Third Quarter 2021 Earnings Presentation

OCTOBER 21, 2021

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Forward-Looking Statements

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Within the charts and tables presented, certain segments, columns and rows may not sum to totals shown due to rounding.

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This presentation includes certain non-GAAP financial measures. These non-GAAP measures are provided in addition to, and not as substitutes for, measures of our financial performance determined in accordance with GAAP. Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered superior to, in isolation from, or as a substitute for, related GAAP measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found at the end of this presentation.

2021 Third Quarter Update

3Q 2021 results reflect positive revenue growth trends

Associated Banc-Corp Reports Third Quarter 2021 net income available to common equity of $85 million, or $0.56 per common share

Expanding Revenue Trends

- QoQ growth in:
  - Loan and securities interest income
  - Fee-based revenues
  - Mortgage banking and capital markets revenues
- QoQ reductions in both deposits and funding interest expense

Strong Credit Dynamics

- Negative provision of $24 million
- Net charge offs of $8 million
- Net reserve release of $32 million
- Nonaccrual loans down 8% from 2Q
- Appropriately reserved with ACLL to loan ratio of 1.41% as of 9/30/21

Disciplined Expense Management

- Approximately $2 million of initiative-related expenses incurred
- Excluding initiative-related expenses, total noninterest expense growth of approximately 1% QoQ

Contributing to Improving Profitability and Capital Trends

- ROATCE of 12.72%
- ROATA of 1.05%
- Repurchased $60 million of common stock
- Increasing tangible book value per share; $17.58 as of 9/30/21

Third Quarter Loan Update

3Q 2021 results reflect positive trends across several core Commercial loan categories

Commercial Loan Update

- Commercial & Business Lending average loan growth (excl. PPP) of $271 million, or over 3% QoQ
- Continued growth in specialized lending categories including Power & Utilities, REIT and Mortgage Warehouse
- CRE Construction average loan growth of 1% QoQ

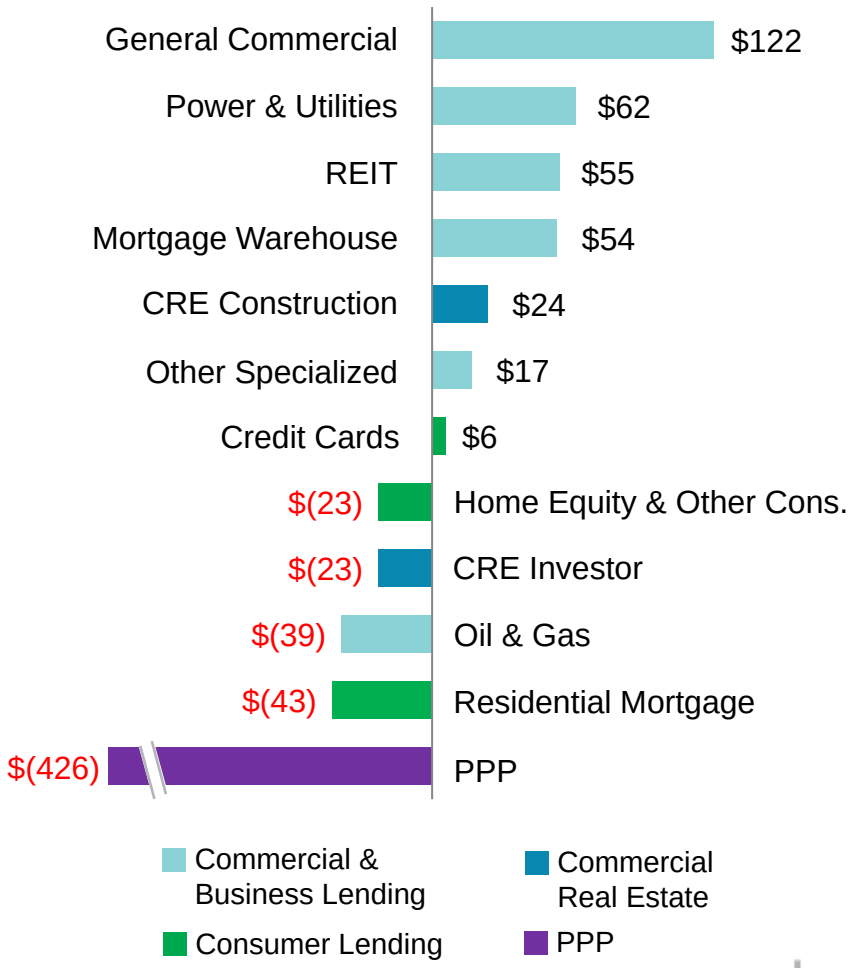
Consumer Lending Update

- Credit card outstandings increased 6% QoQ
- Launched Auto Finance vertical on September 30th

Runoff Portfolio Trends

- PPP portfolio continued to pay down as expected
- Oil & Gas continues to run off

Average Loan Change (2Q 2021 to 3Q 2021)

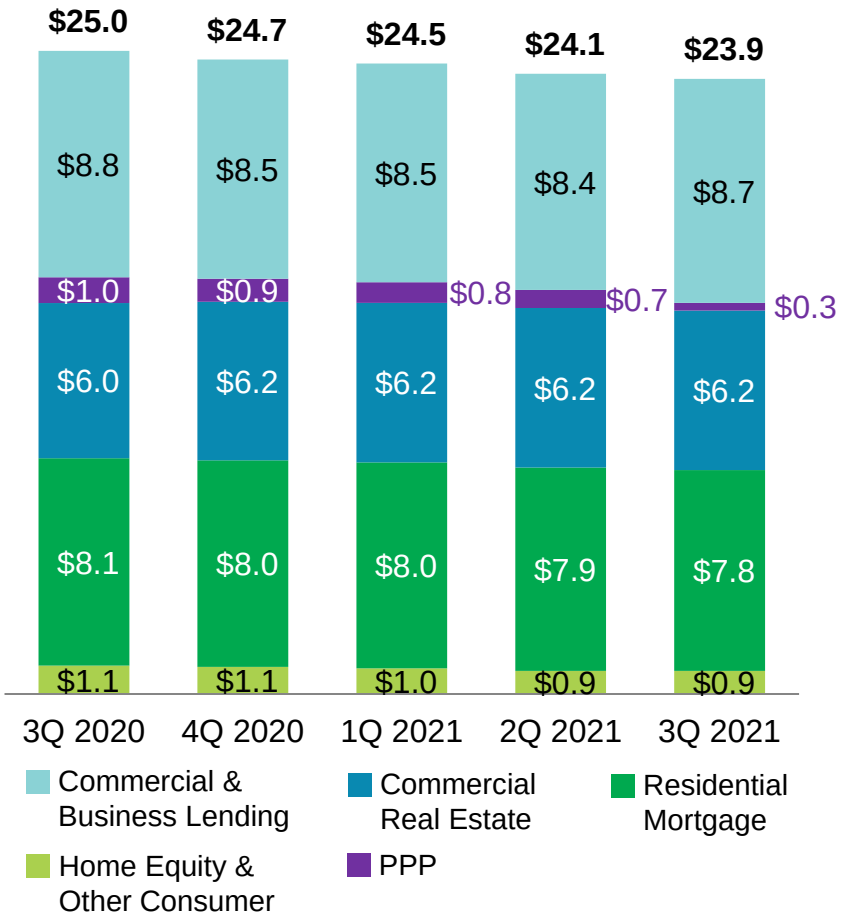


Loan Trend Updates

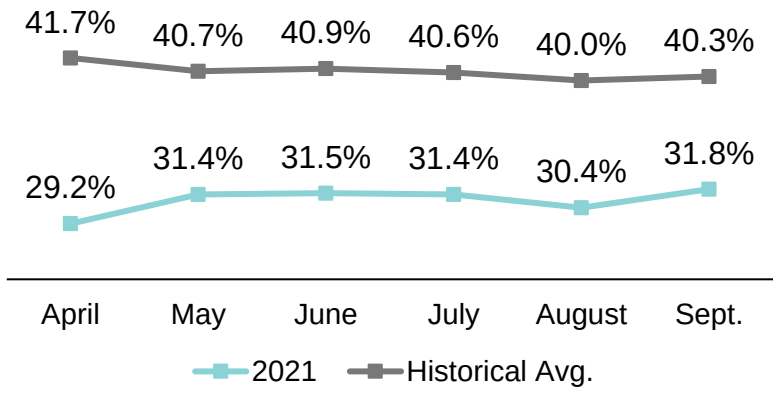
Commercial & Business Lending, along with CRE Construction, drove quarterly loan growth

