



**Nicolet**  
BANKSHARES, INC.

**Investor Presentation  
2<sup>nd</sup> Quarter 2021**

# Securities Legend

## **Forward Looking Statements “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995**

Certain statements contained in this communication, which are not statements of historical fact, constitute forward-looking statements within the meaning of the federal securities law. Such statements include, but are not limited to, statements about Nicolet’s business plans, objectives, expectations and intentions, including without limitation the continuing organic growth of Nicolet’s revenue lines, as well as certain plans, expectations, goals, projections and benefits relating to the proposed merger between Nicolet and Mackinac, as well as the proposed merger between Nicolet and County, all of which are subject to numerous assumptions, risks and uncertainties. Words or phrases such as “anticipate,” “believe,” “aim,” “can,” “conclude,” “continue,” “could,” “estimate,” “expect,” “foresee,” “goal,” “intend,” “may,” “might,” “outlook,” “possible,” “plan,” “predict,” “project,” “potential,” “seek,” “should,” “target,” “will,” “will likely,” “would,” or the negative of these terms or other comparable terminology, as well as similar expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not historical facts but instead express only management’s beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management’s control. It is possible that actual results and outcomes may differ, possibly materially, from the anticipated results or outcomes indicated in these forward-looking statements. In addition to factors disclosed in reports filed by Nicolet with the SEC, risks and uncertainties, including but not limited to risks and uncertainties for Nicolet, Mackinac, County, and the combined companies with respect to the proposed mergers, that may cause actual results or outcomes to differ materially from those anticipated include, but are not limited to: (1) the possibility that any of the anticipated benefits of either or both of the proposed mergers will not be realized or will not be realized within the expected time period; (2) the risk that integration of Mackinac’s operations and / or County’s operations with those of Nicolet will be materially delayed or will be more costly or difficult than expected; (3) the parties’ inability to meet expectations regarding the timing of the proposed mergers; (4) changes to tax legislation and their potential effects on the accounting for the mergers; (5) the inability to complete the proposed merger with County due to the failure of Nicolet’s or County’s shareholders to approve and adopt the merger agreement between Nicolet and County; (6) the failure to satisfy other conditions to completion of the proposed mergers, including receipt of required regulatory and other approvals; (7) the failure of the proposed mergers to close for any other reason; (8) diversion of management’s attention from ongoing business operations and opportunities due to the proposed mergers; (9) the challenges of integrating and retaining key employees of Mackinac, County, and / or Nicolet after the mergers; (10) the effect of the announcements of the proposed mergers on Nicolet’s, Mackinac’s, County’s, and / or the combined companies’ respective customer and employee relationships and operating results; (11) the possibility that the proposed mergers may be more expensive to complete than anticipated, including as a result of unexpected factors or events; (12) dilution caused by Nicolet’s issuance of additional shares of Nicolet common stock in connection with the proposed mergers; (13) the magnitude and duration of the COVID pandemic and its impact on the global economy and financial market conditions and the business, results of operations and financial condition of Nicolet, Mackinac, County, and the combined companies; (14) changes in consumer demand for financial services; and (15) general competitive, economic, political and market conditions and fluctuations. Please refer to each of Nicolet’s, Mackinac’s, and County’s Annual Report on Form 10-K for the year ended December 31, 2020, as well as their other filings with the SEC, for a more detailed discussion of risks, uncertainties and factors that could cause actual results to differ from those discussed in the forward-looking statements.

The COVID pandemic is adversely affecting us, our customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on our business, financial position, results of operations, liquidity, and prospects is uncertain. Continued deterioration in general business and economic conditions or turbulence in domestic financial markets could adversely affect Nicolet’s revenues and the values of its assets and liabilities, lead to a tightening of credit, and increase stock price volatility. In addition, the COVID pandemic may result in changes to statutes, regulations, or regulatory policies or practices that could affect Nicolet in substantial and unpredictable ways.

All forward-looking statements included in this communication are made as of the date hereof and are based on information available to management at that time. Except as required by law, Nicolet does not assume any obligation to update any forward-looking statement to reflect events or circumstances that occur after the date the forward-looking statements were made.

# Securities Legend

## **Important Information and Where to Find It**

*This communication relates to the proposed merger transaction involving Nicolet and County. In connection with the proposed merger, Nicolet and County will file a joint proxy statement-prospectus on Form S-4 and other relevant documents concerning the merger with the Securities and Exchange Commission (the "SEC"). BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT-PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED MERGER OR INCORPORATED BY REFERENCE IN THE JOINT PROXY STATEMENT-PROSPECTUS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT NICOLET, COUNTY, AND THE PROPOSED MERGER. When available, the joint proxy statement-prospectus will be delivered to shareholders of Nicolet and County. Investors may obtain copies of the joint proxy statement-prospectus and other relevant documents (as they become available) free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)). Copies of the documents filed with the SEC by Nicolet will be available free of charge on Nicolet's website at [www.nicoletbank.com](http://www.nicoletbank.com). Copies of the documents filed with the SEC by County will be available free of charge on County's website at [Investors.ICBK.com/documents](http://Investors.ICBK.com/documents).*

*Nicolet, County and certain of their directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the shareholders of Nicolet and the shareholders of County in connection with the proposed merger. Information about the directors and executive officers of Nicolet and County will be included in the joint proxy statement-prospectus for the proposed transaction filed with the SEC. Information about the directors and executive officers of Nicolet is also included in the proxy statement for its 2021 annual meeting of shareholders, which was filed with the SEC on March 2, 2021. Information about the directors and executive officers of County is also included in the proxy statement for its 2021 annual meeting of shareholders, which was filed with the SEC on April 5, 2021. Additional information regarding the interests of such participants and other persons who may be deemed participants in the transaction will be included in the joint proxy statement-prospectus and the other relevant documents filed with the SEC when they become available.*

## **No Offer or Solicitation**

*This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.*



# *Company Profile*

# Overview of Nicolet Bankshares, Inc.

## Company Overview

- Founded in 2000, and has quickly grown to become the second largest bank headquartered in Wisconsin<sup>(1)</sup>
- Full service community bank serving Northeast and Northcentral Wisconsin, including the MSAs of Green Bay, the Fox Cities (Appleton, Neenah, Menasha, Oshkosh), and Wausau
- Commercial focus with ~50% of the loan portfolio in C&I and owner-occupied CRE, all funded by a low-cost, stable core deposit franchise
- Three Circle Philosophy: “We are a relationship-focused organization delivering exceptional service throughout our communities, focusing on sustained value creation for **customers, employees, and shareholders.**”

## Financial Highlights<sup>(2)</sup>

	2018	2019	2020	YTD 6/30
Total Assets	\$3,097	\$3,577	\$4,552	\$4,587
Total Loans	\$2,166	\$2,574	\$2,789	\$2,820
Total Deposits	\$2,614	\$2,954	\$3,910	\$3,939
Total Equity	\$387	\$516	\$539	\$559
ROAA	1.38%	1.75%	1.41%	1.63%
ROATCE	16.73%	18.53%	16.76%	19.73%
NIM	4.04%	4.19%	3.38%	3.38%
Efficiency Ratio	61.42%	59.54%	51.72%	55.66%
NPA/Assets	0.19%	0.42%	0.29%	0.21%
NCO/Avg Loans	0.05%	0.02%	0.05%	0.01%

## Primary Business Lines

### Commercial Banking

- Founded as a commercially-focused bank since 2000, offering a full suite of products and services for businesses
- 36 branch locations
- Entrepreneurial philosophy provides an attractive platform for talented bankers

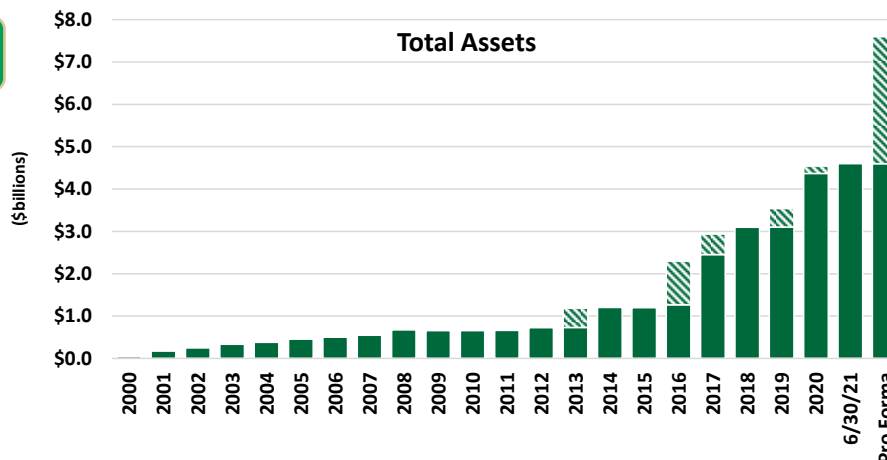
### Wealth Management

- Provides wealth and asset management services to individuals and businesses
- Offered wealth services since 2002, however rapid growth came in 2016 with new hires
- Total AUM (trust/RIA) of \$3.6 billion<sup>(3)</sup>

### Mortgage

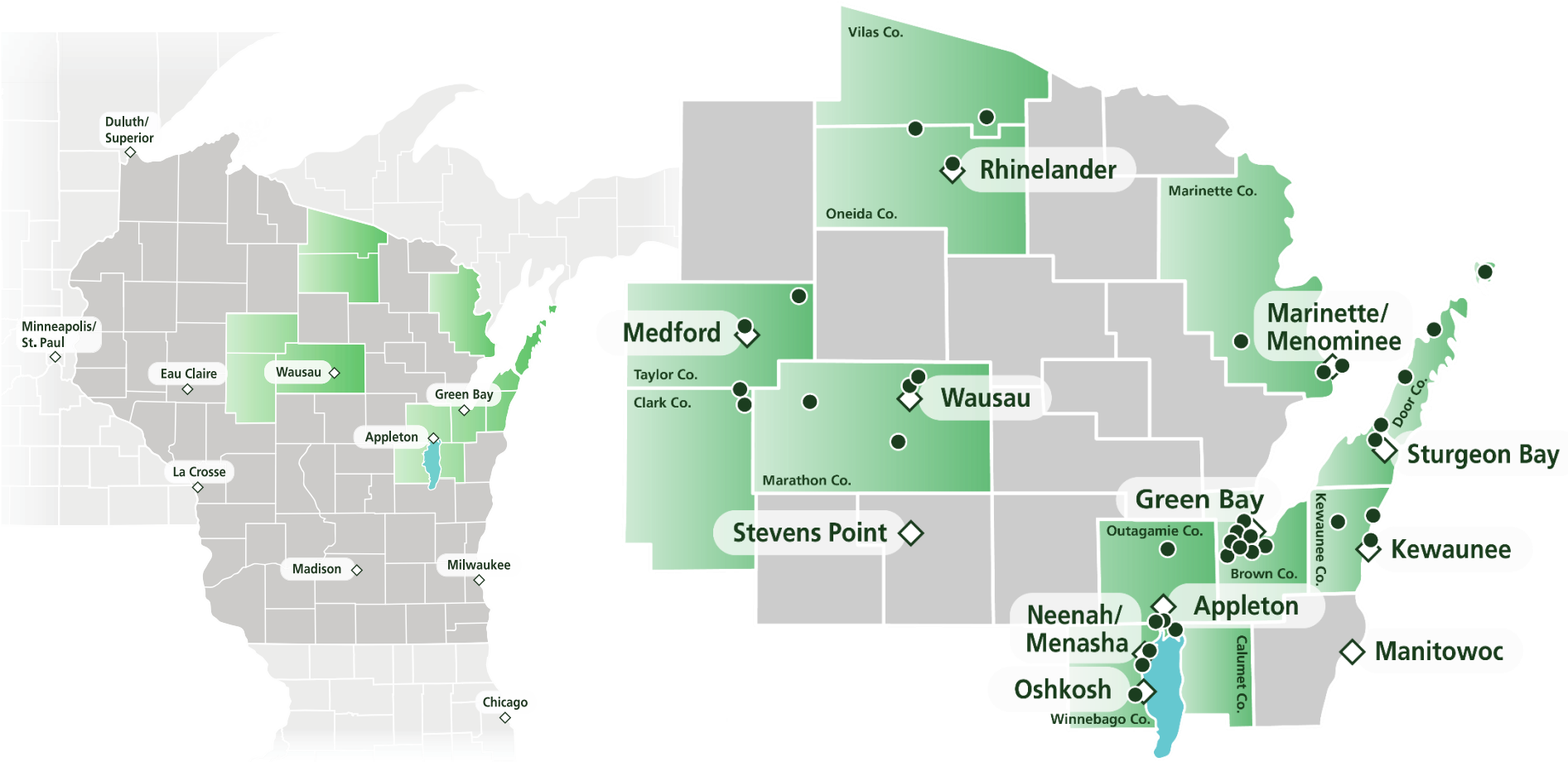
- \$1.0 billion+ loans closed in 2020
- \$1.3 mortgage servicing portfolio<sup>(3)</sup>
- Unique non-commission based compensation structure allows for greater operating leverage with additional volumes

