First Quarter 2022 Earnings Presentation

APRIL 21, 2022

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Forward-Looking Statements

Important note regarding forward-looking statements:

Statements made in this presentation which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. This includes any statements regarding management's plans, objectives, or goals for future operations, products or services, and forecasts of its revenues, earnings, or other measures of performance. Such forward-looking statements may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "should," "will," "intend," "target," "outlook," "project," "guidance," or similar expressions. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements. Factors which may cause actual results to differ materially from those contained in such forward-looking statements include those identified in the Company's most recent Form 10-K and subsequent Form 10-Qs and other SEC filings, and such factors are incorporated herein by reference.

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Presentation:

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

Non-GAAP Measures:

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.

First Quarter 2022 Update

1Q 2022 results reflect positive margin, expense and credit trends

Associated Banc-Corp Reports First Quarter 2022 Net Income Available to Common Equity of $71 Million, or $0.47 per Common Share

Expanding Loan and Margin Trends

- Annualized total loan growth of 5% QoQ (EoP and average)
  - Annualized average Commercial & Business Lending (ex. PPP): 8%
- EoP securities/total assets of 20%, up from 19% in 4Q
- Quarterly net interest margin of 2.42% (2.50% in March)

Improving Credit Dynamics

- Negative provision of $4 million
- Net recoveries of $2 million
- Declining OREO, delinquency and restructured loan trends
- Appropriately reserved with ACLL to loan ratio of 1.30% as of 3/31/22

Disciplined Expense Management

- Total noninterest expense down 5% QoQ
- Reduced personnel and other expenses
- Continued increased investment in technology

Contributing to Strong Profitability and Capital Trends

- Fully-diluted earnings per common share of $0.47
- Pre-tax income of $93 million
- Pre-tax, pre-provision income[1] of $89 million
- ROATCE[2] of 11%
- CET1 of 10.2%; TCE[2] of 7.7%
- Tangible book value per share of $17.29 (down 3% QoQ)

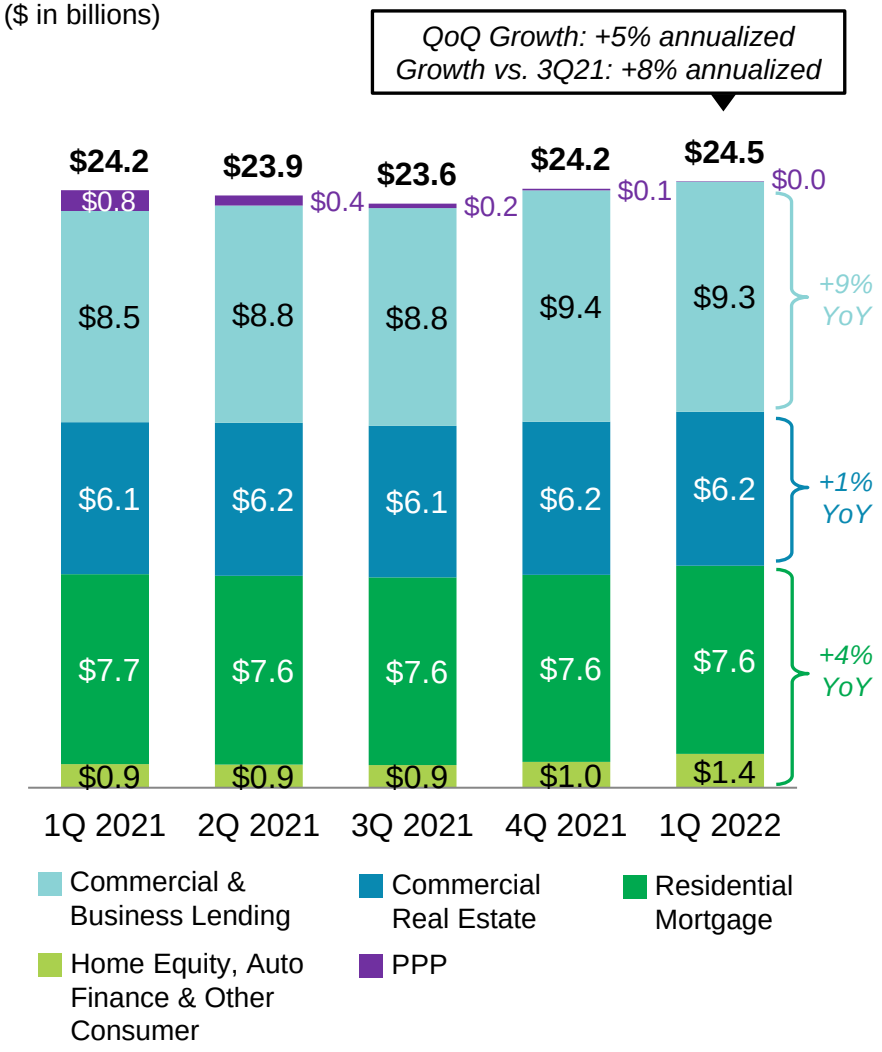
[1] This is a non-GAAP financial measure. Please refer to the appendix for a reconciliation of pre-tax pre-provision income to income before income taxes. Given the adoption of CECL and the volatility of provision during the pandemic, we believe pre-tax pre-provision income provides meaningful disclosure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

1Q 2022 Loan Trends

Total loans increased by an annualized 5% QoQ, led by our strategic initiatives and general commercial

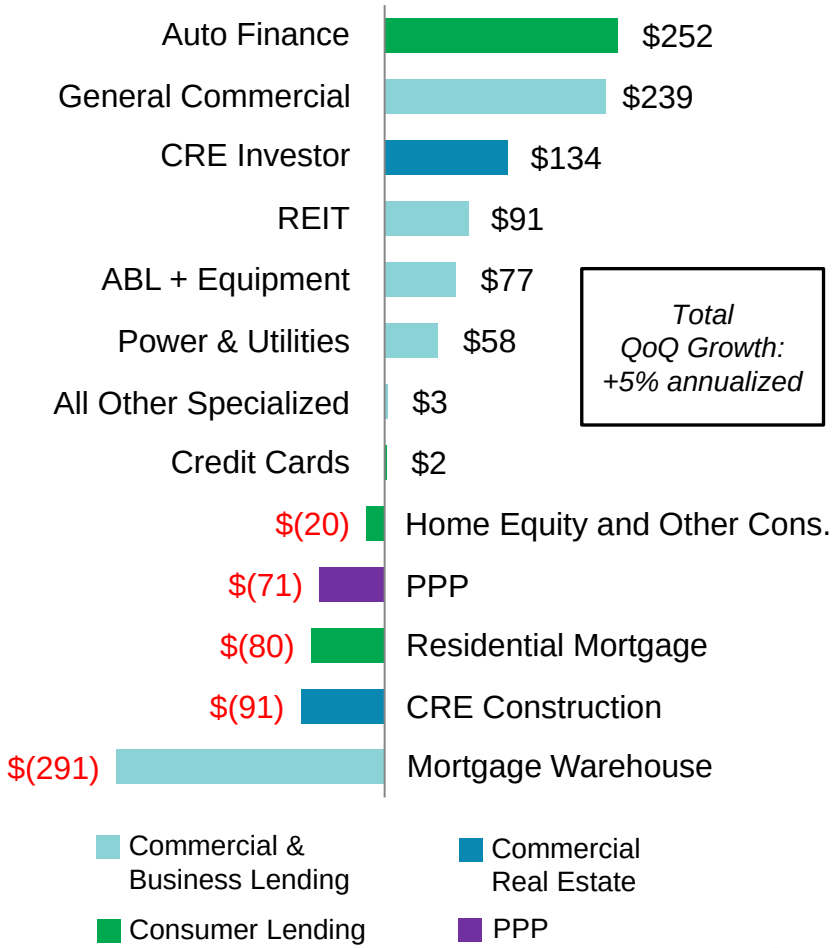
EoP Quarterly Loan Trends

($ in billions)



Average Loan Change (4Q 2021 to 1Q 2022)

($ in millions)

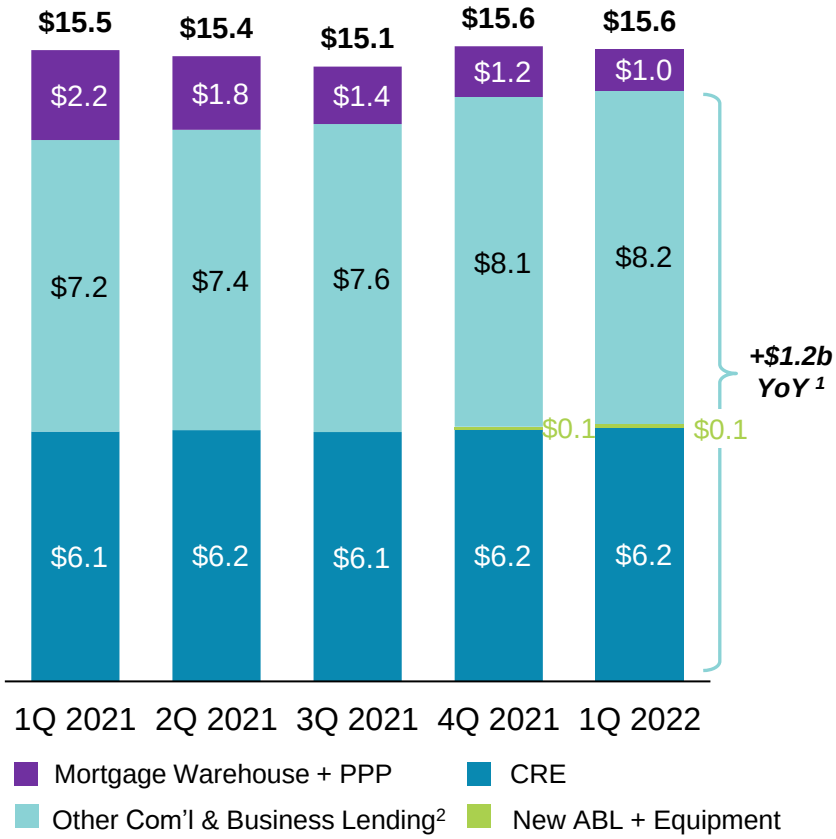


Emerging Commercial Growth Dynamics

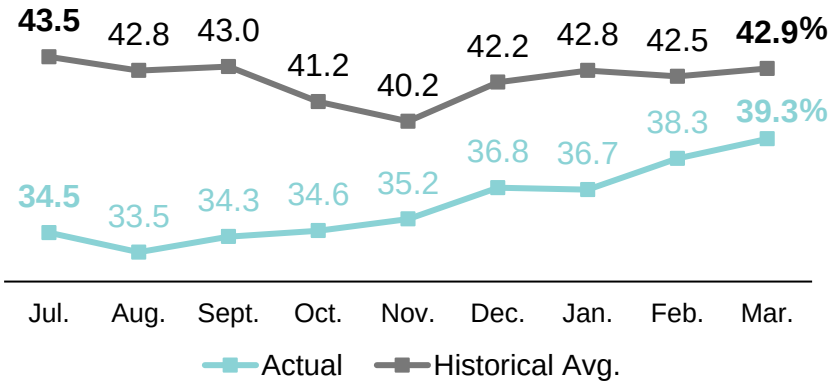
Key indicators of commercial activity point to additional growth later in 2022

