

One Bank | One Family



1 FIRST
BANK
FINANCIAL CENTRE

One Bank | One Vision

Message from President and CEO Mark W. Mohr

Dear Shareholders,

First Bank Financial Centre (FBFC) continued its strong financial performance in 2010. We reported an impressive 75% increase in net income. Our Bank strengthened its capital and liquidity position to support future growth opportunities. We maintain a vigorous risk management culture to address the economic and regulatory challenges ahead.

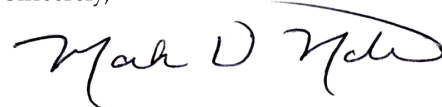
Our Board of Directors and employees have risen to the challenge of serving the growing number of customers choosing FBFC for their banking needs. For the second consecutive year, our Bank was the number one community bank originator of Small Business Administration (SBA) loans for the entire state of Wisconsin. In 2010, our home lending division recorded its highest residential mortgage production in our 151 year history. In addition, we added nearly 700 new households to the FBFC family.

Our excellent performance and growth is tied directly to the way we do business: the *community bank* way. We are one bank with one vision. Our focus is local. Our depositors' savings are a source of funds for local business owners to grow and prosper. Decisions are made locally by bank employees who live and work in the communities we serve. FBFC is a committed community leader, providing volunteers and financial support for local causes.

We are looking forward to continued opportunities for growth in 2011. Our strong financial condition and commitment to community bank values position us well for continued growth and success.

On behalf of our Board of Directors and our employees, we thank you for your support and investment in our great community bank.

Sincerely,



Mark W. Mohr
President & CEO

Message from Senior Vice President and CFO Nate Zastrow

The board and management of Oconomowoc Bancshares, Inc. have significantly improved the financial performance and stability of your bank over the past three years by implementing numerous strategies that focused on strengthening capital, credit quality, liquidity, and net interest margin. In 2010, we added a five-year growth strategy that concentrates on creating new customers and deepening existing relationships.

The results of the planning can be found in our well positioned and strong financial statements. Net income ended December 31, 2010, at \$4,387,163 or \$13.09 per share, compared with the year ended December 31, 2009, of \$2,499,863 or \$7.46 per share. This was a 75% increase.

Earnings were positively impacted by a 59 basis point or \$3,603,971 increase in our net interest margin. Record SBA and mortgage loan production contributed revenues of \$3,969,483. Credit quality charges remained heightened, with provision for loan losses and other real estate losses totaling \$3,080,532.

BALANCE SHEET STRENGTH

- Our balance sheet ended 2010 in the strongest position in our history. Assets, capital, capital ratios, liquidity, and customer deposits all experienced historic highs.
- Assets ended the year at \$739,373,391. Growth was driven by increases in depository and cash management balances.
- Capital ended the year at \$51,376,935 elevating the risk based capital ratio to 12.86%.
- The book value of OBI increased 5.5% to \$153 per share. Our strategy is to continue building capital through earnings and controlling growth.
- Our balance sheet liquidity strengthened further in 2010. Cash and securities ended the year at \$215,733,250, up 43% from 2009. Our objective is to utilize our liquidity to fund loan growth and retire non-core funding.

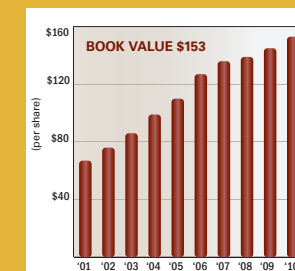
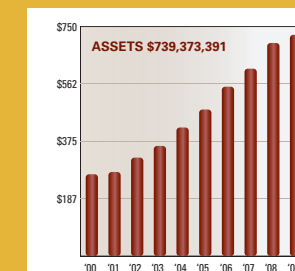
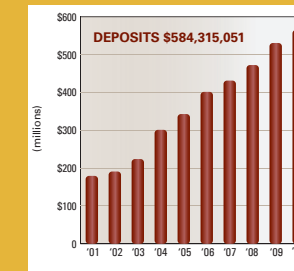
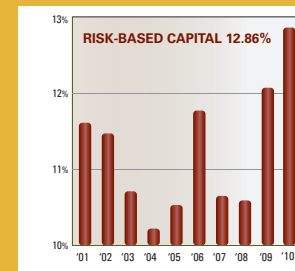
- Customer deposit balances increased \$70,000,000 in 2010, while non-core funding declined \$53,000,000. Since the end of 2008, we have increased customer balances by \$135,000,000.
- We have an adequately funded loan loss reserve. The balance in the reserve is reflective of the corresponding risk in our loan portfolio. Management appropriately identifies and charges off loans when they become impaired. At the end of 2010, impairments totaled a relatively small \$1,130,597 or 20% of the reserve.