## History of Growth<sup>(3)</sup>



# Northern Wisconsin's Leading Community Bank

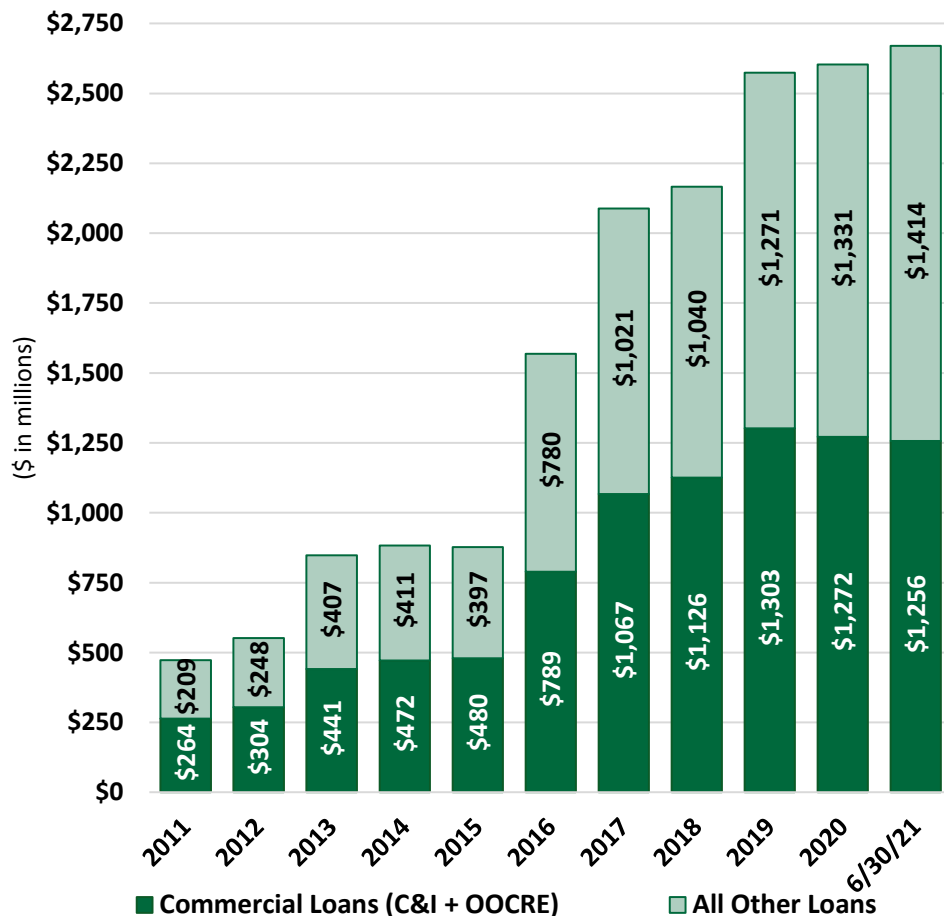
Nicolet is Northeast and Northcentral Wisconsin's leading community bank, operating in 12 counties through 36 branches with a "Lead Local" market share position in Brown, Door and Winnebago Counties, and a Top 5 position in six additional counties



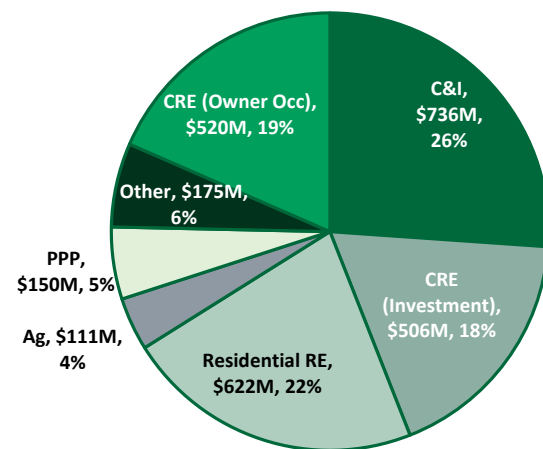
# Commercially-Focused Community Banking Model

Founded as a commercial bank, Nicolet's focus on C&I and owner-occupied CRE lending has remained strong (approximately 50% of its portfolio since inception, excluding PPP loans)

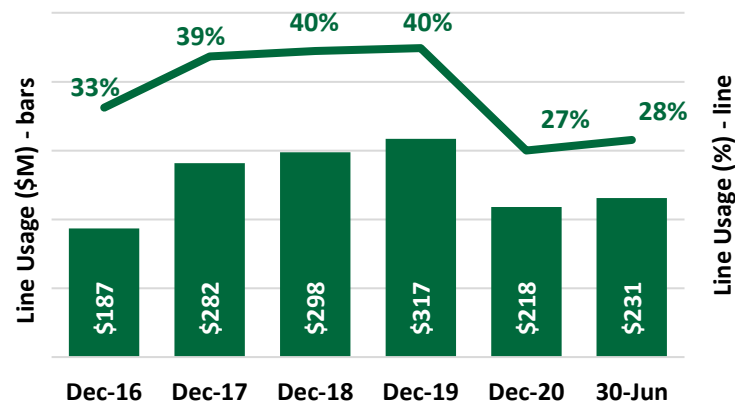
Period End Loan Trend\*



Loan Mix at June 30, 2021- \$2.8 Billion



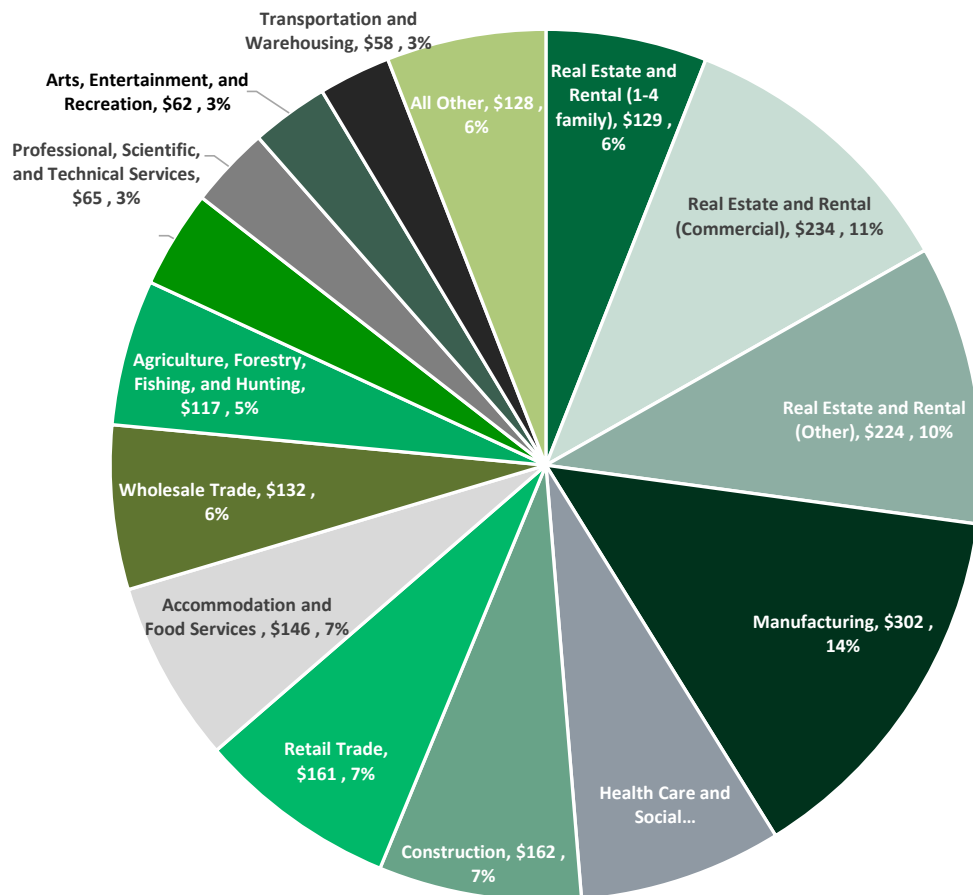
Commercial Lines Outstanding and Usage



# Diverse Loan Portfolio & Disciplined Pricing

The loan portfolio represents a diversity of industries across the Northern Wisconsin footprint. Loan yields, while under pressure due to sustained low rates, remain resilient due to pricing discipline

## Commercial Loan Portfolio by Industry Type<sup>(1)</sup>



## Interest Rates & Floors<sup>(1)</sup>

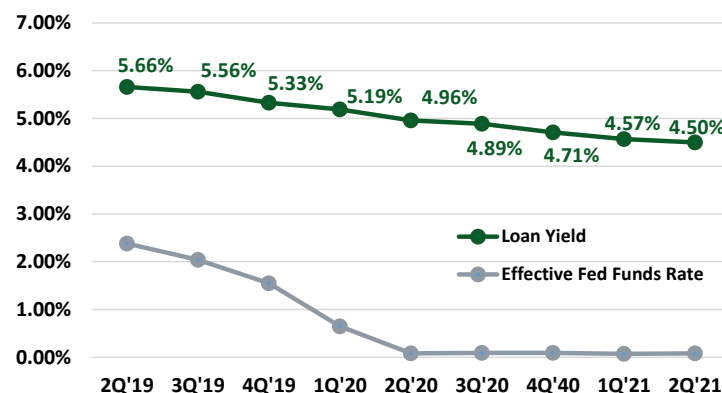
### Commercial loans (\$2.16 billion)

- 82% fixed / 18% variable
- 89% of variable rate loans have floors, 97% of which are at their floor

### Retained mortgage & Consumer loans (\$474 million)

- 83% fixed / 17% variable
- 99% of variable rate loans have floors, 95% of which are at their floor

