



*Generations of Growth*  
1859-2009

# Dear Shareholders,



In 2008, the banking industry experienced one of its most difficult years in history. Despite the severe economic conditions, First Bank Financial Centre successfully achieved the majority of our financial goals. Like most banks, our earnings declined this past year. We felt it prudent to increase our reserve for loan losses as added protection during an economic downturn. However, we exceeded our growth targets for deposits, loans, and non-interest income.

We also leveraged our strengths and implemented the following strategies to prepare us for the challenges and opportunities anticipated in 2009.

**STRENGTHENED OUR FINANCIAL POSITION.** In addition to significantly increasing our allowance for loan losses as an abundance of caution, we expanded our capital base and remain well capitalized.

**INCREASED CORE DEPOSITS.** Deposit growth was excellent this past year, fortifying our liquidity position and providing a stable base of local retail deposits to fund loan growth.

**INTRODUCED RISK-BASED PRICING.** Our pricing has been revised to enhance the bank's net interest margin.

**IMPROVED EFFICIENCIES.** Technology and process improvements will allow us to operate even more efficiently and enhance customer service.

Most importantly, First Bank Financial Centre will continue our 150-year tradition as a safe and sound community bank. We take pride in being the cornerstone of our communities and in our role of keeping local economies vibrant and healthy. Our mission remains the same: First Bank Financial Centre believes in prudent lending, local deposit generation, and local lending, while providing each customer with the highest level of personal service.

In challenging times, our success as a community bank is a result of the trust and loyalty shown to us by our customers and shareholders. On behalf of our Board of Directors and our employees, we thank you for your support and patronage; we look forward to meeting your financial needs for many years to come.

Sincerely,

A handwritten signature in black ink that reads "Mark W. Mohr". The signature is fluid and cursive, written over a light gray background.

Mark W. Mohr  
President

## 2009 FINANCIAL OBJECTIVES

- Provide distinctive customer service
- Continue to strengthen the balance sheet
- Build capital and loan loss reserve balances
- Increase liquidity
- Drive core deposit growth through the expansion of customer relationships

### ► CFO Insight

Oconomowoc Bancshares, Inc. reported net income for the year ended December 31, 2008, of \$2,017,696 or \$6.03 per share, compared with the year ended December 31, 2007, of \$3,363,229 or \$10.16 per share. The decline in net income was a result of a decreasing net interest margin and a significant increase in the bank's loan loss reserve provision.

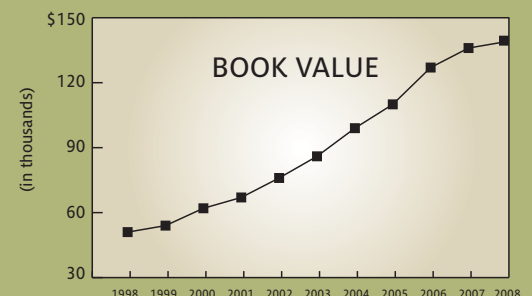
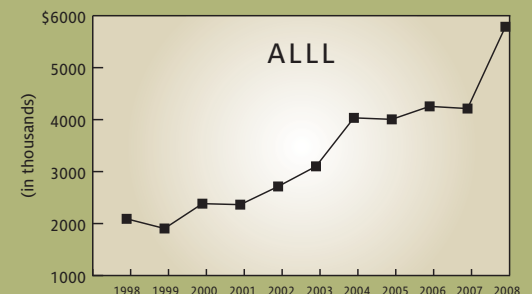
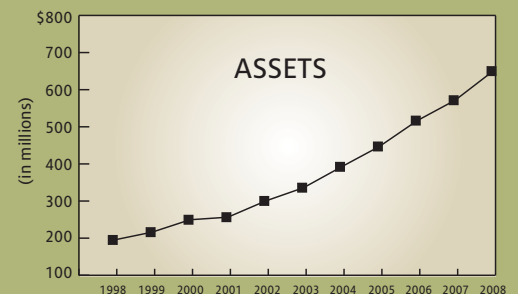
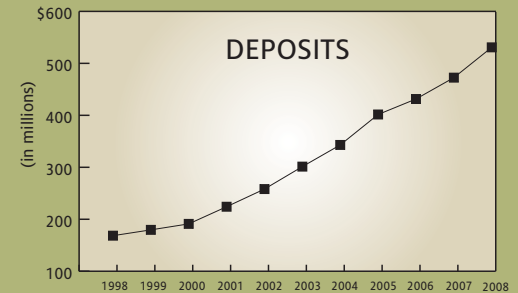
The deterioration in real estate markets and economic conditions had a negative impact on the performance of our loan portfolio in 2008. Net charge-offs totaled \$1,837,398 compared with \$1,042,313 in 2007. With the increase in charge-offs and uncertainty in the economy, management elected to significantly increase our loan loss reserve. Provisions for the year were \$3,410,500. These provisions increased the balance in the loan loss reserve to \$5,786,750 or 37%. Management plans to bolster the reserve even further in 2009.

The bank continues to remain well-capitalized with a risk based capital ratio of 10.6%. Management's objective is to strengthen our capital position in 2009. The book value of the bank's stock ended the year at \$139 per share, compared to \$134 per share in 2007, an increase of 3.7%.

Given the difficult banking environment, management was still able to exceed internal growth objectives for assets (14%), loans (9%), and deposits (12%). The Board of Directors and management believe the reason for this growth is our community bank model. Our Board, management, and employees know our customers and live in the communities we service. This business model provides us with a competitive advantage, and will continue to do so as the banking landscape evolves.



Nate Zastrow, CFA  
Senior Vice President & Chief Financial Officer





*Putting down roots*

## PUTTING DOWN ROOTS: Rhodee Florists

In 1922, Oconomowoc was a thriving resort community. Much of the economy was built around the large vacation homes that graced the shores of area lakes. Whether homeowners were in town for weekends or for the entire summer, they depended on local businesses to maintain their homes and lavish lifestyles. Arthur Rhodee, Ken's father, worked on these big estates as a gardener, and saw an opportunity. He wanted to be Oconomowoc's hometown flower shop, and with no start-up money, he opened for business on the edge of Rhodee farms.



The business bloomed, as Arthur and his wife Gladys supplied flowers for parties, weddings, and funerals. Ken took over management after his father passed away in 1958. His sister Connie, a First Bank Financial Centre employee for 26 years, joined the business as a bookkeeper in 1973. Connie's bank training gave her the background to keep the books in tip-top shape. "That's where I learned to do bookkeeping down to the penny, the way you should," says Connie.

The Rhodee Family has infused Oconomowoc's organizations and celebrations with their creative energies. The family has been involved with the American Legion Band, Rotary, the Oconomowoc Chamber of Commerce, and always "wow" the crowd with their Festival Week floats. "It's all about community," says Ken. Since the business began, First Bank Financial Centre has had the privilege of being their community bank.

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KEN RHODEE AND HIS SISTER CONNIE HOWDEN HAVE  
MANAGED RHODEE FLORISTS SINCE 1958.



*Growing with the community*

## GROWING WITH THE COMMUNITY:

### The Christensen Family

Legend has it, when Don Christensen was born in 1914, his grandfather, Charles Van Buskirk, walked several miles to the Bank of Oconomowoc to open a \$10 savings account for his new grandson. That began the Christensen family's long relationship with First Bank Financial Centre, which spans five generations and nearly 100 years.

Don's grandparents, Charles (1854-1930) and Anna Van Buskirk, were Bank of Oconomowoc customers, as were Don's parents, John (1881-1943) and Dora Christensen. Don Christensen and his late wife, Lenore, are lifetime customers of the bank.

Don jumped into entrepreneurship after graduating from Oconomowoc High School in 1931. He opened a high-end car wash to help Oconomowoc's summer visitors keep their fancy cars clean. Hand written bank books show records of \$0.99 car washes and \$3.00 electric bills.

In 1940, Don opened the Christensen Lumber and Fuel Company in Mapleton. He delivered coal, heating oil, and lumber. "Many of our customers were farmers," said Don.

As the community's needs changed, so did the family business, which became Christensen Building Center by the 1960s. "We were one of the first 'cash and carry' home supply stores," said Stan Christensen, selling windows, carpeting, and appliances. The company shifted course again in the 1980s and built manufactured housing. During the 1980s, Don served on the Board of Directors for the Bank of Oconomowoc.

"What I love most about Oconomowoc are the people, the beauty of the lakes, and the location," said Don. "I think it's one of the finest cities in the world to live in." His family agrees, "It was really an ideal childhood," said Sally, Don's daughter. The family has been First Bank Financial Centre customers for nearly 100 years.



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OPPOSITE: DONALD CHRISTENSEN, 94

INSET: THE CHRISTENSEN FAMILY - STAN, CHERYL, SALLY,  
AND DONALD (FRONT ROW)



*Random acts of kindness*

Sometimes it's the small things that make the biggest difference. For Community Banking Month in April 2008, each FBFC bank office was challenged to find small ways they could reach out and touch their communities. Here's a sample of what they did:

Bought packages of cookies and distributed them to local businesses, thanking them for being part of "our" community.

Donated \$2,000 to the Lake Area Free Clinic in Oconomowoc to buy insulin for diabetic patients.

Delivered pizza and garlic bread to local firefighters.

Purchased a \$150 grocery gift card for Lake Country Caring in Hartland to purchase supplies.

Delivered a basket of kitchen goodies and a \$150 gift card to the Germantown Senior Center.

Surprised the Community Outreach Center at Community Memorial Hospital with a \$500 donation.

Sent bags of new playground toys and gift cards to local elementary schools.

Bought \$1,000 worth of over-the-counter medical supplies for West Bend's free clinic.

Handed out flowers and energy-efficient light bulbs in the drive-through on Earth Day.

Delivered \$250 worth of bats and balls to the Seymour Day Care Center.

Visited a local gas station and McDonald's to randomly hand out \$5 bills.

Dropped off \$250 worth of small prizes to a church for their senior bingo night.

Handed out grocery, restaurant, gas, and Chamber of Commerce gift cards to random people on the street.

Bought 38 free taxi rides for seniors.

All these small actions brought smiles and much thanks from the recipients, but we think our bank employees enjoyed these "Random Acts of Kindness" most of all.



EMPLOYEES FROM THE WEST BEND OFFICE DONATED SCHOOL SUPPLIES TO FAIR PARK SCHOOL IN WEST BEND.

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THE GERMANTOWN OFFICE PROVIDED LUNCH FOR THE OFFICERS AND EMPLOYEES OF THE GERMANTOWN POLICE DEPARTMENT.



FIRST BANK FINANCIAL CENTRE  
DONATED \$50,000 TO ROGERS  
MEMORIAL HOSPITAL'S CAPITAL  
CAMPAIGN.



PHOTO CREDIT: JOHN HART

FIRST BANK FINANCIAL CENTRE  
DONATED \$1,000 TO AVALON  
THERAPEUTIC EQUESTRIAN CENTER.

*Giving back*

Supporting the health of our communities is our privilege and responsibility. At First Bank Financial Centre, we take pride in the financial and volunteer support we offer to the communities we serve. Some of the organizations we supported in 2008 were:

#### Rogers Memorial Hospital - Oconomowoc

For over a century, Rogers Memorial Hospital has been recognized as a leader in behavioral health care. They are a non-profit organization, and licensed as a psychiatric hospital. First Bank Financial Centre has pledged \$50,000 to Rogers Memorial Hospital's Capital Campaign. These funds will help build the new Herrington Recovery Center in Oconomowoc to help treat patients suffering from alcohol and/or drug addiction.

#### Avalon Therapeutic Equestrian Center - Watertown

Located on a beautiful 40 acre farm, Avalon allows special needs children and adults to exercise their minds and bodies through therapeutic riding lessons and hippotherapy. These services are offered to clients challenged by a range of disabilities, including Parkinson's Disease, Multiple Sclerosis, Down Syndrome, autism, stroke, and depression, as well as victims of physical, mental, or emotional abuse. First Bank Financial Centre donated \$1,000 to help the facility achieve its mission.



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FIRST BANK FINANCIAL CENTRE DONATED MORE THAN \$85,000 TO OUR COMMUNITIES IN 2008.

INSET: MARK MOHR PRESENTS A DONATION OF \$1,000 TO THE OCONOMOWOC HISTORICAL SOCIETY.