As we look forward to 2011, we will focus on growing our customer base, increasing our net interest margin, strengthening our capital position, maintaining our liquidity position, increasing earnings, and improving credit quality.

Sincerely,



Nate Zastrow, Senior Vice President & CFO





One Bank | One Resource

Jen Simons – Owner, Ambiance Salon & Spa

Jen Simons has made a career of making people beautiful - and now she has a salon that reflects her vision. A self-described hometown girl, she grew up in Oconomowoc, and has built her business on family and community relationships. In the beauty business since 1997, she's officially owned Ambiance since 2002. With two previous locations, each time she saw a better space in which to realize her dreams. She's now taken another leap to grow her business and create the workplace she's always wanted.

Their newest location is in the heart of downtown Oconomowoc on Wisconsin Avenue. When the business occupying the space closed, Jen and her partner, Justin, immediately saw the potential for expanding and improving what they could offer. "The space was just a gut instinct, it had so much character, and we immediately visualized what we could do with it." A larger floor plan and expansive picture windows allow them to expand into retail, displaying a new line of Aveda hair and skin products.

The services they're able to offer have grown as well. In addition to haircuts and color, her staff can provide nail services, spray tanning, and skin care in private service rooms.

As a young woman in the beauty business, Jen felt she wasn't always taken seriously by lenders when it came to business loans. At her previous bank, she was handed a stack of papers and told to fill them out and come back. At FBFC, it was a totally different experience. They made the paperwork and application process easy.

She was also motivated by FBFC's reputation as the number one community bank SBA lender in Wisconsin. "It was important to me that they had experience working with businesses like mine." Jen was also able to take advantage of the City of Oconomowoc's Downtown Loan Pool, funded by FBFC, which offers downtown businesses low-interest loans to improve and expand.

The move has been exciting for Jen and her entire staff. The warm and welcoming space is sure to bring in new customers and invigorate existing ones, making Ambiance a vibrant business for downtown. "I can't say enough about FBFC," says Jen. "They took me seriously, and treated me with respect." FBFC will remain a trusted financial partner for many years to come.



"It was important to me that they had experience working with businesses like mine."

– Jen Simons, owner, Ambiance Salon & Spa–Oconomowoc



One Bank | One Resource

The Oman Family – FBFC Mortgage Customer

Banking with FBFC has been a lifetime relationship for Nick Oman of Stone Bank. Since opening his first savings account at age five, Nick has relied on First Bank Financial Centre to meet his changing financial needs as his family grew.

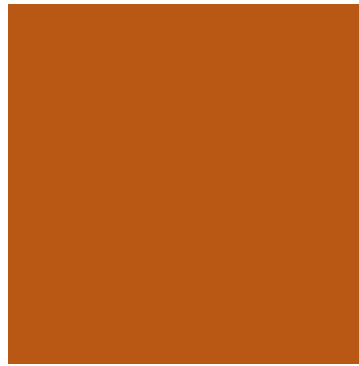
In 2001, Nick and his wife Jenny subdivided his parents' property to build their new home next door. FBFC provided the mortgage loan, and helped them through several refinances so they could take advantage of falling interest rates.

Nick, who works for the Town of Merton Highway Department, and Jenny, a bookkeeper for Lake Country School District, have great confidence in their community bank. "They've always had competitive rates, and have always made us feel comfortable. We trust that they'll take care of us," says Jenny.

