



# **Associated Banc-Corp Investor Presentation**

Second Quarter 2012

May 21, 2012

# Forward-Looking Statements

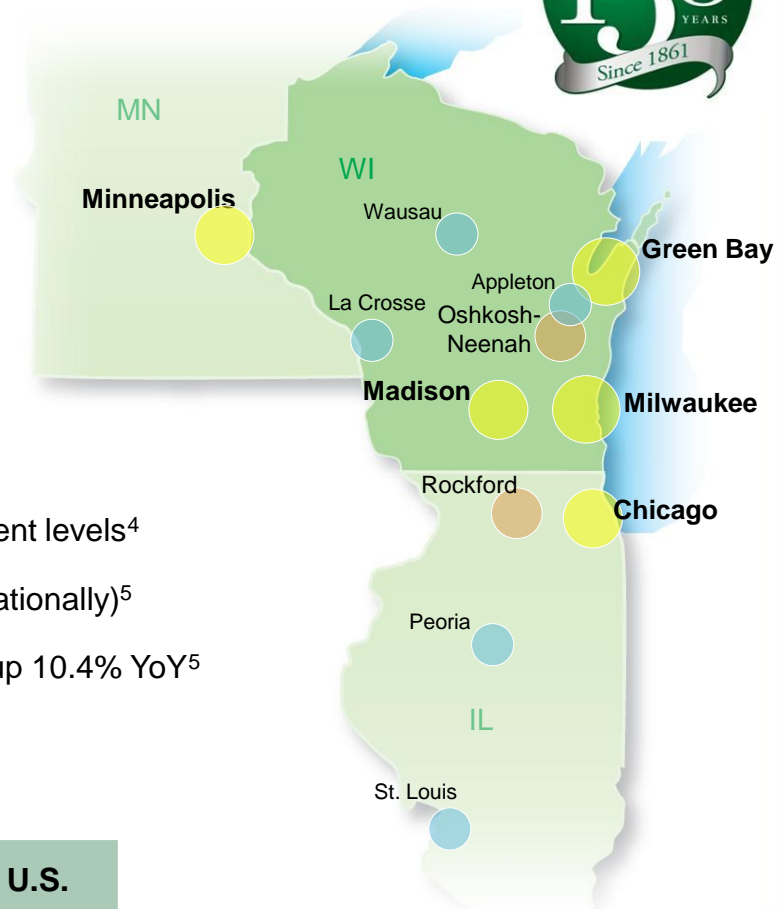
## Important note regarding forward-looking statements:

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", "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. 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. Such factors are incorporated herein by reference.

# Leading Midwest Banking Franchise



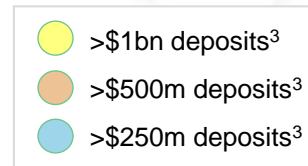
- Top 50 U.S. bank holding company with \$22 billion in assets
- Largest bank headquartered in Wisconsin
  - More than 250 banking offices serving over 150 communities
  - #1 mortgage originator in Wisconsin<sup>1</sup>
  - #1 SBA lender in Wisconsin<sup>2</sup>



## Operating in Attractive Midwest Markets

- Wisconsin and Minnesota continue to show above average employment levels<sup>4</sup>
- Midwest Manufacturing output is up 8.6% year-over-year (vs. 5.0% nationally)<sup>5</sup>
- Midwest Steel output is up 11.2% YoY; Midwest Machinery output is up 10.4% YoY<sup>5</sup>
- Midwest Economy Index at the highest level since March 1995<sup>6</sup>

	WI	MN	IL	U.S.
Unemployment Rate <sup>4</sup>	6.8%	5.8%	8.8%	8.1%
ASBC Deposits (\$ in billions)	\$10.7	\$1.4	\$3.6	\$15.7

