

NICOLET BANKSHARES, INC. AUDIT & COMPLIANCE COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities for Nicolet Bankshares, Inc. (the “Company”). Oversight responsibilities shall include but are not limited to: the independent external audit firm’s qualifications, performance and independence; the integrity of financial statements and disclosure matters; the system of disclosure controls and system of internal controls; the performance of internal audit function; the internal loan review function; and the process for monitoring compliance with laws and regulations and the Company’s policies (such as the Whistleblower Policy or violation of Code of Ethics).

Membership

The Committee shall consist of no fewer than three members of the Company’s Board who meet the independence and experience requirements of NASDAQ and the Securities and Exchange Commission (the “SEC”) rules and regulations. At least one member of the Committee shall be an “audit committee financial expert” in compliance with criteria established by the SEC or other relevant regulators, and all other members shall be able to read and understand financial statements.

All members of the Committee shall be independent of the management of the Company and free of any relationship that, in the judgment of the Board, would interfere with their exercise of independent judgment as Committee members. Each member of the Committee must satisfy all applicable membership and independence requirements set forth in the rules and regulations by regulatory bodies.

The Committee shall not prepare financial statements on behalf of the Company or perform the Company’s audits, and its members are not the Company’s auditors and do not certify the Company’s financial statements. The Company’s management and independent external auditor shall perform these functions.

Committee members will not engage in transactions that would have a material adverse effect on their independence or ability to act in the best interest of the shareholders. If there is any basis for believing a Committee member is not independent, the facts and circumstances shall be reported to the Company’s general legal counsel and the Board, and no action shall be taken until the Board, or the nominating Committee thereof, has determined that the Committee member is truly not independent.

Committee members cannot vote on any matter in which they, directly or indirectly, have a material interest.

Meetings

The Committee shall meet as frequently as circumstances dictate, but no less than four times annually. A majority of the members of the Committee shall constitute a quorum. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

The Committee shall, through its chairperson, report regularly to the Board following the meetings of the Committee, addressing such matters as: the performance and independence of the independent external audit firm, the quality of the Company's financial statements and disclosures, the effectiveness of the Company's internal control over financial reporting, the performance of the internal audit and loan review functions, compliance with legal or regulatory requirements and other matters related to the Committee's responsibilities.

Authority and Responsibilities

The Committee shall carry out the following responsibilities:

Independent External Auditor

- Have the sole authority to appoint (and dismiss) independent external auditors to conduct Company audits or to perform permissible non-audit services, with the independent external auditor ultimately accountable to the Committee with respect to audit and related work, and to oversee the performance of services by the independent external auditor
- Pre-approve any audit services and any permissible non-audit services prior to the commencement of the services. The Committee shall consider whether providing the non-audit services are compatible with maintaining the independent external auditor's independence.
- Determine and approve the scope, plan and associated fees for audit services to be provided by the independent external auditor prior to commencement of the audit
- Determine the scope and associated fees to be paid for any permissible non-audit services to be performed by the independent external auditor
- Discuss with the independent external auditor whether any disclosed relationships or non-audit services, or any other factors, may impact the objectivity and independence of the independent external auditor and on an annual basis the Committee shall present its conclusions to the full Board
- Oversee the resolution of disagreements between management and the independent external auditor if they arise
- At least annually, obtain and review a report by the independent external auditor describing:
 - The independent external auditor's internal quality control procedures
 - Any material issues raised by the most recent peer review, internal quality control review or by any inquiry or investigations by governmental or professional authorities within the preceding five years with respect to the independent external audits carried out by the independent external auditor, and steps taken to resolve such issues

Financial Statements and Disclosure Matters

- Review and discuss, at least quarterly, with management and the independent external auditor, the Company's annual audited consolidated financial statements and quarterly consolidated financial statements, including reviewing the Company's specific disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operation"
- Obtain from the independent external auditor, any material communications, such as a "management letter" or schedule of unadjusted differences

