

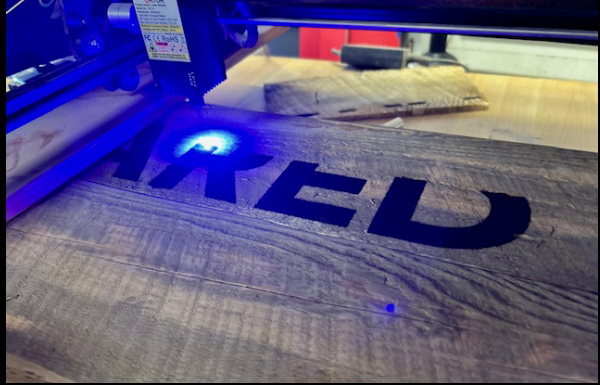
**Nicolet**  
BANKSHARES, INC.



# ANNUAL REPORT

2024

SHARED  
SUCCESS



# THE 3 CIRCLES

## An Homage to Wausau's Heritage

The 3 Circles represent a visual image of Nicolet's purpose – to serve our customers, employees, and shareholders in a manner that creates shared success.

For this project, we intentionally used materials representing Wausau's heritage. Natural resources have always been at the forefront of the Wausau economy, from logging, to papermaking, to the foundation of the Wausau Group that transformed the town's economy at the turn of the 20th century.

The wood from which the base is built is from crating used to float logs down the river. The stones are granite river stones that were put in the crate to help break up the ice that would form on the logs. The log is about 200 years old and was found in the Wisconsin River with the logging chain still attached. The granite that forms the 3 Circles is the famous Wausau Ruby Red and comes from a quarry in Mosinee.

We are honored to play our part in continuing to move Wausau and the surrounding area forward.

We want to thank our customers, CoLab and Kris Maz, for their imagination, design, and production.

The photos on the left showcase the process of creating the 3 Circles artwork featured on the cover.

# SHAREHOLDERS' LETTER

## *Dear Shareholders,*

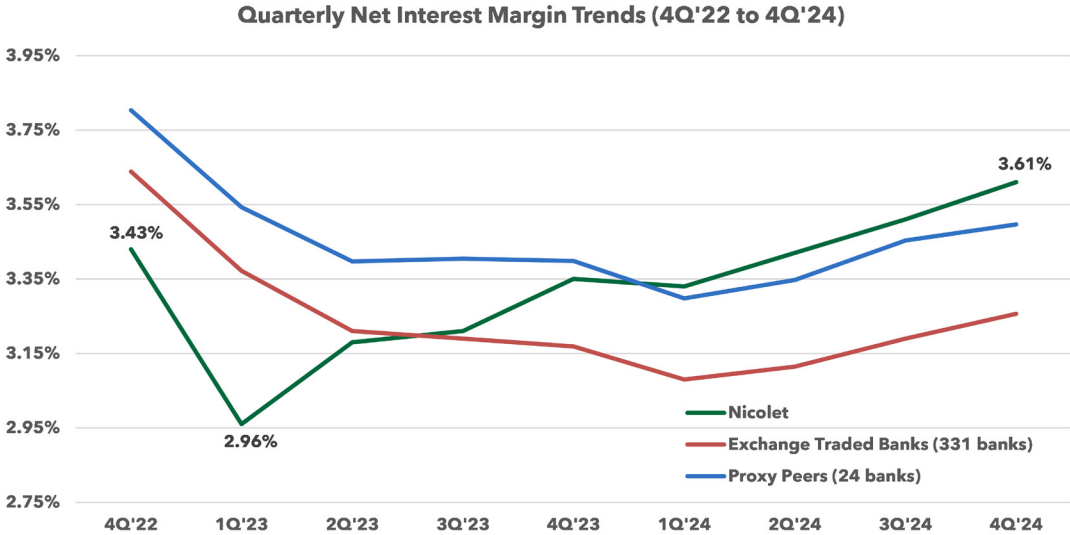
When a company has a breakthrough year like Nicolet had in 2024, communication with shareholders should be easy. It typically goes something like this: we reported record earnings, we were good stewards of your investment, and we intend to do it again next year. Done. The problem with this approach, aside from bordering on arrogance, is that much of the nuance behind why we had a successful year goes unsaid. I believe there needs to be a “why” behind everything we do and say because this is how we build trust. I invite you to keep reading so you can understand why we were successful last year and how we intend to maintain our momentum in 2025.