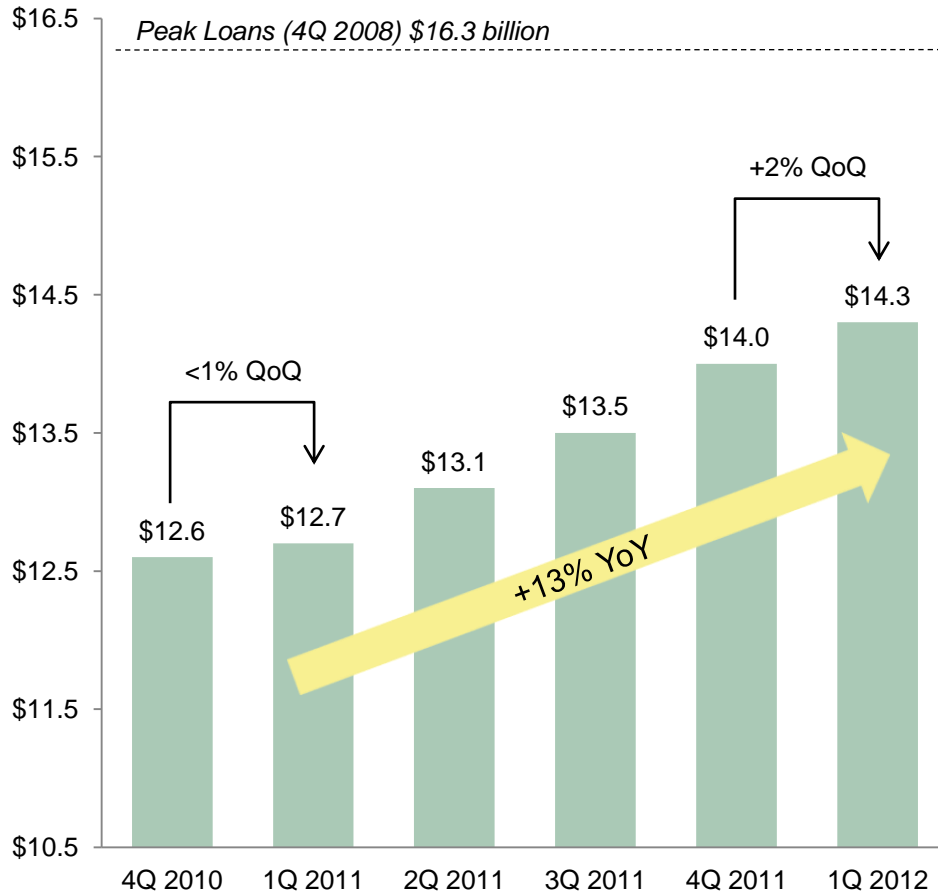


<sup>1</sup> Based on 2010 number of funded mortgage loans per HMDA data; <sup>2</sup> Based on 2011 FY number of funded SBA loans; <sup>3</sup> FDIC market share data 6/30/11; <sup>4</sup>Source: U.S. BLS, Mar. 2012; <sup>5</sup>Source: FRB Chicago Midwest Manufacturing Index, Mar. 2012; <sup>6</sup>Source: FRB Midwest Economy Index, Mar. 2012

# Core Organic Loan Growth

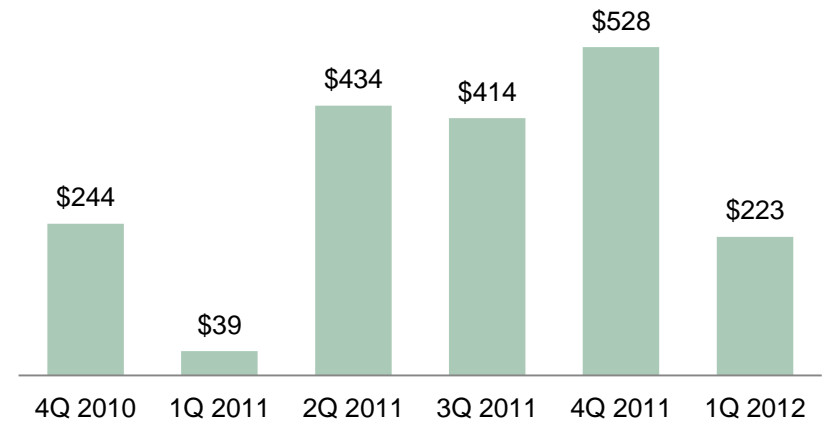
Total Loans of \$14.3 billion at March 31, 2012

