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Forward-looking Statements

Statements made in this Annual Report which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. This includes any statements regarding management's plans, objectives, or goals for future operations, products or services, and forecasts of its revenues, earnings, or other measures of performance. Such forward-looking statements may be identified by the use of words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "prospects," "potential," "plan," "outlook," "would," "should," "could," "will," "may," or similar expressions. Forward-looking statements speak only as of the date they are made and Nicolet Bankshares, Inc. ("Nicolet") has no duty to update forward-looking statements. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements. Factors which may cause actual results to differ materially from those contained in such forward-looking statements include those identified in the Nicolet's most recent Form 10-K and subsequent SEC filings.

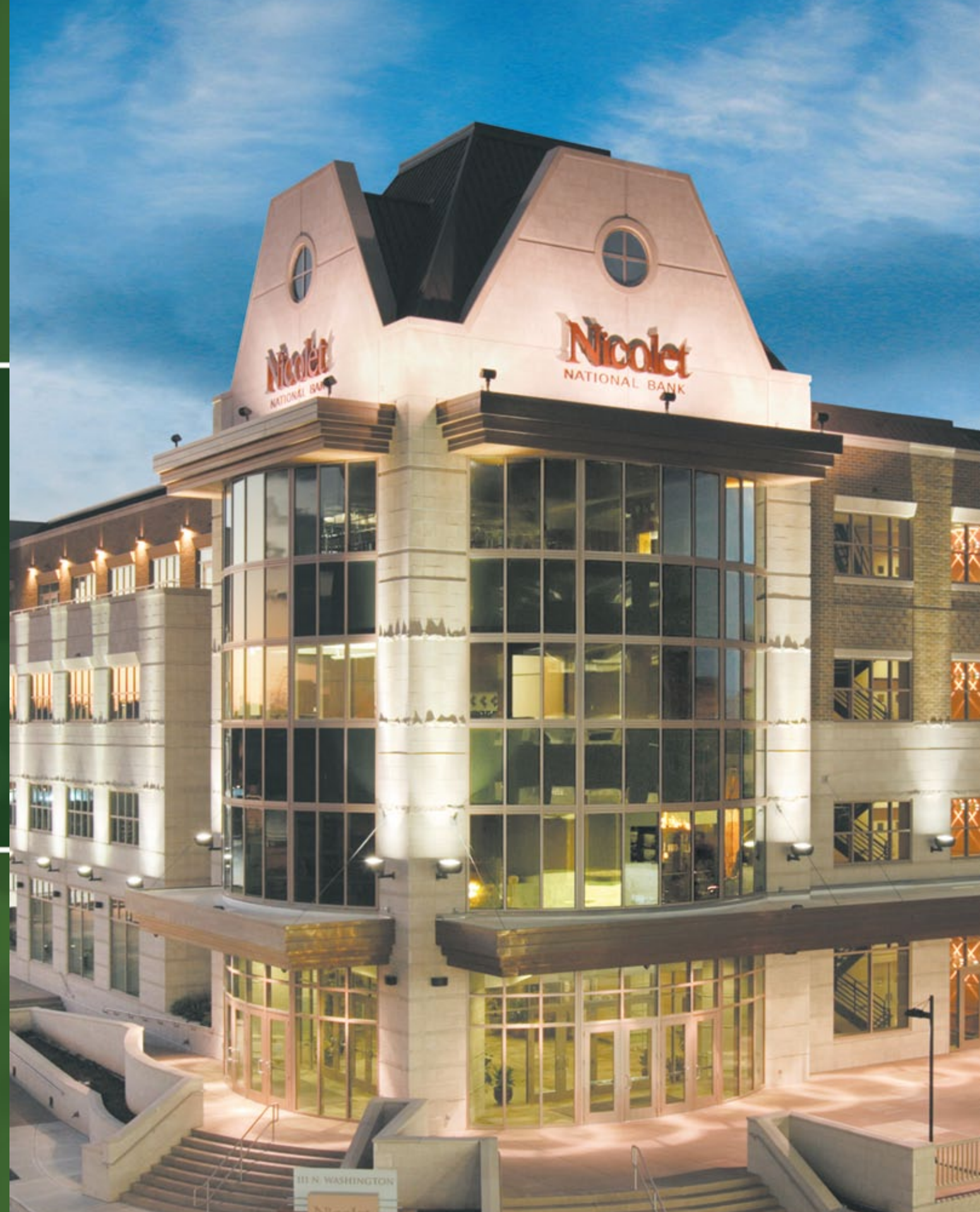
Nicolet
BANKSHARES, INC.

