



Associated Banc-Corp

## Investor Presentation

2020  
FIRST QUARTER

ASB  
LISTED  
NYSE



AssociatedBank

# 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" 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. These forward-looking statements include: management plans relating to the proposed acquisition of First Staunton Bancshares, Inc. ("proposed transaction"); the expected timing of the completion of the proposed transaction; the ability to complete the proposed transaction; the ability to obtain any required regulatory approvals; any statements of the plans and objectives of management for future operations, products or services; any statements of expectation or belief; projections related to certain financial results or other benefits of the proposed transaction; and any statements of assumptions underlying any of the foregoing. 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 SEC filings, and such factors are incorporated herein by reference. Additional factors which may cause actual results of the proposed transaction to differ materially from those contained in forward-looking statements are the possibility that expected benefits of the proposed transaction may not materialize in the timeframe expected or at all, or may be more costly to achieve; the proposed transaction may not be timely completed, if at all; that required regulatory approvals are not obtained or other customary closing conditions are not satisfied in a timely manner or at all; reputational risks and the reaction of shareholders, customers, employees or other constituents to the proposed transaction; and diversion of management time on acquisition-related matters.

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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.



# OUR FRANCHISE

## Fourth Quarter 2019<sup>1</sup>

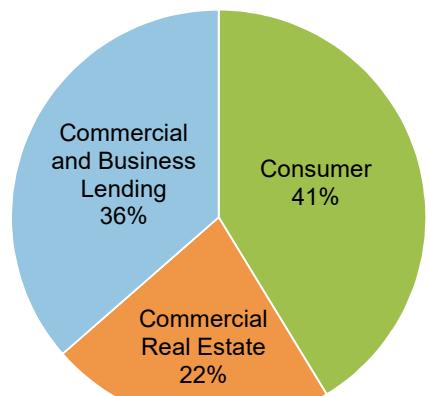
**\$32 billion** of assets

**\$23 billion** of loans

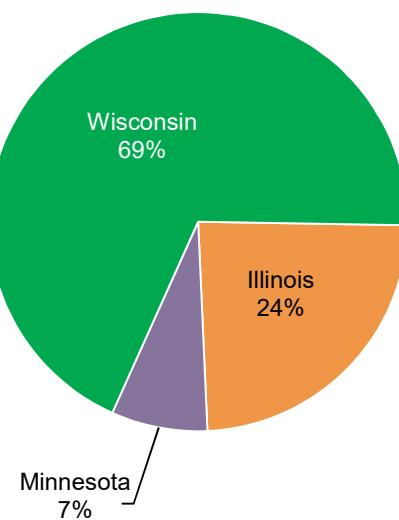
**\$4 billion** of equity

**\$24 billion** of deposits

**2019 Average Loan Composition**



**Deposit Location<sup>2</sup>**



## Highlights and Accomplishments

- Largest bank headquartered in **Wisconsin**<sup>3</sup>
- Approximately **4,700** employees, servicing **1.3 million** customer accounts in **8** states and over **120** communities<sup>1</sup>
- Wisconsin's **#1** Mortgage Lender<sup>4</sup>
- **Top 40** U.S. insurance brokerage firm<sup>5</sup>

## Affinity Programs



**~40%** of checking accounts are affinity related<sup>6</sup>

<sup>1</sup>As of December 31, 2019.

<sup>2</sup>FDIC Summary of Deposits data as of June 30, 2019.

<sup>3</sup>Based on assets, as of December 31, 2019.

<sup>4</sup>The Wisconsin's #1 Mortgage Lender designation is based on originated, closed-end mortgage loan count, gathered from the Home Mortgage Disclosure Act data compiled annually by the Consumer Financial Protection Bureau. The results of the data were obtained through the Consumer Financial Protection Bureau Mortgage Database (HMDA), August 2019.

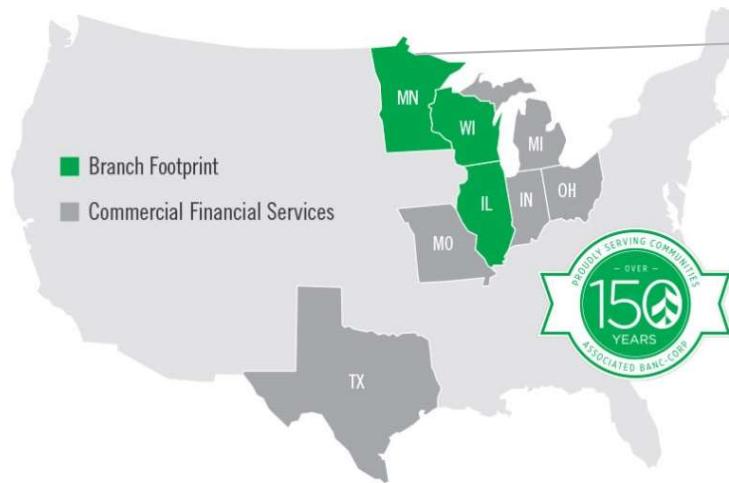
<sup>5</sup>Business Insurance magazine, July 2019. Rankings based on 2018 brokerage revenue gathered by U.S. based clients.

<sup>6</sup>Affinity checking accounts as a percentage of total checking accounts, as of December 31, 2019.

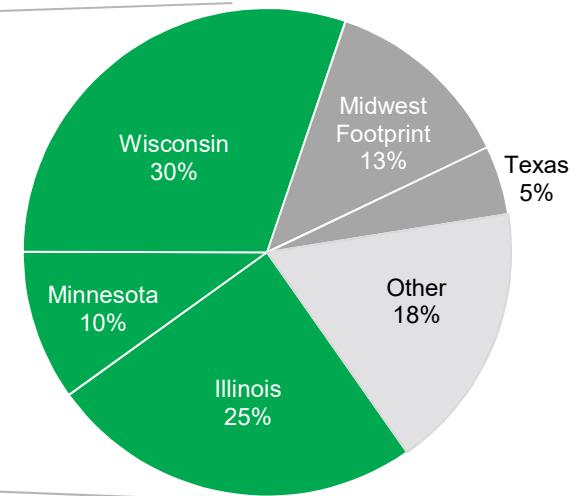


# MIDWESTERN STRONG

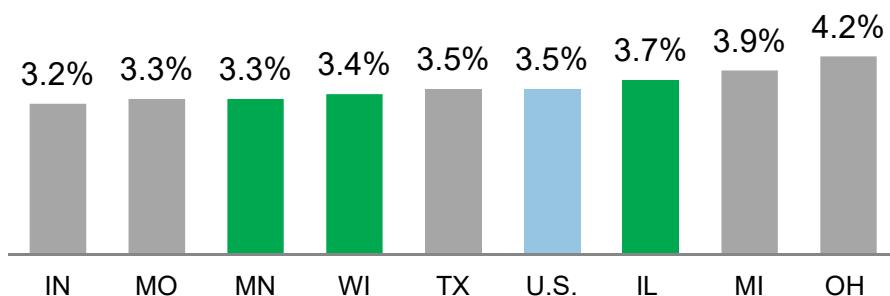
We make most of our loans in local communities with robust employment bases and sound consumer credit



Deep Roots:  
**82% of our loans<sup>1</sup>** are within our branch and commercial office footprint



## Footprint States Unemployment Rates<sup>2</sup>



## Select ASB Market Unemployment Rates<sup>3</sup>

Madison, WI.....	<b>2.5%</b>
Rochester, MN.....	<b>2.8%</b>
Minneapolis – St. Paul, MN.....	<b>3.0%</b>
Appleton, WI.....	<b>3.0%</b>
Green Bay, WI.....	<b>3.3%</b>

<sup>1</sup>Total loans as of 12/31/19, excludes \$351 million Other consumer portfolio.

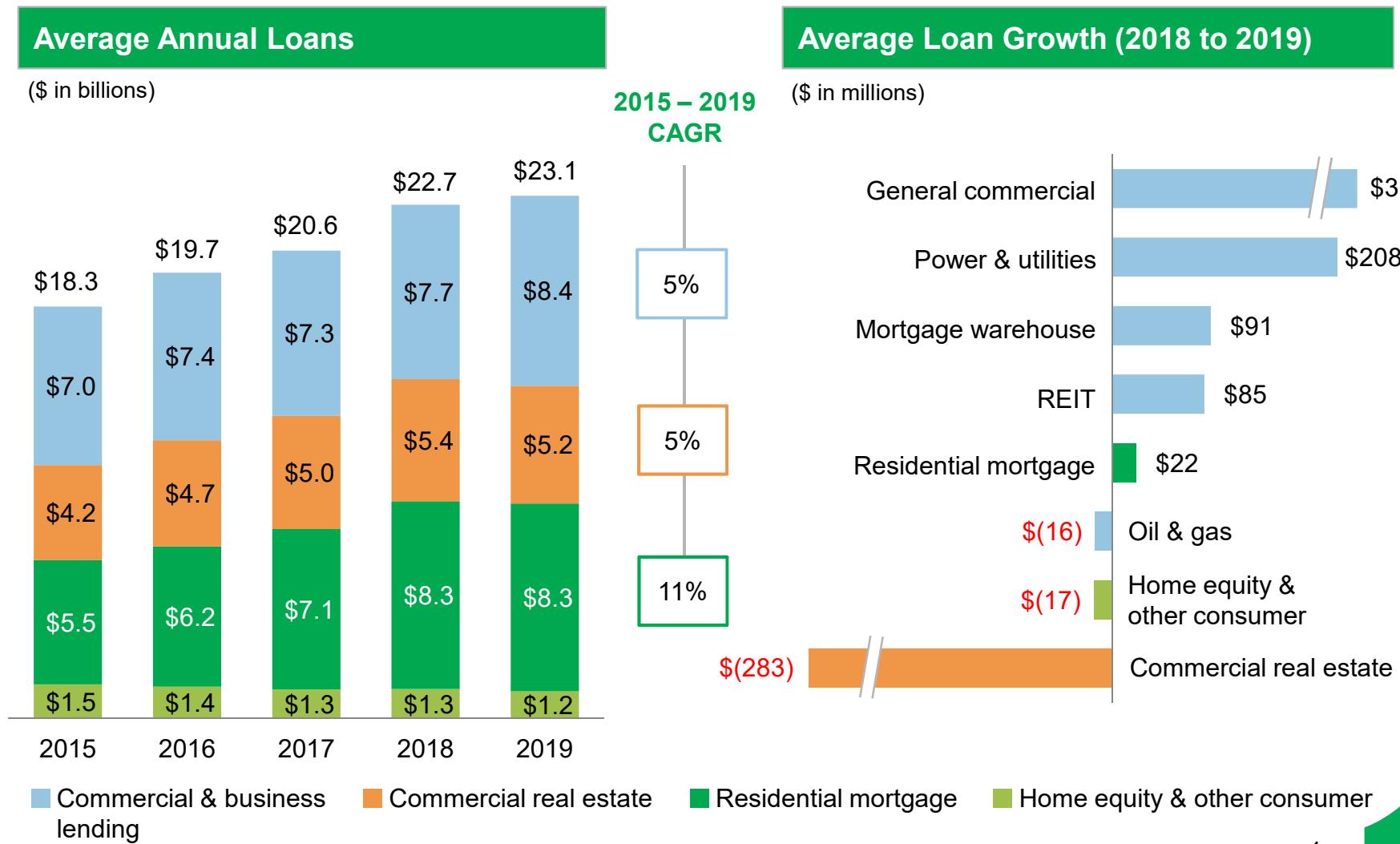
<sup>2</sup>U.S. Bureau of Labor Statistics, State Employment and Unemployment, seasonally adjusted, December 2019 (preliminary).

