

Commerce State Bank Highlights & Market Overview

Southeast Wisconsin Market Overview⁽¹⁾

- Provides entry into Wisconsin's largest MSA with a population over 1.5 million
- Milwaukee-Waukesha MSA is a commercial & industrial hub in the Great Lakes region and boasts the second highest manufacturing concentration in the US
- Unemployment rate of 3.2% remains near record lows
- The weighted average median household income of the four counties in Commerce's footprint (Washington, Ozaukee, Waukesha, and Sheboygan) is over \$84,000 – 29% higher than Nicolet's current 12-county footprint and 35% higher than the rest of Wisconsin

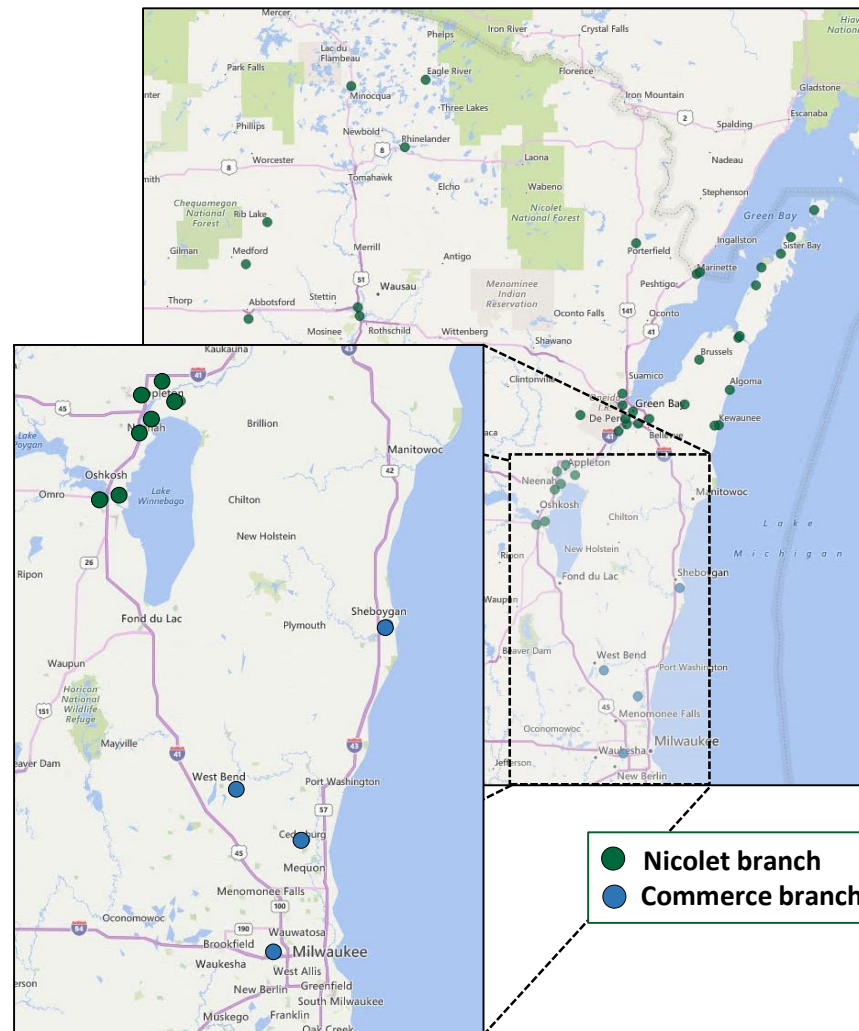
Commerce State Bank Summary Financials⁽²⁾

	2016	2017	2018	2019
Total Assets	\$494,432	\$574,938	\$655,008	\$707,921
Asset Growth	21.3%	16.3%	13.9%	8.1%
Total Loans	\$418,694	\$484,884	\$559,092	\$602,986
Loan Growth	21.5%	15.8%	15.3%	7.9%
Total Deposits	\$425,819	\$492,936	\$565,966	\$610,006
Deposit Growth	16.7%	15.8%	14.8%	7.8%
Loans / Deposits	98%	98%	99%	99%
Equity / Assets	9.02%	9.00%	9.36%	9.87%

Net Income	\$4,403	\$5,018	\$7,006	\$7,570
ROAA	0.98%	0.97%	1.13%	1.12%
ROAE	10.39%	10.37%	12.38%	11.52%
Net Interest Margin	3.64%	3.77%	3.67%	3.58%
Efficiency Ratio	60.8%	57.1%	58.7%	52.8%

NPAs/ Assets	0.69%	0.51%	1.16%	0.37%
NCOs/ Avg Loans	-0.05%	0.16%	-0.03%	0.62%
LLR / Loans	1.10%	1.00%	1.04%	0.77%

Pro Forma Branch Map



(1) Source: US Census Bureau / US Department of Labor / Claritas
 (2) Source: S&P Global Market Intelligence / Company Reports

Transaction Highlights

Strategic Rationale

- “Geographically accretive” to Nicolet by moving into a higher growth and higher median household income market – Commerce operates in 3 of the 4 counties with the highest median household income in the state of Wisconsin⁽¹⁾
- Combines Nicolet’s excess lower cost core deposit base with Commerce’s historical commercial loan generation abilities
- Executive management team and senior lenders expected to remain with Nicolet and will lead the markets in West Bend, Cedarburg, Sheboygan, and Elm Grove

Positive Financial Impact

- EPS accretion over 6.0% in 2021
- Tangible book value dilution of less than 3.5%, with an earnback of 2.3 years⁽²⁾
- Internal rate of return > 15%
- No modeled revenue enhancements

Growth & Revenue Opportunities

- Larger and more diverse commercial market will provide for more lending opportunities with Nicolet’s higher lending limits
- Significant opportunity in wealth management given demographics of Commerce’s four-county market in the northern and western Milwaukee suburbs
- Nicolet’s excess liquidity will allow for the restructuring of Commerce’s historically high funding costs

Transaction Overview and Assumptions

Deal Structure

- Commerce shareholders will receive 1.15x shares of Nicolet
- Outstanding stock options to receive cash (approximately \$2.6 million)
- Aggregate deal value of \$129.6 million⁽¹⁾
- Cap/Collar of \$82.00 and \$62.00, respectively

Valuation Multiples⁽²⁾

- Price-to-Tangible Book Value: 194%
- Price-to-LTM EPS: 18.3x
- Price-to-EPS after Cost Savings: 11.1x
- Tangible Book Value Earnback Period: 2.3 years (crossover method)

Key Assumptions

- Cost Savings of 36% of Commerce's expense base (75% realized in 2021; 100% in 2022)
- \$9 million in estimated pretax deal expenses
- Loan credit mark of 2.3% on gross loans comprised of:
 - 1.4% PCD mark
 - 0.9% non-PCD mark (accreted back through earnings over the 3 year life of loans)
- Additional Day 2 CECL reserve of 0.9% of gross loans
- Core deposit intangible of \$5.5 million, amortized on an accelerated basis over 10 years

Management & Board

- Joe Fazio (Commerce CEO and Co-founder) will join the Board of Directors of Nicolet Bankshares and Nicolet National Bank
- Tom Hopp (President and Co-founder) & Dave Borchardt (CFO/COO and Co-founder) will join Nicolet National Bank and lead the commercial lending efforts in Southeast Wisconsin

Target Closing

- Third Quarter 2020
- Subject to customary regulatory approvals and approval by of Commerce's shareholders