Associated Bank

Strategic Update Presentation

November 9, 2023

Associated Banc-Corp

ASB LISTED NYSE

Forward-Looking Statements

Important note regarding forward-looking statements:

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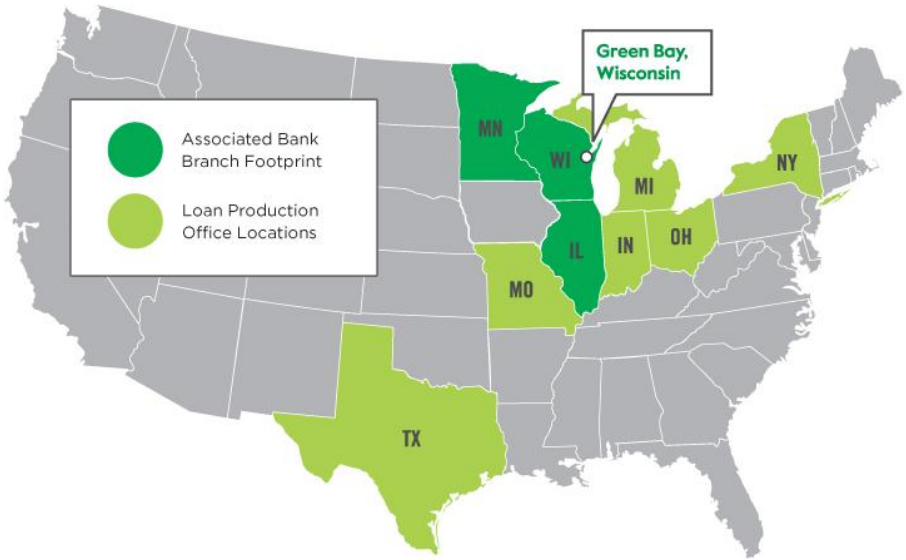
Non-GAAP Measures:

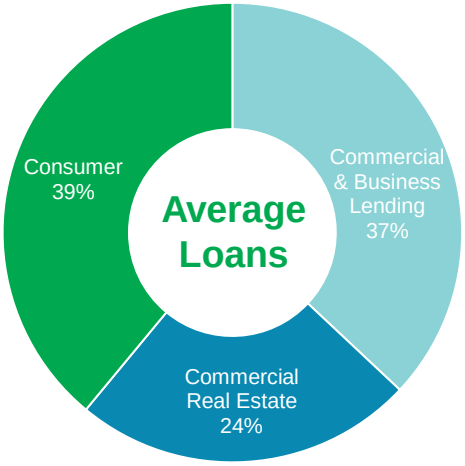
This presentation includes certain non-GAAP financial measures. These non-GAAP measures are provided in addition to, and not as substitutes for, measures of our financial performance determined in accordance with GAAP. Our calculation of these non-GAAP measures may not be comparable to similarly titled 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.

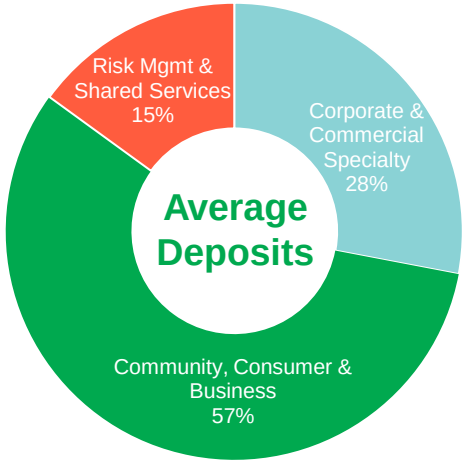
Our Foundation

Associated Banc-Corp (NYSE: ASB)[1]

Established in 1861, Associated Banc-Corp is the largest bank holding company based in Wisconsin[2]







$42B Assets	**$30B** Loans
$4B Equity	**$32B** Deposits
196 Branches[3]	**9.55%** CET1 Ratio
0.80% ROAA	**11.67%** ROATCE[4]

[1] All figures as of or for the quarter ended September 30, 2023 unless otherwise noted.
[2] Based on assets as of June 30, 2023.
[3] Projected pro forma branch count at year-end 2023 based on regulatory filings.
[4] This is a non-GAAP financial measure. See appendix for a reconciliation of non-GAAP financial measures to GAAP financial measures.

Our Strong Foundation

We've strengthened our company over time by mitigating risk and prioritizing the customer experience



Strengthened Credit Risk Profile

- Replaced high-risk portfolios with **lower-risk assets**
- **Prime/super prime consumer portfolios**
- Geographically anchored in **stable Midwest markets**
- Diversified CRE portfolio with **limited urban office exposure**
- Adopted **annual capital stress testing** and **concentration management controls**



Enhanced Liquidity & Interest Rate Risk Management

- Achieved **100% secured funding ratio**[1]
- **Increased FHLB capacity**
- **Recruited talent** for liquidity stress testing and A/L management roles
- **Added target metrics** for repricing gap and asset sensitivity
- Implemented **balance sheet hedging strategy**



