2,573	$ 2,520
Transfers in	1,412	2,623
Assets Acquired	—	1,390
Gain (loss) on sale of OREO and valuation allowance	694	(2,133)
Sales	(3,938)	(1,827)
End of year	$ 741	$ 2,573

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

	2024	2023	2022
Beginning of year	$ 1,591	$ —	$ 187
Additions charged to expense	—	1,591	24
Valuation relieved due to sale of OREO	(1,591)	—	(211)
End of year	$ —	$ 1,591	$ —

Note 9 Investment in Minority-owned Subsidiaries

TVG, the insurance subsidiary of the Bank, maintained a 40.0% investment in Ansay at December 31, 2024 and 2023. 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, 2024 and 2023, Ansay had total assets of $87.1 million and $86.9 million and liabilities of $38.5 million and $41.4 million, respectively. The Company's investment in Ansay, which is accounted for using the equity method, was $34.1 million and $32.9 million at December 31, 2024 and 2023, respectively. The Company recognized undistributed earnings of approximately $3.5 million, $2.9 million and $2.6 million and received dividends of $2.3 million, $1.9 million and $2.0 million from its investment in Ansay during the years ended December 31, 2024, 2023 and 2022, respectively.

As of December 31, 2024 and 2023, Ansay had term loans with the Bank totaling approximately $19.0 million and $19.7 million, respectively. Ansay also has available revolving lines of credit totaling $12.0 million with the Company with an outstanding balance of $0.2 million as of December 31, 2024. There were no outstanding balances as of December 31, 2023.

Ansay maintained deposits at the Bank totaling $8.5 million and $11.5 million as of December 31, 2024 and 2023, respectively.

The CEO of Ansay, Michael G. Ansay, served as a member of the Board of the Company until retiring on January 15, 2024. As a related party, during 2024, 2023 and 2022 the Company received insurance consulting services and purchased director and officer fidelity bond and commercial insurance coverage through Ansay spending approximately $0.5 million, $0.4 million and $0.4 million, respectively.

The Company's proportionate share of earnings of Ansay flow through to its tax return. Deferred income taxes of approximately $1.1 million and $0.9 million were provided to account for the difference in the tax and book basis of assets and liabilities held at Ansay as of December 31, 2024 and 2023, respectively.

The Company had a 49.8% membership interest in UFS which it sold on October 1, 2023, resulting in a $38.9 million gain on sale. Prior to this sale, the investment was accounted for on the equity method. The Company's undistributed earnings from its investment in UFS prior to sale were approximately $2.3 million and $3.1 million for the years ended December 31, 2023 and 2022, respectively. Data processing service fees paid by the Company to UFS were approximately $5.5 million and $4.3 million for the years ended December 31, 2023 and 2022, respectively. The business operations of UFS consist of providing data processing and other information technology services to the Company and other financial institutions.

During 2023 and 2022 the Company received $1.7 million and $2.4 million in dividends from UFS, 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):

	2024			2023		
	Gross Carrying Amount	Intangible Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Intangible Accumulated Amortization	Net Carrying Value
Core deposit intangible	$ 40,240	$ 19,037	$ 21,203	$ 40,240	$ 13,244	$ 26,996

Amortization expense was $5.8 million, $6.3 million and $2.3 million for the years ended December 31, 2024, 2023 and 2022, 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, 2024 (dollar amounts in thousands):

	Core Deposit Intangible
2025	$ 5,003
2026	4,297
2027	3,590
2028	2,884
2029	2,225
Thereafter	3,204
Total	$ 21,203

Note 11 Goodwill

Goodwill was $175.1 million at December 31, 2024 and 2023.

Note 12 Deposits
The composition of deposits at December 31 is as follows (dollar amounts in thousands):

	2024	2023
Noninterest-bearing demand deposits	$ 1,024,881	$ 1,050,735
Interest-bearing demand deposits	194,988	204,760
Savings deposits	1,790,100	1,595,395
Time deposits	631,020	581,283
Brokered certificates of deposit	20,084	747
Total deposits	$ 3,661,073	$ 3,432,920

Time deposits of $250,000 or more were approximately $77.8 million and $70.2 million at December 31, 2024 and 2023, respectively.

The scheduled maturities of time deposits at December 31, 2024, are summarized as follows (dollar amounts in thousands):

2025	$ 558,937
2026	63,837
2027	6,269
2028	6,932
2029	7,654
Thereafter	7,475
Total	$ 651,104

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 Company (seller) repurchase identical securities as those that are sold. The securities underlying the agreements were under the Company's control.

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

	2024	2023	2022
Outstanding balance at the end of the year	$ —	$ 75,747	$ 97,196
Weighted average interest rate at the end of the year	— %	5.31 %	4.31 %
Average balance during the year	$ 414	$ 36,833	$ 25,749
Average interest rate during the year	5.33 %	4.92 %	2.11 %
Maximum month end balance during the year	$ —	$ 75,747	$ 97,196

Note 14 Notes Payable

There were $135.5 million and $35.5 million of advances outstanding from the FHLB at December 31, 2024 and 2023, 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	2024	2023
			(dollars in thousands)	
Fixed rate, fixed term	06/30/2025	5.16 %	25,000	—
Fixed rate, fixed term	03/23/2026	4.02 %	10,000	10,000
Fixed rate, fixed term	05/26/2026	1.95 %	5,000	5,000
Fixed rate, fixed term	06/29/2026	4.77 %	15,000	—
Fixed rate, fixed term	03/23/2027	3.91 %	10,000	10,000
Fixed rate, fixed term	06/28/2027	4.57 %	15,000	—
Fixed rate, fixed term	03/23/2028	3.85 %	10,000	10,000
Fixed rate, fixed term	07/05/2028	4.41 %	20,000	—
Fixed rate, fixed term	07/09/2029	4.31 %	25,000	—
Fixed rate, fixed term	04/22/2030	0.00 %	508	508
			135,508	35,508
Purchase accounting adjustment			(136)	(238)
Total notes payable			$ 135,372	$ 35,270

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

	December 31, 2024	December 31, 2023
1 year or less	$ 25,000	$ —
1 to 2 years	30,000	—
2 to 3 years	25,000	15,000
3 to 4 years	30,000	10,000
4 to 5 years	25,000	10,000
Over 5 years	508	508
	$ 135,508	$ 35,508

At December 31, 2024 and 2023, respectively, total loans available to be pledged as collateral on FHLB borrowings were approximately $1.47 billion and $1.49 billion and, of that total, $818.2 million and $841.8 million qualified as eligible collateral. The Bank owned $6.3 million and $5.1 million of FHLB stock at December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, the Bank had available liquidity of $682.6 million and $806.2 million for future draws, respectively. FHLB stock is included in other investments at December 31, 2024 and 2023. This stock is recorded at cost, which approximates fair value.

Note 15 Subordinated Debt

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 $6.0 million under each agreement, or $12.0 million 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 $6.0 million under these agreements at December 31, 2024 and 2023.

During August 2022, the Company entered into subordinated note agreements with an individual. The Company had outstanding balances of $6.0 million under these agreements as of December 31, 2024 and 2023. These notes were issued with 10-year maturities, carry interest at a fixed rate of 5.25% through August 6, 2027, and at a variable rate thereafter, payable quarterly. These notes are callable on or after August 6, 2027 and qualify for Tier 2 capital for regulatory purposes.

As a result of the acquisition of Hometown during February 2023, the Company acquired all of the common securities of Hometown's wholly-owned subsidiaries, Hometown Bancorp, Ltd. Capital Trust I ("Trust I") and Hometown Bancorp, Ltd. Capital Trust II ("Trust II"). The Company also assumed adjustable rate junior subordinated debentures issued to these trusts. The junior subordinated debentures issued to Trust I and Trust II totaled $4.1 million and $8.2 million, respectively, carried interest at floating rates resetting on each quarterly payment date, and were due on January 7, 2034 and December 15, 2036, respectively. Applicable discounts originally totaling $1.5 million were recorded to carry the assumed debentures at their then estimated fair value and were being accreted to interest expense over the remaining life of the debentures. Both junior subordinated debentures were redeemable by the Company, subject to prior approval by the Federal Reserve Bank, on any quarterly payment date. The junior subordinated debentures represented the sole asset of Trust I and Trust II. The trusts were not included in the Company's consolidated financial statements. The net effect of all agreements assumed with respect to Trust I and Trust II is that the Company, through payments on its debentures, was liable for the distributions and other payments required on the trusts' preferred securities. Trust I and Trust II also provided the Company with $12.0 million in Tier 1 capital for regulatory capital purposes. The Company redeemed the junior subordinated debenture related to Trust II during December 2023, resulting in Trust II's dissolution. The Company redeemed the junior subordinated debenture related to Trust I on January 8, 2024, resulting in Trust I's dissolution. As a result of the redemption of the junior subordinated debenture related to Trust II and notification of the Company's intent to redeem the junior subordinated debenture of Trust I prior to December 31, 2023, the Company amortized the remaining original fair value discounts into interest expense during 2023.

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):

	2024	2023	2022
Current tax expense:			
Federal	$ 14,824	$ 20,158	$ 10,328
State	(1,740)(1)	3,399	4,960
Deferred tax benefit:			
Federal	866	(1,234)	(617)
State	616	(490)	(252)
Change in valuation allowance	(616)	2,447	—
Total provision for income taxes	$ 13,950	$ 24,280	$ 14,419

(1) The state of Wisconsin produced legislation during 2023 which exempted a significant portion of the Company's interest income from taxability. Wisconsin did not produce guidelines for application of this new legislation until late in the first quarter of 2024. The Company's 2023 Wisconsin tax obligation was estimated utilizing the best understanding of what the final guidelines would stipulate. When the final guidelines were produced, the Company's actual 2023 Wisconsin tax obligation was $1.7 million less than estimated. The state tax benefit noted above consists of the difference between the initial estimate and the actual obligation for 2023.

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):

	2024	2023	2022
Tax expense at statutory rate	$ 16,698	$ 20,747	$ 12,523
Increase (decrease) in taxes resulting from:			
Tax-exempt interest	(1,075)	(995)	(1,079)
State taxes (net of federal benefit)	(1,375)	2,685	3,719
Cash surrender value of life insurance	(455)	(322)	(194)
ESOP dividend	(88)	(88)	(77)
Nondeductible expenses associated with acquisition	—	61	189
Change in valuation allowance	(616)	2,447	—
Other	861	(255)	(662)
Total provision for income taxes	$ 13,950	$ 24,280	$ 14,419

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company’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):

	2024	2023
Deferred tax assets:		
Deferred compensation	$ —	$ 15
Premises and equipment	477	357
Allowance for credit losses	12,759	12,856
Accrued vacation and severance	—	80
Other real estate owned	—	262
Compensation	619	611
Purchase accounting	2,591	3,855
Unrealized loss on securities available for sale	3,497	3,375
Net operating loss carry forward	1,086	592
Other	353	—
Total deferred tax assets	21,382	22,003
Deferred tax liabilities:		
Investment discount accretion	(1,516)	(863)
Mortgage servicing rights	(3,622)	(3,703)
Other investments	(911)	(795)
Other real estate owned	(45)	—
Investment in minority owned subsidiaries	(1,114)	(944)
Goodwill and other intangibles	(5,312)	(6,591)
Other	—	(117)
Total deferred tax liabilities	(12,520)	(13,013)
Valuation allowance	(3,063)	(2,447)
Net deferred tax asset	$ 5,799	$ 6,543

In assessing the ability of the Company to realize the benefit of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, availability of operating loss carrybacks, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which deferred tax assets are deductible, management believes it is more likely than not the Company will generate sufficient federally taxable income to realize the benefits of these deductible differences at December 31, 2024. Due to legislation during 2023 related to exempting interest income on significant portions of the Company's loan portfolio to taxability in the state of Wisconsin, however, management estimates that future state taxable income will be insufficient to fully realize the benefits of these deductible differences, resulting in a valuation allowance of $3.1 million and $2.4 million on the net deferred tax asset related to state income taxes at December 31, 2024 and 2023, respectively.

