

Associated Banc-Corp
Investor Presentation

2016

THIRD QUARTER



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.

Trademarks:

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ASSOCIATED BANK FRANCHISE

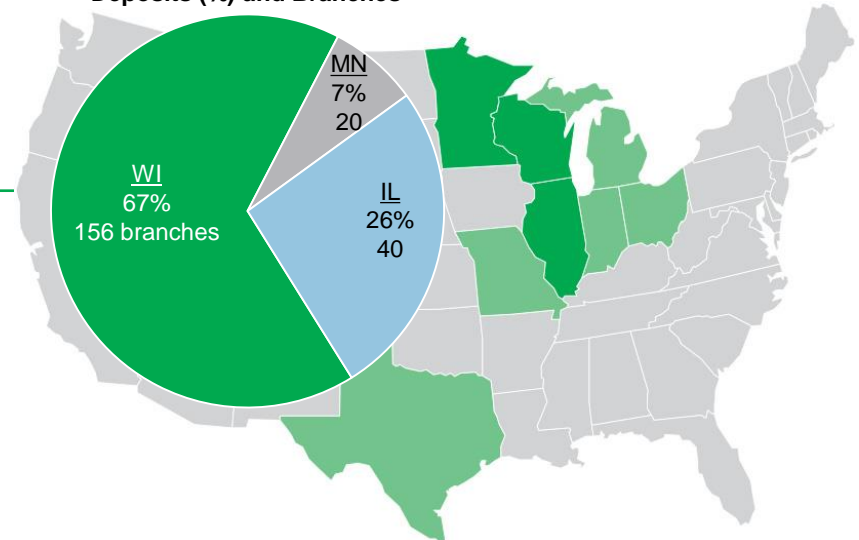


Serving over **1 million** customers in over **100** communities across **8** states¹

Headquartered in **Green Bay, Wisconsin**

216 branches

Deposits (%) and Branches



Second Quarter 2016

\$29 billion assets and largest bank headquartered in Wisconsin

\$1 billion revenue (last twelve months)

\$20 billion of deposits enhanced by **extensive affinity programs**

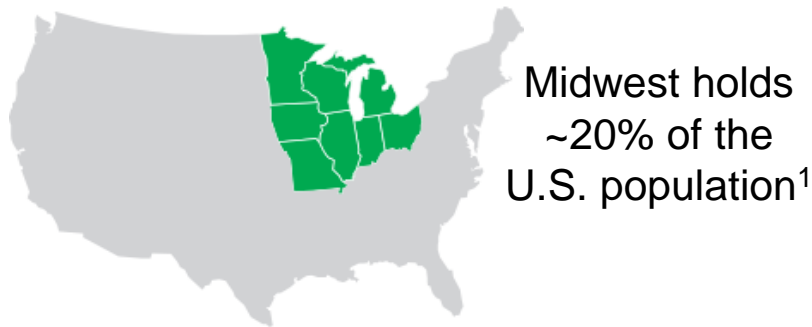


¹ – Retail banking locations in Wisconsin, Illinois and Minnesota and commercial financial offices in Indiana, Michigan, Missouri, Ohio and Texas

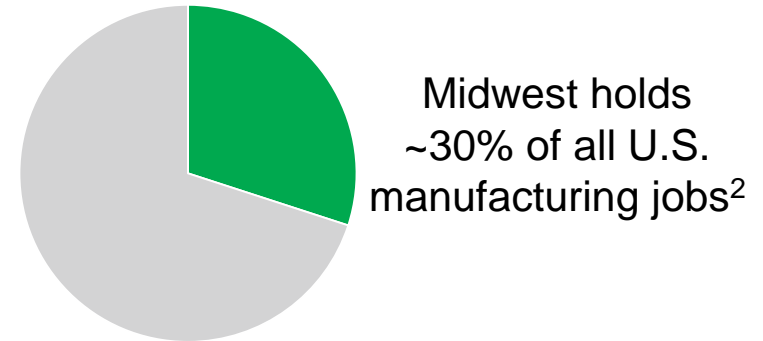


ATTRACTIVE MIDWEST MARKETS

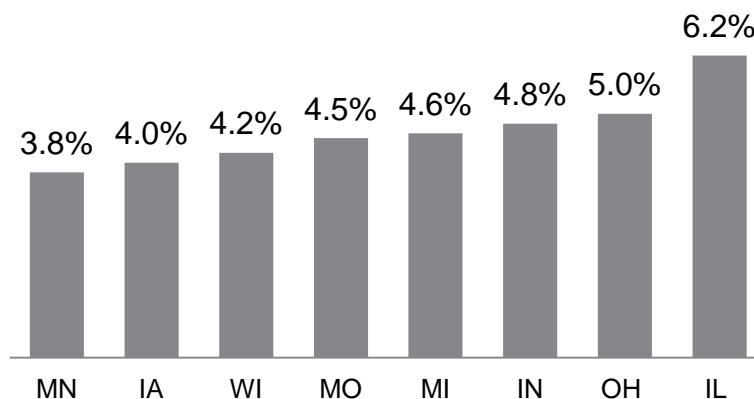
Large Demographic Base



Manufacturing Centric



Low Unemployment Rates³



Strong Consumer Credit

Eight of the top 10 cities by **highest VantageScore⁴** are in the upper Midwest

Associated Bank has seen declining and **low consumer losses**
Annualized total consumer net charge offs