Everything we do at Nicolet starts with our purpose to serve our customers, our communities, and each other in a manner that creates shared success. The result of this service is our financial performance, which in turn creates a return for our shareholders. In 2024, executing our purpose to serve created a record net income of \$124 million, eclipsing our already-high expectations. Our reported earnings per share were \$8.05, almost double last year's. Return on average assets – a metric commonly used in the banking industry to measure profitability – was 1.45% for the year, which placed Nicolet in the top 11% of publicly traded banks. Credit quality remained outstanding, capital levels continued to improve, and our revenue lines all grew. By almost any financial measure, 2024 was a great year. We are confident we are well positioned for a repeat performance this coming year.

Our confidence comes from a few core principles that guide us in our day-to-day execution. We mention them often in our annual letters, and they are worth mentioning again. First, we make strategic decisions for the long term. We do not manage Nicolet to meet quarterly estimates The Street may set for us. Second, in order to succeed, we need to matter to our customers, communities, and each other. If we can do these two things better than our competitors, it will produce what we call shared success.

This is another way to say that each of our primary stakeholders – customers (and communities), employees, and shareholders – see positive, tangible evidence of our actions. To say it differently, our stakeholders see wins. The tangible evidence of our actions is important to us. We understand that our core principles are merely words. Most annual letters to shareholders are just that: words. In my mind, what sets Nicolet apart is our ability to put actions behind these words, to prove that what we say, we do. So, let’s prove that we live by these core principles.

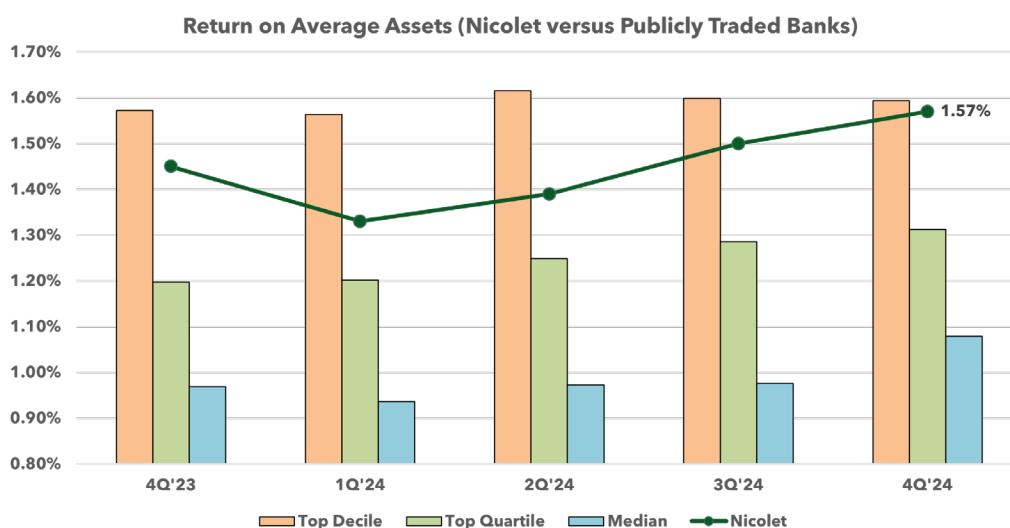
There is no better place to show the proof of making strategic decisions for long-term success than to close the loop on our balance sheet repositioning from 2023. After all, we spent almost a thousand words in last year’s letter talking about it. There is now an ending to this story. When we sold \$500 million in U.S. Treasuries at a \$38 million pre-tax loss, we did so because we thought that our net interest margin would improve immediately and over the next several quarters, and with it, so would our core earnings. This strategy worked as we expected. As you can see from the chart, our net interest margin grew steadily quarter-over-quarter.




# SHAREHOLDERS' LETTER

We were one of the few banks to make this decision early, which we chose to do because we did not waver from our mindset of long-term thinking. Since then, dozens of banks have made similar decisions, but only did so after raising capital that diluted their current shareholders – something Nicolet did not do. The confidence to make this move and the subsequent results are proof that long-term thinking works.