<sup>3</sup>U.S. Bureau of Labor Statistics, Civilian labor force and unemployment by metropolitan area, seasonally adjusted, December 2019.



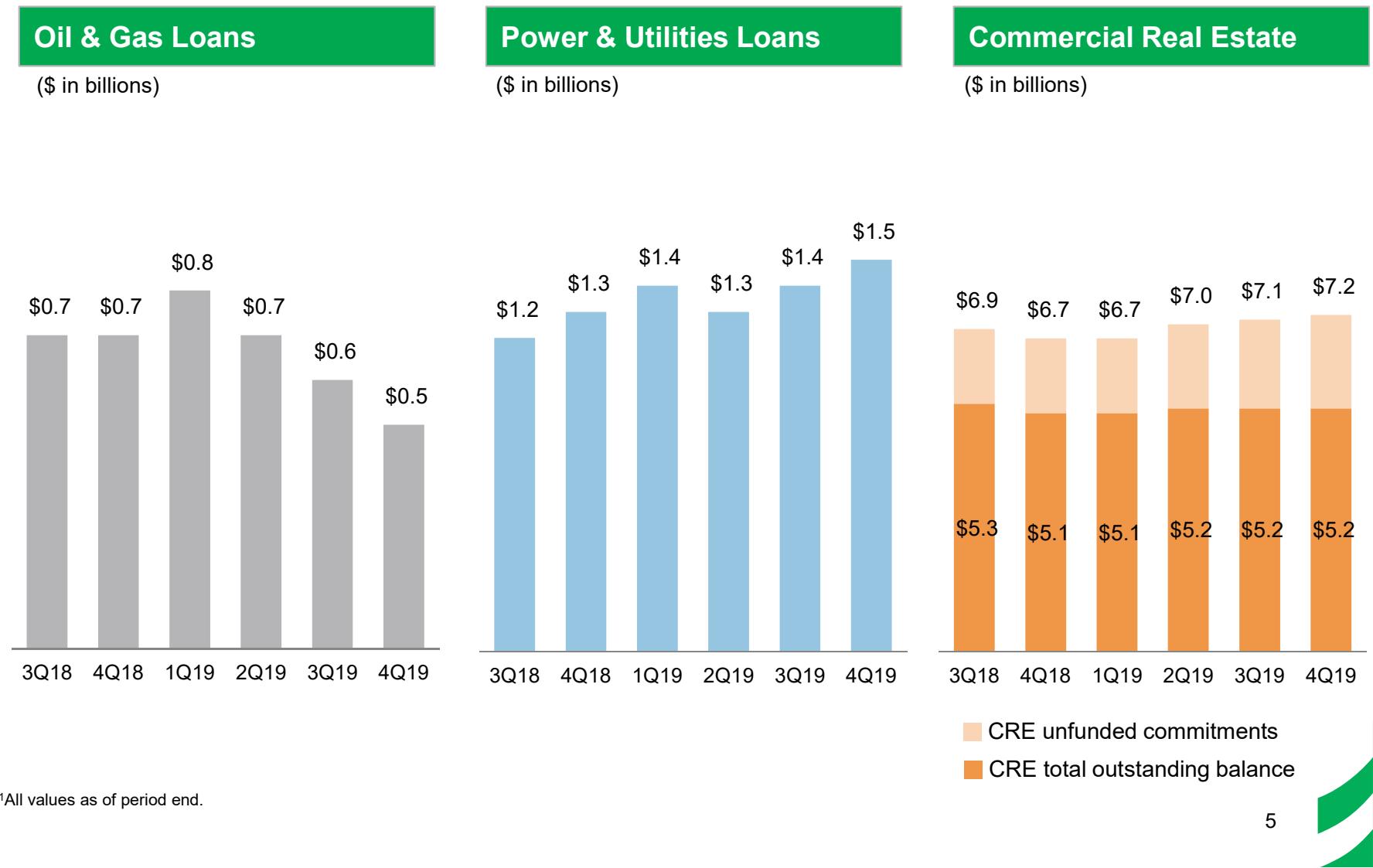
# LOAN TRENDS

2019 loan growth impacted by loan sales and oil & gas portfolio de-risking



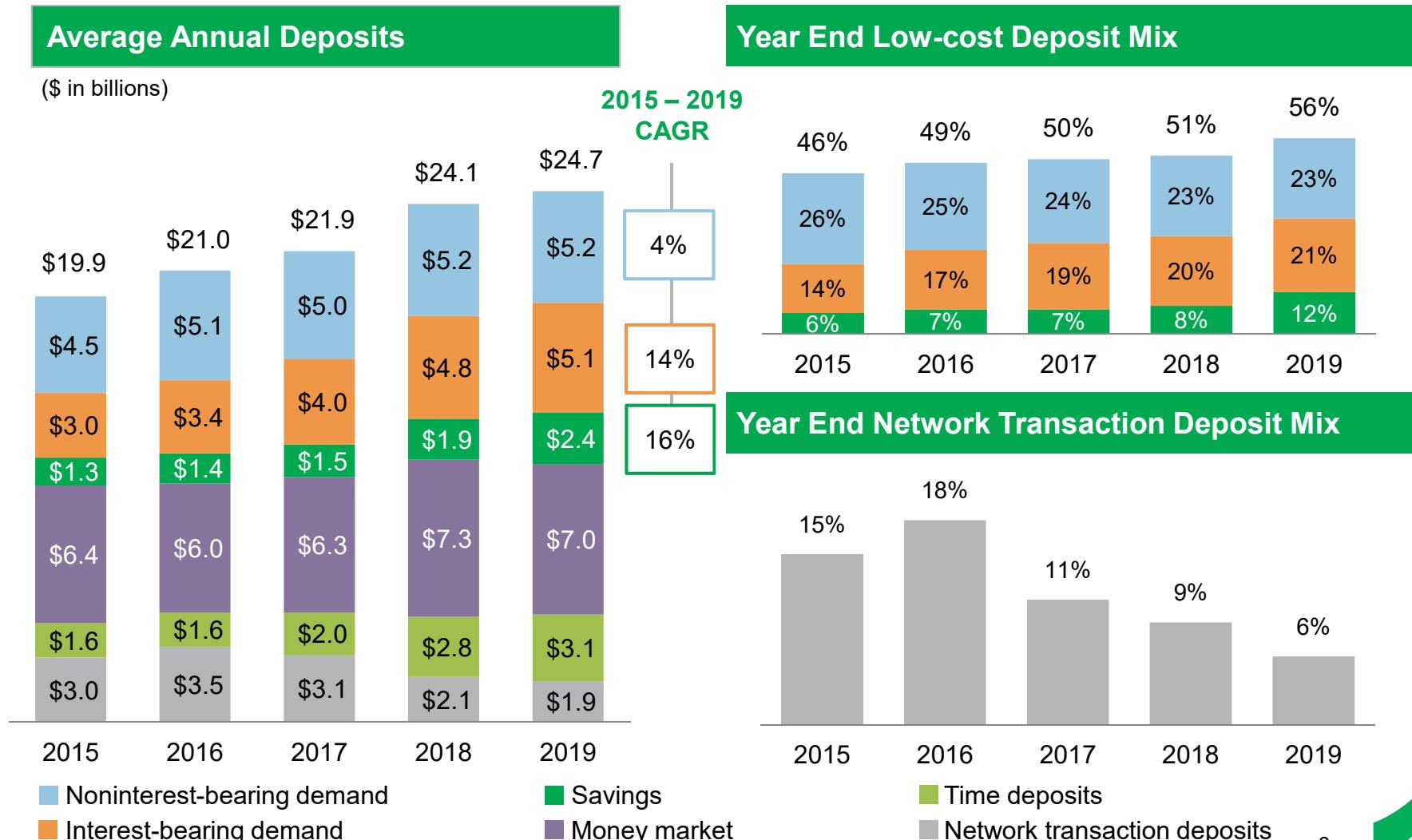
# COMMERCIAL LOAN MANAGEMENT<sup>1</sup>

We de-risked our oil & gas portfolio while growing power & utilities; commercial real estate rebounded



# DEPOSIT PORTFOLIO TRENDS

The Huntington branch acquisition and balance sheet repositioning drove increase in low-cost deposit mix

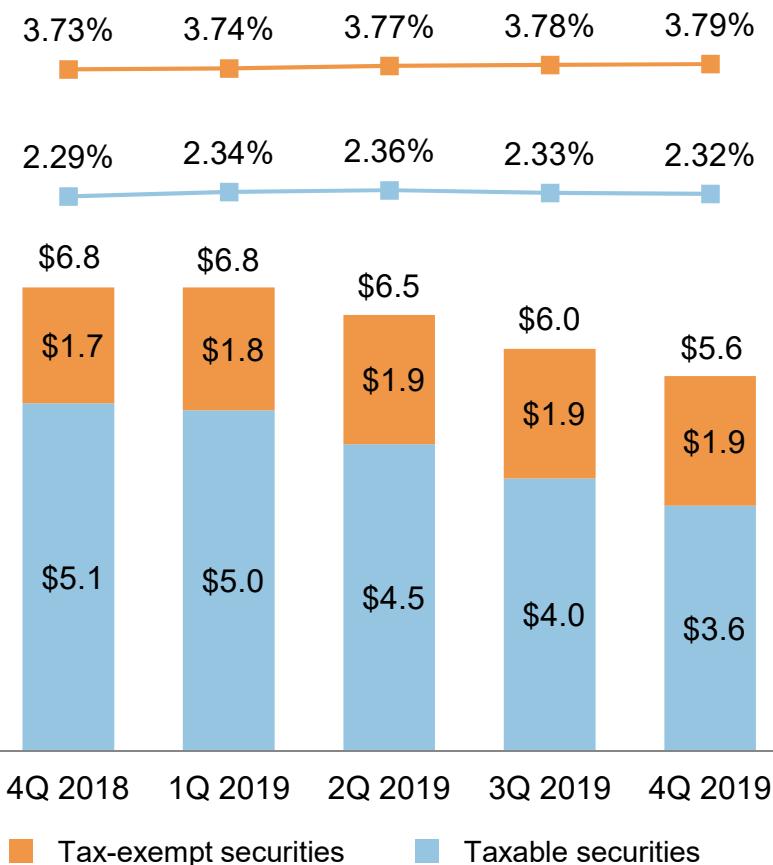


# INVESTMENT SECURITIES PORTFOLIO TRENDS

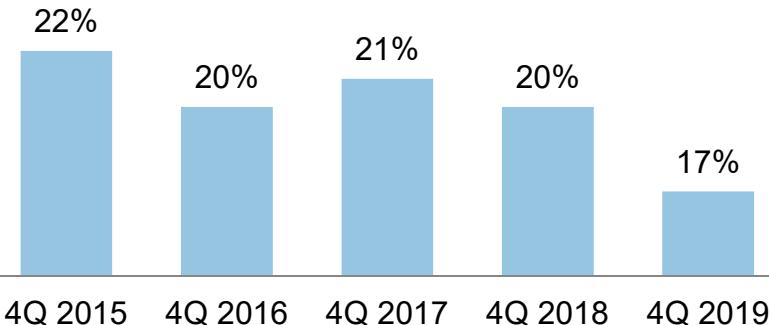
Investment portfolio balances expected to level off in 1Q20 and remain at ~17% of assets through 2020