YTD
2016
12 bps

¹ – U.S. Census Bureau, Annual Estimates of the Resident Population, 2015

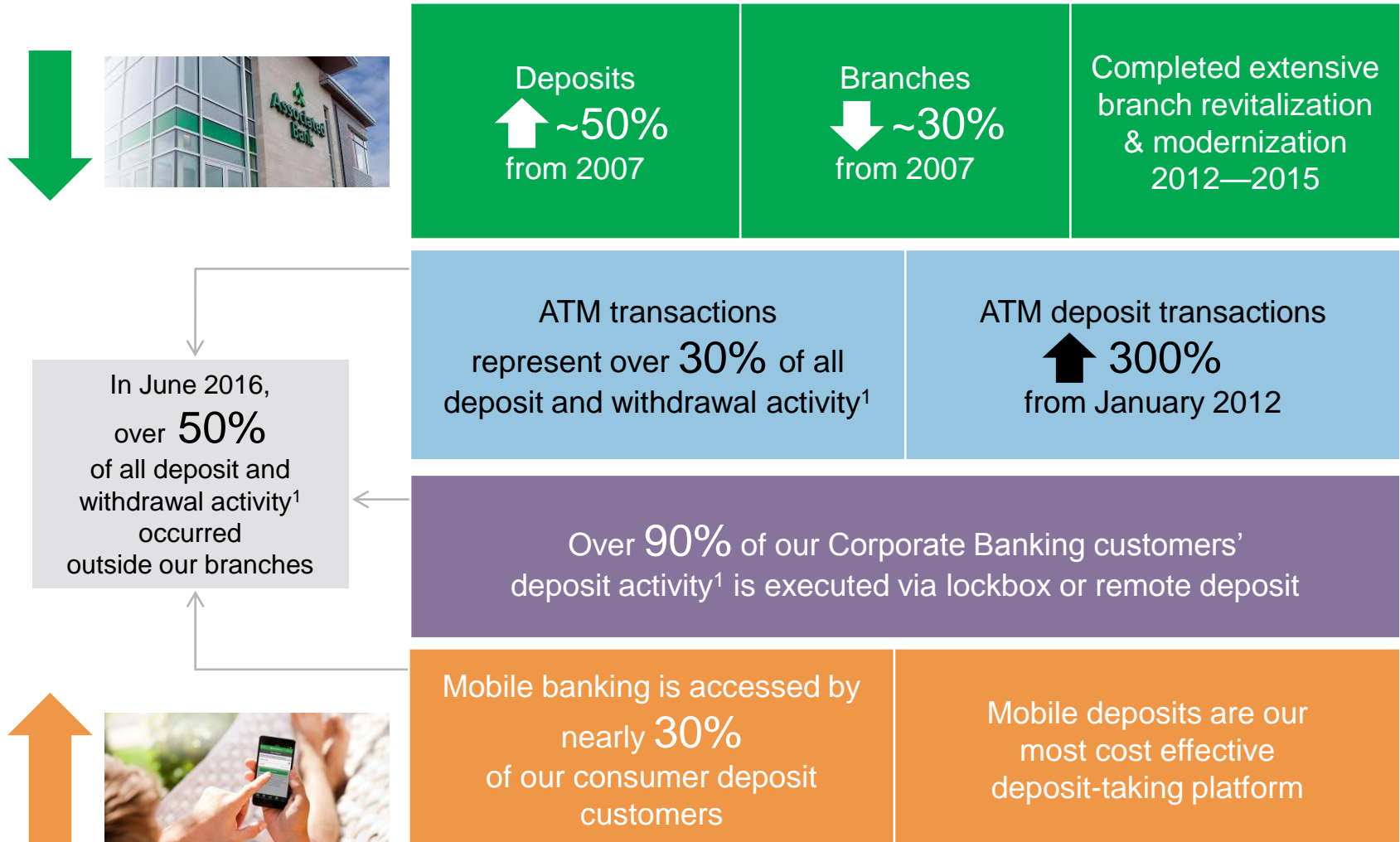
² – U.S. Bureau of Labor Statistics, Manufacturing Industry Employees, June 2016 (preliminary)

³ – U.S. Bureau of Labor Statistics, Unemployment Rates by State, seasonally adjusted, June 2016

