WE KNOW THAT WE EXIST
TO SERVE OUR
CUSTOMERS
and that our presence
MAKES A REAL DIFFERENCE
IN THE COMMUNITY.

111 N. Washington Street / P.O. Box 23900 / Green Bay, WI 54305-3900
920-430-1400 / 1-800-369-0226

www.nicoletbank.com

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 Nicolet's most recent Form 10-K and subsequent SEC filings.

2018 ANNUAL REPORT

Nicolet
BANKSHARES, INC.

THE BAR CHART ON THE COVER SHOWS NICOLET'S NET INCOME FOR THE LAST FIVE YEARS. WE GREW 24% IN 2018.

A NEW BEGINNING

In 2018, we went back to our beginnings and purchased our original office at 110 S. Washington Street in Green Bay. We moved our innovation, integration and digital teams there to focus on the digital customer experience. We named the building CX@NicoletBank because our mantra for this group is, "Everything we do starts with the Customer Experience." CX has become a common acronym for customer experience. It also happens to be the Roman numeral for the number 110.

We understand that our purpose is to serve and that our presence makes a real difference, whether in person or digitally. The results that you will see in our numbers reflect a high-performing bank focused on relentlessly believing in our purpose. We enjoy the challenge of repeating a great year.

Now, more than ever, we are optimistic about Nicolet's position in a rapidly changing industry.

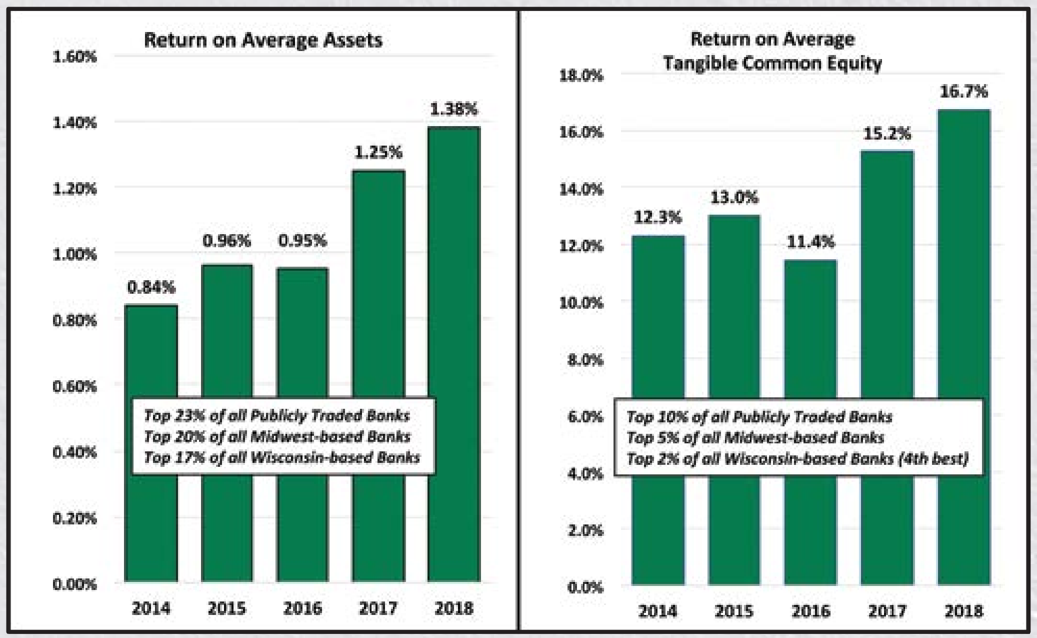
CX@NicoletBank

Bob and Mike
inside CX@NicoletBank.

DEAR SHAREHOLDERS

2018 was a great year for Nicolet. We delivered on organic growth, asset quality, capital management and profitability. Assets, loans and deposits were $3.1 billion, $2.2 billion and $2.6 billion, respectively, up 6%, 4% and 6%, respectively, over year-end 2017. Asset quality improved over an already strong level last year, with net charge-offs to average loans of 0.05% for 2018 and nonperforming assets to assets at 0.19%. Net income grew 24% to $41.0 million in 2018, as a result of margin management, organic loan and deposit growth, strong fee income growth, as well as benefiting from corporate tax reform. Diluted earnings per share was $4.12, $0.79 or 24% higher than 2017, with increased earnings and flat diluted average shares, aided by common stock repurchases in 2018 offsetting the acquisition shares issued in mid-2017.