# Financial Statements

	2008	2007
Interest and dividend income:		
Loans, including fees	\$ 33,524,993	\$ 33,114,386
Securities:		
Taxable	1,107,124	604,855
Tax-exempt	794,644	694,714
Interest-bearing deposits	77,853	146,352
Other	29,282	185,374
<b>Total interest and dividend income</b>	<b>35,533,896</b>	<b>34,745,681</b>
Interest expense:		
Deposits	16,277,315	16,585,676
Short-term borrowings	152,458	28,924
Other borrowings	1,672,018	1,570,487
Subordinated debentures	382,549	410,511
<b>Total interest expense</b>	<b>18,484,340</b>	<b>18,595,598</b>
Net interest income	17,049,556	16,150,083
Provision for loan losses	3,410,500	1,000,000
<b>Net interest income after provision for loan losses</b>	<b>13,639,056</b>	<b>15,150,083</b>
Noninterest income:		
Service fees	1,451,132	1,092,057
Loan servicing income	694,226	322,388
Gain from sale of loans	377,151	409,692
Gain on sale of available-for-sale securities	341,368	0
Other	462,471	556,884
<b>Total noninterest income</b>	<b>3,326,348</b>	<b>2,381,021</b>
Noninterest expense:		
Salaries and employee benefits	\$ 8,086,527	\$ 7,171,968
Occupancy and equipment	2,411,882	1,858,432
Data processing	876,681	999,354
Advertising and promotions	402,446	297,834
Professional fees	569,658	352,277
Contributions	85,310	109,961
Other	1,949,190	1,736,865
<b>Total noninterest expense</b>	<b>14,381,694</b>	<b>12,526,691</b>
Income before provision for income taxes	2,583,710	5,004,413
Provision for income taxes	566,014	1,641,184
<b>Net income</b>	<b>\$ 2,017,696</b>	<b>\$ 3,363,229</b>
<b>Earnings per common share</b>	<b>\$ 6.03</b>	<b>\$10.16</b>

	2008	2007
Cash and due from banks	\$ 30,292,956	\$ 16,719,791
Federal funds sold	49,000	27,000
Cash and cash equivalents	30,341,956	16,746,791
Securities available for sale	51,047,899	35,938,814
Loans held for sale	615,920	97,000
Loans, net	542,544,134	499,588,162
Accrued interest receivable	2,601,505	2,406,468
Premises and equipment, net	7,929,007	6,538,318
Other investments, at cost	2,800,920	2,800,920
Cash value of life insurance	5,316,768	5,149,842
Loan servicing rights	1,291,631	1,077,664
Other real estate, net	3,918,943	297,000
Other assets	2,912,721	1,050,911
<b>TOTAL ASSETS</b>	<b>651,321,404</b>	<b>571,691,890</b>
<b>Liabilities:</b>		
Noninterest-bearing deposits	51,468,894	54,907,388
Interest-bearing deposits	479,405,473	417,661,296
<b>Total deposits</b>	<b>530,874,367</b>	<b>472,568,684</b>
Short-term borrowings	27,299,345	397,500
Borrowed funds	38,000,000	45,500,000
Subordinated debentures	6,186,000	6,186,000
Accrued interest payable	1,661,840	1,800,528
Other liabilities	647,299	220,404
<b>Total liabilities</b>	<b>604,668,851</b>	<b>526,673,116</b>
<b>Stockholders' equity:</b>		
Common stock - \$0.01 par value:		
Authorized - 450,000 shares; Issued - 335,110 shares	3,351	3,351
Additional paid-in capital	8,023,779	8,016,884
Retained earnings	38,458,438	37,349,666
Treasury stock, at cost - 0 shares in 2008 and 1,962 shares in 2007	(0)	(336,455)
Accumulated other comprehensive loss	166,985	(14,672)
<b>Total stockholders' equity</b>	<b>46,652,553</b>	<b>45,018,774</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 651,321,404</b>	<b>\$ 571,691,890</b>
<b>Loans</b>		
The composition of loans at December 31 is as follows:		
Commercial	\$ 48,736,319	\$ 38,150,464
Real estate:		
Commercial	352,120,063	286,319,127
Residential	81,336,612	87,546,205
Construction	60,100,226	86,140,402
Consumer	5,745,750	5,256,663
<b>Subtotals</b>		
Add - Deferred loan fees	291,958	388,949
Less - Allowance for loan losses	5,786,750	4,213,648
<b>Loans, net</b>	<b>\$ 542,544,134</b>	<b>\$ 499,588,162</b>
An analysis of the allowance for loan losses for the years ended Dec. 31 follows:		
	<u>2008</u>	<u>2007</u>
Balance at beginning	4,213,648	4,255,961
Provision for loan losses	3,410,500	1,000,000
Loans charged off	(1,930,558)	(1,062,169)
Recoveries of loans previously charged off	93,160	19,856
<b>Balance at end</b>	<b>\$ 5,786,750</b>	<b>\$ 4,213,648</b>