2015 ANNUAL REPORT

In 2015, the Nicolet National Foundation was proud to host our annual golf outing to benefit Willow Tree Cornerstone Child Advocacy Center in Green Bay.

Willow Tree provides assistance for child abuse victims and their families. Each pinwheel represents a child who was served there. The visual image of the blue pinwheels against the green grass was a stunning and humbling reminder of what great work Willow Tree does for our communities.

It is a pleasure to partner with great organizations like Willow Tree to help make our communities a better place.





15 years ago...

after moving out of Mike's basement, Nicolet National Bank's first office was located in the Historic Bellin Building. This picture was taken where our first office used to be. Today, it is the Black and Tan Lounge.

While much has changed in 15 years, our commitment to serve our customers, the communities and our employees remains the same.

Thank you for your continued support.

LETTER TO OUR SHAREHOLDERS

March, 2016

Dear Shareholders,

2015 was a very busy and successful year. With strong financial performance and quality management of our balance sheet and capital in 2015, we solidified our position as a strategic leader in Wisconsin banking. We also have become adept at consolidation as we have completed three acquisitions from 2010 through 2013. As we write this letter, we are in the middle of two merger transactions; by the time you read this, both will have closed. In all the excitement of mergers, it is critical to run a really sound, profitable and growing core banking franchise. We also have to be very clear about what we are doing, why and the outcomes we expect. There is a lot of math involved in banking and even more in bank mergers. Amidst all the math, we have to stay focused on what our company does for customers, the community and shareholders.

We have always been a high growth story, but we do not grow for the sake of growth. We are building out a financial services company that has the capital strength, profitability, product offerings, understanding and presence to endure. We will not lose sight of the fact that all of our strategies depend on really making a difference to the people and places we serve. This year's letter will address 2015 results, offer our perspective on the regional economic climate and the banking industry within it. Most importantly, we will push more deeply into the motivating purposes of our two recent transactions.

We remain in a season of extraordinary opportunity for regional consolidation of a rapidly changing and stressed banking industry. Seizing on such opportunity, we announced our agreement to merge with Baylake Corp. in September 2015. And in January 2016 we announced the integration of a select group of financial advisors from Navigator Planning Group in order to accelerate the growth of our wealth management business. While it encourages industry consolidation, the current economic condition also challenges the ability to make a sound return on the core banking business. Even so, we exceeded our expectations for profitability and quality in 2015.

2015 Results

Nicolet's net income was \$11.4 million for 2015, 15% higher than 2014, and after preferred stock dividends, diluted earnings per share were \$2.57, 14% higher than 2014. Return on average assets (ROA) improved to 0.96% for 2015, compared to 0.84% for 2014.

