2016 Community Commitment Highlights

Helping to ensure the well-being of our communities is an integral part of our strategy. Through targeted efforts and specific commitments to minority and low- to moderate-income customers and communities, we work to address some of the most important economic development issues in the markets we serve.

<table>
<thead>
<tr>
<th>COMMUNITY PARTNERSHIPS</th>
<th>INVESTMENTS</th>
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<tbody>
<tr>
<td>Community Advisory Councils based in Chicago, Milwaukee and Minneapolis.</td>
<td>$113 million in investments that provide additional resources to minority and low- to moderate-income communities.</td>
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<tr>
<td>62,000+ Total volunteer hours provided to our communities.</td>
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<thead>
<tr>
<th>LENDING</th>
<th>SERVICES</th>
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<tbody>
<tr>
<td>4,431 Residential mortgages, or nearly $740 million in loans, helping low- to moderate-income and minority families obtain homeownership.</td>
<td>5 New offices, including two full-service branches in Chicago, plus three new loan production offices — two in Chicago and one in Milwaukee.</td>
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<tr>
<td>$3.4 million in subsidy funds to help borrowers reduce interest rates and down payments and provide closing-cost assistance.</td>
<td>$1.2 million of direct-to-consumer advertising targeted toward minority and low- to moderate-income consumers.</td>
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<td>$106 million in small business loans, encouraging business expansion in emerging communities.</td>
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<tr>
<td>$55 million Community development loans to create affordable housing options, provide community services and promote economic development.</td>
<td>$113 million in investments that provide additional resources to minority and low- to moderate-income communities.</td>
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<tr>
<th>INVESTMENTS</th>
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<tr>
<td>$2.4 million in grants to support Community Reinvestment Act programming at various nonprofit organizations.</td>
<td>6,000 hours of qualified Community Reinvestment Act volunteer services, including 450 financial education seminars.</td>
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Throughout our 156-year history, Associated Bank has been proud to play an active role in helping our communities grow and prosper. Our approach goes beyond providing sound banking services. Through our financial support, colleague volunteers and partnerships with nonprofit organizations, we work to help revitalize and strengthen our communities.

In 2016, our company publicized its Community Commitment Plan, which outlines what we aspire to achieve over a three-year period in the areas of lending, investments and services for minority and low- to moderate-income customers and communities.

We’re pleased with what we’ve accomplished, having surpassed our first year lending goals. We’ve also enhanced our collaboration with community leaders, various nonprofit organizations, government entities and other community representatives. These relationships play a vital role in supporting the economic health of our markets.

Our efforts focus on where we can best align our resources. This includes leveraging our expertise and financial support to promote affordable housing, provide small-business lending and advance neighborhood development. These initiatives and investments create opportunities for individuals, families and businesses to fully participate in and share the rewards of building economic stability in our communities.

Ultimately, healthy communities position us to better serve our customers, create opportunity for our colleagues and enable us to provide greater value for our shareholders. Thanks to our financial strength and committed team, we are well positioned to deliver on our community commitments.

It is with extreme gratitude that I thank our colleagues, community partners, customers and other stakeholders for everything they do to make great things happen in our communities. With this report, I invite you to learn more about Associated Bank’s efforts to fulfill our commitments and help strengthen local economies and the communities we serve.

Sincerely,

Philip B. Flynn
President & Chief Executive Officer

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President & Chief Executive Officer
Our communities thrive when housing is safe and attainable, people have stable jobs and businesses prosper. This requires collaboration with business and community representatives who can help identify priority economic development needs and partner on successful strategies that address those needs.

In late 2016, Associated Bank launched Community Advisory Councils based in Chicago, Milwaukee and Minneapolis. Council members offer diverse perspectives and include a mix of company and community representatives who work in local homeownership counseling, small-business support, neighborhood stabilization and revitalization, and community service organizations that traditionally serve minority and low- to moderate-income customers and communities within our footprint (“Intended Customers and Communities”). Their goal in working with Associated Bank is to promote services that stimulate economic development and build stronger communities.