⁴ – Experian, 2015 State of Credit report, VantageScore registered trademark

EVOLVING DELIVERY MODEL

LESS BRANCH CENTRIC; MORE MOBILE AND ENHANCED 24/7 ACCESS



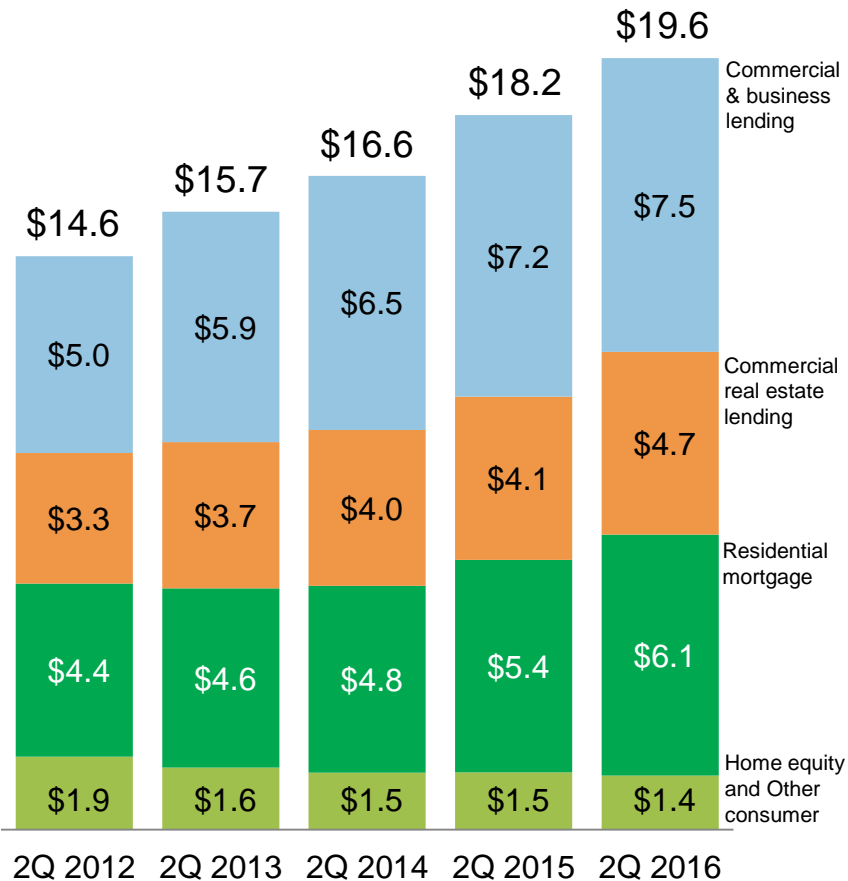
¹ – Excludes ACH and wire transfer activity



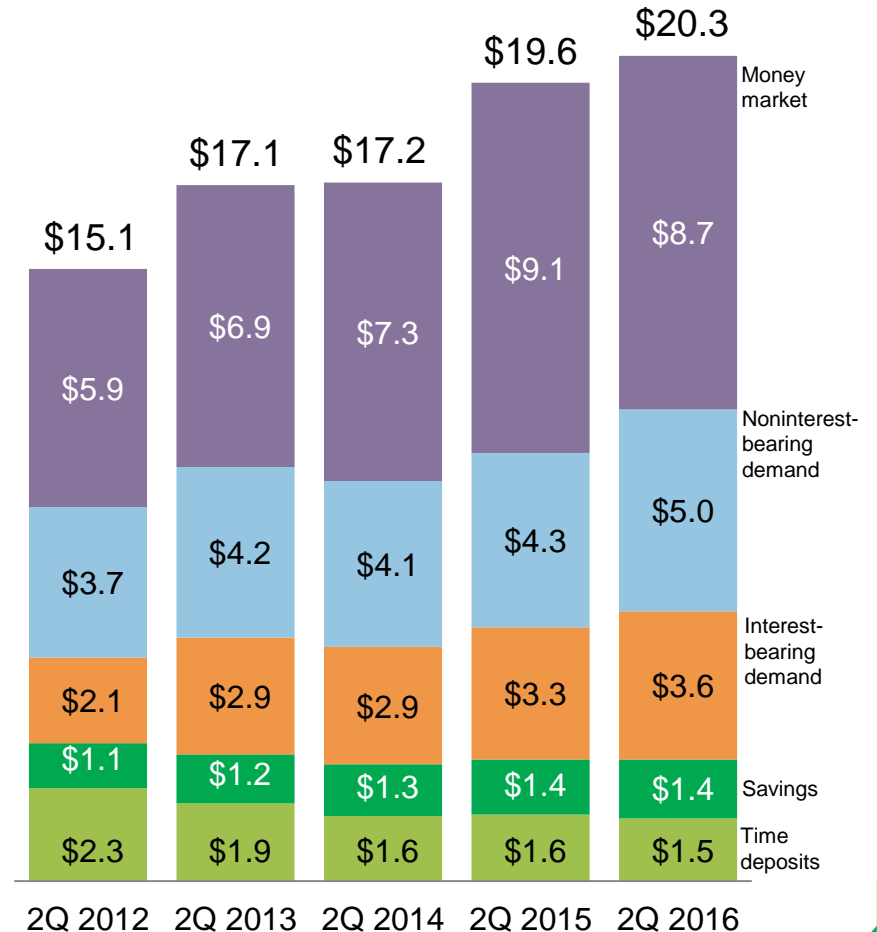
ORGANIC BALANCE SHEET GROWTH

(AVERAGE BALANCES, \$ IN BILLIONS)

Loans



Deposits



DIVERSE BUSINESS LINES

Community, Consumer, and Business (47% of Average Loans)

Consumer and Commercial Banking	Branch Banking		Commercial Banking	Residential Lending			Payments and Direct Channels
Community Markets	Eau Claire, WI	La Crosse, WI	Central Wisconsin	Rockford, IL	Peoria, IL	Southern Illinois	Rochester, MN
Private Client and Institutional Services	Private Banking	Personal Trust	Asset Management	Retirement Plan Services	Associated Financial Group	Associated Investment Services	