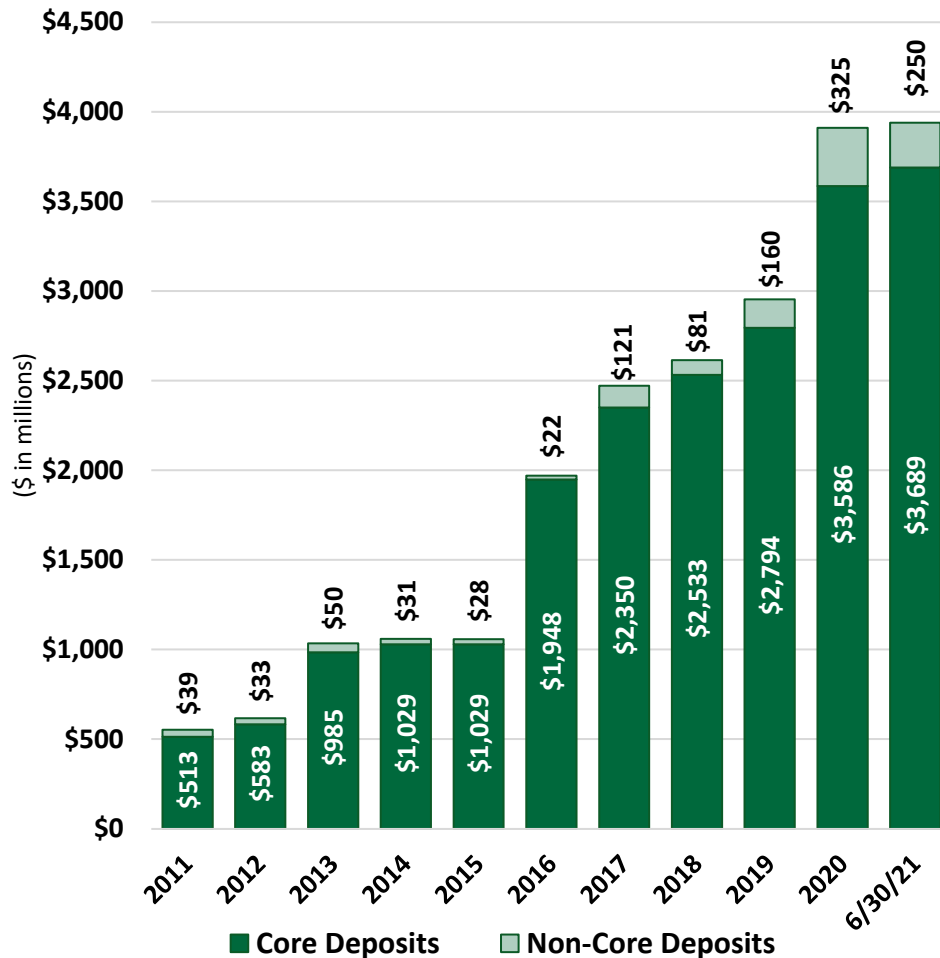
## Historical Loan Yields<sup>(2)</sup>



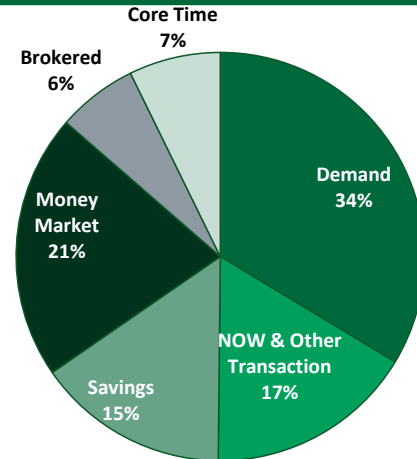
# Strong Core Deposit Franchise

Demonstrated ability over time to rely on core deposits as primary funding source (increase in 2020 was largely the result of strong core deposit growth through various fiscal stimulus programs)

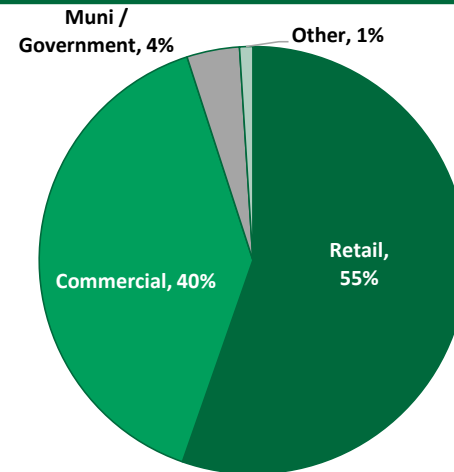
Period End Total Deposits Trend



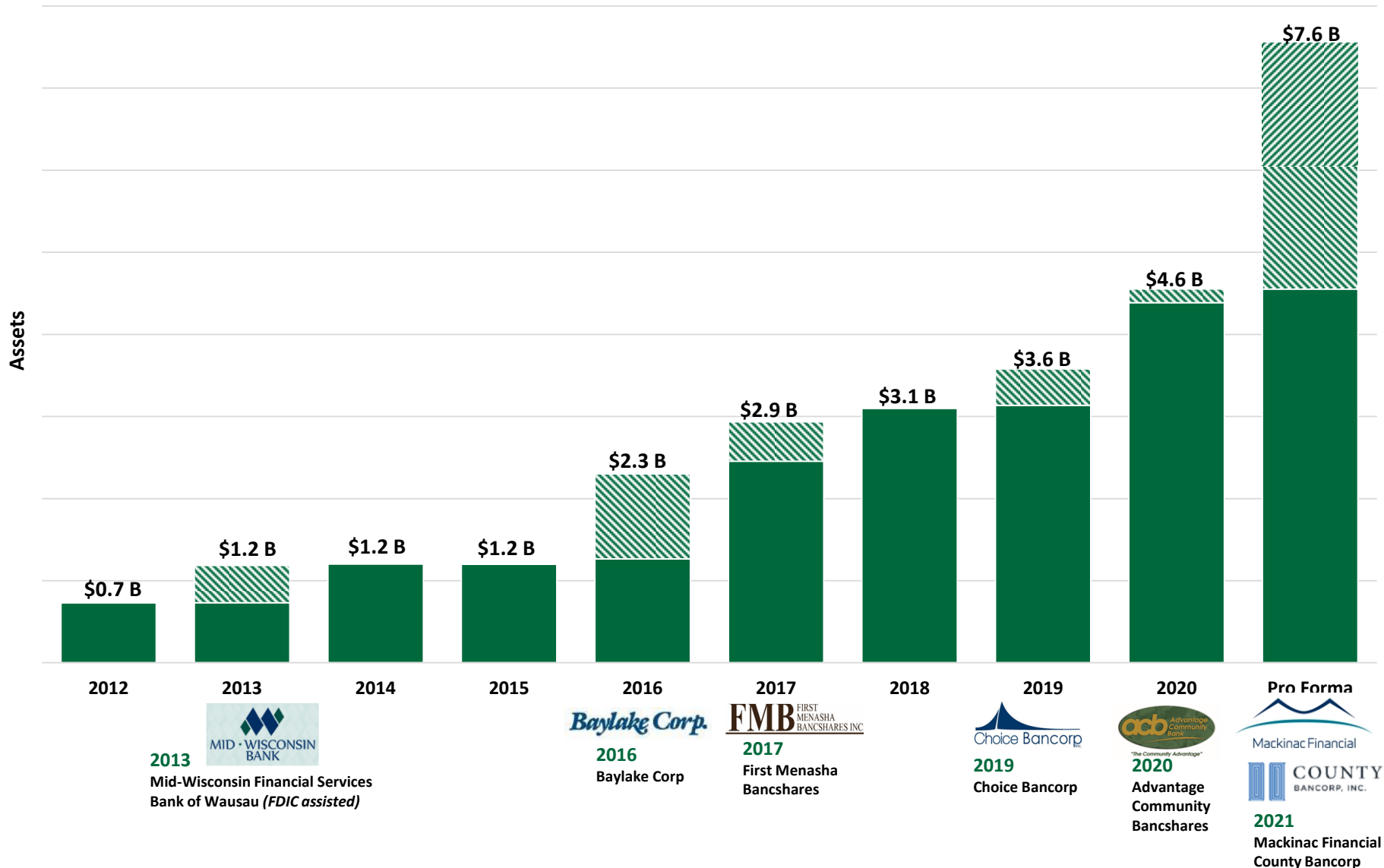
Deposit Mix at June 30, 2021 - \$3.9 billion



Customer Deposit Mix by Type at 6/30/21

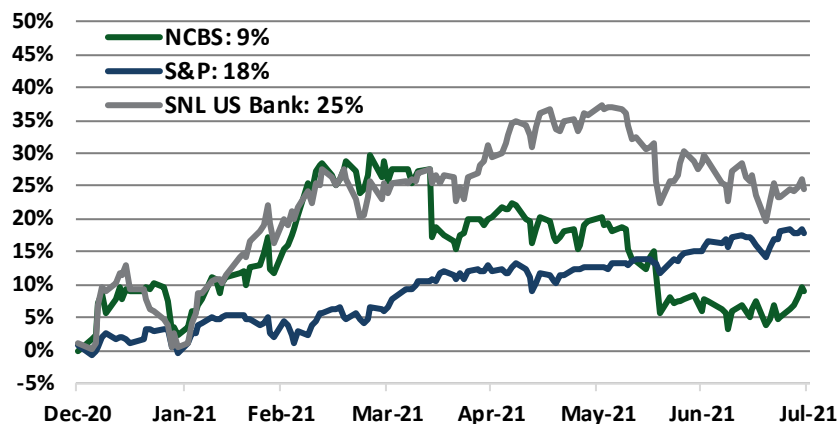


# Experienced & Seasoned M&A Leader in the Upper Midwest

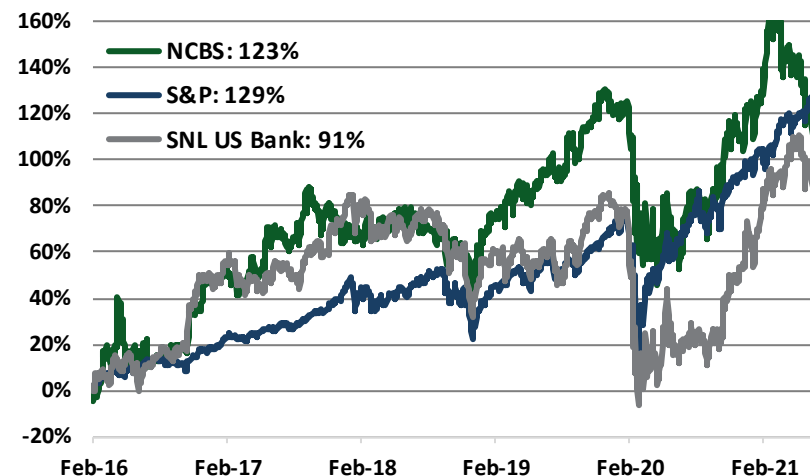


# A History of Superior Returns

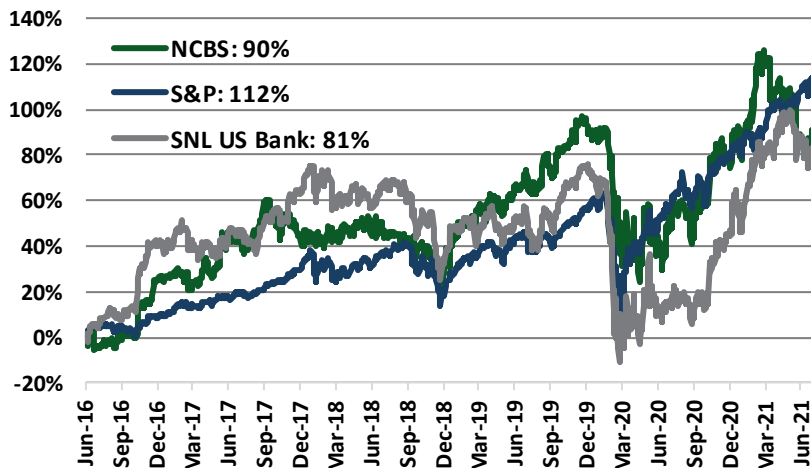
## 2021 Year-to-Date



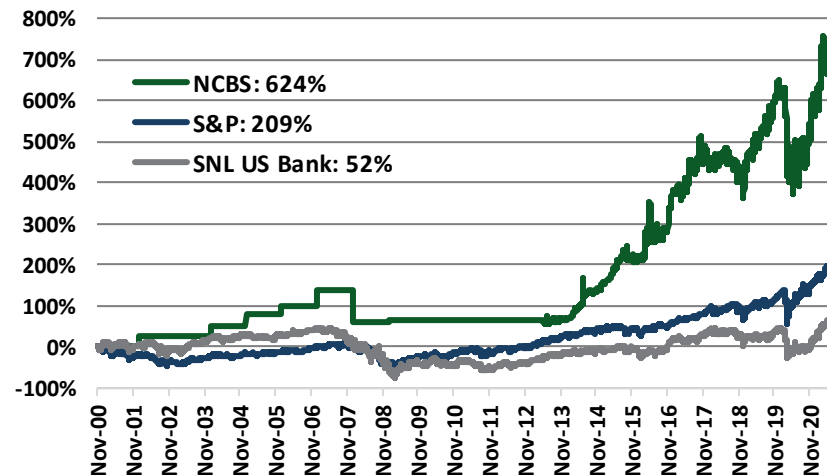
## Since NASDAQ Listing (2/24/16)