Average Quarterly Loans

($ in billions)

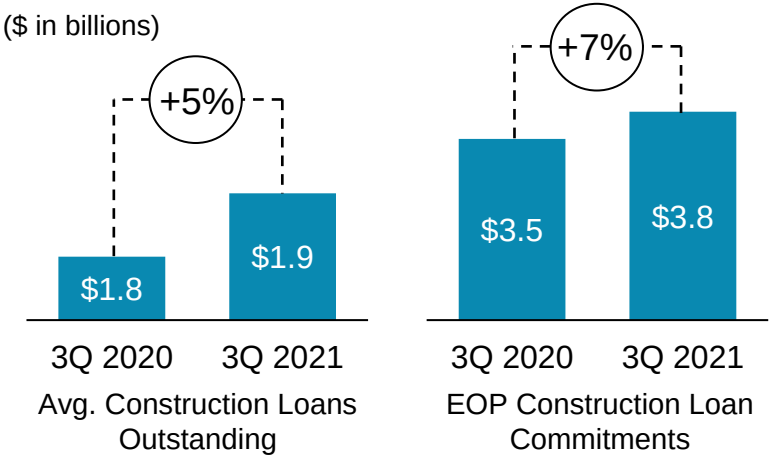


Commercial Banking Line Utilization[1]



YoY CRE Construction Lending Metrics

($ in billions)

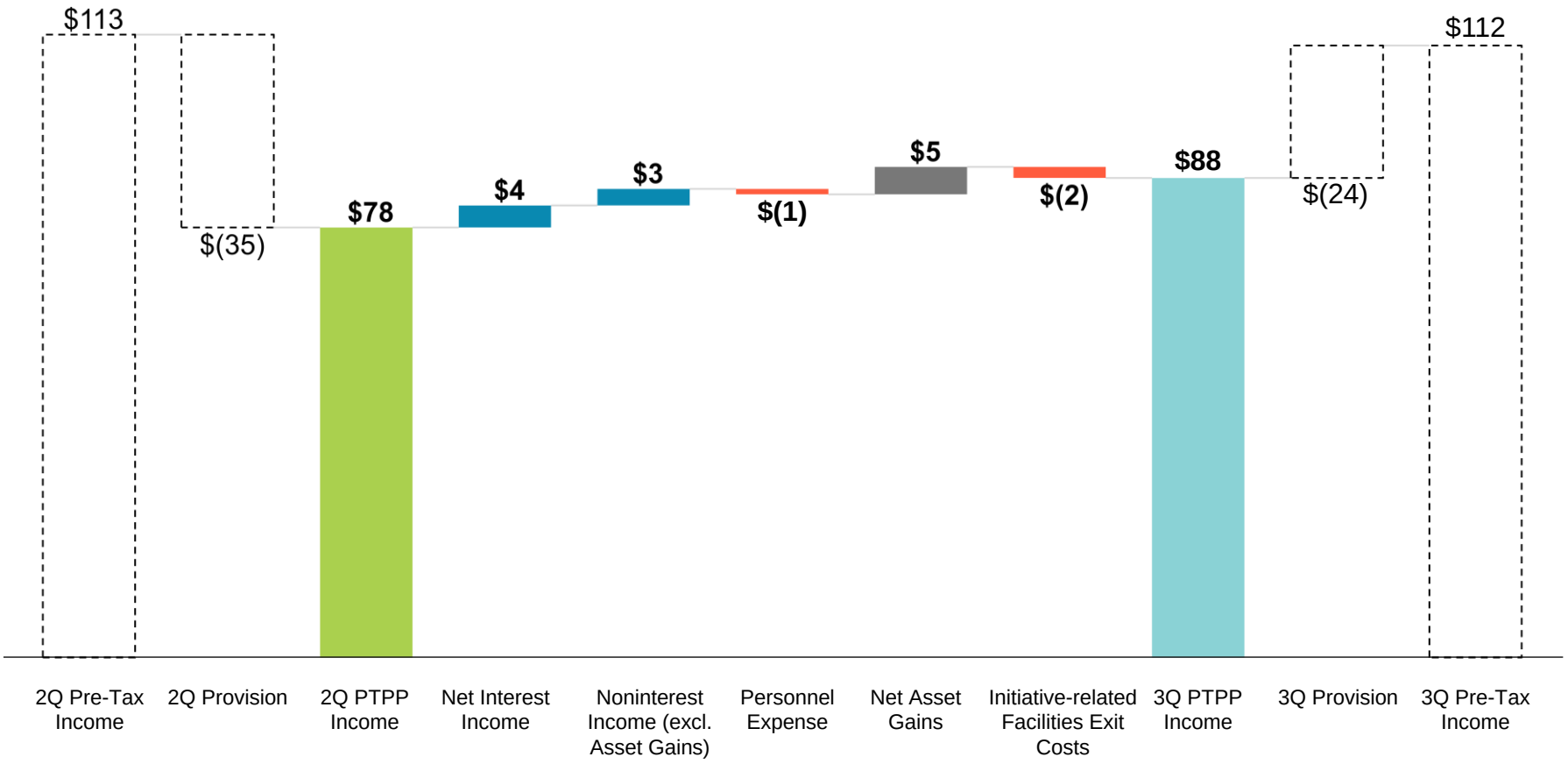


[1] Outstanding Balances / Total Exposure of Commercial Banking Revolving Credit Lines. Monthly historical average reflects 2017, 2018 and 2019 data.

3Q 2021 Pre-Tax Pre-Provision Income[1] Walk-Forward

3Q PTPP expansion driven by higher net interest income, fees, asset gains and controlled expenses

($ in millions)



[1] A non-GAAP measure. Please refer to the appendix for a reconciliation of pre-tax pre-provision income to income before income taxes. Given the adoption of CECL last year and the volatility of provision during the pandemic, we believe pre-tax pre-provision income provides meaningful disclosure to investors regarding the Company's operations.

Strategic Initiative Updates

We announced a new growth focused and digital forward vision for Associated on September 9, 2021

Expanding our Lending Capabilities

- Booked our first Auto Finance loans on September 30, 2021
- New Head of Asset-Based Lending started in September
- New President of Equipment Finance started today (10/21/21)

Growing our Core Businesses

- Increased Commercial and Business relationship managers by seven and added three SBA lending positions in 3Q
- Named a new Head of Wealth Management in 3Q

Investing in our Digital Transformation

- On track to launch new digital platform with open architecture, improved user experience and customization in 1Q 2022
- Moved mortgage origination platform and Microsoft Mobility to cloud-based environments, enabling us to drive a better customer experience with faster response times

Optimizing Capital Proactively

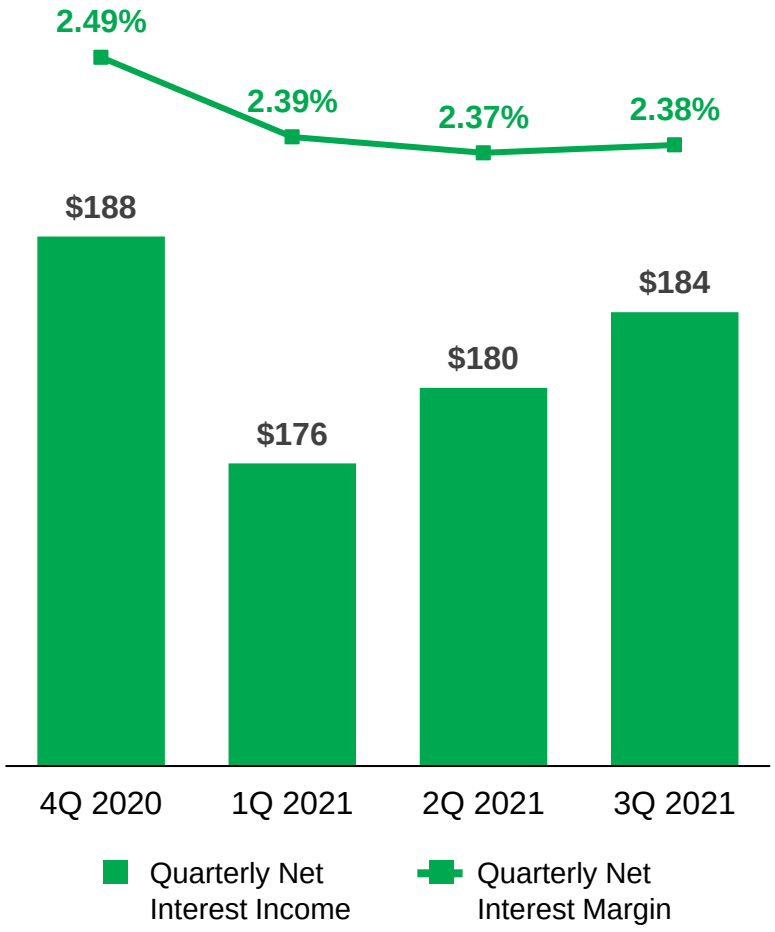
- Redeemed $100 million of Series D preferred stock during 3Q
- Repurchased $60 million of common stock during 3Q
- Increased the 3Q common stock dividend paid by 11%