Corporate and Commercial Specialty (52% of Average Loans)

Corporate Banking	Corporate Lending	Specialized Lending Verticals	Commercial Deposits and Treasury Management	Capital Markets
Commercial Real Estate	CRE Lending	Real Estate Investment Trusts	CRE Syndications	CRE Tax Credits

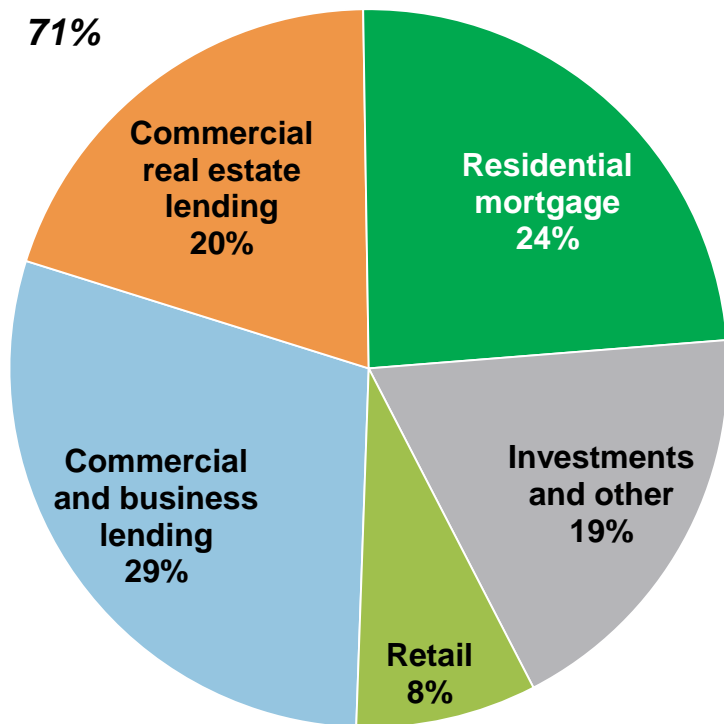
BALANCED REVENUE STREAMS

SECOND QUARTER 2016

Interest Income Composition¹

\$202 million

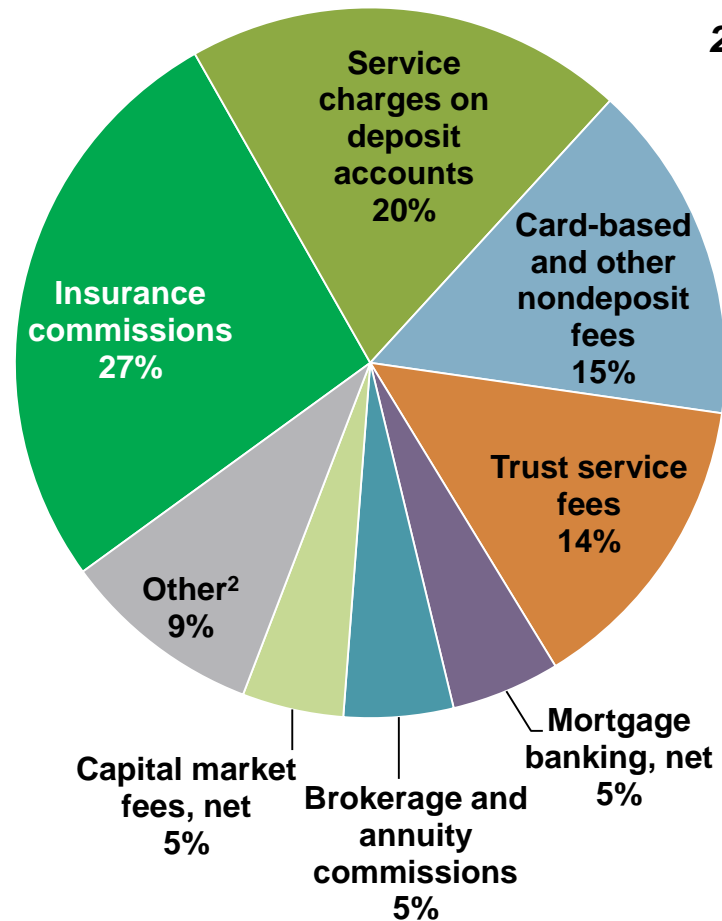
71%



Noninterest Income Composition

\$82 million

29%



¹ – Interest income on a fully tax-equivalent basis

² – Other includes Bank owned life insurance income; Asset gains (losses), net; Investment securities gains, net; and Other

