Fourth Quarter 2021 Earnings Presentation

JANUARY 20, 2022

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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.

Fourth Quarter 2021 Update

4Q 2021 results reflect strong loan growth, deposit growth and expanding revenues

Associated Banc-Corp Reports Fourth Quarter 2021 Net Income Available to Common Equity of $74 Million, or $0.49 per Common Share

Expanding Balance Sheet and Income Trends

- Annualized EoP QoQ growth of:
  - 10% in total loans
  - 9% in total deposits
- EoP securities/total assets of 19%, up from 17% in 3Q
- 7% annualized expansion in net interest income

Improving Credit Dynamics

- Negative provision of $6 million
- Net charge offs of $6 million
- Net reserve release of $12 million
- Nonaccrual loans down 3% QoQ
- Appropriately reserved with ACLL to loan ratio of 1.32% as of 12/31/21

Disciplined Expense Management

- Full-year total noninterest expense down YoY
- Full-year total noninterest expense to average assets of 2.06%, down 20 bps from 2020
- 4Q results include facilities exit costs and initiative-related write-downs totaling $4 million, which are expected to have a positive effect on the expense run-rate

Contributing to Strong Profitability and Capital Trends

- Repurchased $25 million of common stock
- Increasing tangible book value per share; $17.87 as of 12/31/21
- ROATCE of 11.09%
- Full-year, fully-diluted earnings per common share of $2.18

Fourth Quarter Loan Update

We saw a resurgence in general commercial lending in 4Q and our initiatives grew strongly as well

Commercial Lending Update

- Annualized Total Commercial[1] loan growth of 13% QoQ EoP
- Asset-Based Lending (ABL) vertical expanded with new focus
- Mortgage Warehouse declines were consistent with diminished home refinance activity
- CRE Construction reflects seasonal factors

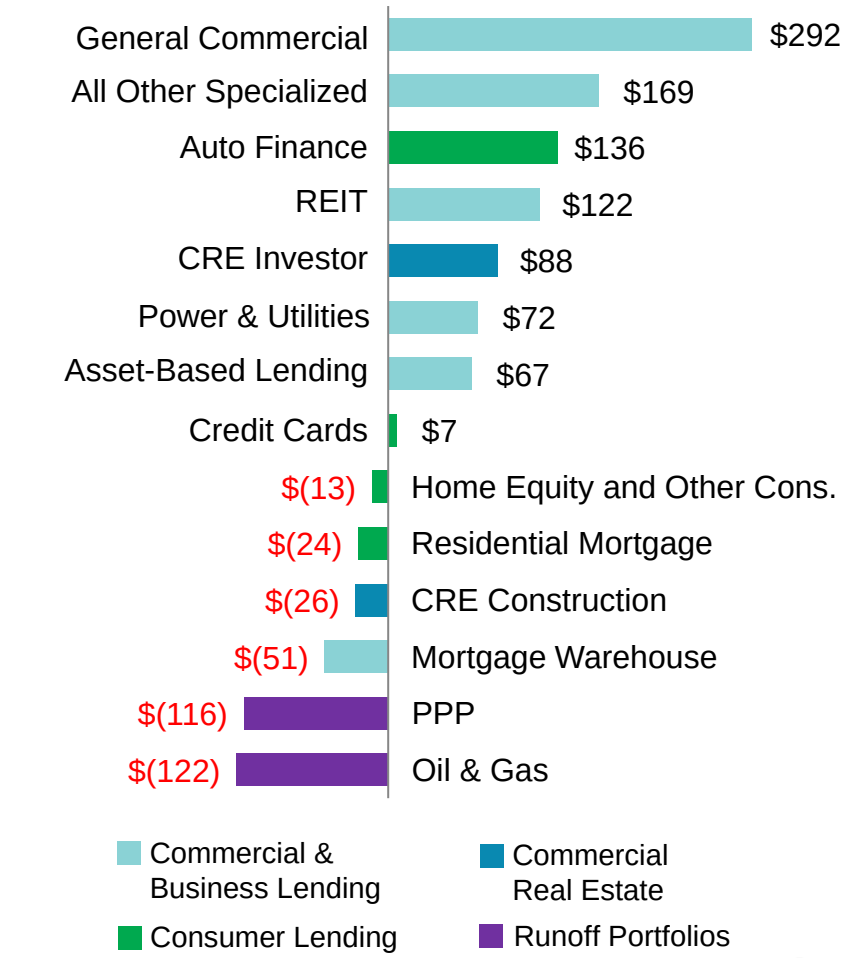
Consumer Lending Update

- Added nearly $140 million in new Auto balances after launching vertical on September 30th
- EoP consumer credit card balances increased 6% QoQ

Runoff Portfolio Trends

- Strategic exit of the majority of our Oil & Gas portfolio with minimal discount
- PPP portfolio continued to pay down as expected

EoP Loan Change (3Q 2021 to 4Q 2021)



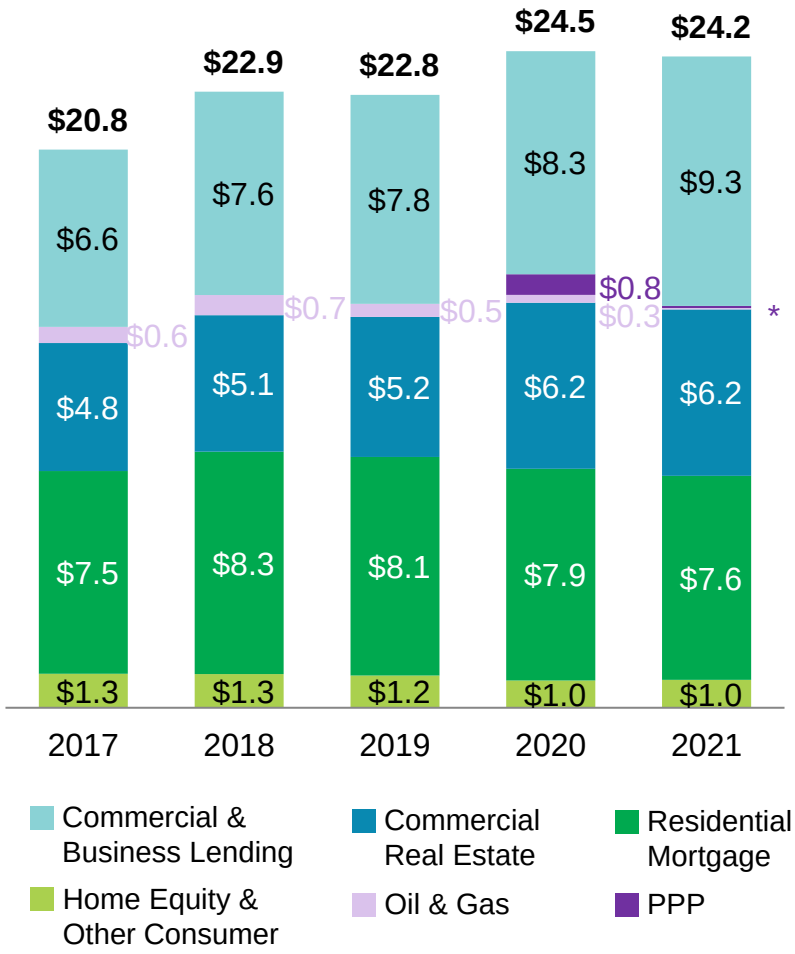
[1] Includes all Commercial & Business Lending and Commercial Real Estate loans. See Total Commercial on page 9 of press release tables.

Annual Loan Trends

General commercial growth even as we continued to reduce our PPP and Oil & Gas exposures

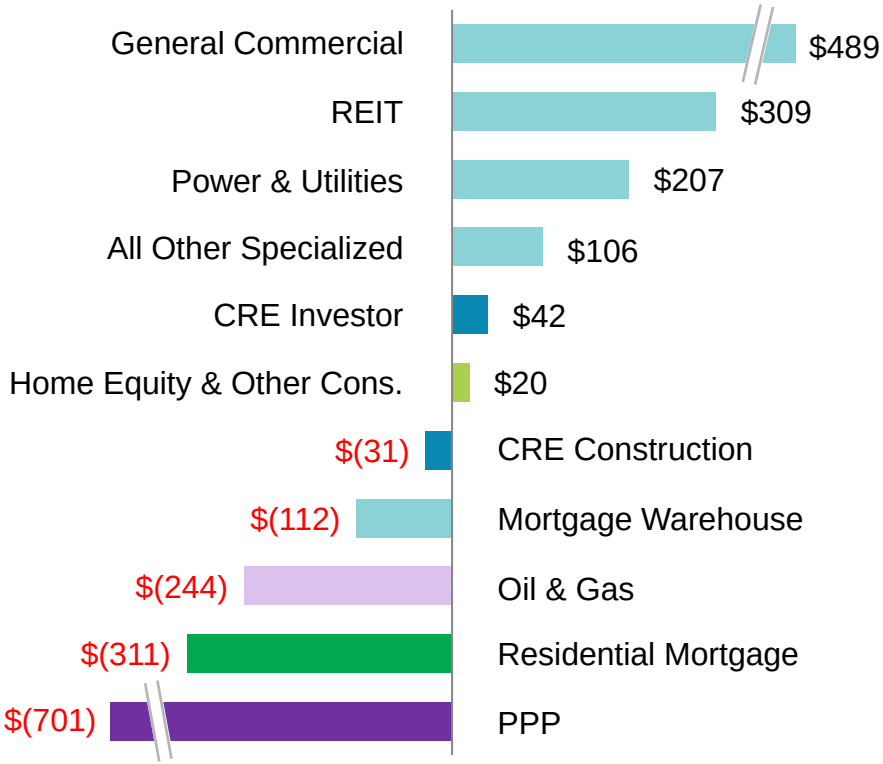
EoP Annual Loan Trends

($ in billions)