Net Interest Income and Yield Trends

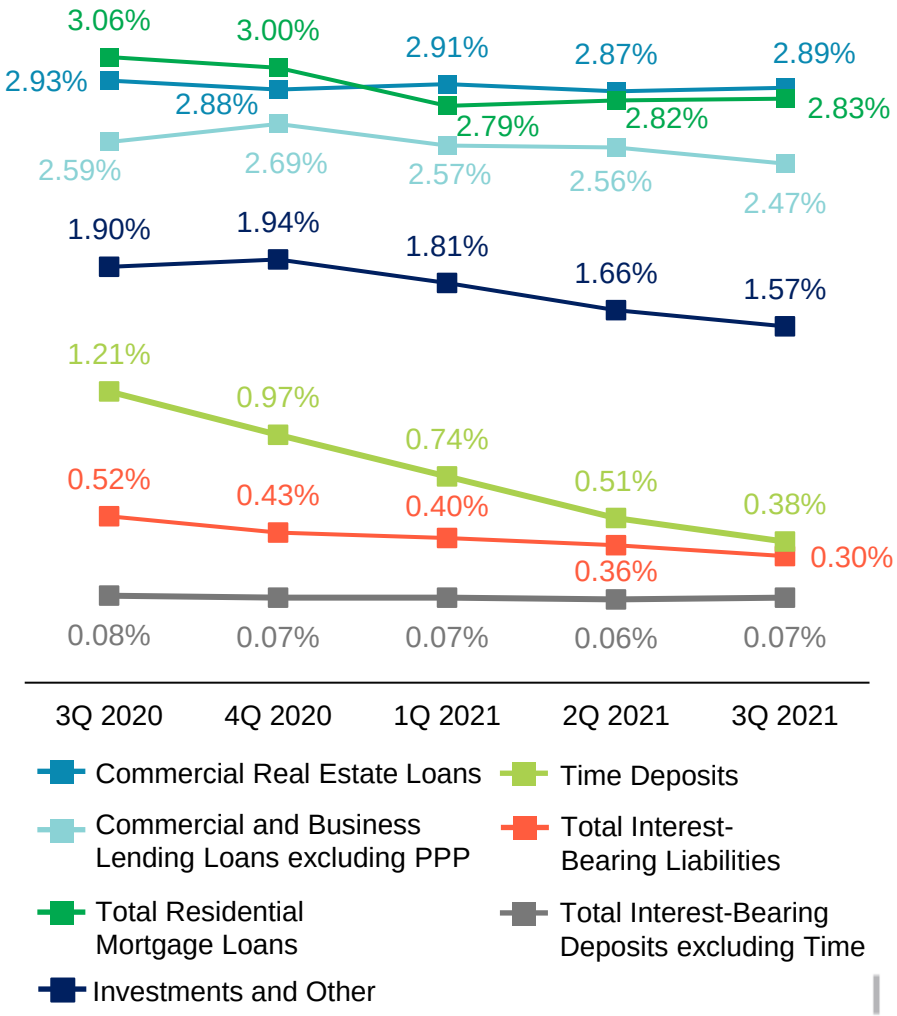
3Q 2021 NII expanded by over 2%, but margins were pressured by increased liquidity

NII and NIM Trends

($ in millions)



Average Yields

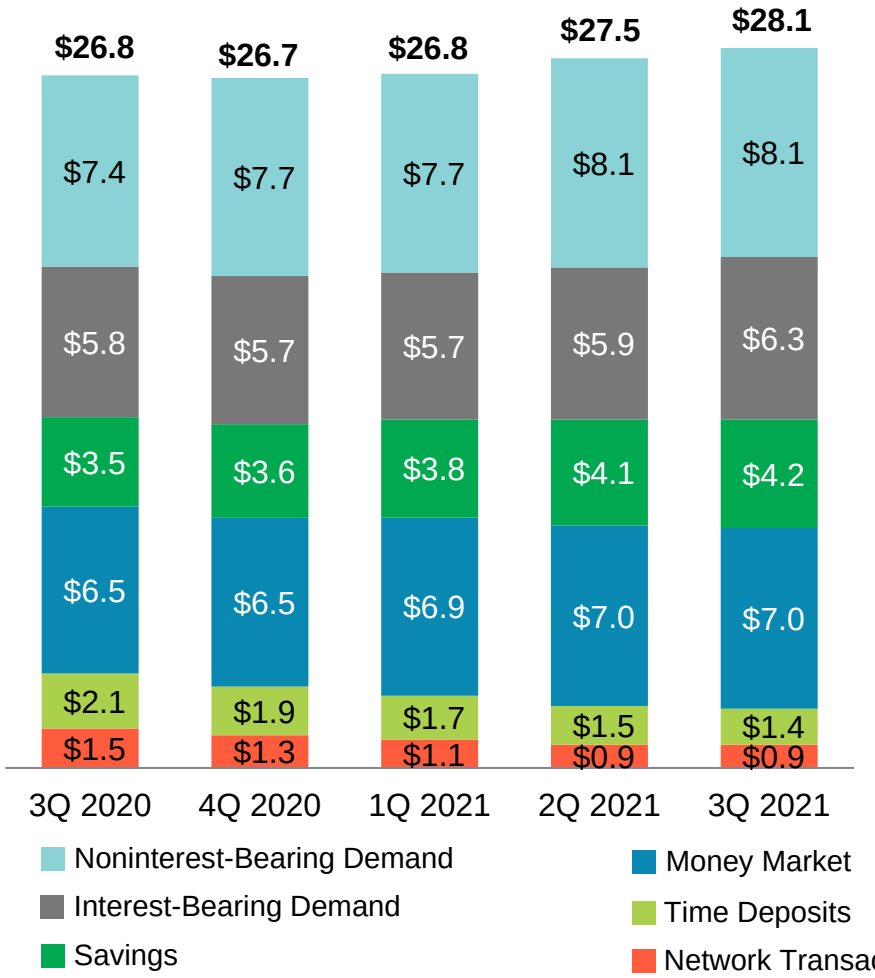


Quarterly Funding Trends

We continue to improve the mix of low-cost, core customer funding and reduce our higher-cost liabilities

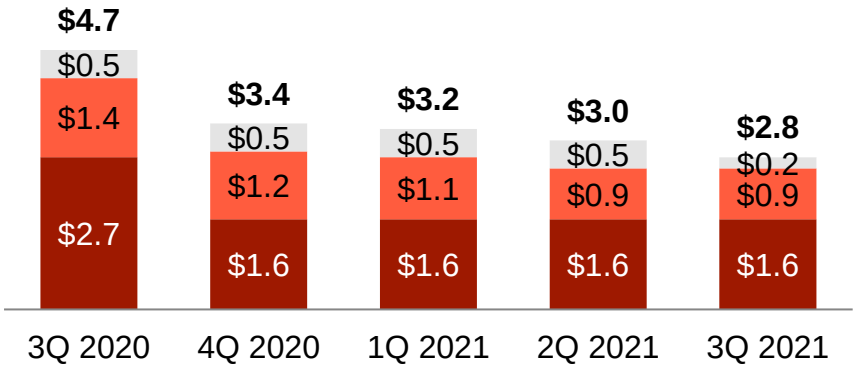
Average Quarterly Deposits

($ in billions)

