REFINITIV

DELTA REPORT

10-Q

NIC - NICOLET BANKSHARES INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1132
CHANGES	211
DELETIONS	235
ADDITIONS	686

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

FORM 10-Q

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

For the quarterly period ended March 31, 2024 June 30, 2024

☐ **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: 001-37700

NICOLET BANKSHARES, INC.

(Exact Name of Registrant as Specified in its Charter)

Wisconsin	**47-0871001**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
111 North Washington Street	
Green Bay, Wisconsin	**54301**
(Address of Principal Executive Offices)	(Zip Code)

(920) 430-1400
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**NIC**	**New York Stock Exchange**

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

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

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

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

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

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

As of April 30, 2024 July 31, 2024 there were 14,933,474 15,059,919 shares of $0.01 par value common stock outstanding.

Nicolet Bankshares, Inc.
Quarterly Report on Form 10-Q
March 31, June 30, 2024
TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS:

NICOLET BANKSHARES, INC.
Consolidated Balance Sheets
(In thousands, except share and per share data)

		March 31, 2024	December 31, 2023		
		June 30, 2024	December 31, 2023		
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets					
Cash and due from banks					
Cash and due from banks					
Cash and due from banks					
Interest-earning deposits					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Certificates of deposit in other banks					
Securities available for sale ("AFS"), at fair value					
Other investments					
Other investments					
Other investments					
Loans held for sale					
Loans					

Loans
Loans
Allowance for credit losses - loans (“ACL-Loans”)
Loans, net
Premises and equipment, net
Bank owned life insurance (“BOLI”)
Goodwill and other intangibles, net
Accrued interest receivable and other assets
Total assets
Liabilities and Stockholders’ Equity
Liabilities and Stockholders’ Equity
Liabilities and Stockholders’ Equity
Liabilities:
Liabilities:
Liabilities:
Noninterest-bearing demand deposits
Noninterest-bearing demand deposits
Noninterest-bearing demand deposits
Interest-bearing deposits
Total deposits
Short-term borrowings
Long-term borrowings
Accrued interest payable and other liabilities
Accrued interest payable and other liabilities
Accrued interest payable and other liabilities
Total liabilities
Stockholders’ Equity:
Stockholders’ Equity:
Stockholders’ Equity:
Common stock
Common stock
Common stock
Additional paid-in capital
Retained earnings
Accumulated other comprehensive income (loss)
Total stockholders’ equity
Total liabilities and stockholders’ equity
Preferred shares authorized (no par value)
Preferred shares authorized (no par value)
Preferred shares authorized (no par value)
Preferred shares issued and outstanding
Common shares authorized (par value $0.01 per share)
Common shares outstanding
Common shares issued

See accompanying notes to unaudited consolidated financial statements.

ITEM 1. Financial Statements Continued:

NICOLET BANKSHARES, INC.
Consolidated Statements of Income (Loss)
(In thousands, except share and per share data) (Unaudited)

	Three Months Ended March 31,

	Three Months Ended March 31,				
	Three Months Ended March 31,				
		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
	2024				
	2024				
Interest income:					
Interest income:					
Interest income:					
Loans, including loan fees					
Loans, including loan fees					
Loans, including loan fees					
Investment securities:					
Investment securities:					
Investment securities:					
Taxable					
Taxable					
Taxable					
Tax-exempt					
Tax-exempt					
Tax-exempt					
Other interest income					
Other interest income					
Other interest income					
Total interest income					
Total interest income					
Total interest income					
Interest expense:					
Interest expense:					
Interest expense:					
Deposits					
Deposits					
Deposits					
Short-term borrowings					
Short-term borrowings					
Short-term borrowings					
Long-term borrowings					
Long-term borrowings					
Long-term borrowings					
Total interest expense					
Total interest expense					
Total interest expense					
Net interest income					
Net interest income					
Net interest income					
Provision for credit losses					
Provision for credit losses					
Provision for credit losses					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					

Net interest income after provision for credit losses
Noninterest income:
Noninterest income:
Noninterest income:
Wealth management fee income
Wealth management fee income
Wealth management fee income
Mortgage income, net
Mortgage income, net
Mortgage income, net
Service charges on deposit accounts
Service charges on deposit accounts
Service charges on deposit accounts
Card interchange income
Card interchange income
Card interchange income
BOLI income
BOLI income
BOLI income
Deferred compensation plan asset market valuations
Deferred compensation plan asset market valuations
Deferred compensation plan asset market valuations
LSR income, net
LSR income, net
LSR income, net
Asset gains (losses), net
Asset gains (losses), net
Asset gains (losses), net
Other income
Other income
Other income
Total noninterest income
Total noninterest income
Total noninterest income
Noninterest expense:
Noninterest expense:
Noninterest expense:
Personnel
Personnel
Personnel
Occupancy, equipment and office
Occupancy, equipment and office
Occupancy, equipment and office
Business development and marketing
Business development and marketing
Business development and marketing
Data processing
Data processing
Data processing
Intangibles amortization
Intangibles amortization
Intangibles amortization

FDIC assessments
FDIC assessments
FDIC assessments
Merger-related expense
Merger-related expense
Merger-related expense
Other expense
Other expense
Other expense
Total noninterest expense
Total noninterest expense
Total noninterest expense
Income (loss) before income tax expense (benefit)
Income (loss) before income tax expense (benefit)
Income (loss) before income tax expense (benefit)
Income tax expense (benefit)
Income tax expense (benefit)
Income tax expense (benefit)
Net income (loss)
Net income (loss)
Net income (loss)
Earnings (loss) per common share:
Earnings (loss) per common share:
Earnings (loss) per common share:
Income before income tax expense
Income tax expense
Net income
Earnings per common share:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Weighted average common shares outstanding:
Weighted average common shares outstanding:
Weighted average common shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted

See accompanying notes to unaudited consolidated financial statements.

ITEM 1. Financial Statements Continued:

NICOLET BANKSHARES, INC.
Consolidated Statements of Comprehensive Income (Loss)
(In thousands) (Unaudited)

	Three Months Ended March 31,

	Three Months Ended March 31,				
	Three Months Ended March 31,				
		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
	2024				
	2024				
Net income (loss)					
Net income (loss)					
Net income (loss)					
Other comprehensive income (loss), net of tax:					
Other comprehensive income (loss), net of tax:					
Net income					
Other comprehensive income (loss), net of tax:					
Unrealized gains (losses) on securities AFS:					
Unrealized gains (losses) on securities AFS:					
Unrealized gains (losses) on securities AFS:					
Net unrealized holding gains (losses)					
Net unrealized holding gains (losses)					
Net unrealized holding gains (losses)					
Net realized (gains) losses included in income					
Net realized (gains) losses included in income					
Net realized (gains) losses included in income					
Reclassification adjustment for securities transferred from held to maturity to available for sale					
Reclassification adjustment for securities transferred from held to maturity to available for sale					
Reclassification adjustment for securities transferred from held to maturity to available for sale					
Income tax (expense) benefit					
Income tax (expense) benefit					
Income tax (expense) benefit					
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income					

See accompanying notes to unaudited consolidated financial statements.

ITEM 1. Financial Statements Continued:

NICOLET BANKSHARES, INC.
Consolidated Statements of Stockholders' Equity
(In thousands) (Unaudited)

Common
Stock

Common
Stock

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2023					
Balances at March 31, 2024					
Balances at March 31, 2024					
Balances at March 31, 2024					
Comprehensive income:					
Net income, three months ended March 31, 2024					
Net income, three months ended March 31, 2024					
Net income, three months ended March 31, 2024					
Comprehensive income:					
Comprehensive income:					
Net income, three months ended June 30, 2024					
Net income, three months ended June 30, 2024					
Net income, three months ended June 30, 2024					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Stock-based compensation expense					
Stock-based compensation expense					
Stock-based compensation expense					
Cash dividends on common stock, $0.25 per share					
Cash dividends on common stock, $0.28 per share					
Cash dividends on common stock, $0.28 per share					
Cash dividends on common stock, $0.28 per share					
Exercise of stock options, net					
Exercise of stock options, net					
Exercise of stock options, net					
Issuance of common stock					
Issuance of common stock					
Issuance of common stock					
Balances at March 31, 2024					
Balances at June 30, 2024					
Balances at March 31, 2024					
Balances at March 31, 2024					
Balances at December 31, 2022					
Balances at June 30, 2024					
Balances at June 30, 2024					
Balances at March 31, 2023					
Balances at March 31, 2023					
Balances at March 31, 2023					
Comprehensive income:					
Net income (loss), three months ended March 31, 2023					
Net income (loss), three months ended March 31, 2023					
Net income (loss), three months ended March 31, 2023					
Comprehensive income:					
Comprehensive income:					
Net income, three months ended June 30, 2023					
Net income, three months ended June 30, 2023					
Net income, three months ended June 30, 2023					
Other comprehensive income (loss)					
Other comprehensive income (loss)					

Other comprehensive income (loss)
Stock-based compensation expense
Stock-based compensation expense
Stock-based compensation expense
Cash dividends on common stock, $0.25 per share
Cash dividends on common stock, $0.25 per share
Cash dividends on common stock, $0.25 per share
Exercise of stock options, net
Exercise of stock options, net
Exercise of stock options, net
Issuance of common stock
Issuance of common stock
Issuance of common stock
Purchase and retirement of common stock
Purchase and retirement of common stock
Purchase and retirement of common stock
Balances at June 30, 2023
Balances at June 30, 2023
Balances at June 30, 2023
Balances at December 31, 2023
Balances at December 31, 2023
Balances at December 31, 2023
Comprehensive income:
Comprehensive income:
Comprehensive income:
Net income, six months ended June 30, 2024
Net income, six months ended June 30, 2024
Net income, six months ended June 30, 2024
Other comprehensive income (loss)
Other comprehensive income (loss)
Other comprehensive income (loss)
Stock-based compensation expense
Stock-based compensation expense
Stock-based compensation expense
Cash dividends on common stock, $0.53 per share
Cash dividends on common stock, $0.53 per share
Cash dividends on common stock, $0.53 per share
Exercise of stock options, net
Exercise of stock options, net
Exercise of stock options, net
Issuance of common stock
Issuance of common stock
Issuance of common stock
Balances at March 31, 2023
Balances at March 31, 2023
Balances at March 31, 2023
Balances at June 30, 2024
Balances at June 30, 2024
Balances at June 30, 2024
Balances at December 31, 2022
Balances at December 31, 2022
Balances at December 31, 2022
Comprehensive income:

Comprehensive income:
Comprehensive income:
Net income, six months ended June 30, 2023
Net income, six months ended June 30, 2023
Net income, six months ended June 30, 2023
Other comprehensive income (loss)
Other comprehensive income (loss)
Other comprehensive income (loss)
Stock-based compensation expense
Stock-based compensation expense
Stock-based compensation expense
Cash dividends on common stock, $0.25 per share
Cash dividends on common stock, $0.25 per share
Cash dividends on common stock, $0.25 per share
Exercise of stock options, net
Exercise of stock options, net
Exercise of stock options, net
Issuance of common stock
Issuance of common stock
Issuance of common stock
Purchase and retirement of common stock
Purchase and retirement of common stock
Purchase and retirement of common stock
Balances at June 30, 2023
Balances at June 30, 2023
Balances at June 30, 2023

See accompanying notes to unaudited consolidated financial statements.

ITEM 1. Financial Statements Continued:

NICOLET BANKSHARES, INC.
Consolidated Statements of Cash Flows (Unaudited)

(In thousands)	**(In thousands)**	**Three Months Ended March 31,**	**(In thousands)**	**Six Months Ended June 30,**		
	2024	**2024**		2023	**2024**	2023
Cash Flows From Operating Activities:						
Net income (loss)						
Net income (loss)						
Net income (loss)						
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Net income						
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation, amortization, and accretion						
Depreciation, amortization, and accretion						
Depreciation, amortization, and accretion						
Provision for credit losses						
Increase in cash surrender value of life insurance						
Stock-based compensation expense						
Asset (gains) losses, net						
Gain on sale of loans held for sale, net						
Proceeds from sale of loans held for sale						

Origination of loans held for sale
Net change due to:
Accrued interest receivable and other assets
Accrued interest receivable and other assets
Accrued interest receivable and other assets
Accrued interest payable and other liabilities
Net cash provided by (used in) operating activities
Cash Flows From Investing Activities:
Net (increase) decrease in loans
Net (increase) decrease in loans
Net (increase) decrease in loans
Net (increase) decrease in certificates of deposit in other banks
Purchases of securities AFS
Proceeds from sales of securities AFS
Proceeds from sales of securities AFS
Proceeds from sales of securities AFS
Proceeds from sales of securities HTM
Proceeds from calls and maturities of securities AFS
Proceeds from calls and maturities of securities HTM
Purchases of other investments
Proceeds from sales of other investments
Proceeds from redemption of BOLI
Proceeds from redemption of BOLI
Proceeds from redemption of BOLI
Net (increase) decrease in premises and equipment
Net (increase) decrease in other real estate and other assets
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Cash Flows From Financing Activities:
Net increase (decrease) in deposits
Net increase (decrease) in deposits
Net increase (decrease) in deposits
Net increase (decrease) in short-term borrowings
Repayments of long-term borrowings
Repayments of long-term borrowings
Repayments of long-term borrowings
Cash dividends paid on common stock
Cash dividends paid on common stock
Purchase and retirement of common stock
Cash dividends paid on common stock
Proceeds from issuance of common stock
Proceeds from issuance of common stock
Proceeds from issuance of common stock
Proceeds from exercise of stock options
Net cash provided by (used in) financing activities
Net cash provided by (used in) financing activities
Net cash provided by (used in) financing activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents:
Beginning
Beginning
Beginning
Ending *

Supplemental Disclosures of Cash Flow Information:

Cash paid for interest
Cash paid for interest
Cash paid for interest
Cash paid for taxes
Transfer of securities from HTM to AFS
Transfer of loans and bank premises to other real estate owned
Capitalized mortgage servicing rights

* There was no restricted cash in cash and cash equivalents at either March 31, 2024 June 30, 2024 or March 31, 2023 June 30, 2023.

See accompanying notes to unaudited consolidated financial statements.

NICOLET BANKSHARES, INC.

Notes to Unaudited Consolidated Financial Statements

Note 1 – Basis of Presentation

General

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the consolidated balance sheets, statements of income, (loss), comprehensive income, (loss), changes in stockholders' equity, and cash flows of Nicolet Bankshares, Inc. (the "Company" or "Nicolet") and its subsidiaries, as of and for the periods presented, and all such adjustments are of a normal recurring nature. All material intercompany transactions and balances have been eliminated. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the entire year.

These interim consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission and, therefore, certain information and footnote disclosures normally presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") have been omitted or abbreviated. These 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, 2023.

Critical Accounting Policies and Estimates

Preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Material estimates may be used in accounting for, among other items, the allowance for credit losses, valuation of loans in acquisition transactions, useful lives for depreciation and amortization, fair value of financial instruments, impairment calculations, valuation of deferred tax assets, uncertain income tax positions and contingencies. These estimates and assumptions are based on management's knowledge of historical experience, current information, and other factors deemed to be relevant; accordingly, as this information changes, actual results could differ from those estimates. Factors that may cause sensitivity to the aforementioned estimates include but are not limited to: external market factors such as market interest rates and employment rates, changes to operating policies and procedures, changes in applicable banking or tax regulations, and changes to deferred tax estimates. Nicolet considers accounting estimates to be critical to reported financial results if the accounting estimate requires management to make assumptions about matters that are highly uncertain and different estimates that management reasonably could have used for the accounting estimate in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, could have a material impact on the financial statements. The accounting estimates we consider to be critical include business combinations and the valuation of loans acquired, the determination of the allowance for credit losses, and income taxes.

There have been no material changes or developments with respect to the assumptions or methodologies that the Company uses when applying critical accounting policies and developing critical accounting estimates as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements Adopted

In March 2023, the FASB issued ASU 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. This ASU permits reporting entities to elect to account for tax equity investments, regardless of the tax credit program for which the income tax credits are received, using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the income tax credits and other income tax benefits received and recognizes the net amortization and income tax credits and other income tax benefits in the income statement as a component of income tax expense. A reporting entity makes an accounting policy election to apply the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than electing to apply the proportional amortization method at the reporting entity level or to individual investments. This ASU also requires specific disclosures of investments that generate income tax credits and other income tax benefits from a tax credit program for which the entity has elected to apply the proportional amortization method. The updated guidance is effective for fiscal years beginning after December 15, 2023. Adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Future Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this ASU improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation table, as well as income taxes paid disaggregated by jurisdiction. These expanded disclosures will allow investors to better assess how an entity's overall operations, including the related tax risks, tax planning, and operational opportunities, affect its income tax rate and prospects for future cash flows. The updated guidance is effective for annual periods beginning after December 15, 2024.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU expands segment disclosure requirements for public entities to include disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The updated guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and is not expected to have a material impact on the consolidated financial statements.

Reclassifications

Certain amounts in the 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation. These reclassifications were not material and did not impact previously reported net income or comprehensive income.

Note 2 – Earnings per Common Share

Basic earnings per common share are calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per common share are calculated by dividing net income (loss) by the weighted average number of shares adjusted for the dilutive effect of common stock awards (outstanding stock options and unvested restricted stock), if any. Presented below are the calculations for basic and diluted earnings per common share.

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
		Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share data)	**(In thousands, except per share data)**	**2024**	**2023**	**2024**	**2023**
(In thousands, except per share data)					
(In thousands, except per share data)					
Net income (loss)					
Net income (loss)					
Net income (loss)					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Net income					
Weighted average common shares outstanding					
Effect of dilutive common stock awards					
Effect of dilutive common stock awards					
Effect of dilutive common stock awards					
Diluted weighted average common shares outstanding					
Diluted weighted average common shares outstanding					
Diluted weighted average common shares outstanding					
Basic earnings (loss) per common share*					
Basic earnings (loss) per common share*					
Basic earnings (loss) per common share*					
Diluted earnings (loss) per common share*					
Diluted earnings (loss) per common share*					
Diluted earnings (loss) per common share*					
Basic earnings per common share*					
Diluted earnings per common share*					

*Cumulative quarterly per share performance may not equal annual per share totals due to the effects of the amount and timing of capital increases. When computing earnings per share for an interim period, the denominator is based on the weighted average shares outstanding during the interim period, and not on an annualized weighted average basis. Accordingly, the sum of the earnings per share data for the quarters will not necessarily equal the year to date earnings per share data.

For the three and six months ended March 31, 2024 June 30, 2024, options to purchase approximately 0.1 million shares were excluded from the calculation of diluted earnings per common share as the effect of their exercise would have been anti-dilutive. As a result of the Company's reported net loss for For the three and six months ended March 31, 2023 June 30, 2023, all of the common stock awards outstanding options to purchase approximately 0.3 million shares were excluded from the computation calculation of diluted earnings (loss) per common share. share as the effect of their exercise would have been anti-dilutive.

Note 3 – Stock-Based Compensation

The Company may grant stock options and restricted stock awards under its stock-based compensation plans to certain officers, employees, and directors. These plans are administered by a committee of the Board of Directors, and at March 31, 2024 June 30, 2024, approximately 0.6 million shares were available for grant under these stock-based compensation plans.

A Black-Scholes model is utilized to estimate the fair value of stock option grants, while the market price of the Company's stock at the date of grant is used to estimate the fair value of restricted stock awards. The weighted average assumptions used in the Black-Scholes model for valuing stock option grants for the three months ended March 31, 2024 were as follows. There were no stock options granted for the three months ended March 31, 2023.

		Three Months Ended March 31, 2024
Dividend yield		1.3 %
Expected volatility		30 %
Risk-free interest rate		4.31 %
Expected average life		7 years
Weighted average per share fair value of options	$	27.67

	Six Months Ended June 30,			
	2024		2023	
Dividend yield		1.3 %		1.6 %
Expected volatility		30 %		30 %
Risk-free interest rate		4.52 %		3.74 %
Expected average life		7 years		7 years
Weighted average per share fair value of options	$	27.91	$	20.94

A summary of the Company's stock option activity is summarized below.

Stock Options	Stock Options	Option Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value (in thousands)	Stock Options	Option Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding - December 31, 2023										
Granted										
Granted										
Granted										
Exercise of stock options *										
Exercise of stock options *										
Exercise of stock options *										
Forfeited										
Forfeited										
Forfeited										
Outstanding - March 31, 2024										
Outstanding - March 31, 2024										
Outstanding - March 31, 2024										
Exercisable - March 31, 2024										
Outstanding - June 30, 2024										
Outstanding - June 30, 2024										
Outstanding - June 30, 2024										
Exercisable - June 30, 2024										

* The terms of the stock option agreements permit having a number of shares of stock withheld, the fair market value of which as of the date of exercise is sufficient to satisfy the exercise price and/or tax withholding requirements. For the three six months ended March 31, 2024 June 30, 2024, 1,131 such shares were withheld by the Company.

Intrinsic value represents the amount by which the fair market value of the underlying stock exceeds the exercise price of the stock options. The intrinsic value of options exercised for the three six months ended March 31, 2024 June 30, 2024 and 2023 was approximately $1.5 million and $0.2 million $1.4 million, respectively.

A summary of the Company's restricted stock activity is summarized below.

Restricted Stock	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Shares Outstanding	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Shares Outstanding
Outstanding - December 31, 2023						
Granted						
Vested *						
Outstanding - March 31, 2024						
Outstanding - March 31, 2024						
Outstanding - March 31, 2024						

Outstanding - June 30, 2024

Outstanding - June 30, 2024

Outstanding - June 30, 2024

* The terms of the restricted stock agreements permit the surrender of shares to the Company upon vesting in order to satisfy applicable withholding at the minimum statutory withholding rate, and accordingly 175 815 shares were surrendered for the three six months ended March 31, 2024 June 30, 2024.

The Company recognized approximately $1.4 million $2.9 million and $2.8 million of stock-based compensation expense (included in personnel on the consolidated statements of income) for both the three six months ended March 31, 2024 June 30, 2024 and the three months ended March 31, 2023, 2023, respectively, associated with its common stock awards granted to officers and employees. In addition, for the six months ended June 30, 2024, the Company recognized approximately $0.7 million of director expense (included in other expense on the consolidated statements of income) for restricted stock grants totaling 8,764 shares with immediate vesting to directors, while for the six months ended June 30, 2023, the Company recognized approximately $0.6 million of director expense for restricted stock grants totaling 11,674 shares with immediate vesting to directors, in each case representing the annual stock retainer fee paid to external board members. As of March 31, 2024 June 30, 2024, there was approximately $12.8 million $13.7 million of unrecognized compensation cost related to equity award grants, which is expected to be recognized over the remaining vesting period of approximately three years. The Company recognized a tax benefit of approximately $0.2 million and less than $0.1 million for both the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively, for the tax impact of stock option exercises and vesting of restricted stock.

Note 4 – Securities and Other Investments

Securities

Securities are classified as AFS or HTM on the consolidated balance sheets at the time of purchase. AFS securities include those securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity, and are carried at fair value on the consolidated balance sheets. HTM securities include those securities which the Company has both the positive intent and ability to hold to maturity, and are carried at amortized cost on the consolidated balance sheets. Premiums and discounts on investment securities are amortized or accreted into interest income over the estimated life of the related securities using the effective interest method.

The amortized cost and fair value of securities AFS are summarized as follows.

	March 31, 2024				June 30, 2024			
(in thousands)	**(in thousands) Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**	**(in thousands) Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Securities AFS:								
U.S. Treasury securities								
U.S. Treasury securities								
U.S. Treasury securities								
U.S. government agency securities								
State, county and municipals								
Mortgage-backed securities								
Corporate debt securities								
Total securities AFS								

	December 31, 2023			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Securities AFS:				
U.S. Treasury securities	$ 15,988	$ —	$ 1,865	$ 14,123
U.S. government agency securities	7,430	—	46	7,384
State, county and municipals	360,496	651	26,325	334,822
Mortgage-backed securities	388,378	1,437	37,193	352,622
Corporate debt securities	102,895	26	9,299	93,622
Total securities AFS	$ 875,187	$ 2,114	$ 74,728	$ 802,573

On March 7, 2023, Nicolet executed the sale of $500 million (par value) U.S. Treasury held to maturity securities for a pre-tax loss of $38 million or an after-tax loss of $28 million. Proceeds from the sale were used to reduce existing FHLB borrowings with the remainder held in investable cash. As a result of the sale of securities previously classified as held to maturity, the remaining unsold portfolio of held to maturity securities, with a book value of $177 million, was reclassified to available for sale with a carrying value of approximately $157 million. The unrealized loss on this portfolio of $20 million (at the time of reclassification) increased the balance of accumulated other comprehensive loss $15 million, net of the deferred tax effect, and is subject to future market changes.

Proceeds and realized gains or losses from the sale of AFS and HTM securities were as follows.