EoP Total Commercial Loan Trends

($ in billions)

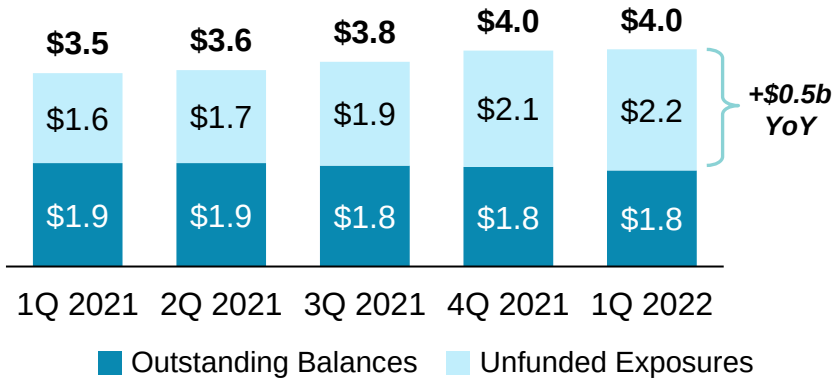


Regional Commercial Line Utilization[3] (%)



EoP CRE Construction Loan Exposures

($ in billions)



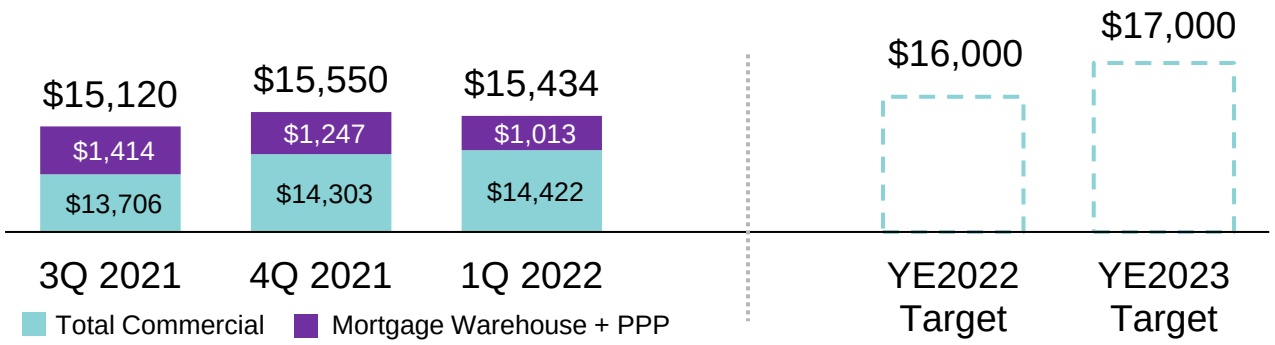
[1] Reflects point-to-point Total Commercial loan growth excluding Mortgage Warehouse & PPP.
[2] Includes legacy Asset-Based Lending and Equipment Finance balances.
[3] Outstanding Balances / Total Exposure of regional Commercial Banking revolving credit lines in Milwaukee, Chicago and Twin Cities markets. Monthly historical average reflects 2017, 2018 and 2019 data.

Our Strategic Initiatives Remain on Track

EoP Balance Trends *($ in millions)*

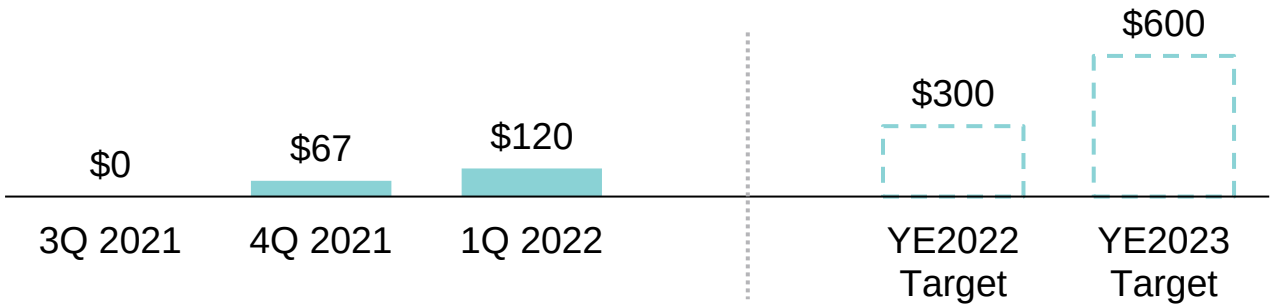
Total Commercial[1]



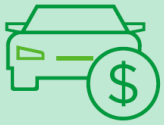


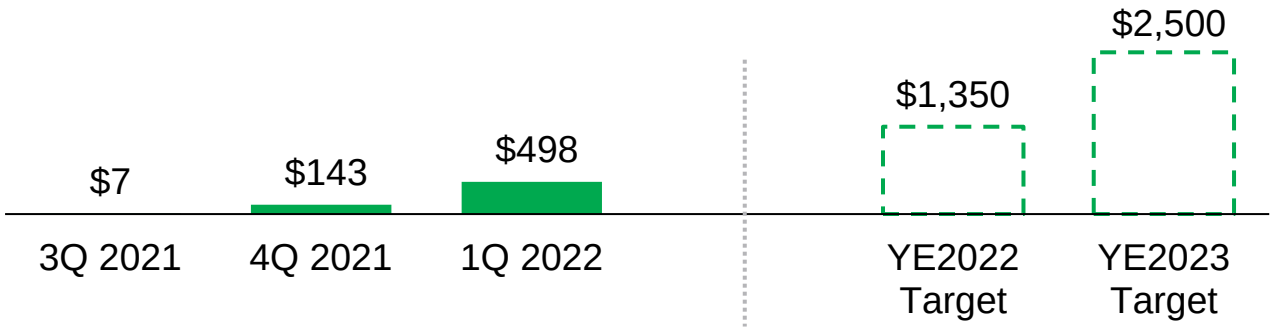
New Asset-Based Lending + Equipment Finance[2]





Auto Finance





[1] Includes legacy Asset-Based Lending and Equipment Finance balances.
[2] Reflected as balance growth above the 3Q 2021 legacy baseline of $111 million; the baseline is reflected in Total Commercial.

Strategic Initiative Updates[1]

We continue to make meaningful progress on our initiatives

Expanding our Lending Capabilities

- Auto Finance: Over 16,000 auto loans in portfolio; 763 avg. FICO
- Asset-Based Lending: Added four additional team members in 1Q
- Equipment Finance: Added two additional team members and began funding transactions in 1Q

Growing our Core Businesses

- Continued to add Commercial and Small Business bankers in 1Q, on track to hire ~15-20 bankers by year-end 2022
- Strong commercial line utilization and pipeline trends in regional books
- Expecting seasonal growth in CRE construction balances

Investing in our Digital Transformation

- Launched internal pilot of new digital platform in 1Q 2022; expanded pilot program on track for 2Q 2022 launch
- Modernization efforts focusing on “hollowing out” our core
- Moving toward “built for purpose” systems with robust data integration

Optimizing Capital Proactively

- Capital priorities focused on organic growth (50-60%) and dividends (40-50%) in 2022
- TCE ratio[2] of 7.7% vs. target of 7.5%

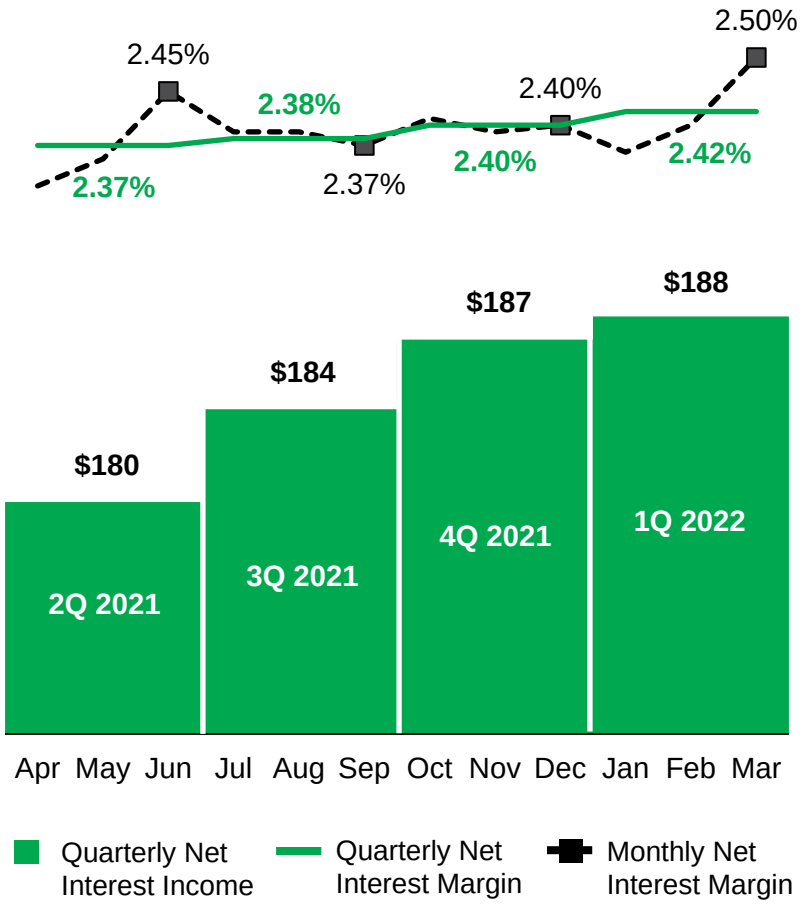
[1] All updates as of or for the period ended March 31, 2022 unless otherwise noted.
[2] This is a non-GAAP financial measure. See appendix for a reconciliation of non-GAAP financial measures to GAAP financial measures.