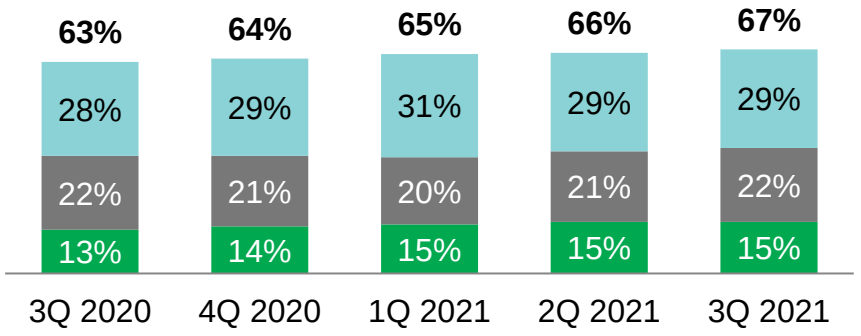


EOP Wholesale Funding Trends

($ in billions)



EOP Low-Cost Deposit Mix Trend

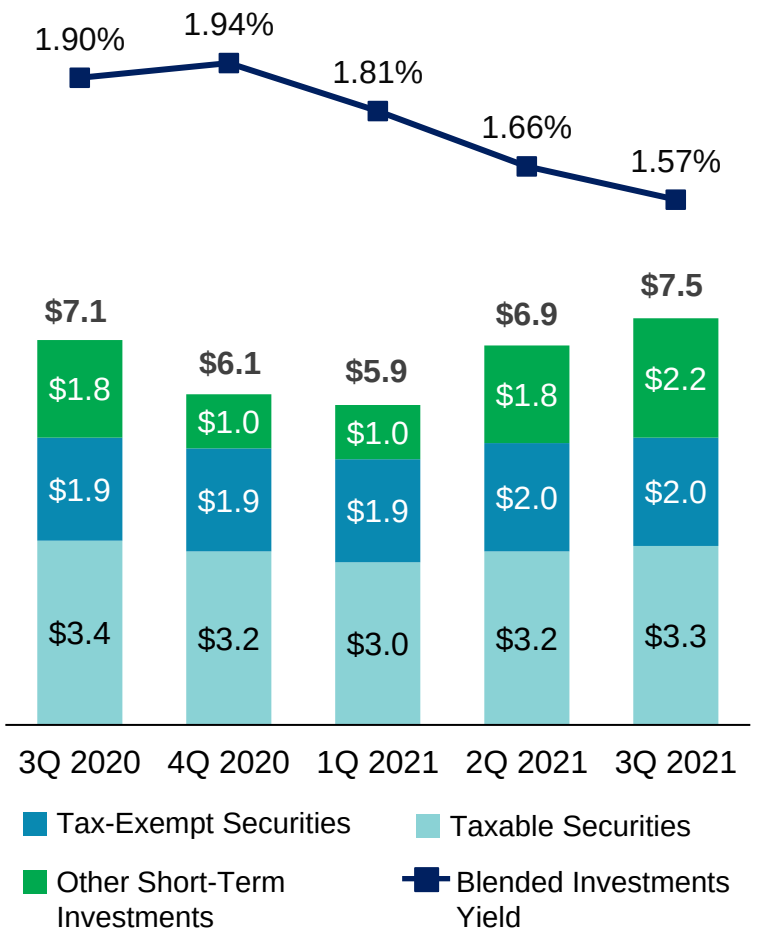


Cash and Investment Securities Portfolio

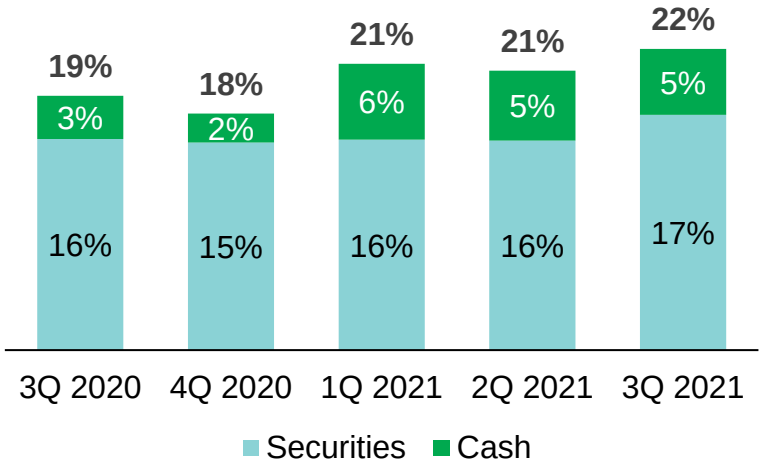
We are targeting rebuilding the investment portfolio to 20%+ of assets by year-end 2022

Average Investments and Yield Trends

($ in billions)



EOP Securities + Cash / Total Assets



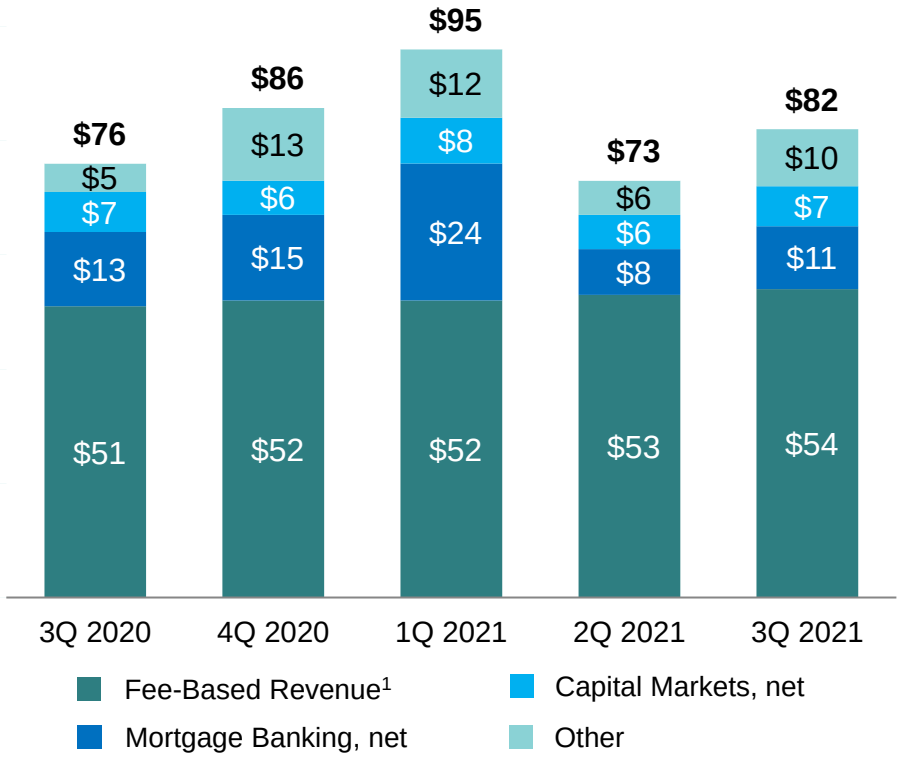
- We anticipate deploying our current $1+ billion of excess liquidity into investment assets over the next nine months
- We expect the overall reinvestment portfolio yields to be approximately 2% or better; as compared to our 3Q blended investment yield of 1.57%

Noninterest Income Trends

3Q 2021 noninterest income grew by $9 million QoQ with gains in several core categories

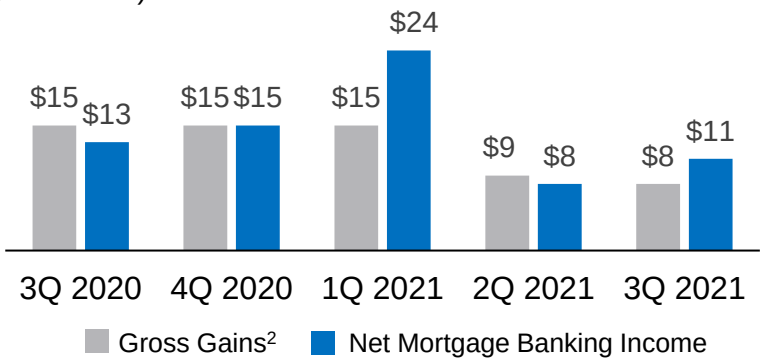
Noninterest Income Trend

($ in millions)



