

# Financial Executives International Northeast Wisconsin Chapter

## **People, Money & Work**

*October 22, 2020*

Bob Atwell, Chairman & CEO



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# How quickly perceptions have changed...

*“The events triggering this 2020 recession are quite different from those causing the financial crisis of 2008-2010, but the scale of the impact appears to be similar or perhaps worse. If the retail shut-down or travel fears effectively cancel our regional seasonal peak, decisions will be harder yet, as these borrowers will essentially be dealing with a lost year.”*

*- Bob Atwell, Chairman’s message to shareholders, 4/21/20*

**90 days later**

*“There remains ample cause for concern about the long term impact of COVID-19 on our customer base, but what we see most clearly in this quarter is the strength and resilience of our core franchise.*

*We now have about four months of real time, pandemic-related data on the operating businesses that comprise the heart of our loan portfolio. There remains plenty of anxiety and fear about the future, but not to the level that gripped our customer base in April.*

*The future is challenging, but we have confidence in our values, our customers and each other.”*

*- Bob Atwell, Chairman’s message to shareholders, 7/21/20*

**90 days later**

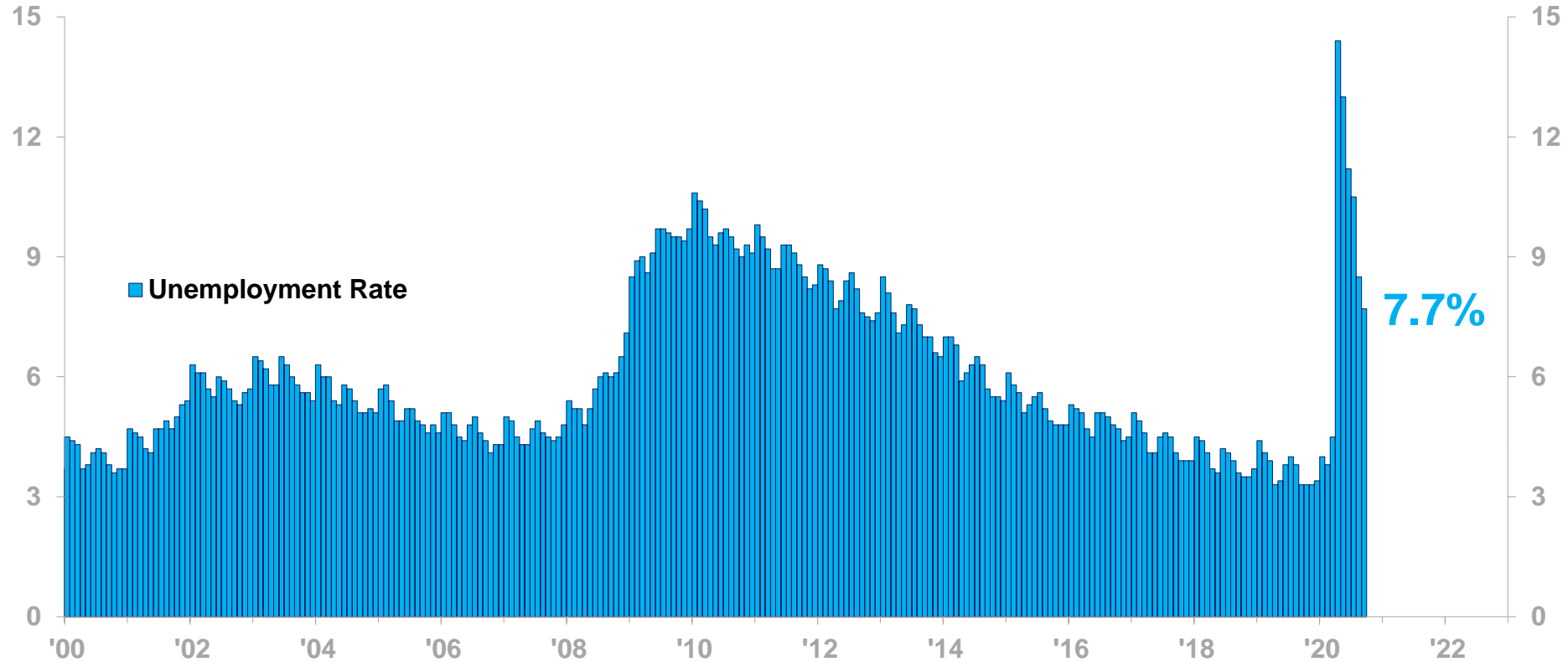
*“We are experiencing the inspiring resilience of our core customer base. Our commercially focused customers as a group have remained profitable and liquid”*

*- Bob Atwell, Chairman’s message to shareholders, 10/20/20*

# Regional Economic Impact of Covid

1. Resilience and Adaptability
2. Unemployment
3. What Shutdown?
4. Liquidity and Profitability
5. Impacted Segments
6. 3.1 Trillion & 8 Trillion