Sharpened Customer Experience Focus

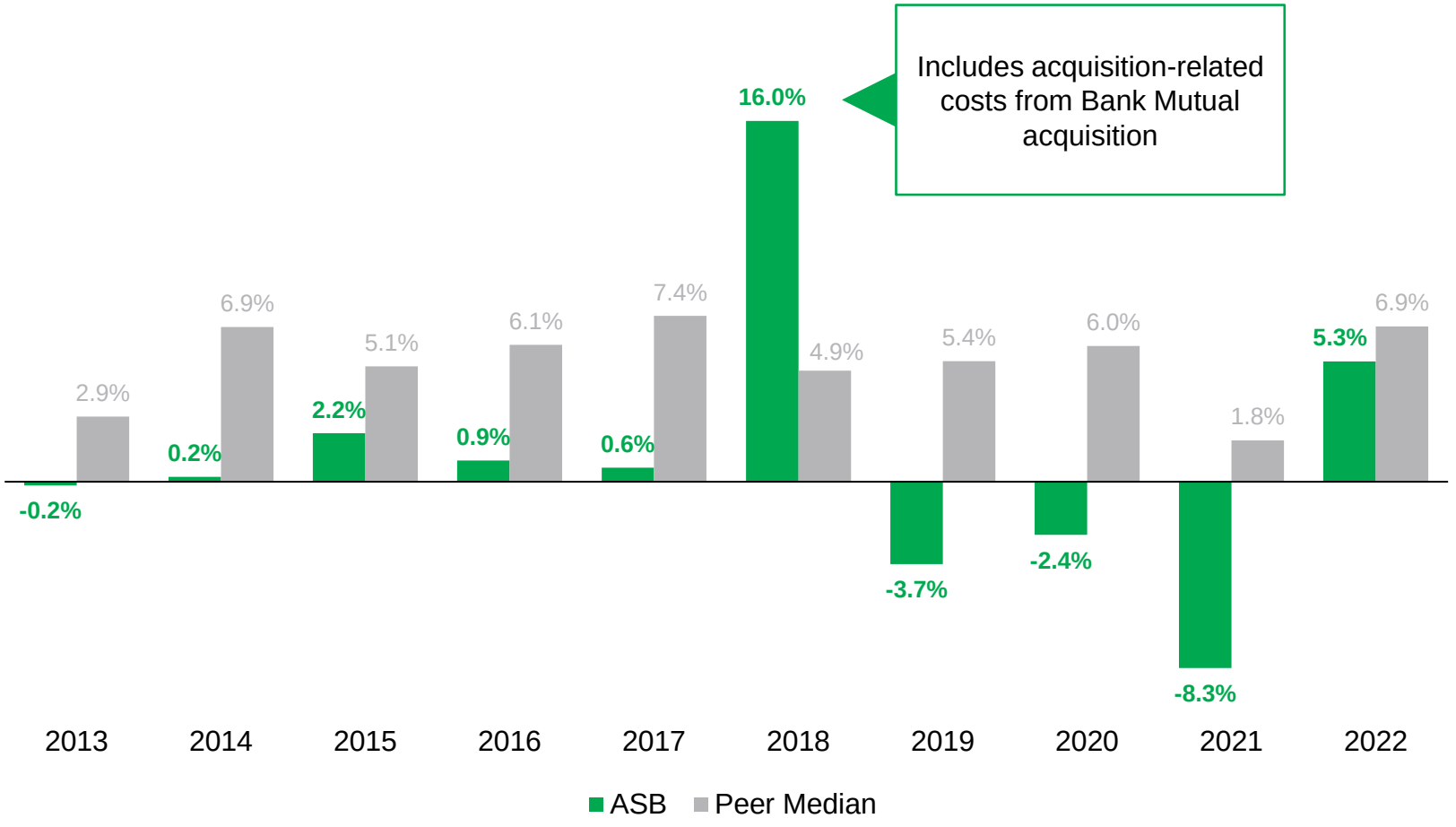
- **90% top-box satisfaction** with the branch channel[2]
- **3-year high** in top-box satisfaction with the digital channel[2]
- **Relationship-focused growth** in mass affluent, wealth and commercial businesses
- ***Net customer growth forecasted in both consumer and business***

[1] Reflects total funding available within one business day. Estimated based on normal course of operations with the Fed & FHLB.
[2] Based on quarterly top box customer satisfaction scores from internal transactional surveys. Data as of 3Q 2023.

Proactive Expense Management

ASB's year-over-year expense growth has finished below the peer median in nine of the past ten years

YoY Noninterest Expense Growth Trends[1]



[1] Data sourced from S&P Capital IQ Pro. Peer median reflects median of ASB's 2023 proxy peer group.

Strategic Plan Phase 1

Launched September 2021

Our People-Led, Digitally Enabled Strategic Plan

Launched in Sept. 2021, our strategic plan was designed to attract & deepen relationships, enhance profitability

Enhanced our Lending Capabilities

- RM Growth
- Asset-Based Lending
- Equipment Finance
- Auto Finance

Expanded our Deposit Capabilities

- Full Relationship Commercial
- Mass Affluent
- Product Enhancements
- Digital Sales

Invested in Digital Transformation

- New Online/Mobile Platform
- Account Opening Upgrade
- AI-Driven Tools
- Front Line Support

Loan Growth Outperformance vs. Industry

Core Customer Deposit Growth Outperformance vs. Industry

3-Year High in Digital Banking Customer Satisfaction[1]

[1] Based on quarterly top box customer satisfaction scores from internal transactional surveys. Data as of 3Q 2023.

Broad-Based Loan Growth

Successful execution of our lending initiatives has provided additional versatility to drive balanced growth