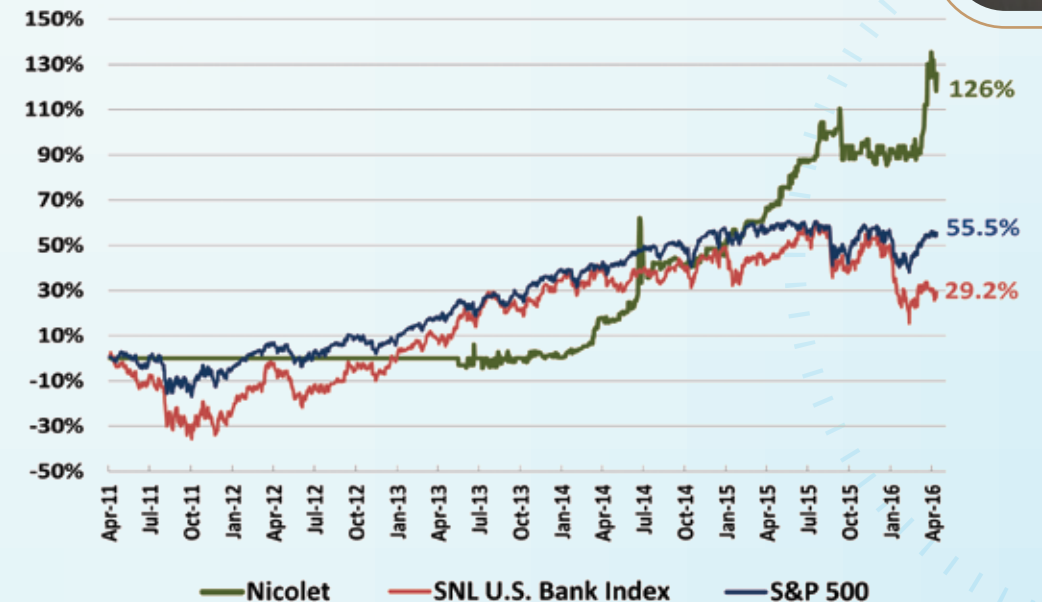
Return on average common equity (ROCE) was 12.35%, compared to 11.55% last year. Book value per common share was \$23.42 at year-end 2015, up 10% over last year end. Our core asset quality measures were at historically strong levels, resulting in a lower 2015 loan loss provision than for 2014. Nonperforming assets fell 47% to only \$3.9 million (or 0.32% of total assets) at December 31, 2015, compared to \$7.4 million (or 0.61% of assets) at December 31, 2014. Our results reflect the strength of our customer relationships and the success of our strategic moves in recent years.

As part of our active capital management this year, we sold two outlying branches in August, issued \$12 million of 5% fixed-rate, 10-year subordinated debt in the first half of 2015 (increasing our regulatory Tier 2 capital), redeemed \$12.2 million or half of our then outstanding SBLF preferred stock in September at par (reducing total and regulatory Tier 1 capital and the future cost of capital), and used \$4.2 million during 2015 to repurchase 146,404 common shares at a weighted average per share price of \$28.35 including commissions.

A benefit of a very strong year was a continued sharp rise in our share price of 27% during 2015 (from \$25 to \$31.79 at year end 2015). The following chart reflects our long term stock price performance against the SNL bank index and the S&P over the past five years. This relative performance is not driven by clever financial engineering. It is driven by commitment to our core values, as well as our understanding of and belief in the people we work with, live with and serve.