Net Interest Income and Yield Trends

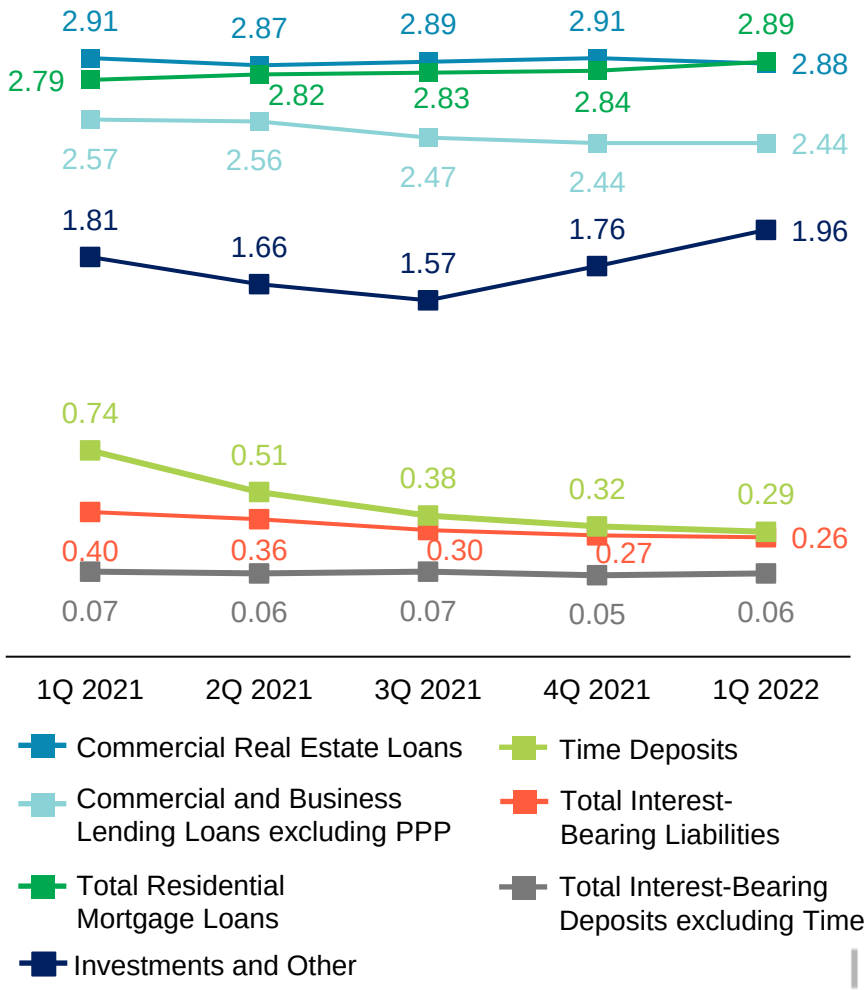
1Q 2022 NII and NIM continued to expand QoQ, driven primarily by higher securities yields

NII and NIM Trends

($ in millions)



Average Yields (%)

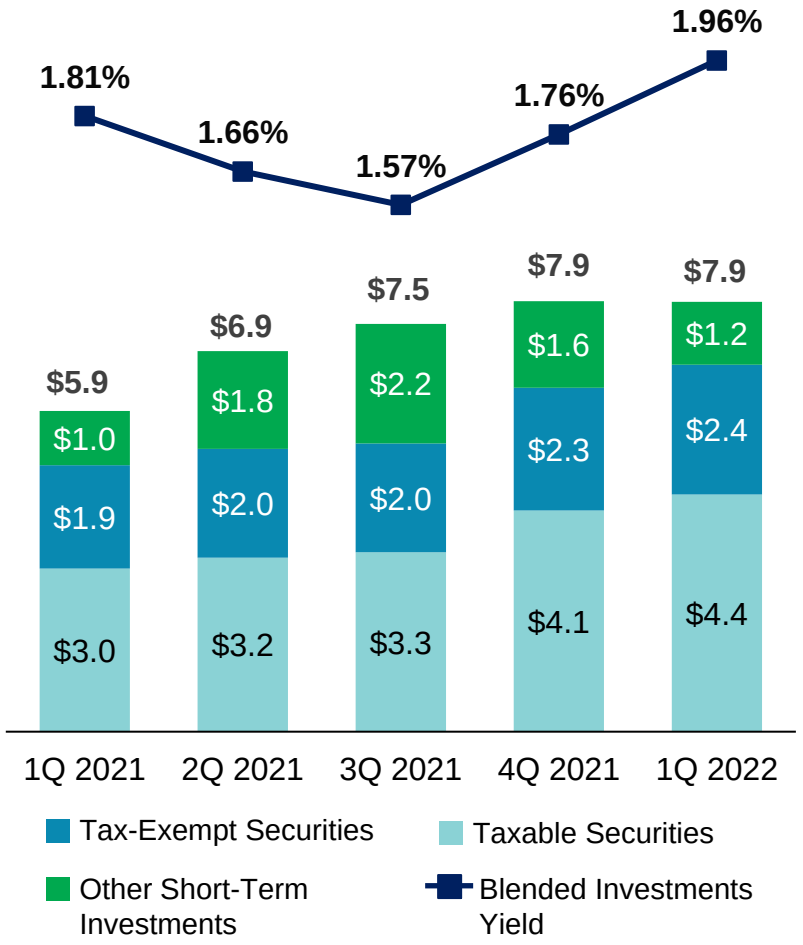


Cash and Investment Securities Portfolio

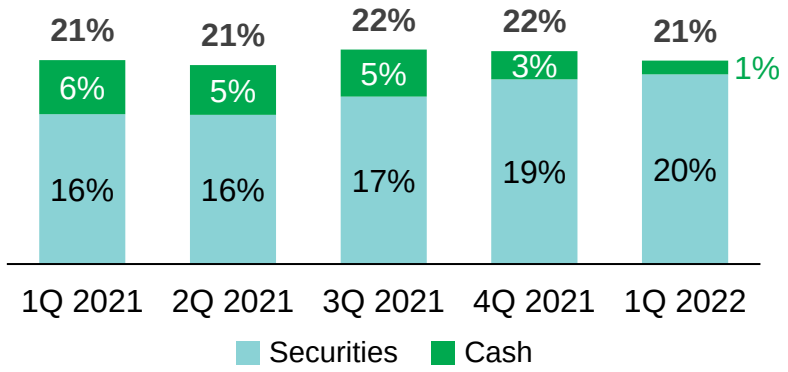
We are on track to rebuild the investment portfolio to between 20% and 22% of total assets by year-end 2022

Average Investments and Yield Trends

($ in billions)

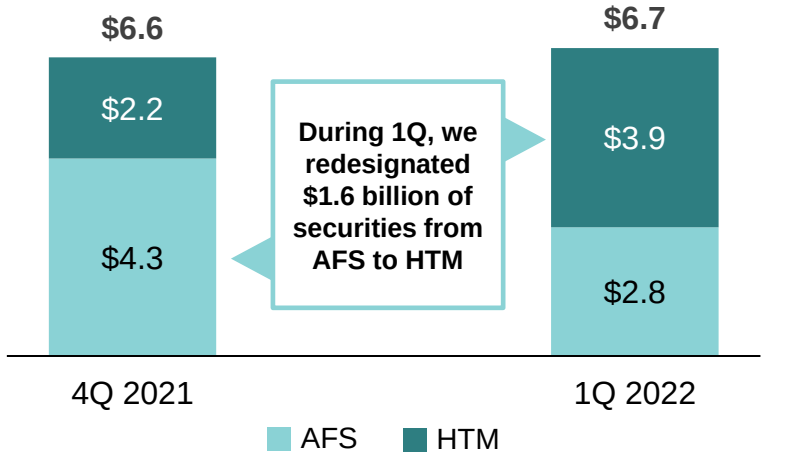


EoP Securities + Cash / Total Assets



Securities Book Composition

($ in billions)