+34% Commercial RMs

March 2021 – September 2023

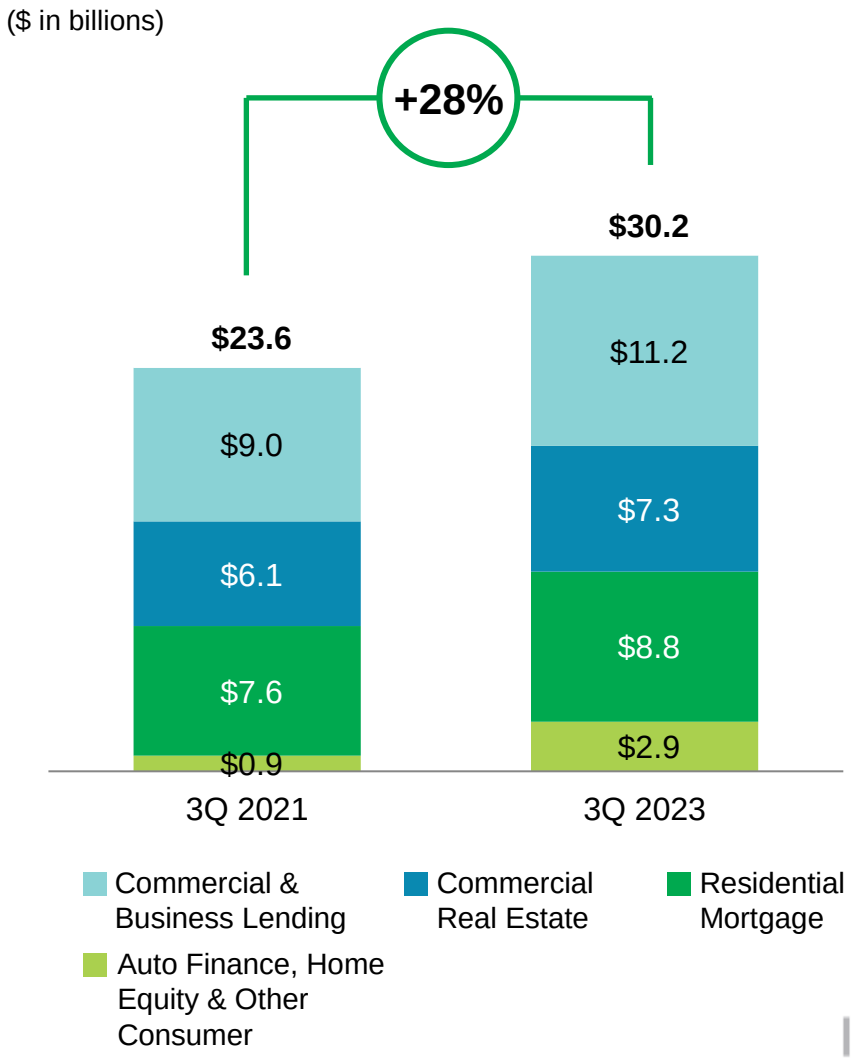
Asset-Based Lending Vertical Launched

Equipment Finance Vertical Launched

Prime/Super-Prime Auto Finance Vertical Launched

Exited TPO Mortgage Business

EoP Loan Change (3Q 2021 to 3Q 2023)



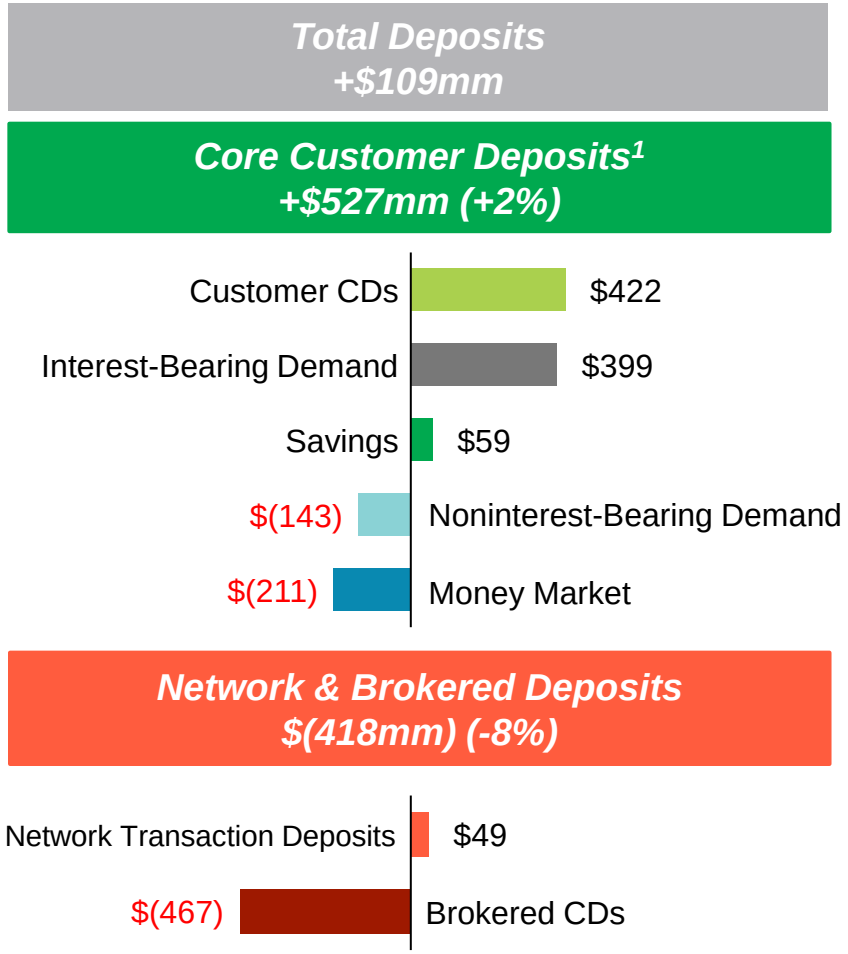
Relationship-Focused Deposit Growth

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**

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

($ in millions)



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

Invested in Digital Transformation

We're leveraging agile frameworks & customer feedback to more quickly deliver custom digital solutions

Launch of Associated Bank Digital

- *Cloud-based platform with 99.9% uptime*
- *Open architecture*
- *Improved security and self-service controls*

Digital Account Opening Upgrades

- *Fast, simplified & intuitive experience*
- *Flexible platform structure*
- *More robust risk controls*