The Councils identified three priorities to be addressed over the course of the Community Commitment Plan: improving awareness of the bank’s mortgage products; enhancing the bank’s ability to serve local credit needs through community development organizations; and stimulating the bank’s workforce with local, diverse talent.

We have aligned resources — described in the pages that follow — to address these priorities and to meet the overarching goals of the Community Commitment Plan.
MORTGAGE PRODUCT AWARENESS

We use our full array of channels and products to promote homeownership as well as the revitalization of neighborhoods. Some of our mortgage products focus on first-time homebuyers, low- to moderate-income borrowers and majority-minority communities. These products provide significant value to qualifying borrowers through direct closing-cost and down-payment subsidies.

Marketing messages designed to show that homeownership can be a reality with products and services Associated Bank provides its communities.

With guidance from Community Advisory Council members, we increased awareness of community-based lending and assistance programs through specific affirmative marketing outreach programs. In 2016, nearly $1.2 million of our direct-to-consumer advertising was targeted toward minority and low- to moderate-income consumers. Activities included localized direct mail, door hangers, transit shelter and gas station signage, digital banner ads, social media, lawn signs, flyers and similar programming positioned to connect with potential customers where they live, work and play.

In tandem with the marketing efforts, we increased our collaboration with community organizations to provide educational programming for potential homebuyers in emerging neighborhoods. We also expanded our physical presence by opening two full-service branches in Chicago, plus three loan production offices — two in Chicago and one in Milwaukee. Currently, 25% of our branch and loan production offices are in low- to moderate-income census tracts.

Though our physical locations remain a core service channel, the ways through which customers experience the bank continue to evolve. They open accounts at the branch and online. Customers also interact with the bank via mobile banking, through interactive teller devices and by calling our Customer Care team.
COMMUNITY DEVELOPMENT PARTNERSHIPS

While Associated Bank employs a number of mortgage and small business lending initiatives, we also recognize the opportunity to further elevate economic development efforts through partnerships with select Community Development Financial Institutions (CDFIs).

CDFI partnerships can take many forms. Our primary focus will be developing relationships where Associated Bank can extend its reach to individuals and small businesses in underserved markets. This work is expected to expand during the second half of 2017 with advisement from the Community Advisory Councils.

“Working in partnership with community lenders like Associated Bank, we help homebuyers learn about the mortgage process and access important information and valuable resources through our free homebuyer classes. Together, we want to help make the dream of homeownership a reality.”

— Chris Zala, Executive Director of Northside Community Development Corporation
WORKFORCE DEVELOPMENT

Associated Bank’s customers represent people of diverse backgrounds. To effectively attract and serve our customers, we aspire to have our colleague population mirror the larger communities in which we do business.

Through targeted recruitment activities and a concerted effort to present diverse candidates for interviews, we are making solid progress hiring minorities in major metropolitan markets. In partnership with the Community Advisory Councils, we are working to deepen connections to community organizations that can further help us to attract, develop and retain colleagues whose culture, race and ethnicity reflect our Intended Customers and Communities.

We anticipate these strategies will be supported, in part, by the company’s Cultural Awareness Network, a Colleague Resource Group focused on promoting racial and ethnic diversity within Associated Bank. Our Colleague Resource Group members and other colleagues across the organization are deeply involved in their communities. Many regularly conduct financial literacy workshops for local consumers and promote housing fairs for prospective homebuyers.

Last year, our colleagues logged more than 62,000 hours of volunteer time. This includes providing approximately 6,000 hours of qualified Community Reinvestment Act (CRA) activities and more than 450 financial education seminars. In early 2017, we established a Regional Volunteer Council to further enhance the bank’s involvement in volunteer opportunities in the 100-plus communities we serve.

“A lot of community members don’t receive guidance from their families on how to handle their finances. We try to break that cycle and help them understand how financial literacy is the basis of life. We give them some direction. It’s important because when your community is thriving, everyone is reaping those benefits. It’s a domino effect.”