- Review and discuss with management and the independent external auditor, the processes for assessment of material misstatements, identification of notable financial statement risk areas and the response to such risks
- Review and discuss with management and the independent external auditor, any transactions or courses of dealing with parties related to the Company that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, or that are relevant to an understanding of the Company's financial statements
- Review and discuss with management and the independent external auditor a timely report from the independent external auditor with respect to:
 - Any major issues regarding accounting principles and financial statement presentation, including significant changes in the Company's selection or application of accounting principles
 - The independent external auditor's qualitative judgment about the appropriateness, and not just the acceptability, of accounting principles, use of estimates, basis for determining the amounts of estimates, and financial disclosures
 - Any significant difficulties or disagreements with management encountered during the course of the audit
 - Review any material financial or non-financial arrangements of the Company that do not appear on the financial statements of the Company and their related risks
 - Any other matters related to the Company's annual audit, including those matters that are required to be communicated to the Committee under applicable law and generally accepted auditing standards
- The audit committee may retain (and determine the funding for) experts to advise or assist it, including outside counsel, accountants, financial analysts or others, and the company shall provide sufficient funding.

Internal Control

- Consider the effectiveness of the Company's disclosure controls and internal control system, regarding finance, accounting, legal compliance and ethics, as well as information technology security and control
- Understand the scope of internal and external auditors' review of disclosure controls and internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses
- Receive and review any disclosure from the Company's CEO and CFO made in connection with the certification of the Company's quarterly and annual reports filed with the SEC of: (a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data; and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls
- Oversee procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by Company employees
- Review and approve all transactions defined as related-party

Internal Audit

- Be solely and directly responsible for the appointment, replacement, reassignment or dismissal of the Company's Internal Audit Manager
- Confirm the independence of the individual responsible for the Company's internal audit function
- Assess the effectiveness and performance of internal audit
- Take steps that are, in the sole judgment of the Committee, reasonable or necessary to ensure that the internal auditors are independent and the compensation and benefits allocated to the internal auditors are not subject to review or termination without the consent of the Committee
- Exercise general oversight over the internal audit function which includes approval of the annual internal audit plan
- Review changes in the planned scope of the internal audit plan
- Review the results of internal audits and reports to management prepared by the internal audit department or outsourced vendors, together with management's responses and follow-up to these reports
- Review internal control audit reports which indicate completion of annual regulatory requirements for FDICIA and Sarbanes Oxley (SOX)

Internal Loan Review

- Be solely and directly responsible for the appointment, replacement, reassignment or dismissal of the Company's Internal Loan Review Manager
- Ensure Internal Loan Review provides an objective appraisal of credit quality in order to identify potential loan problems and comply with established loan policies and federal regulations
- Review and approve the annual internal loan review plan
- Review changes in the planned scope of the internal loan review plan
- Review quarterly internal loan review reports
- Assess the effectiveness and performance of the Loan Review Manager

Compliance

- Discuss significant risks or exposures periodically with the independent external auditor, management and internal auditors
- Review the steps and programs that management and the internal auditors have taken to identify, monitor, control and report such risks or exposures
- Periodically require management, the internal auditors and the independent external auditor to review, report and comment on significant Company risks or exposures and actions needed to minimize such risks or exposures
- Oversee procedures whereby employees can confidentially and anonymously submit concerns or issues to the Committee regarding the Company's accounting or auditing matters, including their controls
- Review the procedures used to identify related parties and any transactions with related parties
- Review the Company's code of conduct and code of ethics and recommend any changes or additions
- Discuss periodically with management and evaluate the effectiveness of compliance with the Company's code of conduct and code of ethics and laws and regulations
- Review with management the Company's policies to encourage the reporting of potential illegalities and questionable accounting or auditing matters

- Review management recommendations to the board for changes in policies and procedures that reflect changes in law or policy
- Review with the Company's outside legal counsel any legal matters that may materially affect the Company
- Consider any emerging issues that the Committee should become involved with in the future

Other

- Review and reassess annually the adequacy of this Committee charter and recommend any changes
- Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement
- Perform such other functions as required by law or requested by the Board