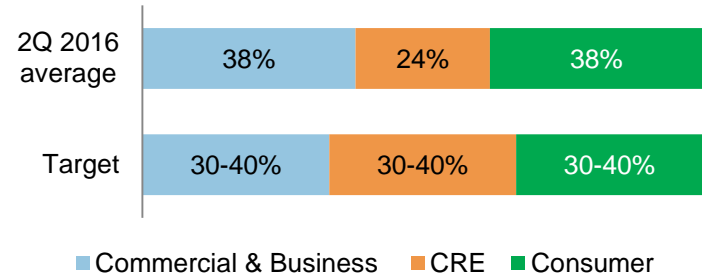


DISCIPLINED CREDIT APPROACH

INTERNAL PORTFOLIO MANAGEMENT LEADS TO PURPOSEFUL DIVERSIFICATION

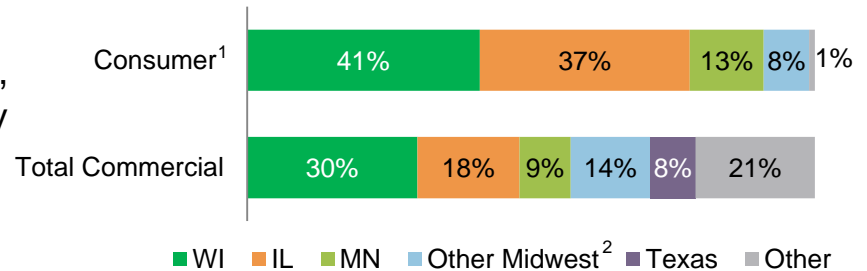
Asset Class

- Balanced portfolio of Commercial and Business, Commercial Real Estate and Consumer credit



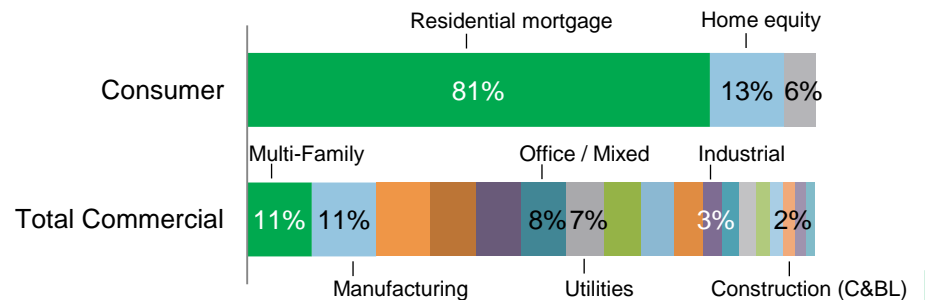
Geography

- Focused on growth within our Upper Midwest footprint, and select national specialty businesses and markets



Industry / Property

- Industry and property type caps ensure granular diversification



See slide 20 for complete industry and property type detail

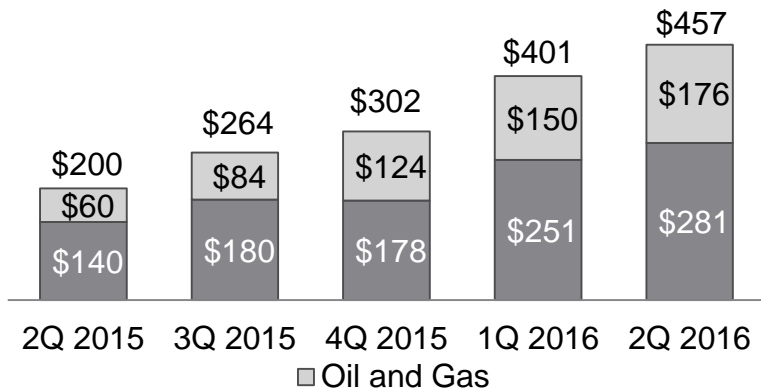
¹ – Excludes \$0.4 billion in other consumer loans

² – Other Midwest includes Missouri, Indiana, Ohio, Michigan and Iowa

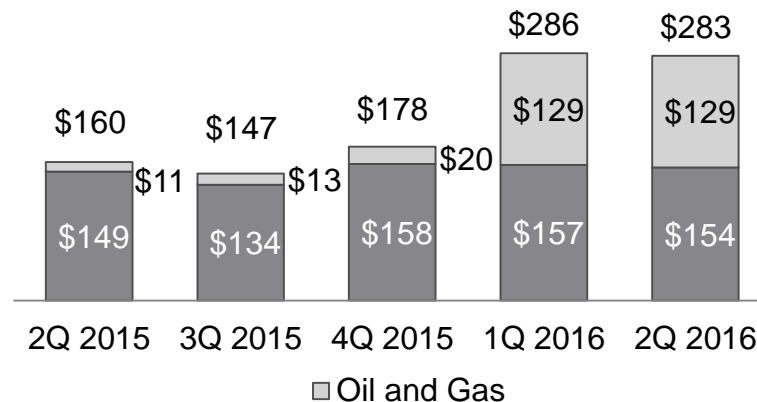
CREDIT QUALITY TRENDS

(\$ IN MILLIONS)