Total Loans (\$ in billions)

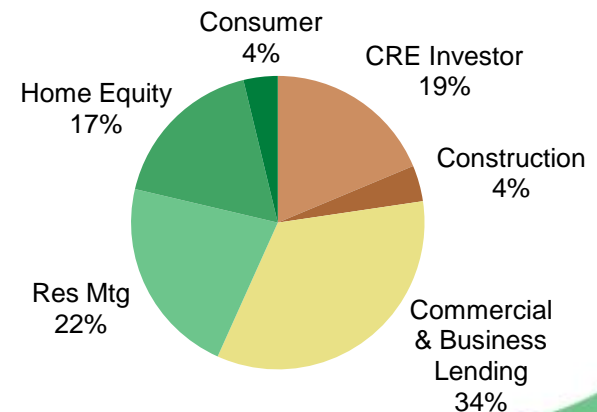


Quarterly Net Loan Growth Trend

(\$ in millions)



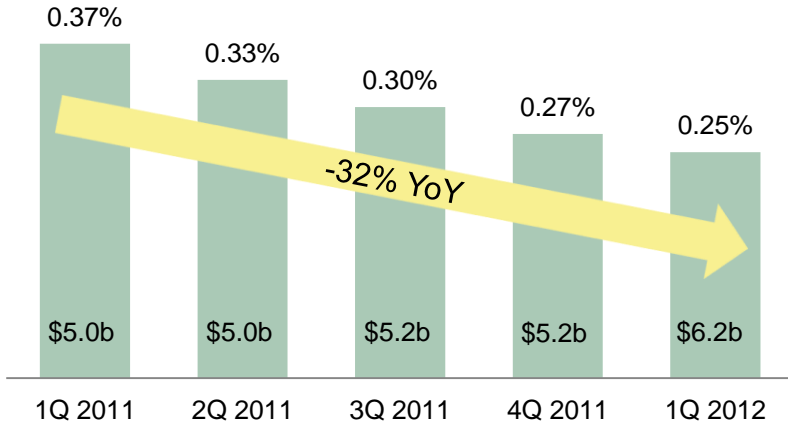
Loan Mix – 1Q 2012



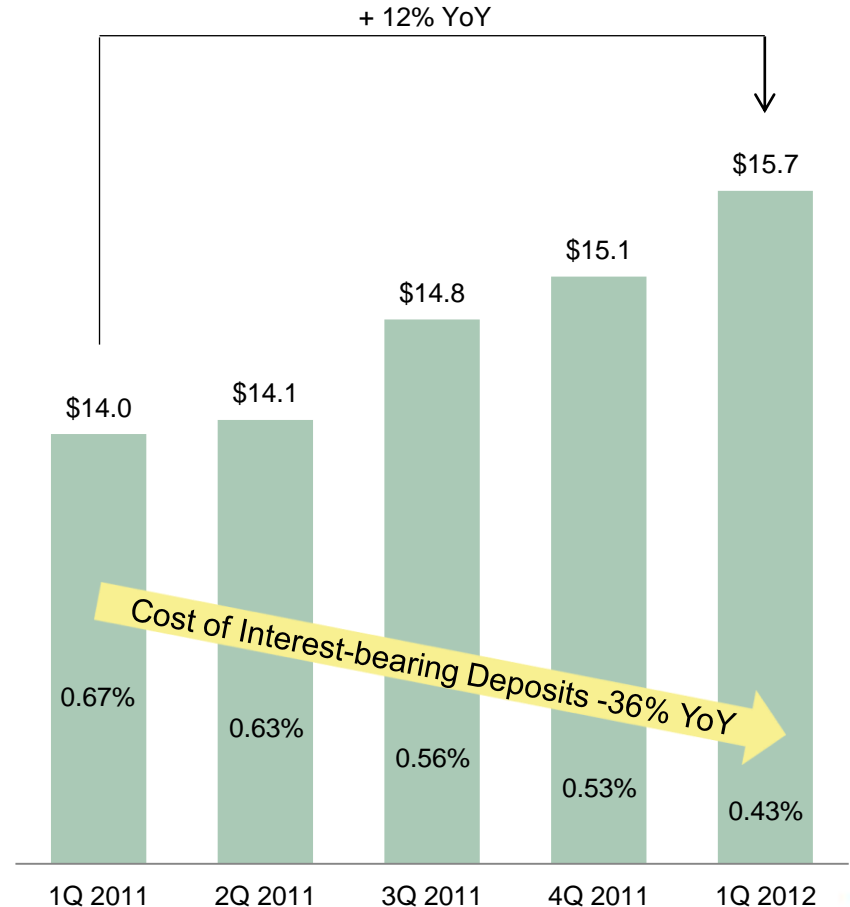
# Disciplined Deposit Pricing and Stable Margins