EoP Loan Change (4Q 2020 to 4Q 2021)

($ in millions)

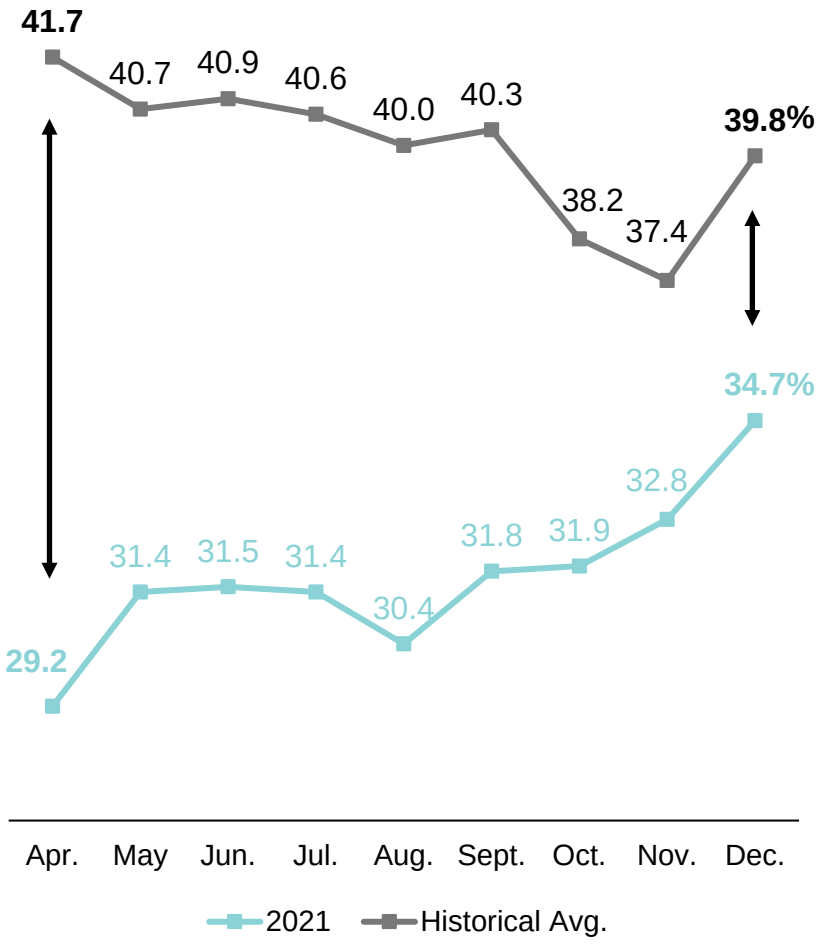


* As of 12/31/2021, legacy Oil & Gas and PPP portfolios were down to $52 million and $66 million, respectively

Loan Trend Updates

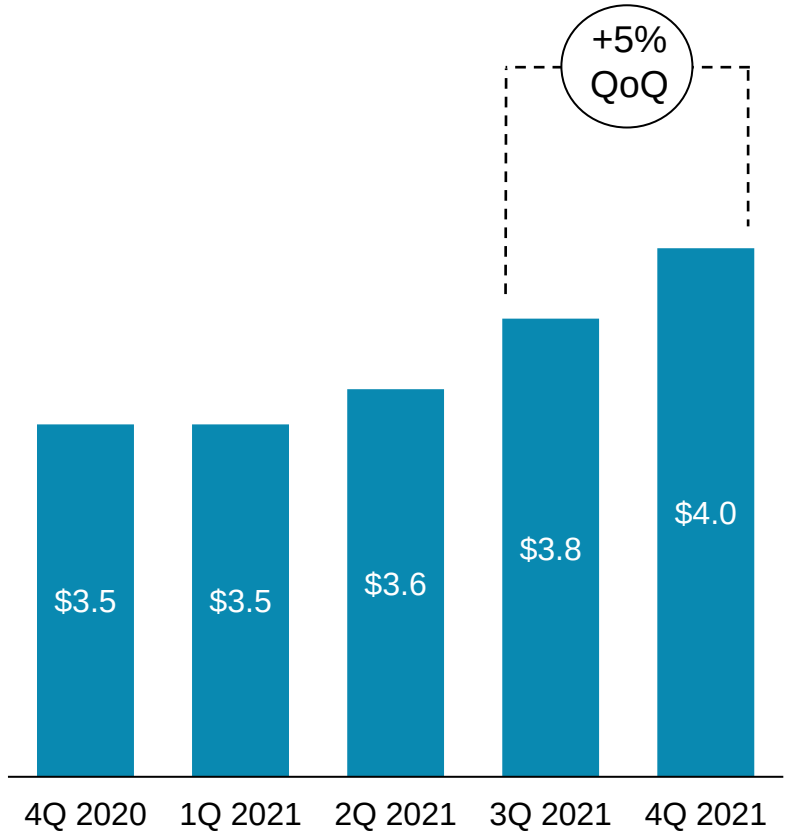
Line utilization rebounded and new construction commitments grew strongly

Line Utilization[1] (%)



EoP CRE Construction Loan Exposures

($ in billions)



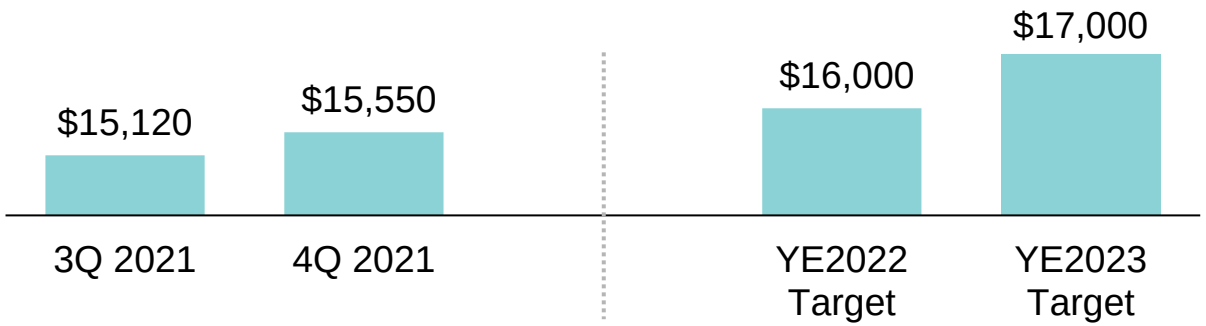
[1] Outstanding Balances / Total Exposure of regional Commercial Banking revolving credit lines. Monthly historical average reflects 2017, 2018 and 2019 data.

Strategic Initiative Updates

EoP Balance Trends ***($ in millions)***

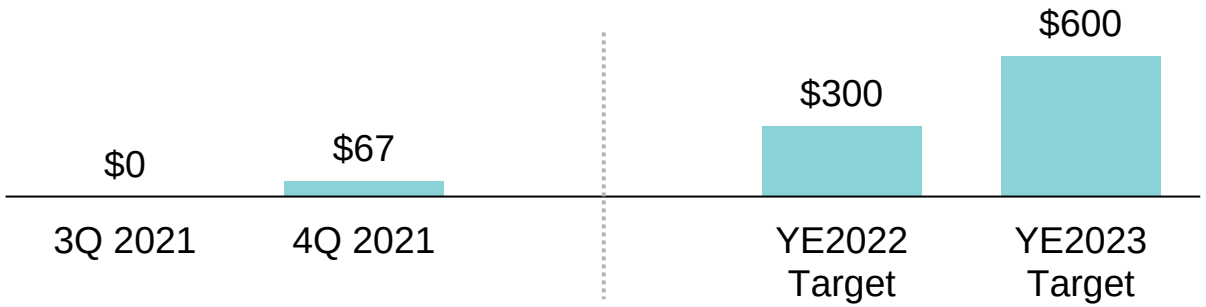
Total Commercial
(including legacy Asset-Based Lending)



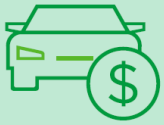


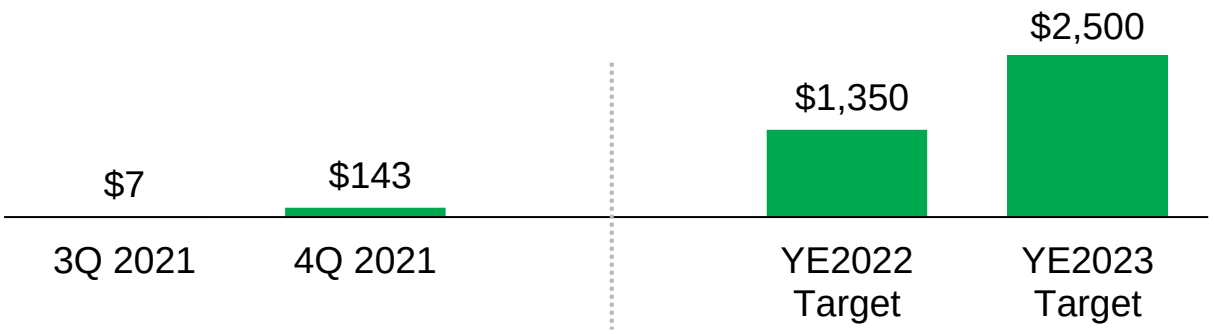
New Asset-Based Lending + Equipment Finance





Auto Finance





Strategic Initiative Updates[1]

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

Expanding our Lending Capabilities

- Auto Finance: Starting strong with 665 active dealers across 13 states. Average FICO score of 756 and 82% average LTV on initial loans.
- Asset-Based Lending: Closed first new deal in November 2021
- Equipment Finance: Currently building active pipeline, recruiting additional team members