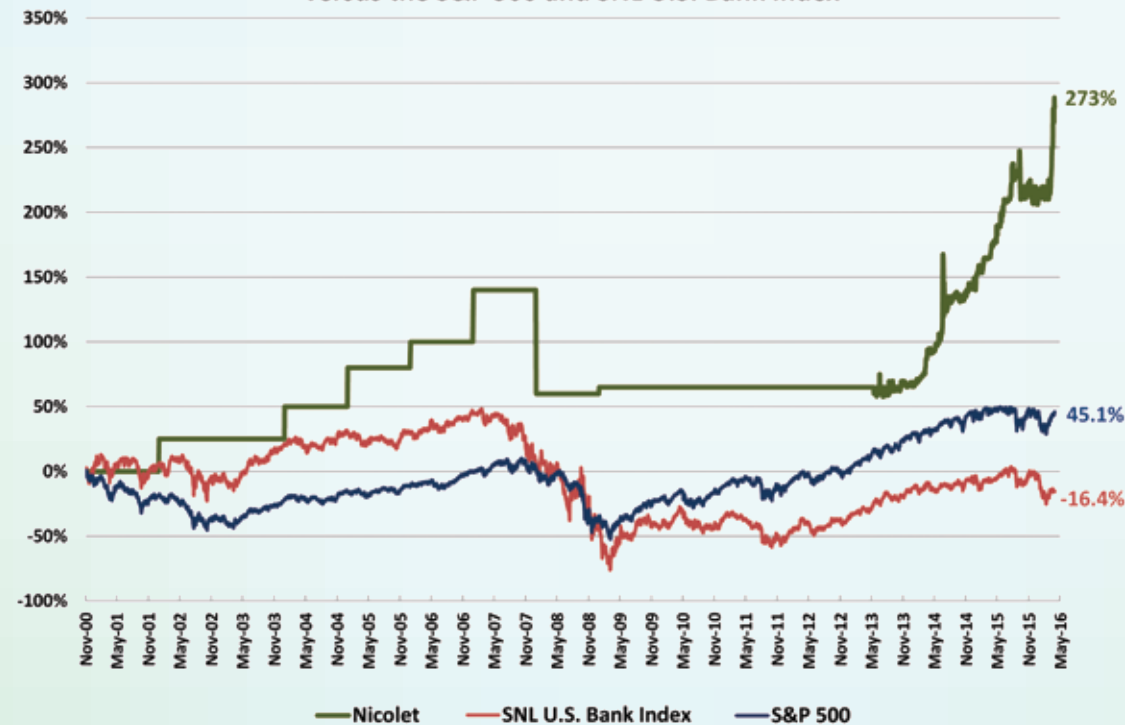


5-year Relative Price Performance



Nicolet turned 15 years old in November 2015. In its earlier years, Nicolet’s shares were held by under 300 shareholders. With the April 2013 Mid-Wisconsin Financial Services, Inc. (Mid-Wisconsin) acquisition, a large number of new shareholders joined Nicolet. At year-end 2015, we had 4.2 million outstanding shares of common stock held by approximately 600 shareholders, most of whom are long-term investors, and the core of those shares are held by founding investors, employees and current or former board members. In April 2016 the current Baylake shareholders become Nicolet shareholders in our merger of equals. Those new shareholders will own 50% of the combined voting shares. We want to take the opportunity to express to our newer shareholders who we are and how we think. Reflecting first on where we have been will provide insight into the current position of the company and the way we approach the future, especially as a steward of the investment you have in Nicolet.

Relative Stock Price Performance of Nicolet Bankshares Since Inception versus the S&P 500 and SNL U.S. Bank Index



The Nicolet Story

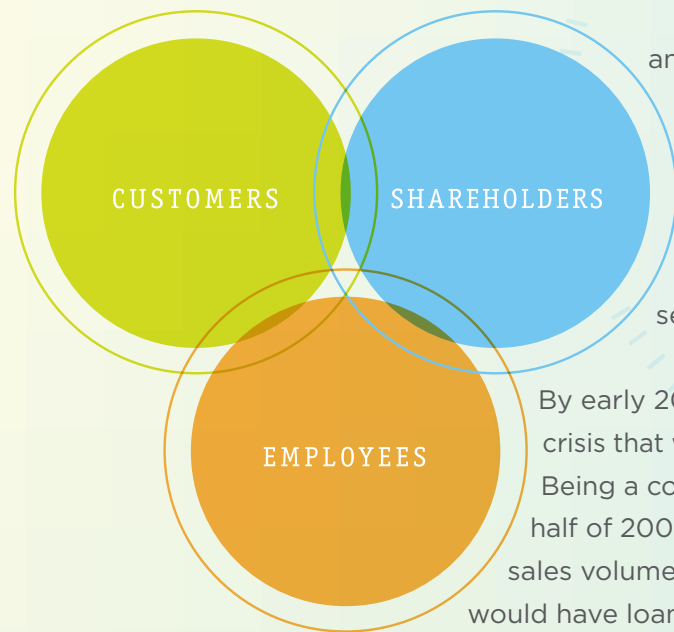
The Nicolet story is best understood in three phases—Building the Base, the Great Recession and Leading Consolidation.

Building the Base

Nicolet started as a very high growth, business oriented bank with a single location in downtown Green Bay. Our main strategy was to gather veteran commercial bankers who had earned the respect and loyalty of people who run businesses. Along the way we attracted a number of veteran bankers from different organizations who were motivated by a desire to return to the foundational discipline of understanding and meeting customer needs. For reasons that defy understanding and explanation, this customer-focused mindset was rapidly abandoned in the later 1990s by the larger banks. We knew the changing culture of banking was not connecting with customers and that the best bankers found it frustrating and demeaning. Hence, Nicolet was founded and by 2007, our commercial lending strategy had propelled our growth to \$700 million in assets with an estimated 25% market share of owner managed business in the Green Bay area at that time. In our early years we used a lot of wholesale funds, as our local loan growth exceeded our ability to grow local deposits. To accelerate our deposit growth, we began investing in branches (nearly one per year) and in retail products. We also entered the wealth management business in 2001, to serve the needs of our growing customer base. So in this early growth phase, with our strong commercial business and growing retail and wealth management businesses, we were profitable and we had resilient asset quality. But clearly, our strategic imperative was growth.