Total Deposits of \$15.7 billion at March 31, 2012

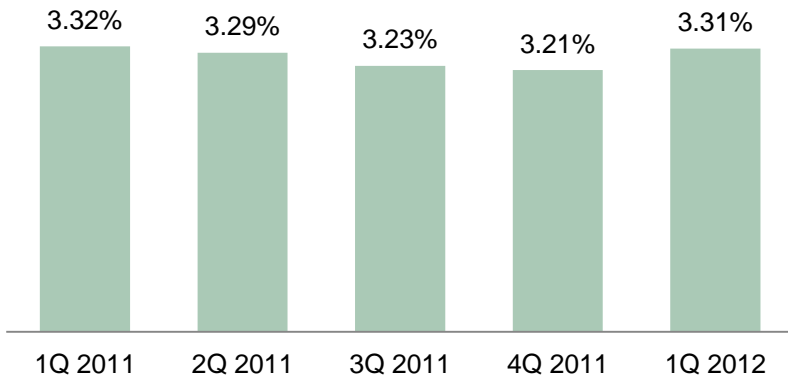
## Cost of Money Market Deposits



## Total Deposits (\$ balances in billions)

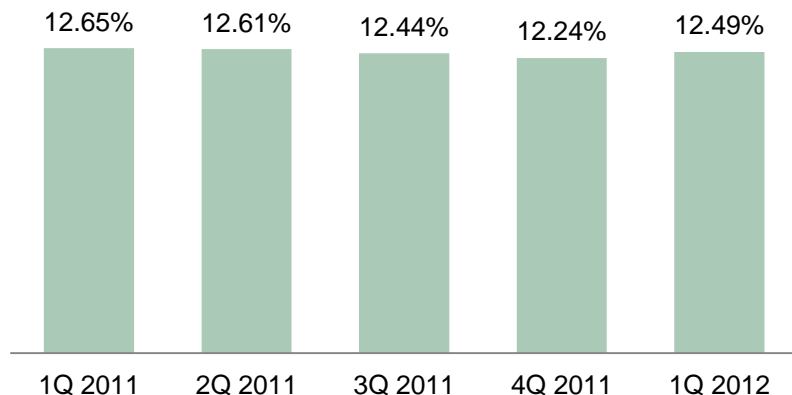


## Net Interest Margin

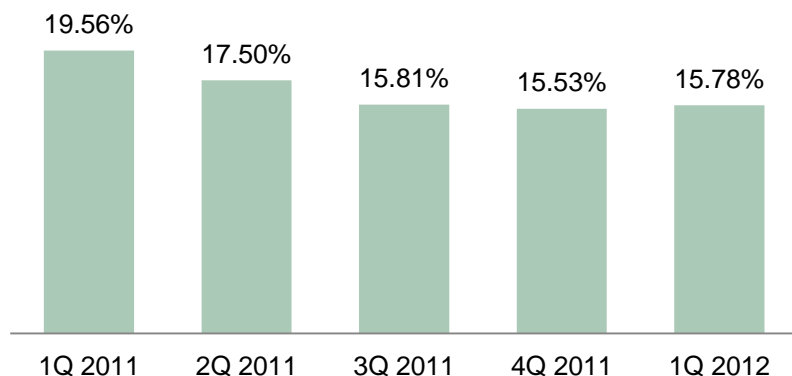


# Strong Capital Profile

## Tier 1 Common Equity Ratio



## Total Risk-Based Capital Ratio



## Capital Priorities

- Funding organic growth
  - Re-mixing securities run-off into loans increases risk-weighted assets
  - Sufficient capital to fund contemplated organic growth
- Paying a competitive dividend
  - Increased quarterly dividend to \$.05/share
- M&A opportunities
  - Disciplined; in-market consolidation focus
- Buy-backs of common stock & redemption of other capital instruments
  - Announced \$30 million common buy-back & \$25 million partial redemption of TOPrS

# Creating Shareholder Value

## Positioned for Growth; Full-Year 2012 Outlook

### Loan Growth

- Approximately 3% quarterly growth

### Expenses

- Low single-digit YoY growth; including the cost of BSA enhancements & savings from branch consolidations