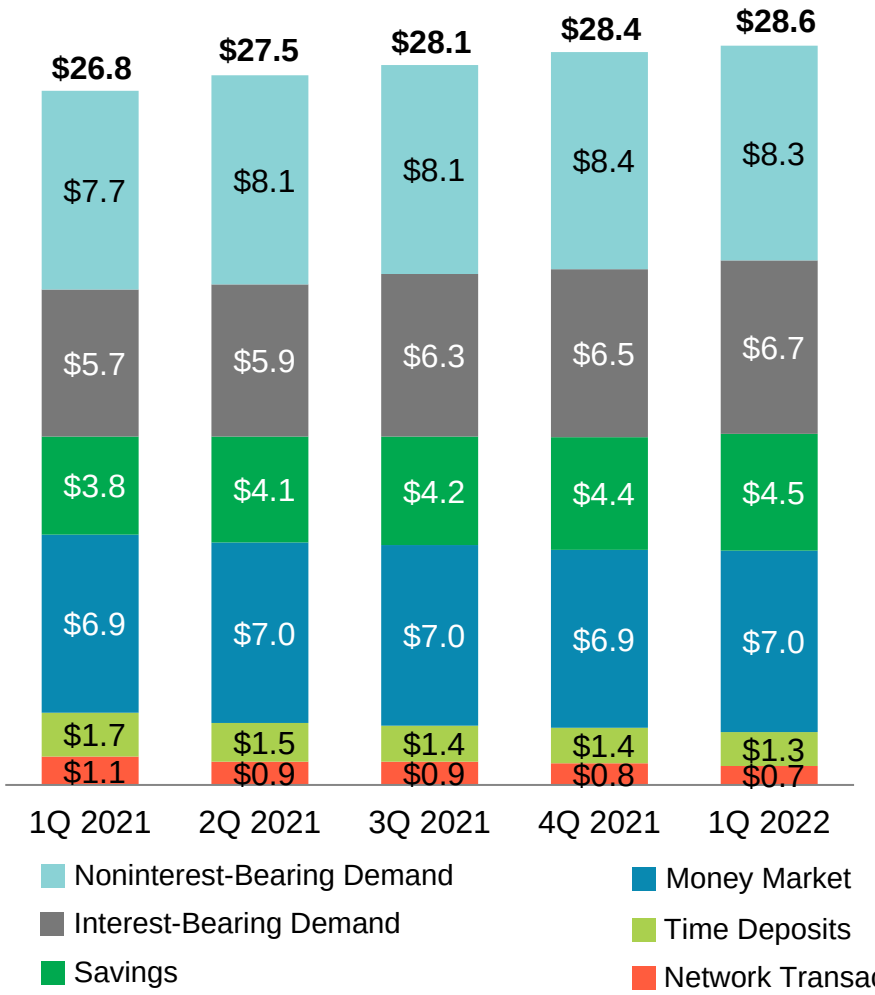


Quarterly Funding Trends

We continue to see strong low-cost, core customer funding levels and reductions in higher-cost liabilities

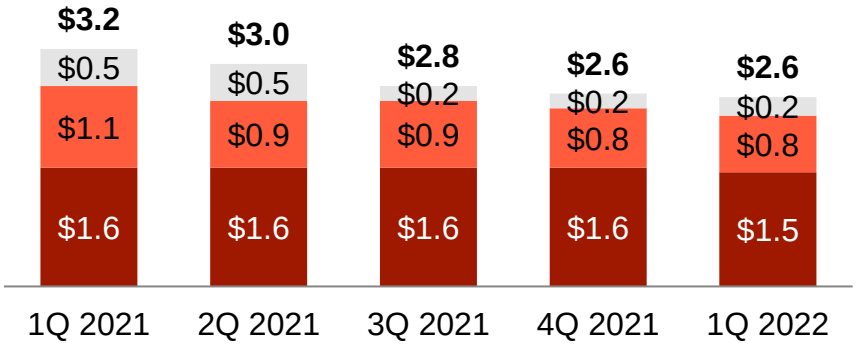
Average Quarterly Deposits

($ in billions)

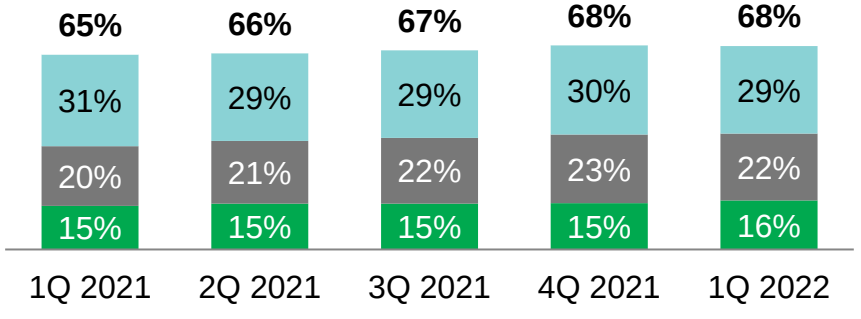


EoP Wholesale Funding Trends

($ in billions)



EoP Low-Cost Deposit Mix Trends

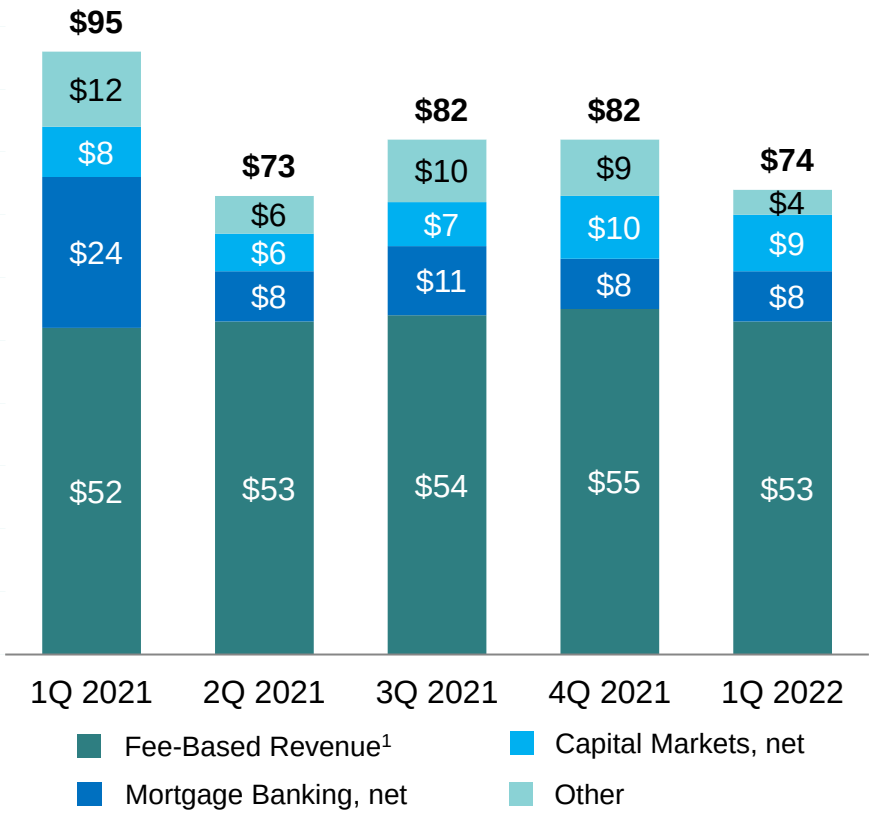


Noninterest Income Trends

Moderation in noninterest income driven by macro market dynamics

Noninterest Income Trends

($ in millions)

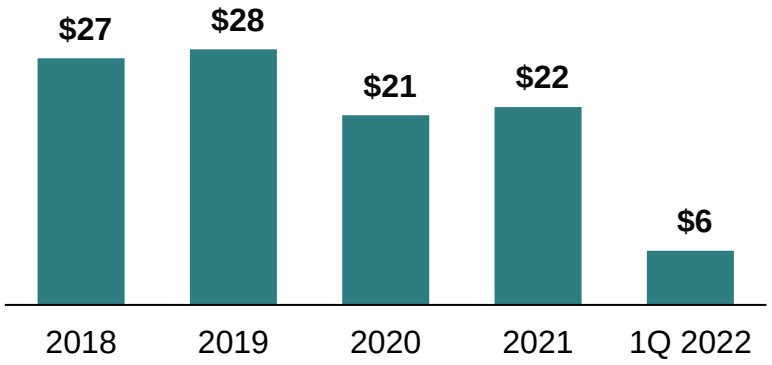


Overdraft Program Update

- In 3Q, we plan to eliminate our continuous overdraft fee, overdraft protection transfer fee, and the Nonsufficient Funds fee charged when an item is returned
- We also plan to reduce the daily limit of overdraft fee occurrences from 4 down to 2
- **We expect these planned changes to reduce overdraft and NSF income by ~$3 million in 2022**

Overdraft and Nonsufficient Funds Fees

($ in millions)



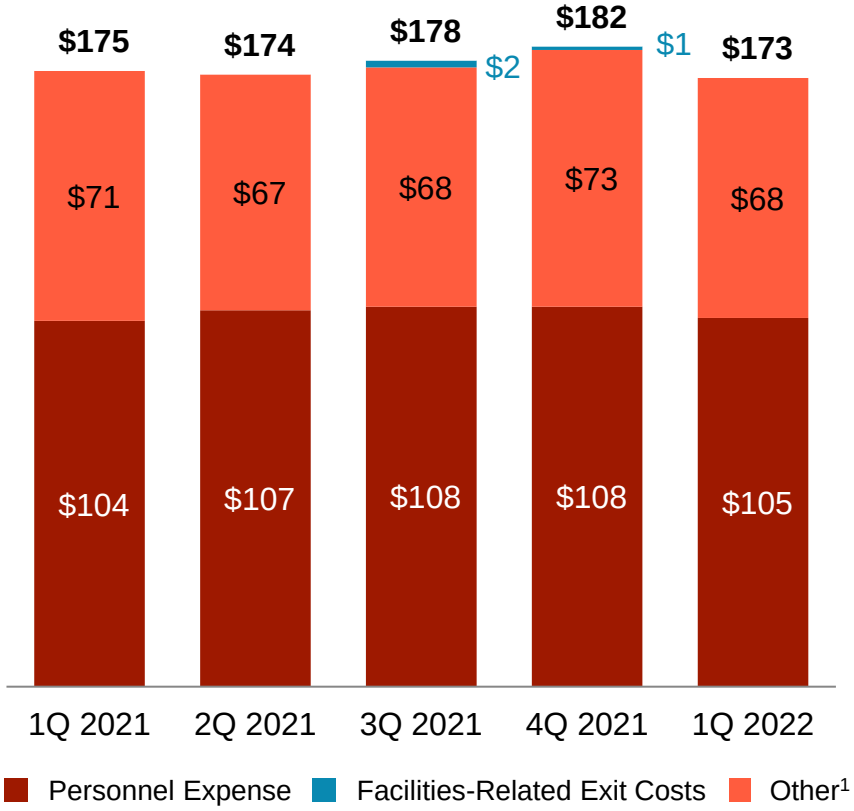
[1] Includes OD/NSF revenue. This is a non-GAAP financial measure. Please refer to the appendix for a reconciliation of fee-based revenue to noninterest income.