We are very proud of our current performance. Return on average assets ("ROAA") for the year was 1.38%, which placed Nicolet in the top 23% of publicly traded banks in terms of profitability. While ROAA is a useful profitability benchmark, the better comparative measure of shareholder outcome is return on average tangible common equity ("ROATCE"). In 2018, ROATCE was 16.7%, placing Nicolet in the top 10% of publicly traded banks and in the top 2% of banks headquartered in Wisconsin. Even with this exceptional performance, we believe there is still opportunity for growth and improvement. Our record of shareholder return is very strong, but our share price went backwards in 2018 despite strong earnings. We will address this apparent paradox after touching on the major themes of 2018. We will also offer some broader commentary on the operating environment as it affects our region, and will close with our focus for 2019.



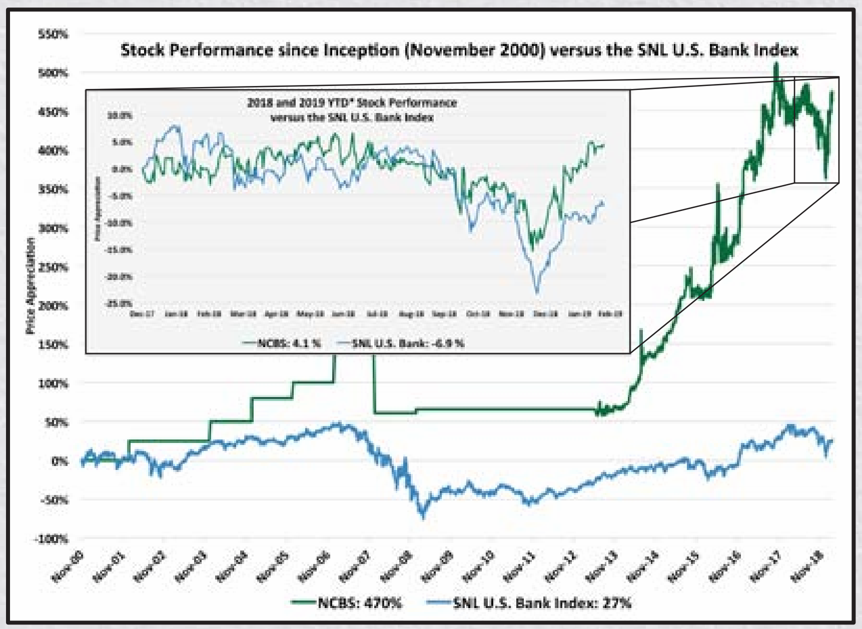
We entered 2018 with strong earnings momentum, following merger and acquisition ("M&A") activity over the previous five years, which quadrupled our size. While we benefited from the earnings impact of our serial acquisitions, more importantly they provided us sufficient scale to run a sustainable, high performance bank. We want to continue growing through M&A, however, we did not announce or complete a deal in 2018, as expectations of banks looking to sell remained high. The absence of an attractive deal this year gave us an opportunity to focus on our efficiency and to continue elevating the quality of the customer experience we deliver. It also highlighted that our core profitability is not deal driven. Our profits are real and rising. The professional investment class has harbored skepticism about whether we could sustain profitability without continual M&A. This was a great year to validate our consistent assertion that, while we make money on deals, we are actually driven by the vision of being a highly efficient "northern powerhouse" that matters to the people of our area.

We have previously written of the strategic journey we have been on since 2000. For the first eight years, it was all about achieving initial scale. We grew organically at lightning speed to $700 million in assets clustered tightly around Green Bay. In 2008 through 2011, we powered through a brutal resiliency test by supporting our customers, resolving our mistakes, and staying profitable when most of the industry posted red ink. Throughout our initial 11 years, we made money, but we were not a high-earning bank. We were a stunningly successful growth story, proving through the financial crisis that we knew how to lend money, get through the worst recession since the 1930s, and launch an aggressive initiative to grow in size, profitability and strength in the aftermath. From 2012 to 2017, we did five acquisitions that provided us meaningful scale. The deals themselves created a lot of profit and capital. What did not show in that rich acquisition math was our quiet journey to a bank almost entirely funded by community-based deposits. We entered 2018, the start of our next phase, with a very strong regional brand and a growing customer base of people and businesses committed to us as their trusted intermediary for deposit, borrowing and wealth services. We have a platform for sustained profitability, owning the lead local bank position in most of our core geography and we still have opportunity to improve. We also have the proven experience to continue with acquisition growth in a region that needs greater efficiency and effectiveness in its community institutions.