### Deposit Growth

- Continued run-off of high cost CDs & disciplined deposit pricing
- Sustained focus on treasury management solutions to drive growth in commercial deposits

### Footprint

- Net consolidation in branch network while remodeling and renovations continue
- Continuing to invest in growth markets

### NIM

- Relatively stable on a full-year basis compared to FY 2011

### Credit

- Continuing improvement in credit trends
- Very modest provision outlook

### Fee Income

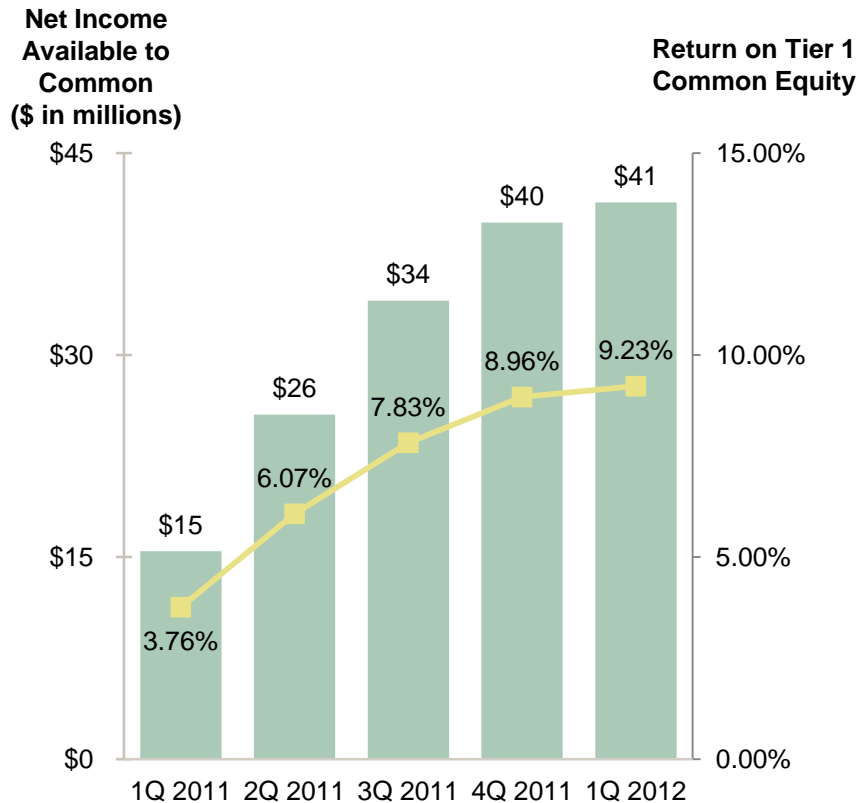
- Modest improvement YoY; reduced mortgage banking income going forward

### Capital

- Disciplined, value-added approach to capital deployment over time

# Why Associated

## Net Income & ROT1CE



## Reasons to Invest

- Leading Midwest Bank Operating in Attractive Markets
- Core Organic Growth Opportunity
- Disciplined Deposit Pricing & Stable Margin
- Improving Credit Quality
- Strong Capital Profile & Opportunities for Capital Deployment
- Improving Earnings Profile