The Great Recession

In 2007 the banking industry and the economy in general stood on the edge of a major financial crisis rooted in the banking industry’s loss of its ethical bearings, which was further aggravated by federal policies that stimulated irresponsible lending. Beginning in 2005 we had dramatically slowed the loan growth at Nicolet to approximately 13% each year, which was still strong but well below our historical growth rate. It would not be accurate to say that we clearly foresaw the coming collapse. It would be accurate to say that the prevailing competitive environment did not make sense to us. We saw lending happening at rates and terms that we did not think made sense for our shareholders. We just knew that wasn’t sustainable. With the support of a board that owned a high percentage of our stock, we simply accepted a much lower rate of loan growth than we had budgeted for, and we focused on deposit growth and on maturing our profitability. As one of our directors said at the time, “Stupid hurts. What is stupid for customers can’t be good for shareholders and what is stupid for shareholders can’t be good for customers”. This was our Forrest Gump moment, “I am not a very smart man, but I know what banking should be.” This confidence that good business must be fair for shareholders, customers and employees is foundational to who we are and drives our decision-making,



OUR VIEW OF THE BANKING WORLD

and as a result has supported much of our success. This notion of economic fairness runs contrary to the national economic climate, but it remains a deeply rooted part of culture in the northeastern and north central Wisconsin markets we serve—and is deeply rooted in Nicolet.

By early 2008, we knew our industry was in a major crisis that would adversely affect us and our customers. Being a commercial bank, we could see by the second half of 2008 our customers experiencing collapsing sales volume by around 25%. While we knew that we would have loan problems, we knew our customer base would be resilient if we helped them face their problems and if we faced ours. During 2008 we acted

aggressively to strengthen our capital, build our liquidity and deal with our emerging problem loans. We also decided that there would be an extraordinary opportunity for strategic growth in the aftermath of the crisis. We knew if we had the talent, the capital and regulatory credibility, there would be a great need and opportunity to lead the consolidation of a deeply distressed Wisconsin banking industry.

Leading Consolidation

It is impossible to formulate a coherent strategy without a clear understanding of the economic, social and political environment in which we operate. There is not much we can do to alter these macro trends. What we can do is understand what the trends mean for our company, the companies we bank, our region and our communities. Traditional economic measures such as unemployment, inflation, corporate earnings and the stock market would indicate that the economy is largely recovered from the Great Recession. Other measures provide insight into why the political and economic climate remains disturbingly chaotic. The labor force participation rate is at its lowest level in decades. Politicians talk about creating jobs; business owners talk privately about not being able to find people who can and will fill the jobs they have. Politicians speak of the concentration of wealth in the top 1% of the population and loss of hope among poor. The political climate is characterized by deep anger and division. I wish that I could write that this sense of alienation seen across the political spectrum were without foundation. Wisconsin has historically been a pretty cohesive place, but the disintegration of culture

we see nationally has its local effects. The economic health of our customer base is as strong as it has ever been because that is what happens in a well-run bank. We can and we do work at reaching the lower income parts of our community, but we cannot really build a business banking only the unbankable. Banking is a frequent target of current political rhetoric. Recently there was a debate in Milwaukee between two Presidential candidates. After two hours one could summarize this event as a heated exercise in asserting who hates banks more and who will do more to punish bankers.