Debit Card Controls

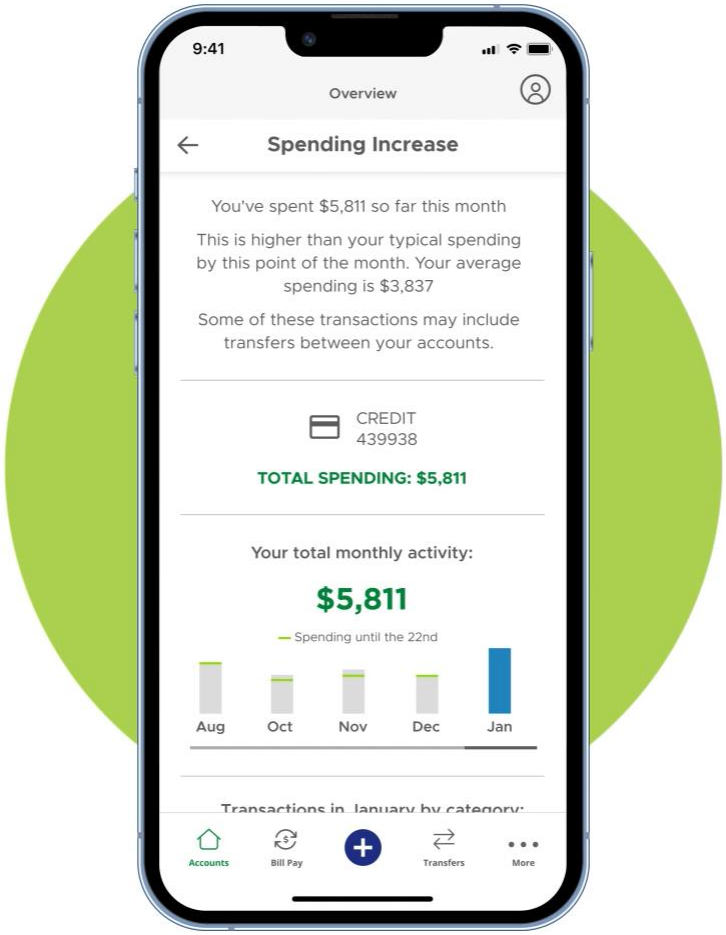
- *Launched April 2023*

AI-led Financial Wellness and Personal Insights

- *Launched July 2023*

In-Branch Account Opening Optimization

- *Rollout targeted for 1Q 2024*



Associated Bank Money Monitor

Our Next Chapter

2024-2025 Strategic Themes

The second phase of our strategic plan pairs organic initiatives with a targeted balance sheet repositioning

Continuation of People-Led, Digitally Enabled Strategy

1 Diligent Expense Control

Identified $25 million to $30 million in expense reductions for 2024

- **3% reduction in workforce** completed on November 8, 2023
- Discretionary spending reduced
- Vendor contract review completed
- **14 total branch closures** between November 2023 and March 2024

2 Reinvestments in People, Products & Technology

Reinvesting expense savings to build on our growth strategy:

- Multiple **key leadership roles filled** in 4Q 2023
- **Expect to add 20+ commercial RMs across all markets**, with four already hired
- **Decreasing annual mortgage production** by nearly $2 billion in 2024 (vs. 2022)
- Multiple **deposit initiatives and digital upgrades** launched or in process in consumer & wealth

Inorganic Transaction

3 Balance Sheet Repositioning

Accelerating the financial impact of our organic strategy by disposing of legacy low-yielding assets and high-cost funding

- **Sold ~$0.8 billion in securities**
- **Agreed to sell ~$1 billion in mortgage loans**
- Proceeds used to **pay down FHLB advances** and **reinvest in securities** at higher rates

1 The Enabler: Diligent Expense Control

We've identified and executed expense cuts with a $25 million to $30 million impact in 2024

One-Time Expense from New Initiatives

Estimated for 4Q 2023

~$5 million

2024 Expense Reductions

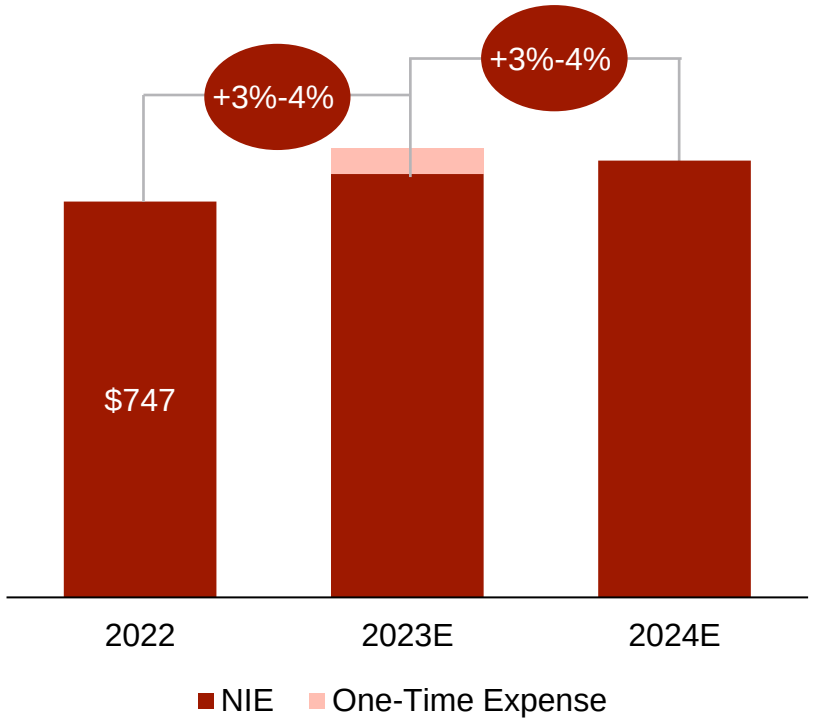
- ✓ *3% reduction in workforce*
- ✓ *Branch consolidations*
- ✓ *Discretionary spending*
- ✓ *Vendor contract review*

$25 million to $30 million

Estimated Noninterest Expense

($ in millions)

NIE is expected to grow by 3%-4% YoY in 2023 and 2024, excluding one-time expenses



2 Bolstering Talent in Key Areas

Attracting and retaining high-quality talent continues to be a key driver of our strategic plan

Moves Already Made in 4Q 2023

Commercial Banking

- **Neil Riegelman** joined the bank as our commercial banking segment leader in Milwaukee and Madison
  - With over 20 years of experience, Riegelman is expected to oversee relationship development
- Expect to hire **20+ commercial RMs** across all markets by 2025, with four already hired
- New **commercial banking group leader** reporting to John Utz expected to be announced by December 1st



Neil Riegelman

Private Wealth

- **Jayne Hladio** joined the bank as president of private wealth
  - With over 30 years of experience, Hladio is expected to play an influential role in advancing private wealth, mass affluent and digital strategies