**Management Team Focused on Creating Shareholder Value**





# Associated

**Associated Banc-Corp will be the most admired Midwestern financial services company, distinguished by sound, value-added financial solutions with personal service for our customers, built upon a strong commitment to our colleagues and the communities we serve, resulting in exceptional value for our shareholders.**

# Appendix

# Footprint Update

## Differentiating Associated in Branch Banking



Relocated office in Waukesha, WI



Janesville, WI Pick 'N Save in-store remodel



Remodeled office in Muskego, WI



Remodeled office in St. Francis, WI

### Highlights

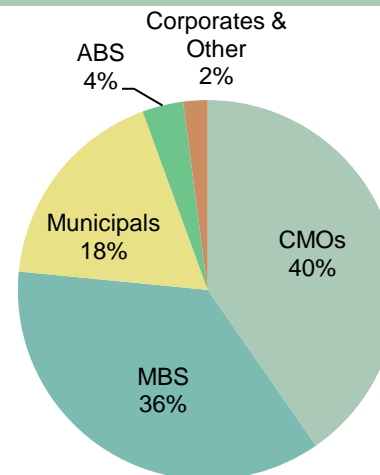
- Completed the remodel, relocation, or new construction of over 30 branches in 2011
- FY 2011 PPE expense of \$77 million includes ongoing investments in franchise
- Planned consolidation of 21 branches in 1H2012
- Announced three additional branch sales in Jan. 2012; these locations are well outside of core retail footprint
- 50 remodels planned in 2012

# High Quality Investment Securities Portfolio

## Investment Portfolio – March 31, 2012

Type	Bk Value (000's)	Mkt Value (000's)	TEY (%)	Duration (Yrs)
Govt & Agencies	\$ 1,012	\$ 1,008	0.34	2.35
MBS	1,604,801	1,690,263	4.12	2.35
CMOs	1,853,347	1,883,470	2.75	1.31
Municipals	792,854	835,664	5.60	4.59
ABS	163,466	163,014	0.75	0.19
Corporates & Other	93,490	95,681	1.85	1.52
<b>TOTAL AFS</b>	<b>\$4,508,970</b>	<b>\$4,669,100</b>	<b>3.65</b>	<b>2.24</b>

## Market Value Composition – March 31, 2012



## Risk – Weighted Profile – March 31, 2012

Type	Mkt Value (000's)	% of Total
0% RWA	\$ 32,241	1%
20% RWA	4,337,291	93%
50% RWA	40,116	1%
=>100% RWA	96,462	2%
Not subject to RW	162,990	3%
<b>TOTAL</b>	<b>\$4,669,100</b>	<b>100%</b>

## Portfolio Composition Ratings – March 31, 2012

Credit Rating	Mkt Value (000's)	% of Total
Govt & Agency	\$ 3,566,112	76%
AAA	177,419	4%
AA	777,042	17%
A	104,671	2%
BAA1, BAA2 & BAA3	16,376	---
BA1 & Lower and Non-rated	27,480	---
<b>TOTAL</b>	<b>\$4,669,100</b>	<b>100%</b>