## Portfolio<sup>1</sup> and Yield Trends (Quarterly)

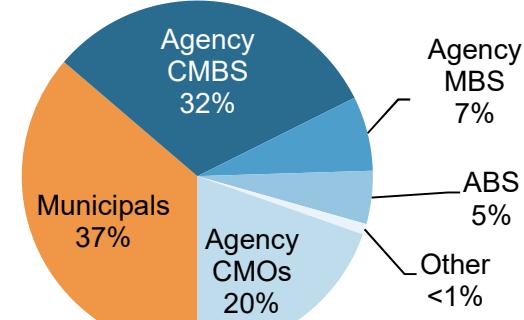
(\$ in billions)



## Investments / Total Assets<sup>2</sup>



## Portfolio Fair Value Composition<sup>2</sup>



<sup>1</sup>Average balances.

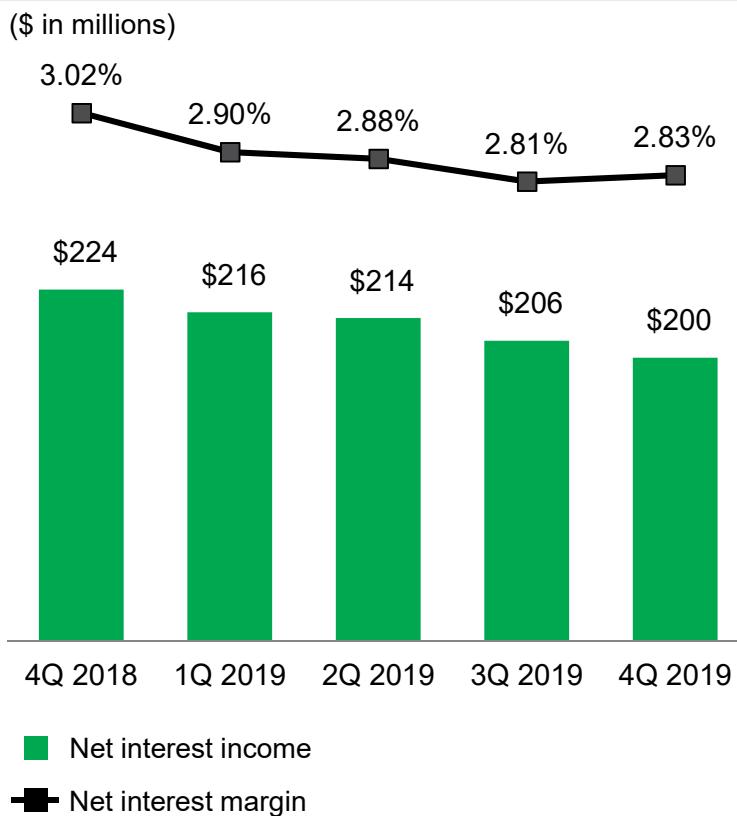
<sup>2</sup>Period-end balances.



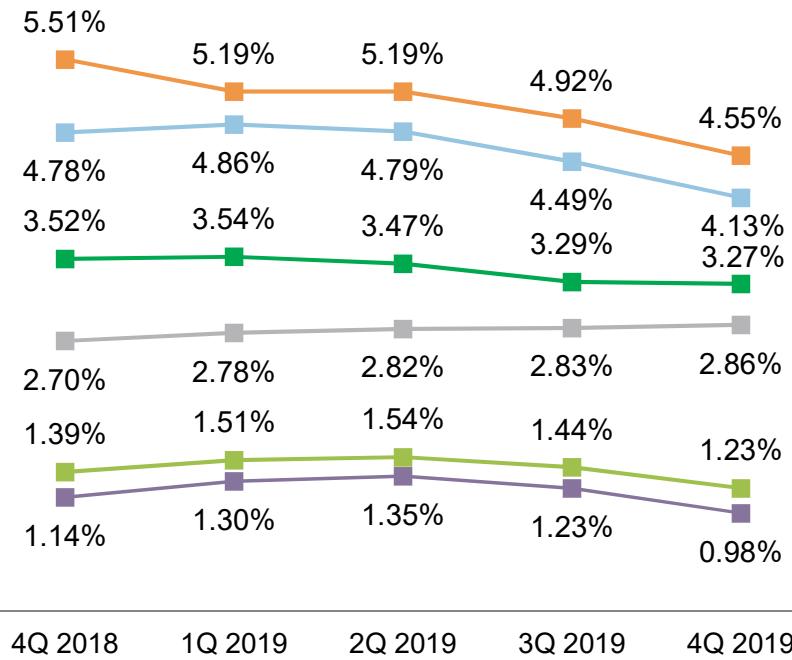
# NET INTEREST INCOME AND YIELDS — QUARTERLY TRENDS

Lower deposit costs have helped stabilize net interest margin

## Net Interest Income and Net Interest Margin



## Average Yields

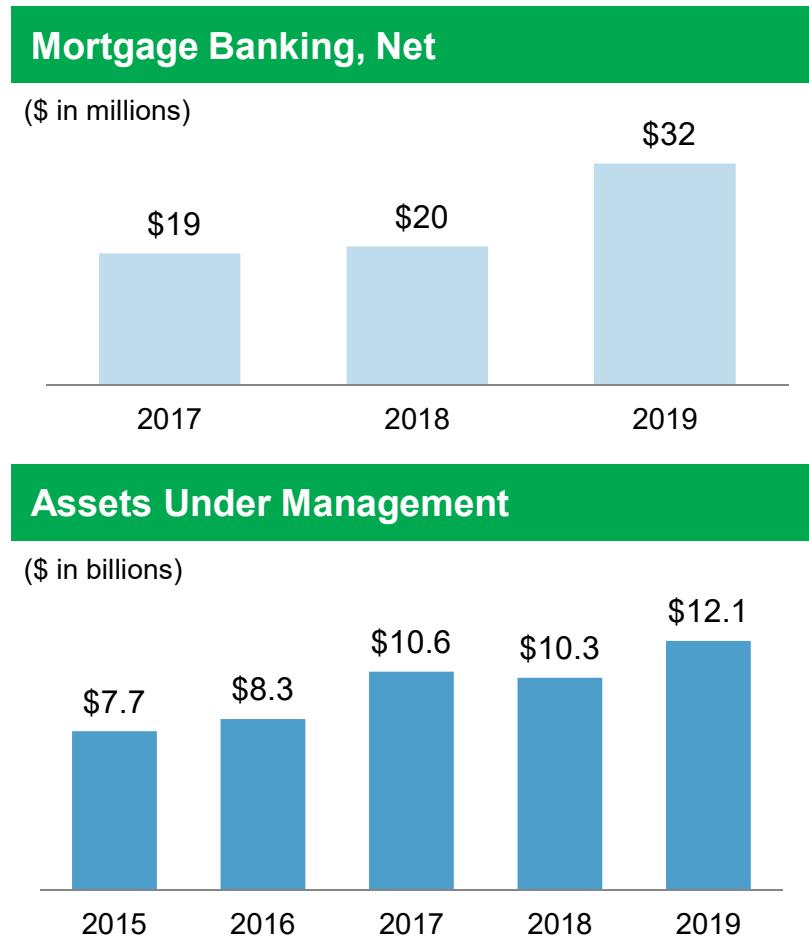
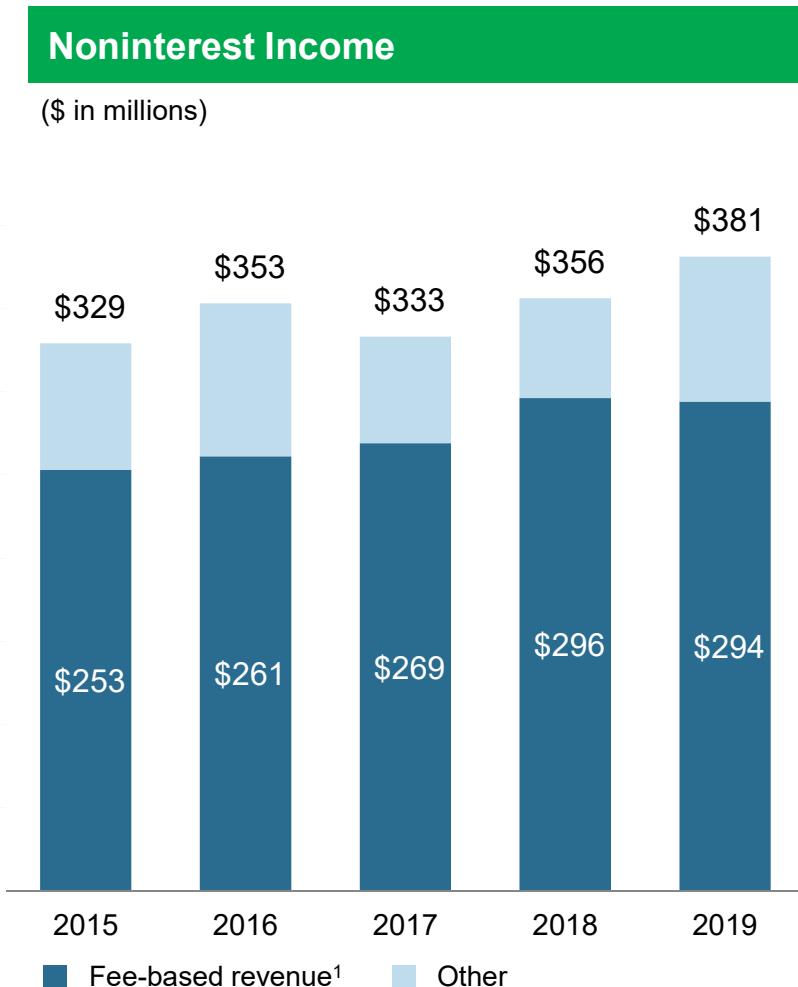