		Three Months Ended March 31,			Six Months Ended June 30,	
(in thousands)	**(in thousands)**	**2024**	**2023**	**(in thousands)**	**2024**	**2023**

Securities AFS:	
Gross gains	
Gross gains	
Gross gains	
Gross losses	
Gains (losses) on sales of securities AFS, net	
Proceeds from sales of securities AFS	
Securities HTM:	
Gross gains	
Gross gains	
Gross gains	
Gross losses	
Gains (losses) on sales of securities HTM, net	
Proceeds from sales of securities HTM	

All mortgage-backed securities included in the securities portfolio were issued by U.S. government agencies and corporations. Investment securities with a carrying value of $366 million $365 million and $364 million, as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively, were pledged as collateral to secure public deposits and borrowings, as applicable, and for liquidity or other purposes as required by regulation. Accrued interest on investment securities totaled $5 million at both March 31, 2024 June 30, 2024 and December 31, 2023, and is included in accrued interest receivable and other assets on the consolidated balance sheets.

The following table presents gross unrealized losses and the related estimated fair value of investment securities for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time individual securities have been in a continuous unrealized loss position.

	March 31, 2024								June 30, 2024							
	Less than 12 months		Less than 12 months		12 months or more		Total			Less than 12 months		12 months or more			Total	
($ in thousands)	($ in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Number of Securities	($ in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Number of Securities
Securities AFS:																
U.S. Treasury securities																
U.S. Treasury securities																
U.S. Treasury securities																
U.S. government agency securities																
State, county and municipals																
Mortgage-backed securities																
Corporate debt securities																
Total																

	December 31, 2023						
	Less than 12 months		12 months or more		Total		
($ in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Number of Securities
Securities AFS:							
U.S. Treasury securities	$ —	$ —	$ 14,123	$ 1,865	$ 14,123	$ 1,865	1
U.S. government agency securities	4,621	31	1,793	15	6,414	46	10
State, county and municipals	29,336	330	257,916	25,995	287,252	26,325	528
Mortgage-backed securities	6	—	291,124	37,193	291,130	37,193	433
Corporate debt securities	—	—	85,265	9,299	85,265	9,299	59
Total	$ 33,963	$ 361	$ 650,221	$ 74,367	$ 684,184	$ 74,728	1,031

During first quarter 2023, the Company recognized provision expense of $2.3 million related to the expected credit loss on a bank subordinated debt investment (acquired in an acquisition), and immediately charged-off the full investment. The Company does not consider its remaining 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, the Company does not have the intent to sell any of these AFS securities and believes that it is more likely than not that we will not have to sell any such securities before a recovery of cost. As of March 31, 2024 June 30, 2024 and December 31, 2023, no allowance for credit losses on AFS securities was recognized.

The amortized cost and fair value of investment securities by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties; as this is particularly inherent in mortgage-backed securities, these securities are not included in the maturity categories below.

As of March 31, 2024	
As of March 31, 2024	
As of March 31, 2024	
As of June 30, 2024	
As of June 30, 2024	
As of June 30, 2024	
(in thousands)	
(in thousands)	
(in thousands)	
Due in less than one year	
Due in less than one year	
Due in less than one year	
Due in one year through five years	
Due in one year through five years	
Due in one year through five years	
Due after five years through ten years	
Due after five years through ten years	
Due after five years through ten years	
Due after ten years	
Due after ten years	
Due after ten years	
	455,990
	455,990
	455,990
	430,969
	430,969
	430,969
Mortgage-backed securities	
Mortgage-backed securities	
Mortgage-backed securities	
Total investment securities	
Total investment securities	
Total investment securities	

Other Investments

Other investments include “restricted” equity securities, equity securities with readily determinable fair values, and private company securities. As a member of the Federal Reserve Bank System and the Federal Home Loan Bank (“FHLB”) System, Nicolet is required to maintain an investment in the capital stock of these entities. These equity securities are “restricted” in that they can only be sold back to the respective institutions or another member institution at par. Therefore, they are less liquid than other exchange traded equity securities. As no ready market exists for these stocks, and they have no quoted market value, these investments are carried at cost. Also included are investments in other private companies that do not have quoted market prices, which are carried at cost less impairment charges, if any. The carrying value of other investments are summarized as follows.

		March 31, 2024			**December 31, 2023**	
		June 30, 2024			**December 31, 2023**	
(in thousands)	**(in thousands)**	**Amount**	**Amount**	**(in thousands)**	**Amount**	**Amount**
Federal Reserve Bank stock						
Federal Home Loan Bank (“FHLB”) stock						
Equity securities with readily determinable fair values						
Other investments						
Total other investments						

Note 5 – Loans, Allowance for Credit Losses - Loans, and Credit Quality

The loan composition is summarized as follows.

		March 31, 2024			December 31, 2023									
		June 30, 2024			December 31, 2023									
(in thousands)	(in thousands)	Amount	% of Total		Amount	% of Total		(in thousands)	Amount	% of Total		Amount	% of Total	
Commercial & industrial	Commercial & industrial	$1,307,490	20	20 %	$1,284,009	20	20 %	Commercial & industrial	$1,358,152	21	21 %	$1,284,009	20	20 %
Owner-occupied commercial real estate ("CRE")														
Agricultural														
CRE investment														
Construction & land development														
Residential construction														
Residential first mortgage														
Residential junior mortgage														
Retail & other														
Loans	Loans	6,397,617	100	100 %	6,353,942	100	100 %	Loans	6,529,134	100	100 %	6,353,942	100	100 %
Less allowance for credit losses - Loans ("ACL-Loans")														
Loans, net														
Loans, net														
Loans, net														
Allowance for credit losses - Loans to loans														
Allowance for credit losses - Loans to loans														
Allowance for credit losses - Loans to loans														

Accrued interest on loans totaled $21 million $23 million and $19 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively, and is included in accrued interest receivable and other assets on the consolidated balance sheets.

Allowance for Credit Losses - Loans:

The majority of the Company's loans, commitments, and letters of credit have been granted to customers in the Company's market area. Although the Company has a diversified loan portfolio, the credit risk in the loan portfolio is largely influenced by general economic conditions and trends of the counties and markets in which the debtors operate, and the resulting impact on the operations of borrowers or on the value of underlying collateral, if any.

A roll forward of the allowance for credit losses - loans is summarized as follows.

		Three Months Ended							
		Three Months Ended							
		Three Months Ended		Year Ended		Three Months Ended		Six Months Ended	Year Ended
(in thousands)	(in thousands)	March 31, 2024	March 31, 2023	December 31, 2023	(in thousands)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
Beginning balance										
Provision for credit losses										
Provision for credit losses										
Provision for credit losses										
Charge-offs										
Recoveries										
Net (charge-offs) recoveries										
Ending balance										

The following tables present the balance and activity in the ACL-Loans by portfolio segment.

(in thousands)	Three Months Ended March 31, 2024									
(in thousands)	Commercial & industrial	Owner-occupied CRE	Agricultural	CRE investment	Construction & land development	Residential construction	Residential first mortgage	Residential junior mortgage	Retail & other	Total
ACL-Loans										
Beginning balance										
Beginning balance										
Beginning balance										
Provision										
Provision										
Provision										
Charge-offs										
Recoveries										
Net (charge-offs) recoveries										
Ending balance										
As % of ACL-Loans	23 %	15 %	19 %	22 %	3 %	2 %	11 %	3 %	2 %	100 %

(in thousands)	Six Months Ended June 30, 2024									
(in thousands)	Commercial & industrial	Owner-occupied CRE	Agricultural	CRE investment	Construction & land development	Residential construction	Residential first mortgage	Residential junior mortgage	Retail & other	Total
As % of ACL-Loans	25 %	14 %	19 %	21 %	3 %	2 %	11 %	3 %	2 %	100 %

(in thousands)	Year Ended December 31, 2023									
(in thousands)	Commercial & industrial	Owner-occupied CRE	Agricultural	CRE investment	Construction & land development	Residential construction	Residential first mortgage	Residential junior mortgage	Retail & other	Total
ACL-Loans										
Beginning balance	$ 16,350	$ 9,138	$ 9,762	$ 12,744	$ 2,572	$ 1,412	$ 6,976	$ 1,846	$ 1,029	$ 61,829
Provision	(1,205)	470	2,930	(51)	(132)	(496)	346	347	441	2,650
Charge-offs	(440)	(773)	(66)	—	—	—	(5)	(96)	(273)	(1,653)
Recoveries	520	247	3	—	—	—	3	1	10	784
Net (charge-offs) recoveries	80	(526)	(63)	—	—	—	(2)	(95)	(263)	(869)
Ending balance	$ 15,225	$ 9,082	$ 12,629	$ 12,693	$ 2,440	$ 916	$ 7,320	$ 2,098	$ 1,207	$ 63,610
As % of ACL-Loans	24 %	14 %	20 %	20 %	4 %	— %	12 %	4 %	2 %	100 %

The ACL-Loans represents management's estimate of expected credit losses in the Company's loan portfolio at the balance sheet date. To assess the appropriateness of the ACL-Loans, management applies an allocation methodology which focuses on evaluation of qualitative and environmental factors, including but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management's ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonperforming loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the loan portfolio; (vii) concentrations of loans to specific borrowers or industries; (viii) existing economic conditions; (ix) the fair value of underlying collateral; and (x) other qualitative and quantitative factors which could affect expected credit losses. Assessing these numerous factors involves significant judgment.

Management allocates the ACL-Loans by pools of risk within each loan portfolio segment. The allocation methodology consists of the following components. First, a specific reserve is established for individually evaluated credit-deteriorated loans, which management defines as nonaccrual credit relationships over $250,000, collateral dependent loans, purchased credit deteriorated loans, and other loans with evidence of credit deterioration. The specific reserve in the ACL-Loans for these credit deteriorated loans is equal to the aggregate collateral or discounted cash flow shortfall. Management allocates the ACL-Loans with historical loss rates by loan segment. The loss factors are measured on a quarterly basis and applied to each loan segment based on current loan balances and projected for their expected remaining life. Next, management allocates the ACL-Loans using the qualitative factors mentioned above. Consideration is given to those current qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the historical loss experience of each loan segment. Lastly, management considers reasonable and supportable forecasts to assess the collectability of future cash flows.

***Allowance for Credit Losses-Unfunded Commitments*:**

In addition to the ACL-Loans, the Company has established an ACL-Unfunded commitments, classified in accrued interest payable and other liabilities on the consolidated balance sheets. This reserve is maintained at a level that management believes is sufficient to absorb losses arising from unfunded loan commitments, and is determined quarterly based on methodology similar to the methodology for determining the ACL-Loans. The reserve for unfunded commitments was $3.0 million at both March 31, 2024 June 30, 2024 and December 31, 2023.

***Provision for Credit Losses*:**

The provision for credit losses is determined by the Company as the amount to be added to the ACL loss accounts for various types of financial instruments including loans, investment securities, and off-balance sheet credit exposures after net charge-offs have been deducted to bring the ACL to a level that, in management's judgment, is necessary to absorb expected credit losses over the lives of the respective financial instruments. See Note 4 for additional information regarding the ACL related to investment securities. The following table presents the components of the provision for credit losses.

		Three Months Ended								
		Three Months Ended								
		Three Months Ended		Year Ended		Three Months Ended		Six Months Ended	Year Ended	
(in thousands)	(in thousands)	March 31, 2024	March 31, 2023	December 31, 2023	(in thousands)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
Provision for credit losses on:										
Loans										
Loans										
Loans										
Unfunded commitments										
Investment securities										
Total										

Collateral Dependent Loans:

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the estimated fair value of the collateral at the balance sheet date, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The following tables present collateral dependent loans by portfolio segment and collateral type, including those loans with and without a related allowance allocation.

March 31, 2024

June 30, 2024

(in thousands)

(in thousands)

(in thousands)	Real Estate	Other Business Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation	Real Estate	Other Business Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
Commercial & industrial												
Owner-occupied CRE												
Agricultural												
CRE investment												
Residential first mortgage												
Residential first mortgage												
Residential first mortgage												
Total loans												
Total loans												
Total loans												

December 31, 2023	Collateral Type					
(in thousands)	Real Estate	Other Business Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
Commercial & industrial	$ —	$ 2,576	$ 2,576	$ 2,164	$ 412	$ 196
Owner-occupied CRE	3,614	—	3,614	3,465	149	24
Agricultural	6,931	5,219	12,150	7,261	4,889	117
CRE investment	1,261	—	1,261	871	390	18
Residential first mortgage	674	—	674	674	—	—

Total loans	$ 12,480	$ 7,795	$ 20,275	$ 14,435	$ 5,840	$ 355

***Past Due and Nonaccrual Loans*:**

The following tables present past due loans by portfolio segment.

	March 31, 2024					June 30, 2024				
(in thousands)	(in thousands)	30-89 Days Past Due (accruing)	90 Days & Over or nonaccrual	Current	Total	(in thousands)	30-89 Days Past Due (accruing)	90 Days & Over or nonaccrual	Current	Total
Commercial & industrial										
Owner-occupied CRE										
Agricultural										
CRE investment										
Construction & land development										
Residential construction										
Residential first mortgage										
Residential junior mortgage										
Retail & other										
Total loans										
Percent of total loans	Percent of total loans	0.1 %	0.4 %	99.5 %	100.0 %	Percent of total loans	0.1 %	0.4 %	99.5 %	100.0 %

	December 31, 2023			
(in thousands)	30-89 Days Past Due (accruing)	90 Days & Over or nonaccrual	Current	Total
Commercial & industrial	$ 540	$ 4,046	$ 1,279,423	$ 1,284,009
Owner-occupied CRE	2,123	4,399	950,072	956,594
Agricultural	12	12,185	1,149,334	1,161,531
CRE investment	3,060	1,453	1,137,738	1,142,251
Construction & land development	171	161	309,778	310,110
Residential construction	—	—	75,726	75,726
Residential first mortgage	2,663	4,059	1,160,387	1,167,109
Residential junior mortgage	547	150	200,187	200,884
Retail & other	327	172	55,229	55,728
Total loans	$ 9,443	$ 26,625	$ 6,317,874	$ 6,353,942
Percent of total loans	0.1 %	0.4 %	99.5 %	100.0 %

The following table presents nonaccrual loans by portfolio segment.

		March 31, 2024		December 31, 2023						
		June 30, 2024		December 31, 2023						
(in thousands)	(in thousands)	Nonaccrual Loans	% of Total	Nonaccrual Loans	% of Total	(in thousands)	Nonaccrual Loans	% of Total	Nonaccrual Loans	% of Total
Commercial & industrial	Commercial & industrial	$ 3,761	13 13 %	$ 4,046	15 15 %	Commercial & industrial	$ 6,825	24 24 %	$ 4,046	15 15 %
Owner-occupied CRE										
Agricultural										
CRE investment										
Construction & land development										
Residential construction										
Residential first mortgage										

Residential junior mortgage															
Retail & other															
Nonaccrual loans	Nonaccrual loans	$ 26,677	100	100 %	$	26,625	100	100 %	Nonaccrual loans	$ 27,838	100	100 %	$	26,625	100	100 %
Percent of total loans															

Credit Quality Information:

The following tables present total loans by risk categories and gross charge-offs by year of origination. Acquired loans have been included based upon the actual origination date.

March 31, 2024																		
June 30, 2024																		
(in thousands)																		
(in thousands)																		
(in thousands)	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving**	**Revolving to Term**	**TOTAL**	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving**	**Revolving to Term**	**TOTAL**
Commercial & industrial																		
Grades 1-4																		
Grades 1-4																		
Grades 1-4																		
Grade 5																		
Grade 6																		
Grade 7																		
Total																		
Current period gross charge-offs																		
Owner-occupied CRE																		
Grades 1-4																		
Grades 1-4																		
Grades 1-4																		
Grade 5																		
Grade 6																		
Grade 7																		
Total																		
Current period gross charge-offs																		
Agricultural																		
Grades 1-4																		
Grades 1-4																		
Grades 1-4																		
Grade 5																		
Grade 6																		
Grade 7																		
Total																		
Current period gross charge-offs																		
CRE investment																		
Grades 1-4																		
Grades 1-4																		
Grades 1-4																		
Grade 5																		
Grade 6																		
Grade 7																		
Total																		
Current period gross charge-offs																		
Construction & land development																		
Grades 1-4																		
Grades 1-4																		
Grades 1-4																		

Grade 5
Grade 6
Grade 7
Total
Current period gross charge-offs
Residential construction
Grades 1-4
Grades 1-4
Grades 1-4
Grade 5
Grade 6
Grade 7
Total
Current period gross charge-offs
Residential first mortgage
Grades 1-4
Grades 1-4
Grades 1-4
Grade 5
Grade 6
Grade 7
Total
Current period gross charge-offs
Residential junior mortgage
Grades 1-4
Grades 1-4
Grades 1-4
Grade 5
Grade 6
Grade 7
Total
Current period gross charge-offs
Retail & other
Grades 1-4
Grades 1-4
Grades 1-4
Grade 5
Grade 6
Grade 7
Total
Current period gross charge-offs
Total loans

December 31, 2023	**Amortized Cost Basis by Origination Year**								
								Revolving to	
(in thousands)	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Term**	**TOTAL**
Commercial & industrial									
Grades 1-4	$ 223,515	$ 234,193	$ 171,555	$ 66,026	$ 49,054	$ 81,272	$ 359,284	$ —	$ 1,184,899
Grade 5	3,252	13,656	7,516	3,388	5,074	7,020	18,753	—	58,659
Grade 6	—	562	502	187	3	1,009	10,974	—	13,237
Grade 7	5,742	3,702	2,655	2,409	1,769	9,244	1,693	—	27,214

Total	$ 232,509	$ 252,113	$ 182,228	$ 72,010	$ 55,900	$ 98,545	$ 390,704	$ —	$ 1,284,009
Current period gross charge-offs	$ —	$ (89)	$ (114)	$ —	$ —	$ (222)	$ (15)	$ —	$ (440)
Owner-occupied CRE									
Grades 1-4	$ 114,704	$ 156,723	$ 181,128	$ 91,038	$ 85,430	$ 247,730	$ 4,181	$ —	$ 880,934
Grade 5	5,416	4,024	7,858	5,092	3,994	27,585	52	—	54,021
Grade 6	—	—	3,905	—	1,531	12	—	—	5,448
Grade 7	—	1,304	1,071	6,988	338	6,340	150	—	16,191
Total	$ 120,120	$ 162,051	$ 193,962	$ 103,118	$ 91,293	$ 281,667	$ 4,383	$ —	$ 956,594
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ (773)	$ —	$ —	$ (773)
Agricultural									
Grades 1-4	$ 120,200	$ 274,491	$ 134,706	$ 78,944	$ 22,985	$ 139,212	$ 277,170	$ —	$ 1,047,708
Grade 5	6,345	11,975	5,718	703	394	33,658	15,522	—	74,315
Grade 6	—	130	1,017	—	51	2,256	194	—	3,648
Grade 7	2,519	6,691	5,360	428	1,679	12,098	7,085	—	35,860
Total	$ 129,064	$ 293,287	$ 146,801	$ 80,075	$ 25,109	$ 187,224	$ 299,971	$ —	$ 1,161,531
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ (66)	$ —	$ —	$ (66)
CRE investment									
Grades 1-4	$ 30,720	$ 194,442	$ 256,765	$ 169,078	$ 113,510	$ 283,339	$ 11,146	$ —	$ 1,059,000
Grade 5	2,790	7,746	17,899	9,857	11,232	23,108	49	—	72,681
Grade 6	—	—	—	—	—	1,340	65	—	1,405
Grade 7	—	51	21	—	1,034	8,059	—	—	9,165
Total	$ 33,510	$ 202,239	$ 274,685	$ 178,935	$ 125,776	$ 315,846	$ 11,260	$ —	$ 1,142,251
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction & land development									
Grades 1-4	$ 51,253	$ 149,155	$ 64,761	$ 9,441	$ 4,939	$ 22,548	$ 2,883	$ —	$ 304,980
Grade 5	—	23	3,044	1,264	504	88	—	—	4,923
Grade 6	—	—	—	—	—	—	—	—	—
Grade 7	46	—	—	—	—	86	75	—	207
Total	$ 51,299	$ 149,178	$ 67,805	$ 10,705	$ 5,443	$ 22,722	$ 2,958	$ —	$ 310,110
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential construction									
Grades 1-4	$ 57,033	$ 13,035	$ 3,316	$ 1,118	$ 130	$ 1,094	$ —	$ —	$ 75,726
Grade 5	—	—	—	—	—	—	—	—	—
Grade 6	—	—	—	—	—	—	—	—	—
Grade 7	—	—	—	—	—	—	—	—	—
Total	$ 57,033	$ 13,035	$ 3,316	$ 1,118	$ 130	$ 1,094	$ —	$ —	$ 75,726
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential first mortgage									
Grades 1-4	$ 164,917	$ 389,246	$ 247,957	$ 130,857	$ 56,223	$ 162,424	$ 887	$ 2	$ 1,152,513
Grade 5	—	1,286	1,088	1,250	2,239	2,913	—	—	8,776
Grade 6	—	—	—	—	—	—	—	—	—
Grade 7	28	392	616	388	1,117	3,279	—	—	5,820
Total	$ 164,945	$ 390,924	$ 249,661	$ 132,495	$ 59,579	$ 168,616	$ 887	$ 2	$ 1,167,109
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ (5)	$ —	$ —	$ (5)
Residential junior mortgage									
Grades 1-4	$ 14,020	$ 7,277	$ 4,053	$ 4,187	$ 2,753	$ 3,909	$ 157,960	$ 6,342	$ 200,501
Grade 5	—	—	—	—	—	—	—	—	—
Grade 6	—	—	—	—	—	—	—	—	—
Grade 7	31	31	202	—	—	27	92	—	383
Total	$ 14,051	$ 7,308	$ 4,255	$ 4,187	$ 2,753	$ 3,936	$ 158,052	$ 6,342	$ 200,884

Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ (96)	$ —	$ —	$ (96)
Retail & other									
Grades 1-4	$ 8,207	$ 8,107	$ 5,345	$ 2,434	$ 1,689	$ 3,869	$ 25,891	$ —	$ 55,542
Grade 5	—	—	38	—	—	—	—	—	38
Grade 6	—	—	—	—	—	—	—	—	—
Grade 7	31	—	25	8	19	65	—	—	148
Total	$ 8,238	$ 8,107	$ 5,408	$ 2,442	$ 1,708	$ 3,934	$ 25,891	$ —	$ 55,728
Current period gross charge-offs	$ (7)	$ (1)	$ —	$ (1)	$ —	$ (52)	$ (212)	$ —	$ (273)
Total loans	$ 810,769	$ 1,478,242	$ 1,128,121	$ 585,085	$ 367,691	$ 1,083,584	$ 894,106	$ 6,344	$ 6,353,942

An internal loan review function rates loans using a grading system based on different risk categories. Loans with a Substandard grade are considered to have a greater risk of loss and may be assigned allocations for loss based on specific review of the weaknesses observed in the individual credits. Such loans are monitored by the loan review function to help ensure early identification of any deterioration. A description of the loan risk categories used by the Company follows.

Grades 1-4, Pass: Credits exhibit adequate cash flows, appropriate management and financial ratios within industry norms and/or are supported by sufficient collateral. Some credits in these rating categories may require a need for monitoring but elements of concern are not severe enough to warrant an elevated rating.

Grade 5, Watch: Credits with this rating are adequately secured and performing but are being monitored due to the presence of various short-term weaknesses which may include unexpected, short-term adverse financial performance, managerial problems, potential impact of a decline in the entire industry or local economy and delinquency issues. Loans to individuals or loans supported by guarantors with marginal net worth or collateral may be included in this rating category.

Grade 6, Special Mention: Credits with this rating have potential weaknesses that, without the Company's attention and correction may result in deterioration of repayment prospects. These assets are considered Criticized Assets. Potential weaknesses may include adverse financial trends for the borrower or industry, repeated lack of compliance with Company requests, increasing debt to net worth, serious management conditions and decreasing cash flow.

Grade 7, Substandard: Assets with this rating are characterized by the distinct possibility the Company will sustain some loss if deficiencies are not corrected. All foreclosures, liquidations, and nonaccrual loans are considered to be categorized in this rating, regardless of collateral sufficiency.

Modifications to Borrowers Experiencing Financial Difficulty:

The following table presents the amortized cost of loans that were made to borrowers experiencing financial difficulty and were modified during the three six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023, respectively, aggregated by portfolio segment and type of modification.