We have built the third largest bank headquartered in Wisconsin without entering its two largest markets (Madison and metropolitan Milwaukee). We have been forthright in our position that we see greater opportunity for us in the northern two-thirds of the state than in the south. It is certainly true that Milwaukee, Madison and Minneapolis/St. Paul are attractive markets. One could even say they are dynamic by Midwestern standards. What they do not appear to offer us is a pathway to a lead local market position. There is more value for our customers and shareholders in building out our position as the "bulwark of the north" than there is in becoming "just another bank in the south." The bank we are becoming in this next phase is a $5-7 billion, highly profitable and even more vital community resource in the region we know best. That means generating more market share organically within our current footprint, supplementing with acquisitions to deepen our existing presence, and expanding into adjacent markets with similar characteristics. We don't say "never" to the larger markets, but we know what our priorities are.

A few comments on the characteristics of our northern footprint should help explain our core geography focus. The credit metrics in Wisconsin are perpetually among the top in the country and are especially favorable in the northern two-thirds of the state. Unemployment is historically very low and the pragmatic work ethic here is legendary. The education system has historically been strong. The business culture is characterized by people who want to figure out how working together can drive shared success. This attitude permeates customer relationships, supplier relationships and employees. Our economy shows modest growth in the aggregate with pockets of vibrant entrepreneurial activity interspersed. To our advantage, the competitive banking environment here is characterized by the active or passive disinvestment by our large bank competitors. The large banks show up vigorously on business they target to retain or acquire, but they otherwise seek to "rationalize" their legacy market position by cutting costs faster than the market share they lose. We do well at competitive hand-to-hand combat, but it helps to have the other players more focused on other fronts.

While our earnings rose 24% in 2018, our stock price went down 11% between year-end 2018 and 2017. The stock price has since rebounded in the first two months of 2019, but the late-2018 decline has naturally caused some shareholders to wonder why. There are some important points to be made—about Nicolet and the market generally. First, Nicolet has far outperformed bank stock and broader market indices over its 18-year life. Even last year, which was a difficult year for bank stocks and the U.S. equities market in general (particularly the fourth quarter), Nicolet managed to outperform relative to the broader bank stock market.



There are a number of macro factors that weighed on bank stocks during 2018, including:

1. ***Recession Fears.*** Both broad economic indicators and the stock market have been in a 10-year upward trend. Although current indicators remain positive, there is a pervasive sense that things can't stay this good. At investor conferences, a common remark is that "every day is one day closer to the next recession." Investor sentiment can be "performative", which means it tends to bring forth what it foresees. Sentiment affects capital flows and capital flows affect stock prices.

2. ***Global Markets.*** While current U.S. data is strong, emerging weakness is very evident in Europe, China and other areas. Trade policy does create winners and losers and uncertainty undermines confidence.

3. ***Political Instability.*** As the federal government's engagement in economic life has grown larger, it is not surprising that political acrimony has increased. As the government role in allocating economic outcomes grows, the financial stakes in policy outcomes are much higher. Historians accurately tell us that we have seen far more contentious times, but the instantaneous nature of modern communication has made it seem more real and present. The Midwest is not a place where people are used to a high level of public acrimony. An atmosphere of conflict does undermine the culture of community cooperation.