- Commercial real estate loans
- Commercial and business lending loans
- Total residential mortgage loans
- Total interest-bearing liabilities
- Total interest-bearing deposits
- Investments and other



# GROWING AND DIVERSIFIED BUSINESS MODEL

**Mortgage banking and wealth management are benefitting from current environment**

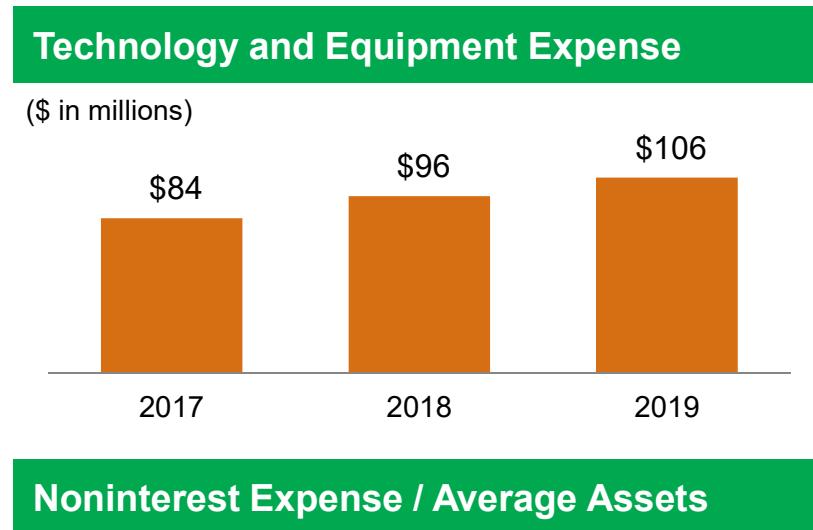
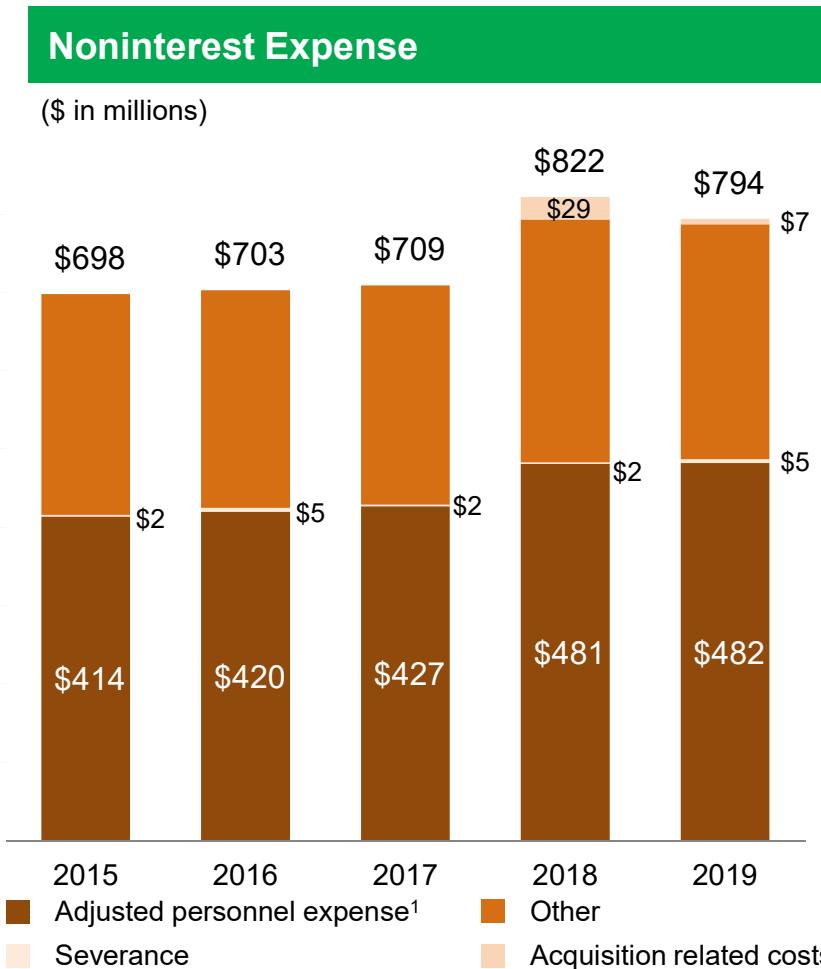


<sup>1</sup>A non-GAAP financial measure, fee-based revenue is the sum of insurance commissions and fees, wealth management fees, service charges and deposit account fees, card-based fees, and other fee-based revenue. Please refer to the appendix for a reconciliation of fee-based revenue to total noninterest income.



# NONINTEREST EXPENSE – ANNUAL TRENDS

We continue to control our overall costs while increasing technology spending



<sup>1</sup>A non-GAAP financial measure, adjusted personnel expense excludes restructuring related costs. Please refer to the appendix for a reconciliation of personnel expense to adjusted personnel expense.

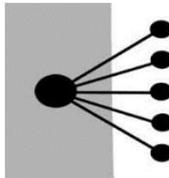
<sup>2</sup>A non-GAAP financial measure, adjusted noninterest expense excludes acquisition and restructuring related costs. Please refer to the appendix for a reconciliation of noninterest expense to adjusted noninterest expense.



# ENHANCING OUR DIGITAL PLATFORMS

Delivered significant customer-facing enhancements in 2019; will optimize recent initiatives in 2020

## Banking Services Are Current Focus



- Innovation has so far focused on
  - Unbundling of banking services
  - Improving the front end for customers

## Banking Infrastructure Is Future Focus



- Infrastructure has been largely untouched by fintech startups due to high entry barriers
- Reinventing banking rails may be next wave of innovation as cloud computing and “banking as a service” takes hold

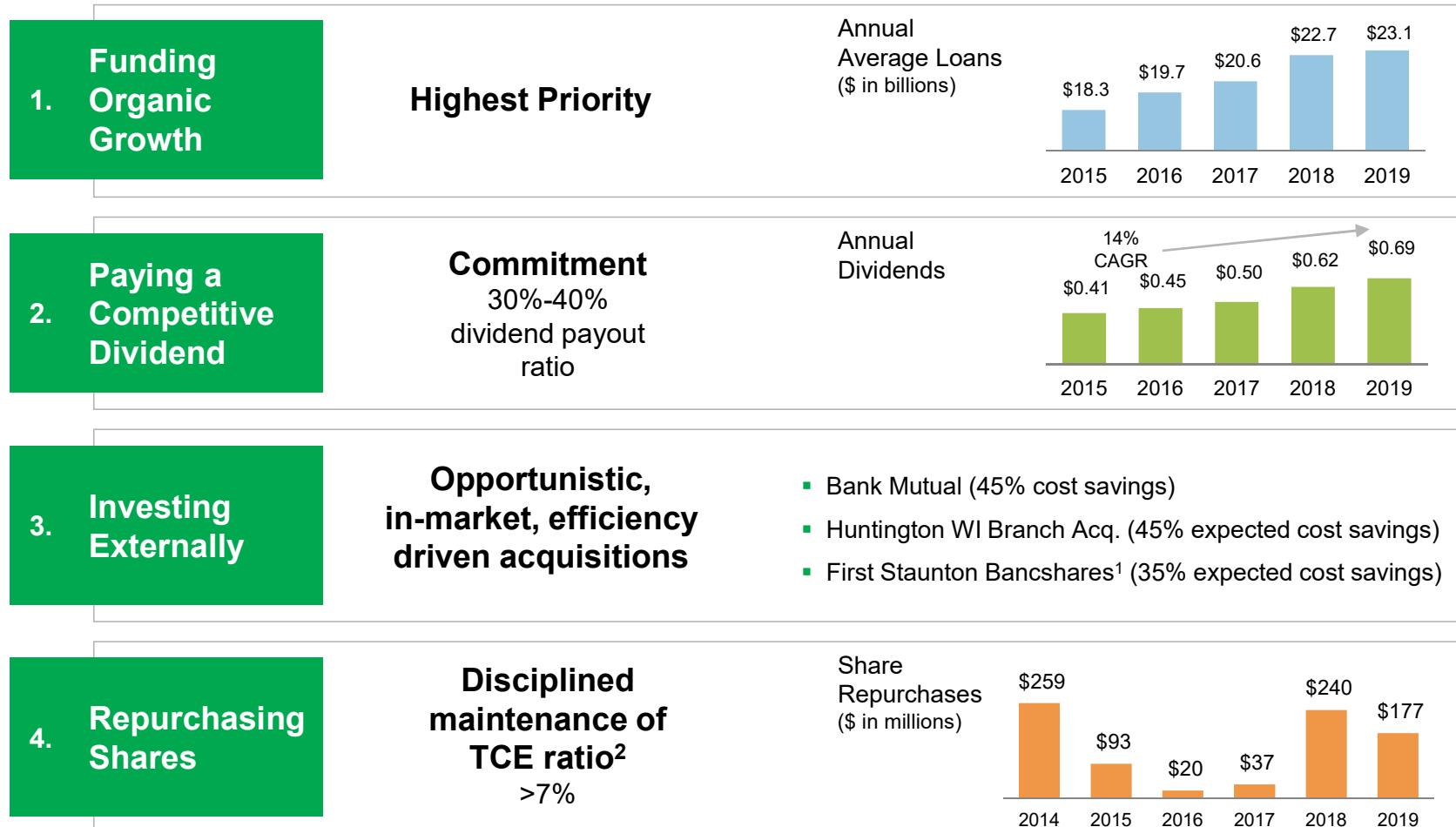
## ASB Fintech Initiatives in 2019 - 2020

<u>Partner</u>	<u>Application</u>	<u>Status/Timing</u>
Zelle	Person-to-person (P2P) payments	✓ 1Q19
uOpen	Online deposit acct opening upgrade	✓ 1Q19
Originate	Digital consumer loan application	✓ 1Q19
Entrust Datacard	Contactless debit cards	✓ 2Q19
timetrade	Digital appointment scheduling	✓ 3Q19
blend	Digital mortgage loan application	✓ 3Q19
Elan	Mobile credit card information	✓ 3Q19
NCR	Next generation ATMs (60)	✓ 4Q19
FOUNDATION	Digital business loan application	✓ 4Q19
PLAID	Online deposit acct opening upgrade	● 2Q20
fiserv	Debit card fraud SMS alerts	● 2Q20
NCR	Next generation ATMs (83)	● 2020
DocuSign	Digital signatures in branches	● 2020
fiserv	Online, mobile, core systems	● Ongoing



# CAPITAL PRIORITIES

Committed to a consistent capital management philosophy with rigorous capital discipline



<sup>1</sup>Expected to close in February 2020.