(in thousands)	(in thousands)	Payment Delay	Term Extension	Interest Rate Reduction	Term Extension & Interest Rate Reduction	Total	% of Total Loans	(in thousands)	Payment Delay	Term Extension	Interest Rate Reduction	Term Extension & Interest Rate Reduction	Total	% of Total Loans
Three Months Ended March 31, 2024														
Six Months Ended June 30, 2024														
Commercial & industrial														
Commercial & industrial														
Commercial & industrial		$ — $	— $	— $	— $	— —	— %		$ — $	— $	— $	— $	— — —	%
Owner-occupied CRE	Owner-occupied CRE	1,530 —	— —	— —	— —	1,530 1,530	0.16 0.16 %	Owner-occupied CRE	1,530 —	— —	— —	— —	1,530 1,530	0.16 0.16 %
Agricultural	Agricultural	— —	— —	— —	— —	— —	— — %	Agricultural	— —	— —	— —	— —	— —	— — %
CRE investment	CRE investment	— —	— —	— —	— —	— —	— — %	CRE investment	— —	— —	— —	— —	— —	— — %
Total														
Total														
Total		$ 1,530 $	— $	— $	— $	1,530	0.02 0.02 %		$ 1,530 $	— $	— $	— $	1,530	0.02 0.02 %
Three Months Ended March 31, 2023														
Six Months Ended June 30, 2023														

Commercial & industrial

Commercial & industrial

Commercial & industrial	$ —	$ —	$ —	$ —	$ —	—	— %	$ 454	$ —	$ 88	$ —	$ 542	0.04	0.04 %										
Owner-occupied CRE	Owner-occupied CRE	—	—	—	—	—	—	—	—	—	—	— %	Owner-occupied CRE	—	—	—	—	—	—	—	—	—	—	— %
Agricultural	Agricultural	110	—	—	—	—	—	—	110	110	0.01	0.01 %	Agricultural	109	—	—	—	—	—	—	109	109	0.01	0.01 %
CRE investment	CRE investment	—	—	—	—	—	—	—	—	—	—	— %	CRE investment	—	—	—	—	—	—	—	—	—	—	— %
Total																								
Total																								
Total	$ 110	$ —	$ —	$ —	$ 110	—	— %	$ 563	$ —	$ 88	$ —	$ 651	0.01	0.01 %										

The loans presented in the table above have had more than insignificant payment delays (which the Company has defined as payment delays in excess of three months). These modified loans are closely monitored by the Company to understand the effectiveness of its modification efforts, and such loans generally remain in nonaccrual status pending a sustained period of performance in accordance with the modified terms.

As of March 31, 2024 June 30, 2024 and December 31, 2023, there were no loans made to borrowers experiencing financial difficulty that were modified during the current period and subsequently defaulted, and there were no commitments to lend additional funds to such debtors.

Note 6 – Goodwill and Other Intangibles and Servicing Rights

Management periodically reviews the carrying value of its intangible assets to determine if any impairment has occurred, in which case an impairment charge would be recorded as an expense in the period of impairment, or whether changes in circumstances have occurred that would require a revision to the remaining useful life that would affect expense prospectively. In making such determination, management evaluates whether there are any adverse qualitative factors indicating that an impairment may exist, as well as the performance of the underlying operations or assets which give rise to the intangible. Management also regularly monitors economic factors for potential impairment indications on the value of our franchise, stability of deposits, and the wealth client base, underlying our goodwill and other intangibles. Management concluded no impairment was indicated for the three six months ended March 31, 2024 June 30, 2024 and the year ended December 31, 2023. A summary of goodwill and other intangibles was as follows.

(in thousands)

(in thousands)

(in thousands)	**March 31, 2024**	**December 31, 2023**	**June 30, 2024**	**December 31, 2023**
Goodwill				
Core deposit intangibles				
Customer list intangibles				
Other intangibles				
Goodwill and other intangibles, net				

Other intangible assets: Other intangible assets, consisting of core deposit intangibles and customer list intangibles, are amortized over their estimated finite lives. During first quarter 2024, Nicolet purchased a financial advisory book of business and established a corresponding customer list intangible. A summary of other intangible assets was as follows.

		Three Months Ended		**Year Ended**		
		Six Months Ended		**Year Ended**		
(in thousands)	**(in thousands)**	**March 31, 2024**	**December 31, 2023**	**(in thousands)**	**June 30, 2024**	**December 31, 2023**
Core deposit intangibles:						
Gross carrying amount						
Gross carrying amount						
Gross carrying amount						
Accumulated amortization						
Net book value						
Additions during the period						
Amortization during the period						
Customer list intangibles:						
Gross carrying amount						
Gross carrying amount						
Gross carrying amount						
Accumulated amortization						

Net book value
Additions during the period
Amortization during the period

Mortgage servicing rights ("MSR"): Mortgage servicing rights are amortized in proportion to and over the period of estimated net servicing income, and assessed for impairment at each reporting date, with the amortization recorded in mortgage income, net, in the consolidated statements of income. Mortgage servicing rights are carried at the lower of the initial capitalized amount, net of accumulated amortization, or estimated fair value, and are included in other assets in the consolidated balance sheets. The Company periodically evaluates its mortgage servicing rights asset for impairment. At each reporting date, impairment is assessed based on estimated fair value using estimated prepayment speeds of the underlying mortgage loans serviced and stratification based on the risk characteristics of the underlying loans (predominantly loan type and note interest rate). A summary of the changes in the mortgage servicing rights asset was as follows.

		Three Months Ended	Year Ended			
		Six Months Ended	Year Ended			
(in thousands)	(in thousands)	March 31, 2024	December 31, 2023	(in thousands)	June 30, 2024	December 31, 2023
Mortgage servicing rights asset:						
MSR asset at beginning of year						
MSR asset at beginning of year						
MSR asset at beginning of year						
Capitalized MSR						
Amortization during the period						
Amortization during the period						
Amortization during the period						
MSR asset at end of period						
Valuation allowance at beginning of year						
Reversals						
Reversals						
Reversals						
Valuation allowance at end of period						
MSR asset, net						
Fair value of MSR asset at end of period						
Residential mortgage loans serviced for others						
Net book value of MSR asset to loans serviced for others	Net book value of MSR asset to loans serviced for others	0.70 %	0.72 %	Net book value of MSR asset to loans serviced for others	0.68 %	0.72 %

Loan servicing rights ("LSR"): The Company acquired an LSR asset in December 2021 which will be amortized over the estimated remaining loan service period, as the Company does not expect to add new loans to this servicing portfolio. A summary of the changes in the LSR asset were as follows.

		Three Months Ended	Year Ended			
		Six Months Ended	Year Ended			
(in thousands)	(in thousands)	March 31, 2024	December 31, 2023	(in thousands)	June 30, 2024	December 31, 2023
Loan servicing rights asset:						
LSR asset at beginning of year						
LSR asset at beginning of year						
LSR asset at beginning of year						
Amortization during the period						
LSR asset at end of period						
Agricultural loans serviced for others						

The following table shows the estimated future amortization expense for amortizing intangible assets and the servicing assets. The projections are based on existing asset balances, the current interest rate environment and estimated prepayment speeds as of March 31, 2024June 30, 2024. The actual amortization expense the Company recognizes in any given period may be significantly different depending upon acquisition or sale activities, changes in interest rates, prepayment speeds, market conditions, regulatory requirements and events or circumstances that indicate the carrying amount of an asset may not be recoverable.

(in thousands)	(in thousands)	Core deposit intangibles	Customer list intangibles	MSR asset	LSR asset	(in thousands)	Core deposit intangibles	Customer list intangibles	MSR asset	LSR asset

Year ending December 31,
2024 (remaining nine months)
2024 (remaining nine months)
2024 (remaining nine months)
2024 (remaining six months)
2024 (remaining six months)
2024 (remaining six months)
2025
2026
2027
2028
2029
Thereafter
Total

Note 7 – Short and Long-Term Borrowings

Short-Term Borrowings:

Short-term borrowings include any borrowing with an original maturity of one year or less. The Company did not have any short-term borrowings outstanding at either March 31, 2024 June 30, 2024 or December 31, 2023.

Long-Term Borrowings:

Long-term borrowings include any borrowing with an original maturity greater than one year. The components of long-term borrowings were as follows.

(in thousands)	(in thousands)	March 31, 2024	December 31, 2023	(in thousands)	June 30, 2024	December 31, 2023
FHLB advances						
Junior subordinated debentures						
Subordinated notes						
Total long-term borrowings						

FHLB Advances: The Federal Home Loan Bank ("FHLB") advance bears a fixed rate, requires interest-only monthly payments, and has a maturity date of March 2025. The weighted average rate of the FHLB advance was 1.55% at both March 31, 2024 June 30, 2024 and December 31, 2023.

Junior Subordinated Debentures: Each of the junior subordinated debentures was issued to an underlying statutory trust (the "statutory trusts"), which issued trust preferred securities and common securities and used the proceeds from the issuance of the common and the trust preferred securities to purchase the junior subordinated debentures of the Company. The debentures represent the sole asset of the statutory trusts. All of the common securities of the statutory trusts are owned by the Company. The statutory trusts are not included in the consolidated financial statements. The net effect of all the documents entered into with respect to the trust preferred securities is that the Company, through payments on its debentures, is liable for the distributions and other payments required on the trust preferred securities. Interest on all debentures is current. Any applicable discounts (initially recorded to carry an acquired debenture at its then estimated fair value) are being accreted to interest expense over the remaining life of the debenture. All the junior subordinated debentures are currently callable and may be redeemed in part or in full, at par, plus any accrued but unpaid interest. At both March 31, 2024 June 30, 2024 and December 31, 2023, approximately $39 million of trust preferred securities qualify as Tier 1 capital.

Subordinated Notes (the "Notes"): In July 2021, the Company completed the private placement of $100 million in fixed-to-floating rate subordinated notes due in 2031, with a fixed annual rate of 3.125% for the first five years, and will reset quarterly thereafter to the then current three-month Secured Overnight Financing Rate ("SOFR") plus 237.5 basis points. The Notes due in 2031 are redeemable beginning July 15, 2026 and quarterly thereafter on any interest payment date. During first quarter 2024, the Company repurchased and retired approximately $5 million of these Notes.

In December 2021, as the result of an acquisition, Nicolet assumed $22 million in fixed-to-floating rate subordinated notes due in 2030, with a fixed annual interest rate of 7.00% for the first five years, and will reset quarterly thereafter to the then current SOFR plus 687.5 basis points. The Notes due in 2030 are redeemable beginning June 30, 2025, and quarterly thereafter on any interest payment date. All Notes qualify as Tier 2 capital for regulatory purposes, and are discounted in accordance with regulations when the debt has five years or less remaining to maturity.

The following table shows the breakdown of junior subordinated debentures and subordinated notes.

	As of March 31, 2024						As of December 31, 2023								
	As of June 30, 2024						As of December 31, 2023								
(in thousands)	(in thousands)	Maturity Date	Interest Rate	Par	Unamortized Premium /(Discount) / Debt Issue Costs (1)	Carrying Value	Interest Rate	Carrying Value	(in thousands)	Maturity Date	Interest Rate	Par	Unamortized Premium /(Discount) / Debt Issue Costs (1)	Carrying Value	Interest Rate	Carrying Value
Junior Subordinated Debentures:																
Mid-Wisconsin Statutory Trust I (2)																

Mid-Wisconsin Statutory Trust I (2)
Mid-Wisconsin Statutory Trust I (2)
Baylake Capital Trust II (3)
First Menasha Statutory Trust (4)
County Bancorp Statutory Trust II (5)
County Bancorp Statutory Trust III (6)
Fox River Valley Capital Trust (7)
Total
Subordinated Notes:
Subordinated Notes due 2031
Subordinated Notes due 2031
Subordinated Notes due 2031
County Subordinated Notes due 2030
Total

(1) Represents the remaining unamortized premium or discount on debt issuances assumed in acquisitions, and represents the unamortized debt issue costs for the debt issued directly by Nicolet.

(2) The debentures, assumed in April 2013 as the result of an acquisition, have a floating rate of three-month SOFR plus 1.43%, adjusted quarterly. *

(3) The debentures, assumed in April 2016 as a result of an acquisition, have a floating rate of three-month SOFR plus 1.35%, adjusted quarterly. *

(4) The debentures, assumed in April 2017 as the result of an acquisition, have a floating rate of three-month SOFR plus 2.79%, adjusted quarterly. *

(5) The debentures, assumed in December 2021 as the result of an acquisition, have a floating rate of three-month SOFR plus 1.53%, adjusted quarterly. *

(6) The debentures, assumed in December 2021 as the result of an acquisition, have a floating rate of three-month SOFR plus 1.69%, adjusted quarterly. *

(7) The debentures, assumed in December 2021 as the result of an acquisition, have a floating rate of 5-year swap rate plus 3.40%, which resets every five years.

* The floating rate on this debenture was originally based on three-month LIBOR. Effective with the cessation of LIBOR, the floating rate on this debenture is now based on three-month CME Term SOFR, plus the spread adjustment of 0.26161%.

Note 8 – Commitments and Contingencies

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 financial instruments include commitments to extend credit, financial guarantees, and standby letters of credit. Such commitments may involve, to varying degrees, elements of credit risk in excess of amounts recognized on the consolidated balance sheets. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and issuing letters of credit as they do for on-balance sheet financial instruments. See Note 5 for information on the allowance for credit losses-unfunded commitments.

A summary of the contract or notional amount of the Company's exposure to off-balance sheet risk was as follows.

(in thousands)	(in thousands)	March 31, 2024	December 31, 2023	(in thousands)	June 30, 2024	December 31, 2023
Commitments to extend credit						
Financial standby letters of credit						
Performance standby letters of credit						

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract, and predominantly included commercial lines of credit with a term of one year or less. The commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Financial and performance standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Financial standby letters of credit are issued specifically to facilitate commerce and typically result in the commitment being drawn on when the underlying transaction is consummated between the customer and the third party, while performance standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of the underlying contract with the third party. Both of these guarantees are primarily issued to support public and private borrowing arrangements and, generally, have terms of one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral, which may include accounts receivable, inventory, property, equipment, and income-producing properties, supporting those commitments if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreement with the third-party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount. If the commitment is funded, the Company would be entitled to seek recovery from the customer.

Interest rate lock commitments to originate residential mortgage loans held for sale and forward commitments to sell residential mortgage loans held for sale are considered derivative instruments ("mortgage derivatives") and the contractual amounts were $21 $32 million and $20 $30 million, respectively, at March 31, 2024 June 30, 2024. In comparison, interest rate lock commitments to originate residential mortgage loans held for sale and forward commitments to sell residential mortgage loans held for sale each totaled $13 million at December 31, 2023. The net fair value of these mortgage derivatives combined was a net gain of $0.3 million and $0.1 million at both March 31, 2024 June 30, 2024 and December 31, 2023. , respectively.

Nicolet is party to various pending and threatened claims and legal proceedings arising in the normal course of business activities, some of which may involve claims for substantial amounts. Although Nicolet has developed policies and procedures to minimize legal noncompliance and the impact of claims and other proceedings and endeavored to procure reasonable amounts of insurance coverage, litigation and regulatory actions present an ongoing risk. With respect to all such claims, Nicolet continuously assesses its potential liability based on the allegations and evidence available. If the facts indicate that it is probable that Nicolet will incur a loss and the amount of such loss can be reasonably estimated, Nicolet will establish an accrual for the probable loss. For matters where a loss is not probable, or the amount of the loss cannot be reasonably estimated, Nicolet does not establish an accrual.

Future developments could result in an unfavorable outcome for or resolution of any one or more of the legal proceedings in which Nicolet is a defendant, which may be material to Nicolet's business or consolidated results of operations or financial condition for a particular fiscal period or periods. Although it is not possible to predict the outcome of any of these legal proceedings or the range of possible loss, if any, based on the most recent information available, advice of counsel and available insurance coverage, if applicable, management believes that any liability resulting from such proceedings would not have a material adverse effect on our financial position or results of operations.

Note 9 – Fair Value Measurements

Fair value represents the estimated price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants at the measurement date under current market conditions (i.e., an exit price concept), and is a market-based measurement versus an entity-specific measurement. The Company records and/or discloses certain financial instruments on a fair value basis. These financial assets and financial liabilities are measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the observability of the assumptions used to determine fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect assumptions of the reporting entity about how market participants would price the asset or liability based on the best information available under the circumstances. The three fair value levels are:

- Level 1 – quoted market prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – significant unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the fair value measurement is based on inputs from different levels, the level within which the entire fair value measurement will be categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. This assessment of the significance of an input requires management judgment.

Recurring basis fair value measurements:

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis for the periods presented.

(in thousands)	(in thousands)		Fair Value Measurements Using			(in thousands)		Fair Value Measurements Using		
Measured at Fair Value on a Recurring Basis:	**Measured at Fair Value on a Recurring Basis:**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Measured at Fair Value on a Recurring Basis:**	**Total**	**Level 1**	**Level 2**	**Level 3**
March 31, 2024										
June 30, 2024										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. government agency securities										
State, county and municipals										
Mortgage-backed securities										
Corporate debt securities										
Securities AFS										
Other investments (equity securities)										
Derivative assets										
Derivative liabilities										
December 31, 2023										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. government agency securities										
State, county and municipals										
Mortgage-backed securities										
Corporate debt securities										
Securities AFS										

Other investments (equity securities)

Derivative assets

Derivative liabilities

The following is a description of the valuation methodologies used by the Company for the assets and liabilities measured at fair value on a recurring basis, noted in the tables above.

Securities AFS and Equity Securities: Where quoted market prices on securities exchanges are available, the investments are classified as Level 1. Level 1 investments primarily include exchange-traded equity securities. If quoted market prices are not available, fair value is generally determined using prices obtained from independent pricing vendors who use pricing models (with typical inputs including benchmark yields, reported trades for similar securities, issuer spreads or relationship to other benchmark quoted securities), or discounted cash flows, and are classified as Level 2. Examples of these investments include U.S. Treasury securities, U.S. government agency securities, mortgage-backed securities, obligations of state, county and municipals, and certain corporate debt securities. Finally, in certain cases where there is limited activity or less transparency around inputs to the estimated fair value, investments are classified within Level 3 of the hierarchy. Examples of these include private corporate debt securities, which are primarily trust preferred security investments, as well as certain municipal bonds and mortgage-backed securities. At March 31, 2024 June 30, 2024 and December 31, 2023, it was determined that carrying value was the best approximation of fair value for these Level 3 securities, based primarily on the internal analysis on these securities.

Derivatives: The derivative assets and liabilities include mortgage derivatives. The fair value of interest rate lock commitments are determined using the projected sale price of individual loans based on changes in the market interest rates, projected pull-through rates (the probability that an interest rate lock commitment will ultimately result in an originated loan), the reduction in the value of the applicant's option due to the passage of time, and the remaining origination costs to be incurred based on management's estimate of market costs. The fair value of forward commitments are determined using quoted prices of to-be-announced securities in active markets, or benchmarked to such securities. The derivative assets and liabilities are classified with within Level 3 of the hierarchy.

The following table presents the changes in Level 3 securities AFS measured at fair value on a recurring basis.

(in thousands) Level 3 Fair Value Measurements:	(in thousands) Level 3 Fair Value Measurements:	Three Months Ended March 31, 2024	Year Ended December 31, 2023	(in thousands) Level 3 Fair Value Measurements:	Six Months Ended June 30, 2024	Year Ended December 31, 2023
Balance at beginning of year						
Maturities / Paydowns						
Maturities / Paydowns						
Maturities / Paydowns						
Unrealized gain / (loss)						
Balance at end of period						

Nonrecurring basis fair value measurements:

The following table presents the Company's assets measured at fair value on a nonrecurring basis, aggregated by level in the fair value hierarchy within which those measurements fall.

(in thousands)	(in thousands)		Fair Value Measurements Using			(in thousands)		Fair Value Measurements Using		
Measured at Fair Value on a Nonrecurring Basis:	Measured at Fair Value on a Nonrecurring Basis:	Total	Level 1	Level 2	Level 3	Measured at Fair Value on a Nonrecurring Basis:	Total	Level 1	Level 2	Level 3
March 31, 2024										
June 30, 2024										
Collateral dependent loans										
Collateral dependent loans										
Collateral dependent loans										
Other real estate owned ("OREO")										
MSR asset										
MSR asset (disclosure)										
MSR asset (disclosure)										
MSR asset (disclosure)										
December 31, 2023										
Collateral dependent loans										
Collateral dependent loans										
Collateral dependent loans										
OREO										
MSR asset										
MSR asset (disclosure)										
MSR asset (disclosure)										

MSR asset (disclosure)

The following is a description of the valuation methodologies used by the Company for the assets and liabilities measured at fair value on a nonrecurring basis, noted in the table above.

Collateral dependent loans: For individually evaluated collateral dependent loans, the estimated fair value 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 with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral, or the estimated liquidity of the note.

OREO: For OREO, the fair value is based upon the estimated fair value of the underlying collateral adjusted for the expected costs to sell.

MSR asset: To estimate the fair value of the MSR asset, the underlying serviced loan pools are stratified by interest rate tranche and term of the loan, and a valuation model is used to calculate the present value of the expected future cash flows for each stratum. The servicing valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as costs to service, a discount rate, ancillary income, default rates and losses, and prepayment speeds. Although some of these assumptions are based on observable market data, other assumptions are based on unobservable estimates of what market participants would use to measure fair value.

Financial instruments:

The carrying amounts and estimated fair values of the Company's financial instruments are shown below.

	March 31, 2024						June 30, 2024					
(in thousands)	**(in thousands)**	**Carrying Amount**	**Estimated Fair Value**	**Level 1**	**Level 2**	**Level 3**	**(in thousands)**	**Carrying Amount**	**Estimated Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:												
Cash and cash equivalents												
Cash and cash equivalents												
Cash and cash equivalents												
Certificates of deposit in other banks												
Securities AFS												
Other investments, including equity securities												
Other investments, including equity securities												
Other investments, including equity securities												
Loans held for sale												
Loans, net												
MSR asset												
LSR asset												
Accrued interest receivable												
Financial liabilities:												
Deposits												
Deposits												
Deposits												
Long-term borrowings												
Long-term borrowings												
Long-term borrowings												
Accrued interest payable												

	December 31, 2023				
(in thousands)	**Carrying Amount**	**Estimated Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:					
Cash and cash equivalents	$ 491,431	$ 491,431	$ 491,431	$ —	$ —
Certificates of deposit in other banks	6,374	6,293	—	6,293	—
Securities AFS	802,573	802,573	—	796,510	6,063
Other investments	57,560	57,560	4,240	44,010	9,310
Loans held for sale	4,160	4,276	—	4,276	—
Loans, net	6,290,332	6,083,942	—	—	6,083,942
MSR asset	11,655	16,810	—	—	16,810
LSR asset	8,831	8,831	—	—	8,831
Accrued interest receivable	24,237	24,237	24,237	—	—

Financial liabilities:					
Deposits	$ 7,197,800	$ 7,184,712	$ —	$ —	$ 7,184,712
Long-term borrowings	166,930	155,179	—	4,820	150,359
Accrued interest payable	7,765	7,765	7,765	—	—

The valuation methodologies for the financial instruments disclosed in the above table are described in Note 18, Fair Value Measurements, in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

Nicolet Bankshares, Inc. (the "Company" or "Nicolet") is a bank holding company headquartered in Green Bay, Wisconsin. Nicolet provides a diversified range of traditional banking and wealth management services to individuals and businesses in its market area and through the branch offices of its banking subsidiary, Nicolet National Bank (the "Bank"), primarily in Wisconsin, Michigan, and Minnesota. In this Quarterly Report on Form 10-Q, unless the context indicates otherwise, all references to "we," "us" and "our" refer to the Company.

Forward-Looking Statements

Statements made in this document and in any documents that are incorporated by reference which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including any statements regarding descriptions of management's plans, objectives, or goals for future operations, products or services, and forecasts of its revenues, earnings, or other measures of performance. performance, or with respect to expectations regarding the economic factors such as inflation and changes in interest rates. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. These statements are neither statements of historical fact nor assurance of future performance and generally may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "should," "will," "intend," or similar expressions. Forward-looking statements include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of various transactions or events, and statements about our future performance, operations, products and services, and should be viewed with caution. Investors should note that many factors, some of which are discussed elsewhere in this document, could affect the future financial results of Nicolet and could cause those results to differ materially from those implied or anticipated by the any forward-looking statements. Except as required by law, we expressly disclaim any obligations to publicly update any forward-looking statements whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. Important factors, many of which are beyond Nicolet's control, that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements, in addition to those described in detail under Item 1A, "Risk Factors" of Nicolet's 2023 Annual Report on Form 10-K include, but are not necessarily limited to the following:

- operating, legal and regulatory risks, including the effects of legislative or regulatory developments affecting the financial industry generally or Nicolet specifically;
- our ability to maintain liquidity, primarily through deposits, in light of recent events in the banking industry;
- economic, market, political and competitive forces affecting Nicolet's banking and wealth management businesses;
- changes in interest rates, monetary policy and general economic conditions, which may impact Nicolet's net interest income;
- potential difficulties in identifying and integrating the operations of future acquisition targets with those of Nicolet;
- the impact of purchase accounting with respect to our merger activities, or any change in the assumptions used regarding the assets purchased and liabilities assumed to determine their fair value;
- cybersecurity risks and the vulnerability of our network and online banking portals, and the systems or parties with whom we contract, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches that could adversely affect our business and financial performance or reputation;
- changes in accounting standards, rules and interpretations and the related impact on Nicolet's financial statements;
- compliance or operational risks related to new products, services, ventures, or lines of business, if any, that Nicolet may pursue or implement;
- changes in monetary and tax policies;
- our ability to attract and retain key personnel;
- examinations by our regulatory authorities, including the possibility that the regulatory authorities may, among other things, require us to increase our allowance for credit losses, write-down assets, or take other actions;
- risks associated with actual or potential information gatherings, investigations or legal proceedings by customers, regulatory agencies or others;
- the potential effects of events beyond our control that may have a destabilizing effect on financial markets and the economy, such as inflation and recessions, weather events, natural disasters, epidemics and pandemics, terrorist activities, wars or other foreign conflicts, disruptions in our customers' supply chains, disruptions in transportation, essential utility outages or trade disputes and related tariffs;
- each of the factors and risks under Item 1A, "Risk Factors" of Nicolet's 2023 Annual Report on Form 10-K and in subsequent filings we make with the SEC; and
- the risk that Nicolet's analysis of these risks and forces could be incorrect and/or that the strategies developed to address them could be unsuccessful.