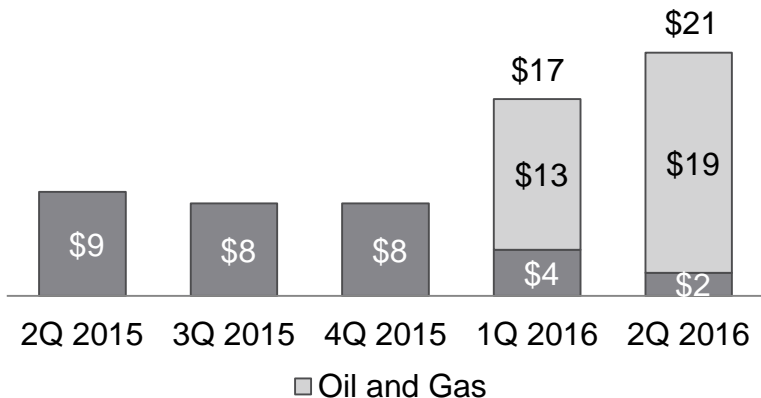
Potential Problem Loans



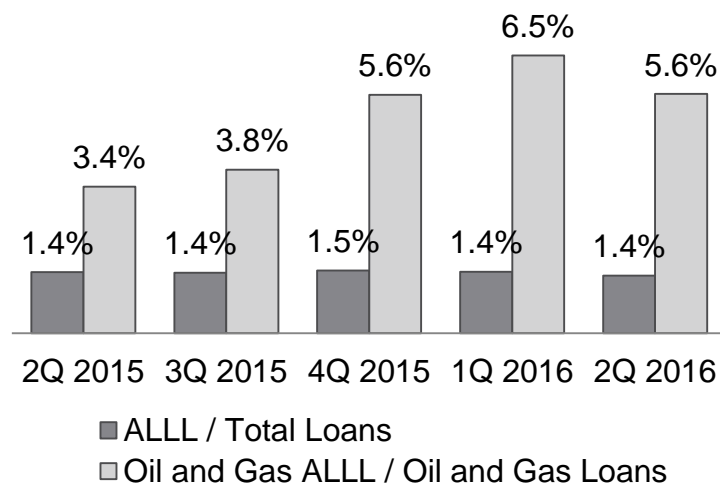
Nonaccrual Loans



Net Charge Offs



Allowance to Total / Oil and Gas Loans



OIL AND GAS LENDING UPDATE

Management

- Houston based
- 9 staff, including 2 in-house engineers
- 90 years of combined experience

Portfolio

- ~\$1 billion in exposure
- 4% of total loans
- 57 credits

Mix

- Exclusively focused on the upstream sector
- Exposure is approximately 60% oil and 40% gas¹

Underwriting

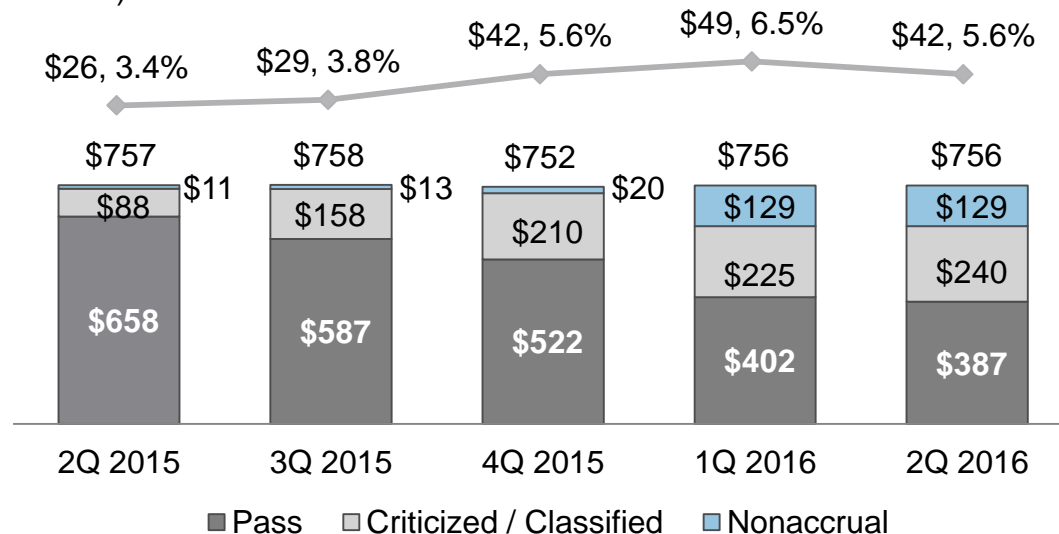
- 100% of loans are reserve secured

Second Quarter Update

- **Spring redeterminations:** Complete; the reviews have largely resulted in borrowing base decreases
- **New business:** New loan fundings of \$86 million; offset by repayments and charge offs
- **Energy reserves:** Declined due to charge offs; returned to prior year end level

Period End Loans by Credit Quality and Related Reserves

(\$ millions)