<sup>2</sup>The ratio tangible common equity to tangible assets excludes goodwill and other intangible assets, net. The TCE ratio is a non-GAAP financial measure and has been included as it is considered to be a critical metric used to analyze and evaluate financial condition and capital strength. Please refer to the appendix for a reconciliation of non-GAAP financial measures to GAAP financial measures.



# CURRENT EXPECTED CREDIT LOSSES (CECL)

Our current capital levels and expected earnings should allow us to readily absorb the anticipated CECL impact

## CECL Adoption in 1Q 2020

- **Life-of-loan CECL reserves** will be driven by our portfolio characteristics, risk-grading, economic outlook, and methodology
- **Key Reserve Level Increase Factors**
  - **Longer tenor** of consumer loans drives higher CECL reserve levels
  - **Economic uncertainty factor** drives increased CRE and commercial & business lending reserve levels
  - **Unfunded commitment** reserve

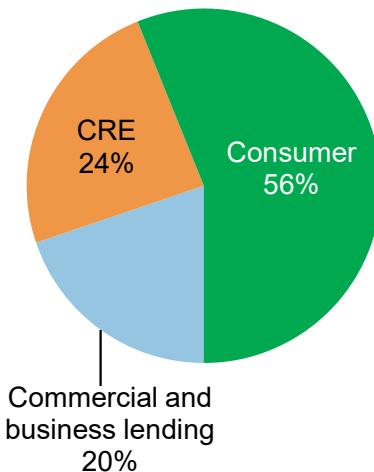
## Loan Portfolio Remaining Maturity

Commercial and Business Lending	~4 years
CRE	~6 years
Total Consumer	~24 years

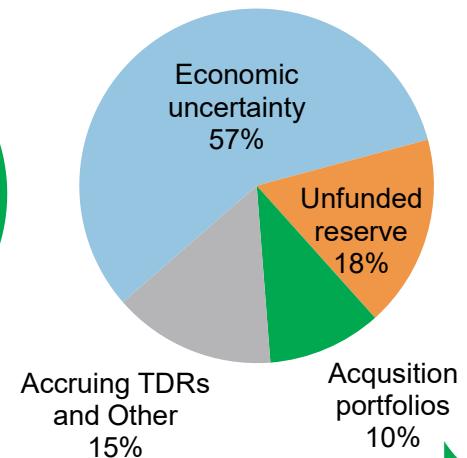
## Expected CECL Impact in 1Q 2020

- **\$93 million to \$106 million increase to ACL<sup>1</sup> from year-end 2019 levels**
- **Net, after-tax, reduction in Tangible Common Equity ratio of 21 bps – 24 bps**

*By Portfolio<sup>2</sup>*



*By Factor<sup>3</sup>*



<sup>1</sup>Allowance for Credit Losses.

<sup>2</sup>By lending portfolio, excluding acquired portfolios.

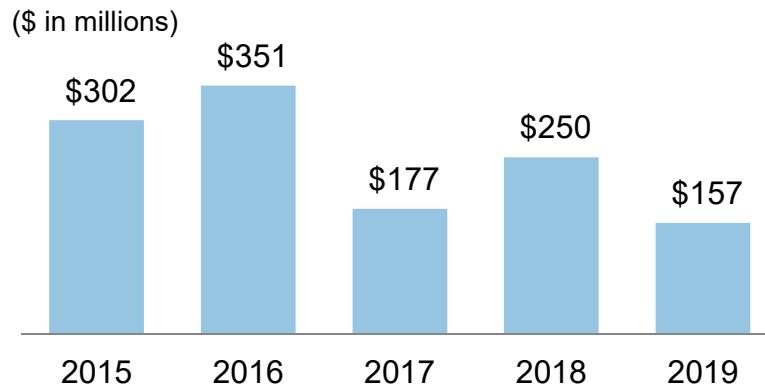
<sup>3</sup>Includes acquired portfolios.



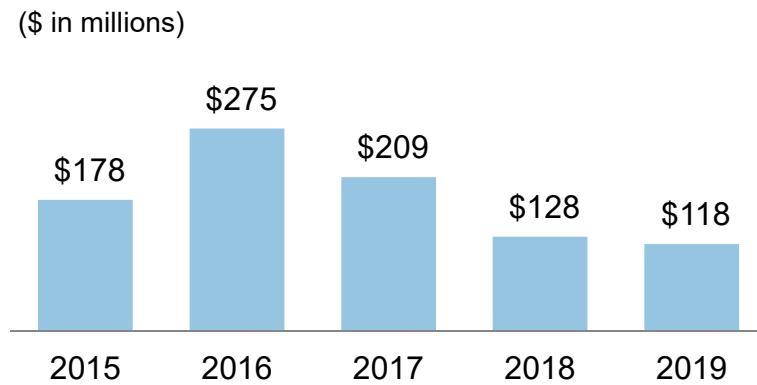
# CREDIT QUALITY – QUARTERLY TRENDS

Continued benign credit environment with stable provision outlook for 2020

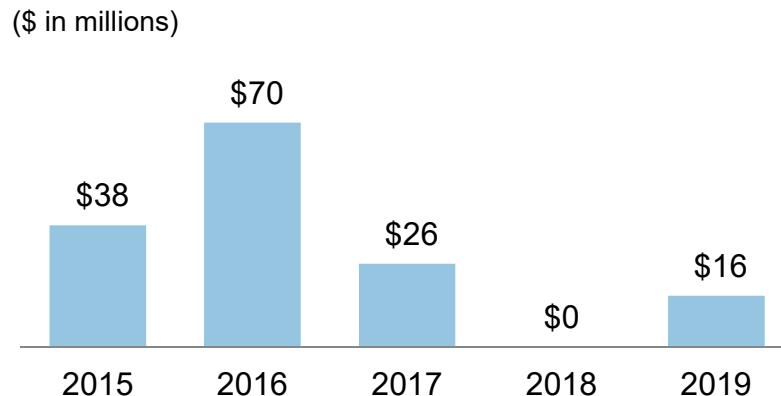
## Potential Problem Loans<sup>1</sup>



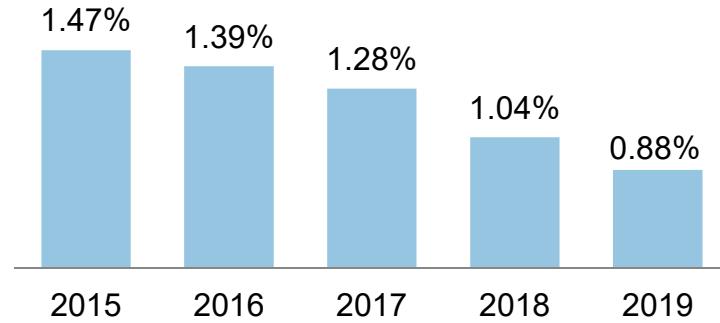
## Nonaccrual Loans<sup>1</sup>



## Provision for Credit Losses



## Allowance for Loan Losses to Loans<sup>1</sup>



<sup>1</sup>At period end.



# 2020 OUTLOOK

This outlook reflects our expectation for a stable economy. We may adjust our outlook if, and when, we have more clarity on economic factors.

## Balance Sheet Management

- Annual average loan growth of 2% to 4%
- Maintain loan to deposit ratio under 100%
- Full-year 2020 NIM expected to be 2.80% to 2.85%

## Fee Businesses

- Noninterest income of \$375 million to \$385 million

## Expense Management

- Noninterest expense of \$790 million to \$795 million, including all First Staunton costs
- Effective tax rate of 19% to 21%

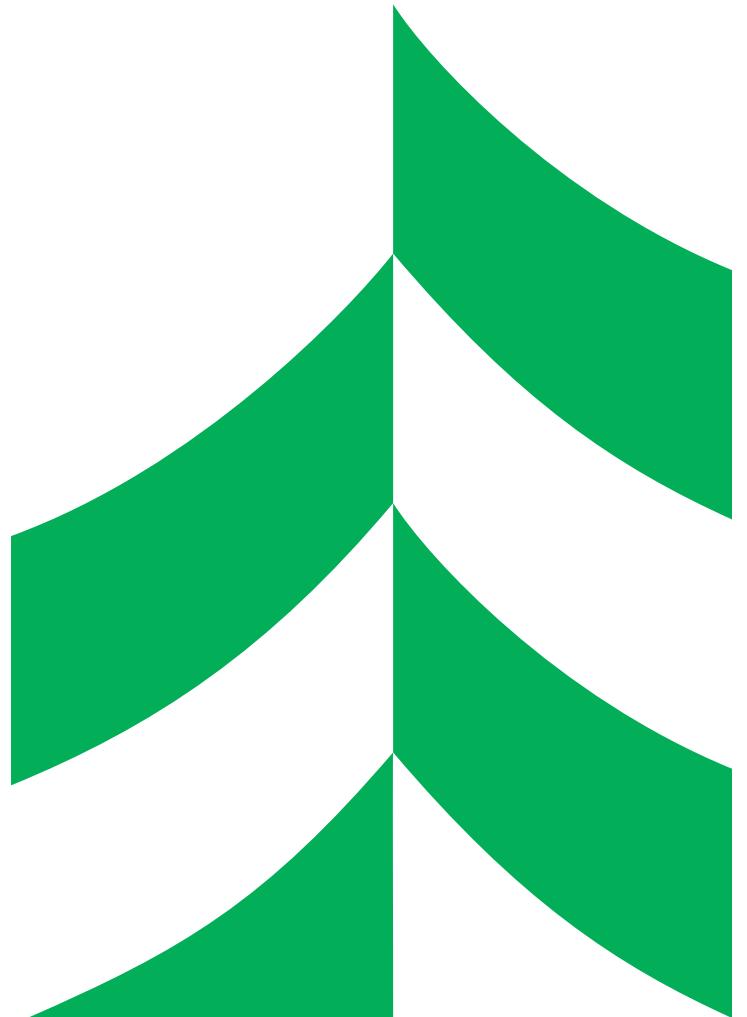
## Capital & Credit Management

- Initial CECL impact expected to be a \$70 million to \$80 million after-tax charge and a corresponding 21 bps to 24 bps decrease in the TCE ratio<sup>1</sup>
- Continue to follow stated corporate priorities for capital deployment