These factors should be considered in evaluating the forward-looking statements, and you should not place undue reliance on such statements.

Overview

The following discussion is management's analysis of Nicolet's consolidated financial condition as of March 31, 2024 June 30, 2024 and December 31, 2023 and results of operations for the three-month three and six-month periods ended March 31, 2024 June 30, 2024 and 2023. It should be read in conjunction with our audited consolidated financial statements included in Nicolet's 2023 Annual Report on Form 10-K.

Economic Outlook

After surprising strength At the beginning of 2024, there were serious concerns for a recession in 2023, 2024. While the U.S. economy is gradually slowing, with GDP of 2.5% for 2023 anticipated to decline to closer to approximately 2% for first quarter 2024. half 2024, growth in second half 2024 is expected to remain positive as the propensity to spend remains high enough to keep the U.S. economy from spiraling down into negative growth. The labor markets remain robust, are starting to show some signs of weakness as payroll growth has decreased and employment payrolls continue the unemployment rate has risen (from 3.6% in June 2023 to increase. Consumer spending was strong on 4.1% in June

2024). Despite signs of a bifurcated economy. The wealthiest are benefiting from solid investment (as slowing U.S. economy, the S&P 500 nears record levels) index reached an all time high at mid-year 2024 and real estate gains, while is expected to generate solid earnings growth for the less wealthy have pulled back as wages have not kept pace with inflation resulting in rising credit card and auto loan delinquencies. year.

Inflation showed improvement through mid-2023, before leveling off and recent months have reflected a slight uptick, coming in over around 3% for June compared to the Federal Reserve goal of 2%. It is anticipated that inflation may remain Shelter costs have kept prices higher than expected, but are projected to decrease in the 2.5% to 3.0% range for second half 2024. As a period of time due to result, the tight labor markets and de-globalization of supply chains, resulting in higher interest rates for longer. The Federal Reserve is unlikely to take action to pivoting the monetary policy towards lower overnight interest rates, until inflation nears their 2% goal. Current and current projections are only pricing in one or two indicate the Federal Reserve will likely cut overnight interest rate cuts before rates by 25 bps at the end of the year.

September meeting.

Table 1: Earnings Summary and Selected Financial Data

	At or for the Three Months Ended					At or for the Six Months Ended	
(In thousands, except per share data)	**6/30/2024**	**3/31/2024**	**12/31/2023**	**9/30/2023**	**6/30/2023**	**6/30/2024**	**6/30/2023**
Results of operations:							
Net interest income	$ 65,342	$ 62,807	$ 64,282	$ 61,474	$ 59,039	$ 128,149	$ 115,760
Provision for credit losses	1,350	750	1,000	450	450	2,100	3,540
Noninterest income	19,609	19,422	24,434	16,541	16,841	39,031	(5,003)
Noninterest expense	46,853	47,147	50,296	45,738	44,957	94,000	89,832
Income before income tax expense	36,748	34,332	37,420	31,827	30,473	71,080	17,385
Income tax expense	7,475	6,542	6,759	14,669	7,878	14,017	3,688
Net income (GAAP)	$ 29,273	$ 27,790	$ 30,661	$ 17,158	$ 22,595	$ 57,063	$ 13,697
Earnings per common share ("EPS"):							
Basic EPS	$ 1.96	$ 1.86	$ 2.07	$ 1.16	$ 1.54	$ 3.82	$ 0.93
Diluted EPS (GAAP)	$ 1.92	$ 1.82	$ 2.02	$ 1.14	$ 1.51	$ 3.74	$ 0.91
Adjusted net income & diluted EPS:							
Adjusted net income (non-GAAP) (1)	$ 28,777	$ 26,253	$ 28,038	$ 23,284	$ 22,853	$ 55,030	$ 44,683
Adjusted diluted EPS (non-GAAP) (1)	$ 1.88	$ 1.72	$ 1.85	$ 1.54	$ 1.53	$ 3.61	$ 2.98
Common Shares:							
Basic weighted average	14,937	14,907	14,823	14,740	14,711	14,922	14,703
Diluted weighted average	15,276	15,249	15,142	15,100	14,960	15,263	15,011
Outstanding (period end)	14,946	14,931	14,894	14,758	14,718	14,946	14,718
Period-End Balances:							
Loans	$ 6,529,134	$ 6,397,617	$ 6,353,942	$ 6,239,257	$ 6,222,776	$ 6,529,134	$ 6,222,776
Allowance for credit losses - loans	65,414	64,347	63,610	63,160	62,811	65,414	62,811
Total assets	8,557,017	8,446,662	8,468,678	8,416,162	8,482,628	8,557,017	8,482,628
Deposits	7,241,078	7,165,732	7,197,800	7,182,388	7,198,604	7,241,078	7,198,604
Stockholders' equity (common)	1,091,413	1,063,655	1,039,007	974,461	977,638	1,091,413	977,638
Book value per common share	73.03	71.24	69.76	66.03	66.42	73.03	66.42
Tangible book value per common share (2)	46.84	44.91	43.28	39.18	39.37	46.84	39.37
Financial Ratios: (3)							
Return on average assets	1.39 %	1.33 %	1.45 %	0.81 %	1.10 %	1.36 %	0.33 %
Return on average common equity	11.00	10.66	12.20	6.92	9.37	10.83	2.85
Return on average tangible common equity (2)	17.36	17.07	20.22	11.62	15.95	17.22	4.86
Stockholders' equity to assets	12.75	12.59	12.27	11.58	11.53	12.75	11.53
Tangible common equity to tangible assets (2)	8.57	8.33	7.98	7.21	7.17	8.57	7.17

Table 1: Earnings Summary and Selected Financial Data

	At or for the Three Months Ended				
(In thousands, except per share data)	**3/31/2024**	**12/31/2023**	**9/30/2023**	**6/30/2023**	**3/31/2023**
Results of operations:					
Net interest income	$ 62,807	$ 64,282	$ 61,474	$ 59,039	$ 56,721
Provision for credit losses	750	1,000	450	450	3,090
Noninterest income	19,422	24,434	16,541	16,841	(21,844)

Noninterest expense	47,147	50,296	45,738	44,957	44,875
Income tax expense (benefit)	6,542	6,759	14,669	7,878	(4,190)
Net income (loss)	$ 27,790	$ 30,661	$ 17,158	$ 22,595	$ (8,898)
Earnings (loss) per common share:					
Basic	$ 1.86	$ 2.07	$ 1.16	$ 1.54	$ (0.61)
Diluted	$ 1.82	$ 2.02	$ 1.14	$ 1.51	$ (0.61)
Common Shares:					
Basic weighted average	14,907	14,823	14,740	14,711	14,694
Diluted weighted average	15,249	15,142	15,100	14,960	14,694
Outstanding (period end)	14,931	14,894	14,758	14,718	14,698
Period-End Balances:					
Loans	$ 6,397,617	$ 6,353,942	$ 6,239,257	$ 6,222,776	$ 6,223,732
Allowance for credit losses - loans	64,347	63,610	63,160	62,811	62,412
Total assets	8,446,662	8,468,678	8,416,162	8,482,628	8,192,354
Deposits	7,165,732	7,197,800	7,182,388	7,198,604	6,928,579
Stockholders’ equity (common)	1,063,655	1,039,007	974,461	977,638	961,792
Book value per common share	71.24	69.76	66.03	66.42	65.44
Tangible book value per common share (2)	44.91	43.28	39.18	39.37	38.20
Financial Ratios: (1)					
Return on average assets	1.33 %	1.45 %	0.81 %	1.10 %	(0.42)%
Return on average common equity	10.66	12.20	6.92	9.37	(3.72)
Return on average tangible common equity (2)	17.07	20.22	11.62	15.95	(6.34)
Stockholders’ equity to assets	12.59	12.27	11.58	11.53	11.74
Tangible common equity to tangible assets (2)	8.33	7.98	7.21	7.17	7.21
Reconciliation of Non-GAAP Financial Measures:					
Adjusted net income (loss) reconciliation: (3)					
Net income (loss) (GAAP)	$ 27,790	$ 30,661	$ 17,158	$ 22,595	$ (8,898)
Adjustments:					
Provision expense (4)	—	—	—	—	2,340
Assets (gains) losses, net	(1,909)	(5,947)	(31)	318	38,468
Merger-related expense	—	—	—	26	163
Contract termination charge	—	2,689	—	—	—
Adjustments subtotal	(1,909)	(3,258)	(31)	344	40,971
Tax on Adjustments (5)	(372)	(635)	(6)	86	10,243
Tax - Wisconsin Tax Law Change (6)	—	—	6,151	—	—
Adjusted net income (Non-GAAP)	$ 26,253	$ 28,038	$ 23,284	$ 22,853	$ 21,830
Adjusted diluted earnings per common share (Non-GAAP)	$ 1.72	$ 1.85	$ 1.54	$ 1.53	$ 1.45
Tangible assets: (2)					
Total assets	$ 8,446,662	$ 8,468,678	$ 8,416,162	$ 8,482,628	$ 8,192,354
Goodwill and other intangibles, net	393,183	394,366	396,208	398,194	400,277
Tangible assets	$ 8,053,479	$ 8,074,312	$ 8,019,954	$ 8,084,434	$ 7,792,077
Tangible common equity: (2)					
Stockholders’ equity (common)	$ 1,063,655	$ 1,039,007	$ 974,461	$ 977,638	$ 961,792
Goodwill and other intangibles, net	393,183	394,366	396,208	398,194	400,277
Tangible common equity	$ 670,472	$ 644,641	$ 578,253	$ 579,444	$ 561,515
Tangible average common equity: (2)					
Average stockholders’ equity (common)	$ 1,048,596	$ 996,745	$ 983,133	$ 967,142	$ 970,108
Average goodwill and other intangibles, net	393,961	395,158	397,052	399,080	401,212
Average tangible common equity	$ 654,635	$ 601,587	$ 586,081	$ 568,062	$ 568,896

Note: Numbers may not sum due to rounding.

(1) Income statement-related ratios The adjusted net income and diluted EPS measures are non-GAAP financial measures that provide information that management believes is useful to investors in understanding our operating performance and trends and also aids investors in the comparison of our financial performance to the financial performance of peer banks. See section “Non-GAAP Financial Measures” below for partial-year periods are annualized. a reconciliation of these financial measures.
(2) The ratios of tangible book value per common share, return on average tangible common equity, and tangible common equity to tangible assets are non-GAAP financial measures that exclude goodwill and other intangibles, net. These financial ratios have been included as management considers them to be useful metrics with which to analyze and evaluate our financial condition and capital strength. See section “Non-GAAP Financial Measures” below. below for a reconciliation of these financial measures.
(3) The adjusted net income measure is a non-GAAP financial measure that provides information that management believes is useful to investors in understanding our operating performance and trends and also aids investors in the comparison of our financial performance to the financial performance of peer banks. See section “Non-GAAP Financial Measures” below.
(4) Provision expense Income statement-related ratios for 2023 is attributable to the expected loss on a bank subordinated debt investment.
(5) The effective tax rate for partial-year periods prior to the July 1, 2023, effective date of the Wisconsin tax law change assumed an effective tax rate of 25%, and periods subsequent to the effective date assumed an effective tax rate of 19.5%. are annualized.

(6) The adjusted net income reconciliation for first and second quarter 2023 is as originally reported, and has not been restated to reflect the $3 million excess tax expense of those quarters that was subsequently reversed in third quarter 2023 due to the Wisconsin tax law change. Thus, the adjusted net income reconciliation for the quarters of 2023 will not sum to the full year impact.

Non-GAAP Financial Measures

We identify “tangible book value per common share,” “return on average tangible common equity,” “tangible common equity to tangible assets” “adjusted net income,” and “adjusted diluted earnings per common share” as “non-GAAP financial measures.” In accordance with the SEC’s rules, we identify certain financial measures as non-GAAP financial measures if such financial measures exclude or include amounts in the most directly comparable measures calculated and presented in accordance with generally accepted accounting principles (“GAAP”) in effect in the United States in our statements of income, balance sheets or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures, ratios or statistical measures calculated using exclusively financial measures calculated in accordance with GAAP.

Management believes that the presentation of these non-GAAP financial measures (a) are important metrics used to analyze and evaluate our financial condition and capital strength and provide important supplemental information that contributes to a proper understanding of our operating performance and trends, (b) enables a more complete understanding of factors and trends affecting our business, and (c) allows investors to compare our financial performance to the financial performance of our peers and to evaluate our performance in a manner similar to management, the financial services industry, bank stock analysts, and bank regulators. Management uses non-GAAP measures as follows: in the preparation of our operating budgets, monthly financial performance reporting, and in our presentation to investors of our performance. However, we acknowledge that these non-GAAP financial measures have a number of limitations. Limitations associated with non-GAAP financial measures include the risk that persons might disagree as to the appropriateness of items comprising these measures and that different companies might calculate these measures differently. These disclosures should not be considered an alternative to our GAAP results. A

reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is presented in the table above. below.

Performance Summary

Table 1A: Reconciliation of Non-GAAP Financial Measures

	At or for the Three Months Ended					At or for the Six Months Ended	
(In thousands, except per share data)	**6/30/2024**	**3/31/2024**	**12/31/2023**	**9/30/2023**	**6/30/2023**	**6/30/2024**	**6/30/2023**
Adjusted Net Income Reconciliation							
Net income (GAAP)	$ 29,273	$ 27,790	$ 30,661	$ 17,158	$ 22,595	$ 57,063	$ 13,697
Adjustments:							
Provision expense (1)	—	—	—	—	—	—	2,340
Assets (gains) losses, net (2)	(616)	(1,909)	(5,947)	(31)	318	(2,525)	38,786
Merger-related expense	—	—	—	—	26	—	189
Contract termination charge	—	—	2,689	—	—	—	—
Adjustments subtotal	(616)	(1,909)	(3,258)	(31)	344	(2,525)	41,315
Tax on Adjustments (3)	(120)	(372)	(635)	(6)	86	(492)	10,329
Tax - Wisconsin tax law change (3)	—	—	—	6,151	—	—	—
Adjusted net income (Non-GAAP)	$ 28,777	$ 26,253	$ 28,038	$ 23,284	$ 22,853	$ 55,030	$ 44,683
Diluted EPS (GAAP)	$ 1.92	$ 1.82	$ 2.02	$ 1.14	$ 1.51	$ 3.74	$ 0.91
Adjusted diluted EPS (Non-GAAP)	$ 1.88	$ 1.72	$ 1.85	$ 1.54	$ 1.53	$ 3.61	$ 2.98
Tangible Assets:							
Total assets	$ 8,557,017	$ 8,446,662	$ 8,468,678	$ 8,416,162	$ 8,482,628		
Goodwill and other intangibles, net	391,421	393,183	394,366	396,208	398,194		
Tangible assets	$ 8,165,596	$ 8,053,479	$ 8,074,312	$ 8,019,954	$ 8,084,434		
Tangible Common Equity:							
Stockholders’ equity (common)	$ 1,091,413	$ 1,063,655	$ 1,039,007	$ 974,461	$ 977,638		
Goodwill and other intangibles, net	391,421	393,183	394,366	396,208	398,194		
Tangible common equity	$ 699,992	$ 670,472	$ 644,641	$ 578,253	$ 579,444		
Average Tangible Common Equity:							
Stockholders’ equity (common)	$ 1,070,379	$ 1,048,596	$ 996,745	$ 983,133	$ 967,142	$ 1,059,487	$ 968,617
Goodwill and other intangibles, net	392,171	393,961	395,158	397,052	399,080	393,066	400,140
Average tangible common equity	$ 678,208	$ 654,635	$ 601,587	$ 586,081	$ 568,062	$ 666,421	$ 568,477

Nicolet recognized Note: Numbers may not sum due to rounding.
(1) Provision expense for 2023 is attributable to the expected loss on a net income of $28 million (or earnings per diluted common share of $1.82) for first quarter 2024, compared to net income of $31 million (or earnings per diluted common share of $2.02) for fourth quarter 2023, and net loss of $9 million (or loss per diluted common share of $0.61) for first quarter 2023. bank subordinated debt investment.
Net income reflected certain non-core items and (2) Includes the related tax effect of each, including the first quarter 2023 balance sheet repositioning and third quarter 2023 change in Wisconsin state tax law, as well as gains / (losses) on other assets and investments, in all periods. These non-core items positively impacted earnings per diluted common share $0.10 for first quarter 2024 and $0.17 for fourth quarter 2023, and negatively impacted earnings per diluted common share $2.06 for first quarter 2023.
Nicolet's 2023 results were significantly impacted by as well as the first quarter impact of the March 2023 balance sheet repositioning which included the sale of $500 million (par value) U.S. Treasury held to maturity securities for a pre-tax loss of $38 million or an after-tax loss of $28 million, with the net proceeds used to reduce FHLB borrowings and the remainder held in investable cash.

(3) In addition, in July 2023, a new Wisconsin tax law change was signed which provided financial institutions with an exemption from state taxable income for interest, fees, and penalties earned on specific loans to existing Wisconsin-based business or agriculture purpose loans. This The effective tax rate for periods prior to July 1, 2023, effective date of this tax law change, to Nicolet moving forward will be a reduction / elimination assumed an effective tax rate of State income taxes being expensed; however, it also required a $9.1 million valuation allowance 25%, and periods subsequent to be established for the State-related deferred tax asset as of the effective date assumed an effective tax rate of the legislation. While both provided a drag to 2023 earnings, each also serve as a tailwind 19.5%. The adjusted net income reconciliation for first and second quarter 2024 2023 is as originally reported, and beyond. has not been restated to reflect the $3 million excess tax expense of those quarters that was subsequently reversed in third quarter 2023 due to the Wisconsin tax law change. Thus, the adjusted net income reconciliation for the quarters of 2023 will not sum to the full year impact.

Performance Summary

Net income was $57 million (or earnings per diluted common share of $3.74) for the six months ended June 30, 2024, compared to net income of $14 million (or earnings per diluted common share of $0.91) for the six months ended June 30, 2023, with 2023 significantly impacted by the first quarter balance sheet repositioning (as detailed in Table 1A, Reconciliation of Non-GAAP Financial Measures above).
Net income reflected non-core items and the related tax effect of each, including the first quarter 2023 balance sheet repositioning and third quarter 2023 change in Wisconsin tax law (as detailed in section Non-GAAP Financial Measures above), as well as gains / (losses) on other assets and investments in all periods. These non-core items positively impacted earnings per diluted common share $0.13 for the six months ended June 30, 2024 and negatively impacted earnings per diluted common share $2.07 for the six months ended June 30, 2023.

- At March 31, 2024 Net interest income was $128 million for the first six months of 2024, up $12 million (11%) over the first six months of 2023. Interest income grew $33 million mostly due to the repricing of new and renewed loans in a rising interest rate environment. Interest expense increased $21 million between the comparable six-month periods also mostly from the higher average funding costs. Net interest margin was 3.31% for the six months ended June 30, 2024, compared to 3.02% for the six months ended June 30, 2023. For additional information regarding net interest income, see "Income Statement Analysis — Net Interest Income."
- Noninterest income was $39 million for the first six months of 2024, a $44 million favorable change from the comparable 2023 period, end primarily due to the first quarter 2023 balance sheet repositioning (noted above). Excluding net asset gains (losses), noninterest income for the first six months of 2024 was $37 million, a $3 million increase over

  the first six months of 2023. For additional information regarding noninterest income, see "Income Statement Analysis — Noninterest Income."
- Noninterest expense was $94 million, $4 million (5%) higher than the first six months of 2023. Personnel costs increased $5 million, while non-personnel expenses combined decreased slightly (1%) from the comparable 2023 period. For additional information regarding noninterest expense, see "Income Statement Analysis — Noninterest Expense."
- Nonperforming assets were $8.4 billion $29 million, down slightly ($22 million) from representing 0.34% of total assets at June 30, 2024, compared to $28 million or 0.33% of total assets at December 31, 2023, mostly lower cash balances, partly offset by growth in loans. . For additional information regarding nonperforming assets, see "Balance Sheet Analysis – Nonperforming Assets."
- At March 31, 2024 June 30, 2024, assets were $8.6 billion, up $88 million (1%) from December 31, 2023, mostly from solid loan growth, partly offset by lower cash balances. For additional balance sheet discussion see "Balance Sheet Analysis."
- At June 30, 2024, loans were $6.4 billion $6.5 billion, an increase of $44 million (1%) up $175 million from December 31, 2023, with growth in agricultural, commercial and industrial, and residential real estate loans. On average, loans grew $228 million (4%) over the first six months of 2023. For additional information regarding loans, see "BALANCE SHEET ANALYSIS "Balance Sheet Analysis — Loans."
- Total deposits were of $7.2 billion at March 31, 2024 June 30, 2024, down $32 million increased $43 million from December 31, 2023, mostly with growth in money market and time deposits, partly offset by lower noninterest-bearing demand deposits. deposits from seasonal trends as well as some migration to higher rate deposit products. Year-to-date average deposits were $148 million (2%) higher than the first six months of 2023. For additional information regarding deposits, see "BALANCE SHEET ANALYSIS "Balance Sheet Analysis – Deposits."
- The net interest margin was 3.26% for first quarter 2024, 35 bps higher than the comparable 2023 period. The yield on earning assets increased 95 bps to 5.44%, while the cost of funds increased 71 bps to 3.01%. Net interest income increased $6.1 million (11%) over first quarter 2023, including a $16.7 million increase in interest income offset by a $10.6 million increase in interest expense. For additional information regarding net interest income, see "INCOME STATEMENT ANALYSIS — Net Interest Income."
- Noninterest income was $19.4 million for first quarter 2024, a $41.3 million favorable change compared to first quarter 2023. Excluding net asset gains (losses), noninterest income for first quarter 2024 was $17.5 million, a $0.9 million increase over first quarter 2023. For additional information regarding noninterest income, see "INCOME STATEMENT ANALYSIS — Noninterest Income."
- Noninterest expense was $47.1 million for first quarter 2024, an increase of $2.3 million (5%) over first quarter 2023. Personnel costs increased $2.2 million (9%), while non-personnel expenses combined increased $0.1 million compared to first quarter 2023. For additional information regarding noninterest expense, see "INCOME STATEMENT ANALYSIS — Noninterest Expense."

INCOME STATEMENT ANALYSIS

Net Interest Income

Tax-equivalent net interest income is a non-GAAP measure, but is a preferred industry measurement of net interest income (and its use in calculating a net interest margin) as it enhances the comparability of net interest income arising from taxable and tax-exempt sources. The tax-equivalent adjustments bring tax-exempt interest to a level that would yield the same after-tax income by applying the effective Federal corporate tax rates to the underlying assets. Tables 2 and 3 present information to facilitate the review and discussion of selected average balance sheet items, tax-equivalent net interest income, interest rate spread and net interest margin.