Growing our Core Businesses

- Continuing to ramp up staff in Commercial and Small Business Banking, on track to hire ~15-20 bankers by year-end 2022
- Established Commercial Real Estate lending presence in Houston, TX



Investing in our Digital Transformation

- On track to pilot new digital platform with open architecture, improved user experience and customization in 2Q 2022
- Modernization efforts focusing on “hollowing out” our core
- Moving toward “built for purpose” systems with robust data integration



Optimizing Capital Proactively

- Authorized to repurchase up to $100 million in common stock
- Repurchased $25 million of common stock during 4Q
- Increased the FY2021 common stock dividend paid by 6% YoY



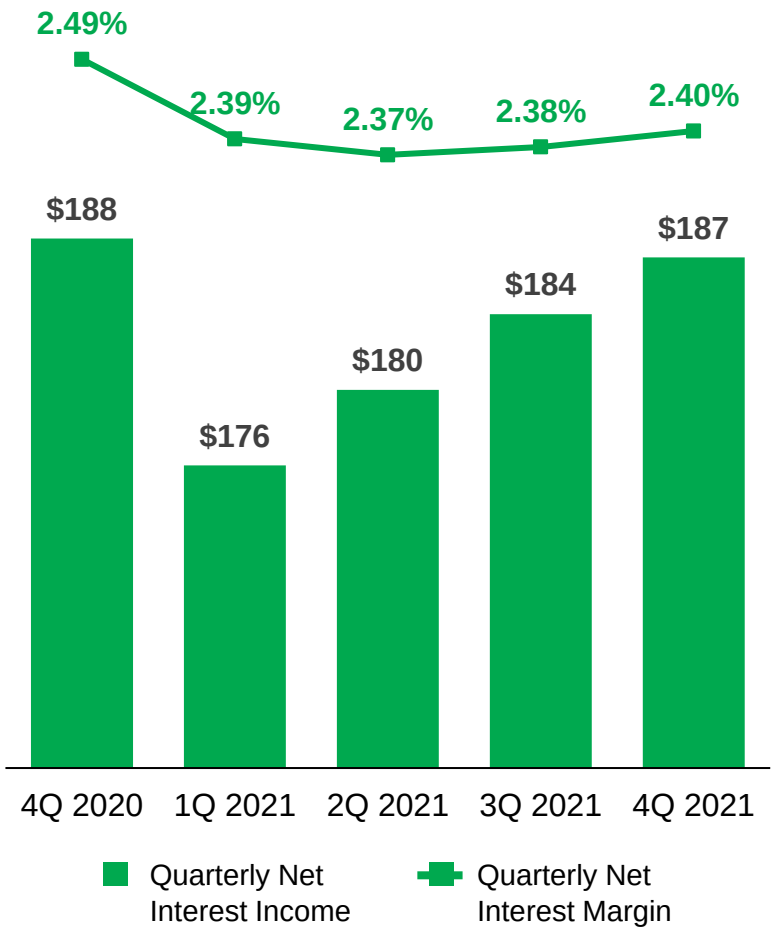
[1] All updates as of or for the period ended December 31, 2021.

Net Interest Income and Yield Trends

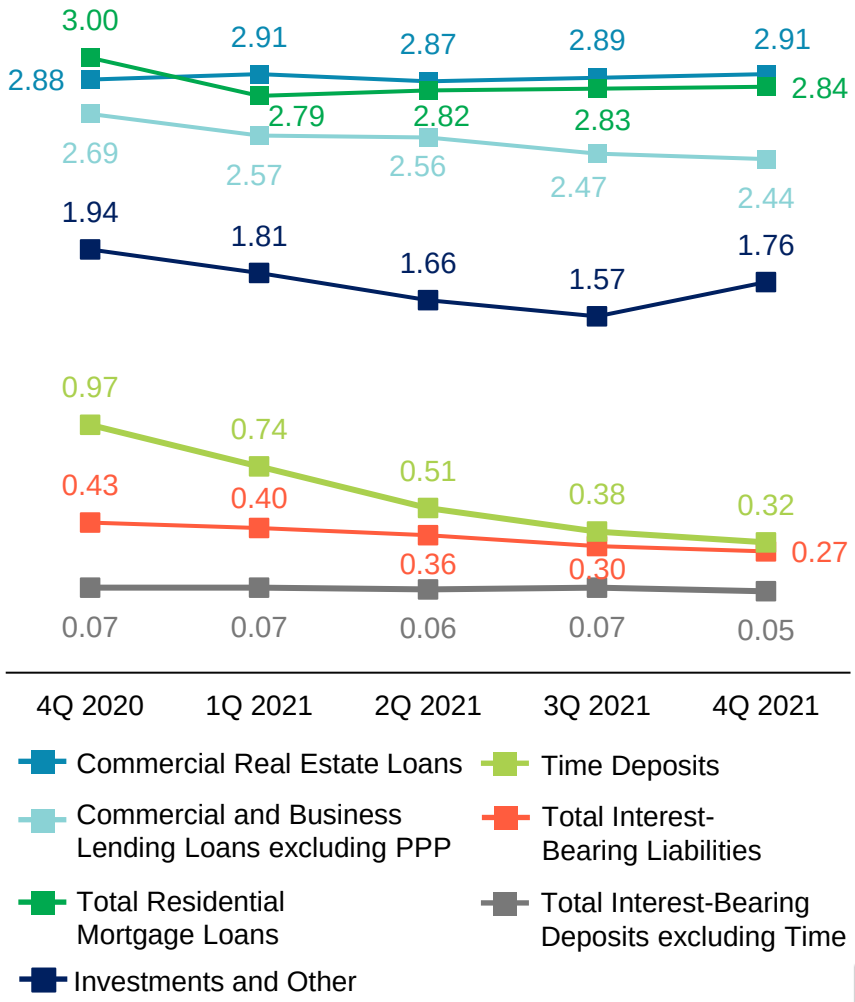
4Q 2021 NII and NIM both grew QoQ, driven by decreasing liability costs and expansion in securities

NII and NIM Trends

($ in millions)



Average Yields (%)

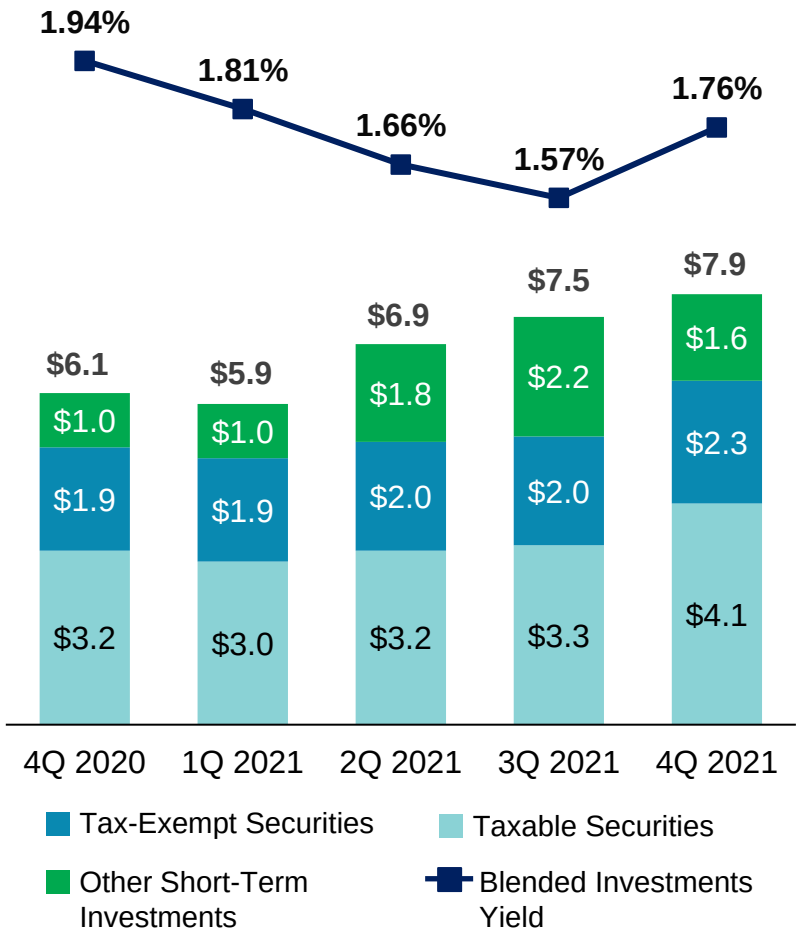


Cash and Investment Securities Portfolio

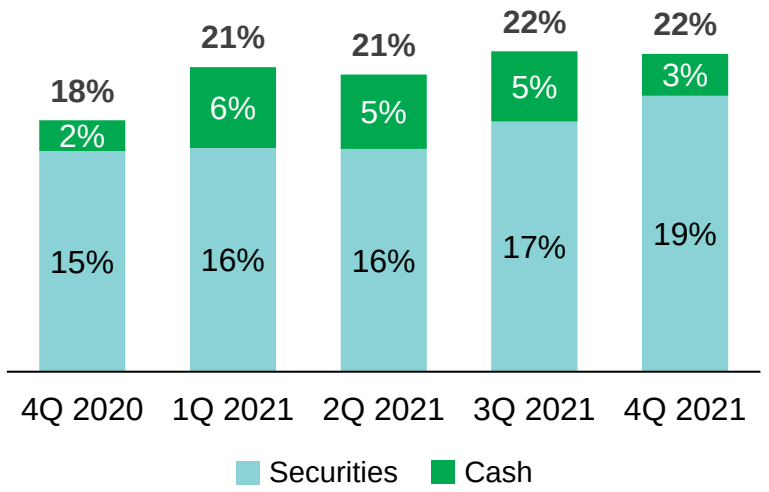
We are on track to rebuild the investment portfolio to 20% to 22% of total assets by year-end 2022