With branches in Hartford and Hartland, and many free ATMs statewide, the Oman's can bank where and when they need to. They also appreciated FBFC's flexibility when it came time to arrange their mortgage and HELOC closings. "Everyone is always so helpful and nice, they really worked with our schedules."

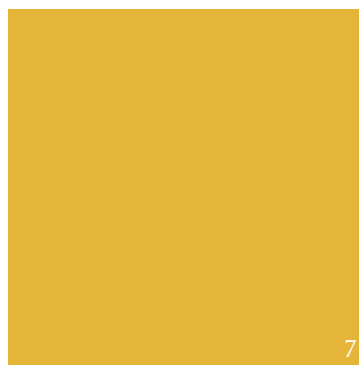
Even 2-year-old son JJ enjoys his visits to the bank. The Oman's opened a Young American CD for him when he was born, and they make regular deposits to save for his future. When they stop by the branch, JJ always gets plenty of attention from the bankers, especially if he's wearing the jersey of his favorite team (Packers, of course). Bank lollipops are also a hit with JJ.

The Omans rely on FBFC for all their banking needs, from checking to savings, a home loan, to the HELOC they have in case of emergencies. "We know we're not just a number to them, and we can always reach a personal banker on the phone if we need to," says Jenny.



"FBFC always makes us so comfortable, and we trust that they'll take care of us."

– Jenny Oman, homeowner, Stone Bank





One Bank | One Resource

Mike and Tammy Derynda – Culver's, Inc.

Whether you want to celebrate a victory with your pint-sized baseball players on a warm summer evening, or feed the after-skiing crowd on a wintry Wisconsin day, there's one place in Oconomowoc that everyone seems to agree on – Culver's.

Mike and Tammy Derynda have owned the Culver's of Oconomowoc franchise since 1994, a national chain famous for its fresh custard of the day and Butter Burgers. Hospitality comes naturally to Mike, who grew up watching his parents run concessions at the Wisconsin State Fair. After he earned his degree in biomedical engineering, he recognized a great opportunity in the restaurant business.

The business has grown to include two additional restaurants in Watertown and Fort Atkinson. Each store employs between 40 and 45 people.

A custard restaurant is a natural family gathering place, but Mike and Tammy do more than just offer burgers and shakes to the community. They believe supporting their community is an integral part of the business. Often, they'll partner with local nonprofits, such as schools, churches, and other fundraising groups. The restaurant participates in "Family Night Out at Culver's," where 10% of that day's sales go to the non-profit organization. Recently, Culver's offered 20% of an entire day's sales to benefit the recovery of Leslie Eiken, a local teen injured in an auto accident. Mike and Tammy are also ongoing supporters of the YMCA Strong Kids Campaign, and the Make-A-Wish Foundation®.

Working with the experienced lenders at FBFC instills great confidence in Mike and Tammy, knowing they can turn to their community bank for all their financial needs. "They are our customers, too. I want to keep my banking business in my community," said Mike.



"They definitely had the experience we needed to get our loans approved."

– Mike Derynda, franchise owner, Oconomowoc



One Bank | One Resource

Debbie and Marcos Contreras – Fiesta Cancun

With a menu combining authentic Mexican flavors and traditional Mexican-American fare, Fiesta Cancun’s fajitas and margaritas are drawing new visitors to the heart of Lake Country.

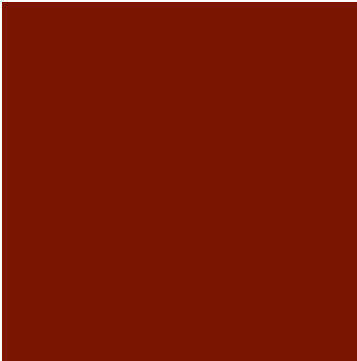
Originally from Mexico, Marcos gained experience in the resorts of Cancun before coming to the Lake Country area to manage Fiesta Garibaldi, which previously occupied the space. He and Debbie, a Milwaukee native, bought the restaurant six years ago and changed the name of the restaurant to bring the flavor of a Mexican beach resort to the lakeshores of Oconomowoc.