Noninterest Expense Trends

1Q 2022 expenses down YoY, but expected to increase with planned technology and staffing additions

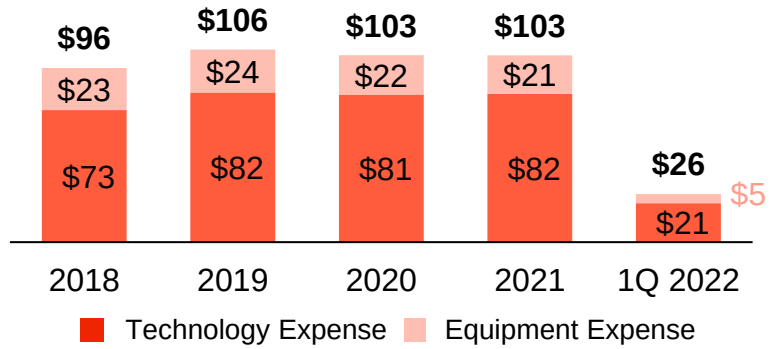
Noninterest Expense Trends

($ in millions)

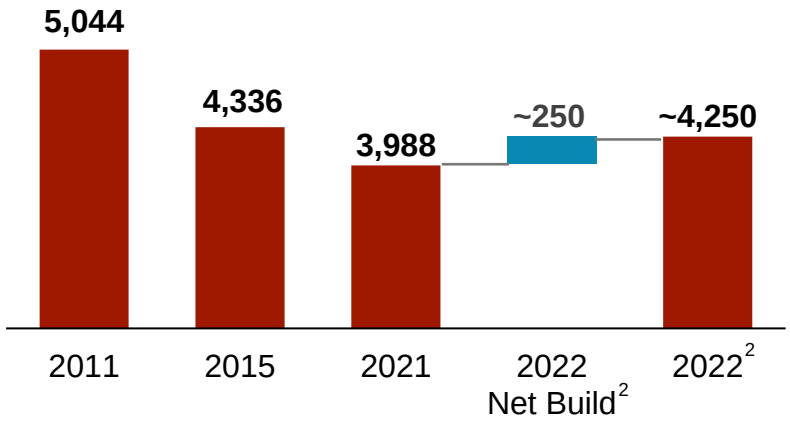


Technology & Equipment Expense Trends

($ in millions)



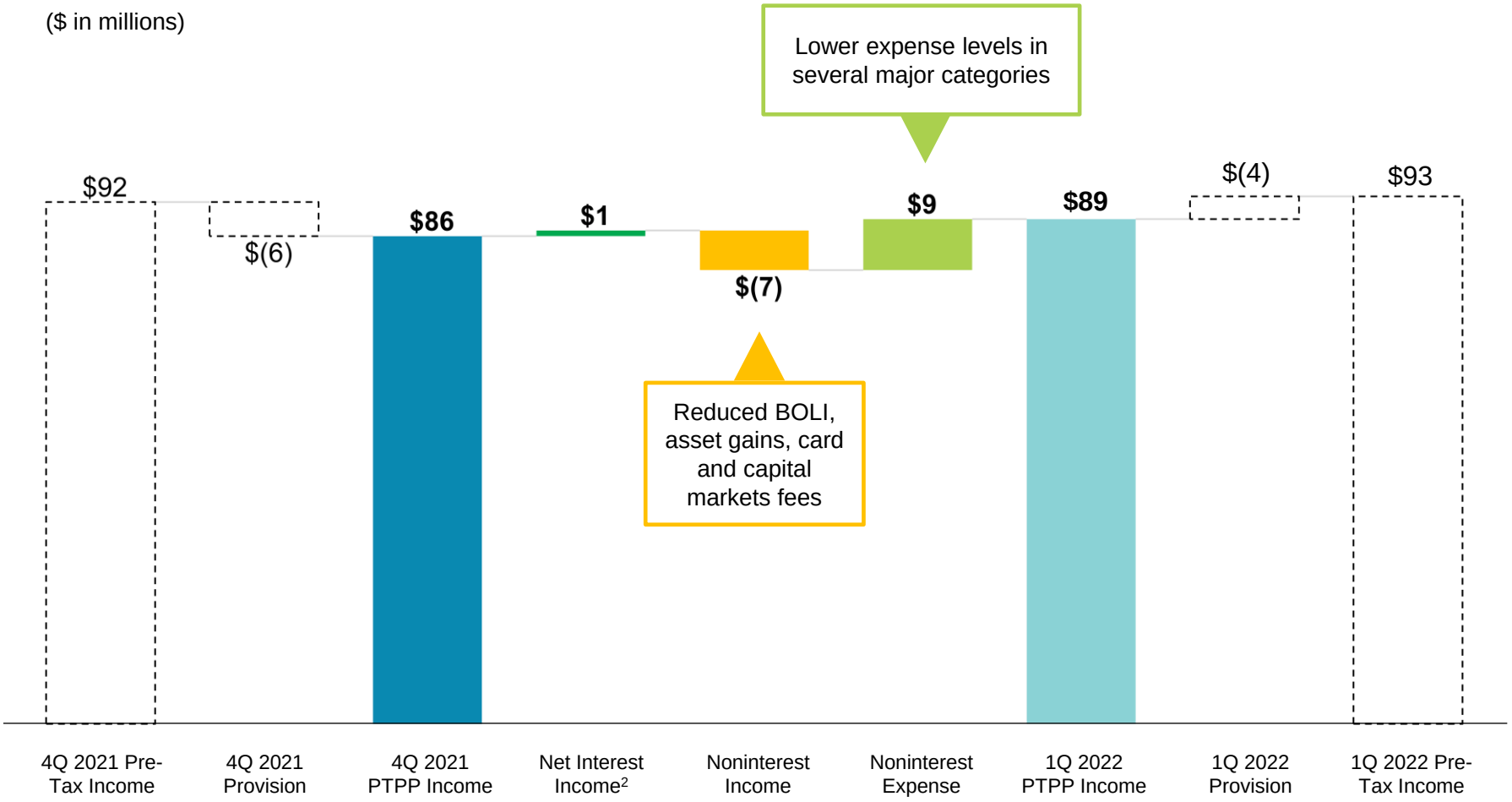
EoP Full Time Employee Trends



[1] Other expenses are primarily comprised of Technology, Occupancy, Equipment, Business Development, Legal and Professional, and FDIC Assessment costs.
[2] Projected.

1Q 2022 Pre-Tax Pre-Provision Income[1] Walk-Forward

1Q PTPP income grew by $3 million QoQ, driven by increased NII and decreased expense



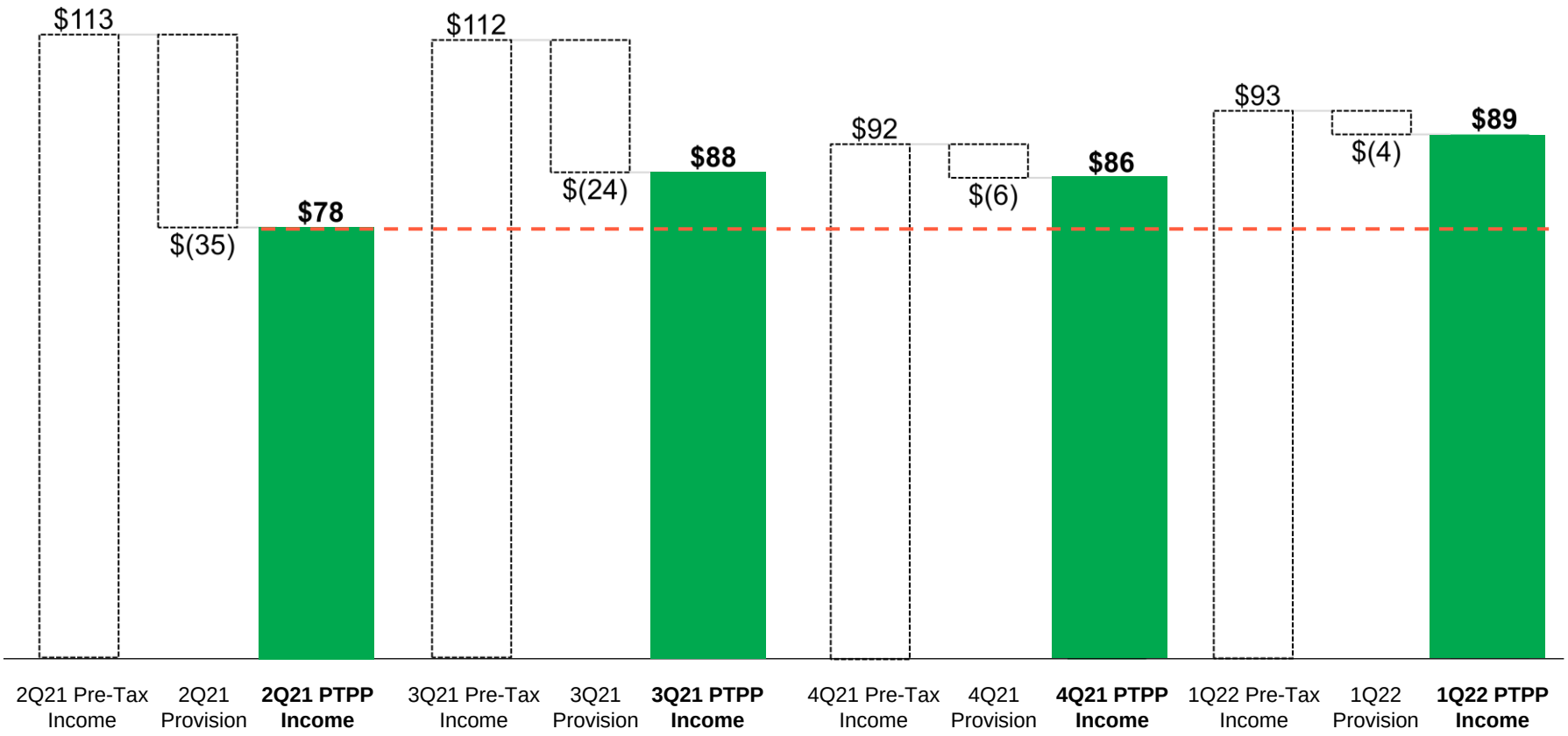
[1] This is a non-GAAP financial measure. Please refer to the appendix for a reconciliation of pre-tax pre-provision income to income before income taxes. Given the adoption of CECL and the volatility of provision during the pandemic, we believe pre-tax pre-provision income provides meaningful disclosure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

