

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2025

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)

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, if any, 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 ☒

Non-accelerated filer ☐

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol(s)	Name on each exchange on which registered
Common Stock, par value \$0.01 per share	BFC	The Nasdaq Stock Market LLC

The number of shares of the issuer's common stock, par value \$0.01, outstanding as of May 9, 2025 was 9,917,724 shares.

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PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS:

BANK FIRST CORPORATION **Consolidated Balance Sheets** (In thousands, except share and per share data)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Assets		
Cash and due from banks	\$ 60,595	\$ 59,164
Interest-bearing deposits	240,270	202,168
Cash and cash equivalents	300,865	261,332
Securities held to maturity, at amortized cost (\$110,177 and \$109,424 fair value at March 31, 2025 and December 31, 2024, respectively)	110,241	110,756
Securities available for sale, at fair value (\$175,648 and \$235,909 amortized cost at March 31, 2025 and December 31, 2024, respectively)	163,743	223,061
Loans held for sale	2,676	3,088
Loans	3,548,070	3,517,168
Allowance for credit losses - loans ("ACL-Loans")	(43,749)	(44,151)
Loans, net	3,504,321	3,473,017
Premises and equipment, net	72,670	71,108
Goodwill	175,106	175,106
Other investments	23,161	22,643
Cash value of life insurance	60,621	61,542
Core deposit intangibles, net	19,905	21,203
Mortgage servicing rights ("MSR")	13,544	13,369
Other real estate owned ("OREO")	741	741
Investment in Ansay and Associates, LLC ("Ansay")	34,639	34,093
Other assets	22,832	24,001
TOTAL ASSETS	\$ 4,505,065	\$ 4,495,060
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Interest-bearing deposits	\$ 2,680,438	\$ 2,636,192
Noninterest-bearing deposits	993,780	1,024,881
Total deposits	3,674,218	3,661,073
Notes payable	134,890	135,372
Subordinated notes	12,000	12,000
Other liabilities	35,543	46,932
Total liabilities	3,856,651	3,855,377
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 March 31, 2025 and December 31, 2024		
Outstanding - 9,973,276 and 10,012,088 shares as of March 31, 2025 and December 31, 2024, respectively	115	115
Additional paid-in capital	332,250	333,842
Retained earnings	411,752	398,002
Treasury stock, at cost - 1,541,854 and 1,503,042 shares as of March 31, 2025 and December 31, 2024, respectively	(87,099)	(82,925)
Accumulated other comprehensive loss	(8,604)	(9,351)
Total stockholders' equity	648,414	639,683
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,505,065	\$ 4,495,060

See accompanying notes to consolidated financial statements.

ITEM 1. Financial Statements Continued:

BANK FIRST CORPORATION
Consolidated Statements of Income
(In thousands, except per share data) (Unaudited)

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income:		
Loans, including fees	\$ 49,232	\$ 44,875
Securities:		
Taxable	3,013	2,887
Tax-exempt	240	245
Other	2,563	1,265
Total interest income	<u>55,048</u>	<u>49,272</u>
Interest expense:		
Deposits	16,852	15,392
Securities sold under repurchase agreements	—	22
Borrowed funds	1,659	509
Total interest expense	<u>18,511</u>	<u>15,923</u>
Net interest income	36,537	33,349
Provision for credit losses	400	200
Net interest income after provision for credit losses	<u>36,137</u>	<u>33,149</u>
Noninterest income:		
Service charges	2,011	1,634
Income from Ansay	1,181	979
Loan servicing income	732	726
Valuation adjustment on MSR	175	(312)
Net gain on sales of mortgage loans	334	219
Other	2,155	1,151
Total noninterest income	<u>6,588</u>	<u>4,397</u>
Noninterest expense:		
Salaries, commissions, and employee benefits	10,985	10,893
Occupancy	1,591	1,584
Data processing	2,444	2,389
Postage, stationery, and supplies	240	238
Net gain on sales and valuations of OREO	—	(47)
Net loss on sale of securities	—	34
Advertising	65	95
Charitable contributions	476	176
Federal deposit insurance	630	417
Outside service fees	788	876
Amortization of intangibles	1,298	1,500
Other	2,087	2,169
Total noninterest expense	<u>20,604</u>	<u>20,324</u>
Income before provision for income taxes	22,121	17,222
Provision for income taxes	3,880	1,810
Net Income	<u>\$ 18,241</u>	<u>\$ 15,412</u>
Earnings per share - basic	<u>\$ 1.82</u>	<u>\$ 1.51</u>
Earnings per share - diluted	<u>\$ 1.82</u>	<u>\$ 1.51</u>

See accompanying notes to unaudited consolidated financial statements.

ITEM 1. Financial Statements Continued:

BANK FIRST CORPORATION
Consolidated Statements of Comprehensive Income
(In thousands) (Unaudited)

	Three Months Ended	
	March 31,	
	2025	2024
Net Income	\$ 18,241	\$ 15,412
Other comprehensive income (loss):		
Unrealized gains (losses) on available for sale securities:		
Unrealized holding gains (losses) arising during period	943	(853)
Reclassification adjustment for losses included in net income	—	34
Income tax benefit (expense)	(196)	154
Total other comprehensive income (loss)	747	(665)
Comprehensive income	<u>\$ 18,988</u>	<u>\$ 14,747</u>

See accompanying notes to unaudited consolidated financial statements.

ITEM 1. Financial Statements Continued:

BANK FIRST CORPORATION
Consolidated Statement of Stockholders' Equity
(In thousands, except share and per share data) (Unaudited)

	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, 2024	\$ —	\$ 115	\$ 333,815	\$ 348,001	\$ (53,387)	\$ (8,746)	\$ 619,798
Net income	—	—	—	15,412	—	—	15,412
Other comprehensive loss	—	—	—	—	—	(665)	(665)
Purchase of treasury stock	—	—	—	—	(22,283)	—	(22,283)
Sale of treasury stock	—	—	—	—	55	—	55
Cash dividends (\$0.35 per share)	—	—	—	(3,541)	—	—	(3,541)
Amortization of stock-based compensation	—	—	554	—	—	—	554
Vesting of restricted stock awards	—	—	(2,145)	—	2,145	—	—
Balance at March 31, 2024	\$ —	\$ 115	\$ 332,224	\$ 359,872	\$ (73,470)	\$ (9,411)	\$ 609,330
Balance at January 1, 2025	\$ —	\$ 115	\$ 333,842	\$ 398,002	\$ (82,925)	\$ (9,351)	\$ 639,683
Net income	—	—	—	18,241	—	—	18,241
Other comprehensive income	—	—	—	—	—	747	747
Purchase of treasury stock	—	—	—	—	(6,381)	—	(6,381)
Sale of treasury stock	—	—	—	—	64	—	64
Cash dividends (\$0.45 per share)	—	—	—	(4,491)	—	—	(4,491)
Amortization of stock-based compensation	—	—	551	—	—	—	551
Vesting of restricted stock awards	—	—	(2,143)	—	2,143	—	—
Balance at March 31, 2025	\$ —	\$ 115	\$ 332,250	\$ 411,752	\$ (87,099)	\$ (8,604)	\$ 648,414

See accompanying notes to unaudited consolidated financial statements.

ITEM 1. Financial Statements Continued:

BANK FIRST CORPORATION
Consolidated Statements of Cash Flows
(In thousands) (Unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 18,241	\$ 15,412
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	400	200
Depreciation and amortization of premises and equipment	591	564
Amortization of intangibles	1,298	1,500
Net accretion of securities	(1,374)	(1,090)
Amortization of stock-based compensation	551	554
Accretion of purchase accounting valuations	(1,017)	(1,170)
Net change in deferred loan fees and costs	(239)	(133)
Change in fair value of MSR and other investments	(693)	388
Loss from sale and disposal of premises and equipment	—	170
Net gain on sale of OREO and valuation allowance	—	(47)
Proceeds from sales of mortgage loans	29,241	18,516
Originations of mortgage loans held for sale	(28,495)	(16,578)
Gain on sales of mortgage loans	(334)	(219)
Realized loss on sale of securities	—	34
Undistributed income of Ansay joint venture	(1,181)	(979)
Net earnings on life insurance	(407)	(405)
Decrease (increase) in other assets	973	(664)
Decrease in other liabilities	(11,389)	(14,724)
Net cash provided by operating activities	<u>6,166</u>	<u>1,329</u>
Cash flows from investing activities:		
Activity in securities available for sale and held to maturity:		
Sales	—	10,206
Maturities, prepayments, and calls	256,762	79,087
Purchases	(194,612)	(93,687)
Net increase in loans	(30,417)	(38,551)
Dividends received from Ansay	635	533
Proceeds from sale of OREO	—	261
Proceeds from life insurance	1,328	—
Proceeds from sale of premises and equipment	1	—
Purchases of premises and equipment	(2,154)	(778)
Net cash provided by (used in) investing activities	<u>31,543</u>	<u>(42,929)</u>

ITEM 1. Financial Statements Continued:

BANK FIRST CORPORATION
Consolidated Statements of Cash Flows (Continued)
(In thousands) (Unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows from financing activities:		
Net increase (decrease) in deposits	\$ 13,140	\$ (16,854)
Net decrease in securities sold under repurchase agreements	—	(75,747)
Repayment of notes payable	(508)	—
Repayment of junior subordinated debentures	—	(4,124)
Dividends paid	(4,491)	(3,541)
Proceeds from sales of common stock	64	55
Repurchase of common stock	(6,381)	(22,283)
Net cash provided by (used in) financing activities	1,824	(122,494)
Net increase (decrease) in cash and cash equivalents	39,533	(164,094)
Cash and cash equivalents at beginning of period	261,332	247,468
Cash and cash equivalents at end of period	<u>\$ 300,865</u>	<u>\$ 83,374</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 18,724	\$ 15,779
Supplemental schedule of noncash activities:		
MSR resulting from sale of loans	325	189
Change in unrealized gains and losses on investment securities available for sale, net of tax	747	(665)

See accompanying notes to consolidated financial statements.

BANK FIRST CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share data)

NOTE 1 – BASIS OF PRESENTATION

Bank First Corporation (the “Company”) provides a variety of financial services to individual and corporate customers through its wholly-owned subsidiary, Bank First, N.A. (the “Bank”). The Bank operates as a full-service financial institution with a primary market area including, but not limited to, the counties in which the Bank’s branches are located. The Bank has twenty-six locations located in Manitowoc, Outagamie, Brown, Winnebago, Sheboygan, Shawano, Waupaca, Ozaukee, Monroe, Fond du Lac, Waushara, Dane, Columbia and Jefferson counties in Wisconsin. The Company and Bank are subject to the regulations of certain federal agencies and undergo periodic examinations by those regulatory authorities.

These interim unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and with the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures required by GAAP have been omitted or abbreviated. These unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and footnotes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (“Annual Report”).

The unaudited consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. The results for interim periods are not necessarily indicative of results for a full year.

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. As disclosed in the Company’s Annual Report, 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. These include accounting for business combinations (primarily related to core deposit intangibles and acquired loans) and accounting for the ACL-Loans.

There have been no material changes or developments with respect to the assumptions or methodologies that the Company uses when applying what management believes are critical accounting policies and developing critical accounting estimates as previously disclosed in the Company’s Annual Report.

Recently Issued Not Yet Effective Accounting Standards

In October 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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.

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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 – EARNINGS PER SHARE

The two-class method is used in the calculation of basic and diluted earnings per share. Under the two-class method, earnings available to common shareholders for the period are allocated between common shareholders and participating securities according to dividends declared (or accumulated) and participation rights in undistributed earnings. There were no anti-dilutive stock options for the three months ended March 31, 2025 or 2024.