The new expansion was inspired by a number of events and opportunities, and FBFC was there to help make it happen. The Contreras took advantage of the City of Oconomowoc’s Downtown Loan Pool, funded by FBFC, which provides low-interest loans to downtown businesses. Additional expenses were covered by an SBA loan from FBFC. “All the pieces just fell into place for us. The space next door opened up, the loan pool became available, and it was our dream to expand the business,” said Marcos.

The previous space is now dedicated to a full bar, and the expanded dining area is warm, open, and airy. The enhanced floor plan has allowed them to add live music on Thursday’s and Saturday’s, offer a Sunday brunch, and provide a banquet room for private parties, showers, and rehearsal dinners.

The Contreras know they have an ally in FBFC’s business loan team. “They’re so responsive, understanding, and caring,” said Debbie. They also appreciated FBFC’s help in making the renovation process smooth. FBFC took the time to understand their business, and supported them in a project that will help to revitalize downtown. “We’re also happy that Fiesta Cancun is a favorite lunch destination for their bankers,” said Debbie.

They’ve already received many compliments from customers, and comments from their neighboring merchants that they are seeing additional foot traffic downtown. “I think FBFC really understands how important a vibrant downtown is to our community,” said Debbie. FBFC is proud to be part of the success of this strong and growing family business.



“FBFC really understands how important a vibrant downtown is to our community.”

– Debbie Contreras, restaurant owner, Oconomowoc

One Bank | One Family

AngelsGrace Hospice–Oconomowoc

AngelsGrace, a community-supported hospice in Oconomowoc, touches the lives of many. Richard Buechler remembers the day he lost his wife, Shirley, as “immensely sad, but peaceful, thanks to the caring staff of AngelsGrace.” When it became evident that Shirley needed hospice care, Richard, Shirley, and their daughters, Kristi and Lori, were put at ease by the staffs’ warm and thoughtful approach to end-of-life care.

On his first visit, Richard was elated to find his wife resting comfortably on clean bed sheets, freshly bathed, with her hair styled just the way she liked it. This extra attention was very much appreciated by Shirley and her family. “It takes very special people to work at AngelsGrace. Their work is not something everyone can do,” said the family.

Married for more than 60 years, Richard is thankful every day for the life he was able to spend with his wife, the family they raised, and the devoted people of AngelsGrace who ensured that the end of Shirley’s life was full of dignity and peace. First Bank Financial Centre donated \$10,000 in 2010 to support the work of AngelsGrace Hospice.

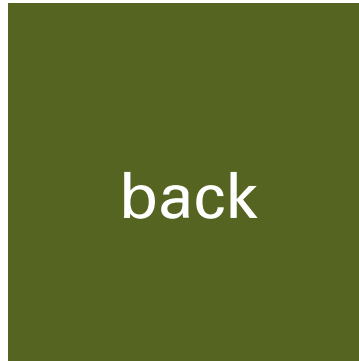
The Family Center–West Bend

The Family Center’s mission is to give parents and caregivers support for the most important job they will ever have – caring for and raising children. Open since 1990, the center is funded by the efforts of local schools, parents, community leaders, and private donations. Activities include parent education and support programs, interactive family activities, family drop-in days, and a parent and child resource library.

The facility has become a special place for many families in Washington County, including Carla and Aaron Loomis and their two-year old daughter, Elaina. After an injury forced Carla to leave her job, she began searching for a place where Elaina could interact with other kids, and she could enjoy some adult conversation. Twice per week, Carla and Elaina head to the Family Center for drop-in day, with games, crafts, books, and fun.

According to Janean Brudvig, Executive Director, “We make our community a better place to raise children, thanks to the tremendous support of our caring volunteers and trusting donors.” In 2010, First Bank Financial Centre donated \$1,000 to expand the Center’s library.