## 5-Year



## Since Inception (11/1/2000)



# Senior Leadership Team

Since inception, we have been able to attract and maintain a deep bench of talent

Name	Role	Years with Nicolet	Years Experience in Financial Services
Bob Atwell (63)	Founder & Executive Chairman	21	40+
Mike Daniels (57)	Founder, President & CEO	21	35+
Phil Moore (61)	Chief Financial Officer	< 1	35+
Eric Witczak (51)	Executive Vice President	21	25+
Brad Hutjens (40)	EVP, Chief Credit Officer, Compliance & Risk Manager	18	15+
Mike Vogel (53)	SVP, Commercial Banking	18	25+
Bryan Hyska (48)	SVP, Commercial Banking	<1	25+
Patrick “PJ” Madson (41)	SVP, Wealth Management	5	15+

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- Sources: S&P Global Market Intelligence; Piper Sandler & Co; Hovde Group LLC; Raymond James Financial; Independent Community Bankers of America

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*Acquisition of  
Mackinac Financial  
& County Bancorp*

# The Upper Midwest's Premier Community Bank

**Nicolet**  
BANKSHARES, INC.



**COUNTY**  
BANCORP, INC.  
Parent company of Investors Community Bank



**Additional Scale.** Creates the second largest bank headquartered and the #1 bank lending to the dairy industry in the state of Wisconsin



**Diversification.** County's ag portfolio provides additional diversification to Nicolet, comprising roughly 15% of the pro forma loan portfolio<sup>(1)</sup>



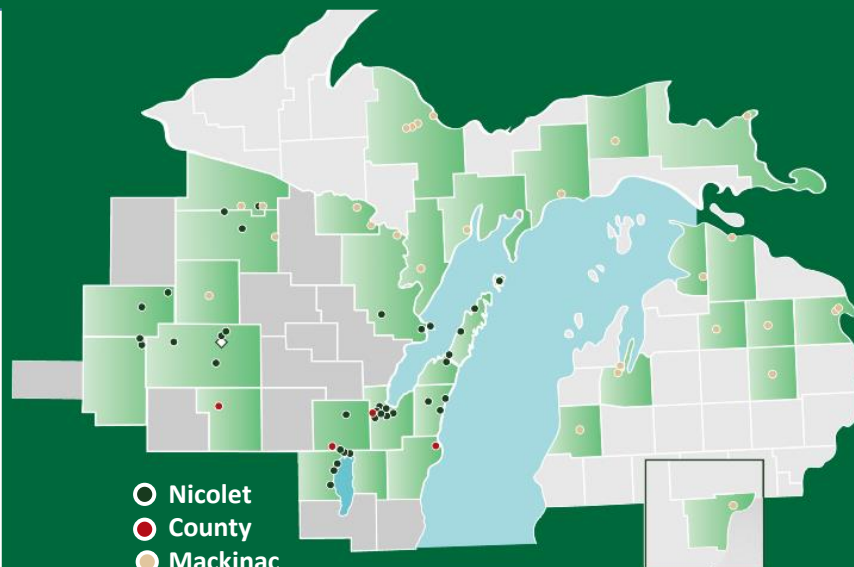
**Shared Entrepreneurial Cultures.** Founded three years apart in 1997 and 2000, both County and Nicolet operate with an entrepreneurial culture and are led by the original founders that have known and respected each other over the last couple of decades



**Mackinac and County Complement One Another.** County's leading market position in the dairy sector along with Nicolet's and Mackinac's low-cost core deposit funding base will allow for the deployment of excess liquidity and be a source for future growth



**Top Tier Performance.** Nicolet's history of providing consistent EPS growth, strong ROAA, and top quartile ROATCE will be further enhanced by the EPS accretion expected in 2022 and beyond with County and Mackinac



**2<sup>nd</sup> Largest**

*Bank headquartered in Wisconsin*

**#1 Bank Lender**

*to the dairy industry in Wisconsin*

**#1 Market Share**

*in Michigan's Upper Peninsula<sup>(2)</sup>*

**#9 Ranked**

*among S&P Global's "Best Performing Community Banks of 2020"<sup>(3)</sup>*

**Nicolet**  
BANKSHARES, INC.

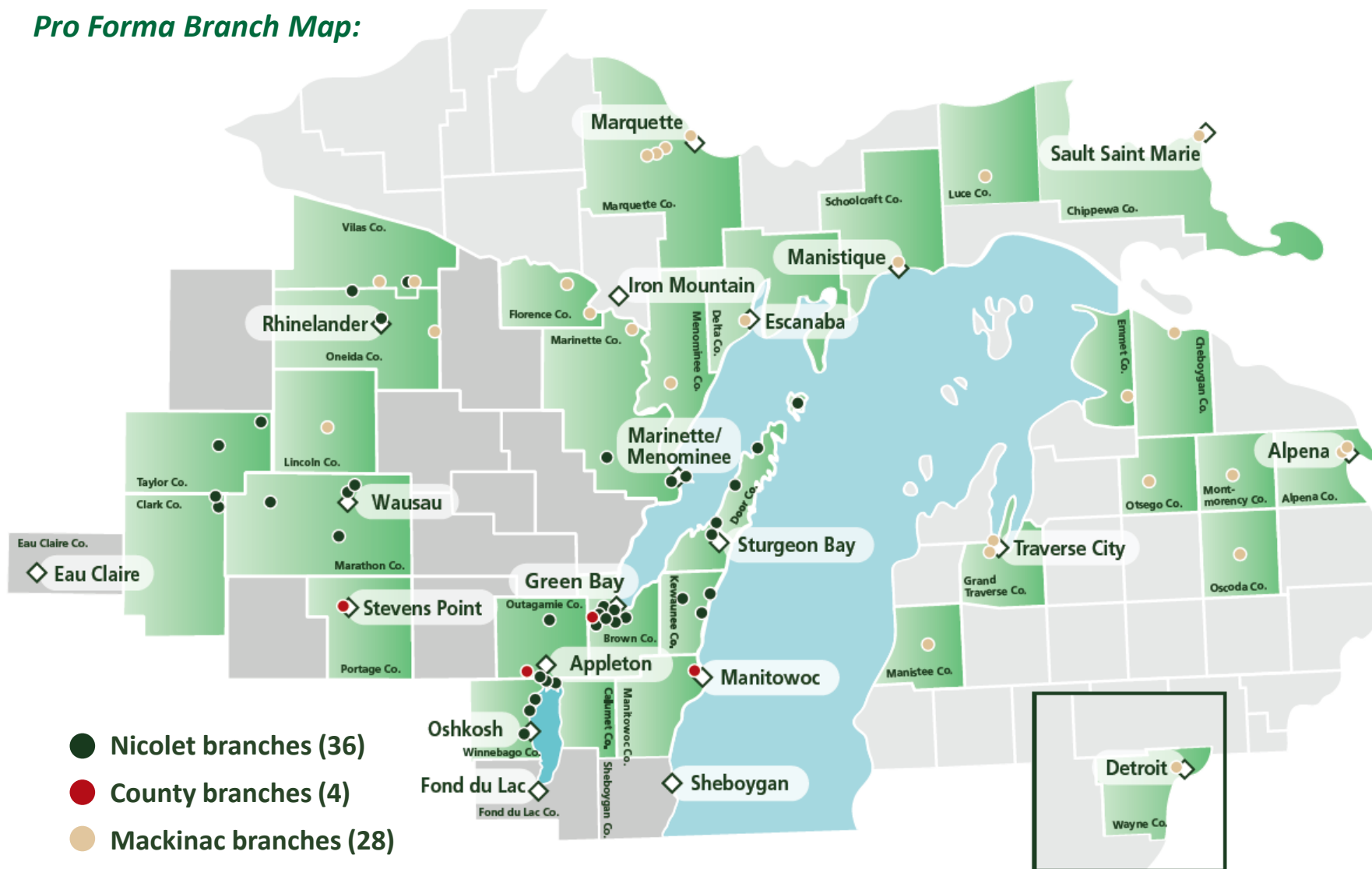
(1) Nicolet pro forma with Mackinac and County – see page 19 for detail

(2) Based on S&P Global Market Intelligence deposit market share information as of 6/30/20 for all 15 counties in the Upper Peninsula

(3) S&P Global Market Intelligence - Includes banks \$3 to \$10 billion in total assets as of 12/31/20

## Leading Deposit Market Share in WI and Upper Peninsula

### Pro Forma Branch Map:

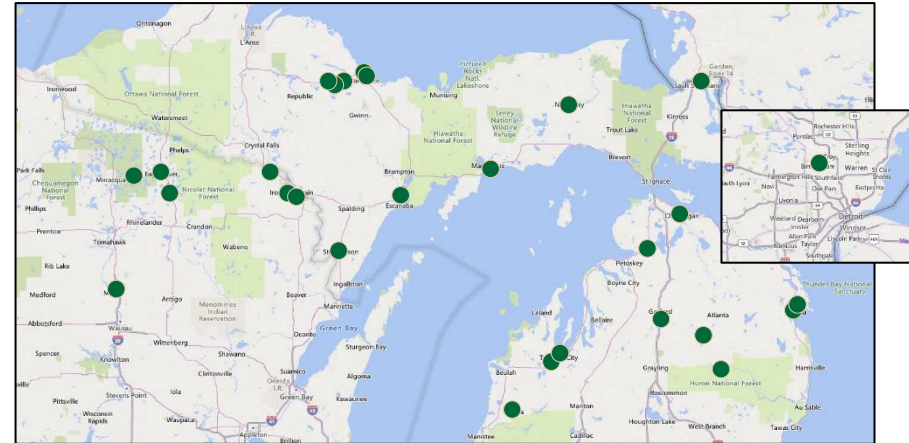


# Mackinac Financial Highlights & Market Overview

## Mackinac Market Overview<sup>(1)</sup>

- Creates the #1 community bank in the Upper Peninsula, as ranked by total pro forma deposits
- Solid market positions in several commercial hubs in the UP, including Marquette, Manistique, Sault Saint Marie, and Escanaba
- Northern Lower Peninsula: Lead local community bank in Alpena (47% market share) with opportunities to grow into the dynamic Traverse City market

## Mackinac Financial Branch Map



## Upper Peninsula Deposit Market Share<sup>(1)</sup>

Rank	Institution	Branches	Deposits In Market (\$M)	Market Share
1	Nicolet (Pro Forma)	10	\$597	11.6%
2	Superior National Bank	10	\$563	10.9%
3	Flagstar Bank, FSB	14	\$463	9.0%
4	First Bank, Upper Michigan	9	\$434	8.4%
5	Incredible Bank	6	\$386	7.5%
6	Range Bank	8	\$381	7.4%
7	First National B&T of Iron Mountain	8	\$339	6.6%
8	Central Savings Bank	9	\$276	5.3%
9	First National Bank of St. Ignace	7	\$259	5.0%
10	Huntington National Bank	7	\$231	4.5%
	All others (11)	38	\$1,240	24.0%
	<b>Total For Institutions In Market</b>	<b>116</b>	<b>\$5,168</b>	