Jayne Hladio

Business Banking

- **Gus Hernandez** transitioned to the role of SVP, director of business banking
  - With over 35 years of experience, Hernandez brings a unique skillset bridging our retail, small business and commercial strategies



Gus Hernandez

2 Deepening Relationships in our Core Footprint

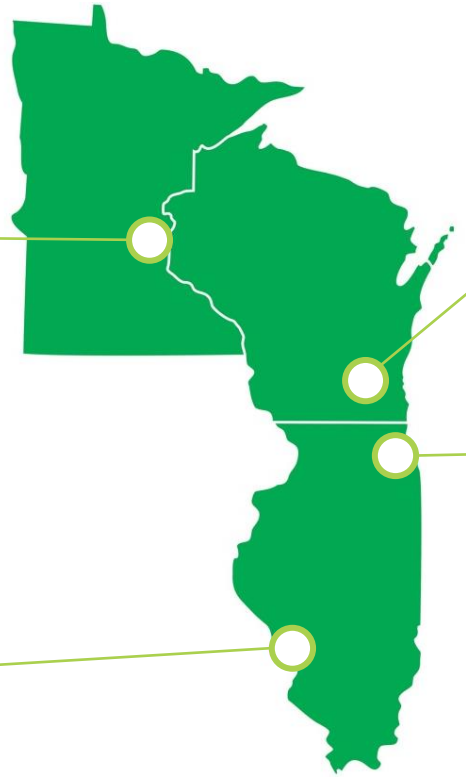
New commercial banking group leader expected to be announced by December 1, 2023

Twin Cities

- Actively recruiting for 5 additional RMs in 2024
- Plan to hire up to 6 business bankers and 2 private bankers to support growth

St. Louis

- Hired new market president (Shawn McCutcheon) in 2023
- Plan to hire 3 additional RMs in 2024
- Plan to hire additional private bankers and TM personnel to support growth



Milwaukee / Madison

- Hired Neil Riegelman as commercial banking segment leader
- Planning to hire 3 additional team members in 2024

Chicago

- Plan to hire 3 additional RMs in 2024

Commercial Banking

- Actively recruiting for 6 RMs across core metro markets in 2024
- Planning to add 3 RMs to Asset-Based Lending team in 2024

Expected Cumulative Incremental Balance Growth[1]		
	2024 (est.)	*2025 (est.)*
Loans	$250mm+	$750mm+
Deposits	$150mm+	$475mm+

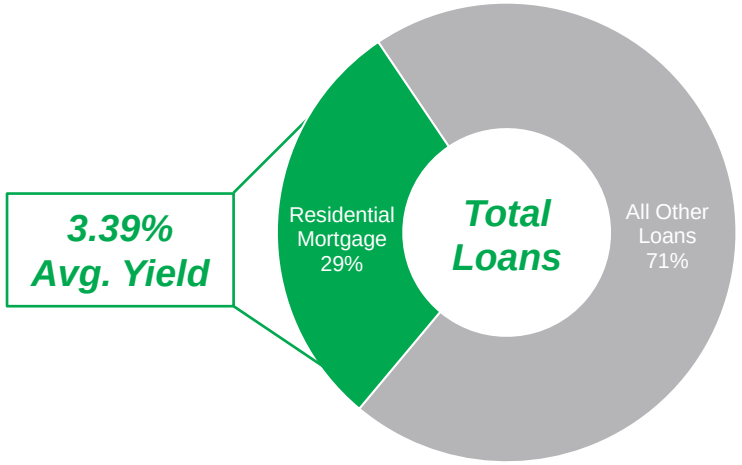
[1] Incremental balance growth expected above our standard run rate, which is impacted by market conditions.

2 Evolving our Consumer Lending Strategy

We are intentionally moderating growth in our low-yielding residential mortgage business

- After exiting third-party originated (TPO) mortgage lending in 1Q 2023, we are making several other changes to our mortgage strategy:
  - Limiting construction lending to customers with Associated Bank deposit relationships
  - Focusing portfolio lending to private wealth, mass affluent and CRA customers only
  - Emphasizing saleable mortgage loans to continue serving our communities while maintaining capacity for more profitable loan growth in other areas
- We expect to reduce outstanding mortgage balances by $600 million by year-end 2025 through paydowns and lower new originations booked to portfolio

3Q 2023 Average Loan Portfolio



Projected Mortgage Production Trends

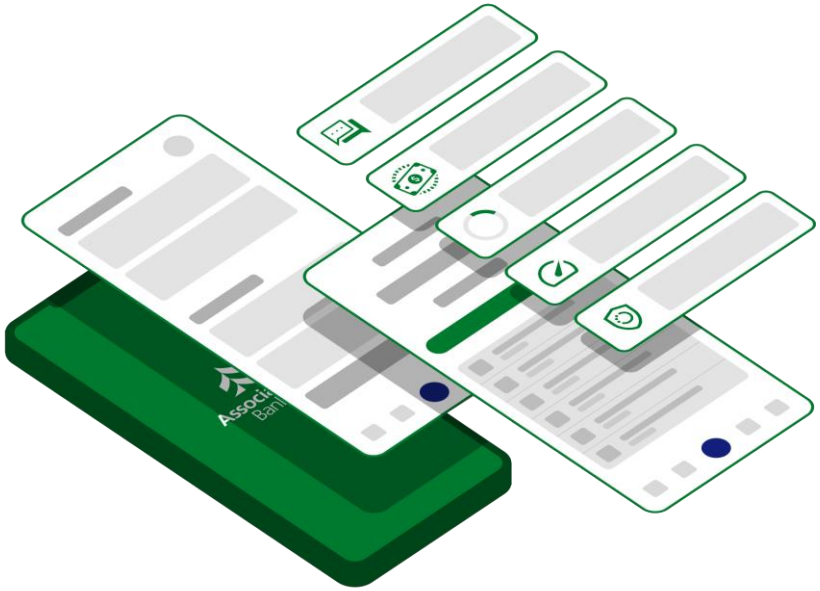
2022	~$2.9 billion
2023 (est.)	~$1.2 billion
2024 (est.)	~$1 billion
2025 (est.)	~$1 billion
2024 (est.) vs. 2022	~($1.9 billion)