Our focus on long-term thinking can also be seen in the comparison of our financial performance compared to our peers. We strive to be a top-quartile, if not a top-decile performer each and every year. As shown in the chart below, our return on average assets (ROAA) has ranged between the top quartile (green bar) and top decile (orange bar) of publicly traded banks. But this gap to the top decile continues to close as our performance improves relative to the industry as shown by our 2024 ROAA landing just outside the top decile of banks. This performance goal keeps us focused on the model of shared success. From day one, our focus has been to grow in a disciplined manner, where the results of our growth produce superior financial performance. Not quarter-to-quarter, but in perpetuity. This requires a certain discipline and willingness to avoid making the easy decisions in the moment. Some people may confuse this with acting contrarian, but to us, it's simply viewing our world with a long lens. It has worked well for 24 years.





Beyond the objective measure of financial performance comes a more subjective measure of mattering to our customers, communities, and each other. How we go about proving that we matter generally starts with doing some common things uncommonly well. Nicolet holds no patents, nor do we have proprietary technology. Our playbook is generally well-known. Our differentiation is really a mindset of understanding that relationships need to be earned every day. We expect our people to make decisions that create shared success and to own the outcomes, be they good or not-so-good. In some areas, we are very good at this mindset. In others, we need more time to get better. When we do it right, we are rewarded with people’s trust and their business. For the last two years, our revenue lines all grew, which means that the process is working and that we are mattering to our more than 100,000 customers and 950 employees in our core markets throughout the Upper Midwest.

We have physically invested in communities as well. Our largest project in 2024 was in our Wausau, WI market, in which we built a 20,000-square-foot building. It is not merely a branch but a regional hub that houses our retail, mortgage, agriculture, treasury management, and commercial bankers, as well as our trust and wealth advisors. This model of getting everyone together under one roof has shown that proximity helps foster collaboration and teamwork.




# SHAREHOLDERS' LETTER

One final piece of evidence that we matter to the communities we serve can be seen in our donations and sponsorship strategy. We purposefully try to make an impact with an “inch deep, mile wide” mindset. In 2024, we donated to or sponsored almost 1,500 non-profit groups, most of whom are customers of Nicolet. While we have no definite way with which to put this into context, we have seen the impacts our generosity has made. The comments we have received from our customers and the communities have been positive. While many look at this as a marketing strategy, we see this as another way to create shared success. We support the community; the community supports us. This has been our vision since our founding. It brings me great satisfaction to watch it work as we hoped it would.

## *So, what's next?*

While we can't see completely around the corner, we can confidently say that 2025 should be a year of optionality for Nicolet. Our strong capital levels, transparent balance sheet, and top-quartile profitability amongst community banks allow us plenty of options to be good stewards of your investment. Our focus will always be on taking care of our current and future customers and shareholders. We hope to return to the M&A market but will only do so if the acquisition can make Nicolet a better community bank. We have proven our ability to create value for all parties with acquisitions primarily because of this focus. As we always say, we can't make someone sell us their bank. We can, however, make certain that we are an acquirer of choice, which we believe we have proven. In the meantime, we continue to make one of the best acquisitions we can make – our own company by acquiring our own stock through share repurchases, which will likely continue until we can find a better use for our capital. Additionally, our Board will evaluate the shareholder dividend this spring.

So, back to the beginning. The results say that things are going well and that the promises we are making are being kept. We are pleased with the year we had but know that we are playing an infinite game. We need to show up each day to earn trust and build relationships.



I've been telling our employees that our job in 2025 is to do what the shampoo bottle says, "lather, rinse, repeat". It's been a fun metaphor and seems to resonate; however, we all know it will certainly not be easy. While the world changes rapidly around us, I am happy that the foundation on which we built Nicolet is solid and has proven that it can produce shared success for everyone who is a stakeholder of Nicolet.



Michael E. Daniels



# FINANCIALS

## Nicolet Bankshares, Inc.

(In thousands, except per share data)

<i>Condensed Consolidated Statements of Income</i>	<b>Years Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change</b>
Net interest income	\$268,065	\$241,516	11%
Provision for credit losses	3,850	4,990	-23%
Noninterest income	82,267	35,972	129%
Noninterest expense	191,353	185,866	3%
Income before income tax expense	155,129	86,632	79%
Income tax expense	31,070	25,116	24%
Net income	<u>\$124,059</u>	<u>\$61,516</u>	102%
Diluted earnings per common share	\$8.05	\$4.08	97%
Return on average assets	1.45%	0.73%	0.72%
Return on average tangible common equity	17.50%	10.58%	6.92%
Efficiency ratio	54.97%	59.50%	-4.53%