[2] Inclusive of lower day count in 1Q 2022.

Pre-Tax Pre-Provision Income[1] Trend

Amid expanding operating leverage, PTPP income has remained above 2Q 2021's $78 million baseline

($ in millions)

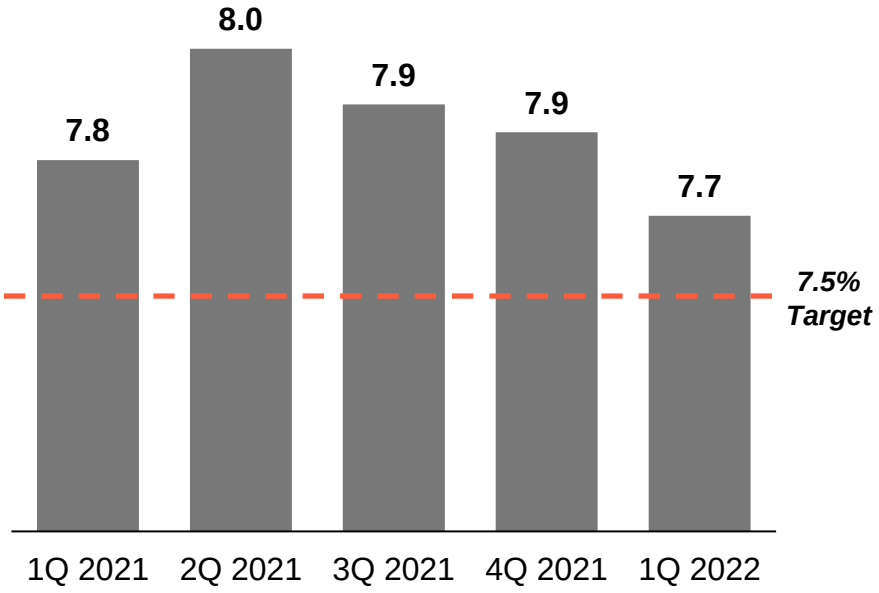


[1] This is a non-GAAP financial measure. Please refer to the appendix for a reconciliation of pre-tax pre-provision income to income before income taxes. Given the adoption of CECL and the volatility of provision during the pandemic, we believe pre-tax pre-provision income provides meaningful disclosure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

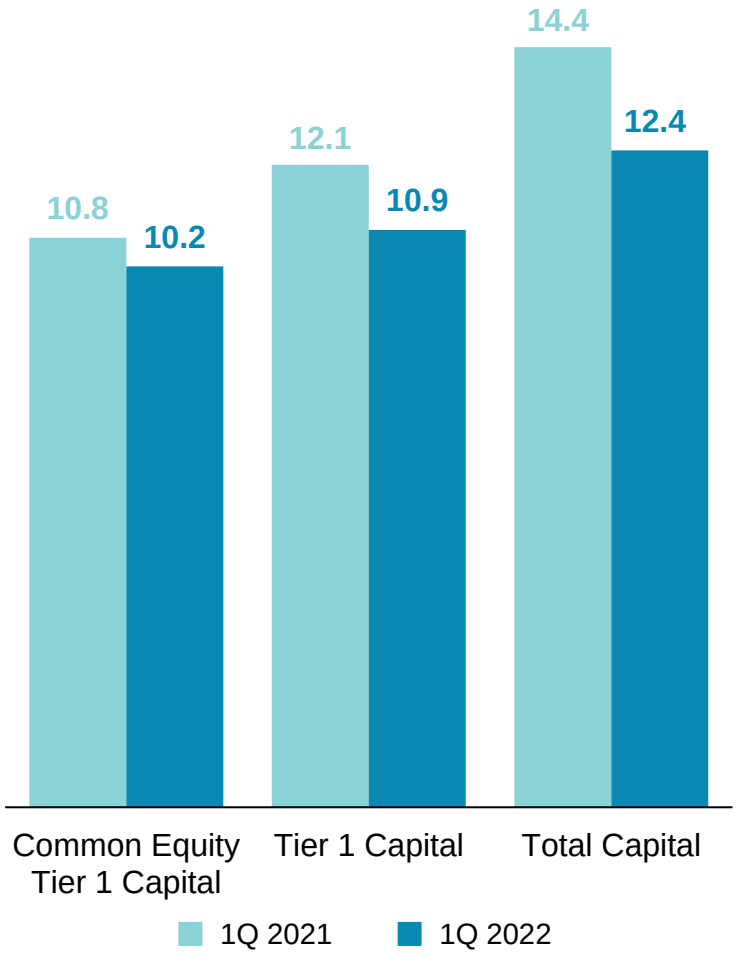
Strong Capital Position

Capital ratios are expected to drive toward targets as we fund loan growth on the balance sheet

Tangible Common Equity / Tangible Assets[1] (%)



Regulatory Capital Ratios (%)



[1] This is a non-GAAP financial measure. See appendix for a reconciliation of non-GAAP financial measures to GAAP financial measures.

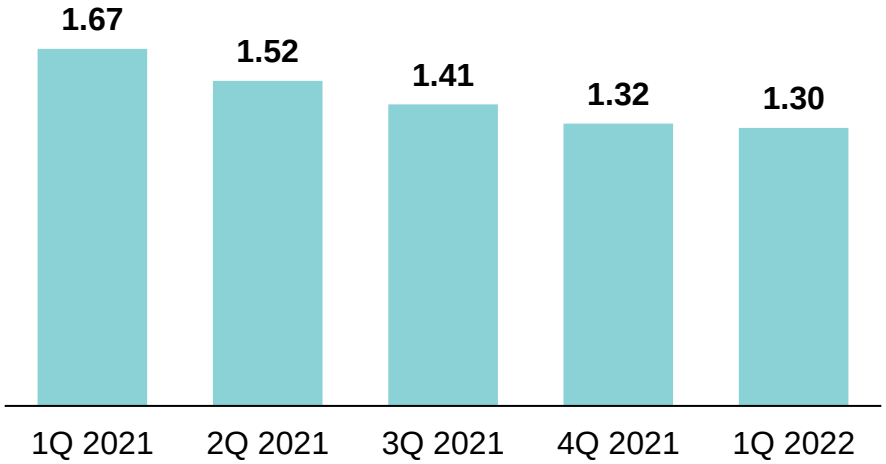
Allowance Update

Net recoveries of $2 million in 1Q 2022, reflecting strong dynamics throughout the portfolio

1Q 2022 ACLL Update

- Allowance for credit losses on loans (ACLL) decreased $2 million QoQ
- Net recoveries of $2 million
- 1Q 2022 negative provision of $4 million, compared to negative $6 million in 4Q 2021 and negative $23 million in 1Q 2021
- CECL forward looking assumptions based on Moody's February 2022 Baseline forecast

ACLL / Total Loans (%)



($ in thousands)

Loan Category	ACLL[1] 12/31/2021	ACLL[1] / Loans 12/31/2021	ACLL[1] 3/31/2022	ACLL[1] / Loans 3/31/2022
C&BL (excl. PPP Loans)	$119,946	1.28%	$114,049	1.23%
PPP Loans	51	0.08%	11	0.06%
CRE - Investor	73,739	1.68%	73,995	1.66%
CRE - Construction	53,229	2.94%	57,758	3.28%
Residential Mortgage	40,787	0.54%	37,101	0.49%
Other Consumer	32,038	3.08%	34,919	2.55%
Total	**$319,791**	**1.32%**	**$317,835**	**1.30%**
Total (excl. PPP Loans)	$319,739	1.32%	$317,823	1.30%

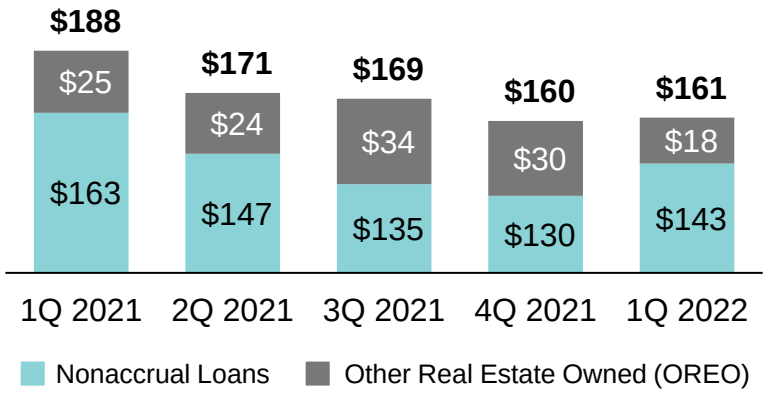
[1] Includes funded and unfunded reserve for loans, excludes reserve for HTM securities.