# *Executive Management*

MARK W. MOHR  
President

RICK VANDER VEEN  
Executive Vice President, Chief Operating Officer

MARK T. McCUNE  
Senior Vice President, Chief Lending Officer

NATE ZASTROW  
Senior Vice President, Chief Financial Officer

STACY M. LINSOTT  
Vice President, Support Services

MALCOLM A. DORN  
President Emeritus

# Board of Directors



Back Row, L to R:	PETER G. ROEHL	Roehl Corporation
	MAUREEN STAPLETON	Stapleton Realty and Appraisal
	CRAIG S. SCHIEFELBEIN	Paragon Development Systems, Inc.
	CHARLES J. FOLKMAN, JR., VICE CHAIRMAN	L.F. George, Inc.
	JAMES P. SIEPMANN	Siepmann Realty Corporation
	GERALD J. KUHN	Ernst & Young LLC (retired)
Front Row, L to R:	ROBERT SNYDER, CHAIRMAN	Snyder and Ek, S.C.
	MARK W. MOHR	First Bank Financial Centre
	MALCOLM A. DORN	First Bank Financial Centre

When I first joined First Bank Financial Centre's (FBFC) Board of Directors in 1996, Jim "Red" Dowd was the Chairman, while Jerry Burchardt, John Snyder (my father), Dennis Mallow, Fred Welch, Art Tangeman, Maureen Stapleton, and Mac Dorn were members. From the very first meeting I attended, it was readily evident that all Directors, new or seasoned, were challenged to participate in each debate. Because the Board consisted of hard-working individuals with a diverse group of talents, discussions were thorough and dynamic, which allowed our bank to remain a strong, independent, community bank.

Many things have changed in the 13 years since I joined the Board, including my appointment to Chairman, following Dirk Debbink's departure in 2008 to serve our country. The banking industry is vastly different from 1996, and continues to evolve at a very steady pace; government regulation has increased tremendously, and will continue to do so. Fortunately, FBFC has

greatly increased in asset size and has expanded operations to other communities. Our President, Mark Mohr, has assembled a tremendous group of officers to lead our bank.

While many things have changed, the foundation and strength of our Board has stayed the same. Our current Board features successful individuals from many industries with a great deal of enthusiasm for FBFC, and we are blessed to have them setting the course for our bank. And as always, we will strive to keep our bank operating as a strong, independent, community bank. We are very excited for the future.

Robert Snyder, Chairman

# Bank Offices

## OCONOMOWOC

155 W. Wisconsin Avenue  
Oconomowoc, WI 53066  
(262) 569-9900  
(888) 569-9909

W359 N5900 Brown Street  
Oconomowoc, WI 53066  
(262) 569-3055

1300 Summit Avenue, Suite 100  
Oconomowoc, WI 53066  
(262) 567-3300

## HARTFORD

940 Bell Avenue  
Hartford, WI 53027  
(262) 673-0920

## HARTLAND

800 Cardinal Lane  
Hartland, WI 53029  
(262) 369-9900

## GERMANTOWN

N112 W17100 Mequon Road  
Germantown, WI 53022  
(262) 250-3800

## WEST BEND

1811 W. Washington Street  
West Bend, WI 53095  
(262) 338-9900

## SUN PRAIRIE

Loan Office  
121 S. Bristol Street, Suite 101  
Sun Prairie, WI 53590  
(608) 834-4040

## MENOMONEE FALLS

Loan Office  
N56 W14044 Silver Spring Drive, Suite 100  
Menomonee Falls, WI 53051  
(262) 252-1302

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Lobby and Drive-Thru Hours Available Anytime  
at [www.fbfcwi.com](http://www.fbfcwi.com)

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(888) 569-5066



MEMBER FDIC