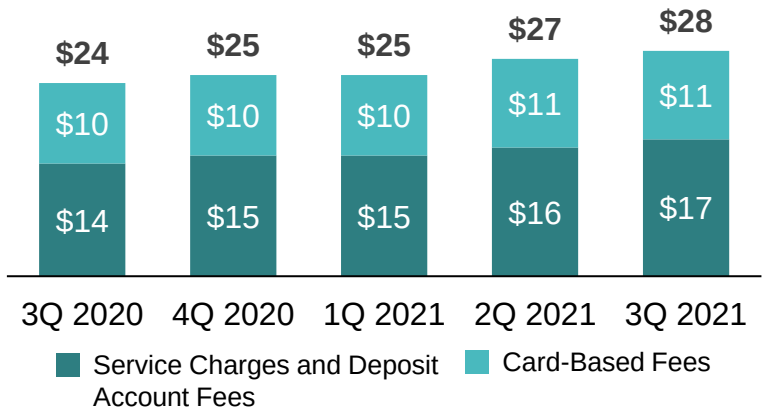
Net Mortgage Banking Income

($ in millions)



Deposit and Card Fees

($ in millions)



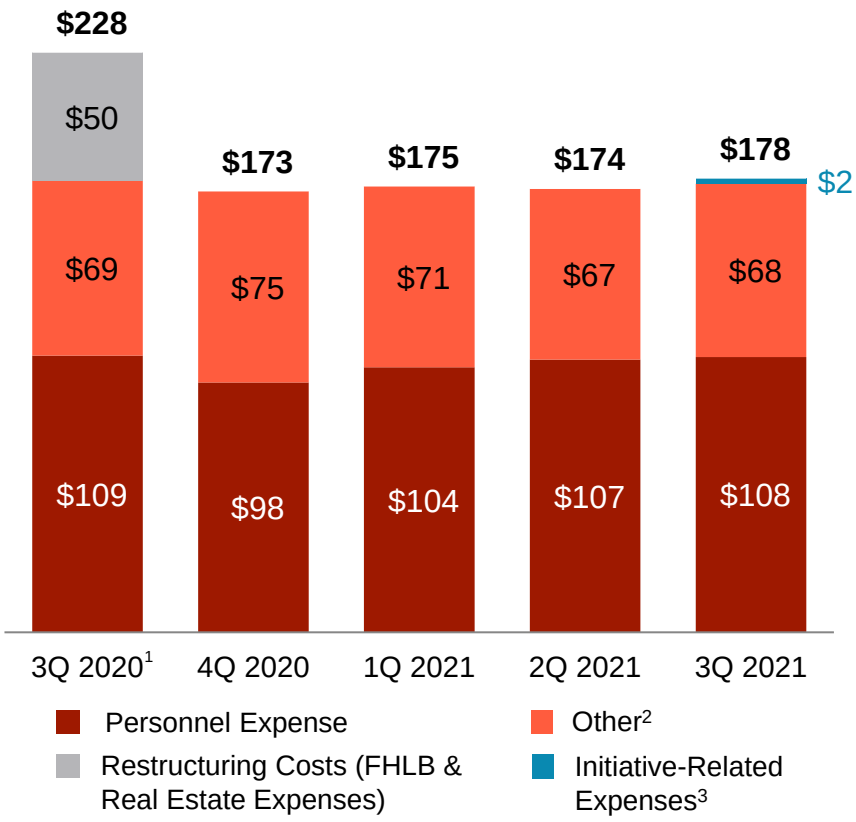
[1] A non-GAAP financial measure. Please refer to the Appendix for a reconciliation of fee-based revenue to noninterest income.
[2] Mortgage banking gains and fair value adjustments on loans held for sale.

Noninterest Expense Trends

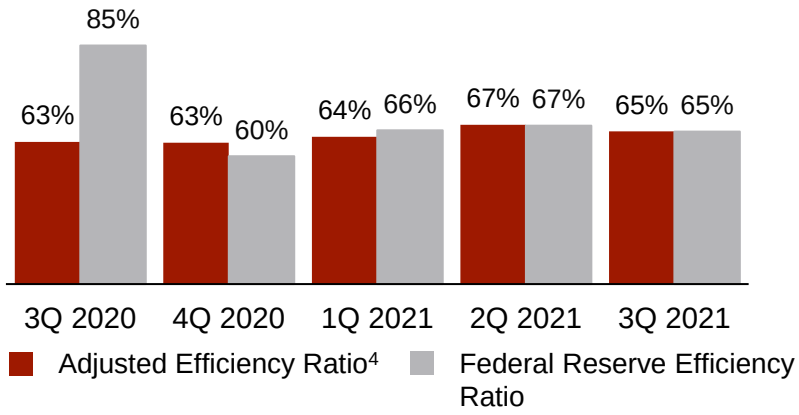
Noninterest expense up 2% QoQ including impact of new strategic growth initiatives

Noninterest Expense Trend

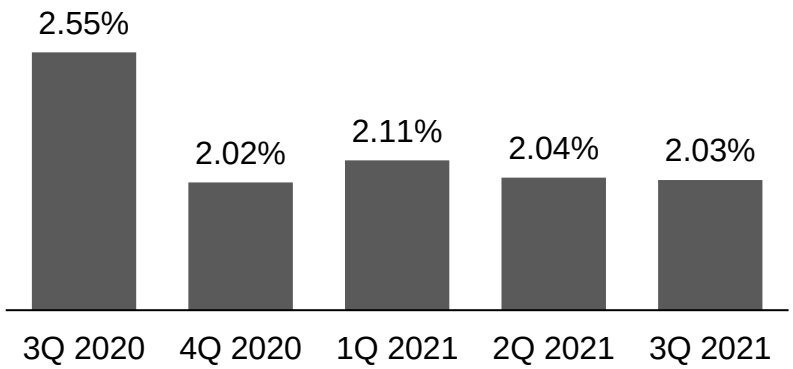
($ in millions)



Adjusted Efficiency Ratio[4]



Noninterest Expense / Average Assets[5]

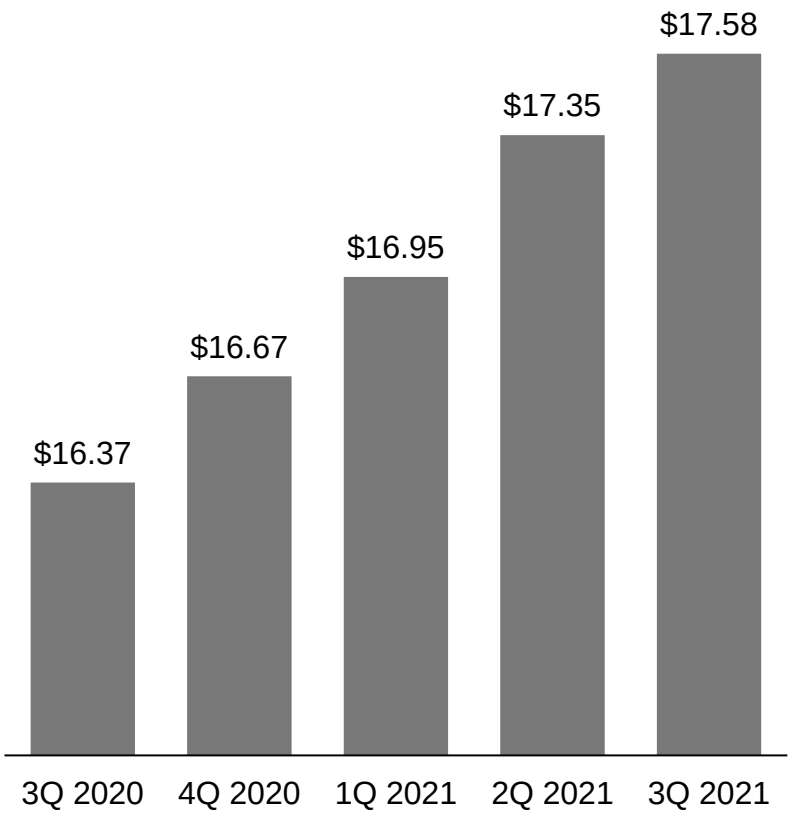


[1] Personnel expense includes $10 million of severance.
[2] Other expenses are primarily comprised of Technology, Occupancy, Equipment, Business Development, Legal and Professional, and FDIC Assessment costs.
[3] Reflects $2 million of expenses related to the initiatives announced on September 9, 2021. These are primarily facilities related exit costs.
[4] A non-GAAP financial measure. Please refer to the Appendix for a reconciliation of the adjusted efficiency ratio to the Federal Reserve efficiency ratio.
[5] Annualized.

