Third Quarter 2023 Earnings Presentation

OCTOBER 19, 2023

ASB LISTED NYSE

Associated Bank
Your money works here.

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.

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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.

Third Quarter 2023 Results

ASB reports 3Q 2023 net income available to common equity of $80 million, or $0.53 per common share

3Q 2023 Highlights[1]

- **Total core customer deposit[2] growth of $527 million (+2%);** total deposit growth of $109 million
- Total loan growth of $344 million (+1%)
- Net interest income of $254 million (-1%)
- Net interest margin of 2.71% (-9 bps)
- Pre-tax pre-provision income[2] of $125 million; pre-tax income of $103 million;
- Return on average tangible common equity[2] of 11.67%; return on average equity of 7.99%
- CET1 ratio of 9.55%
- NCOs / average loans (annualized) of 0.25%
- Provision for credit losses on loans of $22 million
- ACLL / loans remained flat at 1.26%
- Tangible book value / share of $18.46

[1] All figures shown on an end of period basis with comparisons to the second quarter of 2023 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.

$80 million
Net Income Available to Common Equity
(-5% vs. 2Q 2023)

$125 million
Pre-Tax Pre-Provision Income[2]
(-6% vs. 2Q 2023)

$103 million
Income Before Income Taxes
(-7% vs. 2Q 2023)

-4%
Operating Leverage
(3Q 2023 vs. 2Q 2023)

$30.2 billion
Total Period End Loans
(+1% vs. 2Q 2023)

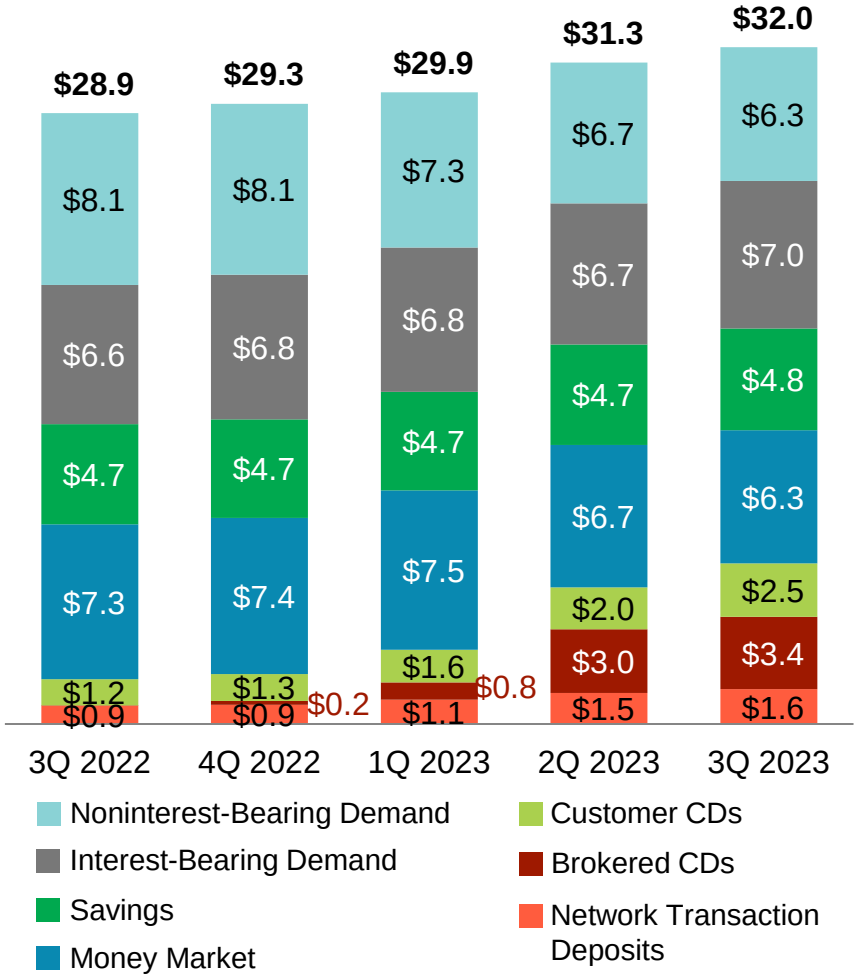
$32.1 billion
Total Period End Deposits
(up slightly vs. 2Q 2023)

Quarterly Deposit Trends

Strong core customer deposit[1] growth (+2%; +$527mm) enabled us to decrease reliance on non-customer deposits

Average Quarterly Deposits

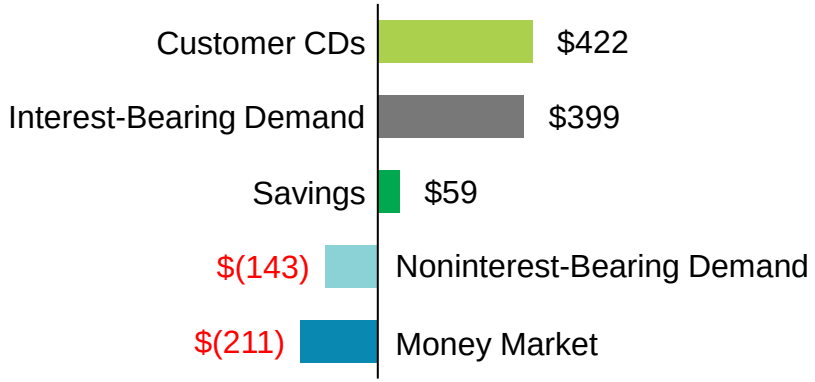
($ in billions)



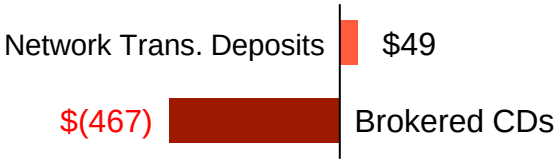
EoP Deposit Change (2Q 2023 to 3Q 2023)

($ in millions)

Core Customer Deposits[1]
+$527mm (+2%)



Network & Brokered Deposits
$(418mm) (-8%)



[1] This is a non-GAAP financial measure. See appendix for a reconciliation of end of period core customer deposits to total deposits.

Relationship-Focused Deposit Growth[1]

Our strong customer deposit growth in 3Q was driven by our efforts to attract & deepen customer relationships

- **Expanded Commercial Capabilities**
- **Modernized Digital Banking Experience**
- **Upgraded Product & Service Offerings**
- **Launched Mass Affluent Strategy**
- **Introduced "Champion of You" Brand Strategy**

+$527mm

Core Customer Deposit[2] Growth

- ✓ ***Growth in Consumer***
- ✓ ***Growth in Commercial/Business***

+$109mm

Total Deposit Growth

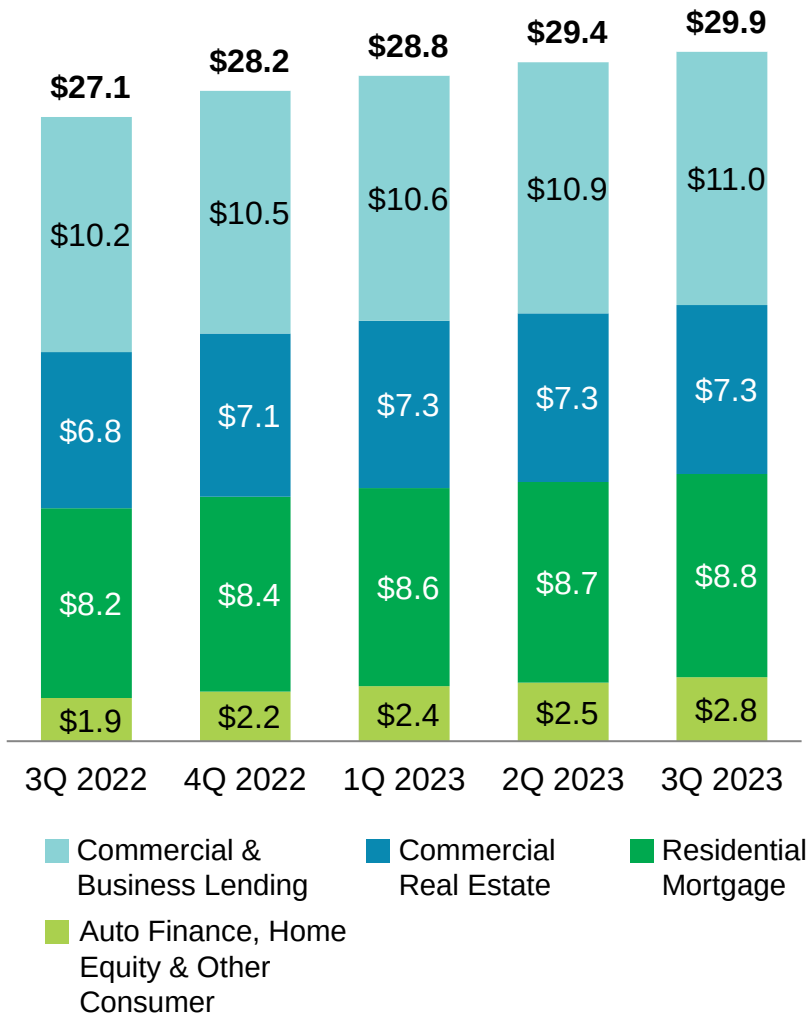
[1] All growth figures shown on an end of period basis with comparisons to the second quarter of 2023.
[2] This is a non-GAAP financial measure. See appendix for a reconciliation of end of period core customer deposits to total deposits.