# US Unemployment Coming Down & Employment Rising



# What Nicolet's Balance Sheet can tell us about the pandemic

	February 29, 2020	June 30, 2020	120-day Change
Cash	\$92	\$823	+\$731
PPP loans	-	\$329	+\$329
Other Loans	\$2,576	\$2,503	-\$72
<u>Other Assets</u>	<u>\$826</u>	<u>\$886</u>	<u>+\$60</u>
Total Assets	\$3,494	\$4,541	\$1,047
Deposits	\$2,879	\$3,538	+\$659
Other Funding	\$63	\$418	+\$336
Other Liabilities	\$36	\$53	+\$17
Equity	\$515	\$533	+\$18

## Why such a large increase in cash?

+\$200 million from liquidity hedge ("insurance policy")

+\$531 million from deposits from

- Businesses parking their PPP funds for potential later use
- Safe haven move by consumers into bank deposits given market volatility
- Stimulus funds from consumers

# Learning and Unlearning

1. Data Driven
2. Human Capital
3. Corporate Purpose
4. Competition
5. Friendship
6. Giving Back



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GAAP: Aims to capture mistakes, not missed opportunities

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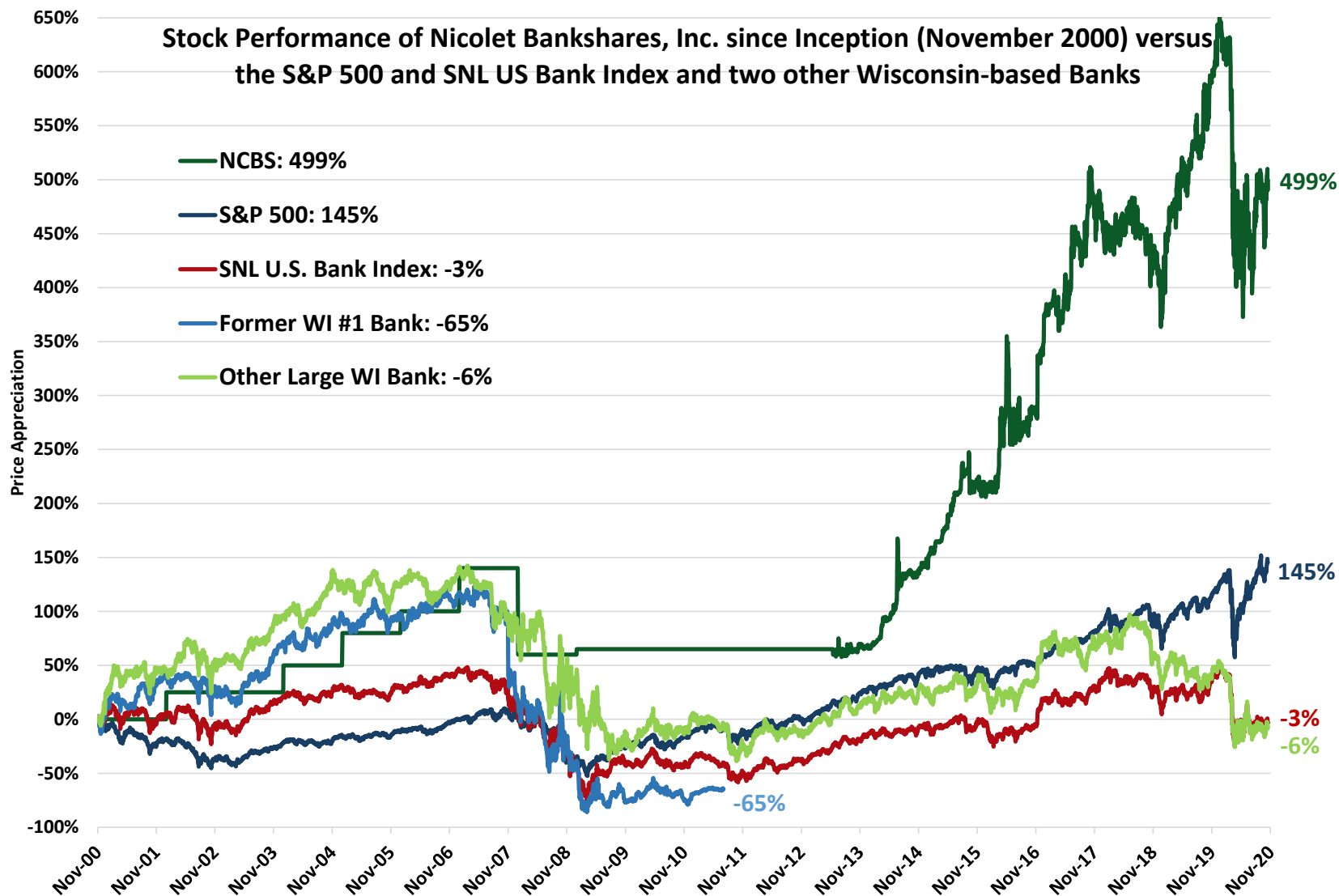
Business Leadership: **AVOIDS** mistakes and captures opportunities



1. Not capital – its people
2. Not self-interest – reciprocity
3. Not competition – rather cooperation

# **People, Work & Money**

# Stock Price Performance



Source: S&P Global; "Former WI #1 Bank" was acquired in June 2011