Table 2: Average Balance Sheet and Net Interest Income Analysis - Tax-Equivalent Basis

		For the Three Months Ended March 31,													
		2024				2024						2023			
(in thousands)	**(in thousands)**	**Average Balance**		**Interest**		**Average Yield/Rate**		**Average Balance**		**Interest**		**Average Yield/Rate**		**(in thousands)**	**Average Balance**
ASSETS															
Interest-earning assets															
Interest-earning assets															
Interest-earning assets															
Total loans, including loan fees (1)(2)															
Total loans, including loan fees (1)(2)															
Total loans, including loan fees (1)(2)		$6,398,838	$	$ 93,744	5.81	5.81	%	$6,201,780	$	$79,186	5.11	5.11	%		$ 6,447,785
Investment securities:															
Taxable															
Taxable															
Taxable		689,563	4,557	4,557	2.64	2.64	%	1,224,395	4,961	4,961	1.63	1.63	%		
Tax-exempt (2)	Tax-exempt (2)	195,212	1,640	1,640	3.36	3.36	%	284,140	2,285	2,285	3.22	3.22	%		
Total investment securities	Total investment securities	884,775	6,197	6,197	2.80	2.80	%	1,508,535	7,246	7,246	1.93	1.93	%		
Other interest-earning assets	Other interest-earning assets	345,507	4,588	4,588	5.26	5.26	%	120,275	1,536	1,536	5.11	5.11	%		
Total non-loan earning assets	Total non-loan earning assets	1,230,282	10,785	10,785	3.49	3.49	%	1,628,810	8,782	8,782	2.16	2.16	%		
Total interest-earning assets	Total interest-earning assets	7,629,120	$	$104,529	5.44	5.44	%	7,830,590	$	$87,968	4.49	4.49	%		Total interest-earning assets
Other assets, net															
Total assets															
Total assets															
Total assets															
LIABILITIES AND STOCKHOLDERS' EQUITY															
LIABILITIES AND STOCKHOLDERS' EQUITY															
LIABILITIES AND STOCKHOLDERS' EQUITY															
Interest-bearing liabilities															
Interest-bearing liabilities															

Interest-bearing liabilities												
Savings												
Savings												
Savings		$ 758,698	$	$ 2,458	1.30	1.30 %	$ 888,979	$	$ 2,365	1.08	1.08 %	$ 759,980
Interest-bearing demand	Interest-bearing demand	897,919	3,828	3,828	1.71	1.71 %	985,778	3,339	3,339	1.37	1.37 %	
Money market accounts (“MMA”)	Money market accounts (“MMA”)	1,931,576	13,866	13,866	2.89	2.89 %	1,847,701	11,190	11,190	2.46	2.46 %	
Core time deposits	Core time deposits	1,076,477	11,104	11,104	4.15	4.15 %	602,882	2,693	2,693	1.81	1.81 %	
Total interest-bearing core deposits	Total interest-bearing core deposits	4,664,670	31,256	31,256	2.69	2.69 %	4,325,340	19,587	19,587	1.84	1.84 %	
Brokered deposits	Brokered deposits	680,124	7,734	7,734	4.57	4.57 %	566,282	5,350	5,350	3.83	3.83 %	
Total interest-bearing deposits	Total interest-bearing deposits	5,344,794	38,990	38,990	2.93	2.93 %	4,891,622	24,937	24,937	2.07	2.07 %	
Wholesale funding	Wholesale funding	165,088	2,234	2,234	5.35	5.35 %	499,485	5,718	5,718	4.58	4.58 %	
Total interest-bearing liabilities	Total interest-bearing liabilities	5,509,882	41,224	41,224	3.01	3.01 %	5,391,107	30,655	30,655	2.30	2.30 %	
Noninterest-bearing demand												
Noninterest-bearing demand deposits												
Other liabilities												
Other liabilities												
Other liabilities												
Stockholders’ equity												
Stockholders’ equity												
Stockholders’ equity												
Total liabilities and stockholders’ equity												
Total liabilities and stockholders’ equity												
Total liabilities and stockholders’ equity												
Net interest income and rate spread												
Net interest income and rate spread												
Net interest income and rate spread					$ 63,305	2.43 %				$ 57,313		2.1

Tax-equivalent adjustment & net free funds	498	0.83 %	592	0.7
Net interest income and net interest margin	$ 62,807	3.26 %	$ 56,721	2.9
Interest rate spread				
Interest rate spread				
Interest rate spread		2.47 %		
Net free funds		0.84 %		
Tax-equivalent net interest income and net interest margin	$129,129	3.31 %	$ 116,878	3.0
Tax-equivalent adjustment				
Net interest income				
Net interest income				
Net interest income				
Additional loan interest details:				
Additional loan interest details:				
Additional loan interest details:				
Loan purchase accounting accretion (3)				
Loan purchase accounting accretion (3)				
Loan purchase accounting accretion (3)	$ 3,055	0.08 %	$ 3,272	0.1
Loan nonaccrual interest (4)	$ 88	— %	$ (384)	(0.0

1) Nonaccrual loans and loans held for sale are included in the daily average loan balances outstanding.

2) The yield on tax-exempt loans and tax-exempt investment securities is computed on a tax-equivalent basis using a federal tax rate of 21% and adjusted for the disallowance of interest expense.

3) Loan purchase accounting accretion included in Total loans interest above, and the related impact to net interest margin.

4) Loan nonaccrual interest included in Total loans interest above, and the related impact to net interest margin.

Table 3: Volume/Rate Variance 2: Average Balance Sheet and Net Interest Income Analysis - Tax-Equivalent Basis (Continued)

		For the Three Months Ended March 31, 2024 Compared to March 31, 2023:			Increase (Decrease) Due to Changes in					For th
		2024			2023					
(in thousands)	(in thousands)	Volume	Rate		Net (1)	(in thousands)	Average Balance	Interest		Average Yield/Rate
ASSETS										
Interest-earning assets										
Interest-earning assets										
Interest-earning assets										
Total loans, including loan fees (2) (3)										
Total loans, including loan fees (1) (2)										
Total loans, including loan fees (2) (3)										

Total loans, including loan fees (1) (2)												
Total loans, including loan fees (2) (3)												
Total loans, including loan fees (1) (2)		$6,496,732	$ 98,086		5.99		%	$6,237,757	$84,132		5.35 %	
Investment securities:												
Taxable												
Taxable												
Taxable		705,049	5,056	5,056	2.87	2.87	%	822,204	4,133	4,133	2.01	2
Tax-exempt (3)												
Tax-exempt (2)		176,141		1,523	3.46		%	245,940		1,961	3.19 %	
Total investment securities	Total investment securities	881,190	6,579	6,579	2.99	2.99	%	1,068,144	6,094	6,094	2.28	2
Other interest-earning assets	Other interest-earning assets	355,175	4,695	4,695	5.24	5.24	%	192,034	2,357	2,357	4.87	4
Total non-loan earning assets	Total non-loan earning assets	1,236,365	11,274	11,274	3.63	3.63	%	1,260,178	8,451	8,451	2.68	2
Total interest-earning assets	Total interest-earning assets	7,733,097	$	$109,360	5.61	5.61	%	7,497,935	$	$ 92,583	4.90	4.90
Other assets, net												
Total assets												
Total assets												
Total assets												
LIABILITIES AND STOCKHOLDERS' EQUITY												
LIABILITIES AND STOCKHOLDERS' EQUITY												
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest-bearing liabilities												
Interest-bearing liabilities												
Interest-bearing liabilities												
Savings												
Savings												
Savings		$ 761,262	$	$ 2,542	1.34	1.34	%	$ 842,454	$	$ 2,502	1.19	1.19
Interest-bearing demand	Interest-bearing demand	860,149	3,510	3,510	1.64	1.64	%	874,294	3,110	3,110	1.43	1
MMA	MMA	1,980,970	14,327	14,327	2.91	2.91	%	1,825,233	12,001	12,001	2.64	2
Core time deposits	Core time deposits	1,062,814	11,334	11,334	4.29	4.29	%	736,521	5,115	5,115	2.79	2
Total interest-bearing core deposits	Total interest-bearing core deposits	4,665,195	31,713	31,713	2.73	2.73	%	4,278,502	22,728	22,728	2.13	2
Brokered deposits	Brokered deposits	831,100	9,673	9,673	4.68	4.68	%	640,643	6,612	6,612	4.14	4
Total interest-bearing deposits	Total interest-bearing deposits	5,496,295	41,386	41,386	3.03	3.03	%	4,919,145	29,340	29,340	2.39	2
Wholesale funding	Wholesale funding	162,347	2,150	2,150	5.24	5.24	%	293,140	3,678	3,678	4.96	4

Total interest-bearing liabilities	Total interest-bearing liabilities	5,658,642	$	$ 43,536	3.09	3.09 %	5,212,285	$	$ 33,018	2.54	2.54
Noninterest-bearing demand deposits											
Other liabilities											
Other liabilities											
Other liabilities											
Stockholders' equity											
Stockholders' equity											
Stockholders' equity											
Total liabilities and stockholders' equity											
Total liabilities and stockholders' equity											
Total liabilities and stockholders' equity											
Interest rate spread											
Interest rate spread											
Interest rate spread						2.52 %					
Net free funds						0.83 %					
Tax-equivalent net interest income and net interest margin				$ 65,824	3.35 %				$ 59,565		
Tax-equivalent adjustment											
Net interest income											
Net interest income											
Net interest income											
Additional loan interest details:											
Additional loan interest details:											
Additional loan interest details:											
Loan purchase accounting accretion (3)											
Loan purchase accounting accretion (3)											
Loan purchase accounting accretion (3)				$ 1,527	0.08 %				$ 1,636		
Loan nonaccrual interest (4)				$ 329	0.02 %				$ 341		

1) The change in interest due to both rate and volume has been allocated in proportion to the relationship of dollar amounts of change in each.

2) Nonaccrual loans and loans held for sale are included in the daily average loan balances outstanding.

3) (2) The yield on tax-exempt loans and tax-exempt investment securities is computed on a tax-equivalent basis using a federal tax rate of 21% and adjusted for the disallowance of interest expense.

3) Loan purchase accounting accretion included in Total loans interest above, and the related impact to net interest margin.

4) Loan nonaccrual interest included in Total loans interest above, and the related impact to net interest margin.

Table 3: Volume/Rate Variance - Tax-Equivalent Basis

	For the Three Months Ended June 30, 2024 Compared to June 30, 2023:			For the Six Months Ended June 30, 2024 Compared to June 30, 2023:		
	Increase (Decrease) Due to Changes in			Increase (Decrease) Due to Changes in		
(in thousands)	**Volume**	**Rate**	**Net (1)**	**Volume**	**Rate**	**Net (1)**
Interest-earning assets						
Total loans (2)	$ 1,836	$ 12,118	$ 13,954	$ (3,495)	$ 32,007	$ 28,512

Investment securities:						
Taxable	(135)	1,058	923	(1,498)	2,017	519
Tax-exempt (2)	(593)	155	(438)	(1,336)	253	(1,083)
Total investment securities	(728)	1,213	485	(2,834)	2,270	(564)
Other interest-earning assets	2,262	76	2,338	5,412	(22)	5,390
Total non-loan earning assets	1,534	1,289	2,823	2,578	2,248	4,826
Total interest-earning assets	$ 3,370	$ 13,407	$ 16,777	$ (917)	$ 34,255	$ 33,338
Interest-bearing liabilities						
Savings	$ (257)	$ 297	$ 40	$ (632)	$ 765	$ 133
Interest-bearing demand	(52)	452	400	(364)	1,253	889
MMA	1,054	1,272	2,326	1,606	3,396	5,002
Core time deposits	2,804	3,415	6,219	6,269	8,361	14,630
Total interest-bearing core deposits	3,549	5,436	8,985	6,879	13,775	20,654
Brokered deposits	2,126	935	3,061	3,334	2,111	5,445
Total interest-bearing deposits	5,675	6,371	12,046	10,213	15,886	26,099
Wholesale funding	(1,421)	(107)	(1,528)	(4,940)	(72)	(5,012)
Total interest-bearing liabilities	4,254	6,264	10,518	5,273	15,814	21,087
Net interest income	$ (884)	$ 7,143	$ 6,259	$ (6,190)	$ 18,441	$ 12,251

1) The change in interest due to both rate and volume has been allocated in proportion to the relationship of dollar amount of change in each.

2) The yield on tax-exempt loans and tax-exempt investment securities is computed on a tax-equivalent basis using a federal tax rate of 21% and adjusted for the disallowance of interest expense.

The Federal Reserve raised short-term interest rates a total of 425 bps during 2022, increasing the Federal Funds rate to a range of 4.25% to 4.50% as of December 31, 2022. Additional increases totaling 100 bps were made during 2023, resulting in a Federal Funds range of 5.25% to 5.50% as of December 31, 2023, which remained unchanged at March 31, 2024 June 30, 2024.

Tax-equivalent net interest income was $63 million $129 million for the three six months ended March 31, 2024 June 30, 2024, an increase of $6 million $12 million (10%) over the three six months ended March 31, 2023 June 30, 2023. The $6 million $12 million increase in tax-equivalent net interest income was mostly attributable to favorable volumes and favorable rates which (which added $2 million and $4 million, respectively, $18 million to net interest income. income), partly offset by unfavorable volumes.

Average interest-earning assets decreased $201 million increased $18 million to $7.6 billion from $7.7 billion over the comparable 2023 period, primarily with solid loan growth partly offset by lower investment securities due to the first quarter 2023 balance sheet repositioning (as discussed in further detail under “Performance Summary” above). Between the comparable three-month six-month periods, average loans increased $197 million (3% $228 million (4%), on solid organic loan growth. Average investment securities decreased $624 million $404 million between the comparable three-month six-month periods, while other interest-earning assets increased $225 million $194 million, with both attributable to the first quarter 2023 balance sheet repositioning. As a result, the mix of average interest-earning assets shifted to 84% loans, 12% 11% investments and 4% 5% other interest-earning assets (mostly cash) for the first quarter half of 2024, compared to 79% 81%, 19% 17% and 2%, respectively, for the first quarter half of 2023.

Average interest-bearing liabilities were $5.5 billion $5.6 billion for the first quarter half of 2024, an increase of $119 million (2% $283 million (5%) over the first quarter half of 2023. Average interest-bearing core deposits increased $339 million $363 million and average brokered deposits increased $114 million $152 million between the comparable three-month six-month periods, reflecting growth in higher cost deposit products. Wholesale funding decreased $334 million $232 million between the comparable three-month six-month periods, mostly due to the repayment of FHLB borrowings as part of the first quarter 2023 balance sheet repositioning. The mix of average interest-bearing liabilities was 85% 84% core deposits, 12% 14% brokered deposits and 3% 2% wholesale funding for the first quarter half of 2024, compared to 80% 81%, 11%, and 9% 8%, respectively, for the first quarter half of 2023.

The interest rate spread increased 24 20 bps between the comparable three-month six-month periods, as the repricing of liabilities has slowed (with fewer interest rate increases during 2023 and none in 2024), while new and renewed loans continue to reprice in a higher interest rate environment. The interest-earning asset yield increased 95 83 bps to 5.44% 5.52% for the first three six months of 2024, due to the changing mix of interest-earning assets (noted above), as well as the higher interest rate environment. The loan yield improved 70 67 bps to 5.81% 5.90% between the comparable three-month six-month periods, largely due to the repricing of new and renewed loans, while the yield on investment securities increased 87 82 bps to 2.80% 2.89%. The cost of funds increased 71 63 bps to 3.01% 3.05% for the first quarter half of 2024, also reflecting the higher interest rate environment as well as a migration of customer deposits into higher rate deposit products. The contribution from net free funds increased 11 9 bps, mostly due to the higher value in the current interest rate environment. As a result, the tax-equivalent net interest margin was 3.26% 3.31% for the first quarter half of 2024, up 35 a 29 bps compared to 2.91% increase over 3.02% for the first quarter half of 2023.

Tax-equivalent interest income was $105 million $214 million for the first quarter half of 2024, up $17 million $33 million from the comparable period of 2023, comprised of $3 million higher volumes and $14 million $34 million higher average rates. rates, partly offset by $1 million lower volume. Interest income on loans increased $15 million $29 million over the first quarter half of 2023, mostly due to higher rates from the rising interest rate environment, as well as solid loan growth. Interest expense increased to $41 million $85 million for the first quarter half of 2024, up $11 million $21 million compared to the first quarter half of 2023, mostly due to a higher cost of funds. funds, as well as growth in deposits.

Provision for Credit Losses

The provision for credit losses was $0.8 million $2.1 million for the three six months ended March 31, 2024 June 30, 2024 (entirely related to the ACL-Loans), compared to $3.1 million $3.5 million for the three six months ended March 31, 2023 June 30, 2023 (comprised of $0.8 million $1.2 million related to the ACL-Loans and $2.3 million for the ACL on securities AFS). The provision for credit losses on loans was attributable to growth and changes in the underlying loan portfolio, while the 2023 provision for credit losses on securities AFS was due to the expected loss on a bank subordinated debt investment which was fully charged-off during first quarter 2023.

The provision for credit losses is predominantly a function of Nicolet's methodology and judgment as to qualitative and quantitative factors used to determine the appropriateness of the ACL. The appropriateness of the ACL-Loans is affected by changes in the size and character of the loan portfolio, changes in levels of collateral dependent and other nonperforming loans, historical losses and delinquencies in each portfolio segment, the risk inherent in specific loans, concentrations of loans to specific borrowers or industries, existing and future economic conditions, the fair value of underlying collateral, and other factors which could affect expected credit losses. The ACL for securities is affected by risk of the underlying issuer, while the ACL for unfunded commitments is affected by many of the same factors as the ACL-Loans, as well as funding assumptions relative to lines of credit. See also Note 5, "Loans, Allowance for Credit Losses - Loans, and Credit Quality" of the Notes to Unaudited Consolidated Financial Statements under Part I, Item 1, for additional disclosures. For additional information regarding asset quality and the ACL-Loans, see "BALANCE SHEET ANALYSIS — Loans," "— Allowance for Credit Losses - Loans," and "— Nonperforming Assets."

Noninterest Income

Table 4: Noninterest Income

		Three Months Ended March 31,														
		Three Months Ended June 30,								Six Months Ended June 30,						
(in thousands)	(in thousands)	2024		2023		$ Change		% Change	(in thousands)	2024		2023		$ Change		
Trust services fee income	Trust services fee income	$ 2,339	$	$ 2,033	$	$ 306	15	15 %	Trust services fee income	$ 2,506	$	$ 2,148	$	$ 358	17	
Brokerage fee income																
Wealth management fee income																
Mortgage income, net																
Service charges on deposit accounts																
Card interchange income																
BOLI income																
Deferred compensation plan asset market valuations	Deferred compensation plan asset market valuations	59	946	946	(887)	(887)	N/M	N/M	Deferred compensation plan asset market valuations	169	499	499	(330)	(330)		
LSR income, net	LSR income, net	1,117	1,135	1,135	(18)	(18)	(2)	(2)		2,251	2,290	2,290	(39)			
Other income																
Subtotal																
Noninterest income without net gains (losses)																
Asset gains (losses), net	Asset gains (losses), net	1,909	(38,468)	(38,468)	40,377	40,377	N/M	N/M	Asset gains (losses), net	616	(318)	(318)	934	934		
Total noninterest income	Total noninterest income	$ 19,422	$	$ (21,844)	$	$ 41,266	(189)	(189)%	Total noninterest income	$ 19,609	$	$ 16,841	$	$ 2,768	16	
N/M means not meaningful.																

N/M means not meaningful.

Noninterest income was $19.4 million $39.0 million for the first three six months of 2024, a favorable change of $41.3 million $44.0 million compared to the first three six months of 2023, primarily due to the 2023 balance sheet repositioning. Excluding net asset gains (losses), noninterest income for the first three six months of 2024 was $17.5 million $36.5

million, a $0.9 million (5%$2.7 million (8%) increase over the comparable period in 2023.

Wealth management fee income was $6.5 million$13.2 million, up $1.0 million (18%$1.8 million (16%) from the first threesix months of 2023, on growth in accounts and assets under management, (up 8% from year-end 2023), including favorable market-related changes.

Mortgage income includes net gains received from the sale of residential real estate loans into the secondary market, capitalized mortgage servicing rights ("MSR"), servicing fees net of MSR amortization, fair value marks on the mortgage interest rate lock commitments and forward commitments ("mortgage derivatives"), and MSR valuation changes, if any. Net mortgage income of $1.4 million$4.0 million, decreased $0.1 million (7%increased $0.7 million (22%) between the comparable three-monthsix-month periods, mostly due to higher secondary market volumes and the related gains on sales, partly offset by changes in the MSR valuation (first quarterhalf 2023 included a $0.5 million recovery to the MSR valuation versus none in first quarterhalf 2024), partly offset by higher secondary market volumes and the related gains on sales. . See also Note 6, "Goodwill and Other Intangibles and Servicing Rights" of the Notes to Unaudited Consolidated Financial Statements under Part I, Item 1, for additional disclosures on the MSR asset.

Services charges on deposit accounts were $3.4 million, up $0.4 million (13%) from the first six months of 2023, on growth in both accounts and account analysis fees.

The Company sponsors a nonqualified deferred compensation ("NQDC") plan for certain employees, that fluctuates based upon market valuations of the underlying plan assets. See also "Noninterest Expense" for the offsetting fair value change to the nonqualified deferred compensation plan liabilities.

Other income of $2.4 million$4.3 million for the threesix months ended March 31, 2024June 30, 2024 was up $0.6 million from the comparable 2023 period, largely due to card incentive income.

Net asset gains of $1.9 million$2.5 million for the first threesix months of 2024 were primarily attributable to a $1.0 million gaingains of $1.6 million on salesales of an investment securityinvestments and $0.9 million gain on the early extinguishment of Nicolet subordinated notes, while net asset losses of $38.5 million$38.8 million for the first threesix months of 2023 were primarily attributable to losses on the sale of approximately $500 million (par value) U.S. Treasury held to maturity securities as part of a balance sheet repositioning.

Noninterest Expense

Table 5: Noninterest Expense

		Three Months Ended March 31,																	
		Three Months Ended June 30,								Six Months Ended June 30,									
($ in thousands)	($ in thousands)	2024		2023		Change		% Change	($ in thousands)	2024		2023		Change		% Change	2024		2023
Personnel	Personnel	$26,510	$	$24,328	$	$2,182	9	9	% Personnel	$ 26,285	$	$23,900	$	$2,385	10	10 %	$ 52,795	$	$
Occupancy, equipment and office																			
Business development and marketing																			
Data processing																			
Intangibles amortization																			
FDIC assessments																			
Merger-related expense																			
Other expense																			
Total noninterest expense	Total noninterest expense	$47,147	$	$44,875	$	$2,272	5	5	% Total noninterest expense	$ 46,853	$	$44,957	$	$1,896	4	4 %	$ 94,000	$	$
Non-personnel expenses	Non-personnel expenses	$20,637	$	$20,547	$	$ 90	—	—	% Non-personnel expenses	$ 20,568	$	$21,057	$	$ (489)	(2)	(2)%	$ 41,205	$	$
Average full-time equivalent ("FTE") employees	Average full-time equivalent ("FTE") employees	948	943	943	5	5	1	1	% Average full-time equivalent ("FTE") employees 948	943		943	5	5	1	1 %		948	943

Noninterest expense was $47.1 million $94.0 million, an increase of $2.3 million $4.2 million (5%) over the first three six months of 2023. Personnel costs increased $2.2 million $4.6 million (9%), while non-personnel expenses combined increased $0.1 million decreased $0.4 million (1%) compared to the first three six months of 2023.

Personnel expense was $26.5 million $52.8 million for the three six months ended March 31, 2024 June 30, 2024, an increase of $2.2 million $4.6 million from the comparable period in 2023. Salary expense increased $1.0 million (5% $2.5 million (6%) over the first three six months of 2023, reflecting merit increases between the years, higher incentives commensurate with current period earnings, and a slightly larger employee base (with average full-time equivalent employees up 1%). Fringe benefits increased $1.2 million $2.1 million over the first three six months of 2023, mostly due to higher overall health care expenses. Salary expense was also impacted by the change in the fair value of nonqualified deferred compensation plan liabilities. See also "Noninterest Income" for the offsetting fair value change to the nonqualified deferred compensation plan assets.

Occupancy, equipment and office expense was $8.9 million for the first three months of 2024, up $0.2 million (2%) compared to the first three months of 2023, largely due to software and technology solutions.

Data processing expense was $4.3 million $8.6 million, up $0.3 million (7% (4%) between the comparable three-month six-month periods, mostly due to volume-based increases in core brokerage, and card brokerage processing charges.

Intangibles amortization decreased $0.3 million $0.6 million between the comparable three-month six-month periods due to lower amortization from the aging intangibles.

Other expense was $2.4 million $5.2 million, down $0.4 million (13% $0.5 million (9%) between the comparable three-month six-month periods, mostly due to lower professional fees.

Income Taxes

Income tax expense was $6.5 million $14.0 million (effective tax rate of 19.1% 19.7%) for the first three six months of 2024, compared to income tax benefit expense of $4.2 million $3.7 million (effective tax rate of 32.0% 21.2%) for the comparable period of 2023. The change in income tax was mostly due to the first quarter lower pretax earnings in 2023, pretax loss, and also reflects the lower effective tax rate beginning in the second half of 2023 related to the Wisconsin tax law change noted above in the "Performance Summary" section.

Income Statement Analysis – Three Months Ended June 30, 2024 versus Three Months Ended June 30, 2023

Net income was $29.3 million, or adjusted net income (non-GAAP) of $28.8 million, for the three months ended June 30, 2024, compared to net income of $22.6 million, or adjusted net income (non-GAAP) of $22.9 million for the three months ended June 30, 2023. Earnings per diluted common share was $1.92 for second quarter 2024, compared to $1.51 for second quarter 2023.

Tax-equivalent net interest income was $65.8 million for second quarter 2024, an increase of $6.3 million from second quarter 2023. Interest income increased $16.8 million over second quarter 2023, while interest expense increased $10.5 million from second quarter 2023. The increase in interest income included $13.4 million from higher yields (reflecting the rising interest rate environment) and $3.4 million from stronger volumes (led by average loans which grew $259 million or 4% over second quarter 2023). Average investment securities decreased $187 million, while other interest-earning assets grew $163 million (primarily investable cash) between the comparable second quarter periods, mostly due to investment securities maturities and paydowns. Interest expense increased $10.5 million from second quarter 2023, mostly due to $6.3 million higher overall funding costs. For additional information regarding average balances, net interest income and net interest margin, see "INCOME STATEMENT ANALYSIS — Net Interest Income."

The net interest margin for second quarter 2024 was 3.35%, compared to 3.14% for second quarter 2023, impacted by the rising interest rate environment and the changing balance sheet mix. The mix of average interest-earning assets shifted from 83% loans, 14% investments and 3% other interest-earning assets (mostly investable cash) for second quarter 2023, to 84%, 11% and 5%, respectively, for second quarter 2024. The mix of average interest-bearing liabilities shifted from 82% core deposits, 12% brokered deposits, and 6% wholesale funding for second quarter 2023, to 82%, 15%, and 3%, respectively, for second quarter 2024, including a continued migration to higher rate deposit products. The yield on interest-earning assets of 5.61% increased 71 bps from second quarter 2023, while the cost of funds of 3.09% increased 55 bps between the comparable quarters.