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 Company 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, 2024 and 2023, there was no liability for uncertain tax positions. Federal income tax returns for 4 years ended December 31, 2021 through 2024 remain open and subject to review by applicable tax authorities. State income tax returns for 5 years ended December 31, 2020 through 2024 remain open and subject to review by applicable tax authorities.

Note 17 Employee Benefit Plans

Employee Stock Ownership Plan

The Company 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 Company's stock. As of December 31, 2024 and 2023, the plan held 221,214 and 272,132 shares, respectively. These shares are included in the calculation of the Company's earnings per share. The Company may make discretionary contributions up to the limits established by IRS regulations. The Company discretionary match was 60% of participant contributions up to 10% of the employee's salary in 2024 and 35% of participant contributions up to 10% of the employee's salary in 2023, and 2022. With the increase in discretionary match, the Company discontinued the discretionary contributions to the plan in 2024. The Company made additional discretionary contributions to the plan of $0.8 million and $0.6 million in 2023 and 2022, respectively. Total expense associated with the plans was approximately $1.3 million, $1.6 million and $1.2 million in 2024, 2023 and 2022, respectively.

Share-based Compensation

The Company has made restricted share grants during 2024, 2023 and 2022 pursuant to the Bank First Corporation 2020 Equity Plan. The purpose of the Plan is to provide financial incentives for selected employees and for the non-employee Directors of the Company, thereby promoting the long-term growth and financial success of the Company. The Company stock to be offered under the Plan pursuant to Stock Appreciation Rights, performance unit awards, and restricted stock and unrestricted Company stock awards must be Company stock previously issued and outstanding and reacquired by the Company. The number of shares of Company stock that may be issued pursuant to awards under the 2020 Plan shall not exceed, in the aggregate, 700,000. As of December 31, 2024, 100,954 shares of Company 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 of the respective grants. For the years ended December 31, 2024, 2023 and 2022, compensation expense of $2.2 million, $2.1 million and $1.7 million, respectively, was recognized related to restricted stock awards.

As of December 31, 2024, there was $1.9 million 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 1.16 years. The aggregate grant date fair value of restricted stock awards that vested during 2024 was approximately $2.1 million.

	For the period ended December 31, 2024		For the period ended December 31, 2023	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Restricted Stock				
Outstanding at beginning of period	58,196	$ 72.28	59,272	$ 65.85
Granted	24,581	85.85	25,506	80.15
Vested	(30,143)	71.14	(25,762)	64.25
Forfeited or cancelled	—	—	(820)	67.02
Outstanding at end of period	52,634	$ 79.27	58,196	$ 72.28

Deferred Compensation Plan

The Company 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 Company 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 negligible for the years ended December 31, 2024, 2023 and 2022.

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, 2024 totaled approximately $101.1 million. 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.

Under regulatory guidance for non-advanced approaches institutions, the Bank and Company are 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, 2024 and 2023, this buffer was 2.50%. As of December 31, 2024 and 2023, the Bank and Company met all capital adequacy requirements to which they are subject.

Table of Contents

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
December 31, 2024								
Total capital (to risk-weighted assets):								
Company	$ 509,763	14.14 %	$ 288,325	8.00 %	$ 378,427	10.50 %	NA	NA
Bank	$ 438,549	12.18 %	$ 288,152	8.00 %	$ 378,200	10.50 %	$ 360,190	10.00 %
Tier 1 capital (to risk-weighted assets):								
Company	$ 457,749	12.70 %	$ 216,244	6.00 %	$ 306,346	8.50 %	NA	NA
Bank	$ 398,535	11.06 %	$ 216,114	6.00 %	$ 306,162	8.50 %	$ 288,152	8.00 %
Common Equity Tier 1 capital (to risk-weighted assets):								
Company	$ 457,749	12.70 %	$ 162,183	4.50 %	$ 252,285	7.00 %	NA	NA
Bank	$ 398,535	11.06 %	$ 162,086	4.50 %	$ 252,133	7.00 %	$ 234,124	6.50 %
Tier 1 capital (to average assets):								
Company	$ 457,749	10.96 %	$ 167,134	4.00 %	$ 167,134	4.00 %	NA	NA
Bank	$ 398,535	9.54 %	$ 167,019	4.00 %	$ 167,019	4.00 %	$ 208,774	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
December 31, 2023								
Total capital (to risk-weighted assets):								
Company	$ 484,398	13.99 %	$ 276,904	8.00 %	$ 363,437	10.50 %	NA	NA
Bank	$ 446,634	12.91 %	$ 276,726	8.00 %	$ 363,202	10.50 %	$ 345,907	10.00 %
Tier 1 capital (to risk-weighted assets):								
Company	$ 437,979	12.65 %	$ 207,678	6.00 %	$ 294,211	8.50 %	NA	NA
Bank	$ 412,215	11.92 %	$ 207,544	6.00 %	$ 294,021	8.50 %	$ 276,726	8.00 %
Common Equity Tier 1 capital (to risk-weighted assets):								
Company	$ 433,979	12.54 %	$ 155,759	4.50 %	$ 242,291	7.00 %	NA	NA
Bank	$ 412,215	11.92 %	$ 155,658	4.50 %	$ 242,135	7.00 %	$ 224,840	6.50 %
Tier 1 capital (to average assets):								
Company	$ 437,979	11.05 %	$ 158,581	4.00 %	$ 158,581	4.00 %	NA	NA
Bank	$ 412,215	10.40 %	$ 158,585	4.00 %	$ 158,585	4.00 %	$ 198,231	5.00 %

Note 19 Segment Information

The Company's reportable segment is determined by the Chief Executive Officer, who is the designated chief operating decision maker, based upon information provided by the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review the performance of various components of the business such as branches, which are then aggregated as operating performance, products and services, and customers are similar. The chief operating decision maker will then evaluate the financial performance of the Company's business components such as by evaluating significant revenues and expenses and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The chief decision maker uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The chief decision maker uses consolidated net income and return on assets to benchmark the Company against its competitors. The benchmarking analysis, coupled with monitoring of budget to actual results, are used in the assessment of performance and in establishing compensation. Loans, investments, service charges, and deposits in other banks provide the significant revenues in the banking operation. Interest expense, provisions for credit losses, data processing and payroll provide the significant expenses in banking operation. All operations are domestic. Information reported internally for performance assessment by the chief operating decision maker is identical to that which is shown in the Consolidated Statements of Income.

Note 20 Commitments and Contingencies

The Company 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. The fair values of the Company's rate lock commitments to customers as of December 31, 2024 and 2023 were not material and have not been recorded. The notional amount of rate lock commitments at December 31, 2024 and 2023, respectively, was $8.2 million and $5.9 million.

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	
	December 31, 2024	December 31, 2023
Commitments to extend credit:		
Fixed	$ 46,856	$ 92,113
Variable	706,353	707,285
Credit card arrangements	24,399	21,213
Letters of credit	11,055	9,785

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 $11.1 million of standby letters of credit and no direct pay letters of credit. Standby letters of credit are conditional lending commitments issued by the Company to guaranty the performance of a customer to a third party. 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. 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 Company generally holds collateral supporting these commitments. The majority of the Company's loans, commitments, and letters of credit have been granted to customers in the Company'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 Company 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 Company leases certain properties under operating leases that resulted in the recognition of ROU lease assets of approximately $1.6 million and corresponding lease liabilities of similar value on the Company's Consolidated Balance Sheets as of December 31, 2024 and 2023.

GAAP provides a number of optional practical expedients in transition. The Company has elected the “package of practical expedients,” which permits the Company not to reassess under the new standard the prior conclusions about lease identification, lease classification and initial direct costs. The Company 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 lease’s inception. The Company 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 Company 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 Company’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 Company 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 Company 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 Company is electing to utilize the Wall Street Journal Prime Rate on the date of lease commencement as the lease interest rate.

	Year Ended	
(dollars in thousands)	**December 31, 2024**	**December 31, 2023**
Amortization of ROU Assets - Operating Leases	$ (2)	$ (2)
Interest on Lease Liabilities - Operating Leases	87	87
Operating Lease Cost (Cost resulting from lease payments)	86	85
Weighted Average Lease Term (Years) - Operating Leases	29.00	30.00
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, 2024
Operating lease payments due:	
Within one year	$ 86
After one but within two years	94
After two but within three years	94
After three but within four years	94
After four years but within five years	94
After five years	2,949
Total undiscounted cash flows	3,411
Discount on cash flows	(1,826)
Total operating lease liabilities	$ 1,585

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)
December 31, 2024				
Assets				
Securities available for sale				
U.S. Treasury securities	$ 99,656	$ 99,656	$ —	$ —
Obligations of U.S. Government sponsored agencies	24,741	—	24,741	—
Obligations of states and political subdivisions	56,357	—	56,357	—
Mortgage-backed securities	27,993	—	27,993	—
Corporate notes	14,314	—	14,314	—
Mortgage servicing rights	13,369	—	13,369	—
December 31, 2023				
Assets				
Securities available for sale				
Obligations of U.S. Government sponsored agencies	$ 28,294	$ —	$ 28,294	$ —
Obligations of states and political subdivisions	58,246	—	58,246	—
Mortgage-backed securities	36,130	—	36,130	—
Corporate notes	19,038	—	19,038	—
Certificates of deposit	489	—	489	—
Mortgage servicing rights	13,668	—	13,668	—

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)
December 31, 2024				
OREO	$ 741	$ —	$ —	$ 741
Loans individually evaluated, net of reserve	6,194	—	—	6,194
	$ 6,935	$ —	$ —	$ 6,935
December 31, 2023				
OREO	$ 2,573	$ —	$ —	$ 2,573
Loans individually evaluated, net of reserve	9,242	—	—	9,242
	$ 11,815	$ —	$ —	$ 11,815

The following is a description of the valuation methodologies used by the Company 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:

	Valuation Technique	Unobservable Inputs	Range of Discounts	Weighted Average Discount
As of December 31, 2024				
OREO	Third party appraisals, sales contracts or brokered price options	Collateral discounts and estimated costs to sell	0 %	0 %
Loans individually evaluated	Third party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 100 %	28 %
As of December 31, 2023				
OREO	Third party appraisals, sales contracts or brokered price options	Collateral discounts and estimated costs to sell	3% - 71 %	38 %
Loans individually evaluated	Third party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 53 %	31 %

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

December 31, 2024	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 261,332	$ 261,332	$ —	$ —	$ 261,332
Securities held to maturity	110,756	106,229	3,195	—	109,424
Loans held for sale	3,088	—	3,088	—	3,088
Loans, net	3,473,017	—	—	3,285,498	3,285,498
Other investments	22,643	—	—	22,643	22,643
Financial liabilities:					
Deposits	$ 3,661,073	$ —	$ —	$ 3,388,650	$ 3,388,650
Notes payable	135,372	—	135,372	—	135,372
Subordinated notes	12,000	—	12,000	—	12,000

December 31, 2023	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 247,468	$ 247,468	$ —	$ —	$ 247,468
Securities held to maturity	103,324	99,475	4,151	—	103,626
Loans held for sale	3,012	—	3,012	—	3,012
Loans, net	3,299,365	—	—	3,168,749	3,168,749
Other investments	21,366	—	—	21,366	21,366
Financial liabilities:					
Deposits	$ 3,432,920	—	—	3,153,512	3,153,512
Securities sold under repurchase agreements	75,747	—	75,747	—	75,747
Notes payable	35,270	—	35,270	—	35,270
Subordinated notes	12,000	—	12,000	—	12,000
Junior subordinated debentures	4,124	—	4,124	—	4,124

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 Company'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 Company.

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 Company's entire holdings of a particular instrument. Because no market exists for a significant portion of the Company'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	
	2024	2023
	(In Thousands)	
Assets		
Cash and cash equivalents	$ 72,705	$ 37,360
Securities	1,847	1,935
Investment in Bank	580,523	598,033
Other assets	317	272
TOTAL ASSETS	$ 655,392	$ 637,600
Liabilities and Stockholders' Equity		
Liabilities		
Subordinated notes	$ 12,000	$ 12,000
Junior subordinated notes	—	4,124
Other liabilities	3,709	1,678
Total liabilities	15,709	17,802
Stockholders' equity:		
Common stock	115	115
Additional paid-in capital	333,842	333,815
Retained earnings	398,002	348,001
Treasury stock, at cost	(82,925)	(53,387)
Accumulated other comprehensive income (loss)	(9,351)	(8,746)
Total stockholders' equity	639,683	619,798
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 655,392	$ 637,600

Statements of Income

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Income:			
Dividends received from Bank	$ 84,561	$ 68,573	$ 22,281
Equity in undistributed earnings of subsidiaries	(16,959)	10,271	25,258
Other income	144	—	9
Total income	67,746	78,844	47,548
Other expenses	2,946	5,951	3,204
Benefit for income taxes	(763)	(1,621)	(870)
Net income	$ 65,563	$ 74,514	$ 45,214

Statements of Cash Flows

	Years Ended December 31, 2024	2023	2022
		(In thousands)	
Cash flow from operating activities:			
Net income	$ 65,563	$ 74,514	$ 45,214
Adjustments to reconcile net income to net cash used in operating activities:			
Stock compensation	2,172	2,142	1,662
Equity in earnings of subsidiaries (includes dividends)	(67,602)	(78,844)	(47,539)
Changes in other assets and liabilities:			
Other assets	(11)	403	(772)
Other liabilities	2,031	(623)	(2,054)
Net cash used in operating activities	2,153	(2,408)	(3,489)
Cash flows from investing activities, net of effects of business combination:			
Dividends received from Bank	84,561	69,982	22,355
Dividends received from Veritas	—	37	—
Net cash used in business combination	—	(4,554)	5,159
Proceeds from other investments	—	248	—
Net cash provided by investing activities	84,561	65,713	27,514
Cash flows from financing activities, net of effects of business combination:			
Repayment of junior subordinated debentures	(4,124)	(8,248)	—
Repayment of subordinate notes	—	(11,500)	—
Proceeds from subordinated notes	—	—	6,000
Cash dividends paid	(15,562)	(11,106)	(7,248)
Issuance of common stock	245	195	114
Repurchase of common stock	(31,928)	(10,046)	(14,314)
Net cash used in financing activities	(51,369)	(40,705)	(15,448)
Net increase in cash and cash equivalents	35,345	22,600	8,577
Cash and cash equivalents at beginning	37,360	14,760	6,183
Cash and cash equivalents at end	**$ 72,705**	**$ 37,360**	**$ 14,760**

Note 24 Earnings Per Common Share

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

(in thousands, except per share data)	Years ended December 31, 2024	2023	2022
Basic			
Net income available to common shareholders	$ 65,563	$ 74,514	$ 45,214
Less: Earnings allocated to participating securities	(349)	$ (425)	$ (330)
Net income allocated to common shareholders	$ 65,214	$ 74,089	$ 44,884
Weighted average common shares outstanding including participating securities	10,083,647	10,231,569	8,104,117
Less: Participating securities	(53,746)	(58,359)	(59,211)
Average shares	10,029,901	10,173,210	8,044,906
Basic earnings per common shares	$ 6.50	$ 7.28	$ 5.58
Diluted			
Net income available to common shareholders	$ 65,563	$ 74,514	$ 45,214
Weighted average common shares outstanding for basic earnings per common share	10,029,901	10,173,210	8,044,906
Add: Dilutive effects of stock based compensation awards	24,667	25,783	24,354
Average shares and dilutive potential common shares	10,054,568	10,198,993	8,069,260
Diluted earnings per common share	$ 6.50	$ 7.28	$ 5.58

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act) as of December 31, 2024 was carried out under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and other members of the Company's senior management. The Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2024, the Company's disclosure controls and procedures were effective for ensuring that information the Company is required to disclose in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's senior management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of the financial statements. No matter how well designed, internal control over financial reporting has inherent limitations, including the possibility that a control can be circumvented or overridden, and misstatements due to error or fraud may occur and not be detected. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013).

Based on this assessment management has determined that, as of December 31, 2024, the Company's internal control over financial reporting is effective based on the specified criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by Forvis Mazars, LLP, an independent registered public accounting firm, as state in their report herein – "Report of Independent Registered Accounting Firm."

Changes in Internal Controls over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth quarter ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. The Company is continually monitoring and assessing changes in processes and activities to determine any potential impact on the design and operating effectiveness of internal controls over financial reporting.

Limitations on the Effectiveness of Controls

The Company's management recognizes that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, errors and instances of fraud, if any, within the Company have been detected.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 Trading Arrangements

For the quarter ended December 31, 2024, there were no trading arrangements for the sale or purchase of our securities adopted, terminated or for which the amount, pricing or timing provisions were modified by our directors and officers (as defined in Rule 16a-1(f) of the Exchange Act) that was either (1) a contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a “Rule 10b5-1 trading arrangement”) or (2) a “non-Rule 10b5-1 trading arrangement” (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required in Part III, Item 10 will be under the headings “Proposal 1—Election of Directors,” “Executive Officers,” “Corporate Governance,” “Committees of the Board of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive proxy statement for the 2025 Annual Meeting of Shareholders, incorporated herein by reference.

We have an Insider Trading Policy that governs the purchase, sale, and/or other disposition of the Company's securities that applies to all directors, officers, employees, certain other covered persons and the Company itself. The Company believes that our Insider Trading Policy and procedures are reasonably designed to promote compliance with insider trading laws, rules, and regulations, and listing standards applicable to the Company. A copy of our Insider Trading Policy is filed as Exhibit 19 to this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required in Part III, Item 11 will be under the headings “Director Compensation,” “Named Executive Officer Compensation” and “Committees of the Board of Directors” in the Company’s definitive proxy statement for the 2025 Annual Meeting of Shareholders, incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table provides information as of December 31, 2024 with respect to shares of common stock that may be issued under the Company’s equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	0	$ 0	599,046
Total at December 31, 2024	0	$ 0	599,046

(1) On June 8, 2020, the Company's shareholders approved the Company's 2020 Equity Plan, authorizing up to 700,000 shares of stock to be awarded as long-term incentive compensation to employees and non-employee directors over a period of ten (10) years.

The remaining information required in Part III, Item 12 will be under the heading “Common Stock Ownership of Certain Beneficial Owners and Management” in the Company’s definitive proxy statement for the 2025 Annual Meeting of Shareholders, incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required in Part III, Item 13 will be under the headings “Certain Relationships and Related-Party Transactions” and “Corporate Governance” in the Company’s definitive proxy statement for the 2025 Annual Meeting of Shareholders, incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required in Part III, Item 14 will be under the heading "Information Regarding the Company's Independent Registered Public Accounting Firm" in the Company's definitive proxy statement for the 2025 Annual Meeting of Shareholders, incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

The following consolidated financial statements of Bank First and our subsidiaries and related reports of our independent registered public accounting firm are incorporated in this Item 15 by reference from Part II - Item 8. Financial Statements and Supplementary Data of this Report.

Consolidated balance sheets as of December 31, 2024 and 2023

Consolidated statements of income for the years ended December 31, 2024, 2023 and 2022

Consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022

Consolidated statements of changes in shareholders' equity for the years ended December 31, 2024, 2023 and 2022

Consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedules
None are applicable because the required information has been incorporated in the consolidated financial statements and notes thereto of Bank First and our subsidiaries which are incorporated in this Annual Report by reference.

3. Exhibits
The following exhibits are filed or furnished herewith or are incorporated herein by reference to other documents previously filed with the SEC.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated July 25, 2022, by and between Bank First Corporation and Hometown Bancshares, Ltd. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on July 26, 2022 and incorporated herein by reference).
3.1	Restated Articles of Incorporation of Bank First Corporation (filed as Exhibit 3.1 to the Company's Registration Statement on Form 10-12B/A (File No. 001-38676) filed with the SEC on October 17, 2018 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Bank First Corporation (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on July 24, 2023 and incorporated herein by reference.
4.1	Form of Certificate of Common Stock of Bank First Corporation (filed as Exhibit 4.1 to the Company's Registration Statement on Form 10-12B (File No. 001-38676) filed with the SEC on September 24, 2018 and incorporated herein by reference).
4.2	Description of Registered Securities.
10.1	Bank First Corporation 2011 Equity Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form 10-12B (File No. 001-38676) filed with the SEC on September 24, 2018 and incorporated herein by reference).*

Exhibit No.	Description
10.2	Amendments to Bank First National Corporation 2011 Equity Plan (filed as Exhibit 99.2 to the Company's Current Report on Form 8-K (File No. 001-38676) filed with the SEC on February 22, 2019 and incorporated herein by reference).*
10.3	Bank First Corporation 2020 Equity Plan, as amended (filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K filed with the SEC on March 12, 2021 and incorporated herein by reference). *
10.4	Form of Restricted Stock Award Agreement for Named Executive Officers (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2021 and incorporated herein by reference).*
10.5	Form of Restricted Stock Award Agreement for Non-Employee Directors (filed as Exhibit 99.2 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2021 and incorporated herein by reference).*
10.6	Change in Control Agreement dated April 12, 2022 between Bank First Corporation and Michael B. Molepske (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2023 and incorporated herein by reference).*
10.7	Change in Control Agreement dated April 12, 2022 between Bank First Corporation and Kevin M. LeMahieu (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2023 and incorporated herein by reference).*
10.8	Change in Control Agreement dated April 12, 2022 between Bank First Corporation and Jason V. Krepline (filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2023 and incorporated herein by reference).*
10.9	Change in Control Agreement dated April 11, 2022 between Bank First Corporation and Joan A. Woldt (filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2023 and incorporated herein by reference).*
10.10	Change in Control Agreement dated February 10, 2023 between Bank First Corporation and Timothy J. McFarlane (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2023 and incorporated herein by reference).*
10.11	Change in Control Agreement dated May 16, 2023 between Bank First Corporation and Kelly M. Dvorak*
10.12	Separation Agreement and General Release dated November 15, 2023 between Bank First Corporation and Joan Woldt*
19	Insider Trading Policy
21	Subsidiaries of Bank First Corporation.
23.1	Consent of Independent Registered Public Accounting Firm (Forvis Mazars, LLP).
24	Power of Attorney contained on the signature pages of this 2024 Annual Report on Form 10-K and incorporated herein by reference.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Bank First Corporation Compensation Clawback Policy
101 INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

* Compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Bank First Corporation has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

	BANK FIRST CORPORATION
February 28, 2025	By: /s/ Michael B. Molepske Michael B. Molepske Chief Executive Officer (Principal Executive Officer)
February 28, 2025	By: /s/ Kevin M. LeMahieu Kevin M. LeMahieu Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael B. Molepske and Kevin M. LeMahieu and each of them, his or her true and lawful attorney(s)-in-fact and agent(s), with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this report and to file the same, with all exhibits and schedules thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney(s)-in-fact and agent(s) full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney(s)-in-fact and agent (s), or their substitute(s), may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated.

/s/ Mary-Kay H. Bourbulas Mary-Kay H. Bourbulas	Director	February 28, 2025
/s/ Erin A. Davis Erin A. Davis	Director	February 28, 2025
/s/ Robert D. Gregorski Robert D. Gregorski	Director	February 28, 2025
/s/ Judy L. Heun Judy L. Heun	Director	February 28, 2025
/s/ Stephen E. Johnson Stephen E. Johnson	Director	February 28, 2025
/s/Laura E. Kohler Laura E. Kohler	Director	February 28, 2025
/s/Phillip R. Maples Phillip R. Maples	Director	February 28, 2025
/s/ Daniel C. McConeghy Daniel C. McConeghy	Director	February 28, 2025
/s/ Timothy J. McFarlane Timothy J. McFarlane	Director	February 28, 2025
/s/ Michael B. Molepske Michael B. Molepske	Director	February 28, 2025
/s/ Michael S. Stayer-Suprick Michael S. Stayer-Suprick	Director	February 28, 2025
/s/ Peter J. Van Sistine Peter J. Van Sistine	Director	February 28, 2025

Exhibit 4.2

BANK FIRST CORPORATION

DESCRIPTION OF REGISTERED SECURITIES

Common Stock

The Company's authorized capital stock consists of 25,000,000 shares, of which 20,000,000 are Common Stock, par value $0.01 per share, and of which 5,000,000 are Preferred Stock, par value $0.01 per share. As of December 31, 2023, there were 11,515,130 shares of Common Stock issued, and 10,365,131 shares of Common Stock outstanding. No shares of Preferred Stock were issued or outstanding as of December 31, 2023. All of our outstanding shares of Common Stock are fully paid and non-assessable. Computershare, Inc. is the registrar and transfer agent for our Common Stock. Our Common Stock is traded on the Nasdaq Capital Market under the symbol "BFC."

Dividend Rights

Subject to any prior rights of holders of Preferred Stock then outstanding, the holders of the Common Stock will be entitled to dividends when, as and if declared by the Company's Board of Directors out of funds legally available therefor. Funds for the payment of dividends by the Company are expected to be obtained primarily from dividends of the Bank. There can be no assurance that the Company will have funds available for dividends, or that if they are available, that dividends will be declared by the Company's Board of Directors.

Voting Rights

Except as otherwise provided in the Restated Articles of Incorporation of the Company, all voting rights are vested in the holders of Common Stock. Each share of Common Stock is entitled to one vote on all matters submitted to a vote of shareholders, including election of directors. The Company's Board of Directors is classified into three classes, each class to be as nearly equal in number as possible. Shareholders of the Company do not have cumulative voting rights. Any director may be removed from office by the affirmative vote of 80% of the outstanding shares entitled to vote, and any vacancy created thereby may be filled by the affirmative vote of 80% of the outstanding shares entitled to vote. An amendment to Articles V, VII, VIII, IX, or X of the Restated Articles of Incorporation also requires the affirmative vote of at least 80% of the outstanding shares of stock entitled to vote on the amendment.

Preemptive Rights

Holders of our common stock do not have preference, conversion, exchange or preemptive rights. Our common stock has no sinking fund or redemption provisions.

Liquidation Rights

Subject to any rights of any Preferred Stock then outstanding, holders of Common Stock are entitled to share on a pro rata basis in the net assets of the Company which remain after satisfaction of all liabilities.

Certain Effects of Authorized but Unissued Stock

The availability for issuance of a substantial number of shares of Common Stock and Preferred Stock at the discretion of the Board of Directors will provide the Company with the flexibility to take advantage of opportunities to issue such stock in order to obtain capital, as consideration for possible acquisitions and for other purposes (including, without limitation, the issuance of additional shares through stock splits and stock dividends in appropriate circumstances). There are, at present, no plans, understandings, agreements or arrangements concerning the issuance of additional shares of the Company capital stock, except for the shares of Common Stock reserved for issuance under the Company's stock compensation plans.

Uncommitted authorized but unissued shares of Common Stock may be issued from time to time to such persons and for such consideration as the Board of Directors of the Company may determine and holders of the then outstanding shares of Common Stock may or may not be given the opportunity to vote thereon, depending upon the nature of any such transactions, applicable law and the judgment of the Board of Directors of the Company regarding the submission of such issuance to the Company's shareholders. As noted, the Company's shareholders will have no preemptive rights to subscribe to newly issued shares.

Moreover, it will be possible that additional shares of Common Stock would be issued for the purpose of making an acquisition by an unwanted suitor of a controlling interest in the Company more difficult, time consuming or costly or would otherwise discourage an attempt to acquire control of the Company. Under such circumstances, the availability of authorized and unissued shares of Common Stock may make it more difficult for shareholders to obtain a premium for their shares. Such authorized and unissued shares could be used to create voting or other impediments or to frustrate a person seeking to obtain control of the Company by means of a merger, tender offer, proxy contest or other means. Such shares could be privately placed with purchasers who might cooperate with the Board of Directors of the Company in opposing such an attempt by a third party to gain control of the Company. The issuance of new shares of Common Stock could also be used to dilute ownership of a person or entity seeking to obtain control of the Company. Although the Company does not currently contemplate taking any such action, shares of Company capital stock could be issued for the purposes and effects described above, and the Board of Directors reserves its rights (if consistent with its fiduciary responsibilities) to issue such stock for such purposes.

Exhibit 10.11

CHANGE OF CONTROL AGREEMENT

THIS CHANGE OF CONTROL AGREEMENT ("Agreement") is entered into as of the last date stated on the final page of this Agreement, by and between Bank First Corporation, including its successors and assigns (the "Company"), and Kelly M. Dvorak ("Executive") (collectively the "parties").

AGREEMENT:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

   a) "Cause" means the termination of Executive's employment because of:

      (i) the commission of any material act of dishonesty or disloyalty involving the Company;

      (ii) Executive's commission of a crime that substantially relates to Executive's position with the Company that has a material adverse effect on the Company;

      (iii) the willful engagement by Executive in conduct that is materially injurious to the Company; or

      (iv) any breach by Executive of any non-disclosure, non-competition, non-solicitation, or confidentiality agreement that Executive may have with the Company.

   b) "CIC" means Change of Control.

   c) "CIC Date" means the date on which the CIC Event is consummated.

   d) "CIC Event" means a change of control of the Company whereby:

      (i) any corporation, person, or other entity, including a group, becomes the beneficial owner of 51% or more of the combined voting power of the Company's then outstanding securities;

      (ii) due to the consummation of a merger, reorganization or consolidation of the Company, the shareholders of the Company immediately prior to the merger, reorganization or consolidation no longer own 51% or more of the combined voting power of the merged, reorganized or consolidated company;

      (iii) due to the sale, transfer, or other disposition of all or substantially all of the assets of the Company, the shareholders of the Company immediately prior to the sale, transfer or other disposition of assets no longer own 51% or more of the combined voting power of the entity to which assets were sold or transferred;

(iv) a plan of liquidation of the Company is consummated; or

(v) within any two (2) year period, a majority of the Company's Board of Director positions are no longer held by the same directors, other than as a result of any settlement of a proxy contest or attempt to avoid a proxy contest.

e) "CIC Period" means the time period beginning on the CIC Date and ending on the first anniversary thereof.

f) "Date of Termination" means the date on which Executive has a separation of service with the Company.

g) "Good Reason" means any of the following:

(i) a material reduction in Executive's base salary or long-term incentive compensation;

(ii) a material reduction in Executive's authority, duties, or responsibilities;

(iii) Executive is required to be based at any office or location that is more than twenty-five (25) miles from the location where Executive was principally employed immediately preceding the CIC Date; or

(iv) a material breach of this Agreement by the Company.

Executive's right to terminate employment for Good Reason shall not be affected by Executive's incapacities due to mental or physical illness and Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any event or condition constituting Good Reason; provided, however, that Executive must provide at least ninety (90) days prior written notice of termination of employment. Good Reason shall not be deemed to exist under this Agreement unless Executive gives Executive's notice of termination, as provided in Section 11, to the Company within sixty (60) days following Executive's knowledge of an event constituting Good Reason, and the Company does not materially correct or cure such event(s) or act(s), if curable, within thirty (30) days. The Company may, in its sole discretion, immediately relieve Executive of any further job responsibilities and release Executive earlier than the date of termination stated in the notice of termination.

h) "Restricted Area" means within twenty-five (25) miles from the location where Executive was principally employed immediately preceding the Date of Termination.

i) "Restricted Industry" means (i) retail or commercial banks and (ii) credit unions.

j) "Restricted Period" means eighteen (18) months.

2. Obligations of Executive. During Executive's employment with the Company, Executive shall devote Executive's best efforts and attention, on a full-time basis, to the performance of the duties required of Executive as an employee of the Company. Executive shall provide such services using such care and attention as would be taken by a competent and prudent person in a like position of employment under similar circumstances. Executive shall have such authority and responsibility reasonably commensurate with Executive's job title as may be assigned to Executive from time-to-time by the Company in its sole discretion. Executive agrees to be bound by and comply with all policies, procedures, rules and regulations of the Company, including but not limited to those set forth in any compliance policy adopted by the Company or set forth in its employee handbook or manual, as may be amended by the Company in its sole discretion. Executive further agrees that Executive shall at all times during Executive's employment with the Company act in compliance with all federal, state and local laws, regulations and ordinances.

3. Termination During the CIC Period. The Company may terminate Executive during the CIC Period, with or without cause. Executive may terminate Executive's employment during the CIC Period for Good Reason or without Good Reason.

4. Obligations of the Company Upon Termination of the Executive During the CIC Period. If the Company terminates Executive without Cause, or Executive terminates Executive's employment for Good Reason during the CIC Period, the Company shall pay to Executive the following:

a) A lump sum cash payment equal to two times Executive's base salary in effect on the Date of Termination; plus

b) A cash bonus equaling the average of the previous three years' bonus amounts; plus

c) Reimbursement of health insurance continuation coverage premiums for a period of two (2) years, or until Executive becomes eligible for Medicare, whichever comes first.

The payments described in (a) and (b) will be paid to Executive in a single lump sum within twenty (20) business days following receipt by the Company of the Release contemplated by Section 12 hereof and the expiration of any applicable review, revocation, and/or waiting periods; provided that, if the thirty (30) day period Executive has in which to execute the Release, as set forth in Section 12, spans two calendar years, the payments shall not be made prior to the first day of the second calendar year. Reimbursement of the health insurance continuation coverage premiums will be made in monthly installments.

5. Termination for Cause or for Other Than Good Reason. If Executive is terminated by the Company for Cause, or if Executive terminates Executive's employment for something other than Good Reason, then:

a) the Agreement shall terminate without further obligation by the Company, other than to pay to Executive all salary and benefits owed to Executive prior to the Date of Termination; and

b) Executive shall not, during the Restricted Period, directly or indirectly, (i) prepare to engage, or engage, in competition with the Company within the Restricted Area related to the Industry or (ii) acquire direct or indirect interest, or an option to acquire such an interest, in a company engaged in competition with the Company in the Restricted Area (other than an interest of not more than five percent (5%) of the outstanding stock of any company which is publicly traded on a national stock exchange or the over-the-counter market).

Executive acknowledges that a breach or threatened breach by Executive of this Section 5 of this Agreement will give rise to irreparable injury to the Company and that money damages will not be adequate relief for such injury and, accordingly, Executive agrees that the Company shall be entitled to obtain equitable relief, including, but not limited to, specific performance, temporary restraining orders, preliminary injunctions and/or permanent injunctions, without having to post any bond or other security, to restrain or prohibit such breach or threatened breach, in addition to any other legal remedies which may be available, including the recovery of money damages.

6. Restricted Stock. All unvested stock awards would automatically vest on the CIC Date.

7. Withholding Taxes. The Company may withhold from all payments due to Executive (or Executive's beneficiary or estate) hereunder all taxes or deductions that, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

8. Reimbursement of Expenses. The parties shall bear their own costs and attorneys' fees incurred in connection with the preparation and execution of the Agreement. In any action that is brought to enforce or interpret this Agreement, the substantially prevailing party shall be entitled to recover its or Executive's reasonable attorneys' and paralegal fees and expenses incurred in connection therewith, unless otherwise prohibited by law. In any such action, Executive waives all claims or defenses that the Company has an adequate remedy at law, and Executive shall not urge, in any such action or proceeding, the claim or defense that such a remedy at law exists.

9. Scope of Agreement/At-Will Employment. Nothing in this Agreement shall be deemed to entitle Executive to continued employment with the Company. Executive acknowledges that Executive is an at-will employee of the Company, meaning that either Executive or the Company can terminate the employment relationship at any time, with or without cause, and that this Agreement shall not change or affect Executive's at-will status with the Company. If Executive's employment with the Company shall terminate prior to a CIC,

Executive shall have no further rights under this Agreement (except as otherwise provided hereunder); provided, however, that any termination of Executive's employment during the CIC Period shall be subject to all of the provisions of this Agreement.

10. Successors; Binding Agreement. The rights and obligations of Executive hereunder are not assignable or delegable, and any prohibited assignment or delegation will be null and void. The Company may, without the prior consent of Executive, assign this Agreement to any successor of the Company, or in connection with any merger, consolidation, share exchange, combination, sale of stock or assets or similar transaction. The provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the Company.

11. Notice.

a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by overnight courier on the next business day after deposit with the courier service, or if mailed, three business days after mailing if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:	Kelly M. Dvorak 1404 Angels Path De Pere, WI 54115
If to the Company:	Bank First Corporation Michael B. Molepske Chief Executive Officer 402 N. 8th St. Manitowoc, WI 54221

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

b) A written notice of Executive's date of termination by the Company or Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specify the Date of Termination. The failure by Executive or the Company to set forth in such notice any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

12. Full Settlement; Resolution of Disputes. The Company's obligation to make any severance payments provided for in this Agreement and otherwise to perform its obligations hereunder shall be in lieu of and in full settlement of all other severance payments to Executive under any other severance or employment agreement between Executive and the Company, and any severance plan of the Company. Furthermore, the Company's obligation to make any severance payments provided for in this Agreement under Section 4, is expressly conditioned and contingent upon Executive releasing the Company, and its successors and assigns, from any and all claims, to the fullest extent legally permissible. Such release shall be substantially in the form attached hereto as Exhibit A and must be executed by Executive and become effective within thirty (30) days of Executive's receipt of the Release in order for Executive to be entitled to any severance payments hereunder. The Company, as used in this Agreement, includes its respective predecessors, successors, assigns, and each of their directors, officers, managers, supervisors, employees, representatives, agents, insurers and attorneys and all persons acting, through, under or in concert with any of them.

The Company's obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against Executive or others.

In no event shall Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment.

13. Governing Law. The interpretation, construction, performance and enforcement of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Wisconsin without regard to the principle of conflicts of laws.

14. Jurisdiction; Venue. The parties hereto irrevocably consent to the jurisdiction and venue of the state court for the State of Wisconsin located in Manitowoc County, Wisconsin, or the Federal District Court for the Eastern District of Wisconsin, and agree that all actions, proceedings, litigation, disputes, or claims relating to or arising out of this Agreement shall be brought and tried only in such courts.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

16. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by Executive and by a duly authorized senior officer of the Company. No waiver by any party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The failure of any party to insist in anyone or more instances upon performance of any of the provisions of this Agreement, or to pursue any rights under this Agreement, shall not be construed as a waiver of any such provisions or relinquishment of any rights under this Agreement, or affect the validity

of the Agreement or any part of the Agreement, or the right to enforce each and every provision of the Agreement in accordance with its terms. Except as otherwise specifically provided herein, the rights of, and benefits payable to, Executive, Executive's estate or Executive's beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, Executive, Executive's estate or Executive's beneficiaries under any other employee benefit plan or compensation program of the Company.

17. No Reliance. The Company and Executive hereby acknowledge and agree that each (i) has read this Agreement in its entirety prior to executing it, (ii) understands the provisions and effects of this Agreement, (iii) has consulted with such attorneys, accountants, and financial and other advisors as the Company or Executive has deemed appropriate in connection with their respective execution of this Agreement, (iv) has executed this Agreement voluntarily, (v) no promise, inducement or agreement, not herein expressed, has been made to Executive, and (vi) the terms of this Agreement are contractual and not mere recitals.

EXECUTIVE HEREBY UNDERSTANDS, ACKNOWLEDGES, AND AGREES THAT THIS AGREEMENT HAS BEEN PREPARED BY COUNSEL TO THE COMPANY AND THAT EXECUTIVE HAS NOT RECEIVED ANY ADVICE, COUNSEL, OR RECOMMENDATION WITH RESPECT TO THIS AGREEMENT FROM THE COMPANY OR ITS COUNSEL AND THAT IN EXECUTING THIS AGREEMENT EXECUTIVE DOES NOT RELY AND HAS NOT RELIED UPON ANY REPRESENTATION OR STATEMENT BY THE COMPANY OR ITS AGENTS, OTHER THAN THE STATEMENTS WHICH ARE CONTAINED WITHIN THIS AGREEMENT. EXECUTIVE HAS BEEN AFFIRMATIVELY ADVISED TO SEEK LEGAL COUNSEL OF EXECUTIVE'S OWN CHOOSING BEFORE SIGNING THIS AGREEMENT.

18. No Admissions. This Agreement shall not in any way be construed as an admission by the Company or its agents of any acts of discrimination or other improper conduct whatsoever against Executive or any other person, and the Company specifically disclaims any liability to or discrimination against Executive or any other person on the part of the Company and its employees and agents.

19. Section Headings. Section headings are inserted in this Agreement for convenience only and shall not affect any construction or interpretation of this Agreement.

20. Section 409(A). It is intended that any severance payment that may be due under this Agreement will not cause a violation of Section 409(A) of the Internal Revenue Service Code. Thus, notwithstanding anything in this Agreement to the contrary, if any provision in this Agreement or any severance payment would result in the imposition of an applicable tax under Section 409(A), that Agreement provision or severance payment will be reformed to avoid imposition of the applicable Section 409(A) tax. If an amount is to be paid under this Agreement in two or more installments, each installment shall be treated as a separate payment for purposes of Section 409(A).

21. Disclaimer. Nothing in this Agreement shall be construed to prohibit Executive from reporting conduct to, providing truthful information to, or participating in any investigation

or proceeding brought or conducted by, any federal or state government agency or self-regulatory organization.

22. Non-Disparagement. At any time during Executive's employment with the Company and following the termination of Executive's employment, regardless of the reason for the termination or the manner in which Executive's employment terminates, Executive agrees that Executive will not make any oral or written statements that disparage or damage the Company, or its business, services, shareholders, owners, officers, directors, board members, employees, or any dealings of any kind between Executive and the Company, to any other person or entity. Furthermore, Executive agrees that Executive will not make any oral or written statements or remarks that may disparage or damage the Company's customers, vendors, or suppliers, which the Company did business with or had contractual dealings with during the course of Executive's employment with the Company, including any of their shareholders, directors, officers, employees, owners and executives, or otherwise take any action which could reasonably be expected to adversely affect the personal, professional or business reputation of those entities or persons. For purposes of this Agreement, "disparage" shall mean any negative, false, or misleading statement, whether written or oral, about those entities or persons, its or their work product, or business operations.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer and Executive has executed this Agreement, in each case as of the day and year set forth on this page.

BANK FIRST CORPORATION

By:	/s/Michael B. Molepske
Printed Name:	Michael B. Molepske
Title:	Chief Executive Officer
Date:	May 16, 2023

EXECUTIVE

By:	/s/Kelly M. Dvorak
Printed Name:	Kelly M. Dvorak
Title:	Chief Legal Counsel
Date:	May 16, 2023

EXHIBIT A

RELEASE OF CLAIMS

[DO NOT SIGN UNLESS AND UNTIL CHANGE IN CONTROL AND TERMINATION]

FOR VALUABLE CONSIDERATION, including the payment to the undersigned Executive of certain termination or severance benefits pursuant to that certain Change of Control Agreement previously executed by and between Executive and Bank First Corporation, including its successors and assigns (the "Company"), Executive hereby freely and voluntarily makes this Release of Claims ("Release").

1. Subject to the carve-out provisions set forth below, Executive, for Executive's own behalf and on behalf of Executive's heirs, personal representatives, executors, administrators, agents, and assigns, hereby forever and fully releases, acquits, and discharges the Company and each of its subsidiaries, affiliates, and divisions, officers, directors, shareholders, managers, agents, representatives, employees, attorneys, insurers, successors and assigns (collectively the "Released Parties"), of and from any and all claims, actions, suits, debts, expenses, accounts, covenants, contracts, agreements, promises, obligations, warranties, trespasses, torts, injuries, losses, damages, attorneys' fees, court costs, demands or other liability or relief of any nature whatsoever arising prior to the execution of the Release, whether known or unknown, foreseen or unforeseen, fixed or contingent, brought at law, in equity, or before any administrative agency or department, that Executive ever had or now has, including but not limited to all matters arising out of or in any way relating to Executive's employment by the Company or the termination of Executive's employment. No rights or claims arising after the execution of this Release are waived hereby.

The above release provision includes, but is not limited to, those claims arising under (a) 42 U.S.C. §1981, (b) Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. §2000e, et. seq., (c) the Age Discrimination in Employment Act of 1967 ("ADEA"), (d) the Older Workers Benefit Protection Act ("OWBPA"), (e) the Americans with Disabilities Act, as amended by the Americans with Disabilities Act Amendments Act, (f) the Family and Medical Leave Act, (g) Wisconsin's Fair Employment statutes and other statutes protecting civil rights, (h) Wisconsin's wage and hour statutes, (i) the Fair Labor Standards Act, (j) the Employee Retirement Income Security Act ("ERISA"), except to the extent unrelated to Executive's separation from employment to enforce any right to vested benefits, (k) any other federal, state, or local statutes or ordinances, (l) any and all tort or contract claims, including but not limited to breach of contract, breach of good faith and fair dealing, infliction of emotional distress, or wrongful termination or discharge, (m) and any and all claims which could have been alleged or pleaded in any litigation or other legal proceeding between Executive and any of the Released Parties by reason of, arising out of or in any way relating to Executive's employment by the Company or the termination of Executive's employment.

Nothing contained in this Release, including the release set forth above, is intended to or shall preclude or prohibit Executive from filing a claim or charge with the Equal Employment

Opportunity Commission (EEOC) or a corresponding state or local administrative body, or any other federal, state, or local governmental agency charged with enforcement of any law. Executive retains the right to participate in any such action; however, Executive shall not be entitled to any individual relief (monetary, equitable, or otherwise) as a result of any such claim, action, or charge. Furthermore, Executive retains the right to communicate with any governmental authority and such communication can be initiated by Executive or in response to the governmental authority and is not limited by any obligation Executive has under this Release or the Change of Control Agreement, including any nondisclosure or confidentiality provisions.

2. In the event Executive is forty (40) years of age or older, Executive understands that Executive is covered by the provisions of the ADEA and OWBPA. Accordingly, Executive has been given a period of at least twenty-one (21) days, within which to consider and execute the Release ("Review Period), and instructed to consult with an attorney before signing. Executive may use as much or as little of the Review Period as Executive desires. Executive's signature on the Release constitutes a waiver of any days remaining in the Review Period. Furthermore, Executive has been advised that after Executive signs this Release, Executive has an additional seven (7) days within which to revoke the Release. The Release shall become final and binding on the eighth day after Executive signs the Release, provided that Executive does not timely revoke the Release ("Effective Date"). Executive may timely revoke Executive signature of the Release if Executive provides written notice by 5:00 PM on or before the seventh day after signing the Release, provided that Executive's written notice is either: (1) hand-delivered to and receipted by Kelly M. Dvorak, General Counsel and Corporate Secretary, Bank First Corporation, 402 N. 8th St., Manitowoc, WI 54221; or (2) delivered by receipted overnight delivery service to Kelly M. Dvorak, General Counsel and Corporate Secretary, Bank First Corporation, 402 N. 8th St., Manitowoc, WI 54221.

3. This Release cannot be modified, amended or changed, without the written consent of the Company.

4. The invalidity or unenforceability of any provision or provisions in the Release shall not affect the validity or enforceability of any other provision of the Release, which shall remain in full force and effect.

5. The laws of the State of Wisconsin shall govern the validity, interpretation, construction, performance and enforcement of the Release regardless of where Executive resides. Executive agrees that any action related to the Release shall be brought and tried in either state court for the State of Wisconsin located in Manitowoc County, Wisconsin, or the Federal District Court for the Eastern District of Wisconsin, as appropriate. Executive hereby: (a) agrees that venue shall be in such courts; (b) irrevocably consents to service of process and to the jurisdiction and venue of such courts; and (c) irrevocably waives any claim of inconvenient forum if any such suit, claim, proceeding, litigation, dispute, or claim has been brought, filed, or made in any such court.

6. In the event any of the Released Parties assert the Release as a defense to an action brought by or on behalf of Executive, and the Released Parties prevail, the Released Parties shall be entitled to recover its or their reasonable attorneys' and paralegal fees, costs and expenses, unless otherwise prohibited under federal or state law. This provision does not apply to any action

or claim Executive may assert under the ADEA, or any other federal or state statute or law that prohibits the recovery of such fees, costs and expenses by the Released Parties.

7. Executive represents that Executive has read this Release, fully understands each and every provision of this Release; and has voluntarily, of Executive's own accord, executed this Release. Executive acknowledges that in consideration of accepting the termination or severance payments, Executive is releasing certain legal claims. Executive has been affirmatively advised to seek legal counsel of Executive's own choosing before signing the Release. Executive acknowledges that Executive has carefully read and fully understands the provisions of the Release and that Executive has executed this Release based upon advice of Executive's attorney. Executive further acknowledges that the Release has been executed solely in reliance upon Executive's own knowledge, belief and judgment, and not upon any representations by the Company, or any individual or party associated with the Company. Executive further declares and represents that no promise, inducement or agreement, not herein expressed, has been made to Executive, and that the terms of the Release are contractual and not mere recitals.

EXECUTIVE ACKNOWLEDGES AND AGREES THAT EXECUTIVE HAS CAREFULLY READ THE ENTIRE RELEASE BEFORE SIGNING BELOW.

IN WITNESS WHEREOF, Executive has executed this Release on the date stated below.

EXECUTIVE

______________________________	______________________________
Kelly M. Dvorak	Date

Exhibit 10.12

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("Release") is entered into on the last date set forth opposite the signatures below by Joan Woldt, an adult resident of the State of Wisconsin, ("Employee") and Bank First, N.A., a national banking association, ("Employer").

WHEREAS, the Employer has decided to end its employment relationship with the Employee and, in recognition of her past services to it, is willing to extend substantial benefits to her if she chooses to enter into this Release.

In consideration of the payments, covenants and releases described below, and in consideration of other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, Employer and Employee agree as follows:

1. <u>Recital Included</u>. The above recital is incorporated herein and made a part hereof.

2. <u>Separation Date</u>. Employee's employment with the Employer for all purposes was effective at 5:00 p.m. on December 31, 2023 (the "Separation Date").

3. <u>Health Insurance Continuation Rights</u>. Whether or not Employee chooses to enter into this Release, Employee will receive by separate letter information regarding Employee's rights regarding continuation of health insurance under the Consolidate Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and to the extent that Employee has such rights, nothing in this Release will change or impair those rights.

4. <u>Accrued Personal Time Off</u>. Whether or not Employee chooses to enter into this Release, Employer will pay Employee earned but unused Personal Time Off as of the Separation Date.

5. <u>Severance Payments</u>. In consideration of Employee's acceptance of this Release and Employee's fulfillment of its terms, Employer agrees to pay Employee the equivalent of 52 weeks of Employee's current salary, for a total of **$342,784.08** ("Severance"). The Severance shall be payable in equal installments on Employer's regular payroll dates during the year following the Employer's initial payment of Severance, with the first installment being paid on the first regular payroll date following Revocation Period, as set forth in Section 20(f) ("Severance Period"). All Severance payments will be subject to applicable taxes and withholdings but shall not be deemed compensation for purposes of any of Employer's qualified retirement or benefit plans or other benefits programs. The payments of Severance do not entitle Employee to any retirement plan contributions by Employer for Employee's benefit or account, or for vesting purposes under any Employer qualified retirement or benefit plan. Employee acknowledges that Employee would not be entitled to receive this Severance without accepting the terms of this Release.

6. <u>Funding of COBRA</u>. In consideration of Employee's acceptance of this Release and Employee's fulfillment of its terms, Employer will pay, on Employee's behalf, the applicable COBRA premium payment for all medical, dental and vision benefits which Employee and

Employee's dependents were receiving on the Separation Date, less that portion of the premium that Employee would have paid if Employee was an active employee ("COBRA Payments"). These COBRA Payments will continue until the earlier of (i) Employee's failure to pay her portion of the costs of any of this COBRA coverage, (ii) the termination of Employee's COBRA rights for any reason, or (iii) December 31, 2024. Thereafter, Employee will have the option of continuing COBRA coverage, but the Employee will then be responsible for the full cost of all the COBRA premiums. Employer's obligation to provide the COBRA Payments is contingent upon Employee timely electing COBRA continuation coverage and completing and submitting all required COBRA paperwork. All other benefits and insurance presently provided by Employer including, but not limited to, 401(k) plan participation, disability insurance, and life insurance, will terminate on the Separation Date.

7. **Rights Under Equity Plan**. Employee is a participant in the Bank First Corporation 2020 Equity Plan (the "Plan"), subject to the provisions of the Employee's March 1, 2023 Restricted Stock Award Agreement ("Award Agreement"). Employer agrees that, notwithstanding Employee's termination of employment with it, Employee's grant of its restricted stock under the Award Agreement will continue to vest in accordance with its terms and the terms of the Plan, as set forth in Exhibit A. Employee acknowledges and agrees that the terms and conditions of the Plan and the Restricted Stock Award Agreement shall continue in full force and effect according to their respective terms.

8. **Release of All Claims and Covenant Not to Sue**.

a. **General Release of Claims.** The parties agree that this Release is a full and final settlement of all claims related to Employee's employment with Employer and the conclusion of that employment. As a material inducement to Employer to enter into this Release, Employee hereby irrevocably and unconditionally releases, acquits and forever discharges Employer and its current and past directors, officers, employees, agents, attorneys, and all persons acting by, through, or in concert with any of them, together with their successors and assigns (hereinafter collectively referred to as "Releasees"), from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, and expenses, including attorneys' fees and costs actually incurred, of any nature whatsoever, known or unknown, suspected or unsuspected, which exist as of the date Employee signs this Release. This Release applies to all Employee's rights arising out of any contracts, express or implied, any of Employer's policies or programs, any covenant of good faith and fair dealing, express or implied, or any tort, or any legal restrictions on Employer's right to terminate Employee, or any other constitutional, statutory or regulatory provision, or any federal, state, local or other governmental statute, regulation or ordinance, including the **Age Discrimination in Employment Act**, the Family and Medical Leave Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Wisconsin Family and Medical Leave Act, and the Wisconsin Fair Employment Act.

b. **Covenant Not to Sue.** Employee hereby represents that she has not filed any claim or administrative complaint or charge with any governmental body against any of the Releasees. Except as expressly set forth in the subsections of this Section 8, Employee further AGREES NOT TO FILE A LAWSUIT or other legal claim or charge or assert against any of the

Releasees any claim released by this Release. Notwithstanding the preceding sentence, Employee is in no way barred from filing a claim or charge with, or testifying, assisting, or participating in an investigation, hearing, or proceeding conducted by a federal, state, or local agency.

c. **Related Representations and Acknowledgements.** This Release is intended to and does settle and resolve all claims of any nature that Employee might have against Employer arising out of their employment relationship or the termination of employment or relating to any other matter, except as set forth in subsections of this Section 8. By signing this Release, Employee acknowledges that Employee is doing so knowingly and voluntarily, that Employee understands that Employee may be releasing claims Employee may not know about, and that Employee is waiving all rights Employee may have had under any law that is intended to protect her from waiving unknown claims. This Release shall not in any way be construed as an admission by Employer or any of the Releasees of wrongdoing or liability or that Employee has any rights against Employer or any of the Releasees. Employee represents and agrees that Employee has not transferred or assigned, to any person or entity, any claim that Employee is releasing in this Release.

d. **Exceptions to General Release.** Nothing in this Release is intended as, or shall be deemed or operate as, a release by Employee of (i) any rights of Employee under this Release; (ii) any vested benefits under any Employer-sponsored benefit plans; (iii) any rights under COBRA or similar state law; (iv) any recovery to which Employee may be entitled pursuant to workers' compensation and unemployment insurance laws; (v) Employee's right to challenge the validity of Employee's release of claims under the ADEA; (vi) any rights or claims under federal, state, or local law that cannot, as a matter of law, be waived by private agreement; and (vii) any claims arising after the date on which Employee executes this Release.

e. **Related Employee Protected Rights.** Employee understands that nothing contained in this Release limits Employee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). Employee further understands that this Release does not limit Employee's ability to communicate or share information with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agencies. However, based on Employee's release of claims set forth in this Release, Employee understands that Employee is releasing all claims and causes of action that Employee might personally pursue or that might be pursued in Employee's name and, to the extent permitted by applicable law, Employee's right to recover monetary damages or obtain injunctive relief that is personal to Employee in connection with such claims and causes of action.

9. **Return of Employer Property.** Employee represents and warrants that Employee has returned to Employer all documents, materials, equipment, keys, recordings, client contact information, other customer-related information, sales information, workforce information, production information, computer data, and other material and information relating to Employer or the business of the Employer ("Company Property"), and that Employee has not retained or provided to anyone else any copies, excerpts, transcripts, descriptions, portions, abstracts, or other representations of Company Property. To the extent that Employee has any Company Property in electronic form (including, but not limited to, Employer-related e-mail), Employee represents and warrants that, after returning such electronic Company Property as described in this Section 9, Employee represents that she has permanently deleted such Company Property from all non-Employer-owned computers, mobile devices, electronic media, cloud storage, or other media devices or equipment. Employee further represents and warrants that Employee has not provided and will not provide any Company Property to any third party, including any documents, equipment or other tangible property, but with the exception of non-confidential materials generally distributed by Employer to customers or the general public.

10. Non-Disparagement. Employee agrees that she will not at any time make any statements in any form which could be construed by a reasonable person as being derogatory or disparaging of any of the Releasees. Employee represents that since the Separation Date, Employee has not made any such derogatory or disparaging remarks concerning any of the Releasees. Nothing in this Section 10 is intended to refer to or in any way limit any of the protected rights described in Section 8(e) of this Release, or to prevent Employee from providing truthful testimony in response to a valid subpoena, court order, or request from any Government Agencies. Employee also agrees to direct all reference checks that she may request from Employer to Sharol Schroeder, SVP-Human Resources.

11. Enforcement/Remedies. In addition to all other remedies available to Employer under this Release or otherwise available to it under law, if Employee breaches this Release, Employee shall forfeit all rights to Severance Payments and, upon written demand by Employer, Employee shall immediately repay any Severance Payments received by Employee prior to the breach. The parties agree that damages will be an inadequate remedy for breaches of any of the restrictive covenants contained in this Release and, in addition to damages and any other available relief, a court shall be empowered to grant injunctive relief to enforce those provisions of this Release. Should either party breach any provision of this Release, that party shall be obligated to reimburse the non-breaching party for all reasonable attorney fees and all costs incurred in connection with that breach.

12. Cooperation. Employee agrees to cooperate with Employer on matters of which Employee may have knowledge or information. "Cooperation" includes, but is not limited to, providing Employer with any information Employee possesses concerning any matter, claim or cause of action, concerning Employer or its related businesses, without compensation owing to Employee.

13. Confidentiality of Release. Employee shall not disclose the terms of this Release to any third party without the written consent of Employer, except for the purpose of enforcing this Release, or to Employee's attorney or accountant for legal or tax advice, or to Employee's significant other.

14. Severability. Each provision contained in this Release is divisible and severable. If any such provision is held invalid by any court, agency or tribunal, that will not impair the validity of any other such provision of this Release, which shall remain in full force and effect.

15. **Choice of Law**. This Release shall be interpreted in accordance with the laws of the State of Wisconsin.

16. **Complete Agreement.** The parties understand and agree that this Release is final, and along with the Plan and the Restricted Stock Award Agreement, which remain in full force and effect in accordance with their respective terms, constitutes the entire understanding between the parties concerning Employee's employment with Employer and termination of that relationship and supersedes all prior agreements between the parties with respect to the subject matter hereof.

17. **Successors and Assigns**. This Release shall be binding upon and inure to the benefit of the parties' successors and assigns.

18. **Employee acknowledges that:**

a. This Release includes a knowing and voluntary waiver and release of all claims under the Age Discrimination in Employment Act ("ADEA") and Older Workers Benefit Protection Act, which arose on or before Employee entered into this Release;

b. Employee has read this Release, understands its contents and agrees to its terms and conditions of Employee's own free will;

c. Employee has been advised by Employer to consult with an attorney prior to signing this document;

d. Employee understands that this Release includes a final general release, as more fully described above;

e. Employee may enter into this Release within twenty-one (21) days of receipt of this document by executing it below and returning it to Employer at Bank First., P.O. Box 10, 402 N. 8th Street, Manitowoc, WI 54221, Attn: Sharol Schroeder, or by email to sschroeder@bankfirst.com, on or before the twenty-first (21st) day.

f. Employee has seven (7) days after signing this Release to revoke acceptance of it, by sending written notice revoking such acceptance to Employer at Bank First, P.O. Box 10, 402 N. 8th Street, Manitowoc, WI 54221, Attn: Sharol Schroeder, or by email to sschroeder@bankfirst.com (the "Revocation Period"). The revocation must be in writing and received by Employer within seven (7) days of the date Employee accepted as described in the immediately preceding subparagraph; and

g. Absent timely revocation, this Release will become effective or enforceable upon the expiration of the seven (7) day revocation period referenced above (the "Effective Date").

IN WITNESS WHEREOF, the parties have executed this Release as of the date set forth below.

Employee	**Bank First, N.A.**
/s/Joan Woldt	/s/Tim McFarlane
Joan Woldt	Tim McFarlane, President
Joan Woldt	Tim McFarlane
Printed Name	Printed Name
11/15/2023	11/14/2023
Date	Date

Exhibit 19.1

BankFirst

INSIDER TRADING POLICY

Approved by G&N Committee: August 1, 2024

Approved by Board: August 20, 2024

As an employee, officer or director of Bank First Corporation and Bank First (collectively, the "Company"), you are subject to certain important restrictions and limitations under the federal securities laws. Any violation of these restrictions may subject the Company and yourself to serious criminal and civil liabilities and sanctions. Such a violation would also severely damage the Company's reputation and business relationships.

This Policy applies to all personnel at every level of the Company and its subsidiaries, including the directors of the Company.

This Insider Trading Policy provides the standards of the Company on trading and causing the trading of the Company's securities or securities of other traded companies while in possession of confidential information. This Policy is divided into two parts. The first part prohibits trading in certain circumstances and applies to all (i) directors, (ii) officers, (iii) employees, (iv) family members living in the same household of directors, officers or employees, (v) entities influenced or controlled by directors, officers or employees, and (vi) consultants and contractors who may have access to confidential information of the Company (collectively, "Insiders"). The second part imposes additional trading restrictions and applies to all (i) directors of the Company, (ii) CEO, CFO, President, Chief Legal Counsel/Corporate Secretary, and Controller; and (iii) Company controlled trading plans, such as Rule 10b-18 and Rule 10b5-1 stock repurchase programs (collectively, "Covered Persons").

One of the principal purposes of the federal securities laws is to prohibit "insider trading." Simply stated, insider trading occurs when a person uses material non-public information obtained through involvement with the Company to make decisions to purchase, sell, give away or otherwise trade the Company's securities or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is "material" and "non-public." These terms are defined in this Policy under Part 1, Section 6 below. The prohibitions apply to any Insider who buys or sells Company securities on the basis of material non-public information that he or she obtained about the Company, its customers, suppliers, or other companies with which the Company has contractual relationships or may be negotiating transactions.

PART 1

1. Applicability

This Policy applies to all transactions in the Company's securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds and convertible securities, as well as derivative securities relating to any of the Company's securities, whether or not issued by the Company.

2. General Policy: No Trading or Causing Trading While in Possession of Material Non-Public Information

(a) No Insider may purchase or sell any Company security, whether or not issued by the Company, while in possession of material non-public information about the Company. (The terms “material” and “non-public” are defined in Part 1, Section 6(a) and (b) below.)

(b) No Insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.

(c) In addition, no Insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company which was obtained in the course of his or her involvement with the Company. Furthermore, no Insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

(d) For compliance purposes, you should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with, and obtain the advance approval of, the Chief Legal Counsel (which is defined in Part 1, Section 6(c) below).

(e) Covered Persons must “pre-clear” all trading in securities of the Company in accordance with the procedures set forth in Part 2, Section 3 below.

3. Applicability of Policy to Transactions under Company Benefit Plans

(a) An Insider having material non-public information regarding the Company may not initiate or engage in any transactions under any of the Company benefit plans (such as the Bank First Retirement Plan), including, but not limited to, electing to: (i) participate in a Company benefit plan, (ii) allocate contributions to any such plan’s Company stock fund, (iii) change contribution elections or payroll deductions to any such Company stock fund, and (iv) transfer funds into or out of such Company stock fund.

(b) This prohibition on insider trading, as it relates to transactions under Company Benefit Plans does not, however, apply to:

(i) award payouts by the Company to employees under any equity-based compensation plans;

(ii) exercises of stock options or other equity awards where the employee or director pays the exercise price in cash and does not fund the exercise price with the sale of Company securities;

(iii) exercises of tax withholding rights pursuant to which employees elect to have the Company withhold shares subject to an option or other equity award to satisfy tax withholding requirements;

(iv) ongoing purchases of the Company’s stock through any Company benefit plans resulting from the periodic contribution of money to the plan pursuant to a prior payroll deduction election, *provided, however*, that any changes in elections or increase or decrease in the percentage of your periodic contribution are still subject to the trading restrictions set forth in Section 3(a) above; or

(v) sales of the Company's stock through any Company benefit plans pursuant to a prior election, *provided* that the prior election was made at a time when the individual making the election did not have material non-public information.

4. Applicability of Policy to Dividend Reinvestment Plan

This Policy does not apply to ongoing purchases of Company stock under the Company's dividend reinvestment plan, if any, resulting from reinvestment of dividends paid on Company securities. This Policy does apply, however, to: (a) purchases of Company stock that result from additional contributions a participant chooses to make to the plan, (b) a participant's election to participate in the plan or increase his/her level of participation in the plan, and (c) sales of any Company stock purchased pursuant to the plan.

5. Confidentiality

(a) It is the Company's policy that all employees, officers and directors must keep strictly confidential all material non-public information that such persons learn regarding the Company (and all material non-public information that such persons learn in the course of their employment or service with the Company relating to any other company). It is also the policy of the Company that no employee, officer, or director shall discuss internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular employment duties. Similarly, Company affairs shall not be discussed in public or quasi-public areas where conversations may be overheard (i.e., restaurants, restrooms, elevators, etc.).

(b) These prohibitions apply specifically, but not exclusively, to inquiries about the Company which may be made by the financial press or others in the financial community. It is important that all such communications on behalf of the Company be through an appropriately designated officer under carefully controlled circumstances (see the Company's Regulation FD Policy). Unless an employee, officer or director is expressly authorized to answer financial questions, he or she must refuse to comment, and instead refer the inquirer to the Company's CEO.

(c) It is prohibited for any unauthorized person to disclose Company information on the Internet, including in investment-oriented forums (chat rooms) where companies and their prospects are discussed. The posts in these forums are often made by persons who may be poorly informed or, in some cases, malicious or manipulative and who intend to benefit their own stock positions. Accordingly, no Insider shall discuss the Company or Company-related information in such a forum regardless of the situation. Posts in these forums can result in the disclosure of material non-public information and may bring significant legal and financial risk to the Company and are therefore prohibited. Insiders shall also not disclose any information about the Company on any social media platforms**.**

6. Definitions

(a) Materiality. Insider trading restrictions come into play only if the information you possess is "material." Materiality involves a relatively low threshold. Information is generally regarded as “material” if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Examples of material information may include, but are not limited to, the following:

(i) substantial changes in the Company's prospects;

(ii) substantial write-downs in assets or increases in reserves;

(iii) developments regarding substantial litigation or government agency investigations;

(iv) substantial liquidity problems;

(v) auditor notification that the Company may no longer rely on an auditor’s audit report;

(vi) substantial changes in earnings estimates or unusual gains or losses in major operations;

(vii) substantial changes in management;

(viii) extraordinary borrowings;

(ix) substantial award or loss of a significant contract;

(x) substantial changes in debt ratings;

(xi) material proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, entries into new markets, or purchases or sales of substantial assets; and

(xii) material events regarding the Company’s securities (e.g., defaults on debt or senior securities, calls of securities for redemption, repurchase plans, stock splits, changes in dividend policy, changes to the rights of security holders, financing transactions or public or private offerings of securities).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new market, the point at which negotiations or market developments are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. When in doubt about whether particular non-public information is material, presume it is material. If you are unsure whether information is material, you should consult with the Chief Legal Counsel before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.

(b) Non-public Information. Insider trading prohibitions come into play only when you possess information that is material and “non-public.” The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be “public” the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public.

Non-public information may include, but is not limited to, the following:

(i) information available to a select group of analysts or brokers or institutional investors;

(ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and

(iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two or three days).

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Chief Legal Counsel or assume that the information is "non-public" and treat it as confidential.

(c) Chief Legal Counsel. The Company has appointed the Chief Legal Counsel as the owner of this Policy. The duties of the Chief Legal Counsel with respect to this Policy include, but are not limited to, the following:

(i) assisting with implementation of this Policy;

(ii) circulating this Policy to all employees and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;

(iii) pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part 2, Section 3 below; and

(iv) enforcing compliance with the Policy.

The CEO will serve as back-up to the Chief Legal Counsel in the performance of the duties outlined above.

7. Violations of Insider Trading Laws

Penalties for trading on or communicating material non-public information can be severe both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a) Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material non-public information can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material non-public information. Tippers can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipper did not profit from the transaction.

The SEC can also seek substantial penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel.

(b) Company-imposed Penalties. The Company expects the strictest compliance with these procedures by all personnel at every level. Failure to follow this Policy may result in disciplinary action up to and including termination of employment. Any exceptions to the Policy, if permitted, may only be granted by the Chief Legal Counsel and must be provided before any activity contrary to the above requirements takes place.

PART 2

1. Blackout Periods

All Covered Persons are prohibited from trading in the Company's securities during blackout periods. During these periods, Covered Persons generally possess or are presumed to possess material non-public information about the Company's financial results. Notification of blackout periods will be made via e-mail by either the Chief Financial Officer or the Chief Legal Counsel.

(a) Quarterly Blackout Periods. Trading in the Company's securities is prohibited during the period beginning on the close of the market on the 15th day of the last month of each fiscal quarter and lasts for 48 hours after the announcement of the Company's consolidated earnings in a press release.

(b) Share Repurchase Plan Blackout Period. Trading in the Company's securities is prohibited during the period beginning four (4) business days before the announcement of a share repurchase plan by the Company and lasts for four (4) business days after the announcement of the share repurchase plan.

(c) Other Blackout Periods. From time to time, other types of material non-public information regarding the Company (such as negotiation of mergers, acquisitions or dispositions or new product developments) may be pending and not be publicly disclosed. While such material non-public information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected. Such special blackout periods will end either 48 hours after a press release is issued or at such other times as specifically indicated in written or e-mailed communications from the Chief Legal Counsel.

(d) Pension Fund Blackouts. The Sarbanes-Oxley Act of 2002 also requires the Company to prohibit all purchases, sales or transfers of the Company's securities by directors and executive officers during a pension fund blackout period. A pension fund blackout period exists whenever 50% or more of the plan participants are unable to conduct transactions in their accounts for more than three consecutive days. These blackout periods typically occur when there is a change in the retirement plan's trustee, record keeper or investment manager. Covered Persons will be contacted when these or other restricted trading periods are instituted.

(e) Short-Term Trading. No Covered Person who purchases Company securities in the open market may sell any Company securities of the same class during the six months following the purchase (or vice versa).

(f) Short Selling. No Covered Person may at any time sell short Company securities pursuant to Section 16 of the Securities Exchange Act of 1934, as amended.

(g) Publicly-Traded Options. No Covered Person may buy or sell put options, call options, or other derivative securities on the Company's securities.

(h) Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an individual to lock in much of the value of his or her securities holdings, often in exchange for all or part of the potential for upside appreciation in the securities. These transactions allow the Covered Persons to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the Covered Persons may no longer have the same objectives as the Company's other shareholders. Therefore, the Covered Persons are prohibited from engaging in such transactions, except as cleared by the Chief Legal Counsel.

(i) Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities held in an account which may be borrowed against or are otherwise pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure sale may occur at a time when the pledger is aware of material non-public information or otherwise is not permitted to trade in Company securities and, as a result, the pledger may be subject to liability under insider trading laws.

Therefore, no Covered Person may purchase Company securities on margin, or borrow against any account in which Company securities are held, or pledge Company securities as collateral for a loan.

An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan from a third party (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company securities as collateral for a loan from a third party must submit a request for approval to the Company's Board of Directors at least two weeks prior to the execution of the documents evidencing the proposed pledge.

(j) Exception. These trading restrictions do not apply to transactions under a pre-existing written plan, contract, instruction, or other arrangement under Rule 10b5-1 (an "Approved 10b5-1 Plan"):

(i) that is in writing;

(ii) where trading commences no earlier than the end of a Quarterly Blackout Period;

(iii) that has been reviewed and approved by the Chief Legal Counsel (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Chief Legal Counsel);

(iv) that was entered into in good faith by the Covered Person at a time when the Covered Person was not in possession of material non-public information about the Company; and

(v) that gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material non-public information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

In addition, these trading restrictions do not apply to:

(i) transactions under Company benefit plans, including the Bank First Retirement Plan, provided that the elections made under such plans (1) comply with the requirements provided in Part 1, Section 3 above, and (2) are either (A) not initiated by Covered Persons or (B) are not made within the blackout period; and

(ii) ongoing purchases of Company stock under the Company's dividend reinvestment plan, if any, resulting from reinvestment of dividends paid on Company securities, provided that transactions made under such plan (1) comply with the requirements provided in Part 1, Sections 3 and 4 above, and (2) are either (A) not initiated by Covered Persons or (B) are not made within the blackout period.

2. Trading Window

A Covered Person is not allowed to trade in the Company's securities outside of an Approved 10b5-1 Plan when such an Approved 10b5-1 Plan is active, *provided, however,* that subject to the rules in Part 1 above, the Company may engage in certain 401(k) transactions and equity based compensation plans while participating in a repurchase plan that constitutes an Approved 10b5-1 Plan. Covered Persons not subject to the preceding Approved 10b5-1 Plan restriction are permitted to trade in the Company's securities when no blackout period is in effect under Part 2, Section 1(a) above. However, even during this trading window, a Covered Person who is in possession of any material non-public information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part 2, Section 1(b) and 1(c) above is imposed and will re-open the trading window once the special blackout period has ended.

3. Pre-Clearance of Securities Transactions

(a) Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part 2, Section 2 above, without first pre-clearing all transactions in the Company's securities (including, without limitation, purchases and sales; exercises of stock options, including cashless exercises, and exercises of other equity awards; gifts; trust transfers; and other nonsale transfers such as loans and pledges.

(b) Subject to the exemption in subsection (d) and (e) below, no Covered Person may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge or loan of) any Company security at any time without first obtaining prior approval from the Chief Legal Counsel. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children and to transactions by entities over which such person exercises control (such as trusts, partnerships and corporations).

(c) The Chief Legal Counsel shall record the date each request is received and the date and time each request is approved or disapproved. If the transaction does not occur during the trade window specified in the Chief Legal Counsel's approval, pre-clearance of the transaction must be re-requested.

(d) Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Chief Legal Counsel. Additionally, this pre-clearance policy does not apply to award payouts by the Company to employees under any equity-based compensation plans.

(e) Pre-clearance is not required for purchases and sales of securities under the Bank First Retirement Plan or the Company's dividend reinvestment plan, provided that the transactions made under such plans (1) comply with the requirements provided in Part 1, Section 3 and Section 4 above, respectively, and (2) are either (i) not initiated by Covered Persons or (ii) are not made within the blackout period.

4. Acknowledgment

All employees and directors are required to acknowledge their receipt and understanding of this Policy on an annual basis.

Exhibit 21

LIST OF SUBSIDIARIES

Ownership Percentage	**Name**	**Incorporation**
100%	Bank First, N.A.	National
	100% Bank First Investments, Inc.	Wisconsin
	100% TVG Holdings, Inc.	Wisconsin
	40% Ansay & Associates, LLC	Wisconsin
	100% BFC Title, LLC	Wisconsin

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-228989, 333-229958 and 333-237110) and Form S-3 (No. 333-239124) of Bank First Corporation and Subsidiaries of our report dated February 28, 2025, with respect to the consolidated financial statements of Bank First Corporation and Subsidiaries and the effectiveness of internal control over financial reporting, included in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Forvis Mazars, LLP

Atlanta, Georgia
February 28, 2025

Exhibit 31.1

BANK FIRST CORPORATION
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael B. Molepske, certify that:

1. I have reviewed this Annual Report on Form 10-K of Bank First Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2025

By: /s/Michael B. Molepske
Michael B. Molepske
Chief Executive Officer

Exhibit 31.2

BANK FIRST CORPORATION
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin M. LeMahieu, certify that:

1. I have reviewed this Annual Report on Form 10-K of Bank First Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2025

By: /s/Kevin M. LeMahieu
Kevin M. LeMahieu
Chief Financial Officer

Exhibit 32

BANK FIRST CORPORATION
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, Michael B. Molepske, the Chief Executive Officer of Bank First Corporation (the "Company"), and Kevin M. LeMahieu, the Chief Financial Officer of the Company, hereby certify that, to the best of their knowledge:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2024 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2025	By: /s/Michael B. Molepske Michael B. Molepske Chief Executive Officer
Date: February 28, 2025	By: /s/Kevin M. LeMahieu Kevin M. LeMahieu Chief Financial Officer

This certification "accompanies" the Form 10-K to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K, irrespective of any general incorporation contained in such filing.)

Exhibit 97

BankFirst

COMPENSATION CLAWBACK POLICY

Approved by G&N Committee: January 11, 2024
Approved by Board: January 16, 2024
Amended and Restated Effective October 2, 2023

The purpose of this Policy is to ensure that incentive compensation is paid based on accurate financial and operating data, and the correct calculation of performance against incentive targets. In the event of a restatement of the financial or operating results of the Bank, the Bank shall commence seeking recovery of incentive compensation that would not otherwise have been paid if the correct performance data had been used to determine the amount payable. The Compensation Committee (the "Committee") shall have full authority to interpret and enforce this Policy.

This Policy was originally approved by the G&N Committee on March 2, 2023, and by the Board on March 21, 2023 (the "Original Policy"). The Policy was amended and restated effective October 2, 2023, to comply with Listing Rule 5608 of the corporate governance rules of The NASDAQ Stock Market (the "Listing Rule"). This Policy replaces the Original Policy, but the Original Policy shall continue to apply to any incentive compensation received prior to October 2, 2023.

Employees Covered

The Policy applies to anyone who is, or was at any time, during the "applicable period" (as defined below), one of the following officers: (i) Chief Executive Officer; (ii) Chief Financial Officer; (iii) President; and (iv) any other officer who is designated a "Named Executive Officer," as determined in accordance with Item 402(a)(3) or Item 402(m)(2) of Regulation S-K under the Securities Exchange Act of 1934. This Policy also applies to all members of Senior Management and all other employees who receive incentive compensation (collectively, "Covered Employees").

Incentive Compensation

For the purposes of this Policy, "incentive compensation" shall have the meaning set forth in the Listing Rule, which includes but is not limited to, performance bonuses and incentive awards (including stock appreciation rights, restricted and unrestricted Company stock, and performance units) paid, granted, vested, or accrued under any Bank or Company plan or agreement, in the form of cash or BFC common stock that is based on financial information required to be reported under SEC regulations.

Restatement of Financial or Operating Results; Calculation of Overpayment

If the Bank is required to prepare an accounting restatement of the reported financial or operating results of the Bank due to material non-compliance with financial reporting requirements (unless due to a change in a policy or applicable law), then the Company shall recover reasonably promptly from a Covered Employee the difference between (i) any incentive compensation paid or accrued during the three fiscal years preceding the date on which the Bank is required to prepare the restatement (the "applicable period") based on the belief that the Bank had met or exceeded performance targets that would not have been met had the data been accurate, and (ii) the incentive compensation that would have been paid, granted, or vested to the Covered Employee, had the actual payment, granting or vesting been calculated based on the accurate data or restated results, as applicable (the "Overpayment").

Types of Recovery

If the Committee determines that recovery of the Overpayment is required under this Policy, the Bank shall have the right to demand that the Covered Employee reimburse the Bank for the Overpayment. To the extent the Covered Employee does not make reimbursement of the Overpayment, the Bank shall have the right to sue for repayment and enforce the repayment through the reduction or cancellation of outstanding and future incentive compensation. To the extent any vested shares have been sold by the Covered Employee, the Bank shall have (i) the right to demand disgorgement of any profits made from such sale, or (ii) the right to cancel any other outstanding stock-based awards with a value equivalent to the Overpayment, as determined by the Committee.

Committee Determination

Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties.

Applicability

This Policy applies to all incentive compensation granted, paid, or credited on or after October 2, 2023, except to the extent prohibited by applicable law or other legal obligation.

Other Laws

This Policy is in addition to (and not in lieu of) any right of repayment, forfeiture or right of offset against any Covered Employee that is required pursuant to any statutory repayment requirement, any remedy available to the Bank pursuant to Section 12.6 of the 2020 Equity Plan, and any other remedies available at law.