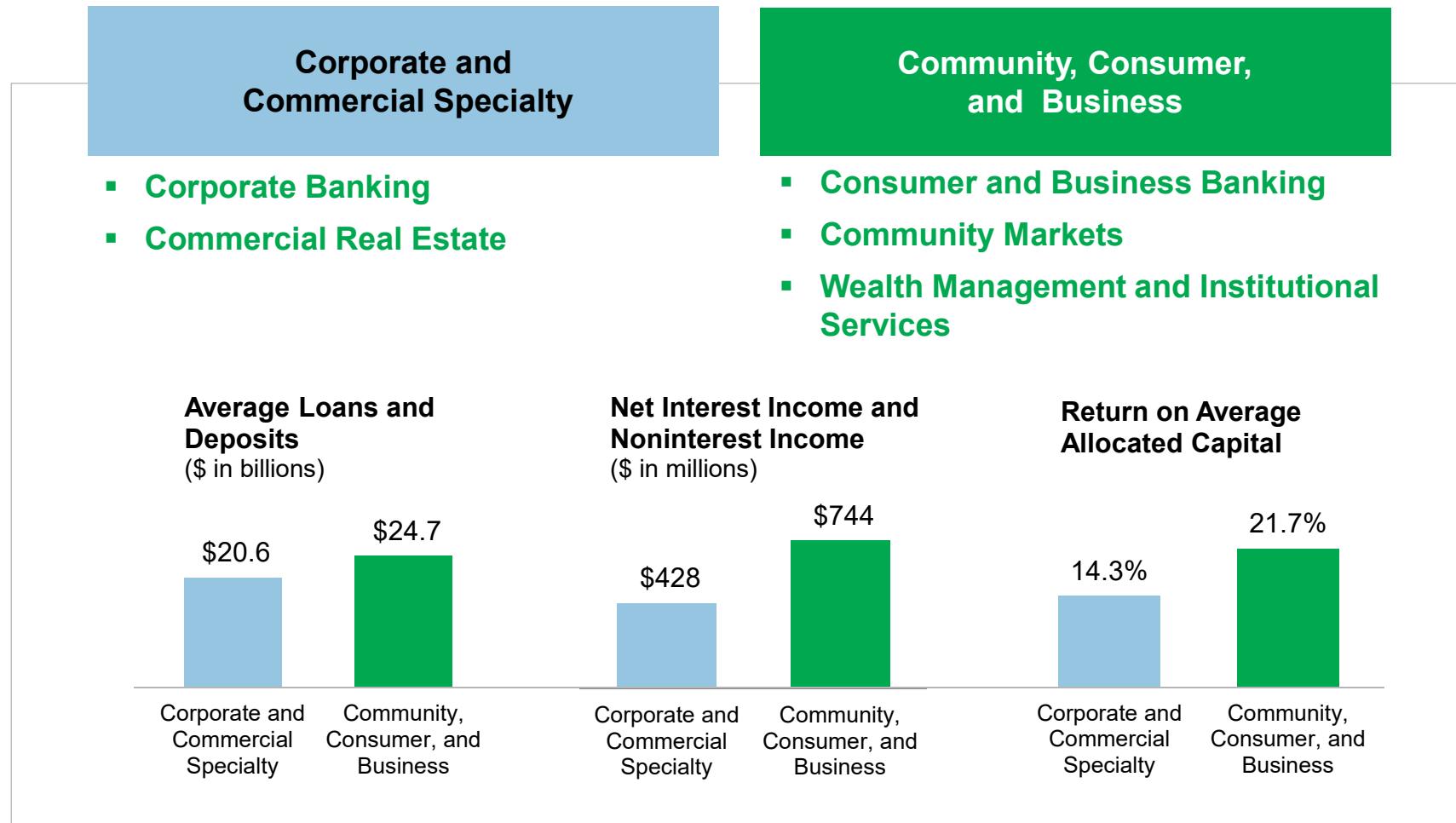
<sup>1</sup>The ratio tangible common equity to tangible assets excludes goodwill and other intangible assets, net. The TCE ratio is a non-GAAP financial measure and has been included as it is considered to be a critical metric used to analyze and evaluate financial condition and capital strength. Please refer to the appendix for a reconciliation of non-GAAP financial measures to GAAP financial measures.



## LINE OF BUSINESS PROFILES



# BALANCED BUSINESS SEGMENTS<sup>1</sup>

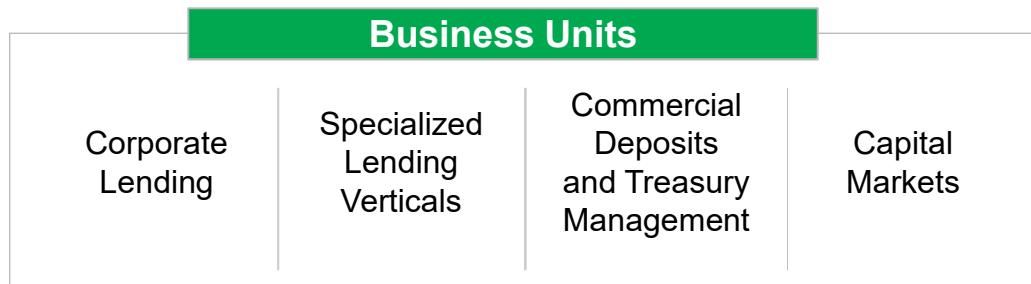


<sup>1</sup>For the year ended December 31, 2019.



# CORPORATE BANKING

## CORPORATE AND COMMERCIAL SPECIALTY SEGMENT



**Creative, relationship-oriented teams build loyal, long-lasting client relationships**

- **Corporate Lending** serves large and complex customers, including **Specialized Industries**
- **Commercial Deposits and Treasury Management** and **Capital Markets** provide solutions focused on customer needs and supported by high-touch, in-market service

### 2019 Highlights

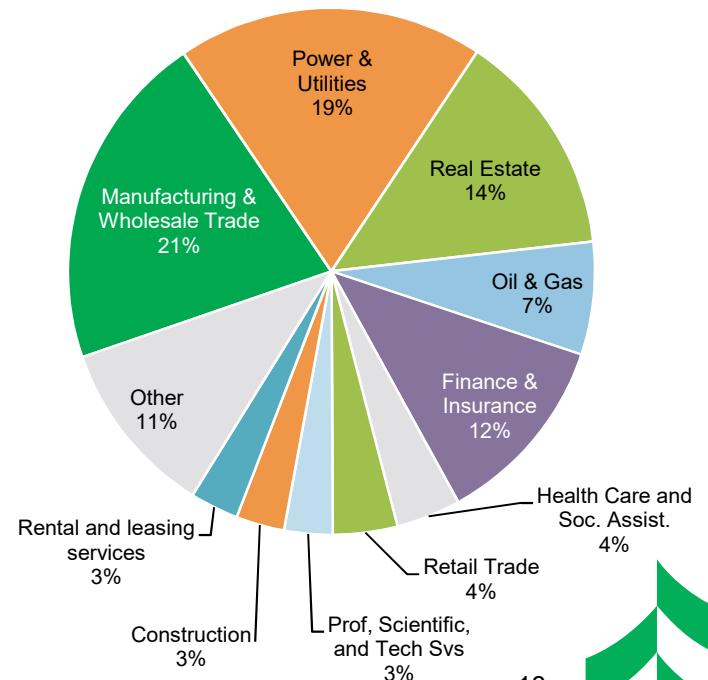
- Corporate banking average loans grew by 8% and average deposits grew by 4%
- Continued to augment the Treasury Management product offering and focus on developing and enhancing profitable relationships across the group

### 2019 Overview

- \$14.1 billion in average loans and deposits
- 9 offices across 5 states
- ~270 colleagues

### Commercial and Business Lending<sup>1</sup>

Loan Composition by Industry

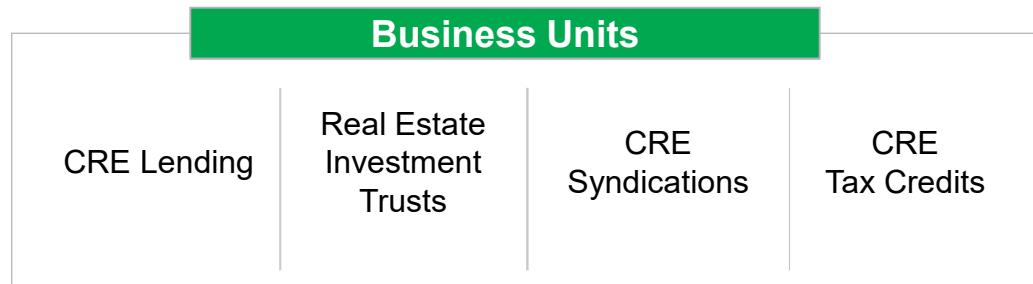


<sup>1</sup>Total commercial and business lending loans outstanding as of December 31, 2019.



# COMMERCIAL REAL ESTATE

## CORPORATE AND COMMERCIAL SPECIALTY SEGMENT



### Local experienced teams create custom real estate financing solutions

- Term, acquisition, construction and interim-bridge financing
- Deposit and cash management solutions
- Specialized financial services including loan syndications and interest rate risk management

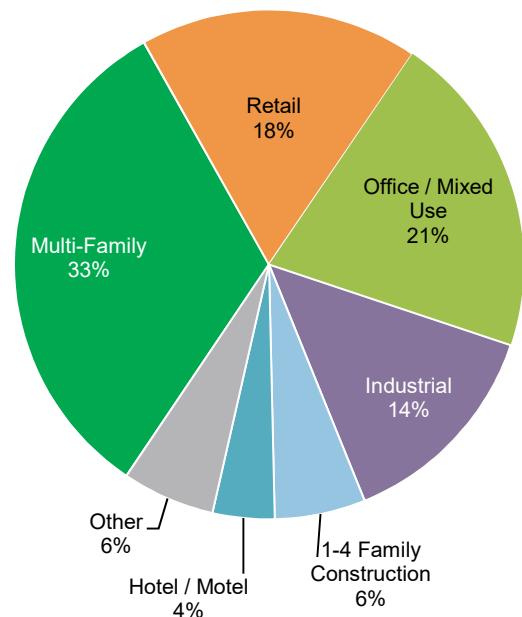
### 2019 Highlights

- Closed \$2.9 billion of new loan commitments, an increase of 25% from 2018
- Year-end loan balance increased 3% from 2018 as strong production and construction funding drove a return to growth
- Noninterest income growth driven by robust swap and syndication performance

### 2019 Overview

- \$6.5 billion in average loans and deposits
- 12 offices across 8 states
- ~100 colleagues

### Commercial Real Estate<sup>1</sup> Loan Composition by Property Type



<sup>1</sup>Total commercial real estate lending loans outstanding as of December 31, 2019.