2 Enhancing the Customer Experience with Digital

We are continuing to make digital-forward investments to deliver a better experience for our customers

Digital Roadmap Updates

- With 11 major customer-facing upgrades since launching our platform in Fall 2022, our quarterly cadence of enhancements planned for 2024 includes:
  - A.I. enabled chatbot (“Adie”)
  - Omnichannel branch sales platform
  - Personalized digital marketplace
  - Private wealth client experience
  - Credit score & identity protection
  - Advanced digital security center



Building on our Strong Momentum

20%↑
Consumer Checking Household Acquisition
3Q 2022 to 3Q 2023

17%↓
Consumer Checking Household Attrition
3Q 2022 to 3Q 2023

90%
Top-Box Satisfaction with Branch Channel[1]
3Q 2023

3-Year High
Top-Box Satisfaction with Digital Channel[1]
3Q 2023

[1] Based on quarterly top box customer satisfaction scores from internal transactional surveys.

2 Accelerating Core Customer Deposit Growth

We plan to generate incremental deposits through relationship-focused strategies that grow our customer base

Our relationship-focused initiatives…

Expanding commercial RM base and presence in metro markets

Upstreaming customers into mass affluent and private wealth

8 new product enhancements across all LOBs

Quarterly digital upgrades that improve acquisition, attrition and deepening

Shifting marketing spend toward acquisition and deepening

20+ new marketing tactics & channels

Data & analytics enhancements driving **improved models, offers & personalization**

…are expected to drive customer growth and incremental deposit balances

	2016 – 2022	2023 (est.)	2024 (est.)	2025 (est.)
Annual Household Growth	**(1% - 3%)**	**0%**	**+1.5%**	**+3%**
Expected Cumulative Incremental Deposit Balances[1]	**-**	**-**	**+$1 billion**	**+$2.5 billion**

[1] Incremental deposit growth expected above our standard run rate, which is impacted by market conditions.

Expected Benefits of Organic Plan

Our organic plan builds on our momentum while adhering to the foundational strengths that got us here

Funds our Balance Sheet

- *Cumulative incremental deposit balance growth[1] of $2.5 billion by year-end 2025*

Transitions our Balance Sheet into Higher Return Businesses

- *Cumulative incremental commercial loan growth[1] of $750 million by year-end 2025*
- *Reduction of $600 million in outstanding mortgage loans by year-end 2025*

Creates an Earnings Tailwind by Consistently Growing our Customer Base

- *Run rate of 3% customer household growth by 2025*

Maintains our Strong Foundation of Expense Discipline and Investment Decisioning

Retains a Disciplined Credit Approach by Growing in Existing Businesses

[1] Incremental balance growth expected above our standard run rate, which is impacted by market conditions.

Balance Sheet Repositioning Transaction

3 Repositioning our Balance Sheet

A balance sheet repositioning enhances our ability to drive improved liquidity & profitability

Assets

- We are currently overweight in low-margin and low-risk assets
- The primary asset class that contributes to this is Residential Mortgage with ~$8.8B in assets

Liabilities

- Long standing reliance on wholesale deposit funding has been exacerbated by recent market conditions
- To fund our organic growth plan, we plan to outperform the market in deposit growth
- In addition to our core deposit initiatives, this transaction enables us to manage wholesale funding within our desired target operating levels

To address these challenges and support our organic plan, we have announced a transaction that increases our wholesale funding capacity

3 Transaction Summary[1]

We've sold ~$0.8 billion in securities and have agreed to sell ~$1 billion in loans

Total Assets	**$1.8B**
Total Loan Sales Agreement[2]	**$1.0B in ARMs** *Wtd. Avg. Yield 3.72%*
Total Securities Sold	**$0.8B in AFS securities** *Wtd. Avg. Yield 2.60%*
Estimated One-Time Loss[3]	**$157M (4Q 2023)**
Use of Proceeds	**Repay $0.9B of FHLB advances & reinvest into $0.7B of securities & cash**

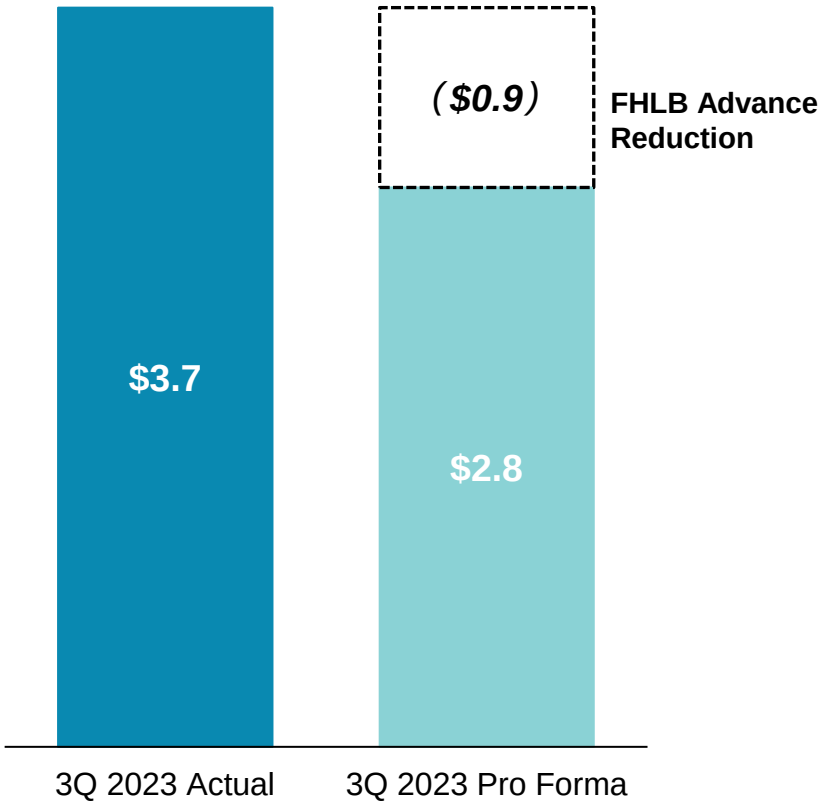
[1] All figures shown are approximations unless otherwise noted.
[2] Transaction expected to close before year-end 2023.
[3] Reflects transaction pricing as of 11/9/2023.