— Loretta, Bank Manager

43% of colleagues participate in one or more Colleague Resource Groups. They support our organization and communities by assisting with recruitment, development, social and community-based efforts.
OVERALL COMMITMENT

As stated in our Community Commitment Plan, we will extend at least $1.5 billion in loans and at least $6 million in grants and other expenses to our Intended Customers and Communities between 2016 and 2018.

During our first plan year, Associated Bank provided approximately $737 million in residential loans to our Intended Customers and Communities. This represents approximately 61% of our three-year residential lending goal.

Channels for loan origination and funding include loan officers, branches, loan production offices, third-party originators (mortgage bankers, mortgage brokers and correspondent banks), loan and portfolio purchases, loan-by-phone and online banking. Additionally, we provided approximately $3.4 million in subsidy funds to qualified borrowers. These funds are used to reduce interest rates and down payments, and provide closing-cost assistance.

We provided $98 million in loans to small businesses with our Intended Customers and Communities in 2016. As with residential lending, we use all of our available channels to maximize our reach. Products include conventional business loans, government-guaranteed loan products and business credit cards.

Our community development lending included approximately $55 million in loans for the year. This included loans that create affordable housing options, provide community services and promote economic development in our Intended Communities.

LENDING GOALS AND PROGRESS

The chart below includes our overall lending goals and progress made in 2016. For residential mortgages, we have specific commitments for Wisconsin, Illinois and Minnesota in both units and dollars. These include first mortgage loans on homes with one-to-four units for our Intended Customers and Communities. For small business loans, we have commitments in units and dollars for our entire footprint. These include loan commitments of $1 million or less made to businesses located in our intended communities or businesses with revenues of $1 million or less.

In addition to lending to consumers and businesses, we committed to lending $80 million for community development purposes over the three-year plan. This includes construction loans, term loans and letters of credit.

<table>
<thead>
<tr>
<th>Product/Focus Area</th>
<th>Location</th>
<th>Measure</th>
<th>Three-year Commitment 2016-2018</th>
<th>Progress Through Dec. 31, 2016</th>
<th>Percentage Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4 Family Residential Mortgages</td>
<td>Wisconsin</td>
<td>Units</td>
<td>6,000</td>
<td>2,851</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ in Millions</td>
<td>$615</td>
<td>$347</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>Illinois</td>
<td>Units</td>
<td>2,300</td>
<td>1,108</td>
<td>48%</td>
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<tr>
<td></td>
<td></td>
<td>$ in Millions</td>
<td>$385</td>
<td>$306</td>
<td>79%</td>
</tr>
<tr>
<td></td>
<td>Minnesota</td>
<td>Units</td>
<td>1,500</td>
<td>472</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ in Millions</td>
<td>$210</td>
<td>$84</td>
<td>40%</td>
</tr>
<tr>
<td>Small Business</td>
<td>Entire Footprint</td>
<td>Units</td>
<td>1,500</td>
<td>540</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ in Millions</td>
<td>$235</td>
<td>$106</td>
<td>45%</td>
</tr>
<tr>
<td>Community Development Loans</td>
<td>Entire Footprint</td>
<td>$ in Millions</td>
<td>$80</td>
<td>$55</td>
<td>69%</td>
</tr>
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We also stated our commitment to investing $230 million with a main purpose of providing additional resources to our Intended Customers and Communities. In 2016, we reached 49% of our three-year goal, investing $113 million for this purpose. Our investment plan includes mortgage-backed securities, certificates of deposit in minority-owned banks, small business investment corporations, low-income housing tax credits, new market tax credits, historic tax credits and loan pools.

Our social investments, or grants, are based on the designation of 1% of annual pretax profits for charitable purposes, with the majority supporting Community Reinvestment Act (CRA) eligible programs. We surpassed our target for 2016, providing $2.4 million in CRA-qualifying contributions to various nonprofit organizations that serve our Intended Customers and Communities.