## Mackinac Summary Financials<sup>(2)</sup>

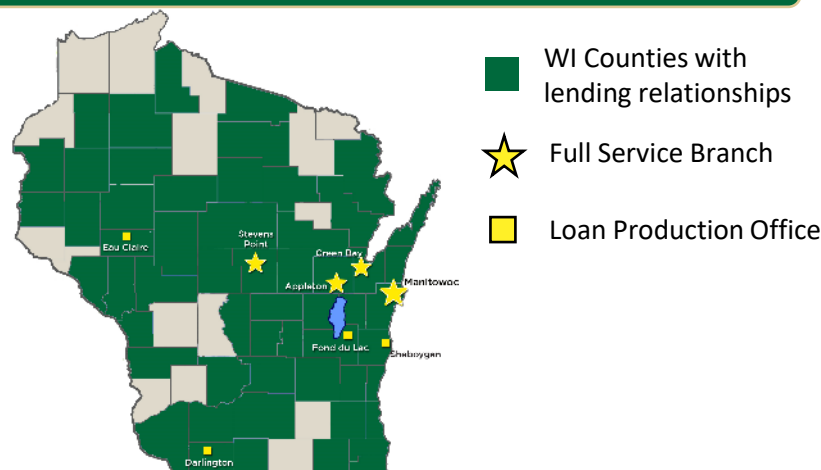
	2017	2018	2019	YTD 6/30
Total Assets	\$1,318,040	\$1,320,069	\$1,501,730	\$1,518,952
Asset Growth	33.8%	0.2%	13.8%	1.1%
Total Net Loans	\$1,033,681	\$1,053,468	\$1,071,776	\$972,404
Loan Growth	28.2%	1.9%	1.7%	-9.3%
Total Deposits	\$1,097,537	\$1,075,677	\$1,258,776	\$1,307,154
Deposit Growth	34.2%	-2.0%	17.0%	3.8%
Loans / Deposits	95%	98%	85%	75%
Equity / Assets	9.64%	10.60%	9.74%	9.92%
-----				
Net Income	\$8,367	\$13,850	\$13,473	\$6,825
ROAA	0.71%	1.04%	0.92%	0.90%
ROAE	6.94%	8.78%	8.19%	8.02%
Net Interest Margin	4.46%	4.60%	4.40%	4.54%
Efficiency Ratio	70.8%	68.2%	70.5%	71.9%
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NPA's / Assets	0.99%	1.03%	0.87%	0.80%
NCO's / Avg Loans	0.04%	0.02%	0.04%	0.05%
LLR / Loans	0.50%	0.50%	0.54%	0.58%

# County Bancorp Financial Highlights & Market Overview

## County Bancorp Market Overview

- #1 Banking dairy lender in the state of Wisconsin with lending relationships in 55 of the state's 72 counties
- Strong local presence in home market of Manitowoc and lead local community bank in Stevens Point MSA
- LPO locations in Eau Claire, Sheboygan, Fond du Lac, and Darlington service state-wide client footprint
- Lenders & support staff located throughout the state of Wisconsin support highly personalized customer service and understanding of localized industry trends with emphasis on the consolidating family-owned dairy sector

## County Financial Branch Map



## Manitowoc & Stevens Point MSA Deposit Market Share<sup>(1)</sup>

Manitowoc MSA

Rank	Institution	Branches	Deposits In Market (\$M)	Market Share
1	Bank First Corporation	7	\$692	34.5%
<b>2</b>	<b>County Bancorp Inc.</b>	<b>1</b>	<b>\$644</b>	<b>32.1%</b>
3	Associated Banc-Corp	3	\$242	12.1%
4	U.S. Bancorp	2	\$119	5.9%
5	Denmark Bancshares Inc.	2	\$91	4.6%
<b>Total For 9 Institutions In Market</b>		<b>21</b>	<b>\$2,004</b>	

Stevens Point MSA

Rank	Institution	Branches	Deposits In Market (\$M)	Market Share
1	Bank of Montreal	3	\$881	42.3%
2	Associated Banc-Corp	4	\$218	10.5%
3	JPMorgan Chase & Co.	1	\$177	8.5%
<b>4</b>	<b>County Bancorp Inc.</b>	<b>1</b>	<b>\$174</b>	<b>8.4%</b>
5	Portage County Bancshares Inc.	4	\$105	5.0%
<b>Total For 14 Institutions In Market</b>		<b>24</b>	<b>\$2,082</b>	

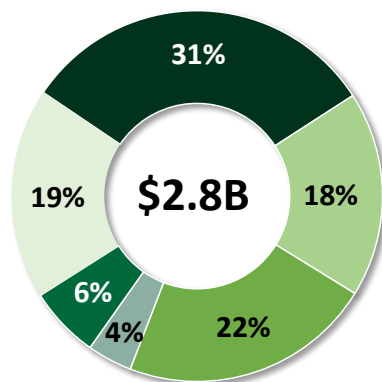
## County Summary Financials<sup>(2)</sup>

	2018	2019	2020	YTD 6/30
Total Assets	\$1,521,027	\$1,378,779	\$1,472,358	\$1,517,072
Asset Growth	8.9%	-9.4%	6.8%	3.0%
Total Net Loans	\$1,193,739	\$1,022,657	\$1,017,453	\$1,006,229
Loan Growth	4.5%	-14.3%	-0.5%	-1.1%
Total Deposits	\$1,223,347	\$1,101,442	\$1,040,826	\$1,135,726
Deposit Growth	10.2%	-10.0%	-5.5%	9.1%
Loans / Deposits	99%	94%	96%	88%
Equity / Assets	9.68%	12.14%	11.66%	11.52%
-----				
Net Income	\$14,251	\$16,452	\$5,479	\$10,671
ROAA	0.96%	1.13%	0.38%	1.43%
ROAE	9.50%	10.10%	3.22%	12.45%
Net Interest Margin	2.91%	2.93%	2.68%	*
Efficiency Ratio	52.7%	56.7%	65.3%	62.2%
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NPAs / Assets	3.22%	4.23%	4.16%	2.55%
NCOs / Avg Loans	-0.01%	0.15%	0.32%	0.14%
LLR / Loans	1.36%	1.47%	1.43%	1.13%

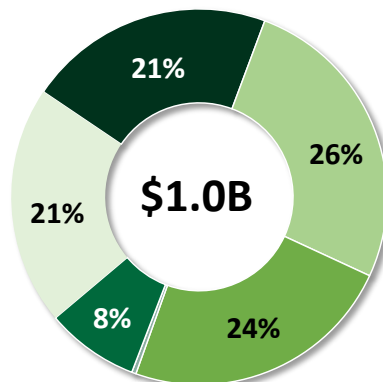
# Diverse Loan Portfolio Funded by Core Deposits

## Loan Portfolio

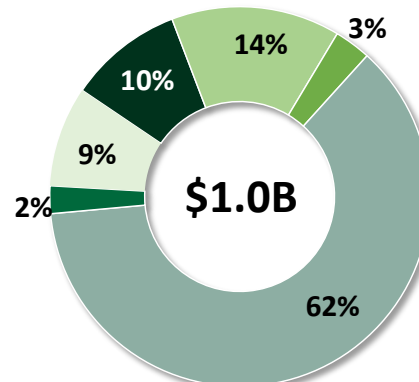
**Nicolet**  
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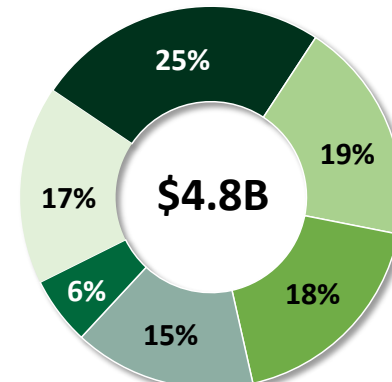
**Mackinac Financial**



**COUNTY**  
BANCORP, INC.  
Parent company of Investors Community Bank

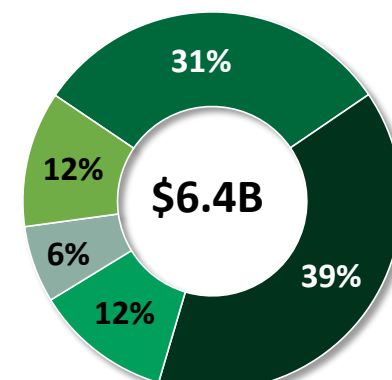
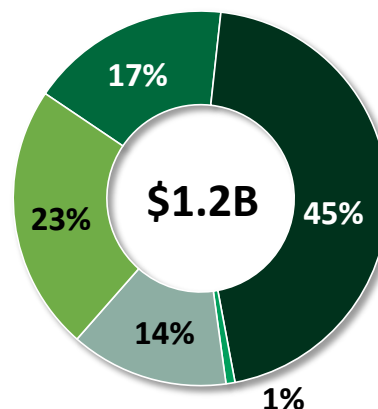
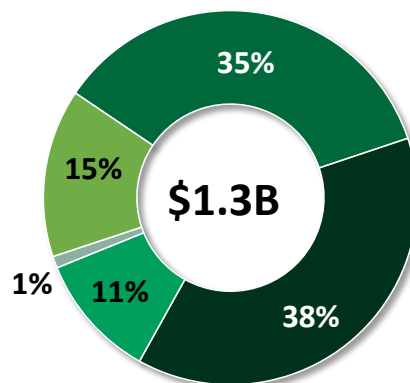
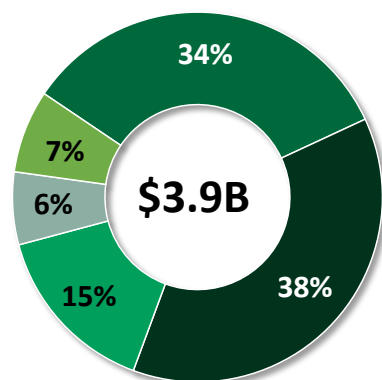


## Combined



■ C&I ■ CRE - Investment ■ Residential RE ■ Ag ■ Other ■ CRE - Owner Occ

## Deposit Portfolio



■ Noninterest Bearing ■ MMA & Interest-bearing demand ■ Savings ■ Brokered ■ Customer CDs

**Nicolet**  
BANKSHARES, INC.

Source: S&P Global and internal company reports as of June 30, 2021

# Transaction Overview and Assumptions

	County Bancorp	Mackinac Financial
<b>Transaction Structure<sup>1</sup></b>	<ul style="list-style-type: none"> <li>0.48x shares of Nicolet OR \$37.18 in cash for each share of County, subject to 80% stock / 20% consideration mix</li> <li>Total transaction value of \$219 million <sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>0.22x shares of Nicolet and \$4.64 in cash for each share of Mackinac</li> <li>Total transaction value of \$248 million<sup>(1)</sup></li> </ul>
<b>Pricing Metrics<sup>1</sup></b>	<ul style="list-style-type: none"> <li>P/E and P/TBV: 15.3x and 138%</li> <li>EPS Accretion: 13% (stand-alone and full cost savings)</li> <li>TBV Earnback: 1.4 years</li> </ul>	<ul style="list-style-type: none"> <li>P/E and P/TBV: 18.3x and 169%</li> <li>EPS Accretion: &gt;14% (stand-alone and full cost savings)</li> <li>TBV Earnback: 1.9 years</li> </ul>
<b>Synergies</b>	<ul style="list-style-type: none"> <li>Cost Savings of 33% of County's 2020 expense base</li> <li>75% realized in 2022 and 100% thereafter</li> </ul>	<ul style="list-style-type: none"> <li>Cost Savings of 30% of Mackinac's 2020 expense base</li> <li>100% realized in 2022</li> </ul>
<b>Loan Credit Mark</b>	<ul style="list-style-type: none"> <li>Total gross loan credit mark of 2.02% on net loan portfolio excluding PPP loans                             <ul style="list-style-type: none"> <li>0.76% PCD mark, recorded into ACL</li> <li>0.34% non-PCD mark</li> </ul> </li> <li>Additional Day 2 CECL reserve of 0.92% of gross loans</li> </ul>	<ul style="list-style-type: none"> <li>Total gross loan credit mark of 1.79% on net loan portfolio excluding PPP loans                             <ul style="list-style-type: none"> <li>0.55% PCD mark, recorded into ACL</li> <li>0.54% non-PCD mark</li> </ul> </li> <li>Additional Day 2 CECL reserve of 0.70% of gross loans</li> </ul>
<b>Other Fair Value Estimates</b>	<ul style="list-style-type: none"> <li>Net fair value write-down of \$10.9 million on loans (interest rate), time deposits, trust preferred and subordinated debt</li> <li>Permanent balance sheet mark of \$2.1 million pretax on fixed assets and OREO</li> <li>Core deposit intangible of \$3.2 million, amortized on an accelerated basis over 10 years</li> </ul>	<ul style="list-style-type: none"> <li>Core deposit intangible of \$4.8 million, amortized on an accelerated basis over 10 years</li> </ul>
<b>Other Assumptions</b>	<ul style="list-style-type: none"> <li>\$19.0 million in estimated pretax deal related expenses</li> <li>Anticipated close in fourth quarter 2021</li> </ul>	<ul style="list-style-type: none"> <li>\$20.0 million in estimated pretax deal expenses</li> <li>Anticipated close in September 2021</li> </ul>