Credit Quality Trends

Credit metrics largely continued to improve during 1Q 2022

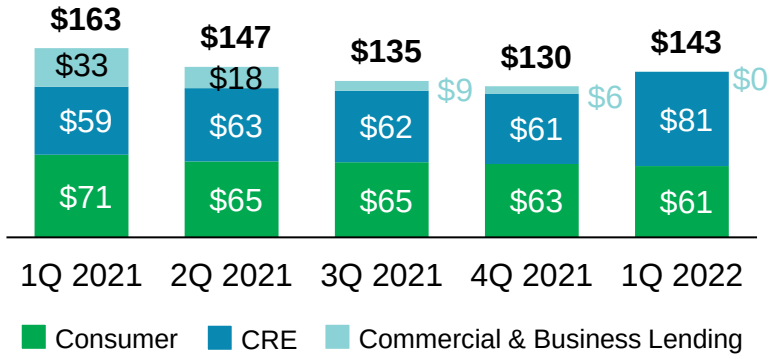
Total Nonperforming Assets

($ in millions)



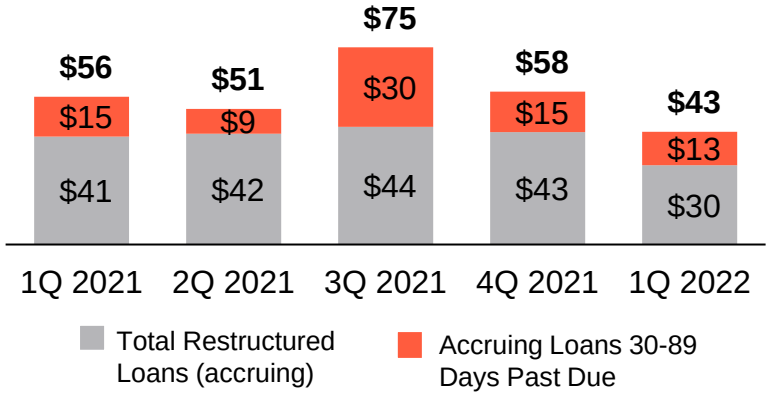
Nonaccrual Loans

($ in millions)



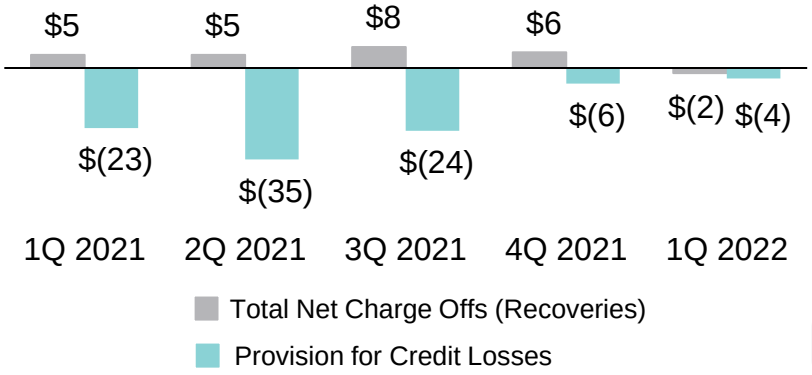
Restructured Loans & Delinquencies

($ in millions)



Net Charge Offs (Recoveries) and Provision

($ in millions)



2022 Outlook

	FY 2022 Guidance
Balance Sheet Management[1]	▪ Auto Finance loan growth of $1.2+ billion ▪ Total commercial[2] loan growth of $750 million to $1 billion ▪ Target investments / total assets ratio of 20% to 22%

Net Interest Income & Noninterest Income	▪ Net interest income of $840+ million (vs. prior guidance of $800+ million)
	  ▪ Assumes a 25bp increase at each FOMC meeting this year
	▪ Noninterest income of $290 million to $300 million (vs. prior guidance of $300+ million)
	  ▪ Total net interest income & noninterest income of $1.135+ 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

[1] Growth to end of period as compared to 12/31/2021.
[2] Includes Asset-Based Lending & Equipment Finance.

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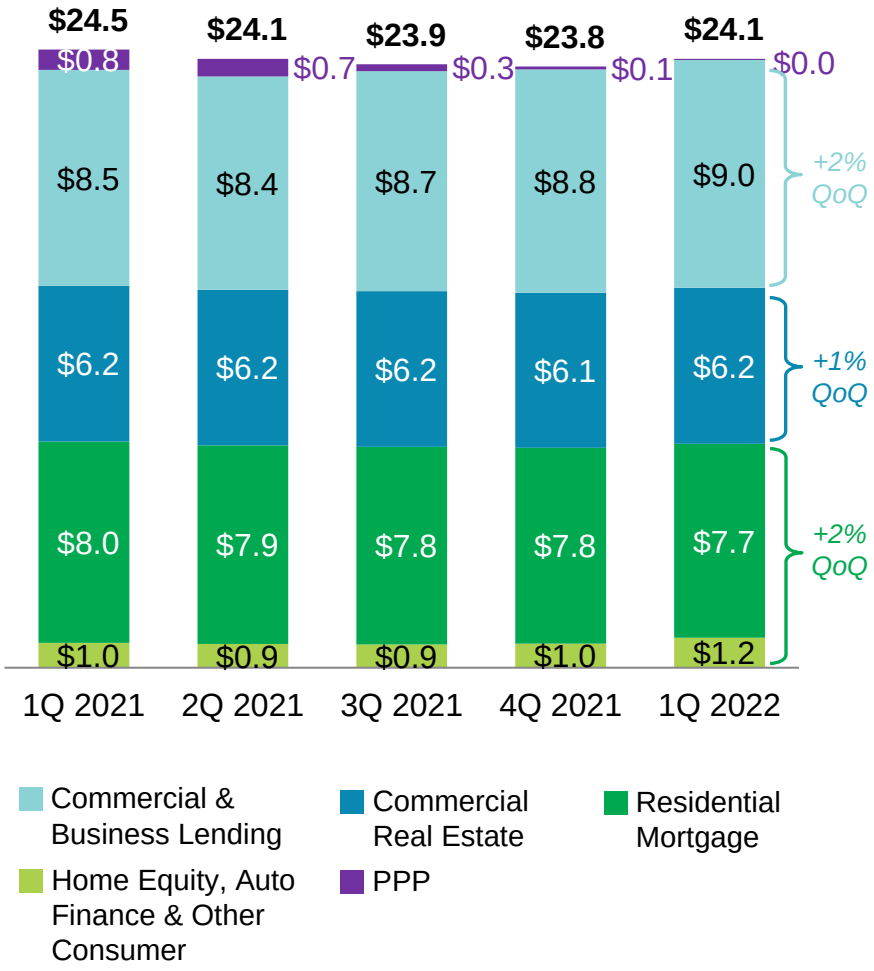
Appendix

Additional 1Q 2022 Loan Trends

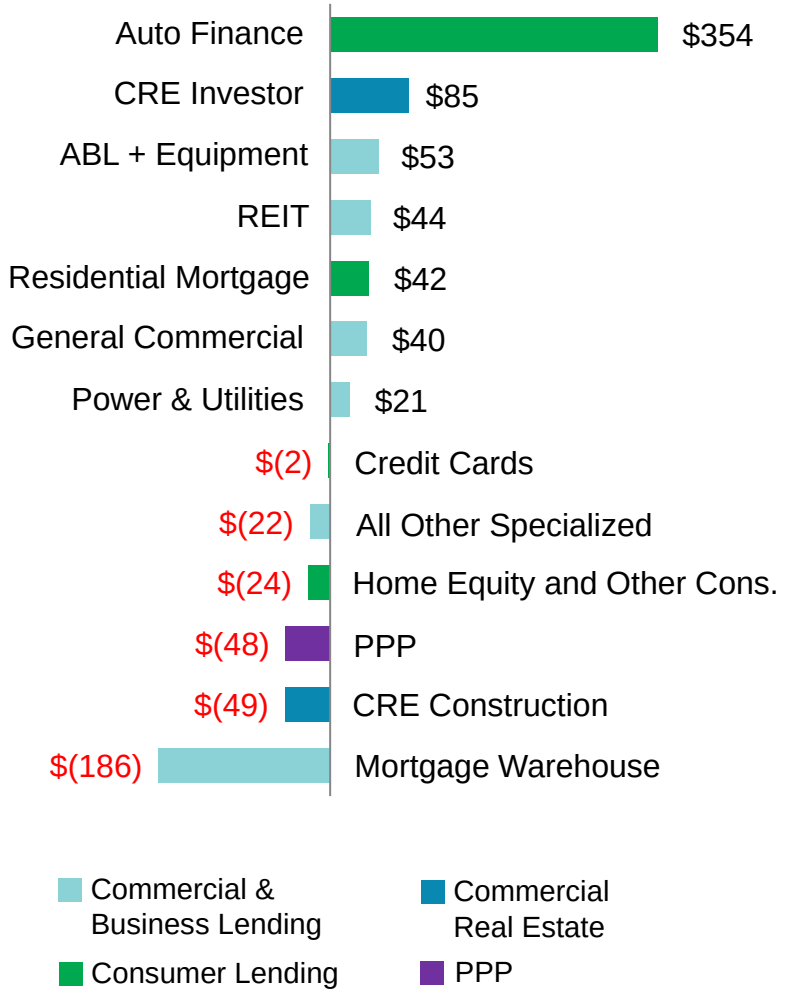
Average Quarterly Loan Trends

($ in billions)



EoP Loan Change (4Q 2021 to 1Q 2022)

($ in millions)