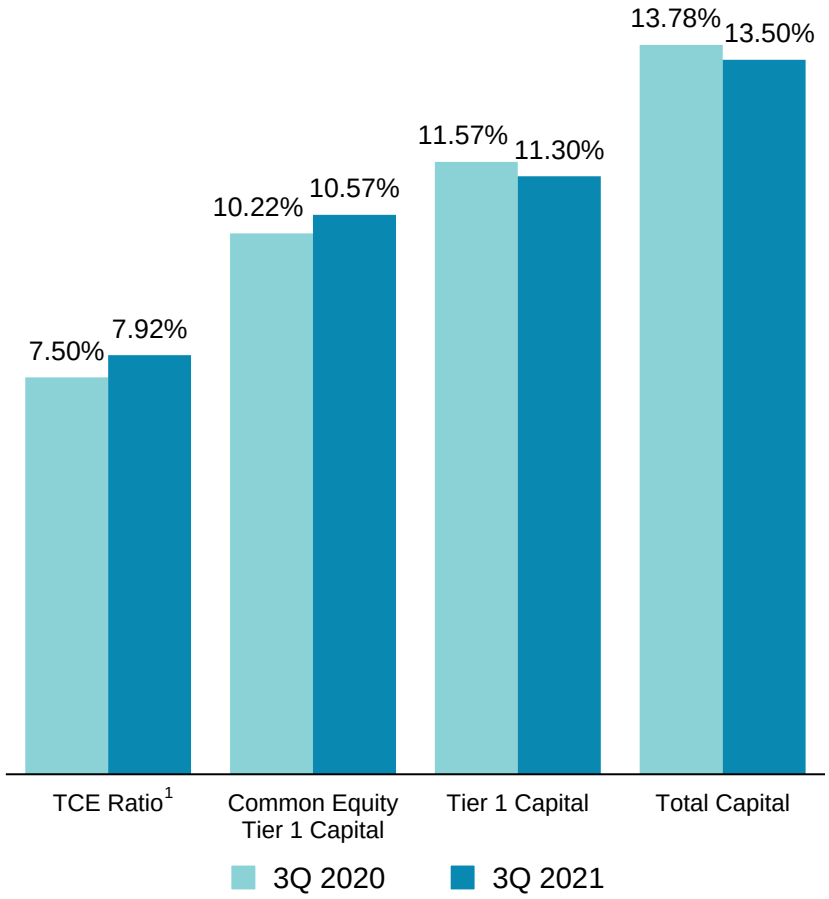
Strong Capital Position

Tangible Book Value has increased 7% from 3Q 2020 through 3Q 2021

Tangible Book Value / Share



Capital Ratios



[1] Tangible common equity / tangible assets. This is a non-GAAP financial measure. See Appendix for a reconciliation of non-GAAP financial measures to GAAP financial measures.

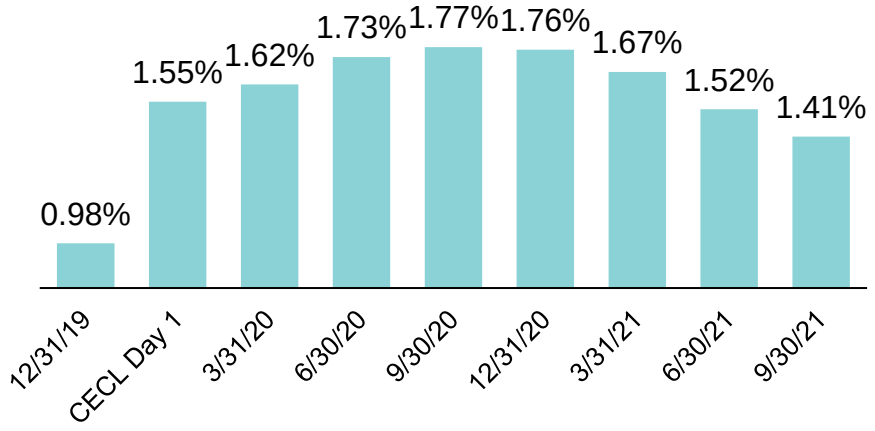
Allowance Update

Net Reserve Release of $32 million, reflecting strong dynamics throughout the portfolio

Third Quarter 2021 ACLL

- Allowance for credit losses on loans (ACLL) decreased $32 million at the end of 3Q 2021 from 2Q 2021
- Net charge offs of only $8 million; or 0.13% of average loans
- 3Q 2021 provision of negative $24 million, compared to negative $35 million in 2Q 2021 and provision of $43 million in 3Q 2020
- CECL forward looking assumptions based on Moody's September 2021 Baseline forecast

ACLL / Total Loans



($ in thousands)

Loan Category	ACLL[1] CECL Day 1	ACLL[1] / Loans CECL Day 1	ACLL[1] 6/30/2021	ACLL[1] / Loans 6/30/2021	ACLL[1] 9/30/2021	ACLL[1] / Loans 9/30/2021
C&BL (excl. Oil & Gas and PPP Loans)	$ 92,203	1.19%	$106,682	1.24%	$103,370	1.20%
C&BL Oil & Gas	68,687	14.08%	$ 31,505	16.15%	$ 17,475	10.06%
PPP Loans	-	-	$ 232	0.06%	$ 125	0.07%
CRE - Investor	43,331	1.14%	$ 84,093	1.96%	$ 82,182	1.91%
CRE - Construction	58,261	4.10%	$ 66,842	3.55%	$ 56,441	3.08%
Residential Mortgage	50,175	0.62%	$ 43,230	0.57%	$ 41,620	0.55%
Other Consumer	41,768	3.47%	$ 31,501	3.38%	$ 31,059	3.41%
Total	**$354,425**	**1.55%**	**$364,087**	**1.52%**	**$332,273**	**1.41%**
Total (excl. PPP Loans)	$354,425	1.55%	$363,854	1.55%	$332,147	1.42%

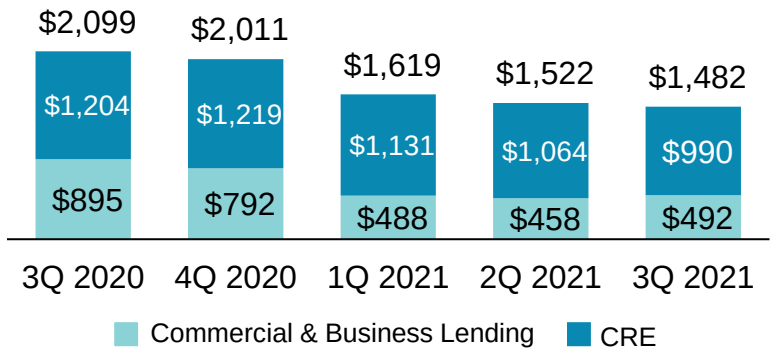
[1] Includes funded and unfunded reserve for loans, excludes reserve for HTM securities.