# *Quarterly Update*

# 2021 2<sup>nd</sup> Quarter Highlights

- Quarterly earnings of \$18.3 million, EPS of \$1.77, ROAA of 1.62%, and ROATCE of 19.5%
- Balance sheet remained elevated with \$792 million of cash & equivalents (17% of assets) due largely to continued PPP funding and fiscal stimulus payments during the quarter
- Net interest margin increased to 3.45% during the quarter (from 3.31% the prior linked quarter), but remains depressed due to large cash portfolio. Non-PPP loan yields remain under pressure due to historically low interest rates
- Interest costs continue to trend downward, with the cost of interest bearing liabilities decreasing to 0.41% from 0.47% in the prior quarter
- Wealth revenues (trust and brokerage) continued impressive growth trend – 30% annualized growth on a 1Q to 2Q'21 linked quarter basis, and 30% higher than second quarter 2020
- Mortgage volumes remain strong, however slowing as the mix is shifting to more purchases versus refinances
- Underlying asset quality remains fundamentally strong despite economic headwinds
  - Nonperforming assets remain near historical lows at 0.21% of total assets
  - Net charge-offs of 0.01% of average loans for the first six months of 2021
- Reported tangible common equity to tangible assets of 8.74% (due to PPP and balance sheet bloat). Total Risk-Based Capital Ratio continues to build at 13.4%
- Acquisition of Mackinac Financial Corporation announced on April 12, 2021 and County Bancorp announced on June 22, 2021
- Issued \$100 million of 3.125% fixed-to-floating rate subordinated notes due in 2031 on July 7, 2021

# Snapshot of Quarterly Financials

	2Q	1Q	2Q	% change	% change
(\$ in 000s, except per share)	2021	2021	2020	Linked Q	2Q / 2Q
Net Interest Income	\$ 35,571	\$ 33,641	\$ 31,497	5.7%	12.9%
Noninterest Income	20,178	17,126	17,471	17.8%	15.5%
Provision Expense	0	500	3,000	NM	NM
Noninterest Expense	<u>30,747</u>	<u>26,081</u>	<u>27,813</u>	17.9%	10.5%
Pretax Income	25,002	24,186	18,155	3.4%	37.7%
Tax Expense	6,718	5,947	4,576	13.0%	46.8%
Noncontrolling Interest	<u>0</u>	<u>0</u>	<u>101</u>	NM	NM
Net Income to Nicolet	<u>\$ 18,284</u>	<u>\$ 18,239</u>	<u>\$ 13,478</u>	0.2%	35.7%
Diluted Earnings Per Share	\$ 1.77	\$ 1.75	\$ 1.28	1.1%	38.3%
Return on Average Assets	1.62%	1.64%	1.26%	-2 bps	36 bps
Return on Average TCE	19.46%	20.01%	15.24%	-55 bps	421 bps
Net Interest Margin	3.45%	3.31%	3.21%	14 bps	24 bps
Net Charge-offs / Avg Loans	0.01%	0.01%	0.01%	0 bps	0 bps
Nonperforming Assets / Total Assets	0.21%	0.28%	0.29%	-7 bps	-7 bps
Period End Balances (\$ in millions)					
Assets	\$ 4,587	\$ 4,544	\$ 4,541	1.0%	1.0%
Loans (Non-PPP)	2,670	2,617	2,492	2.0%	7.1%
Deposits	3,939	3,901	3,538	1.0%	11.3%
Common Equity	559	550	532	1.7%	5.1%