Total Loans Outstanding Balances as of March 31, 2022

Well-diversified $25 billion loan portfolio

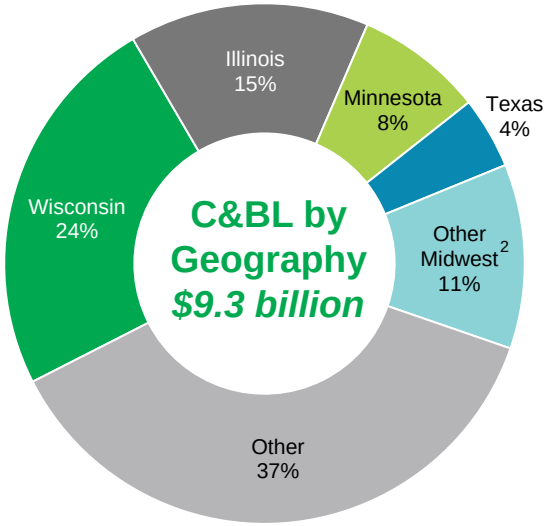
($ in millions)

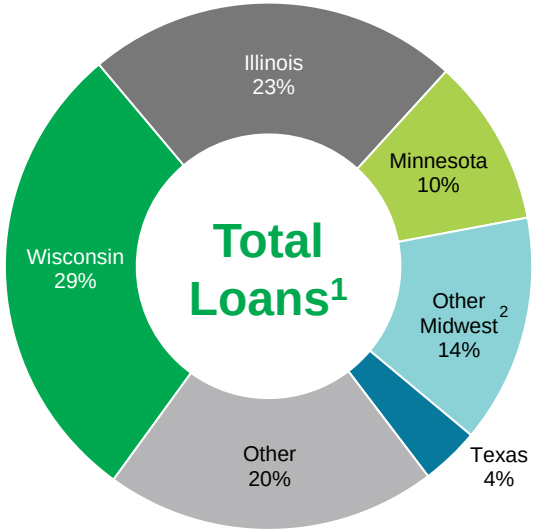
	3/31/2022[1]	% of Total Loans
C&BL (by NAICS[2])		
Wholesale/Manufacturing	$ 1,882	7.7%
Utilities	1,827	7.4%
Real Estate (includes REITs)	1,536	6.3%
Mortgage Warehouse	995	4.1%
Finance & Insurance	419	1.7%
Retail Trade	389	1.6%
Construction	357	1.5%
Health Care and Social Assistance	337	1.4%
Rental and Leasing Services	267	1.1%
Professional, Scientific, and Tech. Serv.	224	0.9%
Transportation and Warehousing	178	0.7%
Waste Management	146	0.6%
Accommodation and Food Services	134	0.5%
Information	81	0.3%
Financial Investments & Related Activities	77	0.3%
Arts, Entertainment, and Recreation	76	0.3%
Management of Companies & Enterprises	61	0.2%
Mining	46	0.2%
Public Administration	30	0.1%
Educational Services	30	0.1%
Agriculture, Forestry, Fishing and Hunting	6	0.0%
Other	227	0.9%
Total C&BL	$ 9,325	38.0%

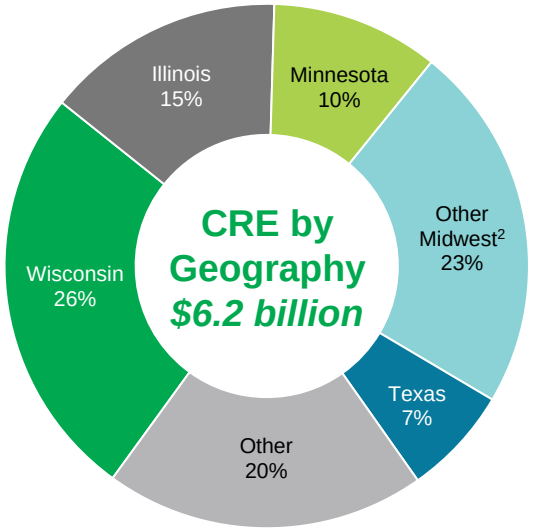
	3/31/2022[1]	% of Total Loans
CRE (by property type)		
Multi-Family	$ 1,988	8.1%
Industrial	1,300	5.3%
Office/Mixed	1,259	5.1%
Retail	670	2.7%
Single Family Construction	464	1.9%
Hotel/Motel	225	0.9%
Land	84	0.3%
Mobile Home Parks	49	0.2%
Parking Lots and Garages	37	0.2%
Other	153	0.6%
Total	$ 6,229	25.4%
Consumer		
Residential Mortgage	$ 7,609	31.0%
Home Equity	581	2.4%
Auto Finance	498	2.0%
Credit Cards	111	0.5%
Student Loans	96	0.4%
Other Consumer	82	0.3%
Total Consumer	$ 8,978	36.6%
Total Loans	$ 24,532	100.0%

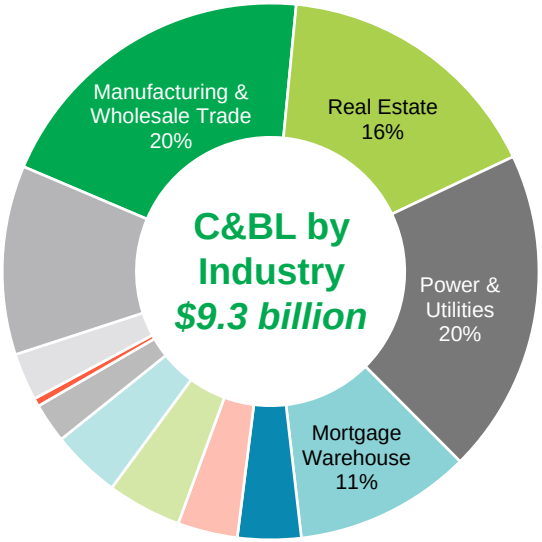
[1] All values as of period end.
[2] North American Industry Classification System.

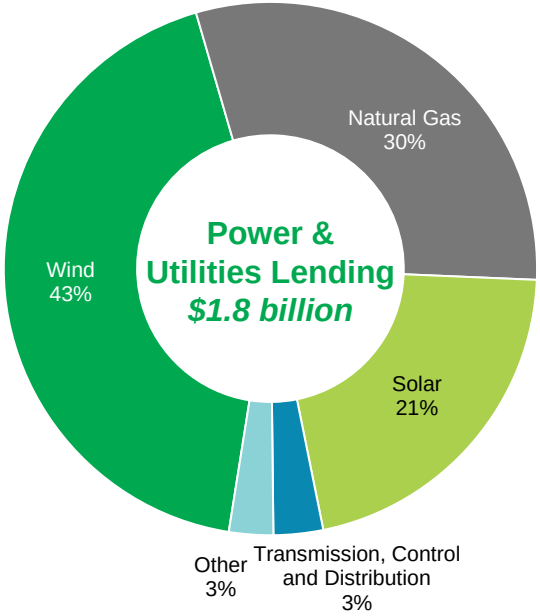
Loan Stratification Outstanding Balances as of March 31, 2022

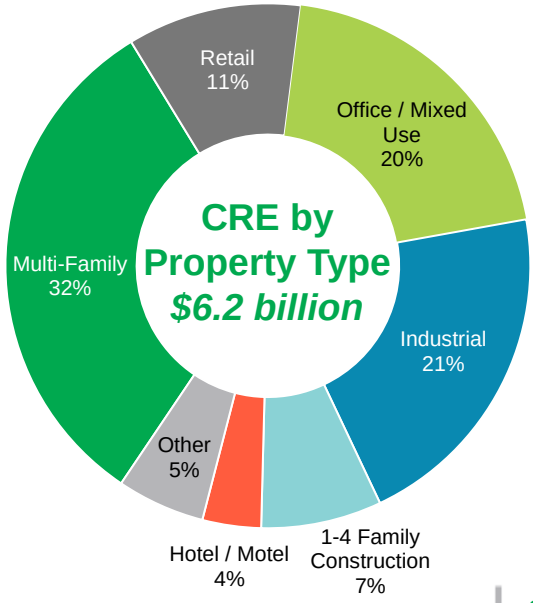












[1] Excludes Other Consumer portfolio.
[2] Other Midwest includes Missouri, Indiana, Ohio, Michigan and Iowa.

Reconciliation and Definitions of Non-GAAP Items

($ in millions)

Pre-tax Pre-Provision Income Reconciliation[1]	2Q 2021	3Q 2021	4Q 2021	1Q 2022
Income (loss) before income taxes	$113	$112	$92	$93
Provision for credit losses	(35)	(24)	(6)	(4)
Pre-tax pre-provision income	$78	$88	$86	$89

Average Tangible Common Equity Reconciliation[2]	1Q 2022
Common equity	$3,794
Goodwill and other intangible assets, net	(1,162)
Tangible common equity	$2,631

Tangible Common Equity and Tangible Assets Reconciliation[3]	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022
Common equity	$3,774	$3,820	$3,802	$3,832	$3,755
Goodwill and other intangible assets, net	(1,170)	(1,167)	(1,165)	(1,163)	(1,161)
Tangible common equity	$2,605	$2,652	$2,636	$2,669	$2,594
Total assets	$34,575	$34,153	$34,440	$35,104	$34,956
Goodwill and other intangible assets, net	(1,170)	(1,167)	(1,165)	(1,163)	(1,161)
Tangible assets	$33,406	$32,985	$33,274	$33,941	$33,795

Selected Trend Information[4]	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022
Wealth management fees	$22	$23	$22	$23	$22
Service charges and deposit account fees	15	16	17	17	17
Card-based fees	10	11	11	11	10
Other fee-based revenue	5	4	4	4	4
Fee-based revenue	52	53	54	55	53
Other	44	20	28	26	22
Total noninterest income	$95	$73	$82	$82	$74

[1] Management believes this measure is meaningful because it reflects 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] 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] 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.
[4] These financial measures have been included as they provide meaningful supplemental information to assess trends in the Corporation's results of operations.