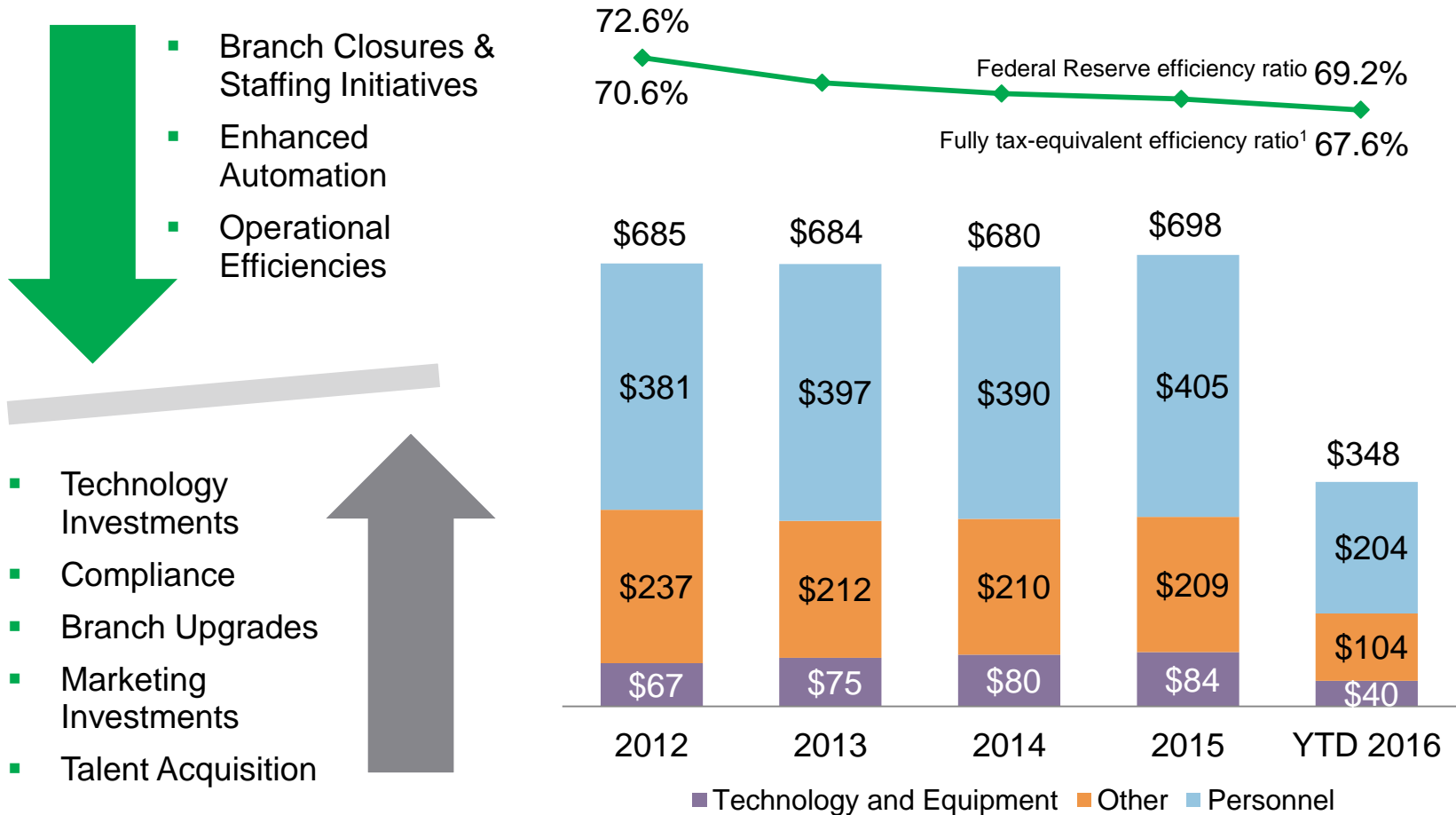


¹ – Based on borrowers' % revenue from oil/gas

EXPENSE CONTROL

(\$ IN MILLIONS)

Automation and investments are driving better efficiency over time



¹ – The fully tax-equivalent efficiency ratio is a non-GAAP financial measure, which is defined by the Federal Reserve guidance as 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. Please refer to the appendix for a reconciliation of this measure to “efficiency ratio” as defined by the Federal Reserve.