## Nicolet Bankshares, Inc.

(In thousands, except per share data)

<i>Condensed Consolidated Balance Sheets</i>	<b>At December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change</b>
Cash and cash equivalents	\$536,047	\$491,431	9%
Securities	806,415	802,573	0%
Loans, net	6,560,262	6,290,332	4%
Goodwill and other intangibles	388,140	394,366	-2%
All other assets	505,931	489,976	3%
Total assets	<u>\$8,796,795</u>	<u>\$8,468,678</u>	4%
Deposits	\$7,403,684	\$7,197,800	3%
Wholesale funding	161,387	166,930	-3%
Other liabilities	58,826	64,941	-9%
Common equity	<u>1,172,898</u>	<u>1,039,007</u>	13%
Total liabilities and stockholders' equity	<u>\$8,796,795</u>	<u>\$8,468,678</u>	4%
Book value	\$76.38	\$69.76	9%
Tangible book value	\$51.10	\$43.28	18%

# BOARD OF DIRECTORS

## **Marcia Anderson**

*Major General (Retired) U.S. Army*

## **Robert Atwell**

*Cofounder, Nicolet Bankshares, Inc.*

## **Héctor Colón**

*President & CEO, Lutheran Social Services of Wisconsin & Upper Michigan, Inc.*

## **Michael Daniels**

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

## **Lynn Davis, Ph.D.**

*Founding Partner at Nutrition Professionals, Inc., Quality Roasting, Inc. and Breeze Dairy Group, LLC.*

## **John Dykema**

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

## **Chris Ghidorzi**

*President of Property Development, Ghidorzi Companies*

## **Andrew Hetzel, Jr.**

*Chairman, FyterTech Nonwovens LLC.*

## **Brenda Johnson**

*Former Chairman Charter Bankshares, Inc.*

## **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.*

## **Pierce Smith**

*Board of Directors of Menasha Corporation*

## **Glen Tellock**

*Retired President and CEO of Lakeside Foods, Inc. and The Manitowoc Company, Inc.*

## **Robert Weyers**

*Owner, Commercial Horizons, Inc.*

# **NICOLET BANKSHARES, INC. OFFICERS**

## **Michael Daniels**

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

## **H. Phillip Moore, Jr.**

*Chief Financial Officer*

## **Eric Witczak**

*Executive Vice President and Secretary*

# **NICOLET NATIONAL BANK EXECUTIVE OFFICERS**

## **Michael Daniels**

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

## **H. Phillip Moore, Jr.**

*Chief Financial Officer*

## **Eric Witczak**

*Executive Vice President, Chief Operating Officer*

## **Brad Hutjens**

*Executive Vice President, Chief Credit Officer, Compliance and Risk Manager*

## **William Bohn, J.D.**

*Executive Vice President - Wealth Management, Private Client & Trust Services*

# SHAREHOLDER INFO

## Annual Meeting

Monday, May 19, 2025

10:00 a.m. Central Time

To be held virtually only. Please check the proxy for instructions on how to log in.

## Independent Auditor

Forvis Mazars, LLP

910 E. St. Louis Street / Suite 200 / Springfield, MO 65801

## Transfer Agent

Computershare

C/O Shareholder Services

P.O. Box 43078 / Providence, RI 02940-3078, United States

## Overnight Delivery

Computershare

C/O Shareholder Services

150 Royall Street / Suite 101 / Canton, MA 02021, United States

Shareholder website:

[www.computershare.com/investor](http://www.computershare.com/investor)

Shareholder online inquiries:

[www-us.computershare.com/investor/Contact](http://www-us.computershare.com/investor/Contact)

Toll free in the US/Canada: 888.294.8217 / Outside the US: 781.575.3120

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## NICOLET'S CORE VALUES



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CAUTIONARY DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS & WEBSITE DISCLAIMER: All forward-looking information in this report should be read with, and is qualified in its entirety by, the Cautionary Disclosure Regarding Forward-Looking Statements and the Risk Factors disclosures set forth in the Introduction and in Item 1A, respectively, of the Form 10-K included elsewhere in this report. The information contained on or connected to our Internet website is not incorporated by reference into this report and should not be considered part of this or any other report that we file with or furnish to the SEC, unless we specifically provide otherwise.