3 Use of Proceeds

We plan to pay down $0.9 billion of FHLB advances & reinvest $0.7 billion in securities at current rates

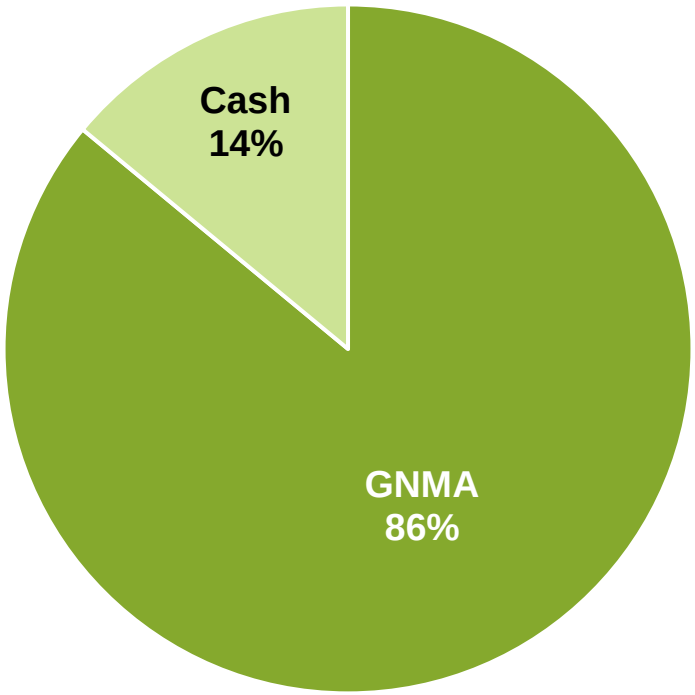
Pay Down FHLB Advances

($ in billions)



Securities & Cash Reinvestment

Total Reinvestment $732M

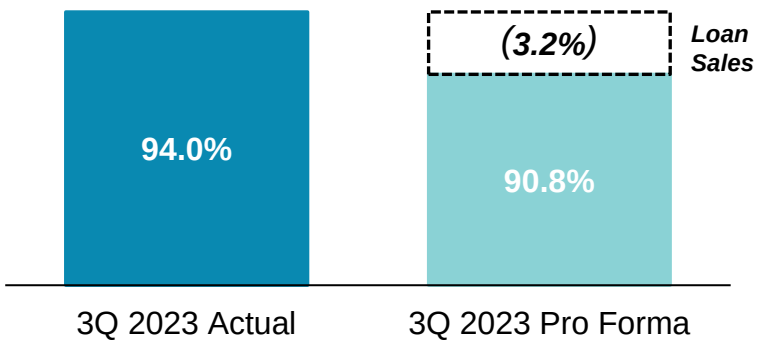


- Yield of 6.02%
- Duration of 3.1 years

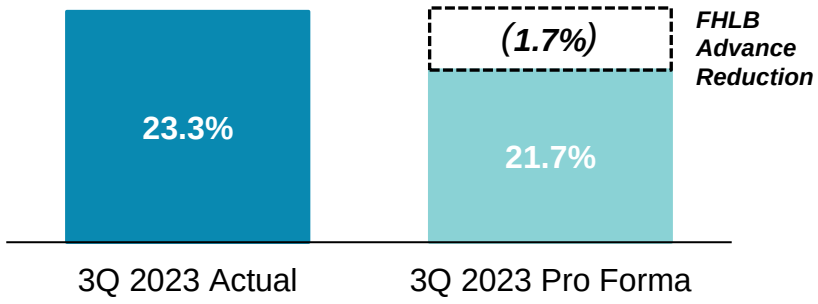
3 Key Benefits of Transaction

This transaction enables us to reduce wholesale funding while enhancing liquidity & profitability

Loan to Deposit (LTD) Ratio

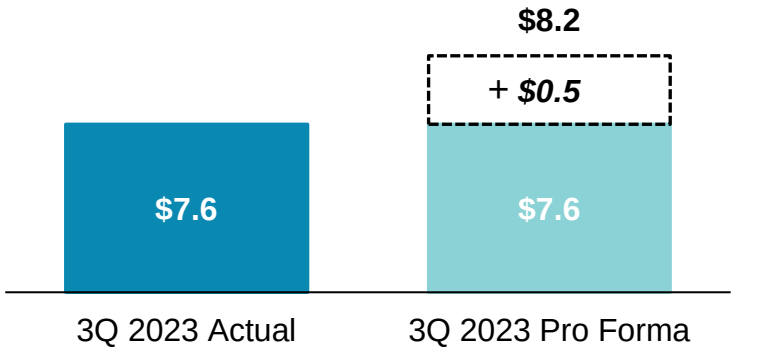


Wholesale Funding / Total Assets[1]

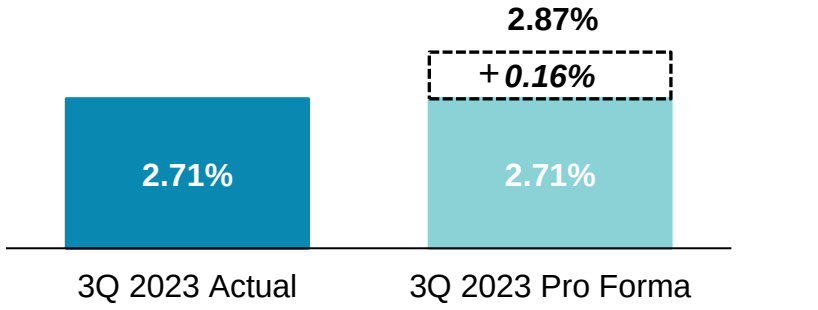


Secured Liquidity[2]