Average Investments and Yield Trends

($ in billions)



EoP Securities + Cash / Total Assets



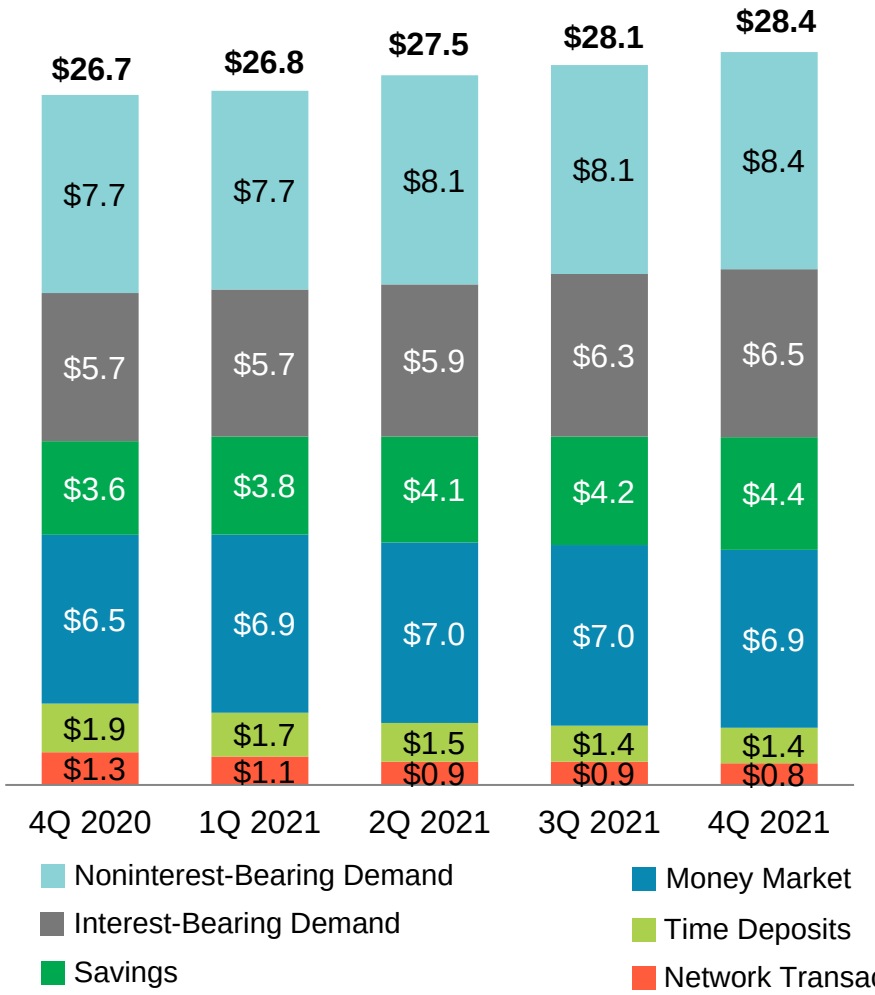
- During 4Q, we began deploying our excess liquidity into investment assets and will remain opportunistic throughout 2022
- We expect our overall reinvestment portfolio yields to be 2% or better; as compared to our 4Q 2021 blended investment yield of 1.76%

Quarterly Funding Trends

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

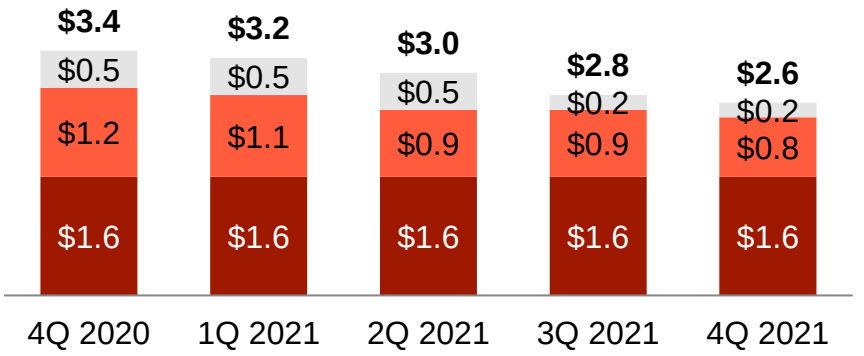
Average Quarterly Deposits

($ in billions)

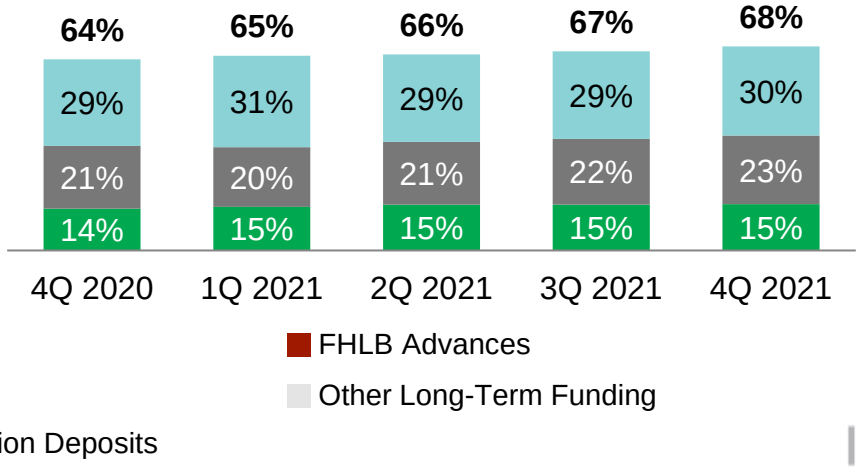


EoP Wholesale Funding Trends

($ in billions)



EoP Low-Cost Deposit Mix Trends

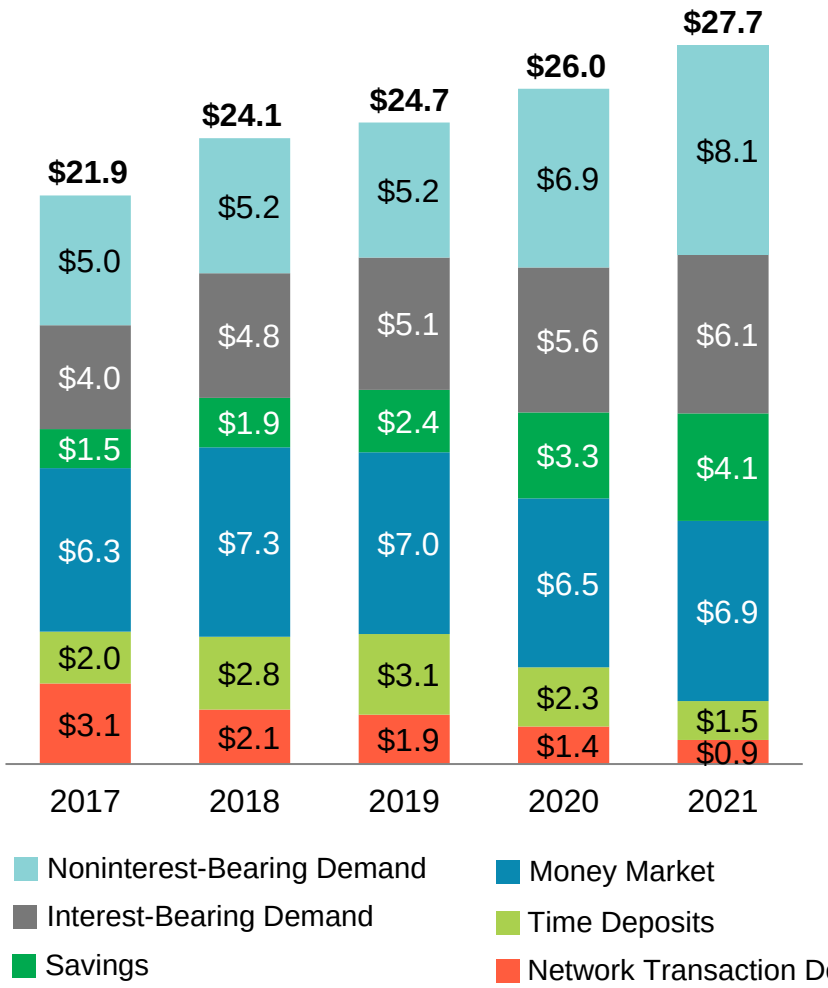


Annual Deposit Portfolio Trends

Low-cost core deposits continued to trend up while we reduced reliance on high-cost fund sources