Provision for credit losses was $1.4 million for second quarter 2024 (all related to the ACL-Loans), compared to $0.5 million provision for credit losses for second quarter 2023 (also all related to the ACL-Loans). For additional information regarding the allowance for credit losses-loans and asset quality, see "BALANCE SHEET ANALYSIS — Allowance for Credit Losses - Loans" and "BALANCE SHEET ANALYSIS — Nonperforming Assets."

Noninterest income was $19.6 million for second quarter 2024, an increase of $2.8 million (16%) from second quarter 2023. Wealth management fee income grew $0.8 million (14%), including favorable market-related changes, as well as growth in accounts and assets under management. Net mortgage income of $2.6 million, increased $0.8 million (45%) between the comparable second quarter periods, mostly due to higher secondary market volumes and the related gains on sales. Services charges on deposit accounts were $1.8 million, up $0.3 million (19%) from second quarter 2023, on growth in both accounts and account analysis fees. For additional information regarding noninterest income, see "INCOME STATEMENT ANALYSIS — Noninterest Income."

Noninterest expense was $46.9 million for second quarter 2024, an increase of $1.9 million (4%) from second quarter 2023, including a $2.4 million increase in personnel expense and a $0.5 million decrease in non-personnel expenses. The increase in personnel was mostly due to higher salaries, incentives, and fringe benefits. The decrease in non-personnel expenses was mostly due to lower intangible amortization, office expense, and professional fees. For additional information regarding noninterest expense, see "INCOME STATEMENT ANALYSIS — Noninterest Expense."

Income tax expense was $7.5 million (effective tax rate of 20.3%) for second quarter 2024, compared to $7.9 million (effective tax rate of 25.9%) for second quarter 2023. The change in income tax expense and the effective tax rate was primarily attributable to the Wisconsin tax law change noted above in the "Performance Summary" section.

BALANCE SHEET ANALYSIS

At March 31, 2024 June 30, 2024, period end assets were $8.4 billion $8.6 billion, down slightly ($22 million) an increase of $88 million (1.0%) from December 31, 2023, mostly lower cash balances, from solid growth in loans, partly offset by growth in loans. lower cash balances. Total loans increased $44 million (1% $175 million (3%) from December 31, 2023, with growth in agricultural, commercial and industrial, and residential real estate loans. Total deposits of $7.2 billion at March 31, 2024 June 30, 2024, decreased $32 million increased $43 million from December 31, 2023, mostly with growth in time and money market deposits partly offset by lower noninterest-bearing demand deposits. Total stockholders' equity was $1.1 billion at March 31, 2024 June 30, 2024, an increase of $25 million $52 million over December 31, 2023, with strong earnings partly offset by the quarterly dividend payment.

Compared to March 31, 2023 June 30, 2023, assets increased $254 million (3% $74 million (1%), with growth in loans and cash balances partly offset by investment securities maturities and paydowns. paydowns, as well as lower cash balances. Total loans increased $174 million (3% $306 million (5%), primarily in residential mortgage and agricultural loans, while total deposits increased $237 million $42 million from March 31, 2023 June 30, 2023, with growth in time and money market deposits partly offset by lower noninterest-bearing demand deposits. Stockholders' equity increased $102 million $114 million from March 31, 2023 June 30, 2023, with solid net income and favorable net fair value investment changes partly offset by dividend payments.

Loans

Nicolet services a diverse customer base primarily throughout Wisconsin, Michigan and Minnesota. We concentrate on originating loans in our local markets and assisting current loan customers. Nicolet actively utilizes government loan programs such as those provided by the U.S. Small Business Administration ("SBA") and the U.S. Department of Agriculture's Farm Service Agency ("FSA").

An active credit risk management process is used to ensure that sound and consistent credit decisions are made. The credit management process is regularly reviewed and has been modified over the past several years to further strengthen the controls. Factors that are important to managing overall credit quality are sound loan underwriting and administration, systematic monitoring of existing loans and commitments, effective loan review on an ongoing basis, early problem loan identification and remedial action to minimize losses, an appropriate ACL-Loans, and sound nonaccrual and charge-off policies.

For additional disclosures on loans, see also Note 5, "Loans, Allowance for Credit Losses - Loans, and Credit Quality," in the Notes to Unaudited Consolidated Financial Statements under Part I, Item 1. For information regarding the allowance for credit losses and nonperforming assets see "BALANCE SHEET ANALYSIS – Allowance for Credit Losses - Loans" and "BALANCE SHEET ANALYSIS – Nonperforming Assets." A detailed discussion of the loan portfolio accounting policies, general loan portfolio characteristics, and credit risk are described in Note 1, "Nature of Business and Significant Accounting Policies," of the Notes to Consolidated Financial Statements, included in Part II, Item 8 of the Company's 2023 Annual Report on Form 10-K.

Table 6: Period End Loan Composition

		March 31, 2024			December 31, 2023			March 31, 2023							
		June 30, 2024			December 31, 2023			June 30, 2023							
(in thousands)	(in thousands)	Amount		% of Total	Amount		% of Total	Amount		% of Total	(in thousands)	Amount		% of Total	Amount
Commercial & industrial	Commercial & industrial	$1,307,490	20	20 %	$1,284,009	20	20 %	$ 1,330,052	21	21 %	Commercial & industrial	$1,358,152	21	21 %	$1,284,009
Owner-occupied CRE															
Agricultural															
Commercial															
CRE investment															
Construction & land development															
Commercial real estate															
Commercial-based loans															
Residential construction															
Residential first mortgage															
Residential junior mortgage															
Residential real estate															
Retail & other															
Retail-based loans															
Total loans	Total loans	$6,397,617	100	100 %	$6,353,942	100	100 %	$ 6,223,732	100	100 %	Total loans	$6,529,134	100	100 %	$6,353,942

As noted in Table 6 above, the loan portfolio at March 31, 2024 June 30, 2024, was 76% commercial-based and 24% retail-based. Commercial-based loans are considered to have more inherent risk of default than retail-based loans, in part because of the broader list of factors that could impact a commercial borrower negatively. In addition, the commercial balance per borrower is typically larger than that for retail-based loans, implying higher potential losses on an individual customer basis. Credit risk on commercial-based loans is largely influenced by general economic conditions and the resulting impact on a borrower's operations or on the value of underlying collateral, if any.

Total loans of $6.4 billion $6.5 billion at March 31, 2024 June 30, 2024, increased $44 million (1% $175 million (3%) from December 31, 2023, with growth in agricultural, commercial and industrial, and residential real estate loans. At March 31, 2024 June 30, 2024, commercial and industrial loans represented the largest segment of Nicolet's loan portfolio at 20% 21% of the total portfolio, followed by agricultural and CRE investment at 19% and 18%, respectively, of the loan portfolio. The loan portfolio is widely diversified and included the following industries: manufacturing, wholesaling, paper, packaging, food production and processing, agriculture, forest products, hospitality, retail, service, and businesses supporting the general building industry. The following chart provides the industry distribution of our commercial loan portfolio at March 31, 2024 June 30, 2024.

Commercial Loan Portfolio by Industry Type (based on NAICS codes)

Commercial Loan by Industry Pie Chart_06.30.2024.jpg

The following tables present the maturity distribution of the loan portfolio.

Table 7: Loan Maturity Distribution

As of March 31, 2024 — **Loan Maturity**

As of June 30, 2024 — **Loan Maturity**

(in thousands)	(in thousands)	One Year or Less	After One Year to Five Years	After Five Years to Fifteen Years	After Fifteen Years	Total	(in thousands)	One Year or Less	After One Year to Five Years	After Five Years to Fifteen Years	After Fifteen Years	Total
Commercial & industrial												
Owner-occupied CRE												
Agricultural												
CRE investment												
Construction & land development												
Residential construction *												
Residential first mortgage												
Residential junior mortgage												
Retail & other												
Total loans												
Percent by maturity distribution	Percent by maturity distribution	22 %	46 %	17 %	15 %	100 %	Percent by maturity distribution	24 %	45 %	16 %	15 %	100 %
Total fixed rate loans												
Total fixed rate loans												
Total fixed rate loans												
Total floating rate loans												
Total floating rate loans												
Total floating rate loans												

As of December 31, 2023	Loan Maturity				
(in thousands)	One Year or Less	After One Year to Five Years	After Five Years to Fifteen Years	After Fifteen Years	Total
Commercial & industrial	$ 444,176	$ 691,364	$ 137,823	$ 10,646	$ 1,284,009
Owner-occupied CRE	85,945	663,791	179,103	27,755	956,594
Agricultural	441,792	335,670	343,717	40,352	1,161,531
CRE investment	120,674	789,093	206,789	25,695	1,142,251
Construction & land development	44,467	169,343	80,015	16,285	310,110
Residential construction *	31,777	7,832	766	35,351	75,726
Residential first mortgage	25,996	268,442	178,786	693,885	1,167,109
Residential junior mortgage	14,709	18,878	36,548	130,749	200,884
Retail & other	30,799	12,637	8,319	3,973	55,728
Total loans	$ 1,240,335	$ 2,957,050	$ 1,171,866	$ 984,691	$ 6,353,942
Percent by maturity distribution	20 %	47 %	18 %	15 %	100 %
Total fixed rate loans	$ 547,023	$ 2,718,410	$ 794,080	$ 326,346	$ 4,385,859
Total floating rate loans	$ 693,312	$ 238,640	$ 377,786	$ 658,345	$ 1,968,083

* The residential construction loans with a loan maturity after five years represent a construction to permanent loan product.

Allowance for Credit Losses - Loans

For additional disclosures on the allowance for credit losses, see Note 5, “Loans, Allowance for Credit Losses - Loans, and Credit Quality,” in the Notes to Unaudited Consolidated Financial Statements under Part I, Item 1. A detailed discussion of the loan portfolio accounting policies, general loan portfolio characteristics, and credit risk are described in Note 1, “Nature of Business and Significant Accounting Policies,” of the Notes to Consolidated Financial Statements, included in Part II, Item 8 of the Company’s 2023 Annual Report on Form 10-K.

Credit risks within the loan portfolio are inherently different for each loan type. Credit risk is controlled and monitored through the use of lending standards, a thorough review of potential borrowers, and ongoing review of loan payment performance. Active asset quality administration, including early problem loan identification and timely resolution of problems, aids in the management of credit risk and minimization of loan losses. Loans charged off are subject to continuous review, and specific efforts are taken to achieve maximum recovery of principal, interest, and related expenses. For additional information regarding nonperforming assets see also “BALANCE SHEET ANALYSIS – Nonperforming Assets.”

The ACL-Loans represents management’s estimate of expected credit losses in the Company’s loan portfolio at the balance sheet date. To assess the overall appropriateness of the ACL-Loans, management applies an allocation methodology which focuses on evaluation of qualitative and environmental factors, including but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management’s ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonaccrual loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the loan portfolio; (vii) concentrations of loans to specific borrowers or industries; (viii) existing economic conditions; (ix) the fair value of underlying collateral; and (x)

other qualitative and quantitative factors which could affect expected credit losses. Assessing these numerous factors involves significant judgment; therefore, management considers the ACL-Loans a critical accounting estimate.

Management allocates the ACL-Loans by pools of risk within each loan portfolio segment. The allocation methodology consists of the following components. First, a specific reserve is established for individually evaluated credit deteriorated loans, which management defines as nonaccrual credit relationships over $250,000, collateral dependent loans, purchased credit deteriorated loans, and other loans with evidence of credit deterioration. The specific reserve in the ACL-Loans for these credit deteriorated loans is equal to the aggregate collateral or discounted cash flow shortfall. Second, management allocates the ACL-Loans with historical loss rates by loan segment. The loss factors are measured on a quarterly basis and applied to each loan segment based on current loan balances and projected for their expected remaining life. Next, management allocates the ACL-Loans using the qualitative and environmental factors mentioned above. Consideration is given to those current qualitative or environmental factors that are likely to cause estimated credit losses at the evaluation date to differ from the historical loss experience of each loan segment. Lastly, management considers reasonable and supportable forecasts to assess the collectability of future cash flows.

Management performs ongoing intensive analysis of the loan portfolio to allow for early identification of customers experiencing financial difficulties, maintains prudent underwriting standards, understands the economy of its markets, and considers the trend of deterioration in loan quality in establishing the level of the ACL-Loans. In addition, various regulatory agencies periodically review the ACL-Loans, and may require the Company to make additions to the ACL-Loans or may require that certain loan balances be charged off or downgraded into classified loan categories when their credit evaluations differ from those of management based on their judgments of collectability from information available to them at the time of their examination.

At March 31, 2024 June 30, 2024, the ACL-Loans was $64 million $65 million (representing 1.01% 1.00% of period end loans), minimally changed from compared to $64 million (or 1.00% of period end loans) at December 31, 2023 and up from $62 million $63 million (or 1.00% 1.01% of period end loans) at March 31, 2023 June 30, 2023. The components of the ACL-Loans are detailed further in Table 8 below.

Table 8: Allowance for Credit Losses - Loans

		Three Months Ended		Year Ended					
		Six Months Ended		Year Ended					
(in thousands)	**(in thousands)**	**March 31, 2024**	**March 31, 2023**	**December 31, 2023**	**(in thousands)**	**June 30, 2024**	**June 30, 2023**		**December 31, 2023**
ACL-Loans:									
Balance at beginning of period									
Balance at beginning of period									
Balance at beginning of period									
Provision for credit losses									
Provision for credit losses									
Provision for credit losses									
Charge-offs									
Recoveries									
Net (charge-offs) recoveries									
Balance at end of period									
Net loan (charge-offs) recoveries:									
Commercial & industrial									
Commercial & industrial									

Commercial & industrial								
Owner-occupied CRE								
Agricultural								
CRE investment								
Construction & land development								
Residential construction								
Residential first mortgage								
Residential junior mortgage								
Retail & other								
Total net (charge-offs) recoveries								
Ratios:								
ACL-Loans to total loans								
ACL-Loans to total loans								
ACL-Loans to total loans		1.01 %	1.00 %	1.00 %		1.00 %	1.01 %	1.00 %
Net charge-offs to average loans, annualized	Net charge-offs to average loans, annualized	0.00 %	0.01 %	0.01 %	Net charge-offs to average loans, annualized	0.01 %	0.01 %	0.01 %

Nonperforming Assets

As part of its overall credit risk management process, management is committed to an aggressive problem loan identification philosophy. This philosophy has been implemented through the ongoing monitoring and review of all pools of risk in the loan portfolio to identify problem loans early and minimize the risk of loss. For additional disclosures on credit quality, see Note 5, “Loans, Allowance for Credit Losses - Loans, and Credit Quality” of the Notes to Unaudited Consolidated Financial Statements under Part I, Item 1. For additional information on loans see “BALANCE SHEET ANALYSIS – Loans” and for additional information on the ACL-Loans see “BALANCE SHEET ANALYSIS – Allowance for Credit Losses-Loans.”

Nonperforming loans are considered one indicator of potential future loan losses. Nonperforming loans are defined as nonaccrual loans and loans 90 days or more past due but still accruing interest. Loans are generally placed on nonaccrual status when contractually past due 90 days or more as to interest or principal payments. Additionally, whenever management becomes aware of facts or circumstances that may adversely impact the collectability of principal or interest on loans, it is management’s practice to place such loans on nonaccrual status immediately. Nonperforming assets include nonperforming loans and other real estate owned (“OREO”). At March 31, 2024 June 30, 2024, nonperforming assets were $28 million $29 million and represented 0.34% of total assets, compared to $28 million or 0.33% of total assets unchanged from at December 31, 2023, and down from $41 million $27 million or 0.50% 0.32% of total assets at March 31, 2023 June 30, 2023.

The level of potential problem loans is another predominant factor in determining the relative level of risk in the loan portfolio and in determining the appropriate level of the ACL-Loans. Potential problem loans are generally defined by management to include loans rated as Substandard by management but that are in performing status; however, there are circumstances present which might adversely affect the ability of the borrower to comply with present repayment terms. The decision of management to include performing loans in potential problem loans does not necessarily mean that Nicolet expects losses to occur, but that management recognizes a higher degree of risk associated with these loans. The loans that have been reported as potential problem loans are predominantly commercial-based loans covering a diverse range of businesses and real estate property types. Potential problem loans were $67 million (1% of loans) and $68 million (1% of loans) at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Potential problem loans require heightened management review given the pace at which a credit may deteriorate, the potential duration of asset quality stress, and uncertainty around the magnitude and scope of economic stress that may be felt by Nicolet’s customers and on underlying real estate values.

Table 9: Nonperforming Assets

(in thousands)	**(in thousands)**	**March 31, 2024**	**December 31, 2023**	**March 31, 2023**	**(in thousands)**	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**
Nonperforming loans:								
Commercial & industrial								
Commercial & industrial								
Commercial & industrial								
Owner-occupied CRE								
Agricultural								
Commercial								
CRE investment								
Construction & land development								
Commercial real estate								
Commercial-based loans								
Residential construction								
Residential first mortgage								
Residential junior mortgage								

Residential real estate								
Retail & other								
Retail-based loans								
Total nonaccrual loans								
Accruing loans past due 90 days or more								
Total nonperforming loans								
Nonaccrual loans (included above) covered by guarantees								
OREO:								
Commercial real estate owned								
Commercial real estate owned								
Commercial real estate owned								
Residential real estate owned								
Bank property real estate owned								
Total OREO								
Total nonperforming assets								
Ratios:								
Ratios:								
Ratios:								
Nonperforming loans to total loans								
Nonperforming loans to total loans								
Nonperforming loans to total loans		0.42 %	0.42 %	0.62 %		0.43 %	0.42 %	0.41 %
Nonperforming assets to total loans plus OREO	Nonperforming assets to total loans plus OREO	0.44 %	0.44 %	0.66 %	Nonperforming assets to total loans plus OREO	0.44 %	0.44 %	0.43 %
Nonperforming assets to total assets	Nonperforming assets to total assets	0.33 %	0.33 %	0.50 %	Nonperforming assets to total assets	0.34 %	0.33 %	0.32 %
ACL-Loans to nonperforming loans	ACL-Loans to nonperforming loans	241 %	239 %	160 %	ACL-Loans to nonperforming loans	235 %	239 %	248 %

Deposits

Deposits represent Nicolet's largest source of funds, which and provide a stable, and lower-cost funding source. Deposit levels may be impacted by competition with other bank and nonbank institutions, as well as with a number of non-deposit investment alternatives available to depositors. Deposit challenges include competitive deposit product features, price changes on deposit products given movements in the interest rate environment and other competitive pricing pressures, and customer preferences regarding higher rate deposit products or non-deposit investment alternatives.

Total deposits of $7.2 billion at March 31, 2024 June 30, 2024, decreased $32 million increased $43 million from December 31, 2023, mostly with growth in money market and time deposits, partly offset by lower noninterest-bearing demand deposits from seasonal trends as well as some migration to higher rate deposit products. Core deposit balances of $6.4 billion at March 31, 2024 June 30, 2024, decreased $200 million $149 million from December 31, 2023, while brokered deposits increased $168 million $192 million. Compared to March 31, 2023 June 30, 2023, total deposits increased $237 million $42 million, the net of a $260 million $68 million increase in brokered deposits and a $23 million $26 million decrease in core deposits. The deposit composition is presented in Table 10 below.

Table 10: Period End Deposit Composition

		March 31, 2024 / June 30, 2024			December 31, 2023 / December 31, 2023			March 31, 2023 / June 30, 2023								
(in thousands)	(in thousands)	Amount		% of Total	Amount		% of Total	Amount		% of Total	(in thousands)	Amount		% of Total	Amount	% of Total
Noninterest-bearing demand	Noninterest-bearing demand	$1,665,229	23	23 %	$1,958,709	27	27 %	$ 2,094,623	30	30 %	Noninterest-bearing demand	$1,764,806	24	24 %	$1,958,709	27
Interest-bearing demand	Interest-bearing demand	1,121,030	16	16 %	1,055,520	15	15 %	1,138,415	17	17 %	Interest-bearing demand	1,093,621	15	15 %	1,055,520	15
Money market	Money market	2,027,559	28	28 %	1,891,287	26	26 %	1,886,879	27	27 %	Money market	1,963,559	27	27 %	1,891,287	26
Savings	Savings	765,084	11	11 %	768,401	11	11 %	865,824	12	12 %	Savings	762,529	11	11 %	768,401	11

Time	Time	1,586,830	22	22 %	1,523,883	21	21 %		942,838	14	14 %	Time	1,656,563	23	23 %	1,523,883	21
Total deposits	Total deposits	$7,165,732	100	100 %	$7,197,800	100	100 %	$	6,928,579	100	100 %	Total deposits	$7,241,078	100	100 %	$7,197,800	100
Brokered transaction accounts	Brokered transaction accounts	$ 265,818	4	4 %	$ 166,861	2	2 %	$	233,393	4	4 %	Brokered transaction accounts	$ 250,109	3	3 %	$ 166,861	2
Brokered and listed time deposits	Brokered and listed time deposits	517,190	7	7 %	448,582	6	6 %		289,181	4	4 %	Brokered and listed time deposits	557,657	8	8 %	448,582	6
Total brokered deposits	Total brokered deposits	$ 783,008	11	11 %	$ 615,443	8	8 %	$	522,574	8	8 %	Total brokered deposits	$ 807,766	11	11 %	$ 615,443	8
Customer transaction accounts	Customer transaction accounts	$5,313,084	74	74 %	$5,507,056	77	77 %	$	5,752,348	83	83 %	Customer transaction accounts	$5,334,406	74	74 %	$5,507,056	77
Customer time deposits	Customer time deposits	1,069,640	15	15 %	1,075,301	15	15 %		653,657	9	9 %	Customer time deposits	1,098,906	15	15 %	1,075,301	15
Total customer deposits (core)	Total customer deposits (core)	$6,382,724	89	89 %	$6,582,357	92	92 %	$	6,406,005	92	92 %	Total customer deposits (core)	$6,433,312	89	89 %	$6,582,357	92

Total estimated uninsured deposits were $2.1 billion (representing 29% 30% of total deposits) at March 31, 2024 June 30, 2024, unchanged from compared to $2.1 billion (representing 29% of total deposits) at December 31, 2023.

Liquidity Management

Liquidity management refers to the ability to ensure that adequate liquid funds are available to meet the current and future cash flow obligations arising in the daily operations of the Company. These cash flow obligations include the ability to meet the commitments to borrowers for extensions of credit, accommodate deposit cycles and trends, fund capital expenditures, pay dividends to stockholders (if any), and satisfy other operating expenses. The Company's most liquid assets are cash and due from banks and interest-earning deposits, which totaled $427 million $409 million and $491 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Balances of these liquid assets are dependent on our operating, investing, and financing activities during any given period.

The $64 million $83 million decrease in cash and cash equivalents since year-end 2023 included $23 million $61 million net cash provided by operating activities and $33 million net cash provided by financing activities (mostly higher deposit balances), partly offset by $49 million $177 million net cash used in investing activities (mostly to fund loan growth) and $38 million net cash used in financing activities (mostly lower deposit balances). As of March 31, 2024 June 30, 2024, management believed that adequate liquidity existed to meet all projected cash flow obligations.

Nicolet's primary sources of funds include the core deposit base, repayment and maturity of loans, investment securities calls, maturities, and sales, and procurement of brokered deposits or other wholesale funding. At March 31, 2024 June 30, 2024, approximately 46% of the investment securities portfolio was pledged as collateral to secure public deposits and borrowings, as applicable, and for liquidity or other purposes as required by regulation. Liquidity sources available to the Company at March 31, 2024 June 30, 2024, are presented in Table 12 11 below.

Table 12: 11: Liquidity Sources

(in millions)			**March 31, June 30, 2024**
FHLB Borrowing Availability (1)		$	622 601
Fed Funds Lines			175
Fed Discount Window			11
Immediate Funding Availability		$	808 787
Brokered Capacity			1,008 1,003
	88		
	78		
Short-Term Funding Availability (2)		$	1,174 1,003
Total Contingent Funding Availability		$	1,982 1,790

(1) Excludes outstanding FHLB borrowings of $5 million at March 31, 2024 June 30, 2024.

(2) Short-term funding availability defined as funding that could be secured between 2 and 30 days.

Management is committed to the Parent Company being a source of strength to the Bank and its other subsidiaries, and therefore, regularly evaluates capital and liquidity positions of the Parent Company in light of current and projected needs, growth or strategies. The Parent Company uses cash for normal expenses, dividend payments, debt service requirements, and, when opportune, for common stock repurchases, repayment of debt, or investment in other strategic actions such as mergers or acquisitions. At March 31, 2024 June 30, 2024, the Parent Company had $85 million $125 million in cash. Additional cash sources available to the Parent Company include access to the public or private markets to issue new equity, subordinated notes or other debt. Dividends from the Bank and, to a lesser extent, stock option exercises, represent significant sources of cash flows for the Parent Company. The Bank is required by federal law to obtain prior approval of the OCC for payments of dividends if the total of all dividends declared by the Bank in any year will exceed certain thresholds. Management does not believe that regulatory restrictions on dividends from the Bank will adversely affect its ability to meet its cash obligations.