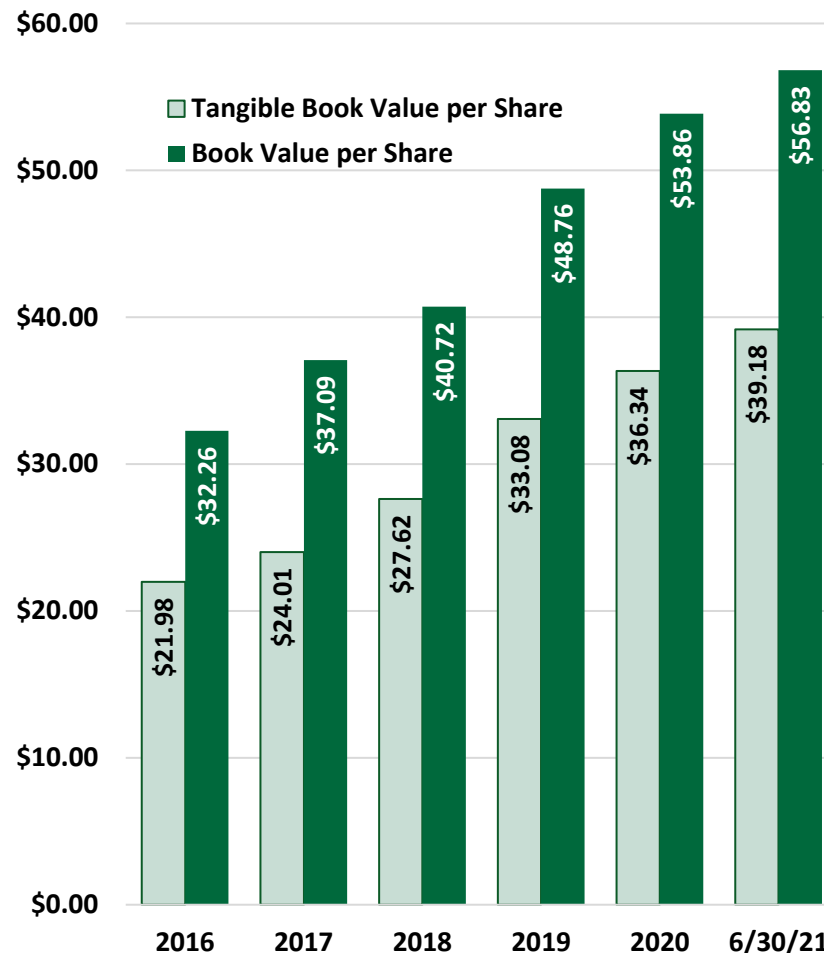
# *Historical Financial Performance*

# Earnings and Book Value per Share

## Diluted Earnings per Share

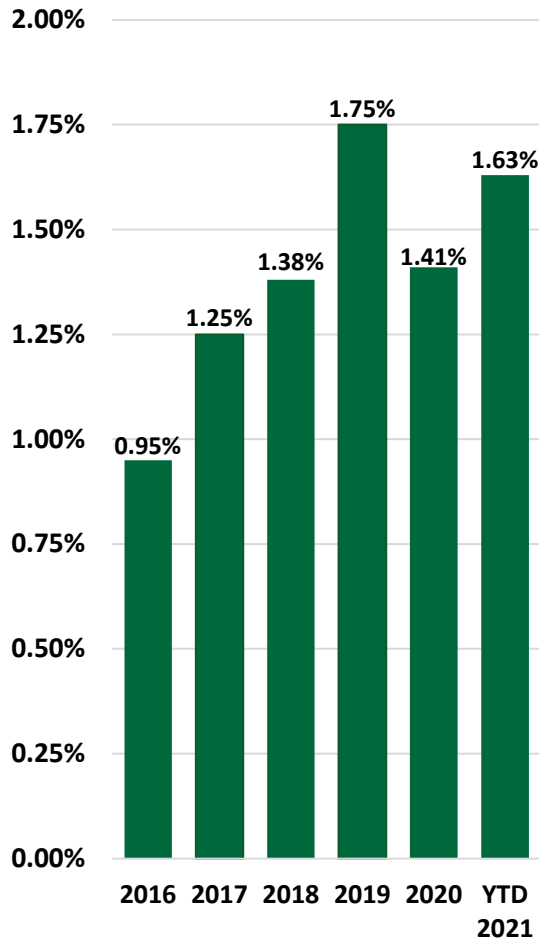


## Book Value per Share

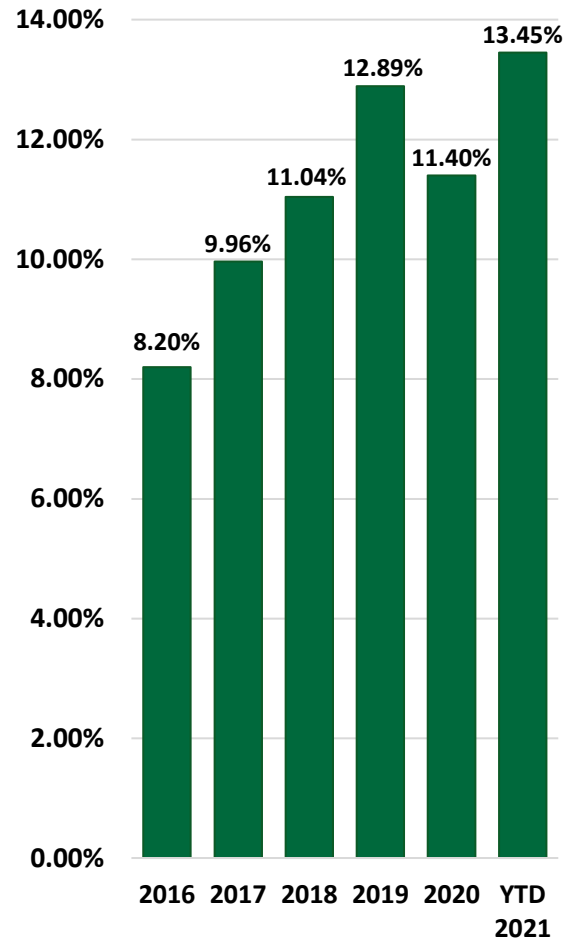


# Return Metrics

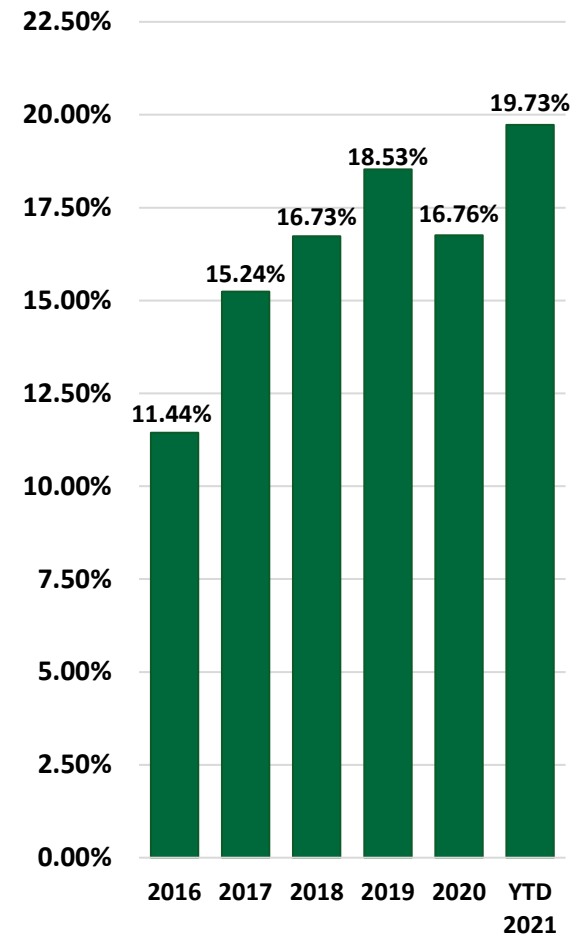
## Return on Average Assets



## Return on Average Common Equity

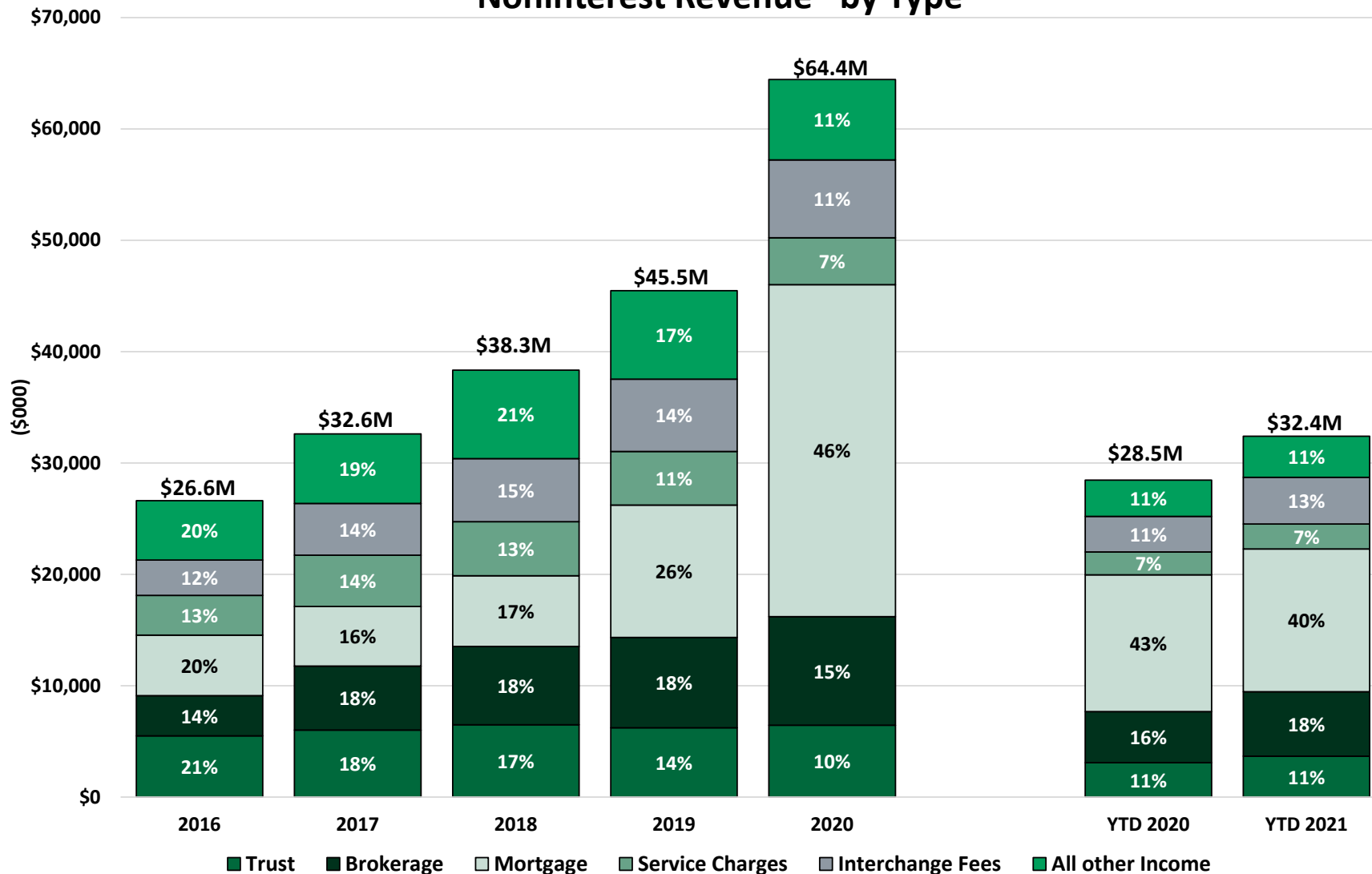


## Return on Average Tangible Common Equity



# Growing and Diversified Fee Income Base

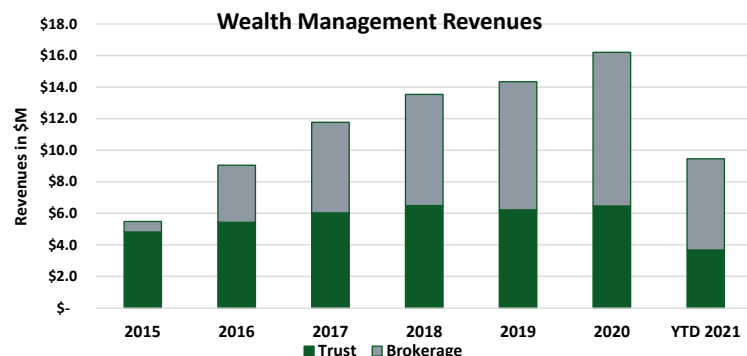
Noninterest Revenue\* by Type



# Key Drivers to Fee Income Growth

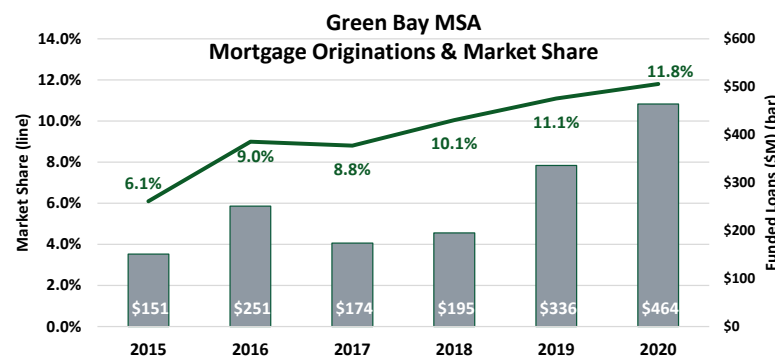
## Wealth Management

- Total AUM (trust/brokerage/retirement plan services) of approximately \$3.6 billion as of June 30, 2021.
- Established RIA (Nicolet Advisory Services) in 4Q 2016 to house brokerage business and further enhance gross revenue after purchasing brokerage books of business (~\$500M in client assets) and technology platform for advisors.
- Brokerage revenue \$9.8 million in 2020 – an increase of 20% over 2019. 2021 YTD revenues up 26% over the six month period in 2020.



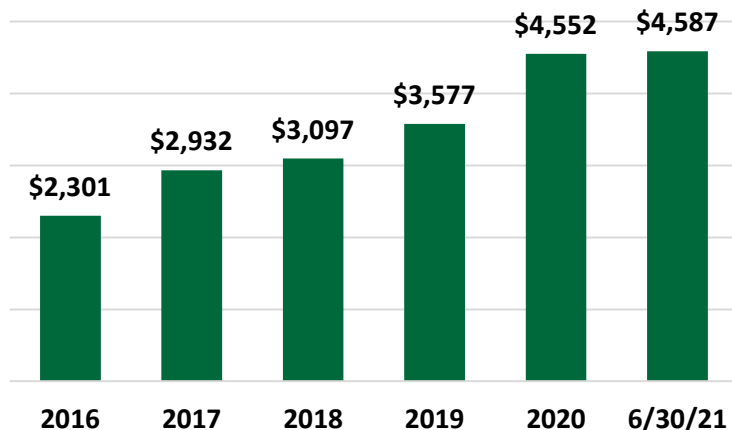
## Home Mortgages and Secondary Market

- Servicing-retained portfolio established in mid-2015. Prior to that all secondary production was sold servicing released. At June 30, 2021, servicing portfolio is roughly \$1.3 billion.
- Origination activity has shifted from primarily refinances in 2020 to a more even split between refinances and purchase/new construction.
- Unique non-commission compensation structure for bankers / mortgage lenders allow for greater operating margins during periods of higher production.
- Fifth straight year of being the #1 mortgage lender in Brown County.

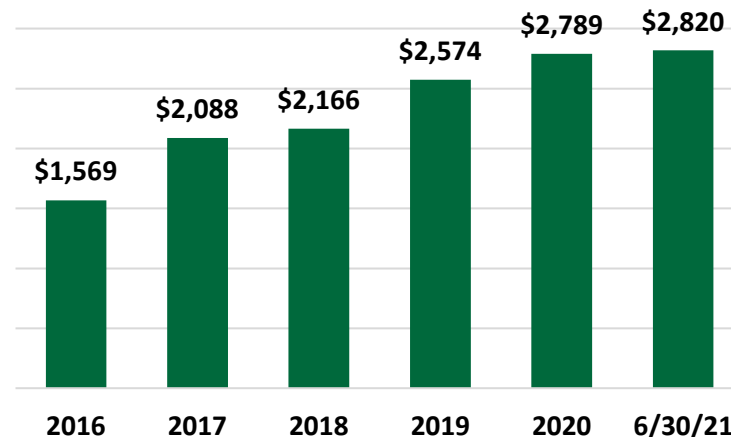


# Balance Sheet Growth

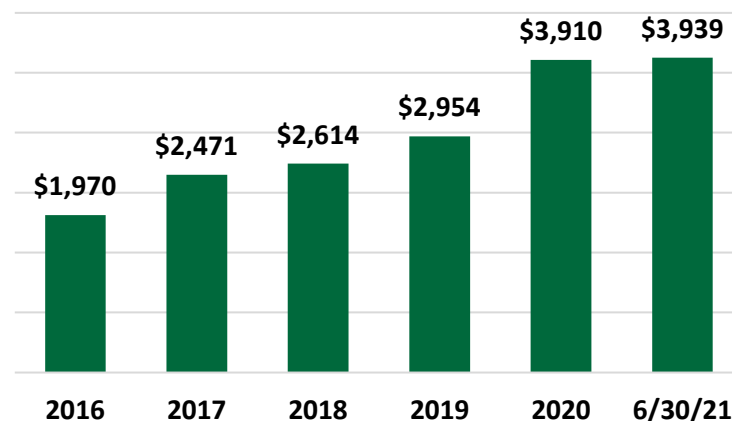
## Total Assets (\$M)



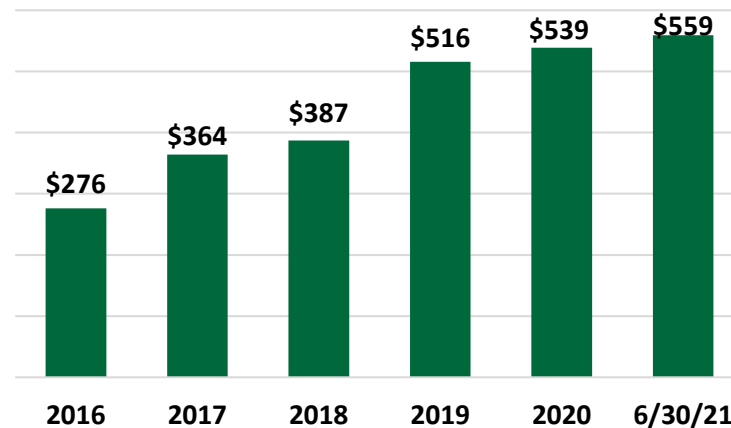
## Total Loans (\$M)