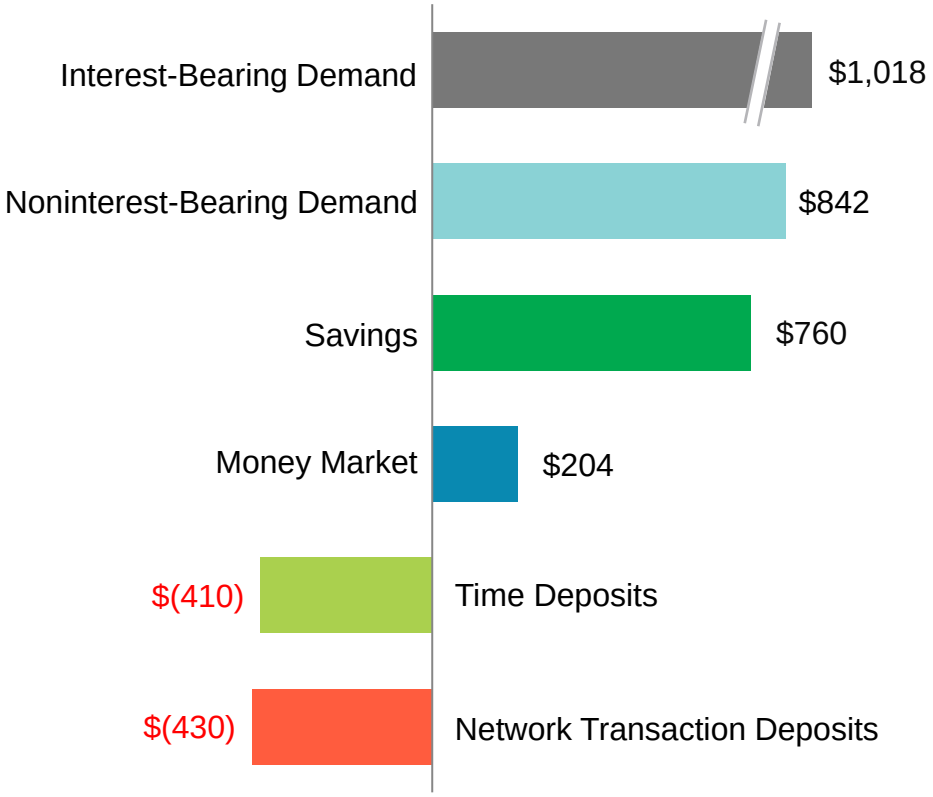
Average Annual Deposits

($ in billions)



EoP Deposit Change (4Q 2020 to 4Q 2021)

($ in millions)

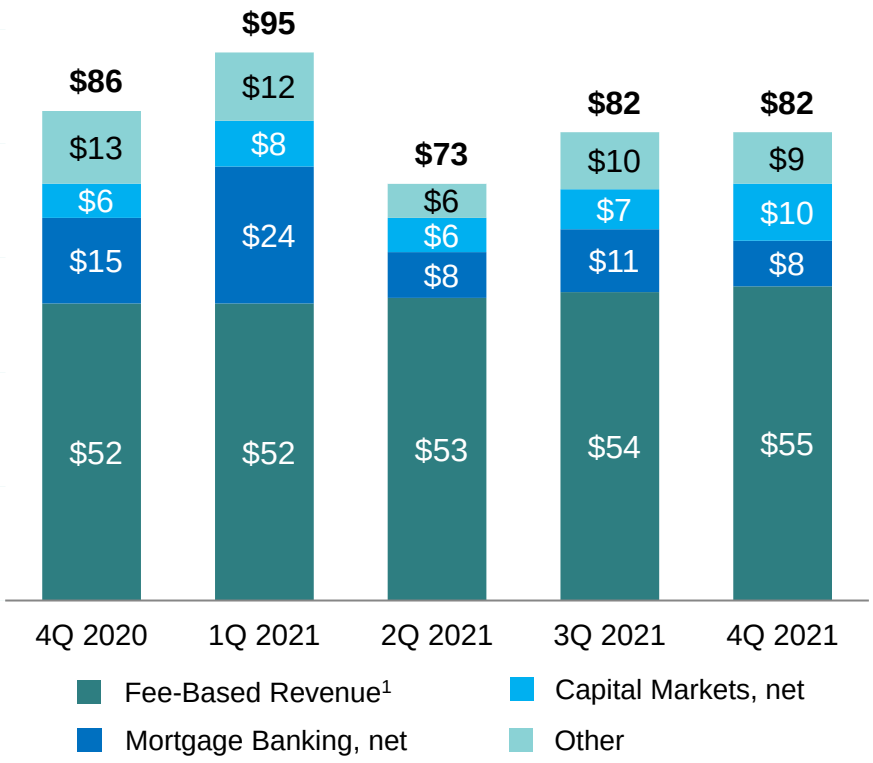


Noninterest Income Trends

Strong growth in capital markets activity offset moderation in net mortgage banking income

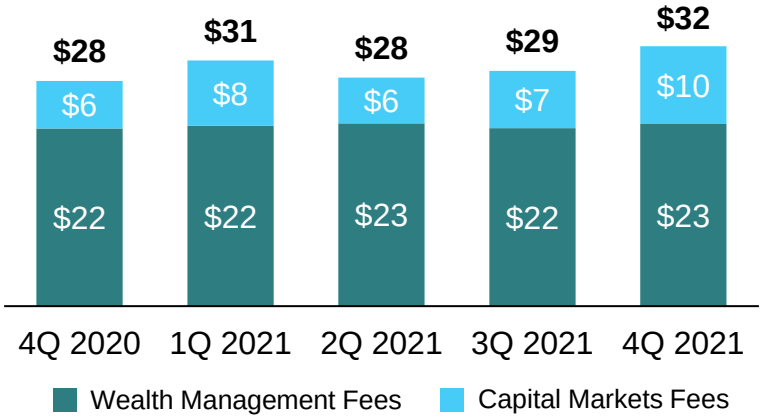
Noninterest Income Trends

($ in millions)



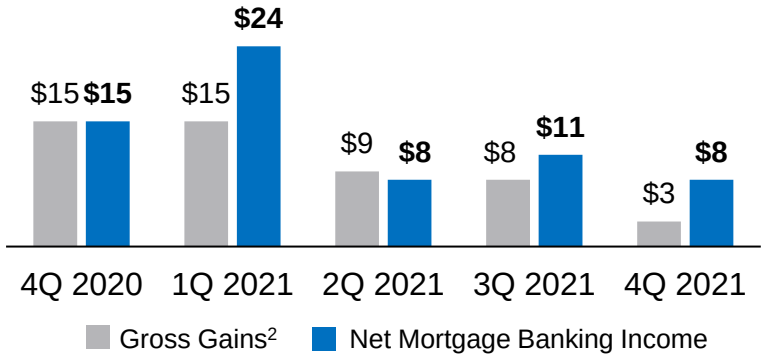
Wealth Management & Capital Markets Fees

($ in millions)



Net Mortgage Banking Income

($ in millions)



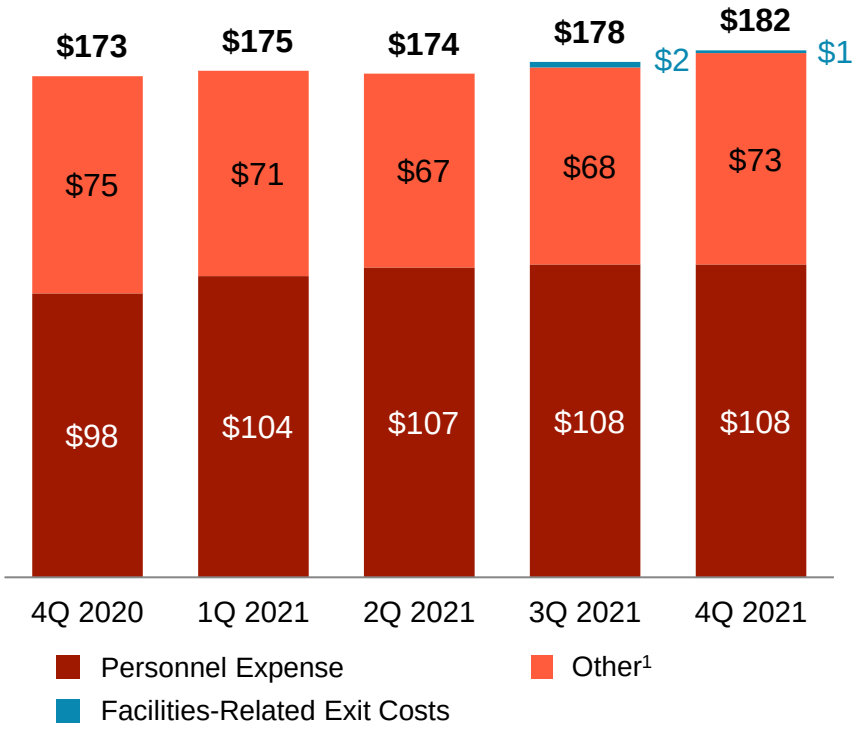
[1] A non-GAAP financial measure. Please refer to the Appendix for a reconciliation of fee-based revenue to noninterest income.
[2] Mortgage banking gains and fair value adjustments on loans held for sale.