Quarterly Loan Trends

Period end total loans grew by 1% during 3Q, led by steady growth in Auto Finance

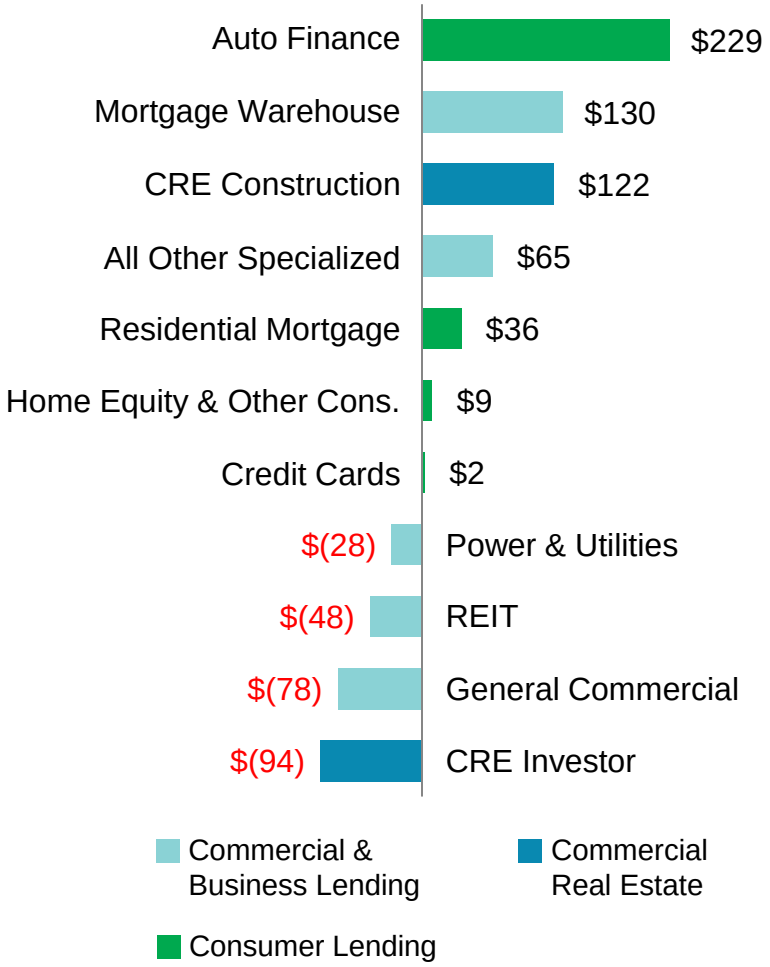
Average Quarterly Loans

($ in billions)



EoP Loan Change (2Q 2023 to 3Q 2023)

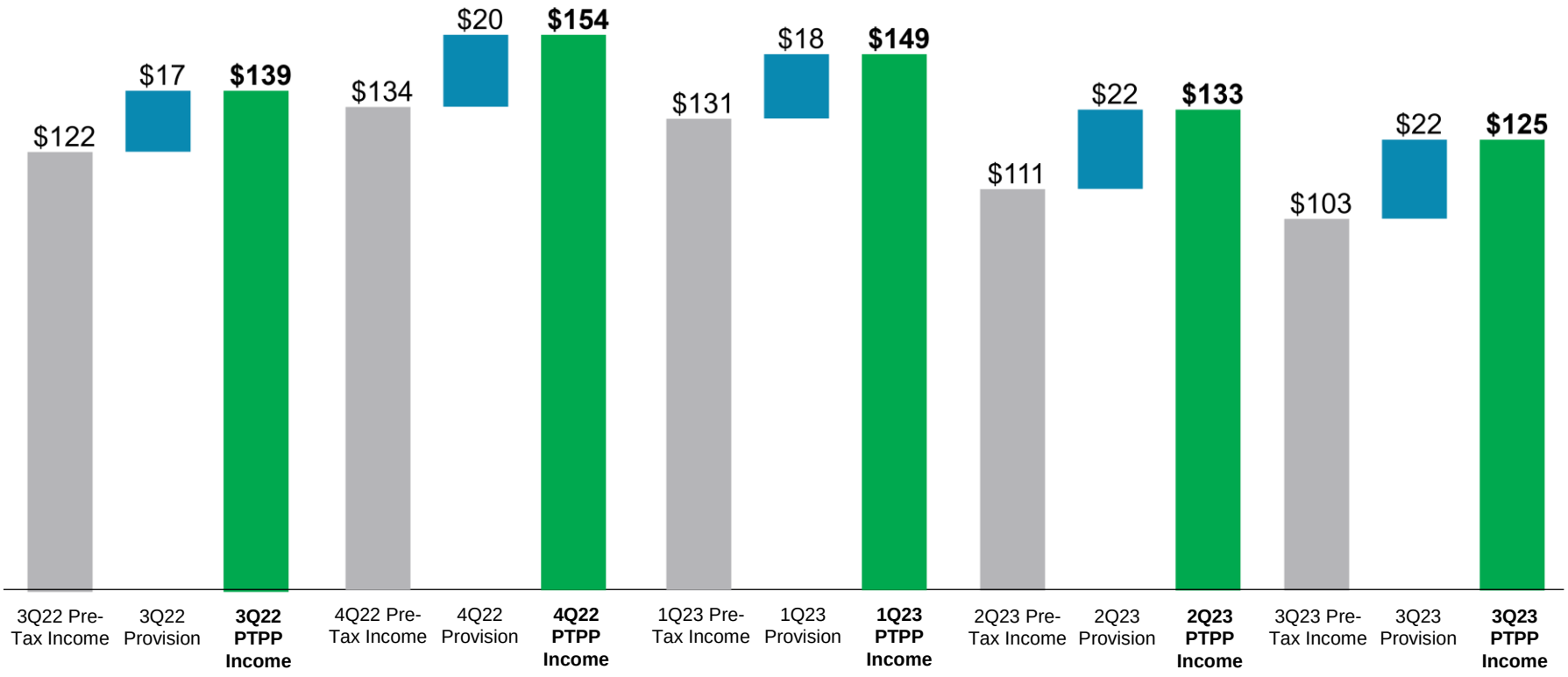
($ in millions)



Pre-Tax Pre-Provision Income[1] Trends

Despite recent margin pressures, YTD PTPP income is up 20% vs. the same period in 2022

($ in millions)

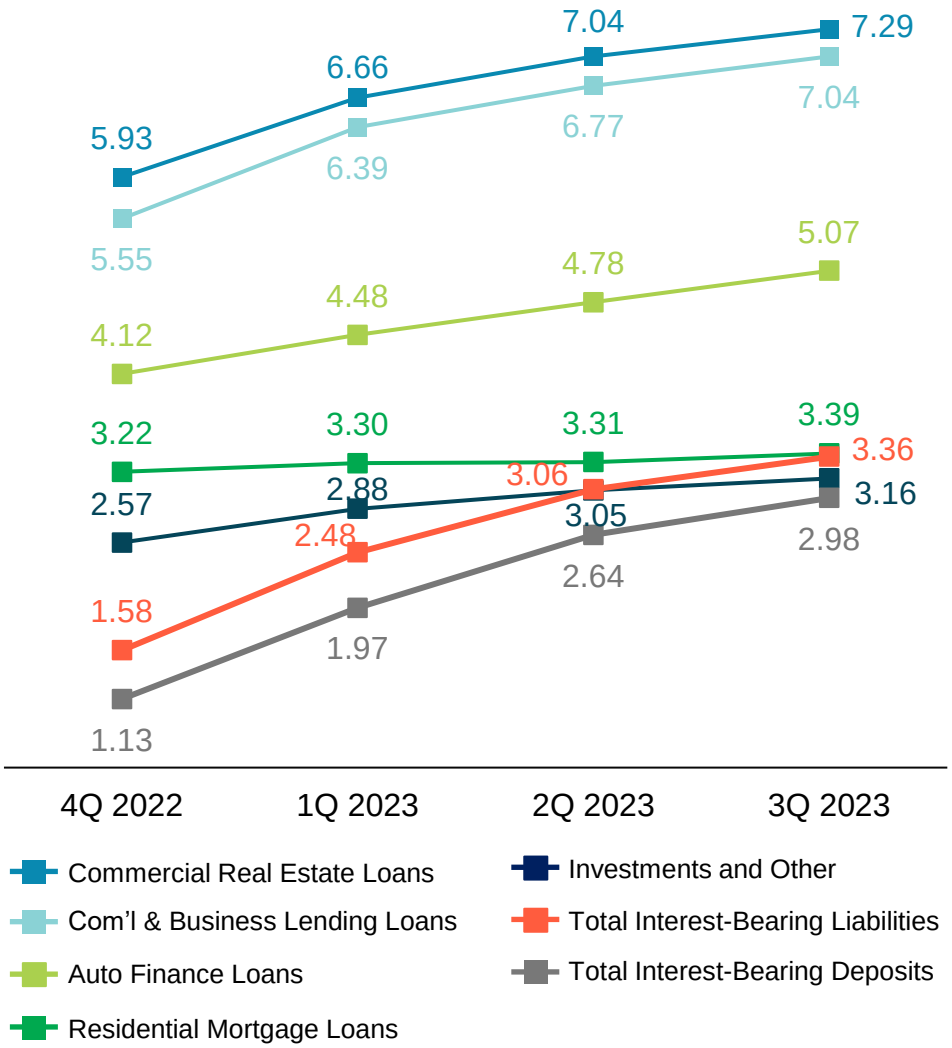


[1] This is a non-GAAP financial measure. Please refer to the appendix for a reconciliation of pre-tax pre-provision income to income before income taxes.