A - Carla Loomis and Elaina Loomis
B - L to R: Kristi Lange, Hayley Weinert, Lori Weinert, Richard Buechler, Taylor Weinert
C - L to R: Albert Curl, Branch Sales Manager FBFC West Bend; Janean Brudvig, Executive Director of the Family Center; Barbara Beck, Assistant Branch Sales Manager FBFC West Bend
D - L to R: Dr. James Gardner, Chairperson ProHealth Homecare and Hospice; Dawn Wollenzien, Development Officer at AngelsGrace Hospice; Mark W. Mohr, President and CEO of FBFC



Oconomowoc Bancshares, Inc. and Subsidiaries - Consolidated Statements of Income

Consolidated Statements of Income	2010	2009	2008
Interest and dividend income:			
Loans, including fees	\$ 28,824,833	\$ 30,627,507	\$ 33,641,009
Securities:			
Taxable	1,998,929	2,045,023	1,107,124
Tax-exempt	1,280,665	1,248,736	794,644
Interest-bearing deposits	32,274	26,657	77,853
Other	40	2,371	29,282
Total interest and dividend income	32,136,741	33,950,294	35,649,912
Interest expense:			
Deposits	9,331,731	14,528,375	16,277,315
Short-term borrowings	108,624	169,841	152,458
Other borrowings	954,189	1,035,261	1,688,633
Subordinated debentures	214,706	320,297	365,934
Total interest expense	10,609,250	16,053,774	18,484,340
Net interest income	21,527,491	17,896,520	17,165,572
Provision for loan losses	2,547,000	2,295,000	3,410,500
Net interest income after provision for loan losses	18,980,491	15,601,520	13,755,072
Noninterest income:			
Service fees	1,115,284	1,291,252	1,451,132
Loan servicing income	2,122,304	1,711,407	629,376
Gain from sale of loans	1,847,179	1,329,425	372,485
Gain on sale of available-for-sale securities	1,198,475	1,370,370	341,368
Other	639,587	436,644	415,971
Total noninterest income	6,922,829	6,139,098	3,210,332
Noninterest expense:			
Salaries and employee benefits	10,328,463	9,826,934	8,086,527
Occupancy and equipment	2,870,022	2,708,451	2,411,882
Data processing	1,116,670	849,514	876,681
Net loss on other real estate	533,532	607,430	-
Advertising and promotions	785,140	450,374	402,446
Professional fees	742,228	921,571	569,658
Contributions	102,471	135,872	85,310
Other	3,003,626	3,187,459	1,949,190
Total noninterest expense	19,482,152	18,687,605	14,381,694
Income before provision for income taxes	6,421,168	3,053,013	2,583,710
Provision for income taxes	2,034,005	553,150	566,014
Net income	\$ 4,387,163	\$ 2,499,863	\$ 2,017,696
Earnings per common share	\$13.09	\$7.46	\$6.03
Loan losses			
An analysis of the allowance for loan losses for the years ended Dec. 31, follows:	2010	2009	2008
Balance at beginning	5,001,104	5,786,750	4,213,648
Provision for loan losses	2,547,000	2,295,000	3,410,500
Loans charged off	(2,091,647)	(3,200,210)	(1,930,558)
Recoveries of loans previously charged off	55,600	119,564	93,160
Balance at end	\$5,512,057	\$5,001,104	\$5,786,750