Noninterest Expense Trends

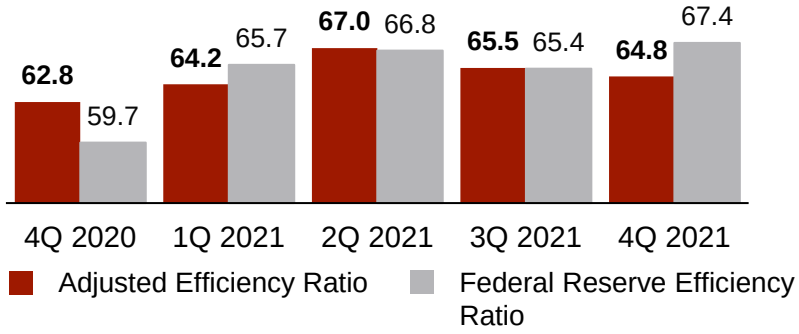
Noninterest expense up only 2% QoQ including impact of new initiatives and $17 minimum wage

Noninterest Expense Trends

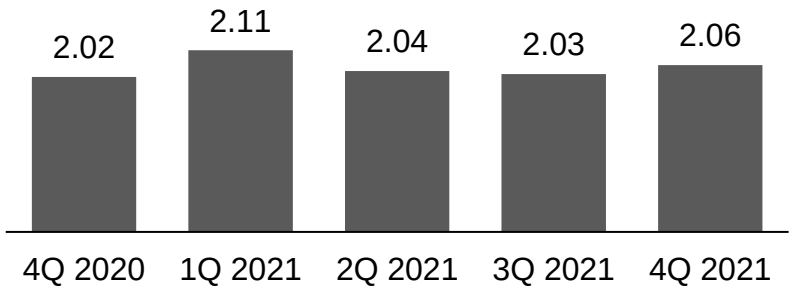
($ in millions)



Adjusted Efficiency Ratio[2] (%)



Noninterest Expense / Average Assets[3] (%)

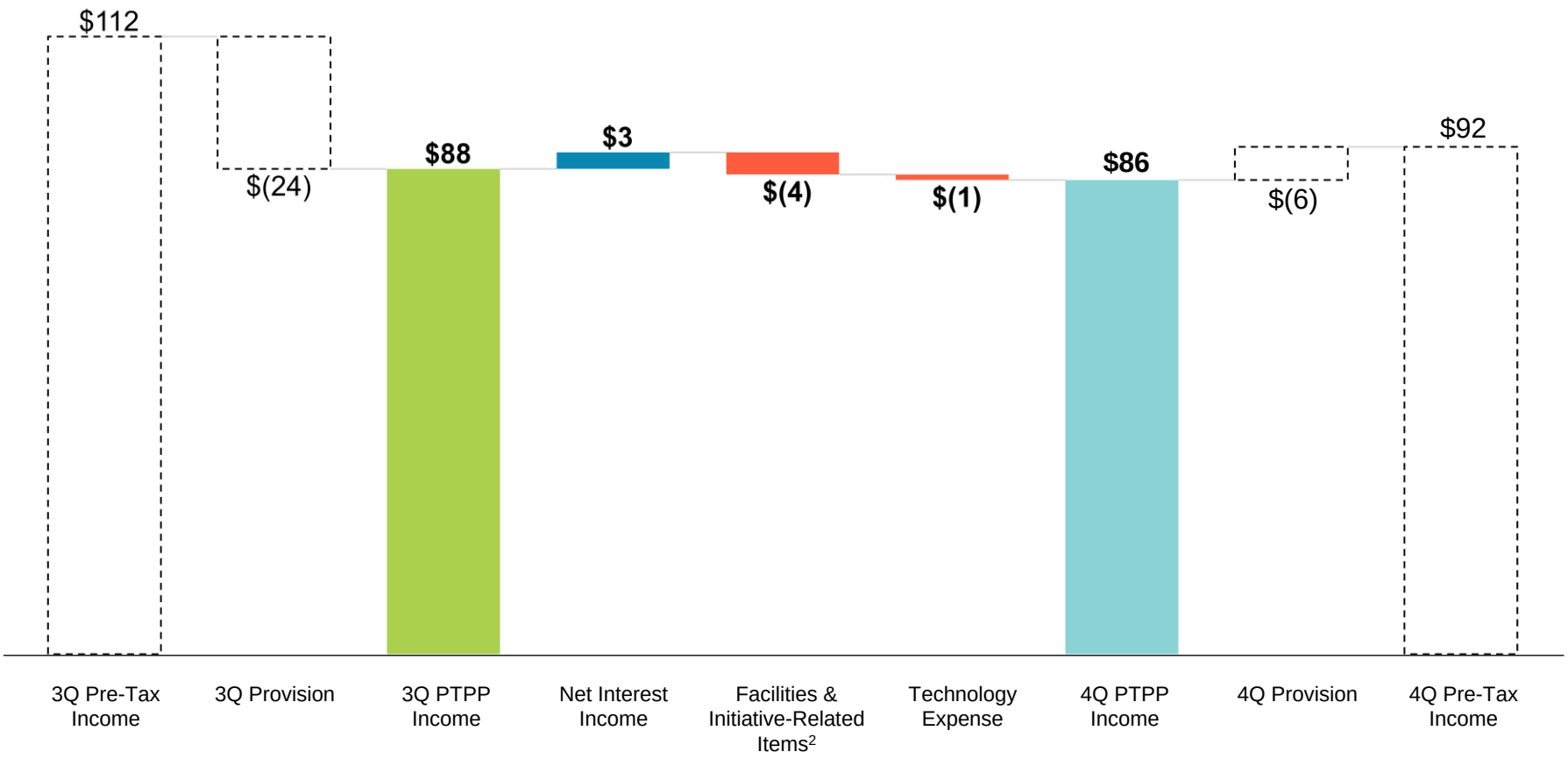


[1] Other expenses are primarily comprised of Technology, Occupancy, Equipment, Business Development, Legal and Professional, and FDIC Assessment costs.
[2] A non-GAAP financial measure. Please refer to the Appendix for a reconciliation of the adjusted efficiency ratio to the Federal Reserve efficiency ratio.
[3] Annualized.

4Q 2021 Pre-Tax Pre-Provision Income[1] Walk-Forward

4Q PTPP income remained relatively flat QoQ, with NII expansion offset by initiative-related charges

($ in millions)



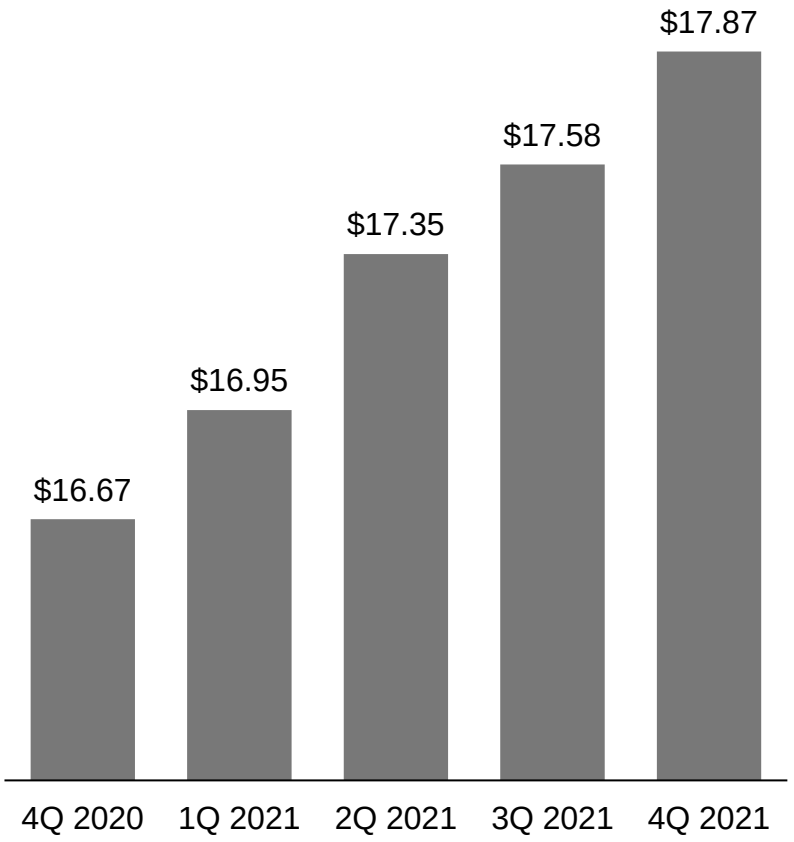
[1] A non-GAAP measure. Please refer to the appendix for a reconciliation of pre-tax pre-provision income to income before income taxes. Given the adoption of CECL and the volatility of provision during the pandemic, we believe pre-tax pre-provision income provides meaningful disclosure to investors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

[2] Includes $3 million of technology write-downs reported as net asset losses and $1 million of facilities-related exit costs.

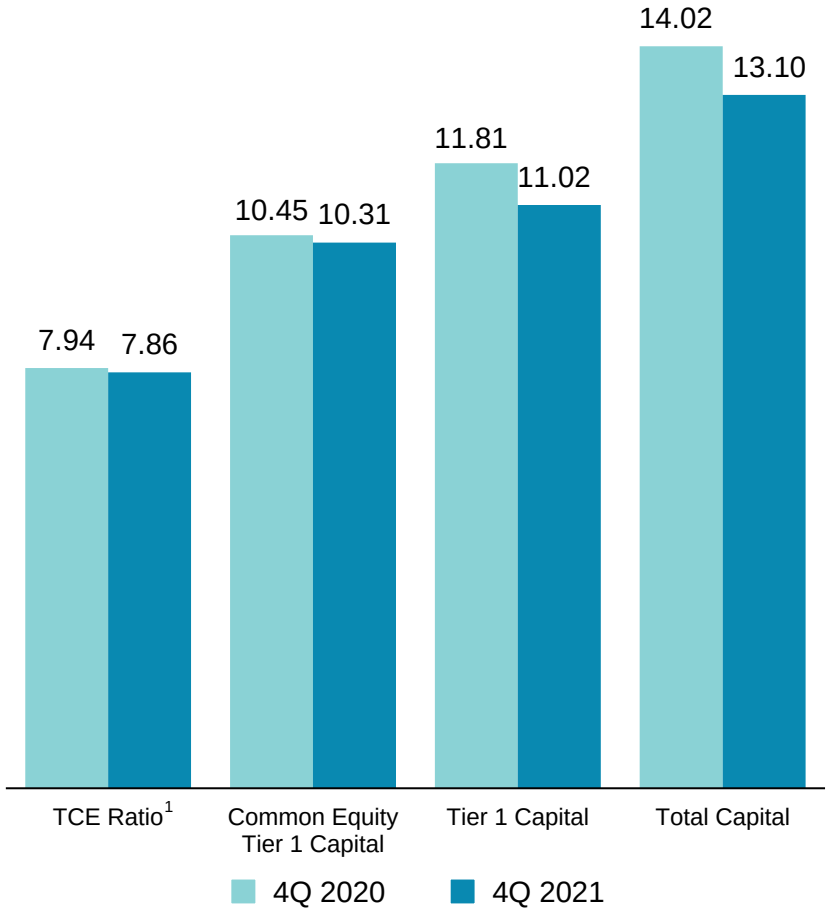
Strong Capital Position

Tangible Book Value has increased 7% from 4Q 2020 through 4Q 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.