# Continued Improvement in Credit Quality Indicators

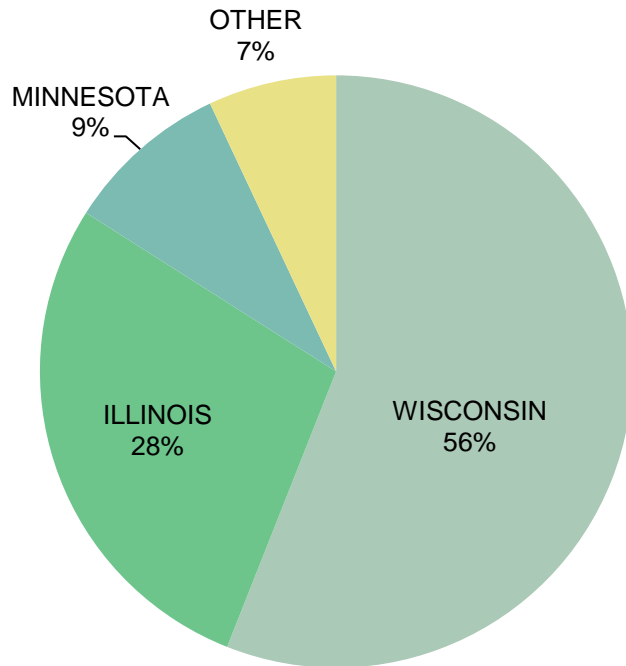
(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012
<i>Potential problem loans</i>	\$ 912	\$ 699	\$ 660	\$ 566	\$ 480
<i>Nonaccruals</i>	\$ 488	\$ 468	\$ 403	\$ 357	\$ 327
<i>Provision for loan losses</i>	\$ 31	\$ 16	\$ 4	\$ 1	\$ 0
<i>Net charge offs</i>	\$ 53	\$ 45	\$ 30	\$ 23	\$ 22
<i>ALLL/Total loans</i>	3.59%	3.25%	2.96%	2.70%	2.50%
<i>ALLL/Nonaccruals</i>	93.07%	91.09%	99.09%	105.99%	108.93%
<i>NPA/Assets</i>	2.50%	2.33%	2.03%	1.82%	1.65%
<i>Nonaccruals/Loans</i>	3.86%	3.57%	2.99%	2.54%	2.29%
<i>NCOs / Avg Loans</i>	1.71%	1.37%	0.90%	0.64%	0.61%

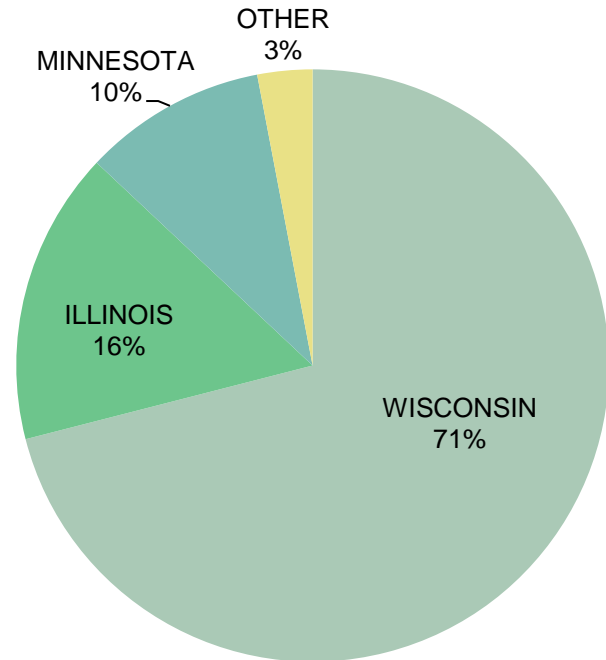
# Consumer Loan Portfolios by Geography

(as of March 31, 2012)