## Total Deposits (\$M)



## Shareholders Equity (\$M)

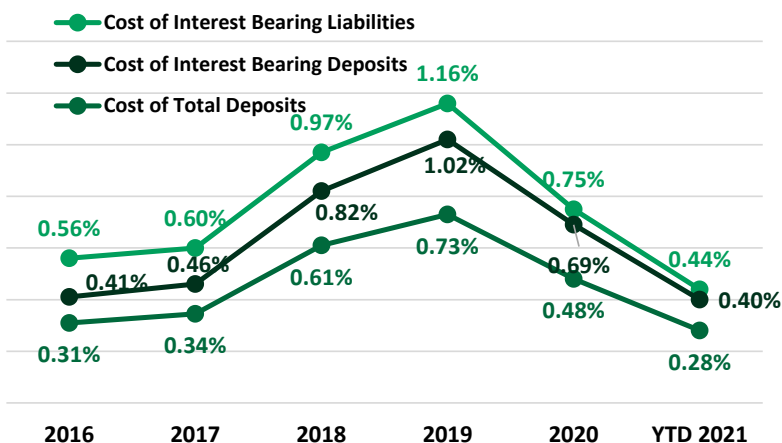


# Costs and Yield Analysis

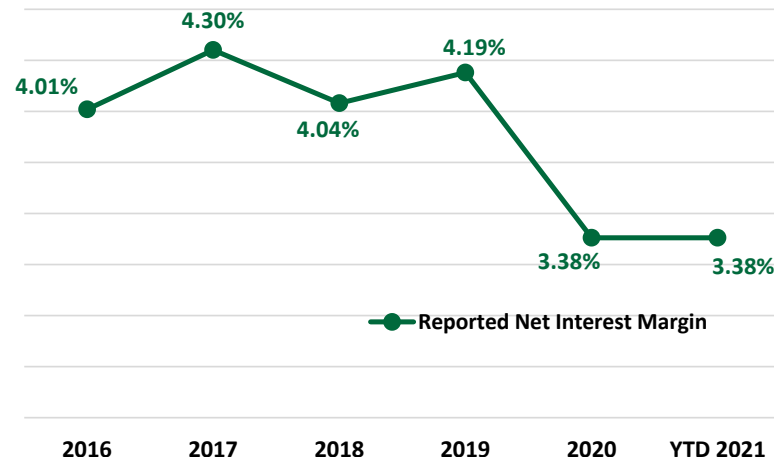
## Combination of a low cost deposit gatherer with a commercial loan generator

- Nicolet has remained commercially focused since inception, typically leading to higher yielding loans than peers
- Prior to the adoption of CECL in the 1Q'2020, the net interest margin had benefited from aggregate discount income accretion related to acquisitions, especially from credit impaired loans being worked out more favorably than initially marked.
- 2020 and YTD 2021 net interest margin heavily impacted by PPP loan portfolio and higher balance of cash & equivalents (16% of assets)

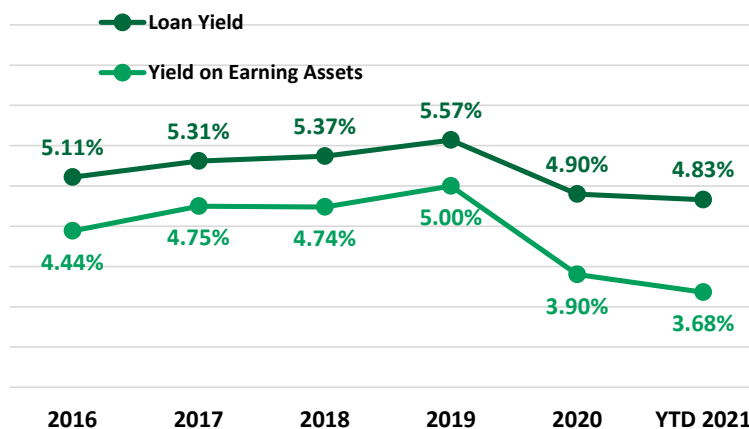
## Cost of Funds / Deposits



## Net Interest Margin



## Yield on Loans & Interest Earning Assets

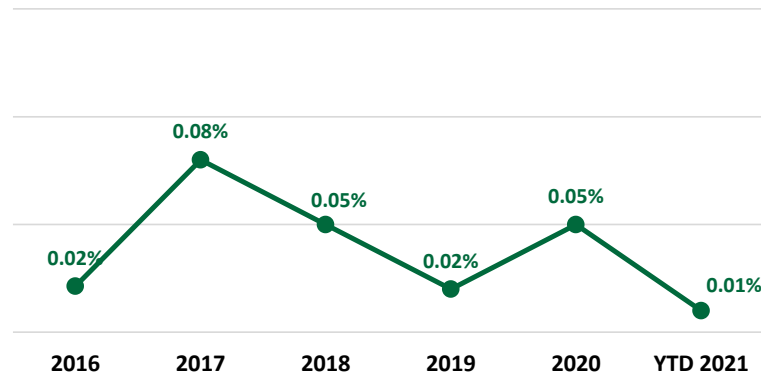


# Asset Quality Metrics

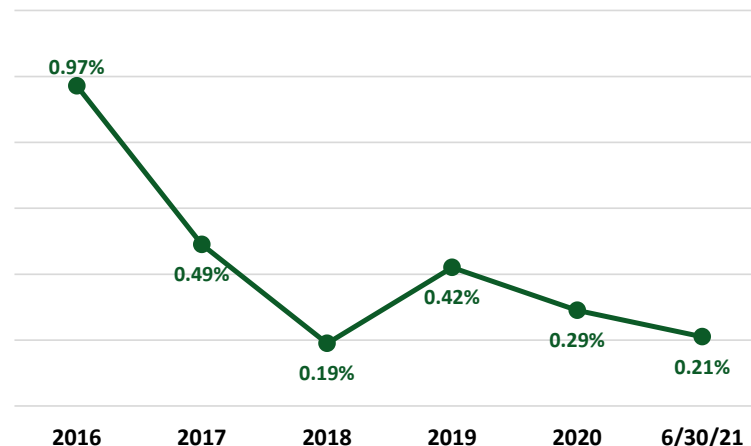
## Conservative Credit Culture + Aggressive Asset Resolution = Strong Asset Quality

- Nicolet's conservative credit culture maintained NPAs well below peers during the last financial crisis through recent periods. Periodic spikes have largely been due to acquisition activity.
- Loan loss reserves as a % of loans declined sharply in periods immediately after past acquisitions closed as a direct result of purchase accounting treatment of acquired loans and no LLR carryover. 2020 increase in LLR due to the adoption of CECL during the 1Q
- Net charge-offs have remained at near historical lows, despite current economic uncertainty surrounding the pandemic

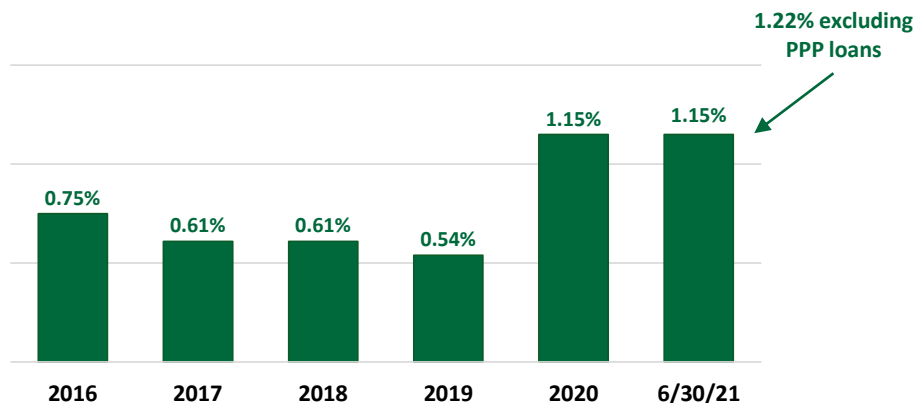
## Net Charge-Offs / Average Loans



## Nonperforming Assets / Assets



## Reserves / Loans

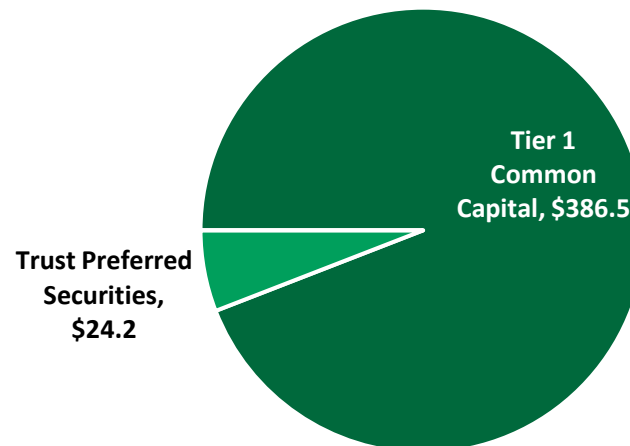


# Capital Ratios & Share Repurchases

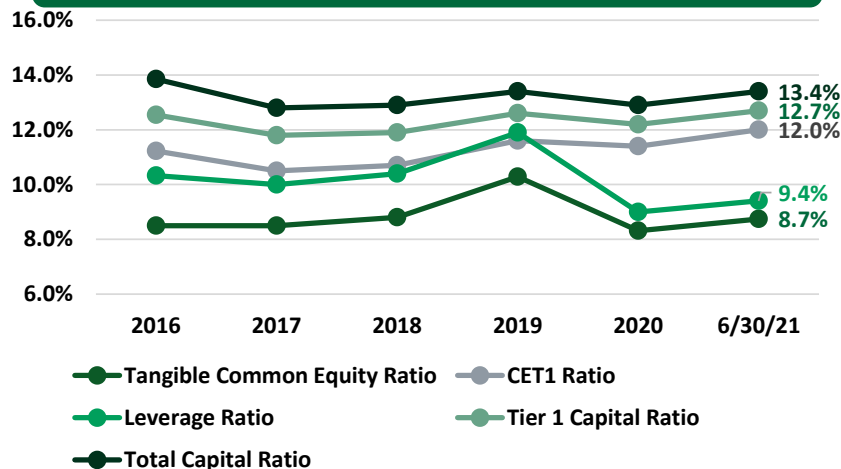
## Strong and Improving Capital Base

- Completed four and announced two capital accretive M&A transactions in the last seven years – continue to look for strategic opportunities
- Regulatory capital ratios continue to increase (leverage and TCE ratio down at 6/30/21 due to bloated balance sheet)
- Long term strategy of capital deployment through opportunistic share repurchases. Since 2016, purchased between 2.2% and 6.1% of outstanding shares each year.

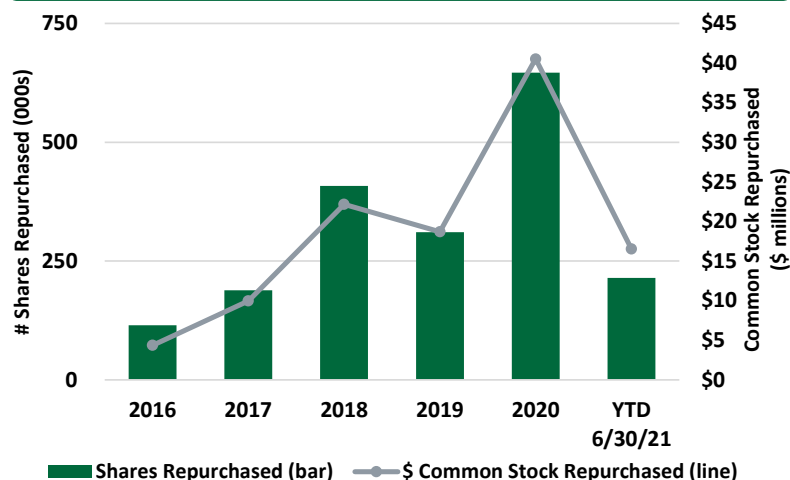
## 6/30/21 Regulatory Capital Profile (\$M)



## Consolidated Capital Ratios



## Common Shares Repurchased





# *Investment Considerations*

# Investment Considerations

- **Northern Wisconsin's (and soon to be Michigan's Upper Peninsula's) predominant community banking franchise**
- **After closing the County Bancorp acquisition, will become Wisconsin's #1 banking dairy lender**
- **Since inception, proven ability to grow both organically and through M&A**
- **Commercially focused with a stable and low cost core deposit base**
- **Experienced consolidator that has successfully announced, closed, and integrated almost all types of M&A transactions – A predominant breakout buyer of choice in the state of Wisconsin**
- **Conservative Balance Sheet: Minimal credit risk in investment portfolio, core funded, loan portfolio almost entirely in market with very few participations**
- **“Owner/Manager” philosophy drives capital management decisions:**
  - ✓ capital and earnings accretive M&A transactions
  - ✓ active share repurchase program
  - ✓ considerate of current shareholders when raising new capital by focusing on costs and an immediate use of proceeds
  - ✓ Strong insider ownership (> 11%) by officers and directors<sup>(1)</sup>



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