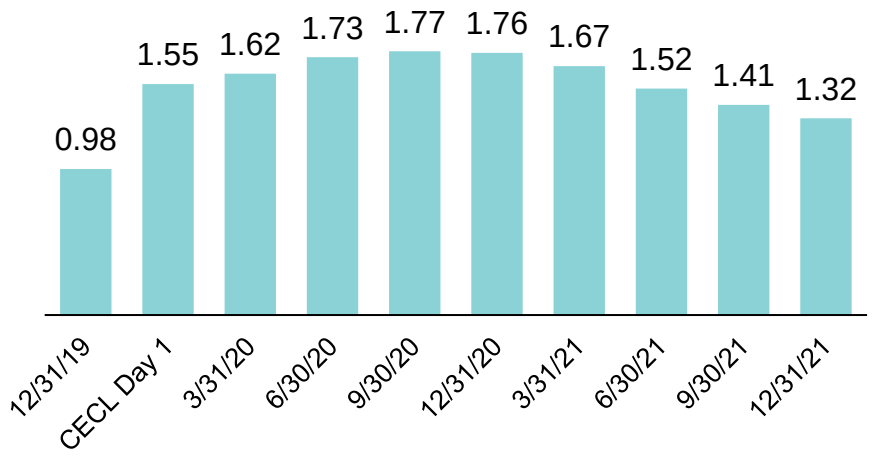
Allowance Update

Net reserve release of $12 million, reflecting strong dynamics throughout the portfolio

4Q 2021 ACLL

- Allowance for credit losses on loans (ACLL) decreased $12 million QoQ
- Net charge offs of only $6 million; or 0.11% of average loans
- 4Q 2021 negative provision of $6 million, compared to negative $24 million in 3Q 2021 and provision of $17 million in 4Q 2020
- CECL forward looking assumptions based on Moody's December 2021 Baseline forecast

ACLL / Total Loans (%)



($ in thousands)

Loan Category	ACLL[1] CECL Day 1	ACLL[1] / Loans CECL Day 1	ACLL[1] 9/30/2021	ACLL[1] / Loans 9/30/2021	ACLL[1] 12/31/2021	ACLL[1] / Loans 12/31/2021
C&BL (excl. Oil & Gas and PPP Loans)	$ 92,203	1.19%	$103,370	1.20%	$113,504	1.22%
C&BL Oil & Gas	68,687	14.08%	$ 17,475	10.06%	$ 6,442	12.42%
PPP Loans	-	-	$ 125	0.07%	$ 51	0.08%
CRE - Investor	43,331	1.14%	$ 82,182	1.91%	$ 73,739	1.68%
CRE - Construction	58,261	4.10%	$ 56,441	3.08%	$ 53,229	2.94%
Residential Mortgage	50,175	0.62%	$ 41,620	0.55%	$ 40,787	0.54%
Other Consumer	41,768	3.47%	$ 31,059	3.41%	$ 32,038	3.08%
Total	**$354,425**	**1.55%**	**$332,273**	**1.41%**	**$319,791**	**1.32%**
Total (excl. PPP Loans)	$354,425	1.55%	$332,147	1.42%	$319,739	1.32%

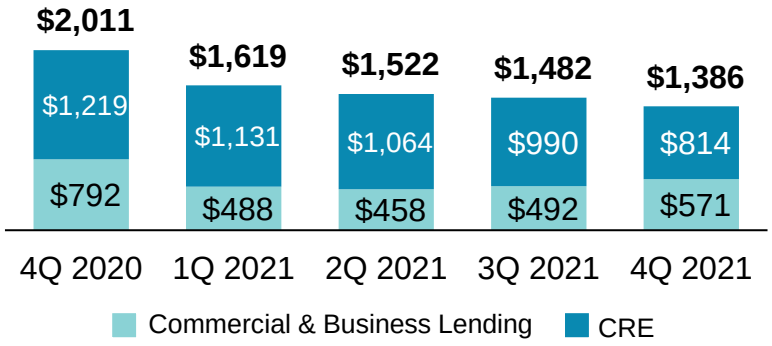
[1] Includes funded and unfunded reserve for loans, excludes reserve for HTM securities.

Credit Quality Trends

Credit metrics largely continued to improve during 4Q 2021

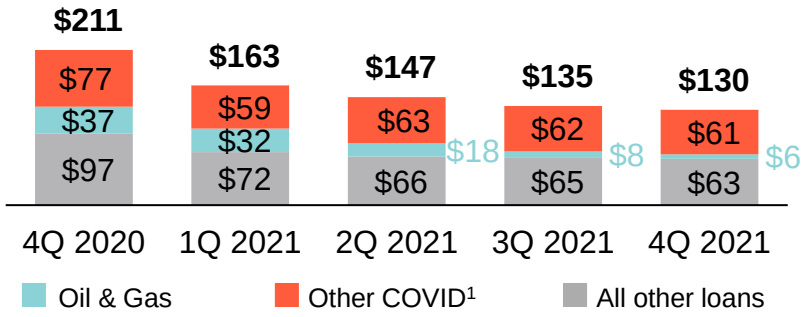
Key COVID Commercial Loan Outstandings[1]

($ in millions)



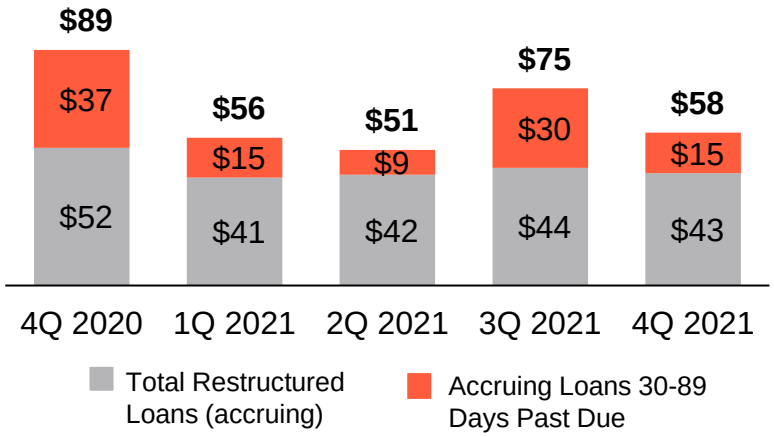
Nonaccrual Loans

($ in millions)



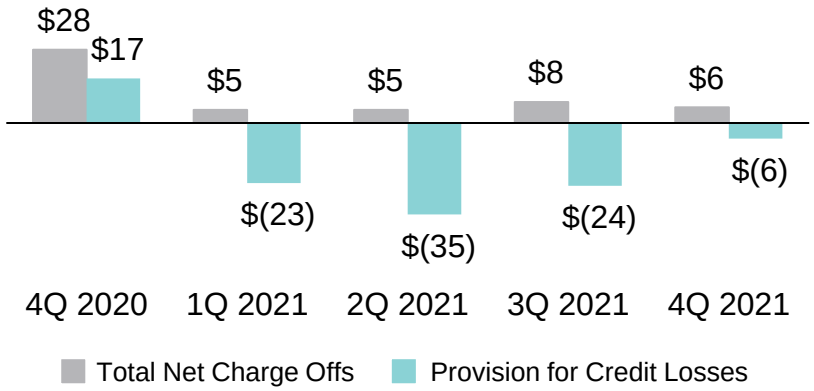
Restructured Loans & Delinquencies

($ in millions)



Net Charge Offs and Provision

($ in millions)



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

2022 Full-Year Outlook

	FY 2022 Guidance
Balance Sheet Management*	▪ Auto Finance loan growth of $1.2+ billion ▪ Total Commercial loan growth of $750 million to $1 billion (including ABL and Equipment) ▪ Target investments / total assets ratio of 20% to 22%
Net Interest Income & Noninterest Income	▪ Net interest income of $800+ million ▪ Noninterest income of $300+ million ▪ Total of $1.1+ billion
Expense Management	▪ Approximately $725 million to $740 million of noninterest expense ▪ Effective tax rate of 19% to 21%
Capital & Credit Management	▪ Target TCE at or above 7.5%; Target CET1 at or above 9.5% ▪ We expect to adjust provision to reflect changes to risk grades, economic conditions, loan volumes, and other indications of credit quality

* Growth to End of Period as compared to 12/31/2021.