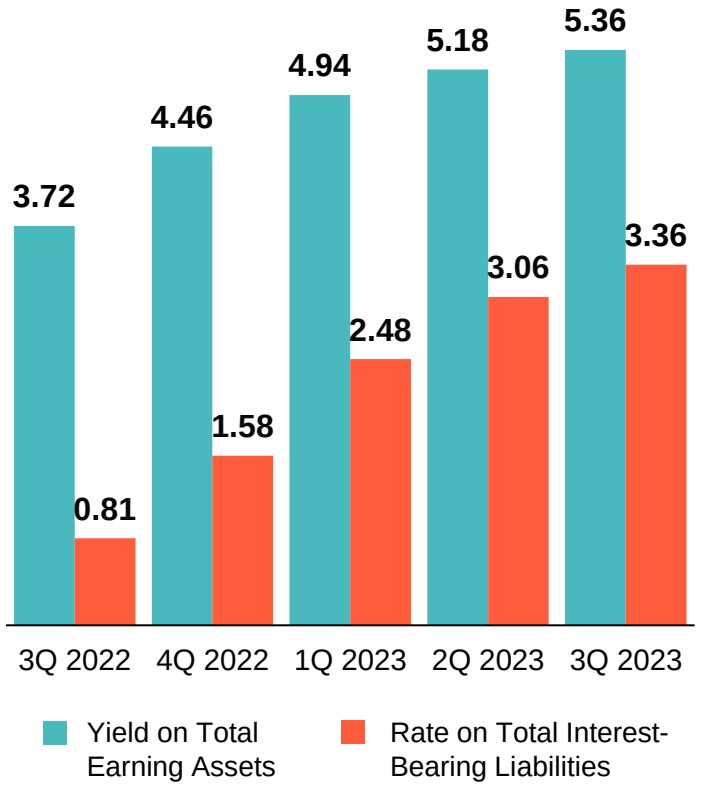
Average Yield Trends

We continue to benefit from rising asset yields, while the mix shift impacting funding costs has begun to stabilize

Average Yields (%)



Asset & Liability Yield / Rate Trends (%)

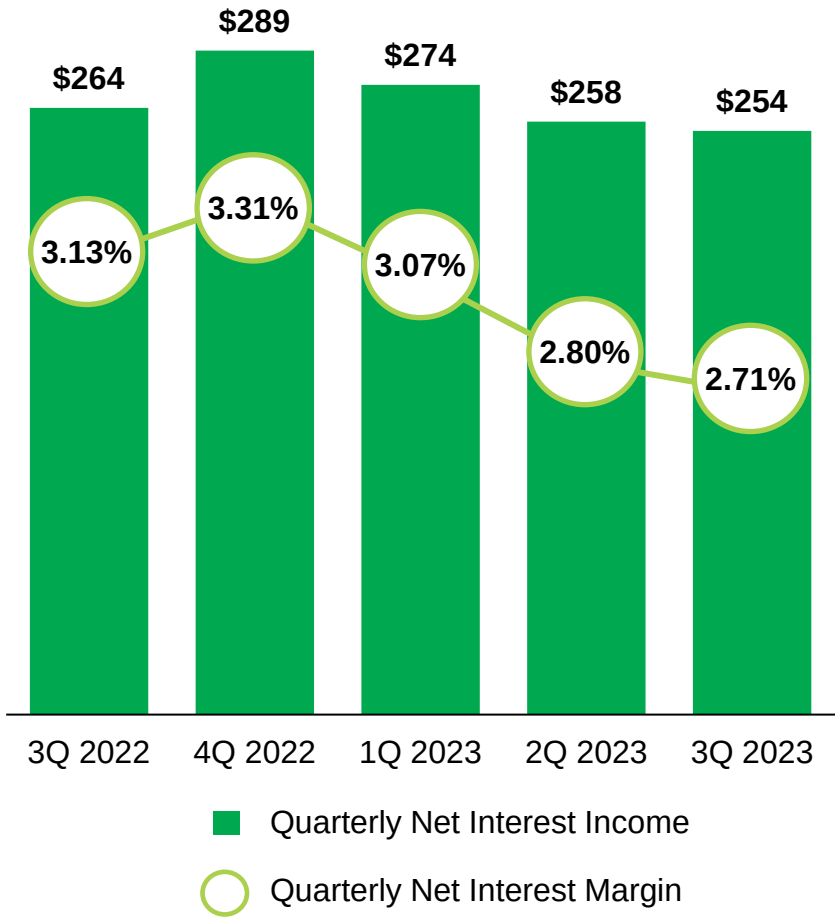


Net Interest Income & Net Interest Margin Trends

Our NII & NIM stabilized in 3Q as funding cost volatility impacting the industry began to abate

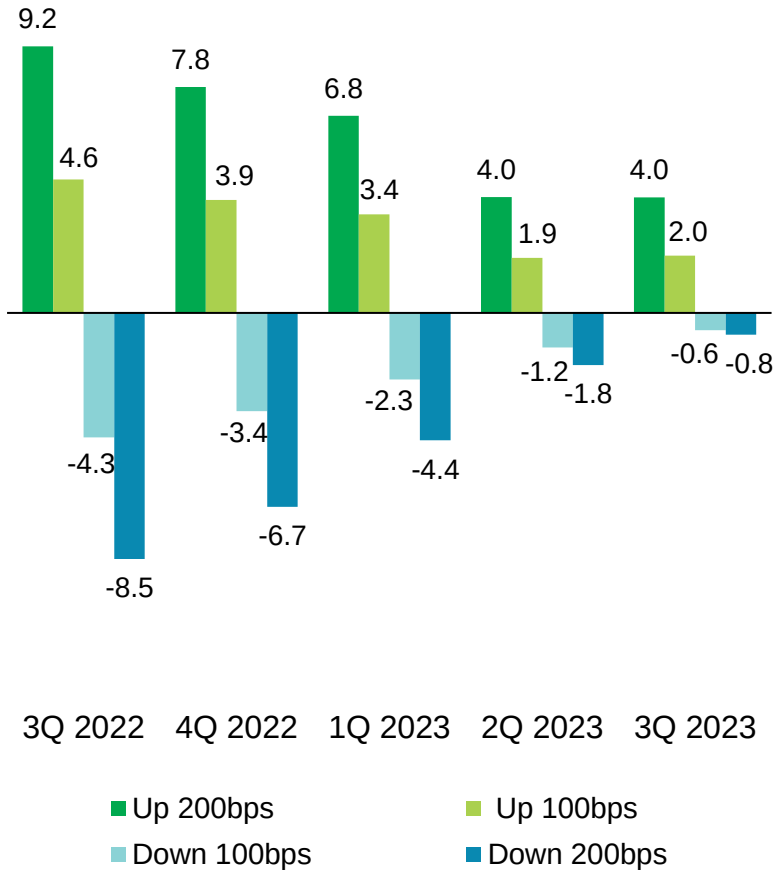
Net Interest Income & Net Interest Margin

($ in millions)



Estimated NII Sensitivity Profile (%)

(12-Month Ramp)

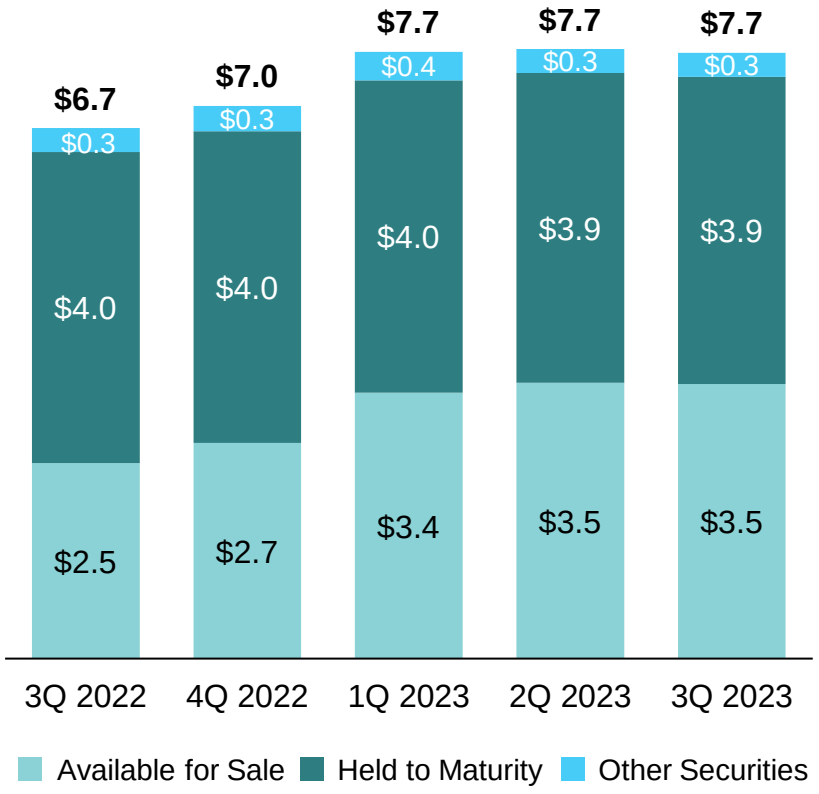


Cash & Investment Securities Portfolio

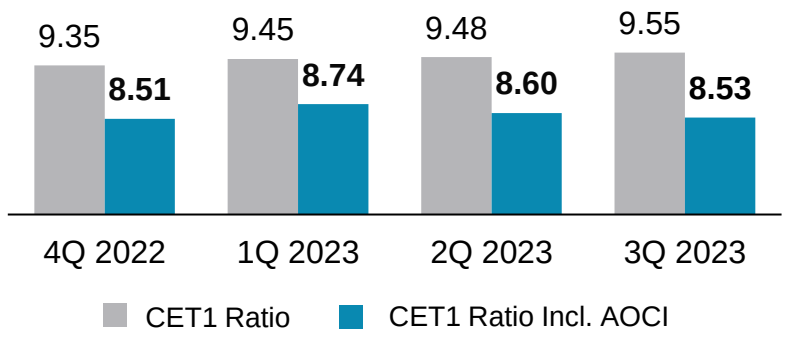
We continue to target investments to total assets of 18% to 20% in 2023