Here is the key to understanding the pressure on community banks. There are 240 independent banks in Wisconsin. Most of the communities they serve are aging and have flat or declining population. The entrepreneurial business climate in our markets is not flourishing as it was in the 1990s. Plenty of companies are doing really well, but we are not spawning new small businesses at the rate we once were. Bankers running community banks are also aging and there is fatigue for many who have just come through a harrowing industry crisis where they saw many of their peer banks fail and bankers they know sued by the FDIC. The crisis was caused by a combination of federal pressure to lend aggressively, as well as the failure of the industry to live up to its ethical responsibilities. There are many fine banks run by upstanding people, but the industry has become the target of a massive effort to regulate all financial institutions as if they had caused a crisis that largely originated in the large banks, unregulated mortgage houses and in the federal government itself. This has raised the cost of operation and created real risk for the people who own, run and govern banks. The use of personal judgment in lending is critically needed, but increasingly discouraged based on the idea that if a banker acts outside of “the standard” based upon knowledge of, trust for and experience with a particular customer, then that is unfair to people that the banker has neither knowledge of nor experience with. In other words this regulatory overlay promotes a standardized, boilerplate model which by design supplants the customer intimacy and flexibility that are the principle competitive advantages of a good community bank.

Most of the banks that didn’t fail during the crisis are now profitable and have strong capital. The vast majority of community banks are very interest rate spread dependent. That means they make most of their money on the difference between their loan rates earned and their deposit rates paid. They don’t have the proportion of fee revenue sources that larger banks have. Federal policy has held interest rates at near zero for over seven years in an effort to stimulate the borrowing they believe causes economic growth. As economists point out, setting rates so low effectively taxes savers to subsidize borrowers. Despite this unprecedented effort to induce borrowing, loan growth is quite soft.

There is apparently no rate low enough to cause our customers to borrow money they don't want to borrow. Meanwhile, prolonged low rates compress bank lending spreads, causing bank earnings to flatten and decline. For years banks have been hoping and expecting that economic recovery would cause rates and lending spreads to rise. News of slowing growth in China and negative interest rates in Europe are causing the Fed to have second thoughts about letting rates rise. It is not prudent for banks to only count on higher lending spreads to restore earnings.

Community banks have largely recovered, but have a totally different attitude about the risks and returns in the business they grew up in. Bank stock values have recovered very nicely on a relative scale, but price-to-earnings (P/E) multiples lag the general market. The investment markets accurately perceive banking to be a mature industry with softening earnings, much higher regulatory costs and higher capital requirements. When we attend bank strategy conferences, the presentations and the private conversations are all about the need to grow in order to gain efficiency or else sell. Many banks are talking about being a buyer, but lack a real understanding of how difficult it is to garner the talent, the capital and regulatory credibility to be a successful acquirer. This difficult environment represents an extraordinary opportunity for profitable consolidation.

In 2010 we acquired four Green Bay area branches from Anchor Bank. In 2011 we looked closely at six troubled banks that we expected might fail. In April 2013 we acquired Mid-Wisconsin Bank in an exchange of equity. We also purchased assets and liabilities of the Bank of Wausau from the FDIC. Mid-Wisconsin was a troubled institution that saw the opportunity to recover share value more rapidly by accepting Nicolet common stock. Since that merger was announced in November 2012, former Mid-Wisconsin shareholders have seen their Nicolet stock value more than triple. Mergers are often discussed with the military language of conquest. We approach mergers the way we approach customer relationships. We are looking to be creative, sincere, gutsy and fair. We will do them in places where we can make a real difference for the customers and communities and we will not side step the difficult decisions.

The Baylake and Nicolet Merger

Many people believe "merger" is just a more polite term than "acquisition" and many times it is. While Nicolet is the surviving entity and the name we will use is Nicolet; this combination is as close to a true merger as I have seen. At consummation, each shareholder group will own 50% of the combined entity and eight former Baylake directors will be joining

eight Nicolet directors to govern the combined company. This is a very challenging and emotional process. So why is this happening?

This is happening because both boards understand each other, the challenges in the industry and the extraordinary financial and strategic opportunities in bringing the two organizations together. Both boards believe we are stronger together than we can be individually. This combination has very compelling economics rooted in greater efficiency and greater size. Efficiency is the tough part because it really means eliminating unnecessary positions. As we have worked our way through the difficult decisions, we have found that the job market is very strong for qualified people, but it still means some people leave at a time they didn't chose. Both boards focused on the strong economics of the combination and insisted that management face the hard decisions about people thoughtfully and generously. At one critical juncture in the negotiations as we struggled with personnel questions, one of the directors looked square at management of both companies and said, "If this deal doesn't come together, you had better have a very good reason." He wasn't being heartless. He was keeping our focus on the intrinsic impact the combination has on profitability, share value, capital strength and the ability of the combined company to serve its core markets for the long term.