The following table presents the factors used in the earnings per share computations for the period indicated:

	Three Months Ended March 31,	
	2025	2024
Basic		
Net income available to common shareholders	\$ 18,241	\$ 15,412
Less: Earnings allocated to participating securities	(91)	(84)
Net income allocated to common shareholders	<u>\$ 18,150</u>	<u>\$ 15,328</u>
Weighted average common shares outstanding including participating securities	10,001,009	10,233,347
Less: Participating securities (1)	<u>(50,039)</u>	<u>(55,415)</u>
Average shares	<u>9,950,970</u>	<u>10,177,932</u>
Basic earnings per common share	<u>\$ 1.82</u>	<u>\$ 1.51</u>
Diluted		
Net income available to common shareholders	<u>\$ 18,241</u>	<u>\$ 15,412</u>
Weighted average common shares outstanding for basic earnings per common share	9,950,970	10,177,932
Add: Dilutive effects of stock-based compensation awards	<u>21,182</u>	<u>23,441</u>
Average shares and dilutive potential common shares	<u>9,972,152</u>	<u>10,201,373</u>
Diluted earnings per common share	<u>\$ 1.82</u>	<u>\$ 1.51</u>

- (1) Participating securities are restricted stock awards whereby the stock certificates have been issued, are included in outstanding shares, receive dividends and can be voted, but have not vested.

NOTE 3 – SECURITIES

The following is a summary of available for sale securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>March 31, 2025</u>				
Obligations of U.S. Government sponsored agencies	\$ 34,973	\$ —	\$ (2,609)	\$ 32,364
Obligations of states and political subdivisions	62,640	34	(6,584)	56,090
Mortgage-backed securities	62,365	5	(1,586)	60,784
Corporate notes	15,670	—	(1,165)	14,505
Total available for sale securities	<u>\$ 175,648</u>	<u>\$ 39</u>	<u>\$ (11,944)</u>	<u>\$ 163,743</u>
<u>December 31, 2024</u>				
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	<u>\$ 235,909</u>	<u>\$ 7</u>	<u>\$ (12,855)</u>	<u>\$ 223,061</u>

The following is a summary of held to maturity securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>March 31, 2025</u>				
U.S. Treasury securities	\$ 107,046	\$ 762	\$ (826)	\$ 106,982
Obligations of states and political subdivisions	3,195	—	—	3,195
Total held to maturity securities	<u>\$ 110,241</u>	<u>\$ 762</u>	<u>\$ (826)</u>	<u>\$ 110,177</u>
<u>December 31, 2024</u>				
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	<u>\$ 110,756</u>	<u>\$ 224</u>	<u>\$ (1,556)</u>	<u>\$ 109,424</u>

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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:

	Less Than 12 Months		Greater Than 12 Months		Total		
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Number of Securities
<u>March 31, 2025 - Available for Sale</u>							
Obligations of U.S. Government sponsored agencies	\$ 10,543	\$ (34)	\$ 21,321	\$ (2,575)	\$ 31,864	\$ (2,609)	26
Obligations of states and political subdivisions	5,294	(82)	44,982	(6,502)	50,276	(6,584)	65
Mortgage-backed securities	27,472	(203)	23,247	(1,383)	50,719	(1,586)	103
Corporate notes	—	—	13,354	(1,165)	13,354	(1,165)	9
Totals	<u>\$ 43,309</u>	<u>\$ (319)</u>	<u>\$ 102,904</u>	<u>\$ (11,625)</u>	<u>\$ 146,213</u>	<u>\$ (11,944)</u>	<u>203</u>
<u>March 31, 2025 - Held to Maturity</u>							
U.S. Treasury securities	\$ 47,297	\$ (471)	\$ 23,631	\$ (355)	\$ 70,928	\$ (826)	44
<u>December 31, 2024 - Available for Sale</u>							
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	<u>\$ 15,470</u>	<u>\$ (292)</u>	<u>\$ 103,786</u>	<u>\$ (12,563)</u>	<u>\$ 119,256</u>	<u>\$ (12,855)</u>	<u>210</u>
<u>December 31, 2024 - Held to Maturity</u>							
U.S. Treasury securities	\$ 46,456	\$ (1,045)	\$ 31,322	\$ (511)	\$ 77,778	\$ (1,556)	48

As of March 31, 2025, and 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 March 31, 2025, 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, based on its analysis the Company has determined that held to maturity securities have zero expected credit losses. U.S. Treasury securities have the full faith and credit backing of the United States Government.

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The following is a summary of amortized cost and estimated fair value of securities by contractual maturity as of March 31, 2025. Contractual maturities will differ from expected maturities for mortgage-backed securities because borrowers may have the right to call or prepay obligations without penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 1,329	\$ 1,324	\$ 25,089	\$ 24,940
Due after one year through 5 years	28,259	27,881	38,731	38,572
Due after 5 years through 10 years	45,512	41,131	46,421	46,665
Due after 10 years	38,183	32,623	—	—
Subtotal	113,283	102,959	110,241	110,177
Mortgage-backed securities	62,365	60,784	—	—
Total	<u>\$ 175,648</u>	<u>\$ 163,743</u>	<u>\$ 110,241</u>	<u>\$ 110,177</u>

As of March 31, 2025 and December 31, 2024, the carrying values of securities pledged to secure public deposits and for other purposes required or permitted by law were approximately \$265.6 million and \$273.4 million, respectively.

There were no sales of securities available for sale during the three months ended March 31, 2025. Sales of securities available for sale produced \$10.2 million in proceeds with immaterial gross losses for the three months ended March 31, 2024.

NOTE 4 – LOANS, ALLOWANCE FOR CREDIT LOSSES, AND CREDIT QUALITY

The following table presents total loans by portfolio segment and class of loan as of March 31, 2025 and December 31, 2024:

	2025	2024
Commercial/industrial	\$ 508,499	\$ 501,042
Commercial real estate - owner occupied	974,085	969,413
Commercial real estate - non-owner occupied	460,167	459,516
Multi-family	355,324	326,573
Construction and development	278,919	278,639
Residential 1-4 family	903,008	912,985
Consumer	54,547	55,164
Other	15,043	15,593
Subtotals	3,549,592	3,518,925
ACL - Loans	(43,749)	(44,151)
Loans, net of ACL - Loans	3,505,843	3,474,774
Deferred loan fees, net	(1,522)	(1,757)
Loans, net	<u>\$ 3,504,321</u>	<u>\$ 3,473,017</u>

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. More information regarding the Company's methodology related to the ACL-Loans can be found in the Company's Annual Report.

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 March 31, 2025 and December 31, 2024. As of March 31, 2025, 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.

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A roll forward of the ACL-Loans is summarized as follows:

	Three Months Ended		Year Ended
	March 31, 2025	March 31, 2024	December 31, 2024
Beginning Balance	\$ 44,151	\$ 43,609	\$ 43,609
Provision for credit losses	400	200	100
Charge-offs	(836)	(52)	(566)
Recoveries	34	621	1,008
Net (charge-offs) recoveries	(802)	569	442
Ending Balance	\$ 43,749	\$ 44,378	\$ 44,151

A summary of the activity in the ACL - Loans by loan type for the three months ended March 31, 2025 is summarized as follows:

	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, 2025	\$ 5,394	\$ 11,033	\$ 4,740	\$ 3,739	\$ 5,223	\$ 12,801	\$ 1,084	\$ 137	\$ 44,151
Charge-offs	—	(802)	—	—	—	(1)	(21)	(12)	(836)
Recoveries	—	—	—	—	—	30	—	4	34
Provision	(155)	190	(9)	435	96	(172)	10	5	400
ACL - Loans - March 31, 2025	\$ 5,239	\$ 10,421	\$ 4,731	\$ 4,174	\$ 5,319	\$ 12,658	\$ 1,073	\$ 134	\$ 43,749

A summary of the activity in the ACL – Loans by loan type for the three months ended March 31, 2024 is summarized as follows:

	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	(17)	(1)	—	—	—	(1)	(4)	(29)	(52)
Recoveries	2	611	—	—	—	3	—	5	621
Provision	(139)	547	381	(153)	(359)	(122)	(7)	52	200
ACL - Loans - March 31, 2024	\$ 5,811	\$ 13,442	\$ 6,081	\$ 4,601	\$ 3,238	\$ 10,500	\$ 604	\$ 101	\$ 44,378

In addition to the ACL-Loans, the Company has established an allowance for credit losses on unfunded commitments (“ACL-Unfunded Commitments”), classified in other liabilities on the consolidated balance sheets. This allowance is maintained to absorb losses arising from unfunded loan commitments, and is determined quarterly based on methodology similar to the methodology for determining the ACL-Loans. The ACL - Unfunded Commitments was \$2.9 million at March 31, 2025 and December 31, 2024, respectively. See Note 10 for further information on commitments.

The provision for credit losses is determined by the Company as the amount to be added to the ACL 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.

	Three Months Ended		December 31, 2024
	March 31, 2025	March 31, 2024	December 31, 2024
Provision for credit losses on:			
Loans	\$ 400	\$ 200	\$ 100
Unfunded Commitments	—	—	(900)
Total provision for credit losses	\$ 400	\$ 200	\$ (800)

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The Company's past due and non-accrual loans as of March 31, 2025 is summarized as follows:

	30-89 Days Past Due Accruing	90 Days or more Past Due and Accruing	Non- Accrual	Total	Non-Accrual with no related allowance
Commercial/industrial	\$ 47	\$ 48	\$ 789	\$ 884	\$ —
Commercial real estate - owner occupied	2,092	—	4,090	6,182	1,527
Commercial real estate - non-owner occupied	9	—	493	502	493
Multi-family	—	—	—	—	—
Construction and development	278	—	—	278	—
Residential 1-4 family	3,513	346	988	4,847	988
Consumer	111	24	36	171	36
Other	—	—	—	—	—
	<u>\$ 6,050</u>	<u>\$ 418</u>	<u>\$ 6,396</u>	<u>\$ 12,864</u>	<u>\$ 3,044</u>

The Company's past due and non-accrual loans as of December 31, 2024 is summarized as follows:

	30-89 Days Past Due Accruing	90 Days or more Past Due and Accruing	Non- Accrual	Total	Non-Accrual with no related allowance
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	—	—	—	—	—
	<u>\$ 2,011</u>	<u>\$ 1,670</u>	<u>\$ 6,826</u>	<u>\$ 10,507</u>	<u>\$ 1,834</u>

Interest recognized on non-accrual loans is considered immaterial to the consolidated financial statements for the three months ended March 31, 2025 and 2024.

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 amortized cost of the loan less 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.

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The following tables present collateral dependent loans by portfolio segment and collateral type, including those loans with and without a related allowance allocation. 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 equipment, receivables and inventory of the underlying borrowers.

As of March 31, 2025	Collateral Type			Without an Allowance	With an Allowance	Allowance Allocation
	Real Estate	Other Business Assets	Total			
Commercial/industrial	\$ —	\$ 789	\$ 789	\$ —	\$ 789	\$ 789
Commercial real estate - owner occupied	6,865	—	6,865	4,302	2,563	959
Commercial real estate - non-owner occupied	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—
Construction and development	—	—	—	—	—	—
Residential 1-4 family	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Loans	<u>\$ 6,865</u>	<u>\$ 789</u>	<u>\$ 7,654</u>	<u>\$ 4,302</u>	<u>\$ 3,352</u>	<u>\$ 1,748</u>

As of December 31, 2024	Collateral Type			Without an Allowance	With an Allowance	Allowance Allocation
	Real Estate	Other Business Assets	Total			
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	<u>\$ 7,795</u>	<u>\$ 793</u>	<u>\$ 8,588</u>	<u>\$ 800</u>	<u>\$ 7,788</u>	<u>\$ 2,394</u>

The Company utilizes a numerical risk rating system for commercial relationships. All other types of relationships (ex: residential, consumer, other) are assigned a “Pass” rating, unless they have fallen 90 days past due or more, at which time they are assessed for a rating of 5, 6 or 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.