($ in billions)



Net Interest Margin



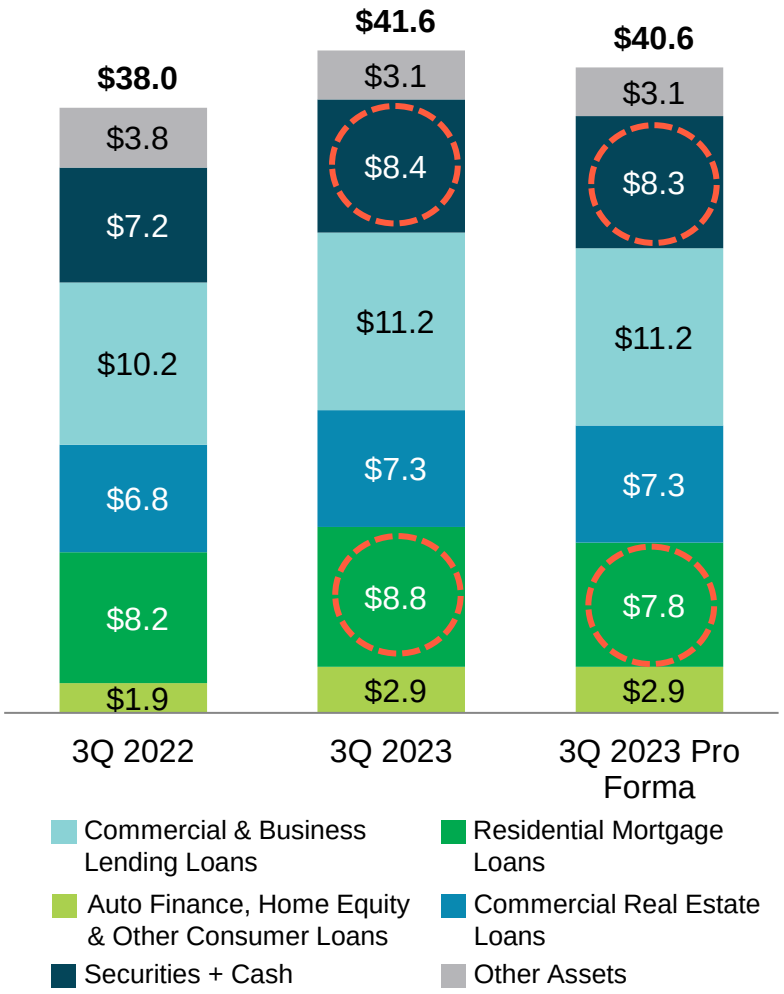
[1] Wholesale Funding includes all wholesale borrowings + brokered and network deposits.
[2] Reflects total funding available within one business day. Estimated based on normal course of operations with the Fed & FHLB.

3 Other Pro Forma Impacts

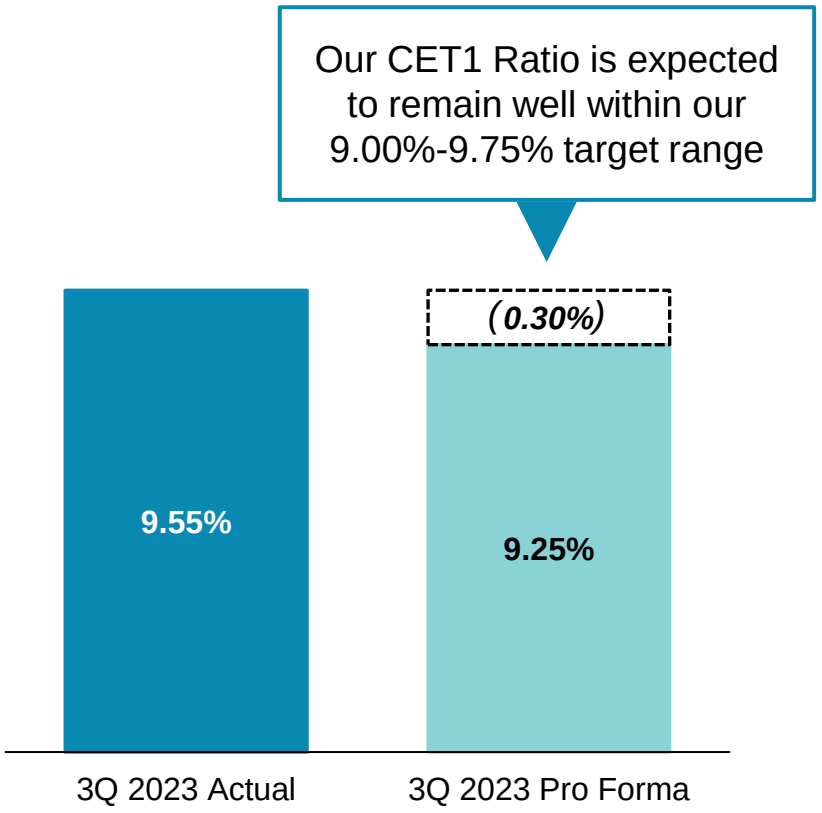
Repositioning enables us to accelerate our organic strategy by disposing of low-yielding, long-duration assets

EoP Total Assets Impact

($ in billions)



Common Equity Tier 1 (CET1) Ratio Impact



Summary of Balance Sheet Repositioning Benefits

- **Reduces reliance on wholesale funding, improving overall liquidity position**
- **Enhanced capital generation driven by improved earnings profile**
- **Efficient use of capital to reduce exposure to low-yielding, longer-duration assets**
- **Improves overall yield of earning assets**
- **Improves capacity for organic loan growth, unlocking benefits of strategic plan**

Medium-Term Operating Targets

We are refreshing our operating targets to account for our organic initiatives and balance sheet repositioning



3.00%+
Net Interest Margin

Mid-Teens
ROATCE

55%-60%
Efficiency Ratio

<0.35%
NCOs / Avg. Loans

Positive Operating Leverage

Appendix

Reconciliation and Definitions of Non-GAAP Items

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

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

[1] 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.