A factor influencing Nicolet's stock performance is a shift in ownership mix, particularly to institutional investors. We became a Nasdaq-traded stock in 2016 and, shortly thereafter, we entered the Russell 2000 index, which brought institutional ownership. Being a publicly traded company has certainly helped our liquidity and acquisition strategy, as we can offer our common stock as currency to potential selling banks. Historically, our shareholder base has consisted of founding or early investors, employees, or shareholders of banks we acquired with stock. To many of these shareholders, we have been one of the best investments they have made. Our share price today, however, is largely influenced by trading among the institutional shareholders (roughly 25% of the shareholder base), who often trade in and out of our stock in larger increments, over shorter holding horizons, and based on general industry sector sentiment. As a company that has long outperformed the broad market and sector benchmarks, we typically see a gap between the current ticker price and the future value we are busy bringing to fruition in our day-to-day activities. It is our awareness of this gap that motivates our stock repurchases. We have made money for our long-term investors primarily by building and operating a great bank, but we have also made them money by buying back our shares when our more transient owners misprice the value. We are happy everyone has liquidity. We do our best to explain our plans, but our focus is more on the execution of our long-term strategies rather than the day-to-day movement in the share price.

We are excited about our future. Our 2019 priorities include:

1. ***Organic execution.*** There are many aspects to organic execution—customer growth, systems, branches, products—but it comes down to people. We have made a lot of progress on integrating what we have acquired, but there is still opportunity to get the right people all in concert with our mission and culture. Banking is a people-oriented business. It is also conservative. In banking, the costs of mistakes usually dwarf the benefits of aggression, but we, as an entrepreneurial organization, focus on prudent aggression through people, to understand risk yet get things done for the customer in a profitable manner. We need and expect people to have the willingness to undertake initiative within their function. When we acquire an organization, we expect this same level of high performance. Over time, people either fall in love with our culture or they move on. The harder part has been calling forth the talent needed for vital positions that are not eliminated in acquisitions. There are plenty of financial organizations where people are comfortable being comfortable. Ours is not one of them. We are experiencing solid growth in loans, deposits and wealth services. This will accelerate as our people collectively live the culture and continue to grow and improve. Leadership is about helping people around us get better. People who can't or don't want to get better, don't make it.

2. ***M&A.*** As we enter 2019, we continue to engage in active discussions with potential sellers. We remain disciplined in our approach—both in the size of a target bank, as well as the geographic market the target offers. Scale continues to matter for banks and for their customers. Some banks are not doing well in the current environment, and those banks cannot count on stronger industry-wide tailwinds to help them. Credit quality cannot get any better and the varying interest rate environment is becoming more challenging for those banks without the benefit of a strong core deposit base like we enjoy.

3. ***Innovation.*** In 2018, we formally put together a team of people focused on innovation and the customer experience. This multi-functional, multi-generational group, which we call CX, is an extension of our core belief that our purpose is to serve customers. More of our customers are moving to digital channels as their primary means of connecting with us. We intend to serve these customers digitally with the same high-level experience they see in our branches. The expectation of the customer is shifting, and we are shifting with it. While all of our people need to be innovative and look for better ways to serve, the CX team is primarily tasked with making sure that the strategy and tools needed to do this are in place.

4. ***Talent acquisition and development.*** We built Nicolet by attracting high-level, quality banking professionals we knew either as colleagues or competitors. Our rapid growth is testimony to the talent and credibility of seasoned, market-connected people. The banking industry really stopped training well-rounded bankers in the early 1990s and much of that talent pool has aged out of the workforce. Employment markets across our area have become very tight and, coupled with heavy bank consolidation over the past several years, there are fewer strong community bankers available. Culture and results require leadership and alignment with our shareholders. Our way of doing business depends on attracting and developing quality leaders. Specifically, we need people with a strong sense of initiative and an intense customer focus. We have been training and developing our own talent more in recent years, and we are more open to drawing people from other industries that we think can fit within our culture. Throughout our history, we have offered key employees a pathway to meaningful equity. We want our current and emerging leadership more focused on what their stock options will be worth over the long-term, rather than on their annual compensation. Our compensation philosophy is more fully explained in the proxy statement for our annual shareholder meeting. We remain convinced that a core leadership team focused on future share appreciation is one of the main reasons our share price has eclipsed the broad market and banking indices. The market is full of bank leadership focused on their salary and bonuses that seem to roll on despite a paltry return to shareholders. Stock options are a powerful way of creating meaningful wealth for key employees that is completely contingent on a similar outcome for our shareholders. Our management team only wins when our shareholders win.

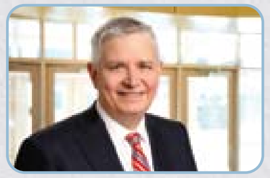
We are well along our journey to build this sustainable northern powerhouse that is an essential community resource. 2018 was a great year to prove how effective this vision is. We have the opportunity to grow and further improve profitability. There is plenty of value to realize in acquiring and rejuvenating other community banks. 2017's annual report laid out our vision of shared success across our 3 Circles—customers, employees, shareholders. The purpose of our organization is to serve our customers through an exceptional team of people. The result has been a tremendous outcome for the people who trust us with their ownership and a great place to work for people who are up to the challenge. We are both a reflection and an amplifier of the way people think in the places we serve. We capture this spirit of the north and play our part to reinforce that trust and mutual care work best in business as in life.

As always, thank you for your investment in Nicolet and the journey.

Bob — *Robert B. Atwell*

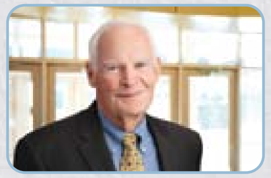
Mike — *Michael E. Daniels*

BOARD OF DIRECTORS



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

Michael Daniels
President and Chief Executive Officer, Nicolet National Bank



Robert Agnew
President Tipperary Partners, LLC

Rachel Campos-Duffy
Media & Communications Consultant FOX News Contributor

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

Terrence Fulwiler
Retired CEO, WS Packaging Group

Chris Ghidorzi
Vice President, Ghidorzi Companies

Michael Gilson
Retired Executive Vice President, Nicolet National Bank

Thomas Herlache
Retired Chairman, President and Chief Executive Officer, Baylake Corp.

Andrew Hetzel, Jr.
President and Chief Executive Officer, NPS Corporation

Donald Long, Jr.
Former Owner and CEO, Century Drill and Tool Co., Inc.

Dustin McClone
President and CEO, McClone Insurance Group

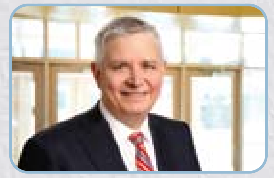
Susan Merkatoris
Certified Public Accountant, Owner and Managing Member, Larboard Enterprises, LLC

Randy Rose
Retired President and CEO, Schwabe North America

Oliver "Pierce" Smith
Director of Real Estate & Acquisitions, Menasha Packaging Company

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

NICOLET NATIONAL BANK EXECUTIVE OFFICERS

Robert Atwell
Chairman

Michael Daniels
President and Chief Executive Officer

Brad Hutjens
Executive Vice President Chief Credit Officer, Chief Compliance and Risk Manager

Ann Lawson
Chief Financial Officer

Patrick Madson
Senior Vice President Wealth Management

Michael Steppe
Senior Vice President Chief Investment Officer

Michael Vogel
Senior Vice President Commercial Banking Manager

Eric Witczak
Executive Vice President

FINANCIALS

Nicolet Bankshares, Inc.

(In thousands, except per share data)

Condensed Consolidated Statements of Income	At and for the Years Ended December 31, 2018	2017	% Change
Interest income	$125,537	$109,253	15%
Interest expense	18,889	10,511	80%
Net interest income	106,648	98,742	8%
Provision for loan losses	1,600	2,325	-31%
Noninterest income	39,509	34,639	14%
Noninterest expense	89,758	81,356	10%
Income before income tax expense	54,799	49,700	10%
Income tax expense	13,446	16,267	-17%
Net income	41,353	33,433	24%
Net income attributable to noncontrolling interest	317	283	12%
Net income attributable to Nicolet Bankshares, Inc.	$41,036	$33,150	24%
Basic earnings per common share	$4.26	$3.51	21%
Diluted earnings per common share	$4.12	$3.33	24%
Basic weighted average common shares	9,640	9,440	2%
Diluted weighted average common shares	9,956	9,958	0%
Outstanding common shares	9,495	9,818	-3%
Condensed Consolidated Balance Sheets			
Cash and cash equivalents	$249,526	$154,933	61%
Securities available for sale	400,144	405,153	-1%
Loans	2,166,181	2,087,925	4%
Allowance for loan losses	(13,153)	(12,653)	4%
Goodwill and other intangibles	124,307	128,406	-3%
All other assets	169,530	168,669	1%
Total assets	$3,096,535	$2,932,433	6%
Deposits	$2,614,138	$2,471,064	6%
Other liabilities	95,045	96,490	-1%
Nicolet Bankshares, Inc. common equity	386,609	364,178	6%
Noncontrolling interest	743	701	6%
Total liabilities, noncontrolling interest and stockholders' equity	$3,096,535	$2,932,433	6%

ACCOUNTANT'S LETTER

Porter Keadle Moore

CPAs | Advisors | www.pkm.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Nicolet Bankshares, Inc. and subsidiaries as of December 31, 2018 and 2017, 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, 2018 (not presented herein); and in our report, dated March 8, 2019, we expressed an unqualified opinion on those consolidated financial statements.

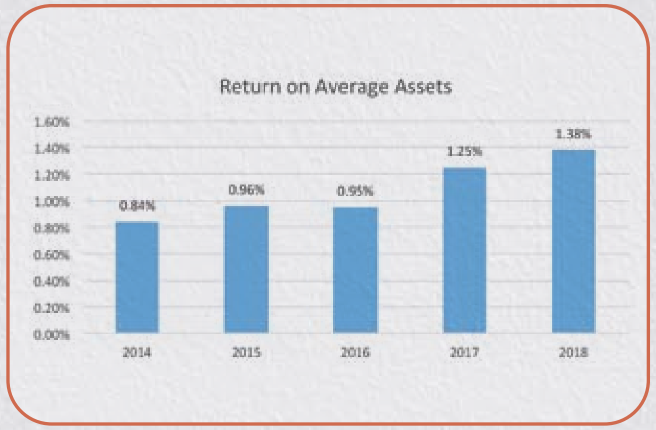
In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

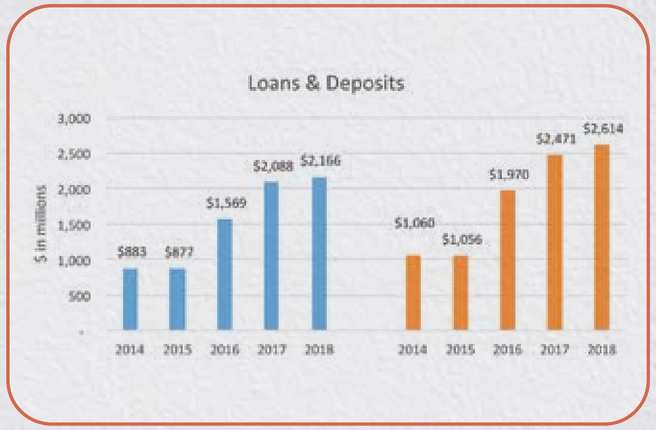
Porter Keadle Moore, LLC

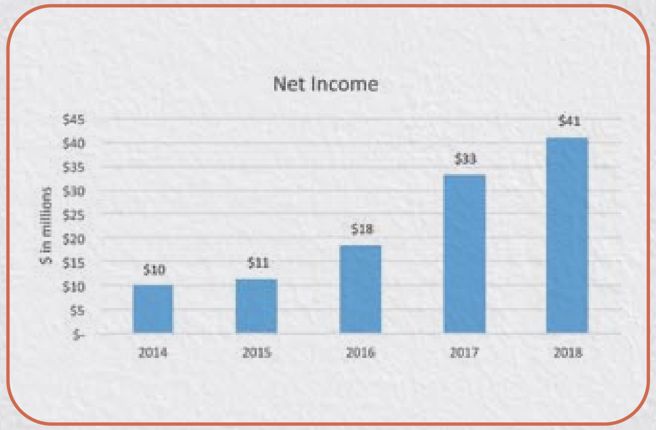
Atlanta, Georgia

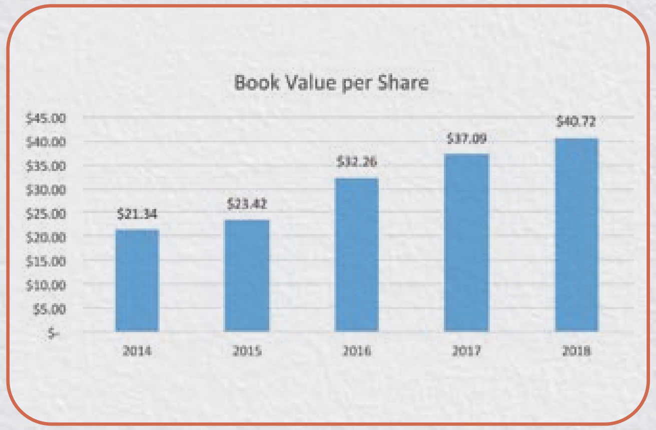
March 8, 2019

CERTIFIED PUBLIC ACCOUNTANTS

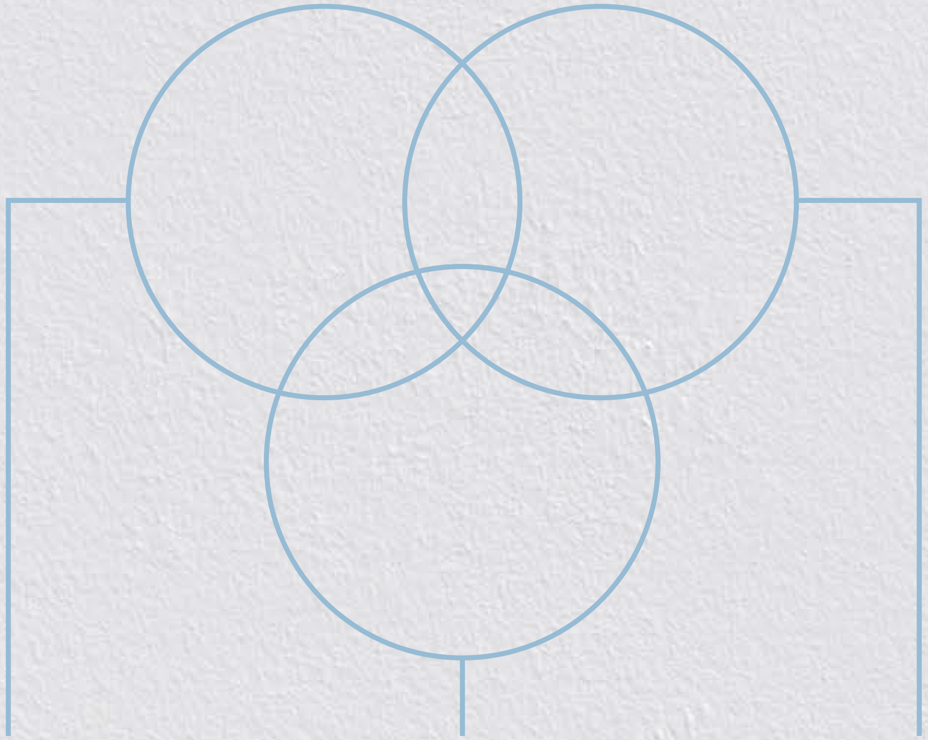








SHARED SUCCESS



CUSTOMERS

$10 million in interest paid in 8 years to customers in Real Rewards checking.

25% increase in mobile users in 2018.

Top mortgage originator in Brown and Door Counties.

EMPLOYEES

110 non-profit, 501(c)3, organizations helped through the Nicolet Foundation.

28,870 volunteer hours by Nicolet Bank employees.

$1.3 million in donations to the communities we serve.

SHAREHOLDERS

Net Income of $41 million and Earnings Per Share of $4.12.

Return on Average Assets of 1.38%.

408,100 shares repurchased in 2018.

SHAREHOLDER INFORMATION

Annual Meeting
Shareholders' Meeting – Monday, May 13, 2019 (5:00 p.m.)
Meyer Theatre
117 South Washington Street / Green Bay, WI 54301

Independent Auditor
Porter Keadle Moore, LLC
235 Peachtree Street, NE / Suite 1800 / Atlanta, GA 30303

Transfer Agent
Computershare
C/O Shareholder Services
P.O. Box 505002 / Louisville, KY 40233-5002

Overnight Delivery
Computershare
C/O Shareholder Services
462 South 4th Street / Suite 1600 / Louisville, KY 40202

Shareholder website:
www.computershare.com/investor

Shareholder online inquiries:
https://www-us.computershare.com/investor/Contact
Toll free in the US: 800.962.4284
Outside the US: 781.575.3120
Fax: 312.604.2312

REAL
MEMORABLE
PERSONAL
RESPONSIVE
ENTREPRENEURIAL