EoP Securities Book Composition

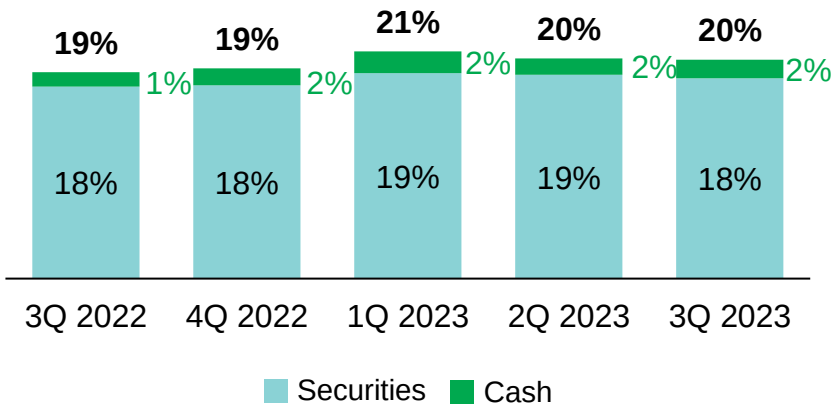
($ in billions)



CET1 Including AOCI[1] (%)



EoP Securities + Cash / Total Assets



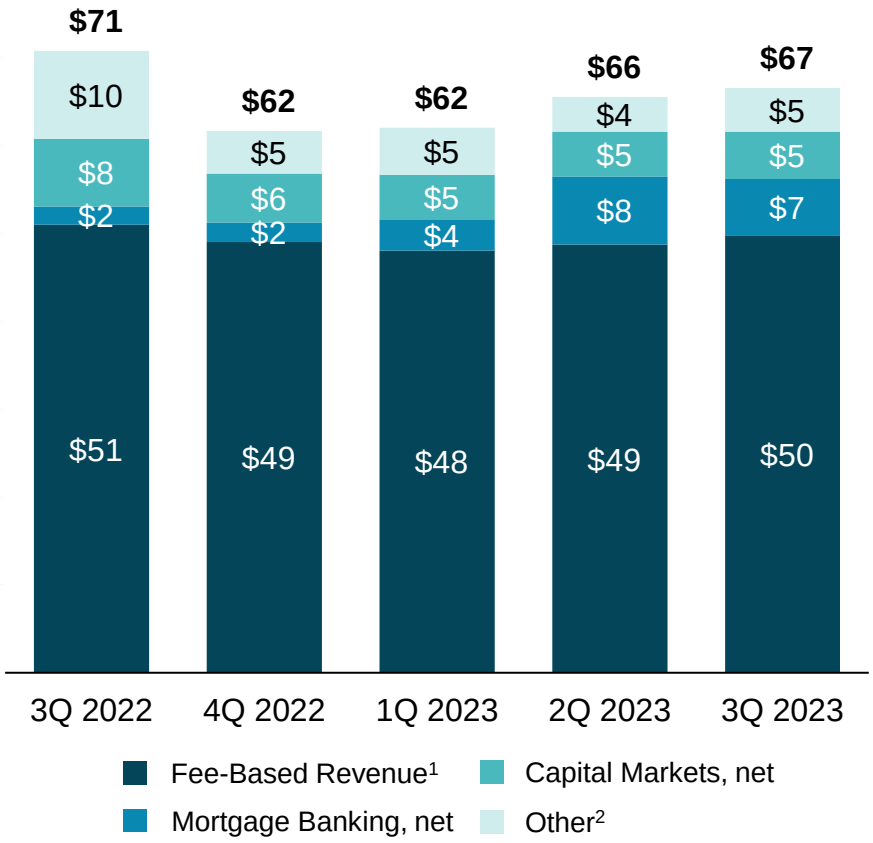
[1] This is a non-GAAP financial measure. See appendix for a reconciliation of non-GAAP financial measures to GAAP financial measures.

Noninterest Income Trends

Noninterest income increased slightly from 2Q 2023, with modest growth in several subcategories

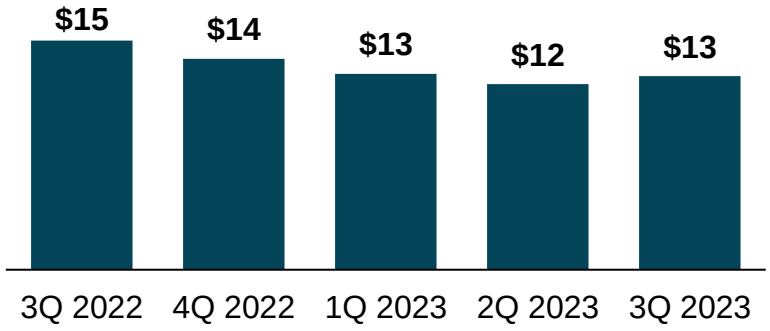
Noninterest Income Trends

($ in millions)



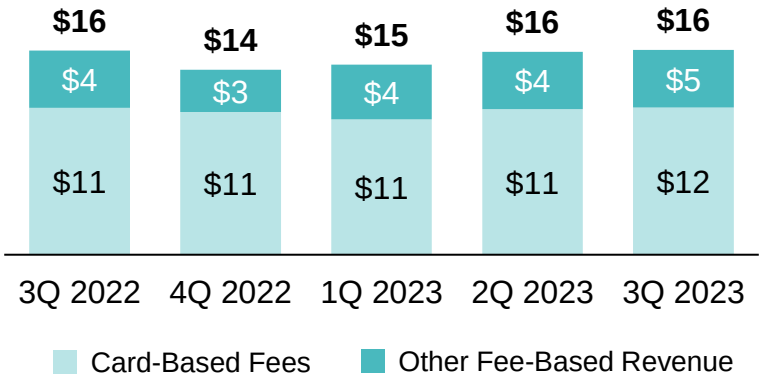
Service Charges & Deposit Account Fees

($ in millions)



Card-Based Fees & Other Fee-Based Revenue

($ in millions)



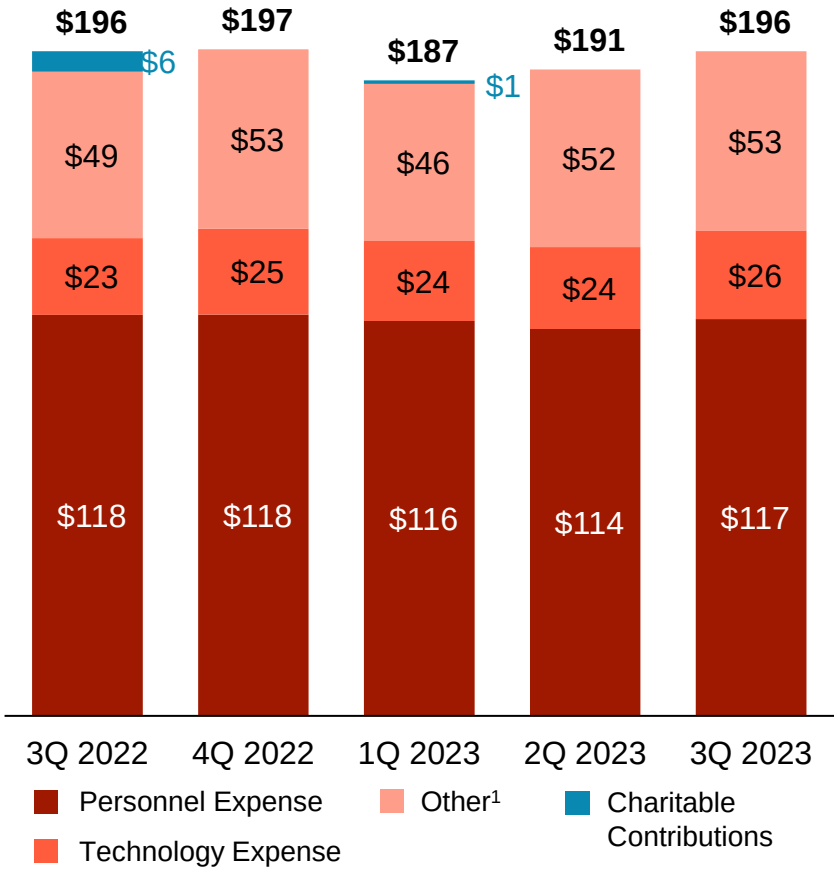
[1] This is a non-GAAP financial measure. See appendix for a reconciliation of fee-based revenue to noninterest income.
[2] Other noninterest income is primarily comprised of bank and corporate owned life insurance, asset gains (losses), net and investment securities gains (losses), net.