Interest Rate Sensitivity Management and Impact of Inflation

A reasonable balance between interest rate risk, credit risk, liquidity risk and maintenance of yield, is highly important to Nicolet's business success and profitability. As an ongoing part of our financial strategy and risk management, we attempt to understand and manage the impact of fluctuations in market interest rates on our net interest income. The consolidated balance sheet consists mainly of interest-earning assets (loans, investments and cash) which are primarily funded by interest-bearing liabilities (deposits and other borrowings). Such financial instruments have varying levels of sensitivity to changes in market rates of interest. Market rates are highly sensitive to many factors beyond our control, including but not limited to general economic conditions and policies of governmental and regulatory authorities. Our operating income and net income depends, to a substantial extent, on "rate spread" (i.e., the difference between the income earned on loans, investments and other earning assets and the interest expense paid to obtain deposits and other funding liabilities).

Asset-liability management policies establish guidelines for acceptable limits on the sensitivity to changes in interest rates on earnings and market value of assets and liabilities. Such policies are set and monitored by management and the Board of Directors' Asset and Liability Committee.

To understand and manage the impact of fluctuations in market interest rates on net interest income, we measure our overall interest rate sensitivity through a net interest income analysis, which calculates the change in net interest income in the event of hypothetical changes in interest rates under different scenarios versus a baseline scenario. Such scenarios can involve static balance sheets, balance sheets with projected growth, parallel (or non-parallel) yield curve slope changes, immediate or gradual changes in market interest rates, and one-year or longer time horizons. The simulation modeling uses assumptions involving market spreads, prepayments of rate-sensitive instruments, renewal rates on maturing or new loans, deposit retention rates, and other assumptions.

Among other scenarios, we assessed the impact on net interest income in the event of a gradual +/-100 bps and +/-200 bps change in market rates (parallel to the change in prime rate) over a one-year time horizon to a static (flat) balance sheet. The results provided include the liquidity measures mentioned above and reflect the current interest rate environment. The interest rate scenarios are used for analytical purposes only and do not necessarily represent management's view of future market interest rate movements. Based on financial data at March 31, 2024 June 30, 2024 and December 31, 2023, the projected changes in net interest income over a one-year time horizon, versus the baseline, are presented in Table 13 12 below, and reflect a shift from an asset sensitive position to a liability sensitive position due to the deposit mix shift to higher cost deposit products that are more sensitive to changes in interest rates. The results are in compliance with Nicolet's policy guidelines.

Table 13: 12: Interest Rate Sensitivity

		March 31, 2024	December 31, 2023		June 30, 2024	December 31, 2023
200 bps decrease in interest rates	200 bps decrease in interest rates	0.6 %	(1.1) %	200 bps decrease in interest rates	0.6 %	(1.1) %
100 bps decrease in interest rates	100 bps decrease in interest rates	0.3 %	(0.6) %	100 bps decrease in interest rates	0.3 %	(0.6) %
100 bps increase in interest rates	100 bps increase in interest rates	(0.3) %	0.6 %	100 bps increase in interest rates	(0.3) %	0.6 %
200 bps increase in interest rates	200 bps increase in interest rates	(0.5) %	1.2 %	200 bps increase in interest rates	(0.6) %	1.2 %

Actual results may differ from these simulated results due to timing, magnitude and frequency of interest rate changes, as well as changes in market conditions and their impact on customer behavior and management strategies.

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

Capital

Management regularly reviews the adequacy of its capital to ensure that sufficient capital is available for current and future needs and is in compliance with regulatory guidelines. The capital position and strategies are actively reviewed in light of perceived business risks associated with current and prospective earning levels, liquidity, asset quality, economic conditions in the markets served, and level of returns available to shareholders. Management intends to maintain an optimal capital and leverage mix for growth and shareholder return. For details on the change in capital see "BALANCE SHEET ANALYSIS."

The Company's and the Bank's regulatory capital ratios remain above minimum regulatory ratios, including the capital conservation buffer. At March 31, 2024 June 30, 2024, the Bank's regulatory capital ratios qualify the Bank as well-capitalized under the prompt-corrective action framework. This strong base of capital has allowed Nicolet to be opportunistic in strategic growth. A summary of the Company's and the Bank's regulatory capital amounts and ratios, as well as selected capital metrics are presented in the following table.

Table 14: 13: Capital

	At or for the Three Months Ended	At or for the Year Ended
	At or for the Six Months Ended	At or for the Year Ended

($ in thousands)	($ in thousands)	March 31, 2024		December 31, 2023		($ in thousands)	June 30, 2024		December 31, 2023	
Company Stock Repurchases: *										
Common stock repurchased during the period (dollars)										
Common stock repurchased during the period (dollars)										
Common stock repurchased during the period (dollars)										
Common stock repurchased during the period (full shares)										
Company Risk-Based Capital:										
Total risk-based capital										
Total risk-based capital										
Total risk-based capital										
Tier 1 risk-based capital										
Common equity Tier 1 capital										
Total capital ratio	Total capital ratio	13.3	%	13.0	%	Total capital ratio	13.4	%	13.0	%
Tier 1 capital ratio	Tier 1 capital ratio	10.8	%	10.5	%	Tier 1 capital ratio	11.0	%	10.5	%
Common equity tier 1 capital ratio	Common equity tier 1 capital ratio	10.2	%	9.9	%	Common equity tier 1 capital ratio	10.4	%	9.9	%
Tier 1 leverage ratio	Tier 1 leverage ratio	9.6	%	9.2	%	Tier 1 leverage ratio	9.8	%	9.2	%
Bank Risk-Based Capital:										
Total risk-based capital										
Total risk-based capital										
Total risk-based capital										
Tier 1 risk-based capital										
Common equity Tier 1 capital										
Total capital ratio	Total capital ratio	12.0	%	11.5	%	Total capital ratio	11.6	%	11.5	%
Tier 1 capital ratio	Tier 1 capital ratio	11.1	%	10.7	%	Tier 1 capital ratio	10.7	%	10.7	%
Common equity tier 1 capital ratio	Common equity tier 1 capital ratio	11.1	%	10.7	%	Common equity tier 1 capital ratio	10.7	%	10.7	%
Tier 1 leverage ratio	Tier 1 leverage ratio	9.9	%	9.4	%	Tier 1 leverage ratio	9.6	%	9.4	%

* Reflects common stock repurchased under board of director authorizations for the common stock repurchase program.

In managing capital for optimal return, we evaluate capital sources and uses, pricing and availability of our stock in the market, and alternative uses of capital (such as the level of organic growth or acquisition opportunities, dividends, or repayment of equity-equivalent debt) in light of strategic plans. Through an ongoing repurchase program, the Board has authorized the repurchase of Nicolet's common stock as an alternative use of capital. At March 31, 2024June 30, 2024, there remained $46 million authorized under this repurchase program, as modified, to be utilized from time-to-time to repurchase shares in the open market, through block transactions or in private transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions or judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions are based on historical experience, current information, and other factors deemed to be relevant; accordingly, as this information changes, actual results could differ from those estimates. Nicolet considers accounting estimates to be critical to reported financial results if the accounting estimate requires management to make assumptions about matters that are highly uncertain and different estimates that management reasonably could have used for the accounting estimate in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, could have a material impact on the financial statements. The accounting estimates we consider to be critical include business combinations and the valuation of loans acquired, the determination of the allowance for credit losses, and income taxes. A discussion of these estimates can be found in the "Critical Accounting Estimates" section in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's 2023 Annual Report on Form 10-K. There have been no changes in the Company's determination of critical accounting policies and estimates since December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk at March 31, 2024June 30, 2024, from that presented in our 2023 Annual Report on Form 10-K. See section "Interest Rate Sensitivity Management and Impact of Inflation" within Management's Discussion and Analysis of Financial Condition and Results of Operations under Part I, Item 2, for our interest rate sensitivity position at March 31, 2024June 30, 2024.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures*. Management, under the supervision, and with the participation, of our principal executive officer and principal financial officer, evaluated our disclosure controls and procedures (as such term is defined in Exchange Act Rule 13a-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) *Changes in Internal Control Over Financial Reporting*. There were no changes in the Company's internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company and its subsidiaries may be involved from time to time in various routine legal proceedings incidental to our respective businesses. Neither the Company nor any of its subsidiaries are currently engaged in any legal proceedings that are expected to have a material adverse effect on our results of operations or financial position.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

Issuer Purchases of Equity Securities

The following table contains information regarding purchases of Nicolet's common stock made during first second quarter 2024 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act.

	Total Number of Shares Purchased (a)	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (b)	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (b)
	(#)	(#)	($)		(#)	(#)	($)		(#)
Period									
January 1 – January 31, 2024									
January 1 – January 31, 2024									
January 1 – January 31, 2024									
February 1 – February 29, 2024									
February 1 – February 29, 2024									
February 1 – February 29, 2024									
March 1 – March 31, 2024									
March 1 – March 31, 2024									
March 1 – March 31, 2024									
April 1 – April 30, 2024									
April 1 – April 30, 2024									
April 1 – April 30, 2024									
May 1 – May 31, 2024									
May 1 – May 31, 2024									
May 1 – May 31, 2024									
June 1 – June 30, 2024									
June 1 – June 30, 2024									
June 1 – June 30, 2024									
Total									
Total									

Total

a. During first second quarter 2024, the Company withheld 175 640 common shares for minimum tax withholding settlements on restricted stock, and withheld 1,131 no common shares were withheld to satisfy the exercise price and tax withholding requirements on stock option exercises. These are not considered "repurchases" and, therefore, do not count against the maximum number of shares that may yet be purchased under the Board of Directors' authorization.

b. The Board of Directors approved a common stock repurchase program which authorized, with subsequent modifications, the use of up to $276 million to repurchase outstanding shares of common stock. This common stock repurchase program was last modified on April 19, 2022, and has no expiration date. There were no common stock repurchases under this program during first second quarter 2024. At March 31, 2024 June 30, 2024, approximately $46 million remained available under this common stock repurchase program, or approximately 535,000 554,000 shares of common stock (based upon the closing stock price of $85.99 $83.04 on March 31, 2024 June 30, 2024).

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements: None.

ITEM 6. EXHIBITS

The following exhibits are filed herewith:

Exhibit Number	Description
10.1	Amended ant Restated Employment Agreement, dated February 28, 2024 April 15, 2024, by and among the Registrant, Nicolet National Bank and Eric J. Witczak William Bohn(1)
10.2	Amended ant Restated Employment Agreement, dated February 28, 2024, by and among the Registrant, Nicolet National Bank and Brad V. Hutjens(2)
31.1	Certification of CEO under Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of CFO under Section 302 of Sarbanes-Oxley Act of 2002
32.1	Certification of CEO Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of Sarbanes-Oxley Act of 2002
32.2	Certification of CFO Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of Sarbanes-Oxley Act of 2002
101	Interactive data files for Nicolet Bankshares, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, formatted in Inline XBRL: (i) the Consolidated Balance Sheets (unaudited), (ii) the Consolidated Statements of Income (Loss) (unaudited), (iii) the Consolidated Statements of Comprehensive Income (Loss) (unaudited), (iv) the Consolidated Statements of Stockholders' Equity (unaudited), (v) the Consolidated Statements of Cash Flows (unaudited), and (vi) Notes to Unaudited Consolidated Financial Statements.
104	Cover Page from Nicolet Bankshares, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 (formatted in Inline XBRL and contained in Exhibit 101)

(1) Incorporated by reference to Exhibit 10.15 in the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 28, 2024 (File No. 001-37700).

(2) Incorporated by reference to Exhibit 10.17 in the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 28, 2024 (File No. 001-37700).

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.

NICOLET BANKSHARES, INC.

May 8, August 5, 2024

/s/ Michael E. Daniels

Michael E. Daniels

Chairman, President, and Chief Executive Officer

May 8, August 5, 2024

/s/ H. Phillip Moore, Jr.

H. Phillip Moore, Jr.

Chief Financial Officer

EMPLOYMENT AGREEMENT
(Senior Leadership)

THIS EMPLOYMENT AGREEMENT (collectively referred to with all exhibits and amendments as this "Agreement") is executed on April 15, 2024 by and among (i) **NICOLET NATIONAL BANK** ("Bank"), a national banking association formed under the laws of the United States and a wholly-owned subsidiary of **NICOLET BANKSHARES, INC**. ("Company"), a bank holding company organized under the laws of the State of Wisconsin, (ii) Company, and (iii) **WILLIAM BOHN**, a resident of the State of Wisconsin ("Executive") (collectively, the "Parties" and each a "Party"). Notwithstanding the date of execution, this Agreement shall be effective on Executive's first day of employment, which shall be on or before April 15, 2024 (the "Effective Date").

RECITALS

Bank desires to hire Executive as EVP – Wealth Management, Private Banking and Trust Services of Bank, and

Executive desires to accept such employment on the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the above recitals and the mutual agreements below, effective as of the Effective Date, the Parties agree as follows:

1. Definitions. Whenever used in this Agreement, the following terms and their variant forms shall have the meaning set forth below:

1.1. "Area" shall mean the geographic area within a fifty (50) mile radius of Bank's corporate office and each branch office at which Executive (a) personally performed services, (b) personally met with customers, or (c) supervised or managed, either directly or indirectly, any other employees of Bank at any time during the last twelve (12) month of Executive's employment.

1.2. "Bank Information" means Confidential Information and Trade Secrets.

1.3. "Business of Bank" shall mean the business conducted by Bank, which is the business of commercial and consumer banking and wealth management products and services.

1.4. "Cause" shall mean any of the following, as determined by the CEO:

1.4.1.1. a material breach of the terms of this Agreement by Executive, including, without limitation, failure by Executive to perform Executive's duties and responsibilities in the manner and to the extent required under this Agreement, which remains uncured after the expiration of sixty (60) days following the delivery of written notice of such breach to Executive by Bank (collectively with other written notice requirements in this Agreement, a "Notice Period"). Such notice shall (i) specifically identify the duties that the CEO believes Executive has failed to perform, (ii) state the facts upon which determination was made;

1.4.1.2. conduct by Executive that amounts to fraud, dishonesty, or willful misconduct in the performance of Executive's duties and responsibilities;

1.4.1.3. Executive's arrest, charged in relation to (by criminal information, indictment or otherwise), or conviction of a crime involving breach of trust or moral turpitude;

1.4.1.4. Executive's violation of written policies or codes of conduct of either Bank or Company, including but not limited to written policies related to discrimination, harassment, performance of illegal or unethical activities, or ethical misconduct;

1.4.1.5. Executive's unauthorized disclosure of Confidential Information or Trade Secrets;

1.4.1.6. conduct by Executive that amounts to gross or willful insubordination or inattention to Executive's duties and responsibilities;

1.4.1.7. conduct by Executive that results in removal from Executive's position as an officer or executive of Bank pursuant to a written order by any regulatory agency with authority or jurisdiction over Bank; or

1.4.1.8. Executive's engagement in conduct that brings or is reasonably likely to bring Bank or Company negative publicity or into public disgrace, embarrassment, or disrepute.

1.5. "CEO" shall mean the CEO of Bank, regardless of whether such position is separate from or joined with the title of President of Bank, or his designee.

1.6. "Change of Control" means any one of the following events, the effective date of which occurs during the Term:

1.6.1.1. the acquisition by any one person, or more than one person acting as a group (other than any person or more than one person acting as a group who is considered to own more than fifty percent (50%) of the total fair market value or voting power of Bank or Company, as applicable, prior to such acquisition) of the stock of Bank or Company, as applicable, that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or voting power of the stock of Bank or Company, as applicable;

1.6.1.2. the date any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group, which date is not prior to the first day of the Term) ownership of stock of Bank or Company, as applicable, possessing thirty percent (30%) or more of the total voting power of the stock of Bank or Company, as applicable;

1.6.1.3. the date a majority of members of Company's Board of Directors is replaced during any twelve-month period, commencing no earlier than the first day of the Term, by the directors whose appointment is not endorsed by a majority of the members of Company's Board of Directors before the date of the appointment or election; or

1.6.1.4. the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on the date of the most

recent acquisition by such person or group, which date is not prior to the first day of the Term) assets of Company that have a total gross fair market value of forty percent (40%) or more of the total gross fair market value of all of the assets of Company immediately before such acquisition or acquisitions; provided, however, that transfers to the following entities or person(s) shall not be deemed to result in a Change of Control under this Subsection:

1.6.1.4.1. an entity that is controlled by the shareholders of Company immediately after the transfer;

1.6.1.4.2. a shareholder (determined immediately before the asset transfer) of Company in exchange for or with respect to its stock;

1.6.1.4.3. an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by Company;

1.6.1.4.4. a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of Company; or

1.6.1.4.5. an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in the above Subsection.

For purposes of this Section, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with Company or Bank. Notwithstanding the other provisions of this Section, no Change of Control shall be deemed to have occurred by reason of any actions or events in which Executive participates in a capacity other than in Executive's capacity as an employee and, if applicable, Executive's capacity as a director or shareholder of Company or Bank. Notwithstanding the other provisions of this Section, in the event of a merger, consolidation, reorganization, share exchange or other transaction as to which the holders of the capital stock of Company before the transaction continue after the transaction to hold, directly or indirectly through a holding company or otherwise, shares of capital stock of Company (or other surviving company) representing more than fifty percent (50%) of the value or ordinary voting power to elect directors of the capital stock of Company (or other surviving company), such transaction shall not constitute a Change of Control. The provisions of this Section shall be construed in a manner consistent with the applicable provisions of Section 409A of the Internal Revenue Code and the rules and regulations promulgated thereunder.

1.7. "Confidential Information" means data and information relating to the Business of Bank or of Company (which does not rise to the status of a Trade Secret) which is or has been disclosed to Executive or of which Executive became aware as a consequence of or through Executive's relationship to Bank or Company and which has value to Bank or Company and is not generally known to competitors. Confidential Information shall not include any data or information that has been voluntarily disclosed to the public by Bank or Company (except where such public disclosure has been made by Executive without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means.

1.8. "Disability" shall mean the inability of Executive to perform Executive's material duties for the duration of the short-term disability period under Bank's policy then in effect (or, if no such policy is in effect, a period of one-hundred eighty (180) consecutive days) as certified by a physician chosen by Bank and reasonably acceptable to Executive.

1.9. "Determination Date" means (1) during Executive's employment, the date for which compliance is being determined, and (2) following Executive's Separation from Service, the date of Executive's Separation from Service.

1.10. "Good Reason" shall mean any of the following which occurs on or after the Effective Date:

1.10.1.1. a material diminution in Executive's Base Salary;

1.10.1.2. a material diminution in the Executive's authority, duties, or responsibilities;

1.10.1.3. a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Executive is required to report;

1.10.1.4. a material diminution in the budget over which the Executive retains authority;

1.10.1.5. a material change in the geographic location at which the Executive must perform the services; or

(f) any other action or inaction that constitutes a material breach of this Agreement by Bank

provided, however, that in each case of the above, Executive must provide written notice to Bank of the occurrence of such action or failure within thirty (30) days after the action or failure first occurs (collectively with other written notice requirements in this Agreement, a "Notice Period"), and Executive shall only have Good Reason to terminate Executive's employment if Bank fails to correct such action or failure within sixty (60) days following receipt of such notice. If Bank does so fail to correct such action or failure, Executive must resign effective no later than fifteen (15) days following expiration of the sixty (60)-day correction period.

1.11. "Material Contact" means

1.11.1.1.1.1. with respect to Section 8.1 of this Agreement, the contact between Executive and each customer: (i) with whom or which Executive dealt on behalf of Company, Bank and/or one or more of their affiliates in a business capacity or about whom or which Executive obtained Confidential Information in the ordinary course of business as a result of such Executive's association with Company, Bank and/or one or more of their affiliates; and (ii) who or which received products or services from Company, Bank and/or one or more of their affiliates within two (2) years prior to the Determination Date; and

1.11.1.1.1.2. with respect to Section 8.2 of this Agreement, the contact between Executive and each employee or other service provider over which Executive has direct supervisory authority or significant influence and each employee or other service provider with whom Executive has obtained Confidential Information regarding, without limitation, that employee's or service provider's performance and/or compensation giving rise to a competitive advantage by virtue of Executive's position with Company or Bank within two (2) years prior to the Determination Date.

1.12. "Separation from Service" shall mean a termination of Executive's employment with Bank and all affiliated companies that, together with Bank, constitute the "service recipient" within the meaning of Section 409A of the Internal Revenue Code and supporting regulations that constitutes a "separation from service" within the meaning of Section 409A.

1.13. "Term" shall mean that period of time commencing on the Effective Date and running until the close of business on the last business day immediately preceding the first (1st) anniversary of the Effective Date, subject to the automatic renewal provided for in Section 5.1 and earlier termination as provided for in Section 5.2.

1.14. "Trade Secrets" means Bank or Company information including, but not limited to, technical or nontechnical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers which:

1.14.1.1. derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and

1.14.1.2. is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

1.15. "Work Product" means all writings, technology, inventions, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by Executive individually or jointly with others during the Term and relate in any way to Company or the Business of Bank, regardless of when or where prepared or whose equipment or other resources is used in preparing the same, all rights and claims related to the foregoing, and all printed, physical and electronic copies, and other tangible embodiments thereof.

2. Duties.

2.1. Position. Executive is employed as EVP – Wealth Management, Private Banking and Trust Services of Bank, subject to the direction of the CEO or the CEO's designee(s), and shall perform and discharge well and faithfully the duties which may be assigned to Executive by the CEO in connection with the conduct of the Business of Bank. The initial duties and responsibilities of Executive are set forth on Exhibit A.

2.2. Full-Time Status. In addition to the duties and responsibilities specifically assigned to Executive pursuant to Section 2.1, Executive shall:

2.2.1.1. devote substantially all of Executive's time, energy, and skill during regular business hours to the performance of the duties of Executive's employment (reasonable vacations and reasonable absences due to illness excepted) and faithfully and industriously perform such duties;

2.2.1.2. diligently follow and implement all reasonable and lawful management policies and decisions communicated to Executive by Bank or Company; and

2.2.1.3. timely prepare and forward to the CEO or the CEO's designee(s) all reports and accountings as may be requested of Executive.

2.3. Restricted Activities. Executive shall not engage (whether or not during normal business hours) in any other business or professional activity that is substantially similar to the work performed for Company or Bank, or that otherwise competes with the Business of Bank, whether or not such activity is pursued for gain, profit, or other pecuniary advantage. Notwithstanding the foregoing, this Section shall not be construed as preventing Executive from:

2.3.1.1. investing Executive's personal assets in businesses which, subject to clause (b) below, are not in competition with Company or the Business of Bank and which will not require any services on the part of Executive in its operation or affairs and in which Executive's participation is solely that of an investor;

2.3.1.2. purchasing securities in any corporation whose securities are regularly traded provided that such purchase shall not result in Executive collectively owning beneficially at any time five percent (5%) or more of the equity securities of any business in competition with Company or the Business of Bank; and

2.3.1.3. participating in civic and professional affairs and organizations and conferences, preparing or publishing papers or books, or teaching.

3. **<u>Place of Performance</u>**. The principal place of Executive's employment shall be an office designated by the CEO. Executive shall not routinely work from remote locations without prior approval by the CEO.

4. <u>Compensation</u>. Executive shall receive the following salary and benefits during the Term, except as otherwise provided below:

4.1. <u>Base Salary</u>. Bank shall compensate Executive at a base rate of $415,000.00 per year (the "Base Salary"). Executive's Base Salary shall be reviewed by the CEO at least annually. Base Salary shall be payable in accordance with Bank's normal payroll practices.

4.2. <u>Annual Bonus</u>. Unless otherwise prohibited by banking regulation, rule, or directive, Executive shall have the opportunity to earn annual bonus compensation in such manner as may be determined by the CEO and based on performance measures and target levels for the applicable bonus year as may be established by the Board of Directors of Bank upon the recommendation of the Compensation Committee of the Board of Directors of Bank (the "Committee") at a target rate of 60% cash / 60% equity based on Executive's Base Salary and consistent with Bank's strategic planning process, pursuant to any incentive compensation program as may be adopted from time to time by the Board of Directors of Bank. The CEO may award a prorated bonus for Executive's first year of employment based on such performance measures and target levels as the CEO shall determine. Any Annual Bonus earned shall be payable by March 15th of the calendar year following the calendar year in which the bonus is earned in accordance with Bank's normal practices for the payment of short-term incentives. To be entitled to any payment of bonus compensation from Bank pursuant to this Section, Executive must be employed by Bank or its affiliates on the last day of the applicable performance period and must continue to be employed until the date that such payment is made.

1.1. <u>Non-Recurring Incentive Compensation and Other Fringe Benefits</u>. Bank shall pay to Executive the Non-Recurring Incentive Compensation and Other Fringe Benefits as described in Bank's January 31, 2024 written Offer of Employment, those specific terms being incorporated herein by reference.