Oconomowoc Bancshares, Inc. and Subsidiaries - Consolidated Balance Sheet

	2010	2009	2008
Assets:			
Cash and due from banks	\$ 63,989,178	\$ 34,328,852	\$ 30,292,956
Federal funds sold	-	6,000	49,000
Cash and cash equivalents	63,989,178	34,334,852	30,341,956
Securities available for sale	151,744,072	116,760,669	51,047,899
Loans held for sale	3,841,893	497,100	615,920
Loans, net	480,845,742	484,479,879	542,544,134
Accrued interest receivable	2,355,660	2,265,358	2,601,505
Premises and equipment, net	8,244,228	7,495,009	7,929,007
Other investments, at cost	2,800,920	2,800,920	2,800,920
Cash value of life insurance	4,619,242	4,577,279	5,316,768
Loan servicing rights	4,025,935	2,501,717	1,291,631
Other real estate, net	10,792,433	11,672,296	3,918,943
Other assets	6,114,088	7,437,515	2,912,721
TOTAL ASSETS	739,373,391	674,822,594	651,321,404
Liabilities:			
Noninterest-bearing deposits	61,315,148	57,755,194	51,468,894
Interest-bearing deposits	522,999,903	507,620,976	479,405,473
Total deposits	584,315,051	565,376,170	530,874,367
Short-term borrowings	68,933,288	31,191,593	27,299,345
Borrowed funds	22,700,000	20,975,000	38,000,000
Subordinated debentures	6,186,000	6,186,000	6,186,000
Accrued interest payable	855,110	1,129,423	1,661,840
Other liabilities	5,007,007	1,367,709	647,299
Total liabilities	687,996,456	626,225,895	604,668,851
Stockholders' equity:			
Common stock - \$0.01 par value:			
Authorized - 450,000 shares, issued - 335,110	3,351	3,351	3,351
Additional paid-in capital	8,023,779	8,023,779	8,023,779
Retained earnings	43,522,466	40,046,802	38,458,438
Treasury stock, at cost - 0 shares in 2010 and 2009 and 2008	-	-	-
Accumulated other comprehensive loss	(172,661)	522,767	166,985
Total stockholders' equity	51,376,935	48,596,699	46,652,553
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 739,373,391	\$ 674,822,594	\$ 651,321,404
Loans			
The composition of loans at Dec. 31, is as follows:	2010	2009	2008
Commercial	\$ 38,838,487	\$ 38,321,050	\$ 48,736,319
Real estate:			
Commercial	301,322,009	301,625,483	352,120,063
Residential	121,493,109	120,041,357	81,336,612
Construction	20,487,332	24,971,987	60,100,226
Consumer	3,357,912	4,126,096	5,745,706
Subtotals	485,498,849	489,085,973	548,038,926
Add - Deferred loan fees	858,950	395,010	291,958
Less - Allowance for loan loss	5,512,057	5,001,104	5,786,750
Loans, net	\$ 480,845,742	\$ 484,479,879	\$ 542,544,134

Executive Management

MARK W. MOHR
President, Chief Executive Officer

MARK T. McCUNE
Senior Vice President, Chief Lending Officer

NATE ZASTROW
Senior Vice President, Chief Financial Officer

Board of Directors (L to R)

Gerald J. Kuhn Ernst & Young LLC (retired)

Maureen Stapleton..... Stapleton Realty and Appraisal

Mark T. McCune..... First Bank Financial Centre

Craig S. Schiefelbein Paragon Development Systems, Inc.

James P. Siepmann Siepmann Realty Corporation

Peter G. Roehl Roehl Corporation

Robert Snyder,
Board Chairman Snyder and Ek, S.C.

Mark W. Mohr..... First Bank Financial Centre

Charles J. Folkman, Jr.
Vice Chairman L.F. George, Inc.

One Bank | One Mission

Message from the Board Chairman

Dear Shareholders,

At a time when many banks in Wisconsin and around the country are struggling, it is with great pride that I can again report to you that our community bank is achieving strong, profitable growth.

As Chairman of First Bank Financial Centre's Board of Directors, I experience firsthand the unwavering commitment our board members, executive management, and employees demonstrate to this bank and our communities. Whether in a board meeting where customer and community concerns are addressed, or in our bank branches, where customers are greeted with a smile and offered valuable solutions to their financial needs, their passion is nothing short of admirable.

I want to thank our board, executive management, and employees who strive to deliver distinctive customer service. Their commitment to First Bank Financial Centre truly makes the difference, affording you outstanding shareholder value year after year.

We are one bank, one family, and we thank you for your loyalty.

Very truly yours,



Robert W. Snyder
Board Chairman



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Branch Locations

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

MENOMONEE FALLS

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

Loan Office

N56 W14108 Silver Spring Drive, Suite 112
Menomonee Falls, WI 53051
(262) 317-8151

MADISON

Loan Office
2001 W. Beltline Highway, Suite 110
Madison, WI 53713
(608) 834-4040

Lobby and Drive-Thru Hours Available Anytime
at FBFCWI.COM

24-Hour Telephone Banking
(888) 569-5066



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