Noninterest Expense Trends

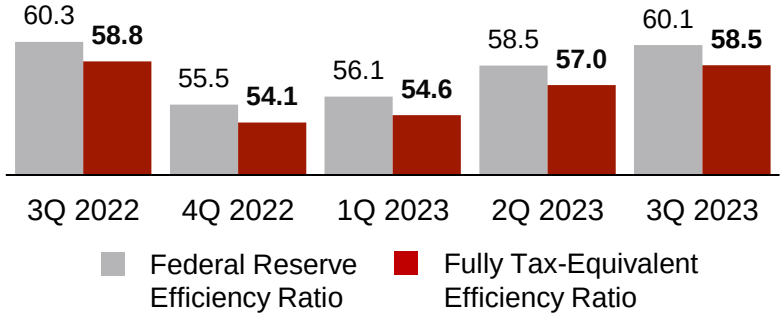
Our noninterest expense to average assets ratio decreased by 18 basis points vs. 3Q 2022

Noninterest Expense Trends

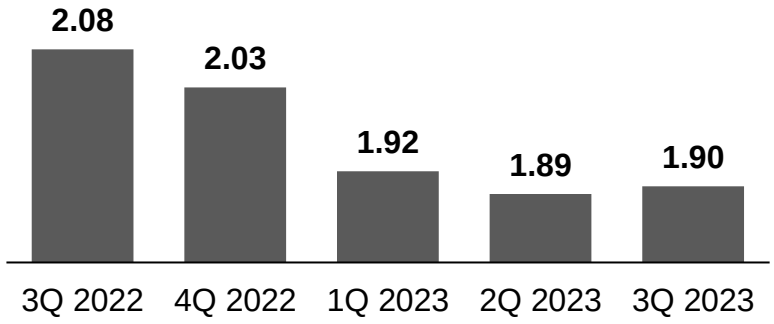
($ in millions)



Fully Tax-Equivalent Efficiency Ratio[2] (%)



Noninterest Expense / Average Assets (%)

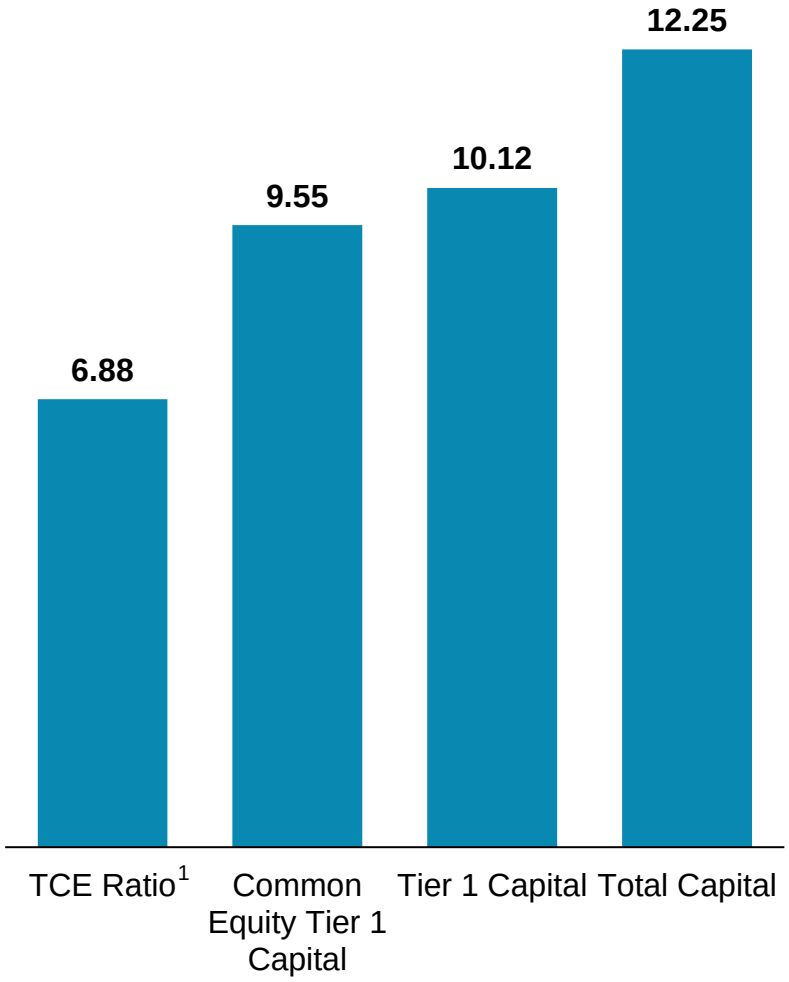


[1] Other expenses are primarily comprised of occupancy, business development & advertising, equipment, legal & professional, and FDIC assessment costs.
[2] This is a non-GAAP financial measure. See appendix for a reconciliation of the fully tax-equivalent efficiency ratio to the Federal Reserve efficiency ratio.

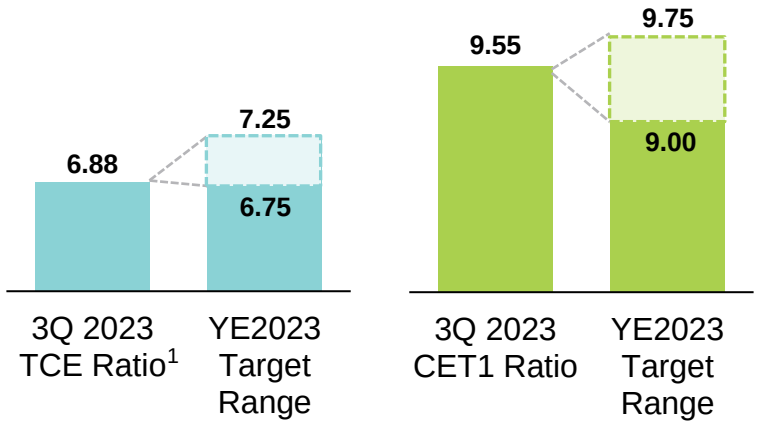
Capital Profile

We've increased the upper end of our CET1 target range to 9.75%

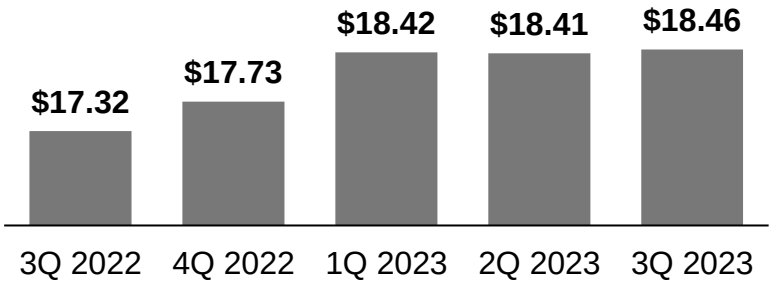
3Q 2023 Capital Ratios (%)



Year-End 2023 Capital Targets (%)



Tangible Book Value / Share



[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.

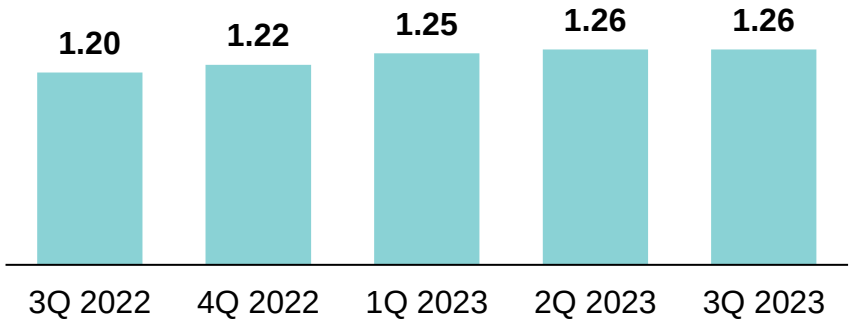
Allowance for Credit Losses on Loans (ACLL) Update

Our ACLL percentage remained flat vs. the prior quarter at 1.26%

3Q 2023 ACLL[1] Update

- ACLL increased $4 million from the prior quarter to $381 million, driven by a mix of portfolio loan growth and nominal credit movement coupled with general macroeconomic trends
- CECL forward-looking assumptions based on Moody's August 2023 Baseline forecast

ACLL / Total Loans (%)



($ in thousands)

	9/30/2022		6/30/2023		9/30/2023	
Loan Category	ACLL	ACLL / Loans	ACLL	ACLL / Loans	ACLL	ACLL / Loans
C&BL	$ 135,200	1.28%	$ 146,335	1.32%	$ 146,502	1.31%
CRE - Investor	61,404	1.21%	67,434	1.27%	68,214	1.31%
CRE - Construction	52,557	2.86%	69,970	3.48%	71,317	3.35%
Residential Mortgage	38,907	0.47%	41,189	0.47%	40,437	0.46%
Other Consumer	44,610	2.20%	52,098	1.95%	54,101	1.86%
Total	**$ 332,680**	**1.20%**	**$ 377,027**	**1.26%**	**$ 380,571**	**1.26%**

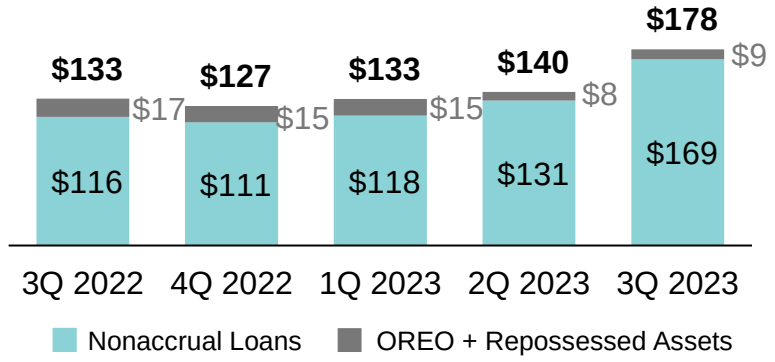
[1] Includes funded and unfunded reserve for loans, excludes reserve for HTM securities.