Baylake grew out of the Bank of Sturgeon Bay. In the last 25 years Baylake earned a material market presence in Brown and Kewaunee counties as well. The company has served Door County for over 140 years earning over 62% deposit market share. That represents an extraordinary amount of trust that the people in Door County have placed in one institution. All directors are well aware of the responsibility that comes with this community trust. All of the branches in Door County are staying open, and we expect to build on Baylake's legacy of community support and engagement. The decision to combine under the Nicolet name was difficult but well thought out. The directors of both companies decided that it is critical to run one integrated bank. The Baylake name has real meaning and resonance. Nicolet is a name that has strong resonance throughout Wisconsin. We decided that Nicolet better fit our broader geography and strategic growth goals. We intend to honor the Baylake legacy through careful attention to all our communities. We will be particularly aware of the legacy of trust between this bank and the people of Door County.

When the Baylake merger was announced, we said we expected to achieve over \$7 million of pre-tax cost savings through combination. We will achieve that goal. While we do not make public earnings projections, improved share values have materialized for banks with

additional scale that can execute with efficiency. The Nicolet/Baylake organization together will have stronger earnings and capital and will be in a great position to continue building the leading community bank in the State of Wisconsin.

In January, we announced the integration of a select group of financial advisors of Navigator Planning Group and the purchase of their respective books of business, as well as their operating platform into Nicolet. Navigator has been a family-owned wealth advisory firm based in Green Bay. We have had long standing personal and professional relationships with the Madson family. This move will accelerate the growth of our wealth management business, which is already substantial and profitable. We have been looking for ways to grow and gain market share. Navigator brings an existing profitable revenue stream and above all the right people to build on what we have.

To our original Nicolet shareholders, we are very grateful for getting us going and sustaining us through the Great Recession. To the shareholders who joined us through the 2013 combination with Mid-Wisconsin, thank you for trusting us to serve your communities and increase your share price. I hope you are pleased with the results. To the Baylake shareholders joining us, thank you for trusting us. We expect to make you proud.

Sincerely,



Robert B. Atwell
Chairman, President
and Chief Executive Officer



Michael E. Daniels
Executive Vice President
and Secretary



DIRECTORS

Robert Atwell

Chairman, President
and Chief Executive Officer
Nicolet Bankshares, Inc.

Michael Daniels

President
and Chief Operating Officer
Nicolet National Bank

John Dykema

President and Owner
Campbell Wrapper Corp
and Circle Packaging
Machinery, Inc.

Gary Fairchild

President and CEO
Fairchild Equipment, Inc.

Michael Felhofer

Owner
Candleworks of
Door County, Inc.

Chris Ghidorzi

Director
Ghidorzi Companies

Dr. Kim Gowey

Owner
Cosmetic and Implant
Dentistry of Wisconsin

Andrew Hetzel, Jr.

President and CEO
NPS Corporation

Donald Long, Jr.

Former Owner and CEO
Century Drill and Tool Co., Inc.

Susan Merkatoris

Certified Public Accountant
Owner and Managing Member
Larboard Enterprises, LLC

Therese Pandl

President and CEO
HSHS EW Division

Randy Rose

Retired President and CEO
Schwabe North America

Robert Weyers

Owner
Commercial Horizons, Inc.

NICOLET BANKSHARES, INC. OFFICERS

Robert Atwell

Chairman, President
and Chief Executive Officer

Michael Daniels

Executive Vice President
and Secretary

Ann K. Lawson

Chief Financial Officer

SENIOR MANAGEMENT TEAM

Robert Atwell

Chairman and CEO

Brad Hutjens

Executive Vice President
Chief Credit Officer
Compliance and Risk Manager

Michael Steppe

Chief Investment Officer

Jon Biskner

Vice President
Information Technology

Ann Lawson

Chief Financial Officer

Mike Vogel

Senior Vice President
Commercial Banking

Michael Daniels

President and COO

Kate Lombardi

Vice President
Human Resources

Michael Waters

Senior Vice President
Fox Cities Market Executive

Jeff Gahnz

Vice President
Marketing and Public Relations

PJ Madson

Senior Vice President
Wealth Management

Eric Witezak

Executive Vice President
Retail and Private Banking

Kristi Hansen

Vice President
Operations

Eric Radzak

Corporate Development
Officer

Tom Zellner

Senior Vice President
Retail Banking – Central Region

ACCOUNTANT'S LETTER



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Nicolet Bankshares, Inc.
Green Bay, Wisconsin