Associated: Capitalizing on our Momentum

Associated Bank | Your money works here.®

Growth Focused

Digital Forward

Higher Returns

Appendix

Total Loans Outstanding Balances as of December 31, 2021

Well-diversified $24 billion loan portfolio

($ in millions)

	12/31/2021[1]	% of Total Loans
C&BL (by NAICS[2])		
Utilities	$ 1,808	7.5%
Wholesale/Manufacturing	1,737	7.2%
Real Estate (includes REITs)	1,486	6.1%
Mortgage Warehouse	1,181	4.9%
Finance & Insurance	462	1.9%
Construction	379	1.6%
Retail Trade	343	1.4%
Health Care and Social Assistance	333	1.4%
Rental and Leasing Services	255	1.1%
Professional, Scientific, and Tech. Serv.	235	1.0%
Transportation and Warehousing	177	0.7%
Waste Management	155	0.6%
Accommodation and Food Services	140	0.6%
Mining[3]	84	0.3%
Information	79	0.3%
Management of Companies & Enterprises	78	0.3%
Arts, Entertainment, and Recreation	77	0.3%
Financial Investments & Related Activities	74	0.3%
Educational Services	33	0.1%
Public Administration	20	0.1%
Agriculture, Forestry, Fishing and Hunting	14	0.1%
Other	274	1.1%
Total C&BL	$ 9,424	38.9%

	12/31/2021[1]	% of Total Loans
CRE (by property type)		
Multi-Family	$ 2,022	8.3%
Office/Mixed	1,262	5.2%
Industrial	1,227	5.1%
Retail	686	2.8%
Single Family Construction	458	1.9%
Hotel/Motel	225	0.9%
Land	95	0.4%
Mobile Home Parks	44	0.2%
Parking Lots and Garages	37	0.2%
Other	137	0.6%
Total CRE	$ 6,194	25.6%
Consumer		
Residential Mortgage	$ 7,567	31.2%
Home Equity	596	2.5%
Auto Loans	143	0.6%
Credit Cards	113	0.5%
Student Loans	101	0.4%
Other Consumer	$ 87	0.4%
Total Consumer	$ 8,608	35.5%
Total Loans	$ 24,225	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

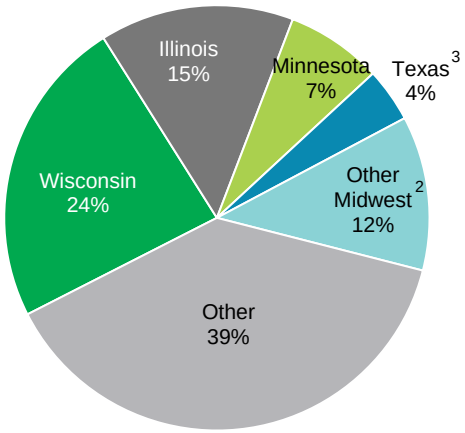
($ in millions)

	C&BL	Utilization	CRE	Utilization	Total	% of total loans
Retailers/Shopping Centers[2]						
Retailers	$ 85.1	49%	$ 483.6	90%	$ 568.7	2.35%
Retail REITs	217.6	54%	43.7	100%	261.2	1.08%
Subtotal	302.7	52%	527.3	90%	830.0	3.43%
Hotels, Amusement & Related						
Hotels	2.1	70%	225.3	98%	227.4	0.94%
Parking Lots and Garages	19.6	60%	35.5	100%	55.1	0.23%
Casinos	50.2	100%	-	-	50.2	0.21%
Recreation & Entertainment	47.0	46%	5.1	94%	52.1	0.21%
Movie Theaters	5.4	19%	-	-	5.4	0.02%
Subtotal	124.2	57%	265.9	98%	390.1	1.61%
Restaurants						
Full-Service	58.6	96%	15.2	69%	73.8	0.30%
Limited-Service & Other	18.3	87%	5.9	42%	24.2	0.10%
Subtotal	76.9	94%	21.1	58%	98.0	0.40%
Transportation & Other						
Transportation Services	67.3	82%	0.2	100%	67.5	0.28%
Subtotal	67.3	82%	0.2	100%	67.5	0.28%
Total	$ 571.1	59%	$ 814.4	91%	$ 1,385.5	5.72%

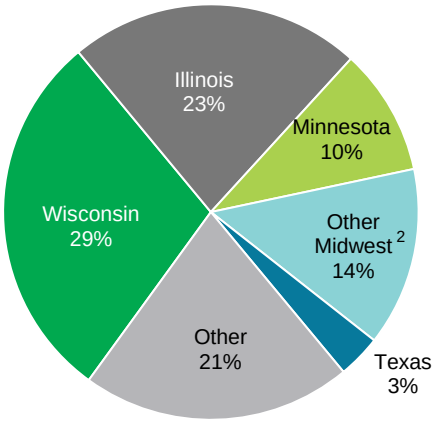
[1] As of 12/31/2021. Excludes $52 million Oil & Gas portfolio.
[2] C&BL excludes grocers, convenience stores, vehicle dealers, auto parts and tire dealers, direct and mail order retailers, and building material dealers; CRE excludes properties primarily anchored by grocers, self-storage facilities, and vehicle dealers.

Loan Stratification Outstandings as of December 31, 2021

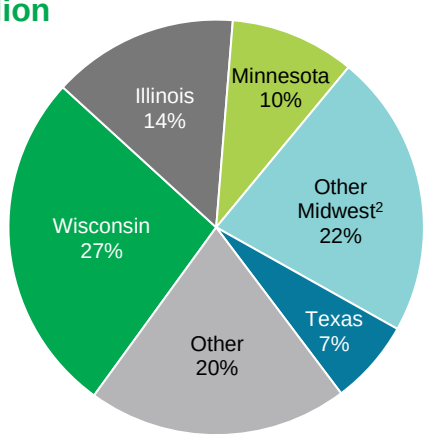
C&BL by Geography
$9.4 billion



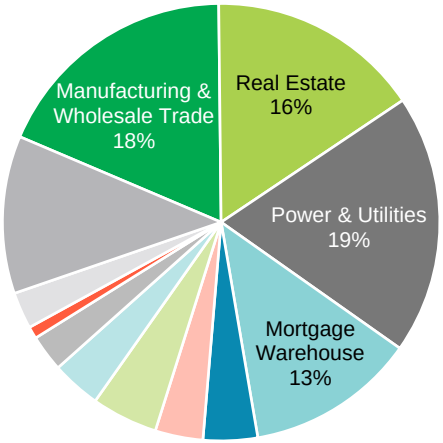
Total Loans[1]



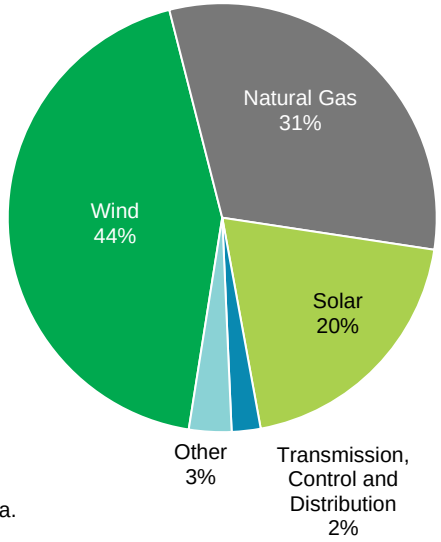
CRE by Geography
$6.2 billion



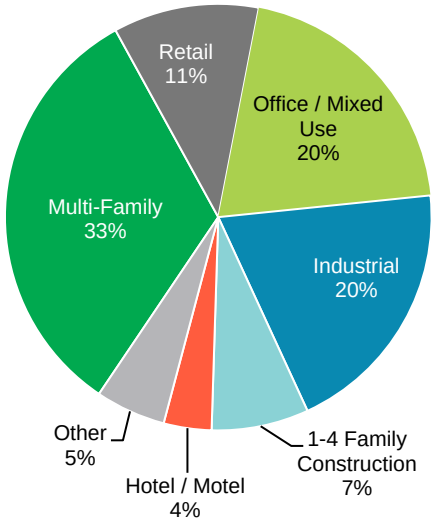
C&BL by Industry
$9.4 billion



Power & Utilities Lending
$1.8 billion



CRE by Property Type
$6.2 billion



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

Reconciliation and Definitions of Non-GAAP Items

($ in millions)

Selected Trend Information[1]	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Wealth management fees	$22	$22	$23	$22	$23
Service charges and deposit account fees	15	15	16	17	17
Card-based fees	10	10	11	11	11
Other fee-based revenue	5	5	4	4	4
Fee-based revenue	52	52	53	54	55
Gain on sale of ABRC	-	-	-	-	-
Insurance commissions and fees	-	-	-	-	-
Other	33	44	20	28	26
Total noninterest income	$86	$95	$73	$82	$82

Efficiency Ratio Reconciliation	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Federal Reserve efficiency ratio	59.68%	65.74%	66.81%	65.43%	67.36%
Fully tax-equivalent adjustment	(0.84)%	(0.97)%	(1.07)%	(1.01)%	(1.10)%
Other intangible amortization	(0.82)%	(0.82)%	(0.87)%	(0.83)%	(0.82)%
Fully tax-equivalent efficiency ratio	58.02%	63.96%	64.88%	63.61%	65.46%
Provision for unfunded commitments adjustment	3.42%	(1.09)%	2.14%	1.48%	0.55%
Asset gains (losses), net adjustment	(0.30)%	1.12%	--%	1.29%	0.24%
Acquisitions, branch sales, and initiatives	1.68%	0.22%	0.01%	(0.91)%	(1.43)%
Adjusted efficiency ratio[2]	62.83%	64.21%	67.02%	65.46%	64.82%

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] These financial measures have been included as they provide meaningful supplemental information to assess trends in the Corporation's results of operations.

[2] 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.

Reconciliation and Definitions of Non-GAAP Items

($ in millions)

Pre-tax Pre-Provision Income Reconciliation[1]	3Q 2021	4Q 2021
Pre-tax pre-provision income		
Income (loss) before income taxes	$112	$92
Provision for credit losses	(24)	(6)
Pre-tax pre-provision income	$88	$86

Tangible Common Equity and Tangible Assets Reconciliation[2]	4Q 2020	4Q 2021
Common equity	$3,737	$3,832
Goodwill and other intangible assets, net	(1,178)	(1,163)
Tangible common equity	$2,560	$2,669
Total assets	$33,420	$35,104
Goodwill and other intangible assets, net	(1,178)	(1,163)
Tangible assets	$32,242	$33,941

[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.