### Residential Mortgage Loans by State



### Home Equity Loans by State

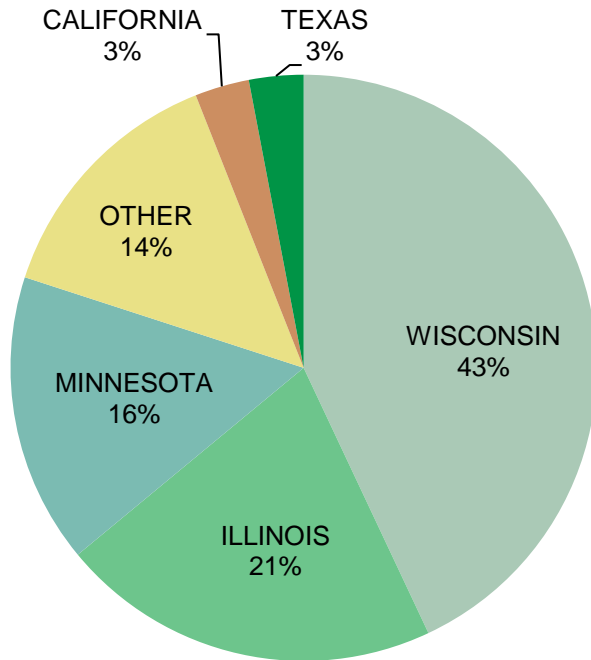


Approximately half of home equity portfolio is in first-lien position

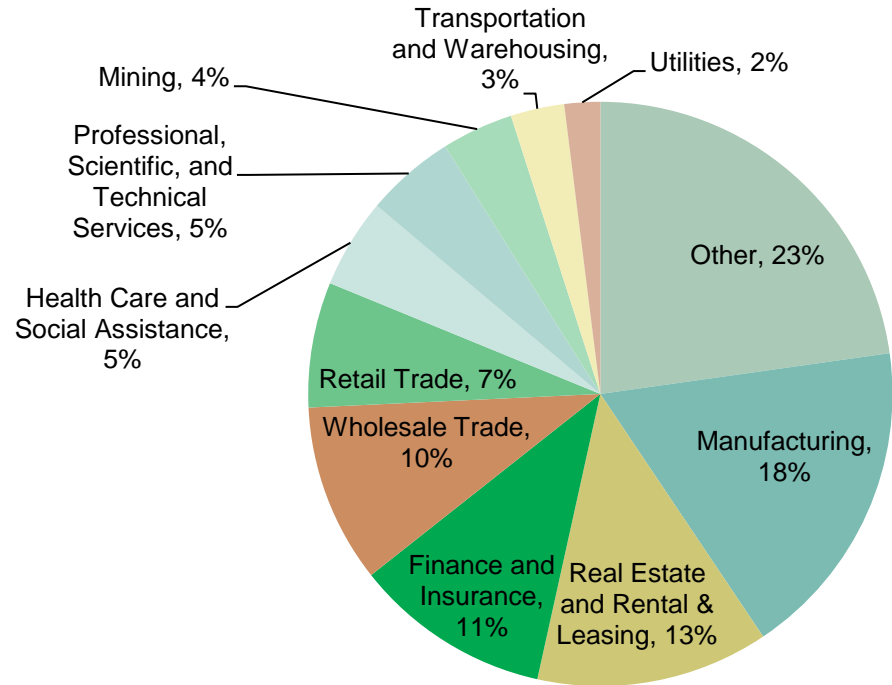
# Commercial & Business Lending Loans

Commercial & Business Lending portfolio of \$4.9 billion, or 34% of Total Loans, at March 31, 2012

### Commercial & Business Lending Loans by State



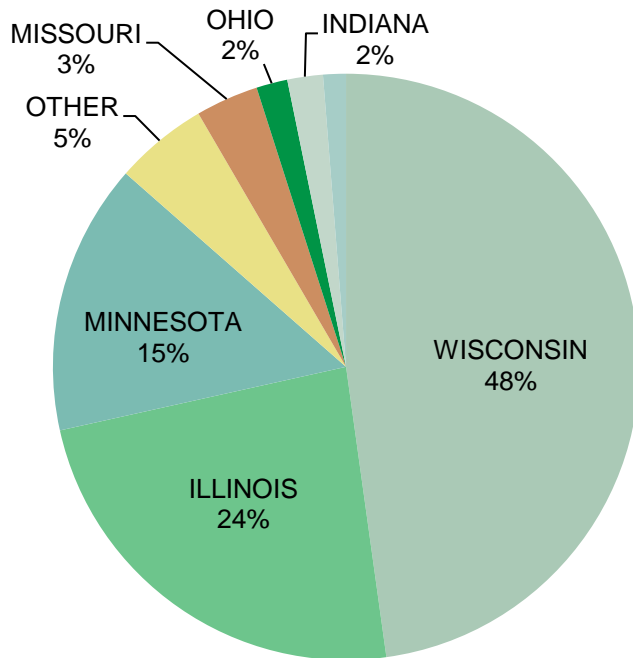
### Commercial & Business Lending Loans by Industry



# Commercial Real Estate Lending Loans

Commercial Real Estate Lending portfolio of \$3.2 billion, or 23% of Total Loans, at March 31, 2012

### Commercial Real Estate Lending Loans by State



### Commercial Real Estate Lending Loans by Collateral