Credit Quality Trends

Key credit metrics remain largely stable with limited migration in the portfolio

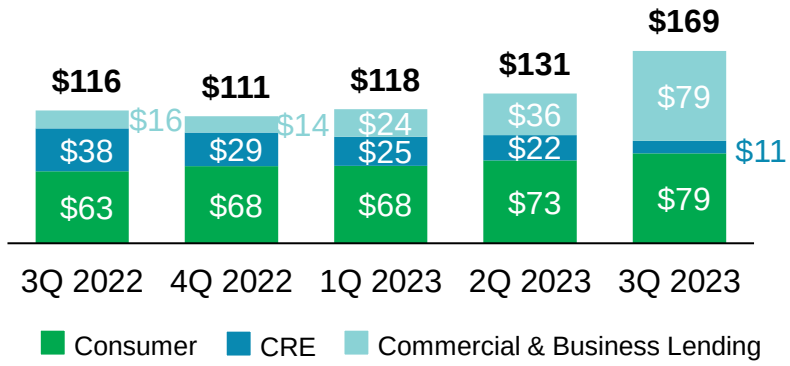
Total Nonperforming Assets

($ in millions)

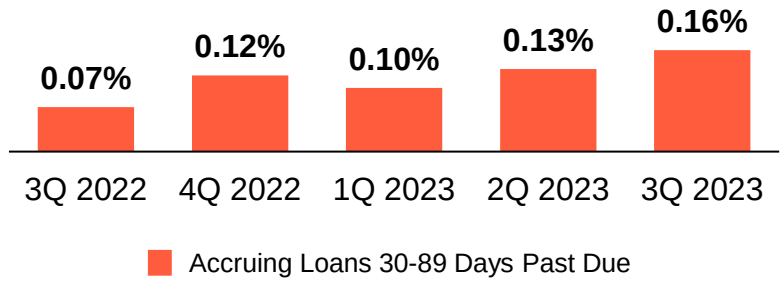


Nonaccrual Loans

($ in millions)

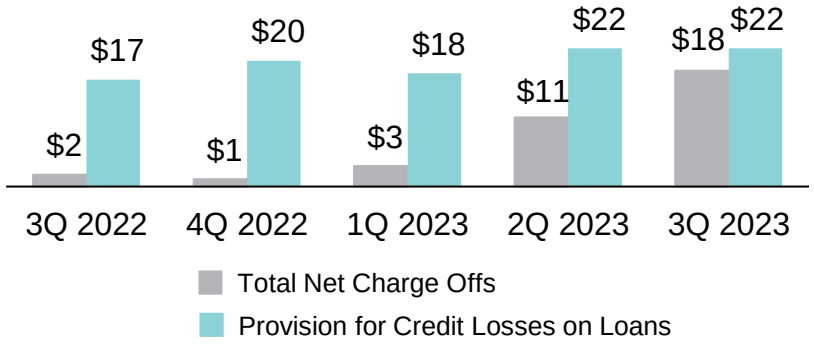


Delinquent Loans / EoP Total Loans



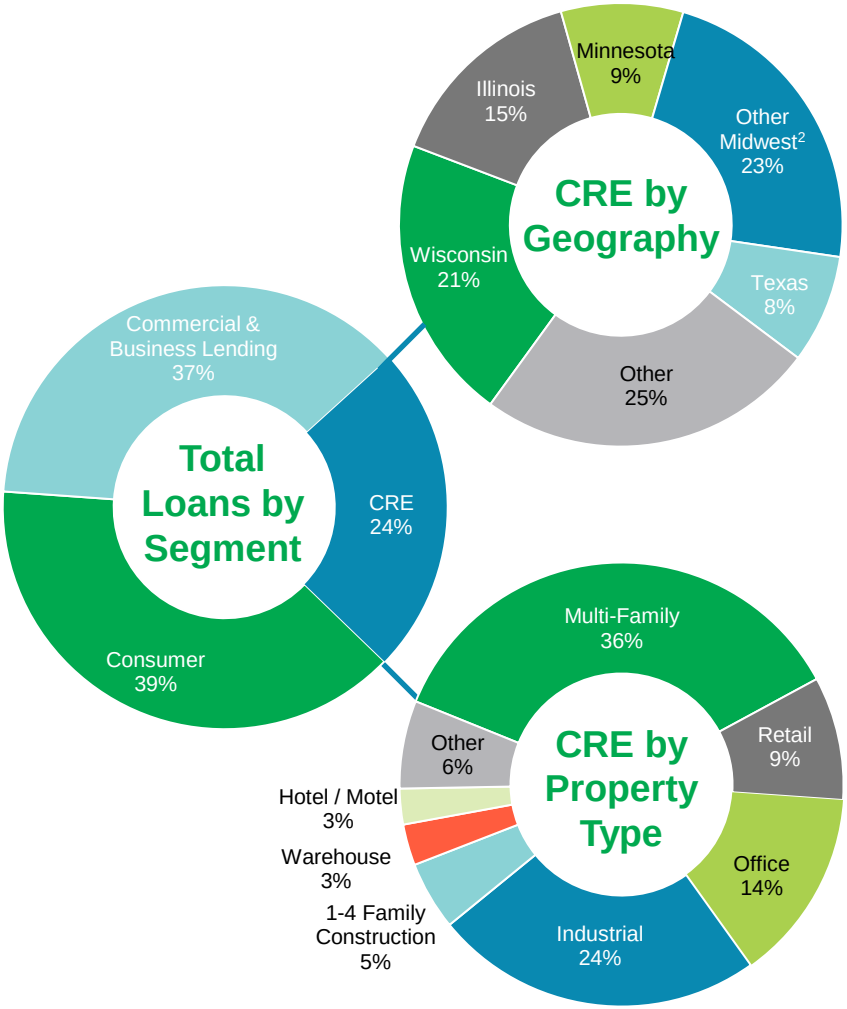
Net Charge Offs and Provision

($ in millions)



High-Quality Commercial Real Estate Portfolio[1]

ASB has built a diversified CRE portfolio by partnering with well-known developers in stable Midwest markets



CRE Credit Quality

	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
Portfolio LTV	60%	60%	60%	60%	59%
Delinquencies/Loans	0.00%	0.02%	0.00%	0.00%	0.14%
NALs/Loans	0.55%	0.41%	0.35%	0.30%	0.15%
ACLL/Loans	1.65%	1.68%	1.75%	1.88%	1.90%
NCOs/Avg. Loans[3]	0.00%	0.00%	0.00%	(0.12%)	(0.02%)

CRE Loan Portfolio Granularity

	% of Total Loans
Largest Single CRE Borrower	0.16%
Top 10 Largest CRE Borrowers	1.33%
Largest CRE Property Type (Multi-Fam)	8.76%
CRE Office Loans	**3.45%**

CRE Office Highlights

WAvg. Debt Service Coverage Ratio[4]	1.19x
2023 Remaining Maturities	$79 million
Urban vs. Suburban	~79% Suburban
Property Class Mix	~54% Class A

[1] All updates as of or for the period ended September 30, 2023 unless otherwise noted.
[2] Other Midwest includes Missouri, Indiana, Ohio, Michigan and Iowa.
[3] Calculated on an annualized basis. Negative values indicate a net recovery.
[4] Calculated based on the 10-year Treasury rate plus 300 basis points/25-year amortization.

2023 Full-Year Outlook Updates[1]

	Previous Guidance (9/11/2023)	Updated Guidance
Balance Sheet Management	▪ Total loan growth of 6% to 8% ▪ End of period core customer deposit[2] compression of 3% (growth of 2% in 2H 2023) ▪ Target investments/total assets ratio of 18% to 20%	▪ Total loan growth of 5% to 6% ▪ No change to core customer deposit[2] guidance ▪ No change to target investments/total assets ratio range

Net Interest Income & Noninterest Income	▪ Total net interest income & noninterest income growth of 6% to 8%
	  ▪ Net interest income (GAAP) growth of 10% to 12%
	  ▪ Noninterest income compression of 8% to 10%
		▪ Total net interest income & noninterest income growth of 5% to 7%
		  ▪ Net interest income (GAAP) growth of 8% to 10%
		  ▪ No change to noninterest income guidance

Expense Management	▪ Noninterest expense growth of 3% to 4% ▪ Effective tax rate of 20% to 21%	▪ Noninterest expense growth of 3% to 4%, excluding any nonrecurring items incurred in 4Q ▪ No change to effective tax rate guidance
Capital Targets	▪ Target TCE ratio range of 6.75% to 7.25% ▪ Target CET1 ratio range of 9.00% to 9.50%	▪ No change to target TCE ratio range ▪ Target CET1 ratio range of 9.00% to 9.75%

[1] Projections are on an end of period basis as of and for the year ended 12/31/2023 as compared to 12/31/2022 unless otherwise noted.
[2] This is a non-GAAP financial measure. See appendix for a reconciliation of end of period core customer deposits to total deposits.

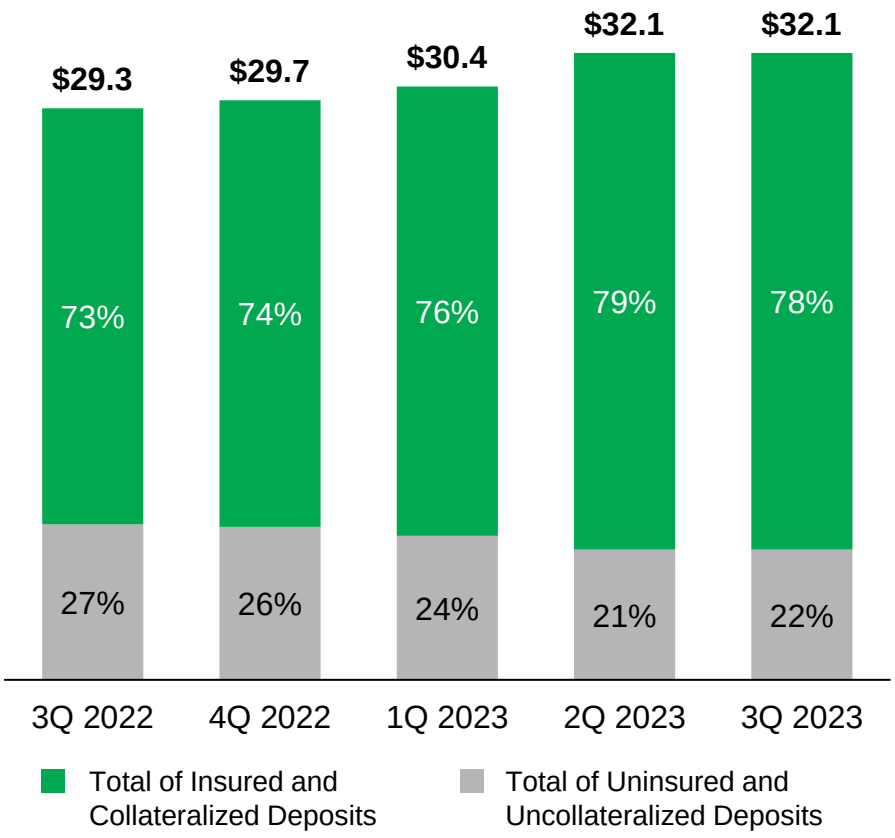
Appendix

Stable, Granular Deposit Portfolio

Uninsured, uncollateralized deposits were only 22% of total deposits as of 9/30/2023

EoP Total Deposit Trends (Associated Bank, N.A.)