1.2. <u>Business Expenses; Memberships</u>. Bank agrees to reimburse Executive for:

4.2.1.1. reasonable and necessary business expenses (including travel) incurred by Executive in the performance of Executive's duties; and

4.2.1.2. reasonable dues and business-related expenditures, including initiation fees associated with memberships, as selected by Executive, including professional associations which are commensurate with Executive's position

provided, however, that Executive shall, as a condition of reimbursement, submit verification of the nature and amount of such expenses in accordance with reimbursement policies from time to time adopted by Bank and in sufficient detail to comply with rules and regulations promulgated by the Internal Revenue Service. In no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of reimbursable expenses incurred in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement is not subject to liquidation or exchange for another benefit.

4.3. <u>Benefits</u>. Executive shall be entitled to such benefits as may be available from time to time on a company-wide basis to employees of Bank. All such benefits shall be awarded and administered in accordance with Bank's standard policies and practices. Such benefits may include, by way of example only, paid time off, profit-sharing plans, retirement, or investment funds, dental, vision, health, life and disability insurance benefits, and such other benefits as Bank deems appropriate.

4.4. <u>Withholding</u>. Bank may deduct from each payment of compensation all amounts required to be deducted and withheld in accordance with applicable federal and state income, FICA, and other withholding requirements.

5. <u>Term and Termination</u>.

5.1. <u>Term</u>. This Agreement shall remain in effect for the Term, and shall automatically renew each day after the Effective Date so that the Term remains a one-year term from day-to-day hereafter unless Bank or Executive gives written notice to the other of its intent that the automatic renewals shall cease. In the event that a Party properly provides such notice of non-renewal, this Agreement and the Term shall expire on the first anniversary of the thirtieth (30th) day following the date the receiving Party receives such written notice.

5.2. Termination. During the Term, Executive may be terminated only as follows:

5.2.1. By Bank:

5.2.1.1.1.1.1. For Cause, as defined in Section 1.4, provided that Bank shall comply with the Notice Period required in Section 1.4; or

5.2.1.1.1.1.2. Without Cause as defined in Section 1.4. Only in the event of a termination by Bank without Cause, Bank shall (1) continue to pay

Executive the Base Salary, at the level in effect as of Executive's date of termination, for a period equal to one (1) year following the termination, and (2) if Executive is enrolled in any group medical or dental plan offered by Bank immediately prior to termination, reimburse Executive for the cost of premium payments paid by Executive to continue Executive's then existing coverage for Executive and Executive's covered dependents for *the lesser of* (i) one (1) year following the date of termination of employment, or (ii) the medical or dental continuation coverage period for which Executive or any such covered dependent is eligible under COBRA as a result of the termination of employment.

5.2.2. By Executive:

5.2.2.1.1.1.1. For Good Reason, as defined in Section 1.10, provided that Executive shall comply with the Notice Period and Bank fails to correct as described in Section 1.10. Only in the event that Bank fails to correct the Good Reason, Bank shall (1) continue to pay Executive the Base Salary, at the level in effect as of Executive's date of termination (disregarding any reduction constituting Good Reason), for a period equal to one (1) year following the termination, and (2) if Executive is enrolled in any group medical or dental plan offered by Bank immediately prior to termination, reimburse Executive for the cost of premium payments paid by Executive to continue Executive's then existing coverage for Executive and Executive's covered dependents for *the lesser of* (i) one (1) year following the date of termination of employment, or (ii) the medical or dental continuation coverage period for which Executive or any such covered dependent is eligible under COBRA as a result of the termination of employment; or

5.2.2.1.1.1.2. Without Good Reason, provided that Executive shall give Bank sixty (60) days' prior written notice of Executive's intent to terminate (collectively with other written notice requirements in this Agreement, a "Notice Period").

5.2.3. Upon the Disability of Executive at any time, provided that Bank shall provide Executive with at least thirty (30) days' prior written notice of its intent to terminate Executive (collectively with other written notice requirements in this Agreement, a "Notice Period"), in which event Bank shall continue to pay Executive the Base Salary at the level in effect as of Executive's date of termination for a period of six (6) months following the termination or until the date as of which Executive begins receiving payments under Bank's long-term disability policy, whichever occurs first. In the event that Executive receives any disability payments retroactively for any portion of the six (6) month period for which Nicolet paid Base Salary (resulting in dual payments to Executive for the same time period), Executive shall accept the long-term disability payment for such period and shall reimburse Bank the Base Salary paid during the same period.

5.2.4. At any time upon mutual, written agreement of the Parties.

5.2.5. Notwithstanding anything in this Agreement to the contrary, the Term shall end automatically upon Executive's death.

5.3. Change of Control.

5.3.1.1. If, within twenty-four (24) months after a Change of Control, Executive experiences an involuntary termination without Cause or Executive terminates Executive's employment with Bank for Good Reason, Executive, or in the event of Executive's subsequent death, Executive's designated beneficiaries or Executive's estate, as the case may be, shall receive, as liquidated damages, in lieu of all other claims, (1) a lump sum severance payment equal to 2.99 times the sum of Executive's Base Salary as was in effect immediately preceding the Change of Control (disregarding any reduction constituting Good Reason) plus the largest Annual Bonus paid to Executive during the prior three (3) consecutive years, if any, payable on the first payroll date that is more than sixty (60) days following such termination; plus (2) if Executive is enrolled in any group medical or dental plan offered by Bank (or the applicable successor entity) immediately prior to termination, reimburse Executive for the cost of premium payments paid by Executive to continue Executive's then existing coverage for Executive and Executive's covered dependents for *the lesser of* (i) eighteen (18) months following the date of termination of employment, or (ii) the medical or dental continuation coverage period for which Executive or any such covered dependent is eligible under COBRA as a result of the termination of employment.

Notwithstanding the foregoing, if the Change of Control that triggers payment under this Subsection is described in Section 1.6 and if Executive was a party to a prior employment agreement with Bank and Company, then to the extent necessary to ensure compliance with Section 409A of the Code (e.g., assuming no involuntary separation from service exception under Treasury Regulations Section 1.409A-1(b)(9)(iii) can be satisfied and the Company has not elected to terminate and payout this Agreement in accordance with Treasury Regulations Section Treas. Reg. §1.409A-3(j)(4)(ix)) the payment described under this Subsection shall retain its original payment method and timing as provided in Executive's prior employment agreement with Bank and Company.

5.3.1.2. In no event shall the payment(s) described in this Section exceed the amount permitted by Section 280G of the Internal Revenue Code, as amended. Therefore, if the aggregate present value (determined as of the date of the Change of Control in accordance with the provisions of Section 280G) of both the severance payment and all other payments to Executive in the nature of compensation which are contingent on a change in ownership or effective control of Bank or Company or in the ownership of a substantial portion of the assets of Bank or Company (the 'Aggregate Severance') would result in a 'parachute payment,' as defined under Section 280G, then the Aggregate Severance shall not be greater than an amount equal to 2.99 multiplied by Executive's 'base amount' for the 'base period,' as those terms are defined under Section 280G. In the event the Aggregate Severance is required to be reduced pursuant to this Section, non-cash or in-kind benefits (such as COBRA reimbursement) and the latest payments in time shall be reduced first and if multiple portions of the Aggregate Severance to be reduced are paid at the same time, any non-cash payments shall be reduced before any cash payments, and any remaining cash payments will be reduced pro rata.

5.4. Notice Period/Garden Leave. Upon Executive's voluntary termination pursuant to Section 5.2.2 (by Executive without Good Reason), Bank may elect to either (a) retain Executive as an employee of Bank during the Notice Period required by Section 5.2.2; or (b) immediately accept Executive's Notice and terminate Executive's employment. If Bank elects to retain Executive as an employee during the Notice Period, Bank shall continue to pay Executive through the Notice Period, Executive shall remain employed by Bank through the Notice Period,

and Executive shall continue to owe a duty of loyalty to Bank and otherwise comply in full with this Agreement. During Executive's continued employment, Executive's Full-Time Status as provided in Section 2.1 will continue and Executive shall not engage in any Restricted Activities provided in Section 2.3. This specifically restricts Executive, during the Notice Period, from advising Bank customers that Executive's position with Bank will terminate or that Executive intends to provide services on behalf of another entity after the end of the Notice Period. Bank reserves the right to place Executive on garden leave at the commencement of, or at any time during, any Notice Period during which time Bank may (a) remove Executive from Executive's active duties and responsibilities, in whole or in part; (b) exclude Executive from Bank's offices and other workplaces; (c) limit or prohibit Executive's contact and communications with Bank's staff and customers; and/or (d) limit or cease Executive's access to Company's, Bank's or their affiliates' computer systems, email, and other Bank Information. Bank's decision to place Executive on garden leave during the Notice Period shall not, in and of itself, constitute "Good Reason" under Section 1.10. Executive acknowledges that a primary consideration to Bank in exchange for the paid Notice Period is to provide Bank with sufficient opportunity to prepare for the transfer of Executive's relationship with certain customers to alternative Executives of Bank without interference by Executive, and Executive agrees not to take any action during the paid Notice Period that would interfere with that purpose.

5.5. Payment Timing and Release.

5.5.1. Amounts due to Executive upon Executive's termination of employment pursuant to Sections 5.2.1(b) (by Bank without Cause); Section 5.2.2(a) (by Executive for Good Reason); or Section 5.2.3 (pending disability insurance payments), as applicable, including any reimbursements to which Executive is entitled, shall commence or be made, as applicable, on the first payroll date that is more than sixty (60) days after Executive experiences a Separation from Service on or after the date Executive's employment is terminated.

5.5.2. The Parties intend that this Agreement will comply with Section 409A and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a “separation from service” under Section 409A. Notwithstanding the foregoing, neither Bank nor Company make any representation that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall Bank or Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

5.5.3. Notwithstanding any provision in this Agreement to the contrary, to the extent necessary to avoid the imposition of tax on Executive under Section 409A of the Internal Revenue Code, any payments that are otherwise payable to Executive within the first six (6) months following the effective date of Executive’s Separation from Service shall be suspended and paid as soon as practicable following the end of the six-month period following such effective date if Executive is determined to be a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i)). Bank shall pay any payments suspended by operation of the foregoing sentence as a lump sum in the seventh month following such effective date. In

---

determining any payments that are subject to this suspension, payments (or portions thereof) that would be paid latest in time during the six-month period will be suspended first.

5.5.4. Notwithstanding any provision in this Agreement to the contrary, as a condition of Bank’s payment of any amount in connection with Executive’s termination of employment, Executive first must execute, and not timely revoke during any revocation period provided therein, a general release of claims against Bank and Company and their affiliates and successors in the form provided by Bank (or the applicable successor entity, in the event of a Change of Control). Bank shall provide the release to Executive in sufficient time so that if Executive timely executes and returns the release, the revocation period will expire no later than sixty (60) days following the effective date of the termination of employment. If Executive fails to execute and return the release such that any revocation period does not expire on or prior to such sixtieth (60th) day, all such payments conditioned upon such release shall be forfeited. Where the foregoing sixty (60) day period spans two (2) calendar years, any payments withheld pending execution of the release and expiration of its revocation period shall not be paid prior to January 1 of the second calendar year.

5.6. Effect of Termination of Employment. Upon termination of Executive’s employment, Bank shall have no obligations to Executive or Executive’s estate except as expressly provided in this Agreement.

6. Clawback Provision. Notwithstanding any provisions in this Agreement to the contrary, any incentive-based or other compensation paid to Executive under this Agreement or any other agreement or arrangement with Bank or Company which is subject to recovery under any law, government regulation, or stock exchange listing requirement will be subject to such clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement, or any policy adopted by Company pursuant to any such law, government regulation or stock exchange listing requirement.

7. Bank Information.

7.1. Ownership of Bank Information. All Bank Information received or developed by Executive while employed by Bank will remain the sole and exclusive property of Bank.

7.2. Obligations of Executive. Executive agrees:

7.2.1.1. to hold Bank Information in strictest confidence;

7.2.1.2. not to use, duplicate, reproduce, distribute, disclose, or otherwise disseminate Bank Information or any physical embodiments of Bank Information; and

7.2.1.3. in any event, not to take any action causing or fail to take any action necessary in order to prevent any Bank Information from losing its character or ceasing to qualify as Confidential Information or a Trade Secret.

Notwithstanding any other provision of this Agreement, any other agreement executed by Executive, or any Company policy:

7.2.1.4. Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a Trade Secret that (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an

11

attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

7.2.1.5. If Executive files a lawsuit for retaliation by Company, Bank, or their affiliates for reporting a suspected violation of law, Executive may disclose Trade Secrets to Executive's attorney and use the Trade Secret information in the court proceeding if Executive (i) files any document containing Trade Secrets under seal, and (ii) does not disclose Trade Secrets except pursuant to a court order.

(f) Executive shall be permitted to (i) report violations of any law or regulation; (ii) provide truthful testimony or information pursuant to subpoena, court order, or similar legal process; and (iii) provide truthful information to government or regulatory agencies; or (iv) otherwise engage in whistleblower activity protected by the Securities Exchange Act of 1934, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any rules or regulations issued thereunder, including, without limitation, Rule 21F-17.

7.2. Delivery upon Request or Termination. Upon request by Bank or Company, and in any event upon termination of Executive's employment with Bank, Executive will promptly deliver to Bank or Company all property belonging to Bank, Company, or any of their affiliates, or their customers, including, without limitation, all Bank Information then in Executive's possession or control.

8. Restrictive Covenants.

8.1. Non-CIC event. Upon Executive's termination of Employment for any reason, Executive shall not, for a period of twelve (12) months following Executive's termination of employment:

8.1.1.1. Non-Competition. Executive will not (except on behalf of or with the prior written consent of Bank), within the Area, either directly or indirectly, on Executive's own behalf or in the service or on behalf of others, perform services as an executive or in any other capacity which involves duties and responsibilities similar to those undertaken for Company, Bank or their affiliates (including as an organizer or proposed executive officer of a new financial institution), engage in any business which is the same as or essentially the same as the Business of Bank and which is or is foreseeable to be competitive with Company, Bank or their affiliates.

8.1.1.2. Non-Solicitation of Customers. Executive will not (except on behalf of or with the prior written consent of Bank) on Executive's own behalf or in the service or on behalf of others, solicit, divert, or appropriate or attempt to solicit, divert, or appropriate any business from any of Company's, Bank's or any of their affiliates' customers with whom Executive has or had Material Contact, for purposes of providing products or services that are competitive with the Business of Bank.

8.1.1.3. Non-Solicitation of Employees. Executive will not on Executive's own behalf or in the service or on behalf of others, solicit, recruit, or hire away or attempt to solicit, recruit, or hire away, any employee or other service provider of Company, Bank or any of their affiliates with whom Executive has or had Material Contact to another person or entity providing products or services that are competitive with the Business of

12

Bank, whether or not (i) such employee or service provider is a full-time employee or service provider or a temporary employee or service provider, (ii) such employment or service is pursuant to written agreement, or (iii) such employment or service is for a contract period or at will.

8.2. CIC Event. Upon Executive's termination of Employment pursuant to Section 5.3 (following Change in Control) for which Executive receives payment provided in Section 5.3, the restrictive periods in Section 8.1 shall be extended to eighteen (18) months following Executive's termination of employment.

8.3. Reasonableness of Restrictive Covenants/Remedies. Executive acknowledges that the degree of Confidential Information made available by Bank and Company to Executive and the scope of Executive's relationships with customers and employees throughout Bank and Company constitute sufficient protectable interests warranting the restrictions contained in this Section. The Restrictive Covenants contained in this Section are the essence of this Agreement and each covenant is reasonable and necessary to protect the business, interests, and properties of Bank and Company. Bank will suffer irreparable loss and damage should Executive breach any of the covenants. Therefore, in addition to all the remedies provided by law or in equity, Bank or Company shall be entitled to a temporary restraining order and temporary and permanent injunctions to prevent a breach or contemplated breach of any of the covenants. Bank and Executive agree that all remedies available to Bank, Company, or Executive, as applicable, shall be cumulative.

8.4 Notice to Subsequent Employer. When Executive's employment with Bank terminates for any reason, Executive agrees to notify any subsequent employer of the restrictive covenants contained in this Section. Executive will also deliver a copy of such notice to Bank before Executive commences employment with any subsequent employer. In addition, Executive authorizes Bank to provide a copy of this Sections of this Agreement to Executive's subsequent, anticipated, or possible future employers.

9. **Cooperation**. Notwithstanding termination of Executive's employment, Executive shall cooperate with Bank and Company by aiding in any audit, investigation, or litigation in which Executive has knowledge of facts or circumstances relevant to the matter. Bank or Company shall pay to Executive a reasonable hourly rate for such time and reimburse Executive for reasonable expenses.

10. **Executive's Obligations upon Termination**. Upon (a) termination of Executive's employment for any reason or (b) Bank's or Company's request at any time during Executive's employment, Executive shall (i) provide or return to Bank or Company any and all property owned by Bank or Company or their affiliates, including (by way of example only): keys, key cards, access cards, security devices, employer credit cards, network access devices, computers, cell phones, equipment, webcams, reports, files, books, Work Product, email messages, removable information storage devices, hard drives, and all other documents and materials belonging to Bank, Company or their affiliates, and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of Executive, whether they were provided to Executive or created by Executive in connection with Executive's employment; and (ii) delete or destroy all copies of any such documents and materials not returned that remain in the Executive's possession or control, including those stored on any personal devices, networks, storage locations, or media in Executive's possession or control.

11. Severability. The Parties agree that each of the provisions included in this Agreement is separate, distinct, and severable from the other provisions of this Agreement and that the invalidity or

unenforceability of any Agreement provision shall not affect the validity or enforceability of any other provision of this Agreement. Further, if any provision of this Agreement is ruled invalid or unenforceable by a court of competent jurisdiction because of a conflict between the provision and any applicable law or public policy, the provision shall be redrawn to make the provision consistent with and valid and enforceable under the law or public policy.

12. No Set-Off by Executive. The existence of any claim, demand, action, or cause of action by Executive against Bank or Company, or their affiliates, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by Bank or Company of their respective rights.

13. Notice. All notices and other communications required or permitted under this Agreement shall be in writing and delivered by certified mail, return receipt requested. All such notices shall be deemed to have been received on the date shown on the receipt. In addition, either Party may deliver notices by hand or overnight courier, in which event the notice shall be deemed effective when delivered. All notices and other communications under this Agreement shall be given to the Parties at the following addresses:

If to Bank or Company:	Attn: CEO Post Office Box 23900 Green Bay, Wisconsin 54305-3900
If to Executive:	The address most recently on file with Bank

14. Assignment. Neither Party may assign or delegate this Agreement or any of its rights and obligations without the written consent of the other Party to this Agreement; provided, however, that the rights and obligations of Bank or Company shall apply to its successor(s) and the rights of Executive shall inure to the benefit of the heirs or the estate of Executive.

15. Waiver. A waiver by one Party of any breach of this Agreement by the other Party to this Agreement shall not be effective unless in writing, and no waiver shall operate or be construed as a waiver of the same or another breach on a subsequent occasion.

16. **Attorneys' Fees**. In the event that litigation ensues between the Parties, the Party prevailing in such litigation shall be entitled to receive from the other Party all reasonable costs and expenses, including without limitation attorneys' fees, incurred by the prevailing Party in connection with such litigation, and the other Party shall pay such costs and expenses to the prevailing Party within sixty (60) days after a final determination (excluding any appeals) is made with respect to the litigation.

17. **Applicable Law**. Executive acknowledges that Bank is headquartered in Wisconsin and that Company is organized under the laws of the State of Wisconsin and, as a result, this Agreement shall be construed and enforced under and in accordance with the laws of the State of Wisconsin. The Parties agree that any appropriate state court located in Brown County, Wisconsin or federal court for the Eastern District of Wisconsin shall have jurisdiction of any case or controversy arising under or in connection with this Agreement shall be a proper forum in which to adjudicate such case or controversy. The Parties consent and waive any objection to the jurisdiction or venue of such courts.

18. **Interpretation**. Words importing any gender include all genders. Words importing the singular form shall include the plural and vice versa. The terms "herein," "hereby," and any similar terms refer to this Agreement. Any captions, titles or headings preceding the text of any article, Section or

---

subsection herein are solely for convenience of reference and shall not constitute part of this Agreement or affect its meaning, construction, or effect.

19. **Entire Agreement**. This Agreement embodies the entire and final agreement of the Parties on the subject matter stated in this Agreement. No amendment or modification of this Agreement shall be valid or binding upon Bank or Executive unless made in writing and signed by both Parties. All prior understandings and agreements relating to the subject matter of this Agreement, including, but not limited to, any prior employment agreements, are hereby expressly terminated without any obligations owing to Executive on account of the termination of those agreements.

20. **Rights of Third Parties**. Nothing herein expressed is intended to or shall be construed to confer upon or give to any person, firm, or other entity, other than the Parties and their permitted assigns, any rights, or remedies under or by reason of this Agreement.

21. **Survival**. The obligations of Executive pursuant to Sections 6 - 23 shall survive Executive's termination of employment.

22. **Representations of Executive**. Executive represents and warrants to Bank that: (a) Executive's employment with Bank and the performance of duties will not conflict with or result in a violation of, a breach of, or a default under any contract, agreement, or understanding to which Executive is a party or is otherwise bound; and (b) Executive's acceptance of employment with Bank and the performance of duties will not violate any non-solicitation, non-competition, or other similar covenant or agreement of a prior employer.

23. **Revocation of Prior Agreements**. Except as provided in Section 5.3 and any written offer letter referenced herein, the Parties intend that this Agreement shall replace and supersede any and all prior written Employment Agreements and other verbal or written agreements dated prior to the Effective Date that purport to establish the terms or conditions of Executive's employment relationship with Bank.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Employment Agreement on the day and year first above written.

ATTENTION: BY EXECUTION OF THIS AGREEMENT, EXECUTIVE ACKNOWLEDGES AND AGREES THAT (I) EXECUTIVE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT, (II) EXECUTIVE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS ABOUT THE AGREEMENT, AND (III) EXECUTIVE HAS BEEN GIVEN ADEQUATE OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF EXECUTIVE'S CHOICE BEFORE SIGNING THIS AGREEMENT.

NICOLET BANKSHARES, INC.	By:	/s/ Michael E. Daniels
		Michael E. Daniels, President and Chief Executive Officer
NICOLET NATIONAL BANK	By:	/s/ Michael E. Daniels
		Michael E. Daniels, President and Chief Executive Officer
EXECUTIVE		/s/ William Bohn
		William Bohn

Exhibit A

Duties and Responsibilities of Executive

STRATEGIC AND LEADERSHIP RESPONSIBILITIES:

- Lead Bank's Wealth Management department, including RIA, Trust, RPS, and Private Banking functions.
- Serve as Chair of Company's Trust Committee.
- As a member of the Executive Team, participate in the strategy, direction, and growth of Company and Bank.
- Monitor and lead areas of responsibility to ensure bench strength and talent development to best position Company and Bank for continued growth and execution of strategic opportunities.

ESSENTIAL DUTIES:

- Develop and set the strategy, objectives, business plans, policies, guidelines, and overall vision for Wealth Management.
- Participate in and collaborate with other executives of Company and Bank, as well as their respective Boards of Directors, on key strategic, investment, development, and policy matters, as well as organic and inorganic growth plans.
- Represent Company and Bank with key constituencies including but not limited to, major clients and prospects, regulatory agencies, investors, rating agencies, investment banks and analysts, centers of influence, community and industry groups, and the media.
- Establish and oversee budgets, goals, and objectives of Wealth Management to achieve agreed upon growth and profitability targets.
- Oversee and manage the leadership teams of each area within Wealth Management, and develops those leaders to achieve or exceed goals and maximize their contributions and potential.
- Ensure that Wealth Management has appropriate staffing and expertise to execute their business plans through oversight and strategic direction of development, training, and recruitment programs.
- Participate in new business generating opportunities and activities on behalf of the Company and Bank, as well as other areas as appropriate.
- Stay abreast of current applicable rules and regulations, competition, and industry trends to develop and adapt strategies as appropriate to respond to same.
- All other duties as assigned.

EXHIBIT 31.1

Certification Pursuant to 18 U.S.C.
Section 1350, as Adopted Pursuant to

Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael E. Daniels, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nicolet Bankshares, Inc. (the "registrant");
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.

May 8, August 5, 2024

/s/ Michael E. Daniels

Michael E. Daniels
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification Pursuant to 18 U.S.C.
Section 1350, as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, H. Phillip Moore, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nicolet Bankshares, Inc. (the "registrant");
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.

May 8, August 5, 2024

/s/ H. Phillip Moore, Jr.
H. Phillip Moore, Jr.
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Nicolet Bankshares, Inc., (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Michael E. Daniels, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. s.1350, as adopted pursuant to s.906 of the Sarbanes-Oxley Act of 2002, that to the best of my 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 the Company.

May 8, August 5, 2024

/s/ Michael E. Daniels
Michael E. Daniels
President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Nicolet Bankshares, Inc., (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, H. Phillip Moore, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. s.1350, as adopted pursuant to s.906 of the Sarbanes-Oxley Act of 2002, that to the best of my 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 the Company.

May 8, August 5, 2024

/s/ H. Phillip Moore, Jr.
H. Phillip Moore, Jr.
Chief Financial Officer

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV