



**Nicolet**  
BANKSHARES, INC.

**Acquisition of Mackinac Financial Corporation  
April 12, 2021**

# Securities Legend

## Forward Looking Statements “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

*Certain statements contained in this communication, which are not statements of historical fact, constitute forward-looking statements within the meaning of the federal securities law. Such statements include, but are not limited to, certain plans, expectations, goals, projections and benefits relating to the proposed merger between Nicolet and Mackinac, which are subject to numerous assumptions, risks and uncertainties. Words or phrases such as “anticipate,” “believe,” “aim,” “can,” “conclude,” “continue,” “could,” “estimate,” “expect,” “foresee,” “goal,” “intend,” “may,” “might,” “outlook,” “possible,” “plan,” “predict,” “project,” “potential,” “seek,” “should,” “target,” “will,” “will likely,” “would,” or the negative of these terms or other comparable terminology, as well as similar expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.*

*Forward-looking statements are not historical facts but instead express only management’s beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management’s control. It is possible that actual results and outcomes may differ, possibly materially, from the anticipated results or outcomes indicated in these forward-looking statements. In addition to factors disclosed in reports filed by Nicolet and Mackinac with the SEC, risks and uncertainties for Nicolet, Mackinac and the combined company that may cause actual results or outcomes to differ materially from those anticipated include, but are not limited to: (1) the possibility that any of the anticipated benefits of the proposed merger will not be realized or will not be realized within the expected time period; (2) the risk that integration of Mackinac’s operations with those of Nicolet will be materially delayed or will be more costly or difficult than expected; (3) the parties’ inability to meet expectations regarding the timing of the proposed merger; (4) changes to tax legislation and their potential effects on the accounting for the merger; (5) the inability to complete the proposed merger due to the failure of Nicolet’s or Mackinac’s shareholders to adopt the Merger Agreement; (6) the failure to satisfy other conditions to completion of the proposed merger, including receipt of required regulatory and other approvals; (7) the failure of the proposed merger to close for any other reason; (8) diversion of management’s attention from ongoing business operations and opportunities due to the proposed merger; (9) the challenges of integrating and retaining key employees; (10) the effect of the announcement of the proposed merger on Nicolet’s, Mackinac’s or the combined company’s respective customer and employee relationships and operating results; (11) the possibility that the proposed merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; (12) dilution caused by Nicolet’s issuance of additional shares of Nicolet common stock in connection with the merger; (13) the magnitude and duration of the COVID-19 pandemic and its impact on the global economy and financial market conditions and the business, results of operations and financial condition of Nicolet, Mackinac and the combined company; (14) changes in consumer demand for financial services; and (15) general competitive, economic, political and market conditions and fluctuations. Please refer to each of Nicolet’s and Mackinac’s Annual Report on Form 10-K for the year ended December 31, 2020, as well as their other filings with the SEC, for a more detailed discussion of risks, uncertainties and factors that could cause actual results to differ from those discussed in the forward-looking statements.*

*All forward-looking statements included in this communication are made as of the date hereof and are based on information available to management at that time. Except as required by law, neither Nicolet nor Mackinac assumes any obligation to update any forward-looking statement to reflect events or circumstances that occur after the date the forward-looking statements were made.*

# Securities Legend

## Important Information and Where to Find It

*This communication relates to the proposed merger transaction involving Nicolet and Mackinac. In connection with the proposed merger, Nicolet and Mackinac will file a joint proxy statement/prospectus on Form S-4 and other relevant documents concerning the merger with the Securities and Exchange Commission (the "SEC").* **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED MERGER OR INCORPORATED BY REFERENCE IN THE JOINT PROXY STATEMENT/PROSPECTUS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT NICOLET, MACKINAC AND THE PROPOSED MERGER.** *When available, the joint proxy statement/prospectus will be delivered to shareholders of Nicolet and Mackinac. Investors may obtain copies of the joint proxy statement/prospectus and other relevant documents (as they become available) free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)). Copies of the documents filed with the SEC by Nicolet will be available free of charge on Nicolet's website at [www.nicoletbank.com](http://www.nicoletbank.com). Copies of the documents filed with the SEC by Mackinac will be available free of charge on Mackinac's website at [www.bankmbank.com](http://www.bankmbank.com).*

*Nicolet, Mackinac and certain of their directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the shareholders of Nicolet and the shareholders of Mackinac in connection with the proposed merger. Information about the directors and executive officers of Nicolet and Mackinac will be included in the joint proxy statement/prospectus for the proposed transaction filed with the SEC. Information about the directors and executive officers of Nicolet is also included in the proxy statement for its 2021 annual meeting of shareholders, which was filed with the SEC on March 2, 2021. Information about the directors and executive officers of Mackinac is also included in the proxy statement for its 2020 annual meeting of shareholders, which was filed with the SEC on April 22, 2020. Additional information regarding the interests of such participants and other persons who may be deemed participants in the transaction will be included in the joint proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.*

## No Offer or Solicitation

*This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.*

# Transaction Highlights & Rationale

## Strategic Rationale

- Establishes Nicolet as the largest community bank in Michigan's Upper Peninsula
- Builds additional scale by creating a \$6.1 billion community banking franchise (#2 in Wisconsin) with a \$1.0 billion+ market capitalization<sup>(2)</sup>
- Complementary loan portfolio, retail focus, backend systems, and overall like-minded commitment to serve customers, shareholders, and communities across Northern Wisconsin and Michigan

## Positive Financial Impacts

- EPS accretion over 14% in 2022
- Tangible book value dilution of approximately 5%, with an earnback of 1.9 years<sup>(2)</sup>
- Internal rate of return > 20%
- Identified, but no modeled revenue enhancements

## Revenue Opportunities & Efficiencies

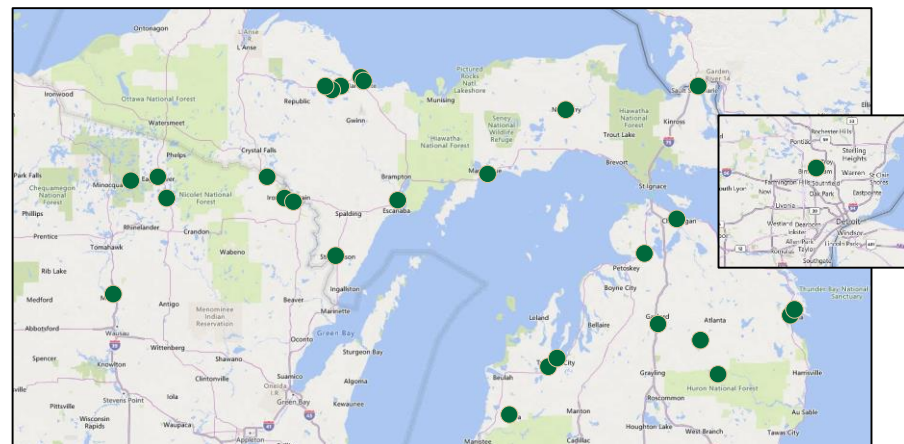
- Larger geographical commercial market will provide for more lending opportunities across Northern Michigan with Nicolet's higher lending limits
- Significant opportunity to drive efficiency through additional branch rationalization of both footprints
- Longer-term opportunity to expand Nicolet's wealth management capabilities across Mackinac's markets

# Mackinac Financial Highlights & Market Overview

## Mackinac Market Overview<sup>(1)</sup>

- Creates the #1 community bank in the Upper Peninsula, as ranked by total pro forma deposits
- Solid market positions in several commercial hubs in the UP, including Marquette, Manistique, Sault Saint Marie, and Escanaba
- Northern Lower Peninsula: Lead local community bank in Alpena (47% market share) with opportunities to grow into the dynamic Traverse City market
- Southeast Michigan: \$171 million in loans adds to geographic diversity of the entire portfolio<sup>(3)</sup>

## Mackinac Financial Branch Map



## Upper Peninsula Deposit Market Share<sup>(1)</sup>

Rank	Institution	Branches	Deposits In Market (\$M)	Market Share
1	<b>Nicolet (Pro Forma)</b>	10	<b>\$597</b>	<b>11.6%</b>
2	Superior National Bank	10	\$563	10.9%
3	Flagstar Bank, FSB	14	\$463	9.0%
4	First Bank, Upper Michigan	9	\$434	8.4%
5	Incredible Bank	6	\$386	7.5%
6	Range Bank	8	\$381	7.4%
7	First National B&T of Iron Mountain	8	\$339	6.6%
8	Central Savings Bank	9	\$276	5.3%
9	First National Bank of St. Ignace	7	\$259	5.0%
10	Huntington National Bank	7	\$231	4.5%
	All others (11)	38	\$1,240	24.0%
	<b>Total For Institutions In Market</b>	<b>116</b>	<b>\$5,168</b>	

## Mackinac Summary Financials<sup>(2)</sup>

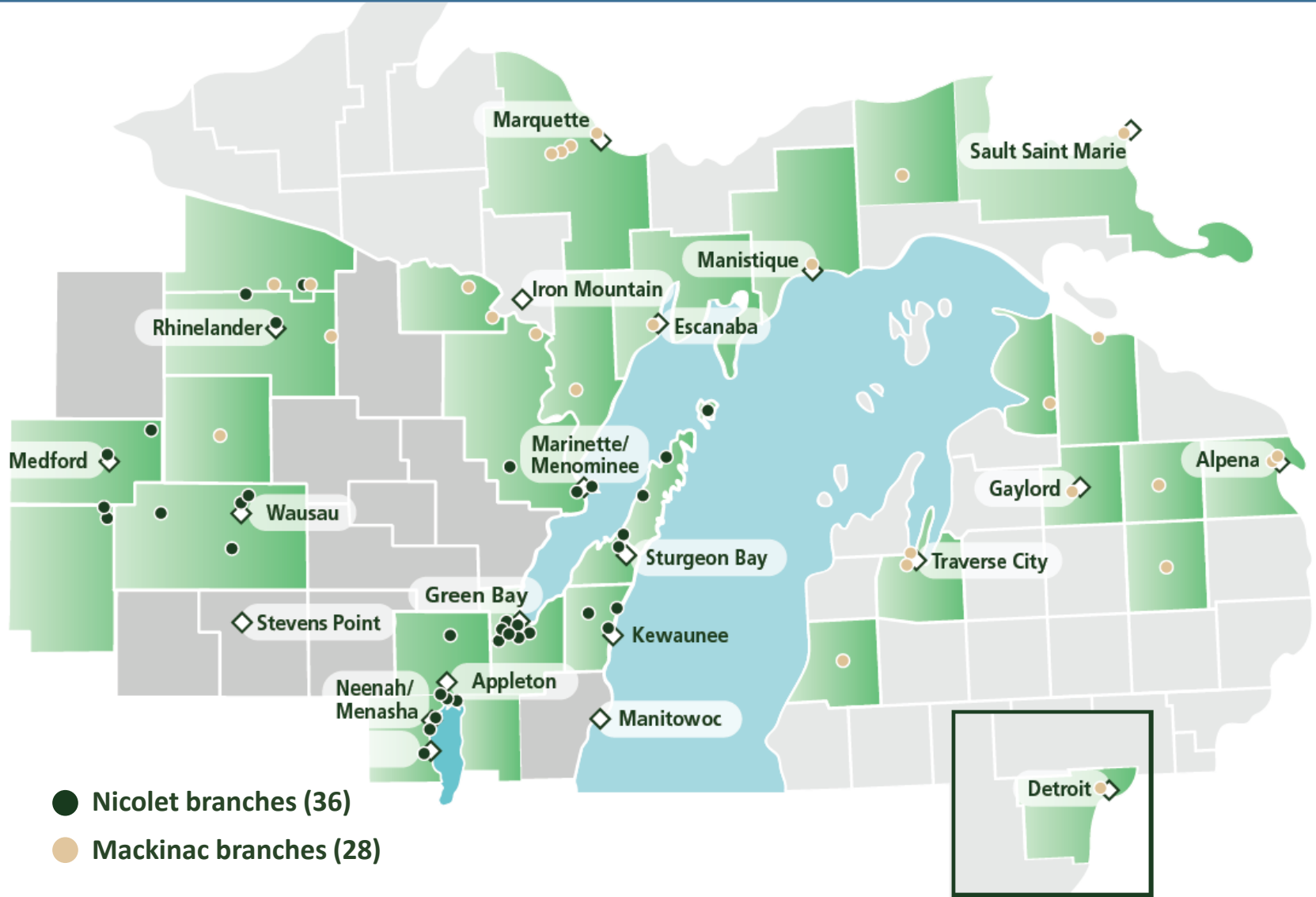
	2017	2018	2019	2020
Total Assets	\$985,367	\$1,318,040	\$1,320,069	\$1,501,730
Asset Growth	0.2%	33.8%	0.2%	13.8%
Total Net Loans	\$805,999	\$1,033,681	\$1,053,468	\$1,071,776
Loan Growth	3.8%	28.2%	1.9%	1.7%
Total Deposits	\$817,998	\$1,097,537	\$1,075,677	\$1,258,776
Deposit Growth	-0.7%	34.2%	-2.0%	17.0%
Loans / Deposits	99%	95%	98%	85%
Equity / Assets	7.55%	9.64%	10.60%	9.74%
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Net Income	\$5,479	\$8,367	\$13,850	\$13,473
ROAA	0.55%	0.71%	1.04%	0.92%
ROAE	6.74%	6.94%	8.78%	8.19%
Net Interest Margin	4.23%	4.46%	4.60%	4.40%
Efficiency Ratio	70.7%	70.8%	68.2%	70.5%
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NPAs/ Assets	1.15%	0.99%	1.03%	0.87%
NCOs/ Avg Loans	0.07%	0.04%	0.02%	0.04%
LLR / Loans	0.63%	0.50%	0.50%	0.54%

(1) Source: S&P Global Market Intelligence as of June 30, 2020

(2) Source: S&P Global Market Intelligence / Company Reports

(3) Source: S&P Global Market Intelligence / Company reports; excludes PPP loans

# Pro Forma Branch Map



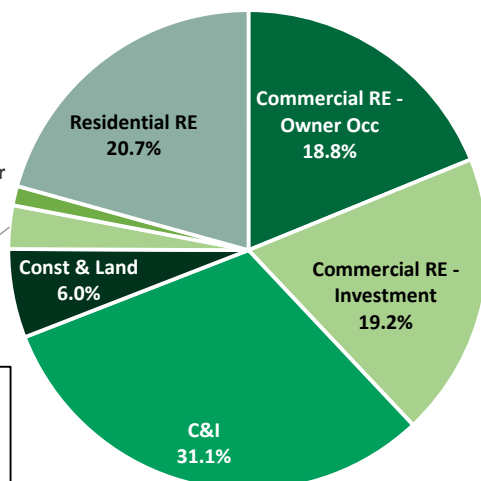
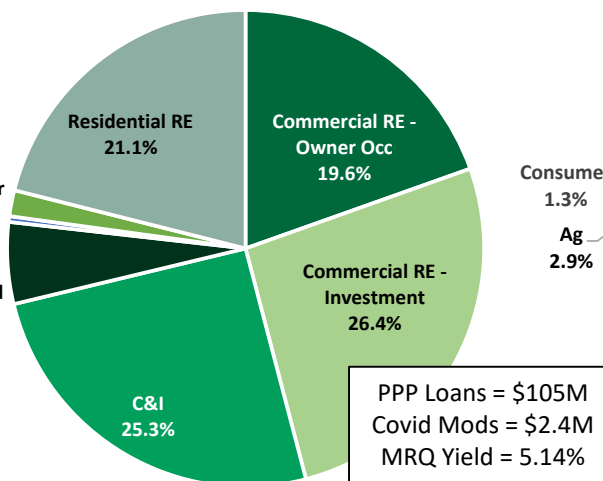
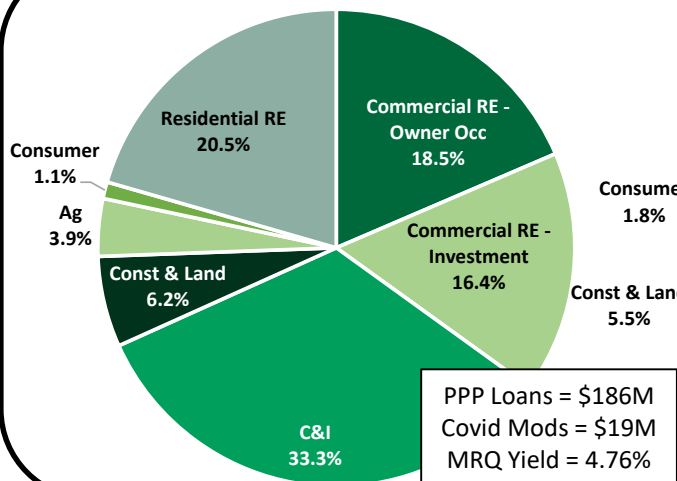
# Complimentary Loan & Deposit Franchises

Nicolet - \$2.8B

Mackinac - \$1.1B

Combined - \$3.9B

Loan Portfolio

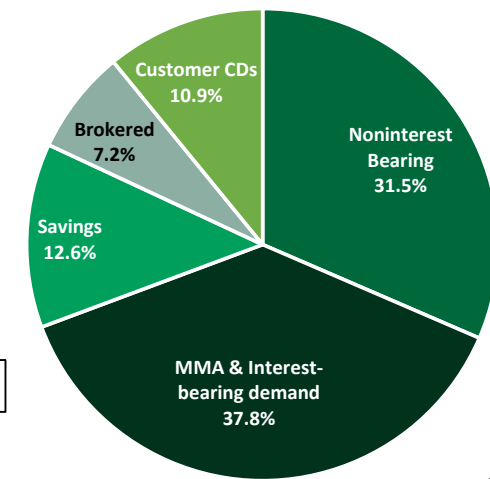
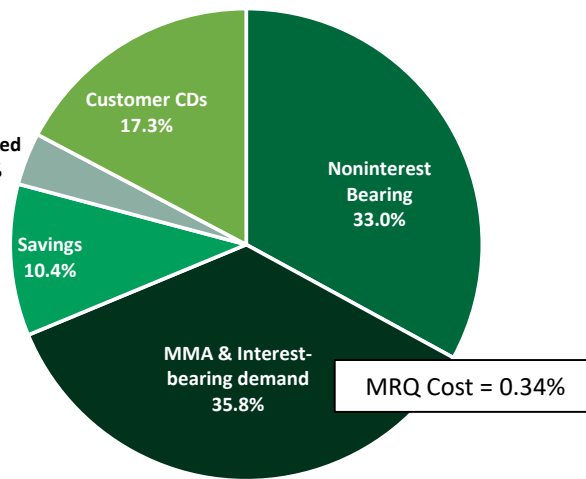
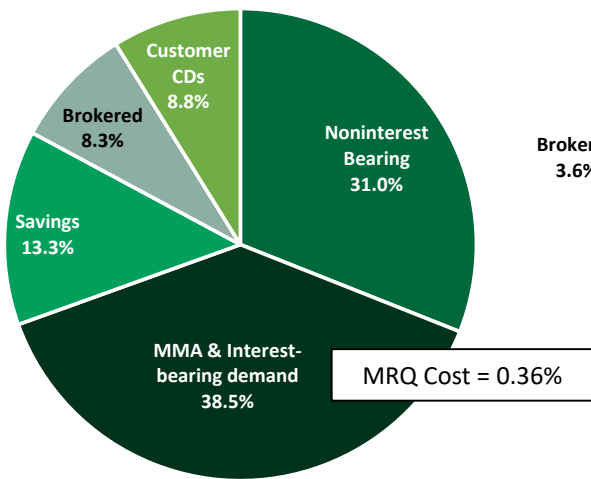


Nicolet - \$3.9B

Mackinac - \$1.3B

Combined - \$5.1B

Deposit Portfolio



# Transaction Overview and Assumptions

## Deal Structure

- Mackinac shareholders will receive 0.22x shares of Nicolet and \$4.64 in cash for each share owned
- Aggregate deal value of \$248 million<sup>(1)</sup>
- Mackinac to merge with and into Nicolet; mBank to merge with and into Nicolet National Bank

## Valuation Multiples<sup>(2)</sup>

- Price-to-Tangible Book Value: 169%
- Price-to-2020 EPS: 18.3x
- Price-to-EPS after Cost Savings: 9.8x
- Tangible Book Value Earnback Period: 1.9 years (crossover method)

## Key Assumptions

- Cost Savings of 30% of Mackinac's 2020 expense base (100% realized in 2022)
- \$20 million in estimated pretax deal expenses
- Loan credit mark of 1.8% on gross loans comprised of:
  - 0.55% PCD mark
  - 0.54% non-PCD mark (accreted back through earnings over the 3 year life of loans)
- Additional Day 2 CECL reserve of 0.70% of gross loans
- Core deposit intangible of \$4.8 million, amortized on an accelerated basis over 10 years

## Management & Board

- Paul Tobias (Mackinac Chairman & CEO) expected to join the Boards of Directors of Nicolet Bankshares and Nicolet National Bank
- Key Mackinac management to support Nicolet in ensuring a successful integration and client continuity

## Target Closing

- Anticipated close in third quarter 2021
- Subject to regulatory approvals, shareholder approvals by both Nicolet and Mackinac, and customary closing conditions



# Due Diligence Process

## Disciplined Acquirer

- Nicolet is an experienced acquirer having completed six bank acquisitions since 2013
- Long track record of earnings and tangible book value growth
- Historically out-performed initial cost savings estimates

## Comprehensive Diligence Approach

- Collaborative process lasting approximately 30 days
- Engagement of third party advisors
- Key focus areas: Credit Quality, Operations, IT, Legal, Compliance, HR, and Regulatory
- Nicolet's experienced credit diligence team reviewed a significant portion of the loan portfolio, including:
  - 77% of all commercial relationships (supported by Nicolet's familiarity with Northern Wisconsin portfolio)
  - 100% of adversely classified assets and Watch List credits
  - 100% of ABL credits
  - Particular focus on southeast Michigan portfolio
  - The retail loan portfolio based on payment performance
- Preliminary review of personnel at both institutions

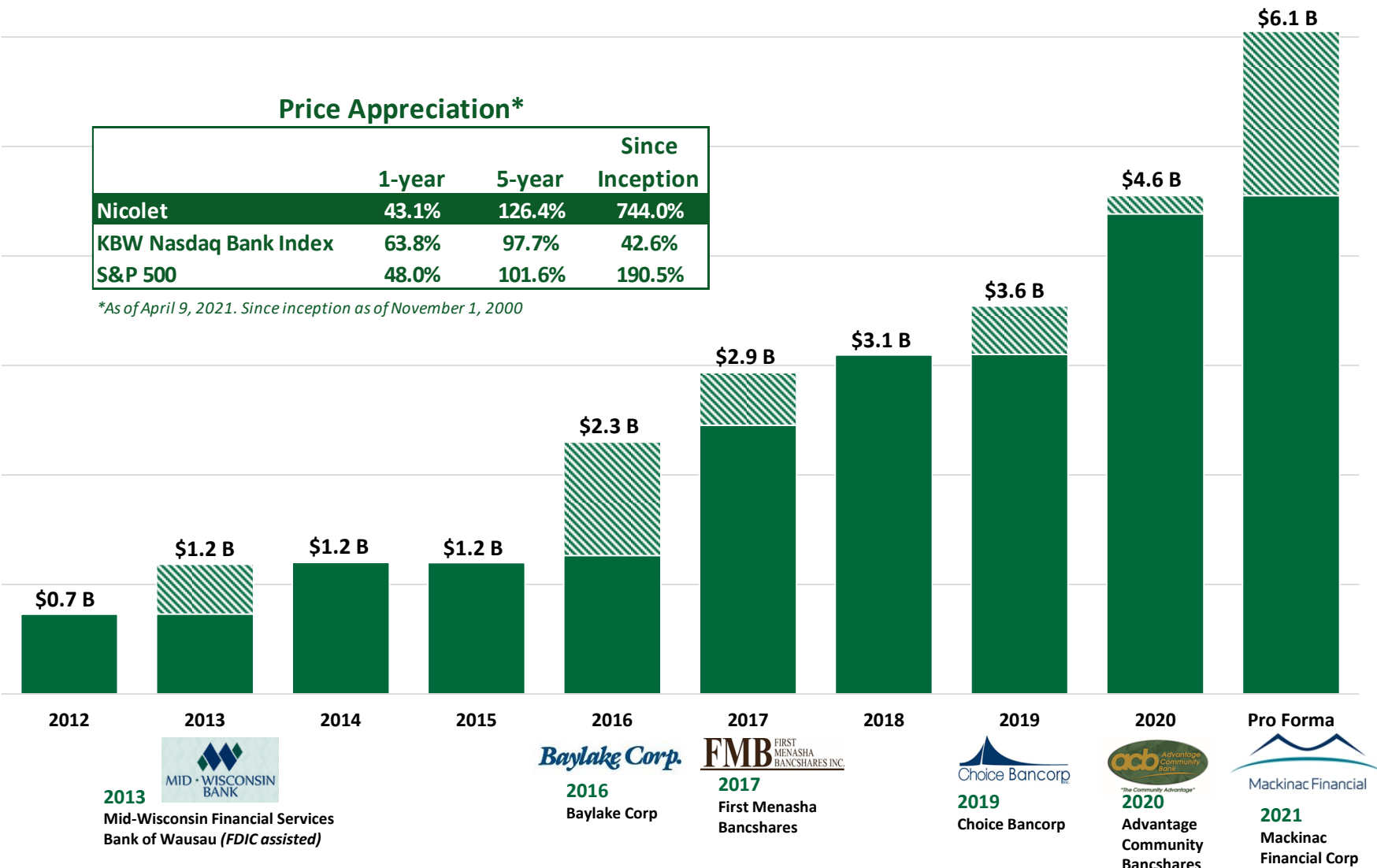
# Experienced & Seasoned M&A Leader in the Upper Midwest

## Price Appreciation\*

	1-year	5-year	Since Inception
Nicolet	43.1%	126.4%	744.0%
KBW Nasdaq Bank Index	63.8%	97.7%	42.6%
S&P 500	48.0%	101.6%	190.5%

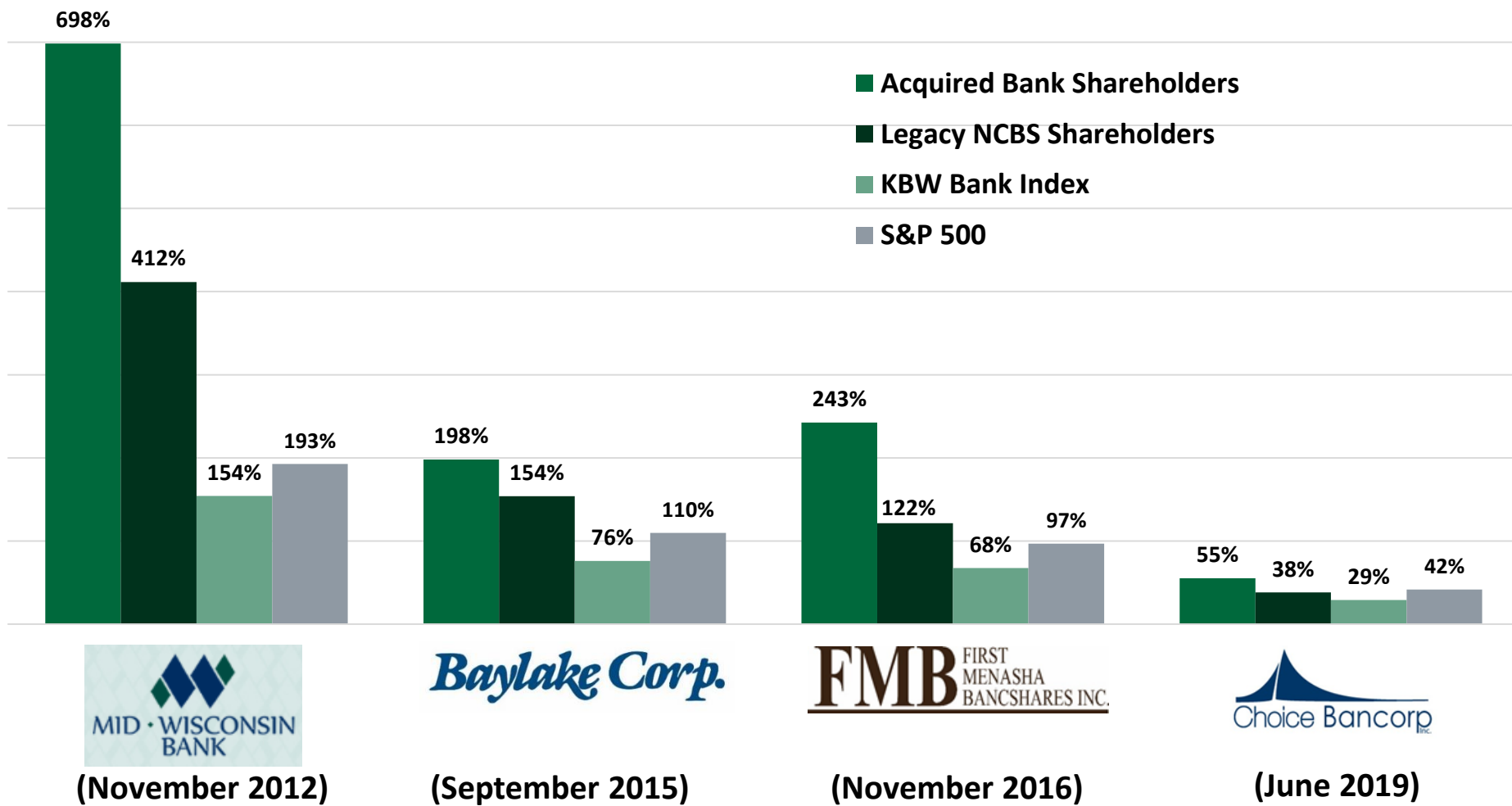
\*As of April 9, 2021. Since inception as of November 1, 2000

Assets



# Creating Superior Value for our Partners and Shareholders

## Shareholder Return Since Announcement (including Day 1 Premium)



# Transaction Highlights

- ✓ **Natural extension of Nicolet’s northern market strategy, with the opportunity to be the “lead local” bank across several markets similar to our own**
- ✓ **Mackinac’s strong retail presence throughout its markets builds upon Nicolet’s already low-cost core deposit base**
- ✓ **Attractive financial returns with strong EPS accretion in the first full year and short tangible book value earnback**
- ✓ **Minimal credit risk and further diversifies loan portfolio across a greater geography**
- ✓ **Accelerates ability to drive further efficiencies throughout both organizations**
- ✓ **Builds upon Nicolet’s current strengths and enhances scale, profitability, and performance**
- ✓ **Does not impact Nicolet’s interest or ability to pursue additional M&A in 2021**



# Nicolet

BANKSHARES, INC.

**Bob Atwell**

*Chairman, President & Chief  
Executive Officer*

(920) 430-7317

batwell@nicoletbank.com

**Mike Daniels**

*President & CEO*

*Nicolet National Bank*

(920) 430-7318

mdaniels@nicoletbank.com

**Ann Lawson**

*Chief Financial Officer*

(920) 617-5325

ann.lawson@nicoletbank.com

**Eric Radzak**

*Corporate Development  
Officer / Investor Relations*

(920) 617-4540

eradzak@nicoletbank.com