# CONSUMER AND BUSINESS BANKING

## COMMUNITY, CONSUMER, AND BUSINESS SEGMENT

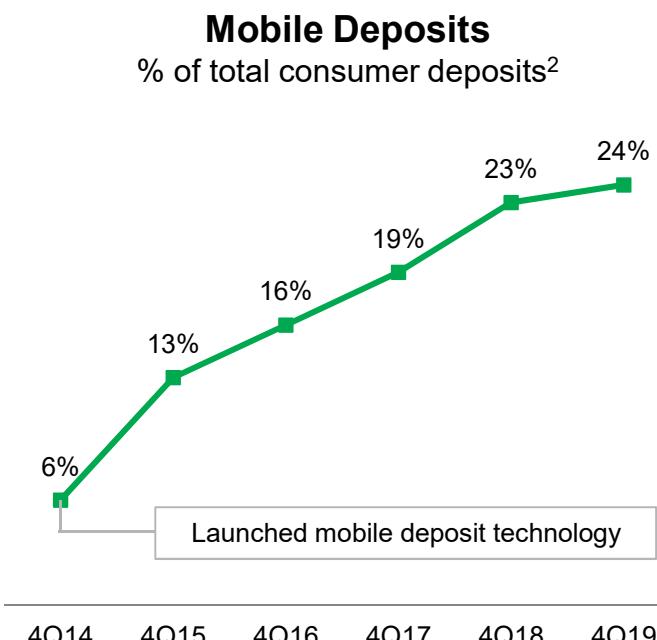
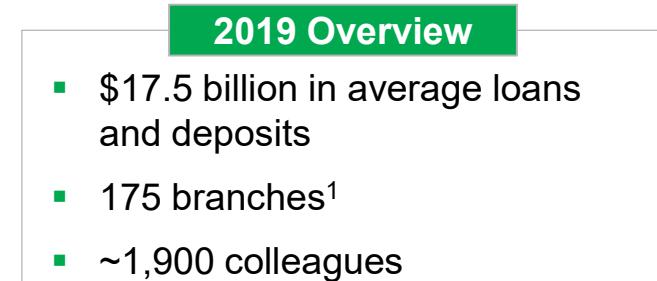


### Full-range services for individuals and small businesses

- **Retail Banking** provides best-in-class customer experience across branches and digital channels
- **Residential Lending** offers residential mortgages through direct and third party channels and home equity lines through direct channels
- **Business Banking** provides solutions to businesses with \$10 million or less in annual revenue

### 2019 Highlights

- Introduced online and mobile mortgage application; 80% of mortgage applicants are now experiencing a quality digital process using Blend
- Upgraded person-to-person payments to Zelle® Instant Payments platform and realized a 250% increase in transaction volume over our previous solution



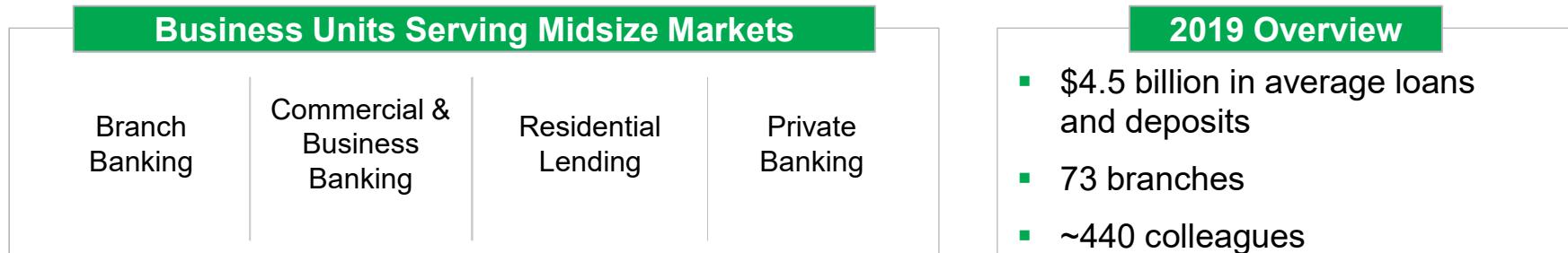
<sup>1</sup>Includes one branch that offers wealth management services only.

<sup>2</sup>Based on period end deposits.



# COMMUNITY MARKETS

## COMMUNITY, CONSUMER, AND BUSINESS SEGMENT



**Localized approach ensures the customer experience is at the forefront of decisions and actions**

- Virtual community banks with our full suite of financial and risk management solutions in midsize markets
- Community market presidents are positioned as active community partners and financial leaders
- Strategy is intended to build on our strong deposit market share in select midsize markets
- Reduced residential loan officers while maintaining geographical coverage in all markets

### 2019 Highlights

- Strong mortgage banking income (+57% y/y) drove overall fee revenue increase of 7%
- Average deposits grew 9%



# WEALTH MGMT AND INSTITUTIONAL SERVICES

## COMMUNITY, CONSUMER, AND BUSINESS SEGMENT

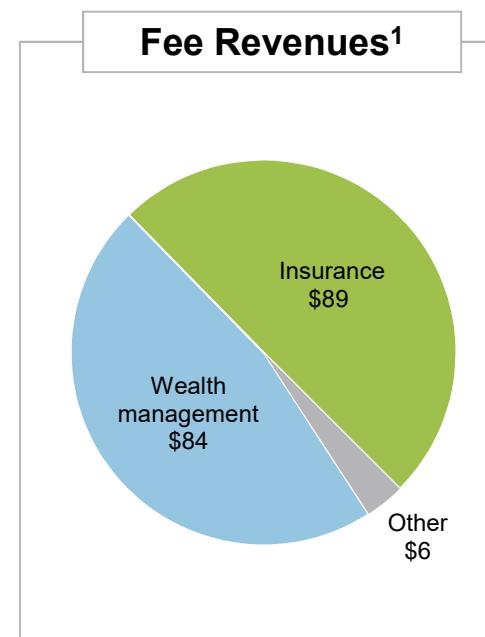
Business Units			2019 Overview
Private Banking	Personal Trust	Asset Management	<ul style="list-style-type: none"><li>\$2.7 billion in average loans and deposits</li></ul>
Retirement Plan Services	Associated Benefits and Risk Consulting	Associated Investment Services	<ul style="list-style-type: none"><li>\$12.1 billion AUM</li><li>~780 colleagues</li></ul>

### Market-based teams are comprised of specialists

- Wealth Management Services** offers a suite of services tailored to the unique needs of high-net-worth and ultra-high-net-worth clients
- Institutional Services** works with businesses and other entities to provide strategic, customized employee benefits, retirement plan services, business insurance and HR solutions

### 2019 Highlights

- Average deposit growth of 9%
- Wealth management fees up \$1 million from 2018

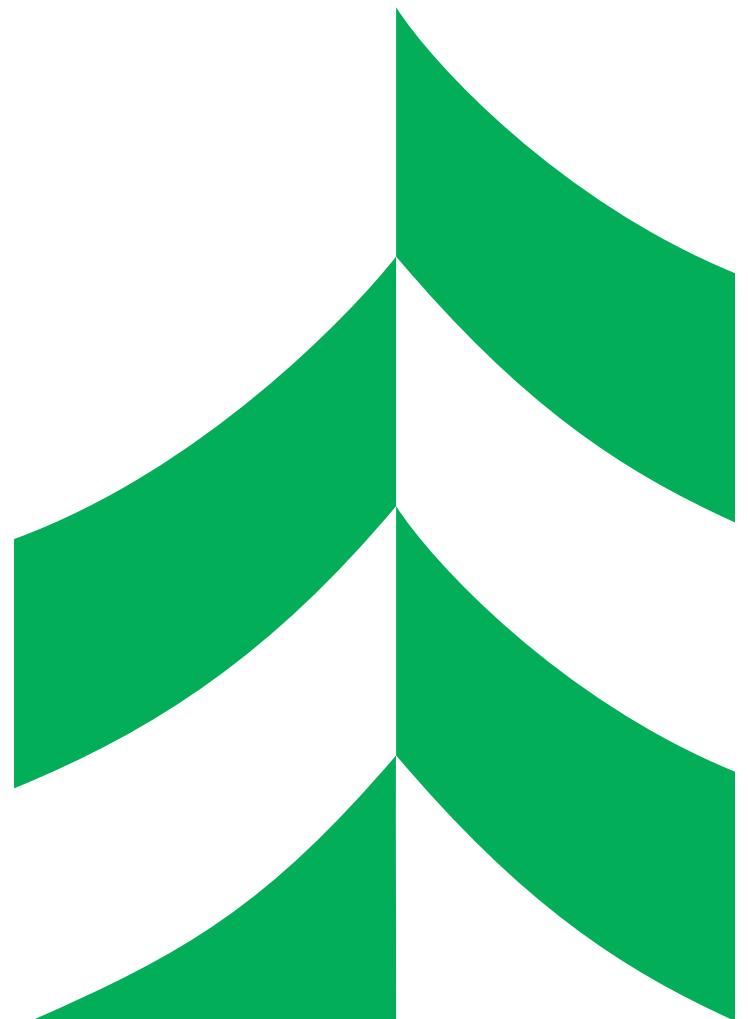


<sup>1</sup>Figures in millions, for the year ended December 31, 2019.

<sup>2</sup>Balances in billions, for the years ended December 31.



## APPENDIX



# FNB STAUNTON TRANSACTION SUMMARY

**Seller:** First Staunton Bancshares

**Transaction Value:**

- ~\$76 million for franchise
- ~1.30x 1Q 2019 reported tangible book value
- ~4% deposit premium

**Consideration:** 100% cash

**Assets Purchased:**

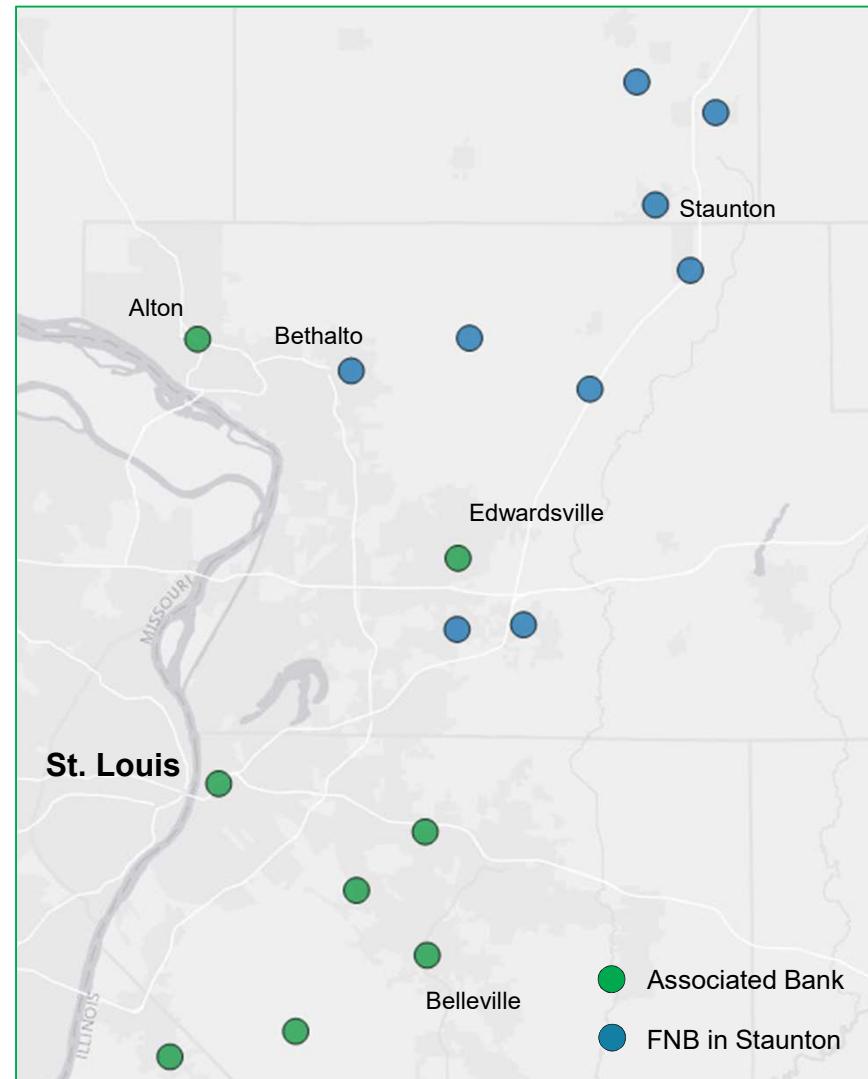
- Nine branches
- ~\$350 million of loans

**Deposits Assumed:**

- ~\$440 million
- ~30,000 customer accounts

**Closing and Conversion:**

- Closing and conversion anticipated in February 2020



# ACQUISITIONS

## Delivering on Our Strategy

- Was an in-market, cost takeout driven depository acquisition
- Filled in network gaps and boosted our network in key locations
- Further improved branch density and scale across Wisconsin

## Enhancing ASB Franchise Value

- Expanded into 13 new communities
- Added over 60,000 deposit accounts and 33,000 households
- Acquired ~\$730 million of granular branch deposits with <1% cost of funds

## Financially Attractive

- Accretive to efficiency metrics and EPS outlook
- Expected 45% cost savings run rate
- Minimal TBV dilution (~1.5%); \$34 million net premium

### *Huntington completed...*

### *...and Staunton up next*

- Is an in-market, cost takeout driven depository acquisition
- Fills in network gaps and boosts our network in key locations
- Further improves branch density and scale in St. Louis market
- Expanding into 7 new communities
- Expected to add over 30,000 deposit accounts and 16,000 loans
- ~\$440 million of granular branch deposits with <1% cost of funds
- Accretive to efficiency metrics and EPS outlook
- Approximately 35% cost savings expected on conversion
- Minimal TBV dilution (<1%); less than 3.5 year TBV earnback expected



# COMMUNITY, DIVERSITY & SUSTAINABILITY

We remain committed to initiatives to improve our communities, promote diversity and enhance sustainability



Over **\$900 million<sup>1</sup>** in credit commitments to support wind, hydroelectric and solar projects since 2012



**\$3.6 million<sup>1</sup>** in grants to support CRA programming at various nonprofit organizations



Provided **Diversity & Inclusion training** for all colleagues and specialized unconscious bias and management training to more than 240 leaders<sup>1</sup> in 2018



**67,000** volunteer hours logged, with a value of \$1.7 million<sup>2</sup>



LED lighting yielded nearly **\$700,000 in annual savings<sup>2</sup>** versus 2015 baseline



**\$797 million<sup>1</sup>** in loans helping low- to moderate-income (LMI) and minority families attain home ownership



**43% of employees<sup>2</sup>** participate in **6 Colleague Resource Groups** acting to address the unique needs of Associated's diverse workforce



**2020 Women on Boards**  
2014-2019 | Winning "W" Company

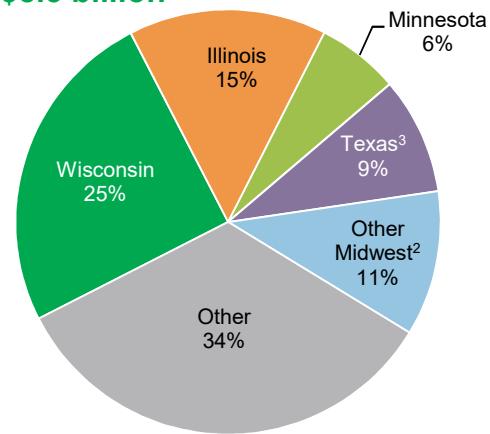
<sup>1</sup>As of or for the year ended December 31, 2018.

<sup>2</sup>As of or for the year ended December 31, 2019.

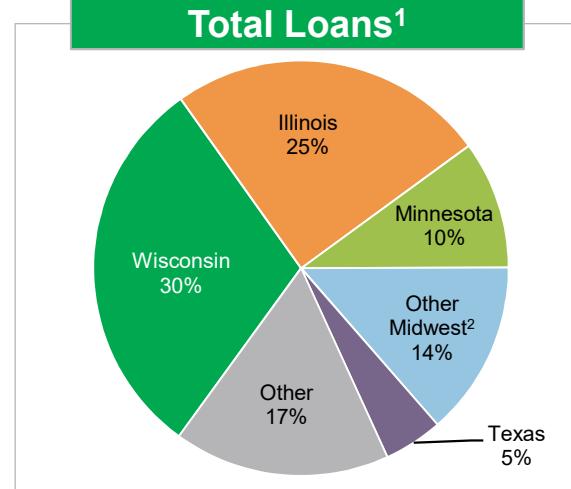


# LOAN STRATIFICATION OUTSTANDINGS AS OF DECEMBER 31, 2019

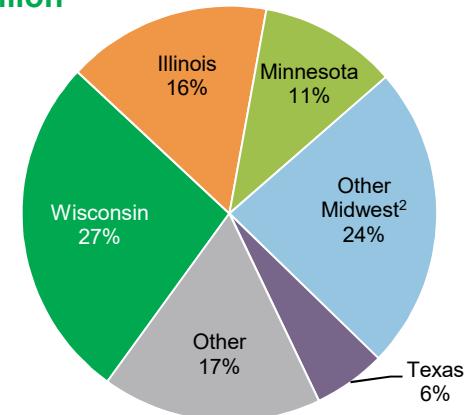
**C&BL by Geography**  
\$8.3 billion



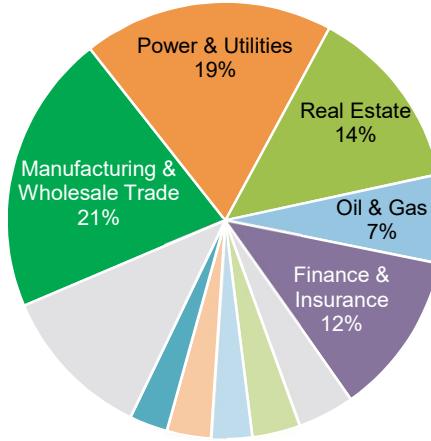
**Total Loans<sup>1</sup>**



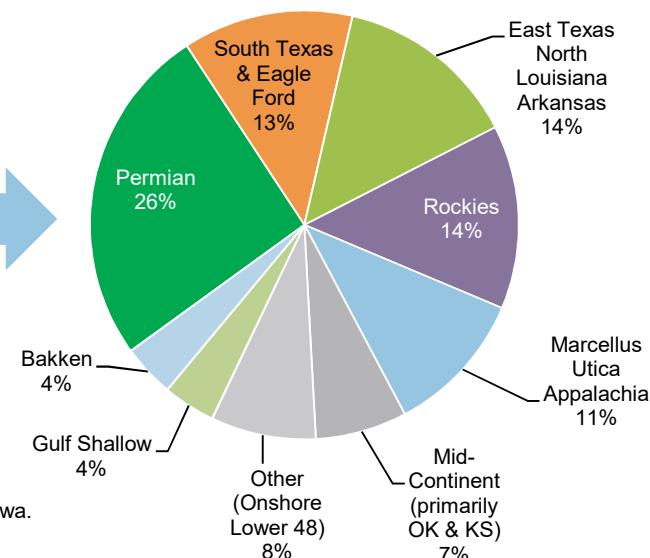
**CRE by Geography**  
\$5.2 billion



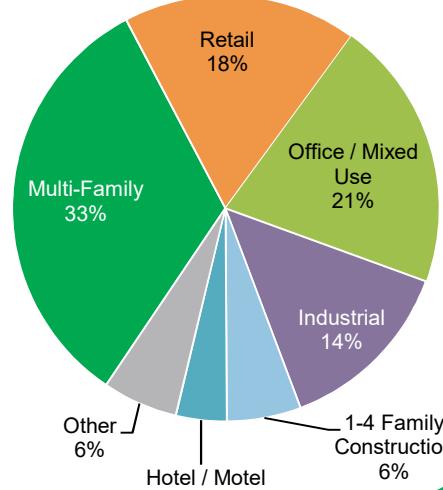
**C&BL by Industry**  
\$8.3 billion



**Oil and Gas Lending<sup>4</sup>**  
\$484 million



**CRE by Property Type**  
\$5.2 billion



<sup>1</sup>Excludes \$351 million Other consumer portfolio.

<sup>2</sup>Other Midwest includes Missouri, Indiana, Ohio, Michigan and Iowa.

<sup>3</sup>Principally reflects the oil and gas portfolio.

<sup>4</sup>Chart based on commitments of \$741 million.



# RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS (\$ IN MILLIONS)

Adjusted Noninterest Expense Reconciliation <sup>1</sup>	2019	2018	2017		
Noninterest expense	\$794	\$822	\$709		
Acquisition related costs	7	29	-		
Severance	5	2	2		
Adjusted noninterest expense	\$782	\$791	\$708		
Fee-based Revenue <sup>1</sup>	2019	2018	2017	2016	2015
Insurance commissions and fees	\$89	\$90	\$81	\$81	\$75
Wealth management fees	83	83	70	63	64
Service charges and deposit account fees	63	66	64	67	65
Card-based fees	40	40	35	34	29
Other fee-based revenue	19	18	18	17	19
Fee-based revenue	\$294	\$296	\$269	\$261	\$253
Other	86	60	64	92	76
Total noninterest income	\$381	\$356	\$333	\$353	\$329
Adjusted Personnel Expense Reconciliation <sup>1</sup>	2019	2018	2017	2016	2015
Personnel expense	\$487	\$483	\$429	\$425	\$416
Severance	5	2	2	5	2
Adjusted personnel expense	\$482	\$481	\$427	\$420	\$414

<sup>1</sup>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.