Credit Quality Trends

Credit metrics largely continued to improve during the third quarter

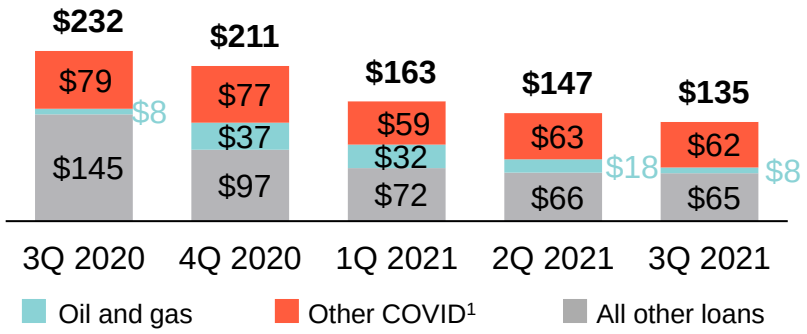
Key COVID Commercial Loan Outstandings[1]

($ in millions)



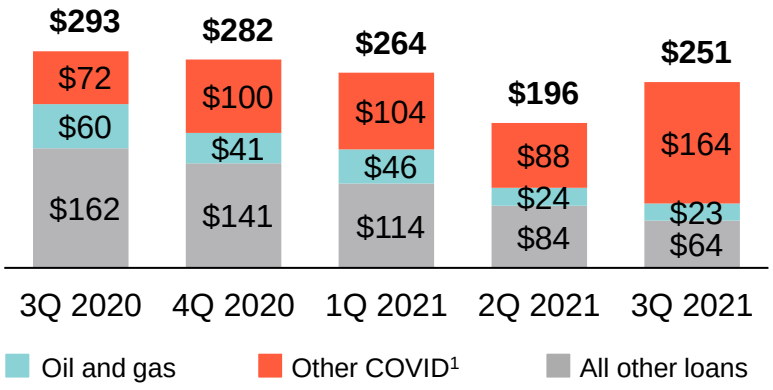
Nonaccrual Loans

($ in millions)



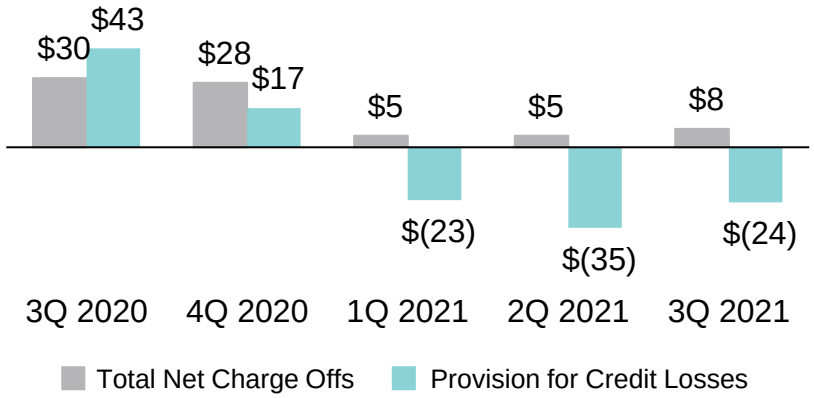
Potential Problem Loans

($ in millions)



Net Charge Offs and Provision

($ in millions)



[1] Please see Appendix for more detail on our Key COVID Commercial Loan Exposures.

Updated 2021 Full-Year Outlook

	Previous Guidance (9/9/2021)	*Updated Guidance*
Balance Sheet Management	▪ Commercial loan growth, excl. PPP, of 2-4% ▪ Full-year net interest margin of 2.45% to 2.55% ▪ Target investments / total assets ratio of 17% to 19%	▪ Commercial loan growth, excl. PPP, of approximately 2% ▪ Full-year net interest margin of approximately 2.40% ▪ No change to range
Total Revenue	▪ Total revenue of $1.045 billion to $1.060 billion ▪ Noninterest income of $315 million to $325 million	▪ No change to range ▪ Upper end of range
Expense Management	▪ Approximately $705 million to $711 million of noninterest expense in 2021; including initiatives and proposed facilities exit costs ▪ Effective tax rate of 19% to 21%	▪ No change to range ▪ No change to range
Capital & Credit Management	▪ Target TCE at or above 7.5%; Target CET1 at or above 9.5% ▪ Expect a further net reserve release in 3Q	▪ No change in targets ▪ For the fourth quarter, we expect to adjust provision to reflect changes to risk grade, economic conditions, other indications of credit quality, and loan volume

Appendix

Total Loans Outstanding Balances as of September 30, 2021

Well-diversified $24 billion loan portfolio

($ in millions)

	9/30/2021[1]	% of Total Loans
C&BL (by NAICS[2])		
Utilities	$ 1,734	7.3%
Wholesale/Manufacturing	1,587	6.7%
Real Estate (includes REITs)	1,352	5.7%
Mortgage Warehouse	1,232	5.2%
Finance & Insurance	393	1.7%
Construction	359	1.5%
Retail Trade	303	1.3%
Health Care and Social Assistance	299	1.3%
Rental and Leasing Services	248	1.1%
Professional, Scientific, and Tech. Serv.	213	0.9%
Mining[3]	207	0.9%
Waste Management	161	0.7%
Transportation and Warehousing	161	0.7%
Accommodation and Food Services	125	0.5%
Financial Investments & Related Activities	91	0.4%
Arts, Entertainment, and Recreation	82	0.3%
Management of Companies & Enterprises	65	0.3%
Information	58	0.2%
Educational Services	44	0.2%
Public Administration	21	0.1%
Agriculture, Forestry, Fishing and Hunting	6	0.0%
Other	249	1.1%
Total C&BL	$ 8,989	38.1%

	9/30/2021[1]	% of Total Loans
CRE (by property type)		
Multi-Family	$ 1,955	8.3%
Office/Mixed	1,206	5.1%
Industrial	1,141	4.8%
Retail	813	3.4%
Single Family Construction	444	1.9%
Hotel/Motel	231	1.0%
Parking Lots and Garages	102	0.4%
Land	87	0.4%
Mobile Home Parks	32	0.1%
Other	120	0.5%
Total CRE	$ 6,131	26.0%
Consumer		
Residential Mortgage	$ 7,591	32.1%
Home Equity	609	2.6%
Student Loans	107	0.5%
Credit Cards	107	0.5%
Auto Loans	7	0.0%
Other Consumer	$ 80	0.4%
Total Consumer	$ 8,501	36.0%
Total Loans	$ 23,622	100.0%

[1] All values as of period end.
[2] North American Industry Classification System.
[3] Includes oil & gas loans.

Key COVID Commercial Loan Exposures[1]

Key COVID commercial loan exposures are spread across multiple industries without large concentrations

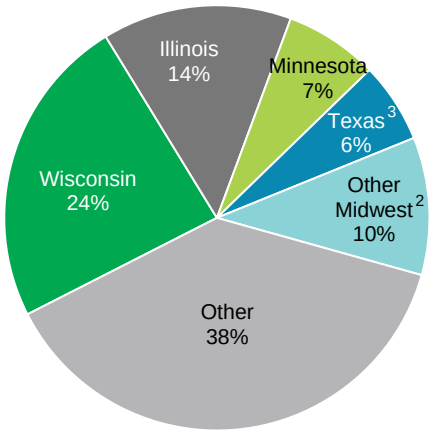
($ in millions)

	C&BL	Utilization	CRE	Utilization	Total	% of total loans
Retailers/Shopping Centers[2]						
Retailers	$ 68.3	37%	$ 584.8	89%	$ 653.2	2.77%
Retail REITs	180.4	46%	44.2	100%	224.6	0.95%
Subtotal	248.8	43%	629.0	90%	877.8	3.72%
Hotels, Amusement & Related						
Hotels	2.6	74%	231.4	97%	233.9	0.99%
Parking Lots and Garages	20.9	64%	100.3	91%	121.2	0.51%
Casinos	22.6	100%	-	-	22.6	0.10%
Recreation & Entertainment	47.4	46%	5.5	95%	52.9	0.22%
Movie Theaters	7.6	27%	-	-	7.6	0.03%
Subtotal	100.9	53%	337.2	95%	438.1	1.85%
Restaurants						
Full-Service	58.4	96%	14.4	71%	72.8	0.31%
Limited-Service & Other	18.8	88%	8.9	67%	27.7	0.12%
Subtotal	77.1	94%	23.4	70%	100.5	0.43%
Transportation & Other						
Transportation Services	65.0	82%	-	-	65.0	0.28%
Subtotal	65.0	82%	-	-	65.0	0.28%
Total	$ 491.9	53%	$ 989.6	91%	$ 1,481.5	6.27%

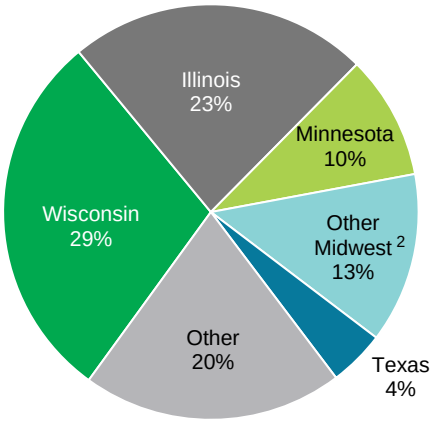
[1] As of 9/30/2021. Excludes $174 million Oil & Gas portfolio.
[2] C&BL excludes grocers, convenience stores, vehicle dealers, auto parts and tire dealers, direct and mail order retailers, and building material dealers; CRE excludes properties primarily anchored by grocers, self-storage facilities, and vehicle dealers.

Loan Stratification Outstandings as of September 30, 2021

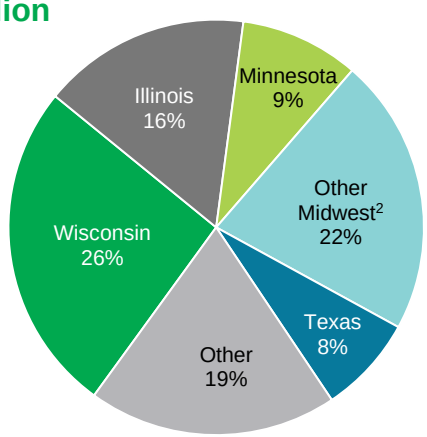
C&BL by Geography
$9.0 billion



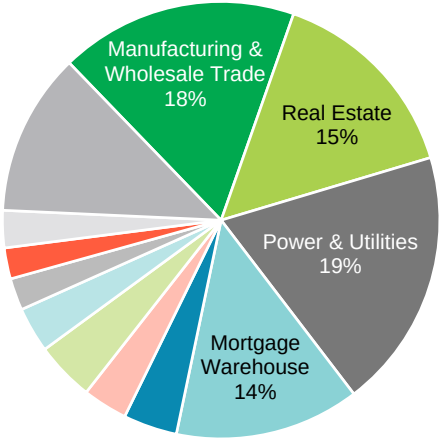
Total Loans[1]



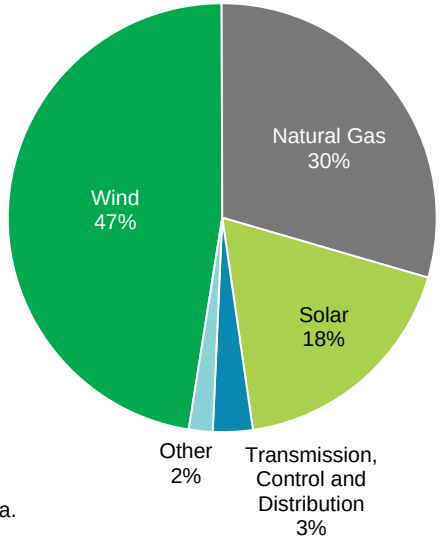
CRE by Geography
$6.1 billion



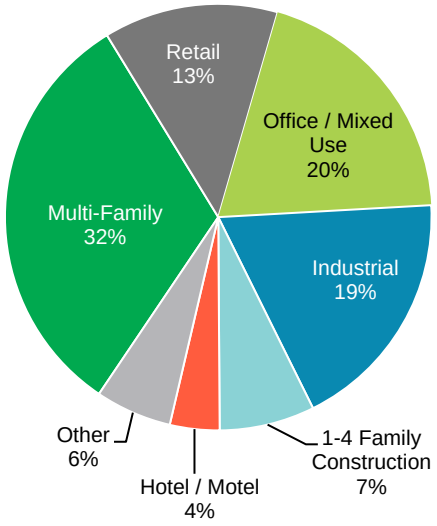
C&BL by Industry
$9.0 billion



Power & Utilities Lending
$1.7 billion



CRE by Property Type
$6.1 billion



[1] Excludes Other Consumer portfolio.
[2] Other Midwest includes Missouri, Indiana, Ohio, Michigan and Iowa.
[3] Principally reflects the oil and gas portfolio.

Reconciliation and Definitions of Non-GAAP Items

($ in millions)

Pre-tax Pre-Provision Income Reconciliation[1]	2Q 2021	3Q 2021
Pre-tax pre-provision income		
Income (loss) before income taxes	$113	$112
Provision for credit losses	(35)	(24)
Pre-tax pre-provision income	$78	$88

Tangible Common Equity and Tangible Assets Reconciliation[2]	3Q 2020	3Q 2021
Common equity	$3,692	$3,802
Goodwill and other intangible assets, net	(1,178)	(1,165)
Tangible common equity	$2,513	$2,636
Total assets	$34,699	$34,440
Goodwill and other intangible assets, net	(1,178)	(1,165)
Tangible assets	$33,520	$33,274

Selected Trend Information[3]	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021
Wealth management fees	$21	$22	$22	$23	$22
Service charges and deposit account fees	14	15	15	16	17
Card-based fees	10	10	10	11	11
Other fee-based revenue	5	5	5	4	4
Fee-based revenue	51	52	52	53	54
Other	25	33	44	20	28
Total noninterest income	$76	$86	$95	$73	$82

[1] This is a non-GAAP financial measure. Management believes these measures are meaningful because they reflect adjustments commonly made by management, investors, regulators, and analysts to evaluate the adequacy of earnings per common share, provide greater understanding of ongoing operations, and enhance comparability of results with prior periods.
[2] The ratio tangible common equity to tangible assets excludes goodwill and other intangible assets, net. This financial measure has been included as it is considered to be a critical metric with which to analyze and evaluate financial condition and capital strength.
[3] These financial measures have been included as they provide meaningful supplemental information to assess trends in the Corporation's results of operations.

Reconciliation and Definitions of Non-GAAP Items

Efficiency Ratio Reconciliation	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021
Federal Reserve efficiency ratio	85.41%	59.68%	65.74%	66.81%	65.43%
Fully tax-equivalent adjustment	(1.29)%	(0.84)%	(0.97)%	(1.07)%	(1.01)%
Other intangible amortization	(0.87)%	(0.82)%	(0.82)%	(0.87)%	(0.83)%
Fully tax-equivalent efficiency ratio	83.25%	58.02%	63.96%	64.88%	63.61%
Provision for unfunded commitments adjustment	2.87%	3.42%	(1.09)%	2.14%	1.48%
Asset gains (losses), net adjustment	(0.11)%	(0.30)%	1.12%	--%	1.29%
Acquisitions, branch sales, and initiatives	(22.99)%	1.68%	0.22%	0.01%	(0.91)%
Adjusted efficiency ratio[1]	63.02%	62.83%	64.21%	67.02%	65.46%

The efficiency ratio as defined by the Federal Reserve guidance is noninterest expense (which includes the provision for unfunded commitments) divided by the sum of net interest income plus noninterest income, excluding investment securities gains / losses, net. The fully tax-equivalent efficiency ratio is noninterest expense (which includes the provision for unfunded commitments), excluding other intangible amortization, divided by the sum of fully tax-equivalent net interest income plus noninterest income, excluding investment securities gains / losses, net. The adjusted efficiency ratio is noninterest expense, which excludes the provision for unfunded commitments, other intangible amortization, acquisition related costs, and announced initiatives, divided by the sum of fully tax-equivalent net interest income plus noninterest income, excluding investment securities gains (losses), net, asset gains (losses), net, and gain on sale of branches, net. Management believes the adjusted efficiency ratio is a meaningful measure as it enhances the comparability of net interest income arising from taxable and tax-exempt sources and provides a better measure as to how the Corporation is managing its expenses by adjusting for acquisition related costs, provision for unfunded commitments, asset gains (losses), net, branch sales, and announced initiatives.

[1] This is a non-GAAP financial measure. Management believes these measures are meaningful because they reflect adjustments commonly made by management, investors, regulators, and analysts to evaluate the adequacy of earnings per common share, provide greater understanding of ongoing operations, and enhance comparability of results with prior periods.