($ in billions)



22%

Percentage of total deposits that were uninsured and uncollateralized as of 9/30/2023

106%

Readily available liquidity coverage[1] for uninsured and uncollateralized deposits as of 9/30/2023

172%

Total liquidity coverage for uninsured and uncollateralized deposits as of 9/30/2023

[1] Liquidity coverage based on current levels of readily available (within one business day) funding. See slide 19 for additional details.

Liquidity Sources

As of 9/30/2023, ASB's total liquidity sources covered 172% of uninsured, uncollateralized deposits

($ in millions)

Liquidity Sources	6/30/2023	9/30/2023
Federal Reserve Balance	$179.0	$314.3
Available FHLB Chicago Capacity	$5,148.4	$5,377.6
Available Fed Discount Window Capacity	$1,635.1	$1,335.9
Available Bank Term Funding Program Capacity	$633.8	$618.8
Funding Available Within One Business Day[1]	**$7,596.3**	**$7,646.7**
Available Fed Funds Lines	$2,623.0	$2,518.0
Available Brokered Deposit Capacity[2]	$761.3	$1,240.5
Unsecured Debt Capacity[3]	$1,000.0	$1,000.0
Total Liquidity	**$11,980.6**	**$12,405.2**

106%
of uninsured, uncollateralized deposits

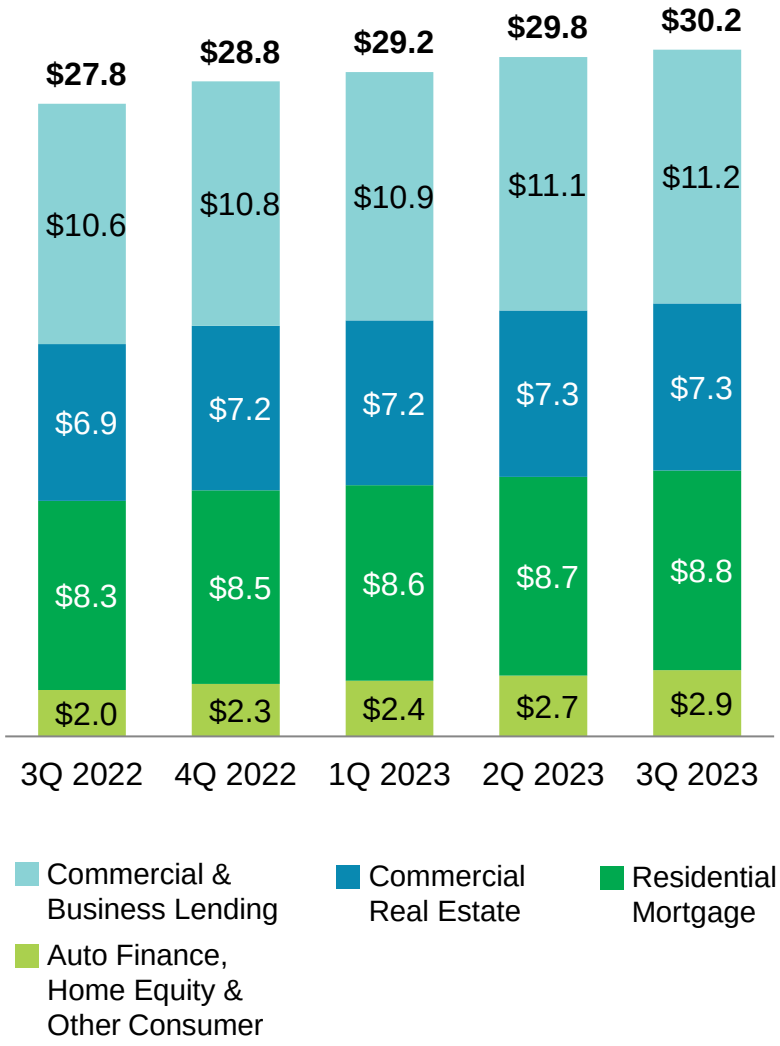
172%
of uninsured, uncollateralized deposits

[1] Estimated based on normal course of operations with the indicated institution.
[2] Availability based on internal policy limitations. The Corporation includes outstanding deposits that have received a primary purpose exemption in the brokered deposit classification as they have similar funding characteristics and risk as brokered deposits.
[3] Availability based on internal policy limitations.

Additional Loan Trends

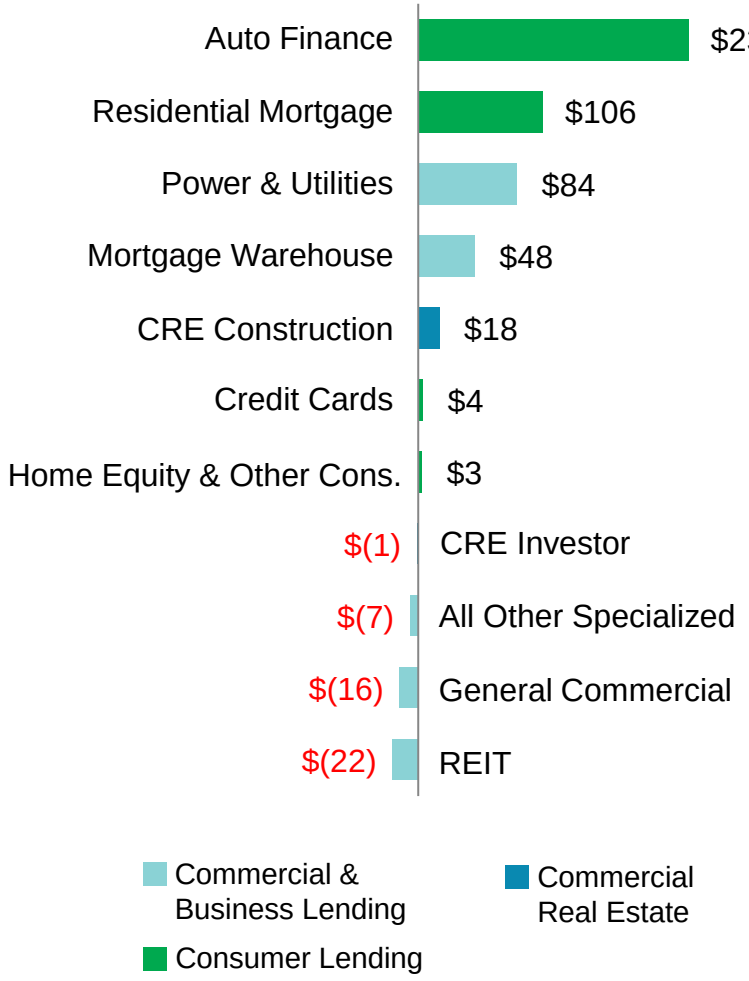
EoP Quarterly Loan Trends

($ in billions)



Average Loan Change (2Q 2023 to 3Q 2023)

($ in millions)



Total Loans Outstanding Balances as of September 30, 2023

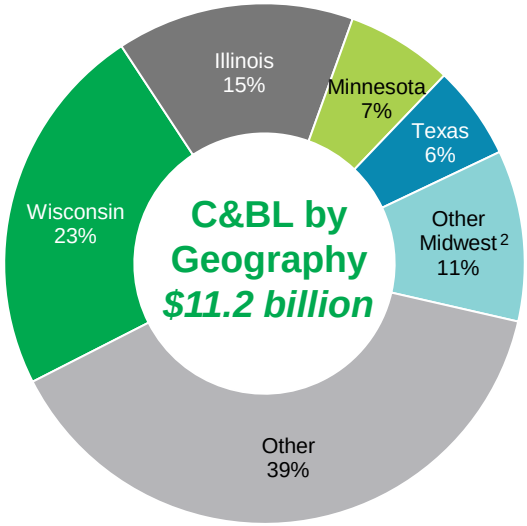
($ in millions)

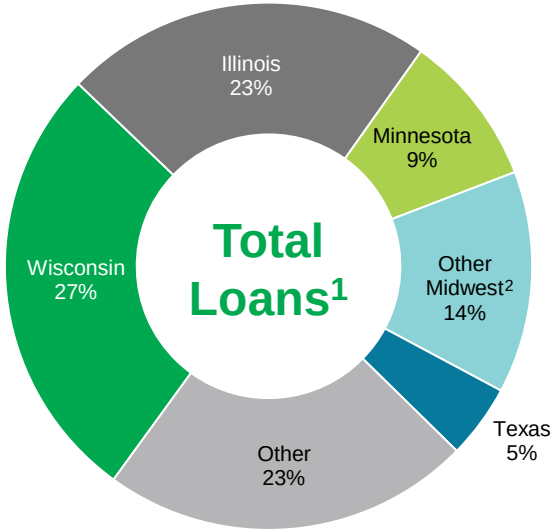
	9/30/2023[1]	% of Total Loans
C&BL (by NAICS[2])		
Utilities	$ 2,295	7.6%
Manufacturing & Wholesale Trade	2,270	7.5%
Real Estate (includes REITs)	1,872	6.2%
Mortgage Warehouse	853	2.8%
Finance & Insurance	606	2.0%
Construction	454	1.5%
Retail Trade	424	1.4%
Health Care and Social Assistance	384	1.3%
Rental and Leasing Services	348	1.2%
Transportation and Warehousing	334	1.1%
Professional, Scientific, and Tech. Serv.	310	1.0%
Waste Management	217	0.7%
Arts, Entertainment, and Recreation	113	0.4%
Financial Investments & Related Activities	99	0.3%
Information	88	0.3%
Accommodation and Food Services	81	0.3%
Management of Companies & Enterprises	78	0.3%
Mining	25	0.1%
Public Administration	17	0.1%
Educational Services	15	0.0%
Agriculture, Forestry, Fishing and Hunting	0	0.0%
Other	272	0.9%
Total C&BL	$ 11,154	36.9%

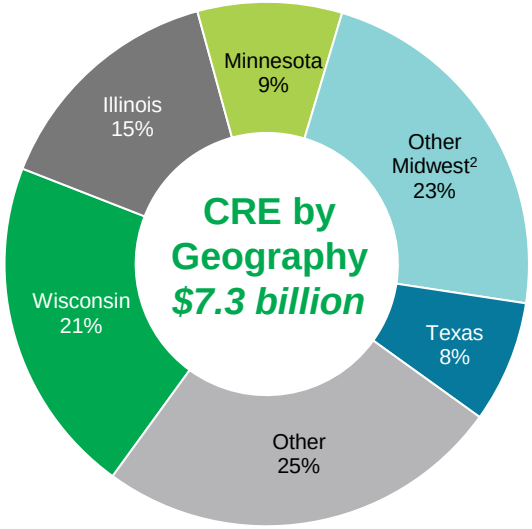
	9/30/2023[1]	% of Total Loans
CRE (by property type)		
Multi-Family	$ 2,645	8.8%
Industrial	1,756	5.8%
Office	1,041	3.4%
Retail	667	2.2%
Single Family Construction	374	1.2%
Warehouse	250	0.8%
Hotel/Motel	187	0.6%
Medical	155	0.5%
Land	112	0.4%
Self Storage	28	0.1%
Other	134	0.4%
Total CRE	$ 7,350	24.3%
Consumer		
Residential Mortgage	$ 8,783	29.1%
Auto Finance	2,007	6.6%
Home Equity	624	2.1%
Credit Cards	134	0.4%
Student Loans	67	0.2%
Other Consumer	75	0.2%
Total Consumer	$ 11,689	38.7%
Total Loans	$ 30,193	100.0%

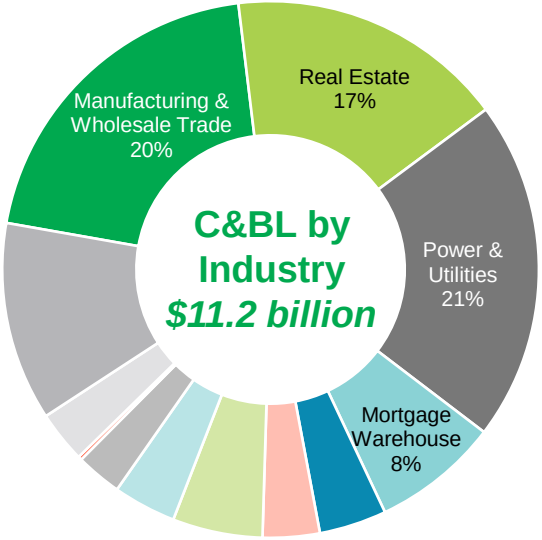
[1] All values as of period end.
[2] North American Industry Classification System.

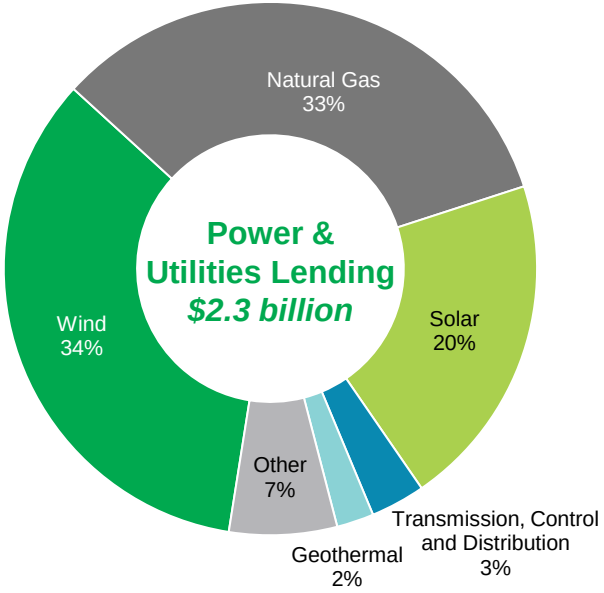
Loan Stratification Outstanding Balances as of September 30, 2023

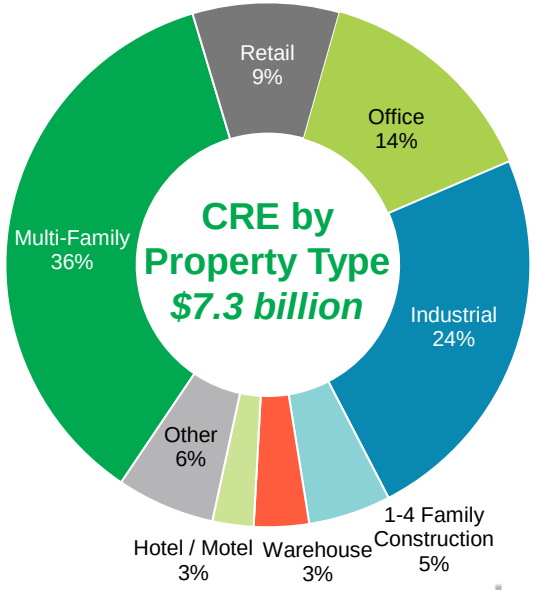












[1] Excludes Other Consumer portfolio.
[2] Other Midwest includes Missouri, Indiana, Ohio, Michigan and Iowa.

Reconciliation and Definitions of Non-GAAP Items

End of Period Core Customer Deposits Reconciliation ($ in millions)	6/30/2023	9/30/2023
Total deposits	$32,014	$32,123
Brokered CDs	(3,818)	(3,351)
Network transaction deposits	(1,601)	(1,649)
Core customer deposits	$26,595	$27,123

Pre-Tax Pre-Provision Income Reconciliation[1] ($ in millions)	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Income before income taxes	$122	$134	$131	$111	$103
Provision for credit losses	$17	20	18	22	22
Pre-tax pre-provision income	$139	$154	$149	$133	$125

Average Tangible Common Equity Reconciliation[2] ($ in millions)	3Q 2023
Common equity	$3,938
Goodwill and other intangible assets, net	(1,149)
Tangible common equity	$2,789

Common Equity Tier 1 Capital Ratio Reconciliation	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Common equity Tier 1 capital ratio	9.35%	9.45%	9.48%	9.55%
Accumulated other comprehensive loss adjustment	(0.84)%	(0.72)%	(0.88)%	(1.01%)
Common equity Tier 1 capital ratio including accumulated other comprehensive loss	8.51%	8.74%	8.60%	8.53%

[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, provides greater understanding of ongoing operations, and enhances 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.

Reconciliation and Definitions of Non-GAAP Items

Selected Trend Information[1] ($ in millions)	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Wealth management fees	$20	$20	$20	$20	$21
Service charges and deposit account fees	15	14	13	12	13
Card-based fees	11	11	11	11	12
Other fee-based revenue	4	3	4	4	5
Fee-based revenue	51	49	48	49	50
Other	20	13	14	17	17
Total noninterest income	$71	$62	$62	$66	$67

Efficiency Ratio Reconciliation	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Federal Reserve efficiency ratio	60.32%	55.47%	56.07%	58.49%	60.06%
Fully tax-equivalent adjustment	(0.87)%	(0.77)%	(0.79)%	(0.85)%	(0.89)%
Other intangible amortization	(0.67)%	(0.62)%	(0.66)%	(0.68)%	(0.69)%
Fully tax-equivalent efficiency ratio[2]	58.79%	54.08%	54.64%	56.96%	58.50%

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.

Tangible Common Equity and Tangible Assets Reconciliation[3] ($ in millions)	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Common equity	$3,760	$3,821	$3,932	$3,929	$3,934
Goodwill and other intangible assets, net	(1,156)	(1,154)	(1,152)	(1,150)	(1,148)
Tangible common equity	$2,603	$2,667	$2,779	$2,779	$2,786
Total assets	$38,050	$39,406	$40,703	$41,219	$41,637
Goodwill and other intangible assets, net	(1,156)	(1,154)	(1,152)	(1,150)	(1,148)
Tangible assets	$36,893	$38,251	$39,550	$40,070	$40,490

[1] These financial measures have been included as they provide meaningful supplemental information to assess trends in the Corporation's results of operations.
[2] 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, provides greater understanding of ongoing operations, and enhances comparability of results with prior periods.
[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.