We have audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Nicolet Bankshares, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2015 (not presented herein); and in our report dated March 7, 2016, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Porter Keadle Moore, LLC

Atlanta, Georgia
March 7, 2016

CERTIFIED PUBLIC ACCOUNTANTS

CONSOLIDATED BALANCE SHEETS

NICOLET BANKSHARES, INC. AND SUBSIDIARIES (December 31, 2015 and 2014)

(In thousands, except share and per share data)	2015	2014
Assets		
Cash, cash equivalents & certificates in other banks	\$ 87,035	\$ 79,093
Securities available for sale ("AFS")	172,596	168,475
Other investments	8,135	8,065
Loans including loans held for sale	881,741	890,613
Allowance for loan losses	(10,307)	(9,288)
Premises and equipment, net	29,613	31,924
Bank owned life insurance	28,475	27,479
Accrued interest receivable and other assets	17,151	18,924
Total assets	\$ 1,214,439	\$ 1,215,285

	2015	2014
Liabilities and Stockholders' Equity		
Liabilities:		
Total deposits	\$ 1,056,417	\$ 1,059,903
Notes and debentures	39,788	33,503
Accrued interest payable and other liabilities	8,547	10,812
Total liabilities	1,104,752	1,104,218
Stockholders' Equity:		
Preferred equity	12,200	24,400
Common stock	42	41
Additional paid-in capital	45,220	45,693
Retained earnings	51,059	39,843
Accumulated other comprehensive income	980	1,031
Nicolet Bankshares, Inc. stockholders' equity	109,501	111,008
Noncontrolling interest ("NCI")	186	59
Total stockholders' equity and NCI	109,687	111,067
Total liabilities, NCI and stockholders' equity	\$ 1,214,439	\$ 1,215,285
Preferred shares issued and outstanding	12,200	24,400
Common shares outstanding	4,154,377	4,058,208
Common shares issued	4,191,067	4,124,439

CONSOLIDATED STATEMENTS OF INCOME

NICOLET BANKSHARES, INC. AND SUBSIDIARIES (Years Ended December 31, 2015 and 2014)

(In thousands, except share and per share data)	2015	2014
Total interest income	\$ 48,597	\$ 48,949
Total interest expense	7,213	7,067
Net interest income	41,384	41,882
Provision for loan losses ("PFL")	1,800	2,700
Net interest income after PFL	39,584	39,182
Noninterest income:		
Service charges on deposit accounts	2,348	2,128
Trust services & brokerage fee income	5,492	5,200
Mortgage income, net	3,258	1,926
Gains, net	1,726	539
Other income	4,884	4,392
Total noninterest income	17,708	14,185

	2015	2014
Noninterest expense:		
Salaries and employee benefits	22,523	21,472
Occupancy, equipment and office	6,928	7,086
Business development and marketing	2,244	2,267
Data processing	3,565	3,178
Other expense	4,388	4,706
Total noninterest expense	39,648	38,709
Income before income tax expense	17,644	14,658
Income tax expense	6,089	4,607
Net income	11,555	10,051
Less: Net income attributable to NCI	127	102
Net income attributable to Nicolet Bankshares, Inc.	11,428	9,949
Less: Preferred stock dividends	212	244
Net income available to common shareholders	\$ 11,216	\$ 9,705
Basic earnings per common share	\$ 2.80	\$ 2.33
Diluted earnings per common share	\$ 2.57	\$ 2.25
Weighted average common shares outstanding:		
Basic	4,003,988	4,165,254
Diluted	4,362,213	4,311,347



SHAREHOLDER INFORMATION

Independent Auditor

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235 Peachtree Street, NE / Suite 1800 / Atlanta, GA 30303

Transfer Agent

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Overnight Delivery

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