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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.

As of March 31, 2025		Amortized Cost Basis by Origination Year									
		2025	2024	2023	2022	2021	Prior	Revolving	Revolving to Term	Total	
Commercial/industrial											
Grades 1-4	\$	12,639	\$ 67,984	\$ 49,959	\$ 64,879	\$ 44,996	\$ 60,471	\$ 78,826	\$ -	379,754	
Grade 5		15,037	15,008	3,431	43,859	4,343	2,198	27,722	-	111,598	
Grade 6		-	231	416	574	989	23	2,109	-	4,342	
Grade 7		58	293	804	285	5,616	1,952	3,797	-	12,805	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	27,734	\$ 83,516	\$ 54,610	\$ 109,597	\$ 55,944	\$ 64,644	\$ 112,454	\$ -	508,499	
Current-period gross charge-offs		\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	
Commercial real estate - owner occupied											
Grades 1-4	\$	22,890	\$ 99,025	\$ 62,270	\$ 96,300	\$ 156,215	\$ 251,634	\$ 48,385	\$ -	736,719	
Grade 5		829	50,312	20,833	17,262	21,270	50,318	11,947	-	172,771	
Grade 6		-	-	740	3,483	804	8,041	750	-	13,818	
Grade 7		-	1,221	1,456	8,432	4,208	30,648	4,812	-	50,777	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	23,719	\$ 150,558	\$ 85,299	\$ 125,477	\$ 182,497	\$ 340,641	\$ 65,894	\$ -	974,085	
Current-period gross charge-offs		\$	-	\$ 802	\$ -	\$ -	\$ -	\$ -	\$ -	802	
Commercial real estate - non-owner occupied											
Grades 1-4	\$	8,767	\$ 28,504	\$ 55,707	\$ 60,000	\$ 106,113	\$ 130,931	\$ 9,157	\$ -	399,179	
Grade 5		1,940	2,173	4,484	4,810	19,173	19,120	25	-	51,725	
Grade 6		-	-	-	1,476	-	-	1,065	-	2,541	
Grade 7		-	-	-	-	5,867	855	-	-	6,722	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	10,707	\$ 30,677	\$ 60,191	\$ 66,286	\$ 131,153	\$ 150,906	\$ 10,247	\$ -	460,167	
Current-period gross charge-offs		\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	
Multi-family											
Grades 1-4	\$	-	\$ 1,953	\$ 42,922	\$ 33,189	\$ 101,252	\$ 152,480	\$ 2,703	\$ -	334,499	
Grade 5		-	13,763	1,009	780	-	114	-	-	15,666	
Grade 6		-	-	-	-	-	-	-	-	-	
Grade 7		-	442	-	-	2,483	2,234	-	-	5,159	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	-	\$ 16,158	\$ 43,931	\$ 33,969	\$ 103,735	\$ 154,828	\$ 2,703	\$ -	355,324	
Current-period gross charge-offs		\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	
Construction and development											
Grades 1-4	\$	8,207	\$ 72,315	\$ 37,752	\$ 59,803	\$ 11,273	\$ 8,174	\$ 1,602	\$ -	199,126	
Grade 5		822	35,741	37,595	1,980	962	762	723	-	78,585	
Grade 6		-	300	-	-	-	-	-	-	300	
Grade 7		-	-	-	-	-	908	-	-	908	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	9,029	\$ 108,356	\$ 75,347	\$ 61,783	\$ 12,235	\$ 9,844	\$ 2,325	\$ -	278,919	
Current-period gross charge-offs		\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	
Residential 1-4 family											
Grades 1-4	\$	13,647	\$ 96,388	\$ 91,948	\$ 171,187	\$ 171,970	\$ 231,187	\$ 98,342	\$ -	874,669	
Grade 5		1,572	2,451	2,809	6,274	1,953	3,906	1,710	-	20,675	
Grade 6		-	-	182	336	-	192	-	-	710	
Grade 7		-	-	-	533	1,252	3,987	1,182	-	6,954	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	15,219	\$ 98,839	\$ 94,939	\$ 178,330	\$ 175,175	\$ 239,272	\$ 101,234	\$ -	903,008	
Current-period gross charge-offs		\$	-	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	1	
Consumer											
Grades 1-4	\$	9,402	\$ 18,818	\$ 11,536	\$ 7,007	\$ 3,273	\$ 3,729	\$ 713	\$ -	54,478	
Grade 5		-	-	-	-	-	-	-	-	-	
Grade 6		-	-	-	-	-	-	-	-	-	
Grade 7		-	21	2	3	10	33	-	-	69	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	9,402	\$ 18,839	\$ 11,538	\$ 7,010	\$ 3,283	\$ 3,762	\$ 713	\$ -	54,547	
Current-period gross charge-offs		\$	-	\$ -	\$ 9	\$ 12	\$ -	\$ -	\$ -	21	
Other											
Grades 1-4	\$	160	\$ 1,725	\$ 100	\$ 548	\$ 456	\$ 9,175	\$ 2,608	\$ -	14,772	
Grade 5		-	-	46	29	-	-	196	-	271	
Grade 6		-	-	-	-	-	-	-	-	-	
Grade 7		-	-	-	-	-	-	-	-	-	
Grade 8		-	-	-	-	-	-	-	-	-	
Total	\$	160	\$ 1,725	\$ 146	\$ 577	\$ 456	\$ 9,175	\$ 2,804	\$ -	15,043	
Current-period gross charge-offs		\$	-	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ -	12	
Total Loans		\$	95,970	\$ 508,668	\$ 426,001	\$ 583,029	\$ 664,478	\$ 973,072	\$ 298,374	\$ -	3,549,592
Total current-period gross charge-offs		\$	-	\$ 802	\$ 9	\$ 12	\$ -	\$ 1	\$ 12	\$ -	836

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As of December 31, 2024		Amortized Cost Basis by Origination Year								Revolving to Term		Total
		2024	2023	2022	2021	2020	Prior	Revolving				
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	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-		
Commercial real estate - 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												

Loans that were both experiencing financial difficulty and were modified during the three months ended March 31, 2025 and 2024, were insignificant to these consolidated financial statements.

NOTE 5 – 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 with determining an accurate assessment of the MSRs 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 MSRs 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 the MSR asset:

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Fair value at beginning of period	\$ 13,369	\$ 13,668
Servicing asset additions	325	1,343
Loan payments and payoffs	(425)	(1,735)
Changes in valuation inputs and assumptions used in the valuation model	275	93
Amount recognized through earnings	175	(299)
MSR asset acquired	—	—
Fair value at end of period	<u>\$ 13,544</u>	<u>\$ 13,369</u>
Unpaid principal balance of loans serviced for others	\$ 1,173,921	\$ 1,172,311
Mortgage servicing rights as a percent of loans serviced for others	1.15	1.14

The primary economic assumptions utilized by the Company in measuring the value of MSRs were constant prepayment speeds of 8.1 and 8.2 months as of March 31, 2025 and December 31, 2024, respectively, and discount rates of 10.18% as of each of those periods. The constant prepayment speeds are obtained from publicly available sources for each of the loan programs the Company originates under.

NOTE 6 – NOTES PAYABLE

The Company utilizes FHLB advances to fund liquidity. The Company had outstanding balances borrowed from the FHLB of \$135.0 million at March 31, 2025 and \$135.5 million as of December 31, 2024. The advances, rate, and maturities of FHLB advances were as follows:

	Maturity	Rate	March 31, 2025	December 31, 2024
Fixed rate, fixed term	06/30/2025	5.16%	\$ 25,000	\$ 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	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	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	20,000
Fixed rate, fixed term	07/09/2029	4.31%	25,000	25,000
Fixed rate, fixed term	04/22/2030	0.00%	—	508
			135,000	135,508
Adjustment due to purchase accounting			(110)	(136)
			<u>\$ 134,890</u>	<u>\$ 135,372</u>

Future maturities of borrowings were as follows:

	March 31, 2025	December 31, 2024
1 year or less	\$ 35,000	\$ 25,000
1 to 2 years	30,000	30,000
2 to 3 years	25,000	25,000
3 to 4 years	20,000	30,000
4 to 5 years	25,000	25,000
Over 5 years	—	508
	<u>\$ 135,000</u>	<u>\$ 135,508</u>

As of March 31, 2025, the Company had borrowing availability at the FHLB totaling \$478.5 million in addition to the existing borrowings noted in the tables above.

NOTE 7 – SUBORDINATED NOTES AND JUNIOR SUBORDINATED DEBENTURES

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 March 31, 2025 and December 31, 2024.

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 March 31, 2025 and December 31, 2024. 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.

NOTE 8 – REGULATORY MATTERS

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 March 31, 2025 and December 31, 2024, this buffer was 2.5%. The Bank met all capital adequacy requirements to which they are subject as of March 31, 2025 and December 31, 2024.

Actual and required capital amounts and ratios are presented below at period-end:

	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
March 31, 2025								
Total capital (to risk-weighted assets):								
Company	\$ 518,723	14.15 %	\$ 293,221	8.00 %	\$ 384,853	10.50 %	NA	NA
Bank	\$ 445,011	12.14 %	\$ 293,336	8.00 %	\$ 385,004	10.50 %	\$ 366,670	10.00 %
Tier 1 capital (to risk-weighted assets):								
Company	\$ 464,519	12.67 %	\$ 219,916	6.00 %	\$ 311,547	8.50 %	NA	NA
Bank	\$ 402,807	10.99 %	\$ 220,002	6.00 %	\$ 311,670	8.50 %	\$ 293,336	8.00 %
Common Equity Tier 1 capital (to risk-weighted assets):								
Company	\$ 464,519	12.67 %	\$ 164,937	4.50 %	\$ 256,568	7.00 %	NA	NA
Bank	\$ 402,807	10.99 %	\$ 165,002	4.50 %	\$ 256,669	7.00 %	\$ 238,336	6.50 %
Tier 1 capital (to average assets):								
Company	\$ 464,519	10.76 %	\$ 172,646	4.00 %	\$ 172,646	4.00 %	NA	NA
Bank	\$ 402,807	9.34 %	\$ 172,530	4.00 %	\$ 172,530	4.00 %	\$ 215,662	5.00 %
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 %

NOTE 9 – SEGMENT INFORMATION

The Company's single 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 the 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 10 – 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. Accordingly, such commitments, along with any related fees received from potential borrowers, are recorded at fair value in derivative assets or liabilities, with changes in fair value recorded in the net gain or loss on sale of mortgage loans. Fair value is based on fees currently charged to enter into similar agreements and for fixed rate commitments also considers the difference between current levels of interest rates and committed rates. The notional amount of rate-lock commitments at March 31, 2025 and December 31, 2024 was approximately \$9.6 million and \$8.2 million, respectively. The fair value of these rate-lock commitments are not material to these financial statements and have not been recorded.

The Company 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 Company's exposure to credit loss is represented by the contractual or notional amount of these commitments. The Company 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:

	Notional Amount	
	March 31, 2025	December 31, 2024
Commitments to extend credit:		
Fixed	\$ 42,147	\$ 46,856
Variable	718,072	706,353
Credit card arrangements	24,384	24,399
Letters of credit	10,046	11,055

NOTE 11 – FAIR VALUE MEASUREMENTS

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:

	Instruments Measured At Fair Value	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2025				
Assets				
Securities available for sale				
Obligations of U.S. Government sponsored agencies	\$ 32,364	\$ —	\$ 32,364	\$ —
Obligations of states and political subdivisions	56,090	—	56,090	—
Mortgage-backed securities	60,784	—	60,784	—
Corporate notes	14,505	—	14,505	—
Mortgage servicing rights	13,544	—	13,544	—
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	—

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

Information regarding the fair value of assets measured at fair value on a non-recurring basis is as follows:

	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)
March 31, 2025				
OREO	\$ 741	\$ —	\$ —	\$ 741
Loans individually evaluated, net of reserve	5,906	—	—	5,906
	<u>\$ 6,647</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,647</u>
December 31, 2024				
OREO	\$ 741	\$ —	\$ —	\$ 741
Loans individually evaluated, net of reserve	6,194	—	—	6,194
	<u>\$ 6,935</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,935</u>

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 loans individually evaluated, the amount of reserve 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 March 31, 2025				
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 %	23 %
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 %

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The carrying value and estimated fair value of financial instruments not measured and reported at fair value on a recurring or non-recurring basis at March 31, 2025 and December 31, 2024 are as follows:

March 31, 2025	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	\$ 300,865	\$ 300,865	\$ —	\$ —	\$ 300,865
Securities held to maturity	110,241	106,982	3,195	—	110,177
Loans held for sale	2,676	—	2,676	—	2,676
Loans, net	3,504,321	—	—	3,346,003	3,346,003
Other investments	23,161	—	—	23,161	23,161
Financial liabilities:					
Deposits	\$ 3,674,218	\$ —	\$ —	\$ 3,407,535	\$ 3,407,535
Notes payable	134,890	—	134,890	—	134,890
Subordinated notes	12,000	—	12,000	—	12,000

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

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 12 – STOCK BASED COMPENSATION

The Company has made restricted share grants pursuant to the Bank First Corporation 2011 Equity Plan and the Bank First Corporation 2020 Equity Plan, which replaced the 2011 Plan. The purpose of the Plan is to provide financial incentives for selected employees and for the non-employee Directors of the Company, thereby promoting the long-term growth and financial success of 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 March 31, 2025, 124,054 shares of Company stock have been awarded under the 2020 Plan. Compensation expense for restricted stock is based on the fair value of the awards of Bank First Corporation common stock at the time of grant. The value of restricted stock grants that are expected to vest is amortized into expense over the vesting periods. For the three months ended March 31, 2025 and 2024, compensation expense of \$0.6 million and \$0.6 million, respectively, was recognized related to restricted stock awards.

As of March 31, 2025, there was \$3.8 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 1.96 years. The aggregate grant date fair value of restricted stock awards that vested during the three months ended March 31, 2025, was approximately \$2.1 million.

	For the period ended March 31, 2025		For the period ended March 31, 2024	
	Shares	Weighted- Average Grant- Date Fair Value	Shares	Weighted- Average Grant- Date Fair Value
Restricted Stock				
Outstanding at beginning of period	52,634	\$ 79.27	58,196	\$ 72.28
Granted	23,100	105.96	24,581	85.85
Vested	(28,290)	75.74	(30,143)	71.14
Forfeited or cancelled	—	—	—	—
Outstanding at end of period	<u>47,444</u>	\$ 94.37	<u>52,634</u>	\$ 79.27

NOTE 13 – SUBSEQUENT EVENT

On April 25, 2025, the Company's Board of Directors declared a special cash dividend of \$3.50 per share of the Company's common stock. This dividend is payable on May 16, 2025, to shareholders of record on May 9, 2025. This special dividend is in addition to the Company's regular quarterly cash dividend of \$0.45, which was declared on April 15, 2025, and is payable on July 9, 2025, to shareholders of record on June 25, 2025. The aggregate amount of this special dividend will approximate \$35.0 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2024, included in our Annual Report and with our unaudited condensed accompanying notes set forth in this Quarterly Report on Form 10-Q for the quarterly period March 31, 2025.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report are forward-looking statements within the meaning of and subject to the safe harbor protections of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements relating to the Company's assets, business, cash flows, condition (financial or otherwise), credit quality, financial performance, liquidity, short and long-term performance goals, prospects, results of operations, strategic initiatives, potential future acquisitions, disposition and other growth opportunities. These statements, which are based upon certain assumptions and estimates and describe the Company's 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 the Company's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond the Company's control. The inclusion of these forward-looking statements should not be regarded as a representation by the Company or any other person that such expectations, estimates and projections will be achieved. Accordingly, the Company cautions investors 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 the Company's control. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable as of the date of this report, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from those contemplated by the forward-looking statement in this report including, without limitation, the risks and other factors set forth in the Company's Registration Statements under the captions "Cautionary Note Regarding Forward-Looking Statements" and "Risk factors." Many of these factors are beyond the Company's ability to control or predict. If one or more events related to these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may differ materially from the forward-looking statements. Accordingly, investors should not place undue reliance on any such forward-looking statements. Any forward-looking statements speaks only as of the date of this report, and the Company does 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 the Company to predict their occurrence or how they will affect the Company.

We qualify all of our forward-looking statements by these cautionary statements.

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 Board of Governors of the Federal Reserve System ("Federal Reserve"), and is regulated by the Office of the Comptroller of the Currency ("OCC"). Including its headquarters in Manitowoc, Wisconsin, the Bank has twenty-six banking locations in Manitowoc, Outagamie, Brown, Winnebago, Sheboygan, Shawano, Waupaca, Ozaukee, Monroe, Fond du Lac, Waushara, Dane, Columbia and Jefferson counties in Wisconsin. The Bank offers loan, deposit and treasury management products at each of its banking locations.

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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 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 loan 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.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present certain selected historical consolidated financial data as of the dates or for the period indicated:

(In thousands, except per share data)	At or for the Three Months Ended				
	3/31/2025	12/31/2024	9/30/2024	6/30/2024	3/31/2024
Results of Operations:					
Interest income	\$ 55,048	\$ 53,754	\$ 54,032	\$ 49,347	\$ 49,272
Interest expense	18,511	18,193	18,149	16,340	15,923
Net interest income	36,537	35,561	35,883	33,007	33,349
Provision for credit losses	400	(1,000)	—	—	200
Net interest income after provision for credit losses	36,137	36,561	35,883	33,007	33,149
Noninterest income	6,588	4,513	4,893	5,877	4,397
Noninterest expense	20,604	19,286	20,100	19,057	20,324
Income before income tax expense	22,121	21,788	20,676	19,827	17,222
Income tax expense	3,880	4,248	4,124	3,768	1,810
Net income	\$ 18,241	\$ 17,540	\$ 16,552	\$ 16,059	\$ 15,412
Earnings per common share - basic	\$ 1.82	\$ 1.75	\$ 1.65	\$ 1.59	\$ 1.51
Earnings per common share - diluted	1.82	1.75	1.65	1.59	1.51
Common Shares:					
Basic weighted average	9,950,970	9,959,379	9,959,556	10,025,977	10,177,932
Diluted weighted average	9,972,152	9,988,781	9,980,544	10,039,862	10,201,373
Outstanding	9,973,276	10,012,088	10,011,428	10,031,350	10,129,190
Noninterest income / noninterest expense:					
Service charges	\$ 2,011	\$ 2,119	\$ 2,189	\$ 2,101	\$ 1,634
Income from Ansay	1,181	82	1,062	1,379	979
Loan servicing income	732	744	733	735	726
Valuation adjustment on mortgage servicing rights	175	18	(344)	339	(312)
Net gain on sales of mortgage loans	334	424	377	277	219
Other noninterest income	2,155	1,126	876	1,046	1,151
Total noninterest income	\$ 6,588	\$ 4,513	\$ 4,893	\$ 5,877	\$ 4,397
Personnel expense	\$ 10,985	\$ 9,886	\$ 10,118	\$ 10,004	\$ 10,893
Occupancy, equipment and office	1,591	1,445	1,598	1,330	1,584
Data processing	2,444	2,687	2,502	2,114	2,389
Postage, stationery and supplies	240	229	213	205	238
Net gain (loss) on sales and valuations of other real estate owned	—	(186)	—	(461)	(47)
Net loss on sales of securities	—	—	—	—	34
Advertising	65	78	61	79	95
Charitable contributions	476	200	183	234	176
Federal deposit insurance	630	495	495	443	417
Outside service fees	788	1,135	1,103	1,446	876
Amortization of intangibles	1,298	1,389	1,429	1,475	1,500
Other noninterest expense	2,087	1,928	2,398	2,188	2,169
Total noninterest expense	\$ 20,604	\$ 19,286	\$ 20,100	\$ 19,057	\$ 20,324
Period-end balances:					
Cash and cash equivalents	\$ 300,865	\$ 261,332	\$ 204,427	\$ 98,950	\$ 83,374
Investment securities available-for-sale, at fair value	163,743	223,061	128,438	127,977	138,420
Investment securities held-to-maturity, at cost	110,241	110,756	109,236	110,648	111,732
Loans	3,548,070	3,517,168	3,470,920	3,428,635	3,383,395
Allowance for credit losses - loans	(43,749)	(44,151)	(45,212)	(45,118)	(44,378)
Premises and equipment	72,670	71,108	69,710	68,633	69,621
Goodwill and other intangibles, net	195,011	196,309	197,698	199,127	200,602
Mortgage Servicing Rights	13,544	13,369	13,351	13,694	13,356
Other Assets	144,670	146,108	145,930	143,274	143,802
Total assets	4,505,065	4,495,060	4,294,498	4,145,820	4,099,924
Deposits	3,674,218	3,661,073	3,484,741	3,399,941	3,416,039
Borrowings	146,890	147,372	147,346	102,321	47,295
Other liabilities	35,543	46,932	33,516	28,979	27,260
Total liabilities	3,856,651	3,855,377	3,665,603	3,531,241	3,490,594
Stockholders' equity	648,414	639,683	628,895	614,579	609,330
Book value per common share	65.02	63.89	62.82	61.27	60.16
Tangible book value per common share (1)	45.46	44.28	43.07	41.42	40.35

Average balances:										
Loans	\$	3,541,995	\$	3,482,974	\$	3,450,423	\$	3,399,906	\$	3,355,142
Interest-earning assets		4,100,846		3,962,690		3,833,968		3,696,099		3,741,498
Total assets		4,498,891		4,360,469		4,231,112		4,094,542		4,144,896
Deposits		3,672,039		3,545,694		3,435,172		3,401,828		3,446,145
Interest-bearing liabilities		2,837,182		2,655,609		2,583,382		2,466,726		2,512,304
Goodwill and other intangibles, net		195,752		196,966		198,493		199,959		201,408
Stockholders' equity		645,708		634,137		620,821		610,818		613,190
Financial ratios (2):										
Return on average assets		1.64 %		1.60 %		1.56 %		1.58 %		1.50 %
Return on average common equity		11.46 %		11.00 %		10.61 %		10.57 %		10.11 %
Average equity to average assets		14.35 %		14.54 %		14.67 %		14.92 %		14.79 %
Stockholders' equity to assets		14.39 %		14.23 %		14.64 %		14.82 %		14.86 %
Tangible equity to tangible assets (1)		10.52 %		10.31 %		10.53 %		10.53 %		10.48 %
Loan yield		5.68 %		5.56 %		5.73 %		5.51 %		5.41 %
Earning asset yield		5.49 %		5.44 %		5.64 %		5.40 %		5.33 %
Cost of funds		2.65 %		2.73 %		2.79 %		2.66 %		2.55 %
Net interest margin, taxable equivalent		3.65 %		3.61 %		3.76 %		3.63 %		3.62 %
Net loan charge-offs to average loans		0.09 %		0.01 %		0.04 %		(0.05)%		(0.07)%
Nonperforming loans to total loans		0.19 %		0.24 %		0.32 %		0.31 %		0.29 %
Nonperforming assets to total assets		0.17 %		0.21 %		0.28 %		0.27 %		0.31 %
Allowance for credit losses - loans to total loans		1.23 %		1.26 %		1.30 %		1.32 %		1.31 %

(1) These measures are not measures prepared in accordance with GAAP, and are therefore considered to be non-GAAP financial measures. See “GAAP reconciliation and management explanation of non-GAAP financial measures” for a reconciliation of these measures to their most comparable GAAP measures.

(2) Income statement-related ratios for partial year periods are annualized.

GAAP RECONCILIATION AND MANAGEMENT EXPLANATION OF NON-GAAP FINANCIAL MEASURES

We identify certain financial measures discussed in the Report as being “non-GAAP financial measures.” The non-GAAP financial measures presented in this Report are tangible book value per common share and tangible equity to tangible assets.

In accordance with the SEC’s rules, we classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the United States in our statements of income, balance sheets or statements of cash flows.

The non-GAAP financial measures that we discuss in this Report should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss in our selected historical consolidated financial data may differ from that of other companies reporting measures with similar names. You should understand how such other banking organizations calculate their financial measures similar or with names similar to the non-GAAP financial measures we have presented in our selected historical consolidated financial data when comparing such non-GAAP financial measures. The following discussion and reconciliations provide a more detailed analysis of these non-GAAP financial measures.

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Tangible book value per common share and tangible equity to tangible assets are non-GAAP measures that exclude the impact of goodwill and other intangibles used by the Company's management to evaluate capital adequacy. Because intangible assets such as goodwill and other intangibles vary extensively from company to company, we believe that the presentation of this information allows investors to more easily compare the Company's capital position to other companies. The most directly comparable financial measures calculated in accordance with GAAP are book value per common share, return on average common equity and stockholders' equity to total assets.

(In thousands, except per share data)	At or for the Three Months Ended				
	3/31/2025	12/31/2024	9/30/2024	6/30/2024	3/31/2024
Tangible Assets					
Total assets	\$ 4,505,065	\$ 4,495,060	\$ 4,294,498	\$ 4,145,820	\$ 4,099,924
Adjustments:					
Goodwill	(175,106)	(175,106)	(175,106)	(175,106)	(175,106)
Core deposit intangible, net of amortization	(19,905)	(21,203)	(22,592)	(24,021)	(25,496)
Tangible assets	<u>\$ 4,310,054</u>	<u>\$ 4,298,751</u>	<u>\$ 4,096,800</u>	<u>\$ 3,946,693</u>	<u>\$ 3,899,322</u>
Tangible Common Equity					
Total stockholders' equity	\$ 648,414	\$ 639,683	\$ 628,895	\$ 614,579	\$ 609,330
Adjustments:					
Goodwill	(175,106)	(175,106)	(175,106)	(175,106)	(175,106)
Core deposit intangible, net of amortization	(19,905)	(21,203)	(22,592)	(24,021)	(25,496)
Tangible common equity	<u>\$ 453,403</u>	<u>\$ 443,374</u>	<u>\$ 431,197</u>	<u>\$ 415,452</u>	<u>\$ 408,728</u>
Book value per common share	\$ 65.02	\$ 63.89	\$ 62.82	\$ 61.27	\$ 60.16
Tangible book value per common share	45.46	44.28	43.07	41.42	40.35
Total stockholders' equity to total assets	14.39 %	14.23 %	14.64 %	14.82 %	14.86 %
Tangible common equity to tangible assets	10.52 %	10.31 %	10.53 %	10.53 %	10.48 %

RESULTS OF OPERATIONS

Results of Operations for the Three Months Ended March 31, 2025 and March 31, 2024

General. Net income increased \$2.8 million to \$18.2 million for three months ended March 31, 2025, compared to \$15.4 million for the same period in 2024. This increase is primarily driven by the repricing of new and renewed loans in a higher rate environment, along with steady growth in interest-bearing assets.

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 and dividend income increased by \$3.2 million to \$36.5 million for the three months ended March 31, 2025 compared to \$33.3 million for three months ended March 31, 2024. The increase in net interest income was primarily due to repricing of new and renewed loans in a higher interest rate environment, as well as steady growth in interest-bearing assets. Total average interest-earning assets were \$4.10 billion for the three months ended March 31, 2025, up from \$3.74 billion for the same period in 2024. Net interest margin and net interest income are influenced by internal and external factors. Internal factors include balance sheet changes on both volume and mix and pricing decisions, and external factors include changes in market interest rates, competition and the shape of the interest rate yield curve.

Interest Income. Total interest income increased \$5.7 million, or 11.7%, to \$55.0 million for the three months ended March 31, 2025 compared to \$49.3 million for the same period in 2024. The increase in total interest income was primarily due to an increase in interest-earning assets coupled with higher average interest rates earned on interest-earning assets. The average balance of interest-earning assets increased by \$359.3 million during the three months ended March 31, 2025 compared to the same period in 2024 and the average interest rate earned on these assets increased by 0.16% in the year-over-year first quarters.

Interest Expense. Interest expense increased \$2.6 million, or 16.3%, to \$18.5 million for the three months ended March 31, 2025 compared to \$15.9 million for the same period in 2024. The increase in interest expense was primarily due to higher crediting interest rates on also higher levels of interest-bearing liabilities.

Interest expense on interest-bearing deposits increased by \$1.5 million to \$16.9 million for the three months ended March 31, 2025 compared to \$15.4 million for the same period in 2024. The average balance and rate of interest-bearing deposits was \$2.69 billion and 2.54% for the three months ended March 31, 2025, compared to \$2.46 billion and 2.51% for the same period in 2024. The Bank's cost of funds decreased by 0.08% from the fourth quarter of 2024, including a decrease of 0.18% in the average rate paid on the Bank's non-brokered certificates of deposit.

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 operations as the provision for credit losses. The provision for credit losses and level of allowance for each period are dependent upon many factors, including loan growth, net charge-offs, changes in the composition of the loan portfolio, delinquencies, management's assessment of the quality of the loan portfolio, the valuation of problem loans and the general economic conditions in our market area. The determination of the amount is complex and involves a high degree of judgment and subjectivity.

We recorded a provision of \$0.4 million for credit loss during the three months ended March 31, 2025 compared to a provision of \$0.2 million for credit loss during the same period in 2024. Economic forecasts, primarily US gross domestic product projections, decreased slightly during the first quarter of 2025 while projections for unemployment increased. We recorded net charge offs of \$0.8 million during the three months ended March 31, 2025 compared to net recoveries of \$0.6 million during the three months ended March 31, 2024. Other than a \$0.8 million charge-off during the first quarter of 2025, related to a single customer relationship, the Bank's loan portfolio continues to exhibit very little credit stress. The ACL - Loans was \$43.7 million, or 1.23% of total loans, at March 31, 2025 compared to \$44.4 million, or 1.31% of total loans at March 31, 2024.

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 subsidiary, Ansay. Other sources of noninterest income include loan servicing fees and gains on sales of mortgage loans.

Noninterest income increased \$2.2 million to \$6.6 million for the three months ended March 31, 2025 compared to \$4.4 million for the same period in 2024. Service charges increased by 23.0% from the prior-year first quarter as the Bank continues to benefit from a renegotiated vendor incentive program related to credit and debit card payments processing. Positive valuation adjustments to the Bank's MSRs totaling \$0.2 million during the first quarter of 2025 compared favorably to \$0.3 million in negative valuation adjustments during the first quarter of 2024. Finally, the Bank received a \$2.3 million death benefit related to its bank-owned life insurance portfolio. The underlying policies had a cash value of \$1.3 million, leading to a gain of \$1.0 million which is recorded in other noninterest income.

The major components of our noninterest income are listed below:

(in thousands)	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
	(In thousands)			
Noninterest Income				
Service charges	\$ 2,011	\$ 1,634	\$ 377	23 %
Income from Ansay	1,181	979	202	21 %
Loan servicing income	732	726	6	1 %
Valuation adjustment on MSR	175	(312)	487	NM %
Net gain on sales of mortgage loans	334	219	115	53 %
Other	2,155	1,151	1,004	87 %
Total noninterest income	<u>\$ 6,588</u>	<u>\$ 4,397</u>	<u>\$ 2,191</u>	<u>50 %</u>

Noninterest Expense. Noninterest expense increased \$0.3 million to \$20.6 million for the three months ended March 31, 2025 compared to \$20.3 million for the same period in 2024. Most noninterest expenses have remained well-controlled over the past five quarters. Due to the gain on bank-owned life insurance noted earlier, the Bank accelerated some charitable giving which had been planned for later in the year into the first quarter. Also, federal deposit insurance increased primarily due to elevated deposit levels which were developed late in the fourth quarter of 2024 and persisted through the first quarter of 2025.

The major components of our noninterest expense are listed below:

	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
	(In thousands)			
Noninterest Expense				
Salaries, commissions, and employee benefits	\$10,985	\$10,893	\$ 92	1 %
Occupancy	1,591	1,584	7	0 %
Data processing	2,444	2,389	55	2 %
Postage, stationary, and supplies	240	238	2	1 %
Net loss on sales and valuations of other real estate owned	—	(47)	47	NM %
Net loss on sales of securities	—	34	(34)	NM %
Advertising	65	95	(30)	(32)%
Charitable contributions	476	176	300	170 %
Federal deposit insurance	630	417	213	51 %
Outside service fees	788	876	(88)	(10)%
Amortization of intangibles	1,298	1,500	(202)	(13)%
Other	2,087	2,169	(82)	(4)%
Total noninterest expenses	\$20,604	\$20,324	\$ 280	1 %

Income Tax Expense. We recorded a provision for income taxes of \$3.9 million for the three months ended March 31, 2025 compared to a provision of \$1.8 million for the same period during 2024, reflecting effective tax rates of 17.5% and 10.5%, respectively. The Company's home state passed tax legislation during the third quarter of 2023 which exempted income from a significant portion of the Company's loans from taxation in Wisconsin. As a result of this legislation, income from a significant portion of the Company's loans will no longer be subject to taxation in its home state. 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 the first quarter of 2024. Although not as impactful as this event in the first quarter of 2024, tax-exempt income during the first quarter of 2025 resulting from a death benefit on life insurance lowered the effective tax rate for the most recent quarter from levels seen in the final three quarters of 2024.

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 stockholders' equity, and average rates earned or paid on a fully taxable equivalent basis for each of the periods indicated:

	Three Months Ended					
	March 31, 2025			March 31, 2024		
	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	\$ 3,410,262	\$ 194,219	5.70 %	\$ 3,246,962	\$ 176,655	5.44 %
Tax-exempt	131,733	6,887	5.23 %	108,180	4,852	4.49 %
Securities						
Taxable (available for sale)	180,322	7,963	4.42 %	162,353	7,423	4.57 %
Tax-exempt (available for sale)	32,697	1,149	3.51 %	33,931	1,141	3.36 %
Taxable (held to maturity)	107,641	4,267	3.96 %	106,349	4,250	4.00 %
Tax-exempt (held to maturity)	3,196	85	2.66 %	4,136	107	2.59 %
Cash and due from banks	234,995	10,386	4.42 %	79,587	5,024	6.31 %
Total interest-earning assets	4,100,846	224,956	5.49 %	3,741,498	199,452	5.33 %
Non interest-earning assets	442,262			447,093		
Allowance for credit losses - loans	(44,217)			(43,695)		
Total assets	<u>\$ 4,498,891</u>			<u>\$ 4,144,896</u>		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits						
Checking accounts	\$ 516,658	\$ 12,760	2.47 %	\$ 421,776	\$ 11,513	2.73 %
Savings accounts	831,083	12,066	1.45 %	812,947	11,879	1.46 %
Money market accounts	683,446	16,685	2.44 %	637,454	15,156	2.38 %
Certificates of deposit	638,937	26,019	4.07 %	590,116	23,344	3.96 %
Brokered deposits	20,092	815	4.06 %	748	17	2.27 %
Total interest-bearing deposits	2,690,216	68,345	2.54 %	2,463,041	61,909	2.51 %
Other borrowed funds	146,966	6,729	4.58 %	49,263	2,135	4.33 %
Total interest-bearing liabilities	2,837,182	75,074	2.65 %	2,512,304	64,044	2.55 %
Non-interest bearing liabilities						
Demand deposits	981,823			983,104		
Other liabilities	34,178			36,298		
Total liabilities	3,853,183			3,531,706		
Shareholders' equity	645,708			613,190		
Total liabilities & shareholders' equity	<u>\$ 4,498,891</u>			<u>\$ 4,144,896</u>		
Net interest income on a fully taxable equivalent basis						
		149,882			135,408	
Less taxable equivalent adjustment		(1,705)			(1,281)	
Net interest income		<u>\$ 148,177</u>			<u>\$ 134,127</u>	
Net interest spread (3)			2.84 %			2.78 %
Net interest margin (4)			3.65 %			3.62 %

- (1). Annualized on a fully taxable equivalent basis calculated using a federal tax rate of 21% for the three months ended March 31, 2025 and 2024.
- (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.

	Three Months Ended March 31, 2025 Compared with Three Months Ended March 31, 2024 Increase/(Decrease) Due to Change in		
	Volume	Rate	Total
	(dollars in thousands)		
Interest income			
Loans			
Taxable	\$ 9,100	\$ 8,464	\$ 17,564
Tax-exempt	1,156	879	2,035
Securities			
Taxable (AFS)	800	(260)	540
Tax-exempt (AFS)	(42)	50	8
Taxable (HTM)	51	(34)	17
Tax-exempt (HTM)	(25)	3	(22)
Cash and due from banks	7,260	(1,898)	5,362
Total interest income	18,300	7,204	25,504
Interest expense			
Deposits			
Checking accounts	2,417	(1,170)	1,247
Savings accounts	264	(77)	187
Money market accounts	1,115	414	1,529
Certificates of deposit	1,973	702	2,675
Brokered Deposits	774	24	798
Total interest bearing deposits	6,543	(107)	6,436
Other borrowed funds	4,467	127	4,594
Total interest expense	11,010	20	11,030
Change in net interest income	\$ 7,290	\$ 7,184	\$ 14,474

CHANGES IN FINANCIAL CONDITION

Total Assets. Total assets increased \$11.4 million, or 0.3%, to \$4.51 billion at March 31, 2025, from \$4.50 billion at December 31, 2024.

Cash and Cash Equivalents. Cash and cash equivalents increased by \$39.5 million to \$300.9 million at March 31, 2025, from \$261.3 million at December 31, 2024.

Investment Securities. The carrying value of total investment securities decreased by \$59.8 million to \$274.0 million at March 31, 2025, from \$333.8 million at December 31, 2024. The quarter-over-quarter decrease in investments was primarily attributed to the maturity of short-duration securities during the most recent quarter. These investments were acquired during the fourth quarter of 2024 to meet heightened needs for collateral due to a seasonal collateralized deposit increase during the fourth quarter of 2024.

Loans. Net loans increased by \$31.3 million, totaling \$3.50 billion at March 31, 2025 compared to \$3.47 billion at December 31, 2024.

Deposits. Deposits increased \$13.1 million, or 0.4%, to \$3.67 billion at March 31, 2025 from \$3.66 billion at December 31, 2024.

Borrowings. At March 31, 2025, borrowings consisted of advances from the FHLB of Chicago and subordinated debt to other banks and an individual. FHLB borrowings decreased \$0.5 million, or 0.4%, to \$134.9 million at March 31, 2025 from \$135.4 million at December 31, 2024. Subordinated debt remained stable at \$12.0 million at March 31, 2025 and December 31, 2024.

Stockholders' Equity. Total stockholders' equity increased \$8.7 million, or 1.4%, to \$648.4 million at March 31, 2025 from \$639.7 million at December 31, 2024. Repurchases of the Company's common stock totaling \$6.4 million and dividends declared totaling \$4.5 million offset the positive impact of earnings totaling \$18.2 million during the first three months of the year.

LOANS

Our lending activities are principally conducted in the state of 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 78.8% and 78.3% of our total assets as of March 31, 2025 and December 31, 2024, 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.

Loans increased \$30.9 million, or 0.9%, to \$3.55 billion as of March 31, 2025 compared to \$3.52 billion as of December 31, 2024. This increase during the first three months of 2025 was primarily driven by solid demand for new credit from our existing customer relationships. This growth was comprised of an increase of \$7.5 million or 1.5% in commercial and industrial loans, an increase of \$4.8 million or 0.5% in owner occupied commercial real estate loans, an increase of \$0.6 million or 0.1% in non-owner occupied commercial real estate, an increase of \$28.6 million or 8.8% in multi-family loans, an increase of \$0.5 million or 0.2% in construction and development loans, a decrease of \$9.9 million or 1.1% in residential 1-4 family loans and a decrease of \$1.2 million or 1.7% in consumer and other loans.

The following table presents the balance and associated percentage of each major category in our loan portfolio:

	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(dollars in thousands)					
Commercial & industrial	\$ 507,850	14 %	\$ 500,352	14 %	\$ 510,396	15 %
Commercial real estate						
Owner occupied	973,578	27 %	968,837	28 %	892,275	26 %
Non-owner occupied	460,077	13 %	459,431	13 %	502,429	15 %
Multi-family	355,003	10 %	326,408	9 %	323,047	10 %
Construction & development	278,475	8 %	277,971	8 %	207,866	6 %
Residential 1-4 family	903,280	26 %	913,187	26 %	880,241	26 %
Consumer	54,763	2 %	55,387	2 %	52,296	2 %
Other loans	15,044	— %	15,595	— %	14,845	— %
Total Loans	<u>\$ 3,548,070</u>	<u>100 %</u>	<u>\$ 3,517,168</u>	<u>100 %</u>	<u>\$ 3,383,395</u>	<u>100 %</u>

Loan categories

The principal categories of our loan portfolio are discussed below:

Commercial and Industrial (C&I). Our C&I portfolio totaled \$507.9 million and \$500.4 million at March 31, 2025 and December 31, 2024, respectively, and represented 14% of our total loans at both dates.

Our C&I loan customers represent various 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. We actively communicate with our C&I loan customers regarding their operations, including the impacts of recently implemented tariffs on their input costs and customer relationships. We have not noted significant pressure on our customer base from the current uncertain economic environment, but we will continue to monitor the impact of these items on our loan portfolio and its credit quality.

Commercial Real Estate (CRE). Our CRE loan portfolio totaled \$1.79 billion and \$1.75 billion at March 31, 2025 and December 31, 2024, respectively, and represented 50% of our total loans at those dates. The growth in our CRE loan portfolio through the first three months of 2025 consisted primarily of multi-family real estate as developers respond to a shortage of available dwellings in our markets. Management views owner occupied CRE, which expanded marginally during the quarter, as an extension of C&I lending as typically the primary repayment source on these loans is operating profits from the underlying business.

Our CRE loans are secured by a variety of property types including multi-family dwellings, retail facilities, office buildings, commercial mixed use, lodging and industrial and warehouse properties. We do not have any specific industry or customer concentrations in our CRE portfolio. Our commercial real estate loans are generally for terms up to ten years, with loan-to-values that generally do not exceed 80%. Amortization schedules are long term and thus a balloon payment is generally due at maturity. Under most circumstances, the Bank will offer to rewrite or otherwise extend the loan at prevailing interest rates.

Construction and Development (C&D). Our C&D loan portfolio totaled \$278.5 million and \$278.0 million at March 31, 2025 and December 31, 2024, respectively, and represented 8% of our total loans at those dates.

Our C&D loans are generally for the purpose of creating value out of real estate through construction and development work, and also include loans used to purchase recreational use land. Borrowers typically provide a copy of a construction or development contract which is subject to bank acceptance prior to loan approval. Disbursements are handled by a title company. Borrowers are required to inject their own equity into the project prior to any note proceeds being disbursed. These loans are, by their nature, intended to be short term and are refinanced into other loan types at the end of the construction and development period.

Residential 1 – 4 Family. Residential 1 – 4 family loans held in portfolio amounted to \$903.3 million and \$913.2 million at March 31, 2025 and December 31, 2024, respectively, and represented 26% of our total loans at those dates.

We offer fixed and adjustable-rate residential mortgage loans with maturities up to 30 years. One-to-four family residential mortgage loans are generally underwritten according to Fannie Mae guidelines, and we refer to loans that conform to such guidelines as “conforming loans.” We generally originate both fixed and adjustable-rate mortgage loans in amounts up to the maximum conforming loan limits as established by the Federal Housing Finance Agency, which is generally \$726,200 for one-unit properties. In addition, we also offer loans above conforming lending limits typically referred to as “jumbo” loans. These loans are typically underwritten to the same guidelines as conforming loans; however, we may choose to hold a jumbo loan within its portfolio with underwriting criteria that does not exactly match conforming guidelines.

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 at March 31, 2025 and December 31, 2024.

Loans sold with the retention of servicing assets result in the capitalization of servicing rights. Loan servicing rights are carried at fair value. The net balance of capitalized servicing rights amounted to \$13.5 million and \$13.4 million at March 31, 2025 and December 31, 2024, respectively.

Consumer Loans. Our consumer loan portfolio totaled \$54.8 million and \$55.4 million at March 31, 2025 and December 31, 2024, respectively, and represented 2% of our total loans at those dates. Consumer loans include secured and unsecured loans, lines of credit and personal installment loans.

Consumer loans generally have greater risk compared to longer-term loans secured by improved, owner-occupied real estate, particularly consumer loans that are secured by rapidly depreciable assets. In these cases, any repossessed collateral for a defaulted loan may not provide an adequate source of repayment of the outstanding loan balance. As a result, consumer loan repayments are dependent on the borrower’s continuing financial stability and thus are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy.

Other Loans. Our other loans totaled \$15.0 million and \$15.6 million at March 31, 2025 and December 31, 2024, respectively, and are immaterial to the overall loan portfolio. The other loans category consists primarily of over-drafted 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 March 31, 2025. 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 (dollars in thousands)	Over Fifteen Years	Total
Commercial & industrial	\$ 157,712	\$ 237,205	\$ 111,143	\$ 1,790	\$ 507,850
Commercial real estate					
Owner Occupied	143,301	450,156	310,776	69,345	973,578
Non-owner Occupied	53,047	293,218	113,487	325	460,077
Multi-family	29,715	135,702	189,093	493	355,003
Construction & Development	45,346	102,709	55,006	75,414	278,475
Residential 1-4 family	22,994	96,731	206,214	577,341	903,280
Consumer and other	15,125	32,123	15,846	6,713	69,807
Total	<u>\$ 467,240</u>	<u>\$ 1,347,844</u>	<u>\$ 1,001,565</u>	<u>\$ 731,421</u>	<u>\$ 3,548,070</u>
Fixed Rate Loans:					
Commercial & industrial	\$ 41,040	\$ 173,910	\$ 59,974	\$ 1,757	\$ 276,681
Commercial real estate					
Owner Occupied	74,275	349,445	104,958	20,244	548,922
Non-owner Occupied	46,043	255,635	28,158	—	329,836
Multi-family	26,948	126,648	123,160	—	276,756
Construction & Development	27,994	85,327	10,296	40,913	164,530
Residential 1-4 family	14,039	77,031	158,693	276,137	525,900
Consumer and other	14,425	30,909	14,810	6,713	66,857
Total	<u>\$ 244,764</u>	<u>\$ 1,098,905</u>	<u>\$ 500,049</u>	<u>\$ 345,764</u>	<u>\$ 2,189,482</u>
Floating Rate Loans:					
Commercial & industrial	\$ 116,672	\$ 63,295	\$ 51,169	\$ 33	\$ 231,169
Commercial real estate					
Owner Occupied	69,026	100,711	205,818	49,101	424,656
Non-owner Occupied	7,004	37,583	85,329	325	130,241
Multi-family	2,767	9,054	65,933	493	78,247
Construction & Development	17,352	17,382	44,710	34,501	113,945
Residential 1-4 family	8,955	19,700	47,521	301,204	377,380
Consumer and other	700	1,214	1,036	—	2,950
Total	<u>\$ 222,476</u>	<u>\$ 248,939</u>	<u>\$ 501,516</u>	<u>\$ 385,657</u>	<u>\$ 1,358,588</u>

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.

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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 March 31, 2025	As of December 31, 2024	As of March 31, 2024
	(dollars in thousands)		
Nonperforming loans			
Nonaccrual loans			
Commercial & industrial	\$ 789	\$ 794	\$ 4,601
Commercial real estate			
Owner Occupied	4,090	4,999	2,754
Non-owner Occupied	493	493	—
Multi-family	—	—	—
Construction & Development	—	—	—
Residential 1-4 family	988	511	244
Consumer and other	36	29	11
Total nonaccrual loans	6,396	6,826	7,610
Loans past due > 90 days, but still accruing			
Commercial & industrial	48	328	—
Commercial real estate			
Owner Occupied	—	—	1,560
Non-owner Occupied	—	—	—
Multi-family	—	—	—
Construction & Development	—	—	—
Residential 1-4 family	346	1,294	703
Consumer and other	24	48	4
Total loans past due > 90 days, but still accruing	418	1,670	2,267
Total nonperforming loans	\$ 6,814	\$ 8,496	\$ 9,877
OREO			
Commercial real estate owned	\$ —	\$ —	\$ —
Residential real estate owned	—	—	—
Acquired bank property real estate owned	741	741	2,674
Total OREO	\$ 741	\$ 741	\$ 2,674
Total nonperforming assets ("NPAs")	\$ 7,555	\$ 9,237	\$ 12,551
Accruing modified loans to borrowers experiencing financial difficulty	\$ 15	\$ 16	\$ 20
Ratios			
Nonaccrual loans to total loans	0.18 %	0.19 %	0.22 %
NPAs to total loans plus OREO	0.21 %	0.26 %	0.37 %
NPAs to total assets	0.17 %	0.21 %	0.31 %
ACL - Loans to nonaccrual loans	684 %	647 %	583 %
ACL - Loans to total loans	1.23 %	1.26 %	1.31 %

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, are reviewed on a regular basis by senior management. The decrease in the amount of nonaccrual loans was primarily due to the improvement in one customer relationship, which resulted in the loan being returned to accrual status.

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 along with the consolidated financial statements elsewhere in this report.

At March 31, 2025, the ACL - Loans was \$43.7 million (representing 1.23% of period end loans). Bank First recorded a provision for credit losses of \$0.4 million during the first three quarters of 2025. The ACL - Loans has remained consistent over recent quarters as economic conditions have remained stable and the Company's overall asset quality remain strong. The Company recorded net charge-offs totaling \$0.8 million during the first three months of 2025.

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

	Three months ended March 31, 2025	Year ended December 31, 2024	Three months ended March 31, 2024
	(dollars in thousands)		
Balance of ACL - Loans at the beginning of period	\$ 44,151	\$ 43,609	\$ 43,609
Adoption of CECL	—	—	—
ACL - Loans on PCD loans acquired	—	—	—
Net loans charged-off (recovered):			
Commercial & industrial	—	2	15
Commercial real estate - owner occupied	802	(615)	(610)
Commercial real estate - non-owner occupied	—	—	—
Commercial real estate - multi-family	—	—	—
Construction & Development	—	—	—
Residential 1-4 family	(29)	31	(2)
Consumer	21	73	4
Other Loans	8	67	24
Total net loans recovered	802	(442)	(569)
Provision charged to operating expense	400	(800)	200
Transfer from (to) ACL - Unfunded Commitments	—	900	—
Balance of ACL - Loans at end of period	\$ 43,749	\$ 44,151	\$ 44,378
Ratio of net charge-offs (recoveries) to average loans by loan composition			
Commercial & industrial	— %	— %	— %
Commercial real estate - owner occupied	0.08 %	(0.07)%	(0.07)%
Commercial real estate - non-owner occupied	— %	— %	— %
Commercial real estate - multi-family	— %	— %	— %
Construction & Development	— %	— %	— %
Residential 1-4 family	— %	— %	— %
Consumer	0.04 %	0.14 %	0.01 %
Other Loans	0.05 %	0.44 %	0.16 %
Total net charge-offs (recoveries) to average loans	0.02 %	(0.01)%	(0.02)%

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

(in thousands, except %)	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	% of Loans	Amount	% of Loans	Amount	% of Loans
Loan Type:						
Commercial & industrial	\$ 5,239	14 %	\$ 5,394	14 %	\$ 5,811	15 %
Commercial real estate - owner occupied	10,421	27 %	11,033	28 %	13,442	26 %
Commercial real estate - non-owner occupied	4,731	13 %	4,740	13 %	6,081	15 %
Commercial real estate - multi-family	4,174	10 %	3,739	10 %	4,601	10 %
Construction & development	5,319	8 %	5,223	7 %	3,238	6 %
Residential 1-4 family	12,658	26 %	12,801	26 %	10,500	26 %
Consumer	1,073	2 %	1,084	2 %	604	2 %
Other loans	134	— %	137	— %	101	— %
Total allowance	<u>\$ 43,749</u>	<u>100 %</u>	<u>\$ 44,151</u>	<u>100 %</u>	<u>\$ 44,378</u>	<u>100 %</u>

SOURCES OF FUNDS

General. Deposits have traditionally been our primary source of funds for our investment and lending activities. 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 non-interest bearing and interest-bearing checking accounts, savings accounts, money market accounts, and certificate of deposits. As of March 31, 2025, deposit liabilities accounted for approximately 81.6% 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 \$3.67 billion and \$3.66 billion as of March 31, 2025 and December 31, 2024, respectively. Noninterest-bearing deposits at March 31, 2025 and December 31, 2024, were \$993.8 million and \$1.02 billion, respectively, while interest-bearing deposits were \$2.68 billion and \$2.64 billion at March 31, 2025 and December 31, 2024, respectively. The Bank continue to see a shift in its deposit portfolio from noninterest-bearing deposits to interest-bearing deposits as prevailing interest rates have increased over the last several years.

At March 31, 2025, we had a total of \$662.5 million in certificates of deposit, including \$20.1 million of brokered deposits. Based on historical experience and our current pricing strategy, we believe we will retain a majority of these accounts upon maturity, although our long-term strategy is to minimize reliance on certificates of deposits by increasing relationship deposits in lower earning savings and demand deposit accounts.

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

	Three months ended March 31, 2025		Year ended December 31, 2024		Three months ended March 31, 2024	
	Amount	Percent	Amount	Percent	Amount	Percent
	(dollars in thousands)					
Noninterest-bearing demand deposits	\$ 981,823	26.8 %	\$ 1,000,772	29.0 %	\$ 983,104	28.5 %
Interest-bearing checking deposits	516,658	14.1 %	401,990	11.6 %	421,776	12.3 %
Savings deposits	831,083	22.6 %	816,410	23.6 %	812,947	23.6 %
Money market accounts	683,446	18.6 %	616,964	17.9 %	637,454	18.5 %
Certificates of deposit	638,937	17.4 %	613,593	17.7 %	590,116	17.1 %
Brokered deposits	20,092	0.5 %	7,662	0.2 %	748	— %
Total	<u>\$ 3,672,039</u>	<u>100 %</u>	<u>\$ 3,457,391</u>	<u>100 %</u>	<u>\$ 3,446,145</u>	<u>100 %</u>

The following table provides information on maturities of certificates of deposits which exceed FDIC insurance limits of \$250,000 as of March 31, 2025:

	Time Deposits over FDIC Insurance Limits	Portion of Time Deposits in Excess of FDIC Insurance Limits
	(dollars in thousands)	
3 months or less remaining	\$ 60,052	\$ 26,802
Over 3 to 6 months remaining	64,736	37,236
Over 6 to 12 months remaining	32,607	14,357
Over 12 months or more remaining	16,052	8,052
Total	<u>\$ 173,447</u>	<u>\$ 86,447</u>

Borrowings

The Company's borrowings have historically consisted primarily of 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 \$134.9 million and \$135.4 million of advances outstanding from the FHLB at March 31, 2025 and December 31, 2024, respectively.

The total loans pledged as collateral were \$1.14 billion and \$1.47 billion at March 31, 2025 and December 31, 2024. There were no outstanding letters of credit from the FHLB at March 31, 2025 or December 31, 2024.

The following table summarizes borrowings from the FHLB, and the weighted average interest rates paid:

(dollars in thousands)	Three months ended March 31, 2025	Year ended December 31, 2024	Three months ended March 31, 2024
Average daily amount of borrowings outstanding during the period	\$ 134,966	\$ 85,762	\$ 35,281
Weighted average interest rate on average daily borrowing	4.53 %	4.42 %	3.97 %
Maximum outstanding borrowings at any month-end	\$ 134,890	\$ 135,372	\$ 35,295
Borrowing outstanding at period end	\$ 134,890	\$ 135,372	\$ 35,295
Weighted average interest rate on borrowing at period end	4.39 %	4.37 %	3.59 %

Lines of credit and other borrowings.

During July 2020, the Company entered into subordinated note agreements with two separate commercial banks. As of March 31, 2025 and December 31, 2024, outstanding balances under these agreements totaled \$6.0 million. These notes were issued with 10-year maturities, will 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.

During August 2022, the Company entered into subordinated note agreements with an individual. As of March 31, 2025 and December 31, 2024, outstanding balances under these agreements totaled \$6.0 million. These notes were issued with 10-year maturities, will 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.

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. 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. government sponsored agencies, obligations of states and political subdivision, 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 \$163.7 million and included negligible gross unrealized gains and gross unrealized losses of \$11.9 million at March 31, 2025. At December 31, 2024, 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.

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. Securities held to maturity totaled \$110.2 million at March 31, 2025 and \$110.8 million at December 31, 2024.

The Company had recognized no net losses on sales of securities during the three months ended March 31, 2025. The Company had recognized net losses on sales of securities of \$0.03 million during the three months ended March 31, 2024.

The following tables set forth the composition and maturities of investment securities as of March 31, 2025 and December 31, 2024. 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	
	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)
At March 31, 2025										
Available for sale securities										
Obligations of U.S. Government sponsored agencies	499	4.9 %	11,321	4.1 %	12,965	1.9 %	10,188	2.2 %	34,973	2.8 %
Obligations of states and political subdivisions	830	3.8 %	11,938	4.1 %	22,944	3.3 %	26,928	2.8 %	62,640	3.2 %
Mortgage-backed securities	5,012	4.4 %	38,866	3.0 %	7,899	4.5 %	10,588	3.7 %	62,365	3.4 %
Corporate notes	—	— %	5,000	8.7 %	9,603	3.3 %	1,067	10.2 %	15,670	5.5 %
Total available for sale securities	<u>\$ 6,341</u>	<u>4.4 %</u>	<u>\$ 67,125</u>	<u>3.8 %</u>	<u>\$ 53,411</u>	<u>3.1 %</u>	<u>\$ 48,771</u>	<u>3.0 %</u>	<u>\$ 175,648</u>	<u>3.4 %</u>
Held to maturity securities										
U.S. Treasury securities	\$ 23,598	3.5 %	\$ 37,027	3.9 %	\$ 46,421	4.4 %	\$ —	— %	\$ 107,046	4.0 %
Obligations of states and political subdivisions	1,491	2.4 %	1,704	2.8 %	—	— %	—	— %	3,195	2.6 %
Total held to maturity securities	<u>\$ 25,089</u>	<u>3.4 %</u>	<u>\$ 38,731</u>	<u>3.8 %</u>	<u>\$ 46,421</u>	<u>4.4 %</u>	<u>\$ —</u>	<u>— %</u>	<u>\$ 110,241</u>	<u>4.0 %</u>
Total	<u>\$ 31,430</u>	<u>4.2 %</u>	<u>\$ 105,856</u>	<u>4.7 %</u>	<u>\$ 99,832</u>	<u>3.7 %</u>	<u>\$ 48,771</u>	<u>3.0 %</u>	<u>\$ 285,889</u>	<u>3.8 %</u>

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At December 31, 2024	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										
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 %

(1) Weighted Average Yield is shown on a fully taxable equivalent basis using a federal tax rate of 21% and includes the amortization of premiums and discounts.

As of March 31, 2025 and December 31, 2024, no allowance for credit losses on securities AFS was recognized. The Company does not consider its securities AFS with unrealized losses to be attributable to credit-related factors, as the unrealized losses in each category have occurred as a result of changes in noncredit-related factors such as changes in interest rates, market spreads and market conditions subsequent to purchase, not credit deterioration. Furthermore, as of March 31, 2025, the Company did not have the intent to sell any of these securities AFS and believes that it is more likely than not that we will not have to sell any such securities before a recovery of cost.

The Company does not believe there are any expected credit losses in its HTM securities portfolio at March 31, 2025 or December 31, 2024. All U.S. Treasury securities have the full faith and credit backing of the United States government and the amount of obligations of states and political subdivisions in an unrealized loss position is immaterial to the financial statements.

As of March 31, 2025, 203 debt securities had gross unrealized losses, with an aggregate depreciation of 4.2% from our amortized cost basis. The largest unrealized loss percentage of any single security was 23.4% (or \$0.5 million) of its amortized cost. The largest unrealized dollar loss of any security was \$0.8 million (or 22.1%).

As of December 31, 2024, 210 debt securities had gross unrealized losses, with an aggregate depreciation of 4.1% from our amortized cost basis. The largest unrealized loss percentage of any single security was 24.6% (or \$0.5 million) of its amortized cost. The largest unrealized dollar loss of any single security was \$0.9 million (or 23.5%).

The unrealized losses on these debt securities arose primarily due to changing interest rates and are considered to be temporary.

LIQUIDITY AND CAPITAL RESOURCES

Impact of Inflation and Changing Prices. Our consolidated financial statements and related notes have been prepared in accordance with GAAP. GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without consideration of changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater impact on our performance than they would on industrial companies.

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 our 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. The Company currently has \$1.54 billion in availability between borrowings and brokered deposits for future funding if liquidity needs were to develop. 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.

Capital Adequacy. Total stockholders' equity was \$648.4 million at March 31, 2025 compared to \$639.7 million at December 31, 2024.

Our capital management consists of providing adequate equity to support our current and future operations. The Bank is 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 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 regard to components, risk weighting and other factors.

The Bank is 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%.

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 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. The FDICIA imposes progressively more restrictive restraints on operations, management and capital distributions, depending on the category in which an institution is classified. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve System. In addition, undercapitalized depository institutions may not accept brokered deposits absent a waiver from the FDIC, are subject to growth limitations and are required to submit capital restoration plans for regulatory approval. A depository institution’s holding company must guarantee any required capital restoration plan, up to an amount equal to the lesser of 5 percent of the depository institution’s assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan. Federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution’s capital. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized. All of the federal bank regulatory agencies have adopted regulations establishing relevant capital measures and relevant capital levels for federally insured depository institutions. The Bank was well capitalized at March 31, 2025, and brokered deposits are not restricted.

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To be well-capitalized, the Bank must maintain at least a 6.5% CET1 to risk-weighted assets ratio, an 8.0% Tier 1 capital to risk-weighted assets ratio, a 10.0% Total capital to risk-weighted assets ratio, and a 5.0% leverage ratio.

The 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 Bank will continue to exceed all applicable well-capitalized regulatory capital requirements and the capital conservation buffer in 2025.

As a result of the Economic Growth Act, the federal banking agencies were 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 institution's 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 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 Company's Annual Report.

Federal banking regulators have issued risk-based capital guidelines, which assign risk factors to asset categories and off-balance-sheet items. The following table reflects capital ratios computed utilizing the implemented Basel III regulatory capital framework discussed above:

	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 March 31, 2025								
Bank First Corporation:								
Total capital (to risk-weighted assets)	\$ 518,723	14.2 %	\$ 293,221	8.0 %	\$ 384,853	10.5 %	N/A	N/A
Tier I capital (to risk-weighted assets)	464,519	12.7 %	219,916	6.0 %	311,547	8.5 %	N/A	N/A
Common equity tier I capital (to risk-weighted assets)	464,519	12.7 %	164,937	4.5 %	256,568	7.0 %	N/A	N/A
Tier I capital (to average assets)	464,519	10.8 %	172,646	4.0 %	172,646	4.0 %	N/A	N/A
Bank First, N.A.:								
Total capital (to risk-weighted assets)	\$ 445,011	12.1 %	\$ 293,336	8.0 %	\$ 385,004	10.5 %	\$ 366,670	10.0 %
Tier I capital (to risk-weighted assets)	402,807	11.0 %	220,002	6.0 %	311,670	8.5 %	293,336	8.0 %
Common equity tier I capital (to risk-weighted assets)	402,807	11.0 %	165,002	4.5 %	256,669	7.0 %	238,336	6.5 %
Tier I capital (to average assets)	402,807	9.3 %	172,530	4.0 %	172,530	4.0 %	215,662	5.0 %
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 %

As previously mentioned, the Company carried \$12.0 million of subordinated debt as of March 31, 2025 and December 31, 2024, which qualifies as Tier II capital. These amounts 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 often expire without being drawn upon. Our off-balance sheet arrangements as of March 31, 2025, were as follows:

Other Commitments	Amounts of Commitments Expiring - By Period as of March 31, 2025				
	Total	Less Than One Year	One to Three Years	Three to Five Years	After Five Years
			(dollars in thousands)		
Unused lines of credit	\$ 760,219	\$ 426,862	\$ 109,118	\$ 27,779	\$ 196,460
Standby and direct pay letters of credit	10,046	8,696	545	625	180
Credit card arrangements	24,384	—	—	—	24,384
Total commitments	<u>\$ 794,649</u>	<u>\$ 435,558</u>	<u>\$ 109,663</u>	<u>\$ 28,404</u>	<u>\$ 221,024</u>

ITEM 3. 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 (basis risk).

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.

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The following tables demonstrate 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.

As of March 31, 2025:

Change in Interest Rates (in Basis Points)	Percentage Change in Net Interest Income
+300	(4.9)%
+200	(3.3)%
+100	(1.6)%
-100	(0.8)%
-200	(1.4)%
-300	(1.2)%

As of December 31, 2024:

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 March 31, 2025 estimated that, in the event of an instantaneous 200 basis point increase in interest rates, the Company would experience a 3.14% 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 a 3.20% 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 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, including our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), undertook an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report, and, based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report, in recording, processing, summarizing and reporting in a timely manner the information that the Company is required to disclose in its reports under the Exchange Act and in accumulating and communicating to the Company’s management, including the Company’s CEO and CFO, such information as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

No changes were made to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended March 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. 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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to various litigation in the normal course of business. Management, after consulting with our legal counsel, believes that any liability resulting from litigation will not have a material effect on our financial position, results of operations or liquidity.

ITEM 1A. RISK FACTORS

Additional information regarding risk factors appears in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements” of this Form 10-Q and in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes during the quarterly period ended March 31, 2025 to the risk factors previously disclosed in the Company’s Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- (a) None.
- (b) None.
- (c) Issuer Purchases of Equity Securities

On February 18, 2025, the Company renewed its share repurchase program, pursuant to which the Company may repurchase up to \$50 million of its common stock, par value \$0.01 per share, for a period of one (1) year, ending on February 17, 2026. The program was announced in a Current Report on Form 8-K on February 18, 2025. The table below sets forth information regarding repurchases of our common stock during the first quarter of 2025 under that program as well as pursuant to the 2020 Equity Plan and other repurchases.

<i>(in thousands, except per share data)</i>	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⁾
January 2025	7,001	\$ 94.47	7,001	168,610
February 2025	11,083	103.37	11,083	496,327
March 2025	44,480	102.82	44,480	451,847
Total	62,564	\$ 100.22	62,564	451,847

- (1) The average price paid per share is calculated on a trade date basis for all open market transactions and excludes commissions and other transaction expenses.
- (2) Based on the closing per share price as of March 31, 2025 (\$100.74).

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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION
Rule 10b5-1 Trading Arrangements

For the quarter ended March 31, 2025, there were no trading arrangements for the sale or purchases of Company securities adopted, terminated or for which the amount, pricing or timing provisions were modified by our directors and officers 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 6. EXHIBITS

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
31.1	Rule 13a-14(a) Certification of Chief Executive Officer*
31.2	Rules 13a-14(a) Certification of Chief Financial Officer*
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer**
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)

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BANK FIRST CORPORATION

DATE: May 9, 2025

BY: /s/Kevin M. LeMahieu

Kevin M. LeMahieu

Chief Financial Officer

(Principal Financial and Accounting Officer)

Certification of Chief Executive Officer

I, Michael B. Molepske, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: May 9, 2025

By: /s/Michael B. Molepske

Michael B. Molepske
Chief Executive Officer

Certification of Chief Financial Officer

I, Kevin M. LeMahieu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: May 9, 2025

By: /s/ Kevin M. LeMahieu

Kevin M. LeMahieu
Chief Financial Officer

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "Report") by Bank First Corporation ("Registrant"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to the undersigned's knowledge:

1. 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 Registrant.

Date: May 9, 2025

By: /s/Michael B. Molepske

Michael B. Molepske
Chief Executive Officer

Date: May 9, 2025

By: /s/Kevin M. LeMahieu

Kevin M. LeMahieu
Chief Financial Officer

This certification "accompanies" the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Registrant 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-Q, irrespective of any general incorporation contained in such filing.)