As part of this investment, we distributed more than $1 million in home repair grants through third-party agencies that make funds available to financially distressed homeowners. We also provided more than $600 thousand in grants to assist community home counseling organizations through homebuyer seminars, housing fairs and financial literacy workshops for consumers and small business owners. Funds also supported neighborhood stabilization, higher education, small business and workforce development, and community service organizations.

We recognize that changes in the level of interest rates and general market conditions may impact our performance. To that end, if the need arises, we may adjust our commitments during the course of our Community Commitment Plan.

Through financial contributions to ACTS Housing and similar organizations, Associated Bank continues to help local families buy and rehabilitate homes.

“The program is a true blessing. The people are very caring and made it easy for me. The experience was wonderful!”
— Ashlee, ACTS Housing grant recipient
All elements of our Community Commitment Plan are ultimately designed to foster stronger, more stable communities. While we are proud of what we accomplished, we recognize there is still much to do.

We will continue to strengthen our connections with community representatives and collaborate on successful strategies that address priority economic development needs.

We remain committed to providing our Intended Customers and Communities with access to a variety of financial products and services. Whether working with individuals, families, small businesses or community development organizations, we will prudently underwrite loans and carefully consider the borrower’s ability to repay; recognizing the reality that extending credit to unqualified borrowers does them and our communities a disservice.

We will continue to provide meaningful monetary and social investments that deliver additional resources to the minority and low- to moderate-income communities within our footprint. Subject to any major change in circumstances that might impair our charitable contributions formula, we intend to make at least $6 million in CRA-qualified contributions between 2016 and 2018. In addition, we will expand our efforts to increase CRA-qualified volunteerism by providing colleagues access to volunteer opportunities that support the goals of our Plan.

We will balance access to our products and services through our physical presence, complemented with electronic banking options and alternative channels, including online banking and mobile banking. In addition, we will continue to invest in attracting and retaining high-caliber talent who can contribute to the success of our Plan.
#1 Mortgage Originator in Wisconsin\(^{(1)}\)

2020 Women on Boards
2014, 2015, 2016 | Winning Companies

Best for Vets: Employers
2017 | Military Times

Best of the Best
2014, 2015, 2016 | Midwest Real Estate News

Best of the Best Large Business Elite Award\(^{(2)}\)
2017 | National Association for Business Resources

Corporate Social Responsibility Leadership Award
2015, 2016 | Financial Services Roundtable

Fannie Mae® STAR\(^{TM}\) Performer\(^{(3)}\)

Five Star Mortgage Professional\(^{(4)}\)

Top Banks in Minnesota\(^{(5)}\)
2017 | AdvisoryHQ

Top Charitable Contributors
2016 | Milwaukee Business Journal

Top Veteran-Friendly Company
2016 | U.S. Veterans Magazine

Workplace Diversity and Inclusion Award
2015 | Society of Human Resources Management

Veteran Friendly Workplaces
2016 | USO Wisconsin

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\(^{(1)}\) The Wisconsin’s #1 Mortgage Lender designation is based on information gathered from the Home Mortgage Disclosure Act data compiled annually by the Federal Financial Institutions Examination Council. The results of the data were obtained through RATA Comply, November 2016.

\(^{(2)}\) Best of the Best Large Business Elite award is part of Milwaukee’s Best and Brightest Companies to Work For™ program, Associated Bank scored in the top 10% in seven categories, and ranked in the top 1% for compensation, benefits and employee solutions; recruitment, selection and orientation; and diversity and inclusion.

\(^{(3)}\) Fannie Mae recognized Associated for outstanding mortgage “general servicing” as part of its Servicer Total Achievement and Rewards\(^{TM}\) (STAR\(^{TM}\)) Program. General servicing encompasses customer service, loan administration and other areas.

\(^{(4)}\) The Five Star Mortgage Professional Program is designed to identify mortgage professionals in a given market who satisfy objective criteria that are associated with providing quality services to clients.

\(^{(5)}\) AdvisoryHQ recognizes banks that are financially sound with strong values and cost-effective financial solutions to fit every budget. Associated Bank was recognized specifically for its wide range of mortgage products.