PRUDENT CAPITAL MANAGEMENT

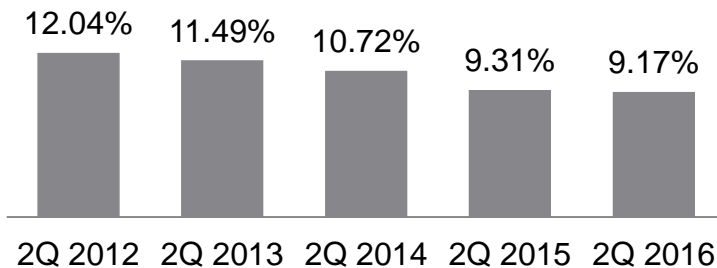
1
Funding
Organic
Growth

2
Paying a
Competitive
Dividend

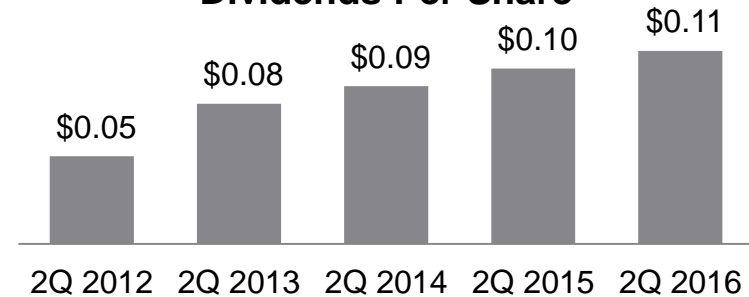
3
Non-organic
Growth
Opportunities

4
Share
Buybacks
and
Redemptions

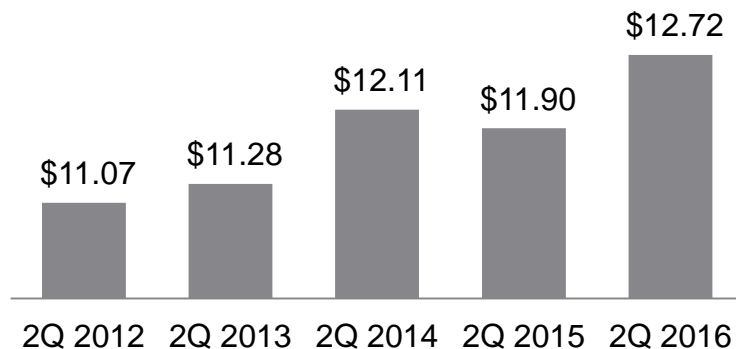
Common Equity Tier 1¹ Ratio



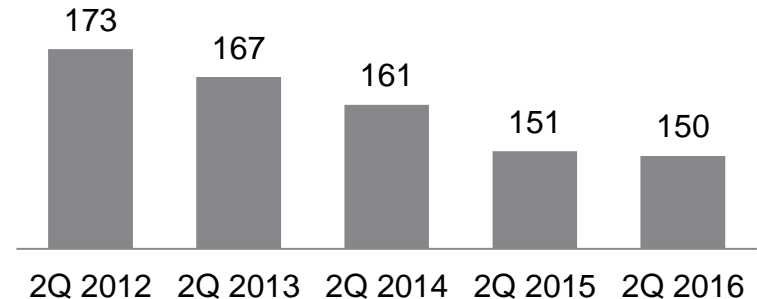
Dividends Per Share



Tangible Book Value Per Share



Common Shares Outstanding Diluted (average, in millions)



¹ – Prior to 2015, the regulatory capital requirements effective for the Corporation followed the Capital Accord of the Basel Committee on Banking Supervision ("Basel I"). Beginning January 1, 2015, the regulatory capital requirements effective for the Corporation follow Basel III, subject to certain transition provisions. 12



SECOND QUARTER RECAP

Enhanced Customer Experience

Record levels of ATM and mobile deposits

50% increase in mobile deposits from the year ago quarter

Organic Balance Sheet Growth

Average loans were up \$719 million from the first quarter

Total average commercial lending grew 5% from the first quarter

Diverse Business Lines

Recognized record insurance commissions of \$22 million in the second quarter

Card-based fees, brokerage and annuity commissions, service charges, and trust service fees all increased from the first quarter

Disciplined Credit Approach

Balanced loan growth across commercial, CRE, and consumer businesses

Loan mix by asset class was unchanged from the first quarter

Expense Control

On target for 5th straight year of efficiency improvement

Prudent Capital Management

Dividend payout ratio of 35%

Return on average common equity

Tier 1 (CET1) of 9.9%

Net income available to common equity of \$47 million, or \$0.31 per common share



2016 OUTLOOK

Balance Sheet

- High single digit annual average loan growth
- Maintain Loan to Deposit ratio under 100%

Noninterest Expense

- Approximately flat to prior year

Net Interest Margin

- In the absence of Federal Reserve action to raise rates, NIM expected to be approximately flat

Capital

- Continue to follow stated corporate priorities for capital deployment

Noninterest Income

- Approximately flat to prior year

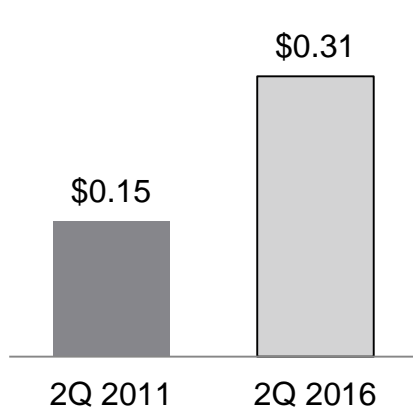
Provision

- Dependent on loan growth and changes in risk grade or other indications of credit quality

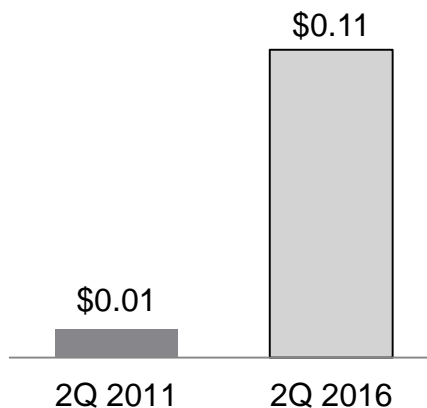


DELIVERING LONG TERM VALUE

Earnings Per Share

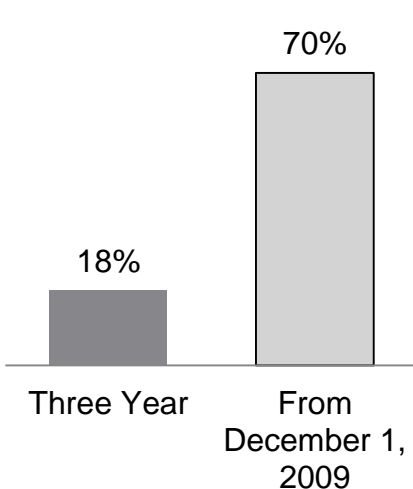


Dividends

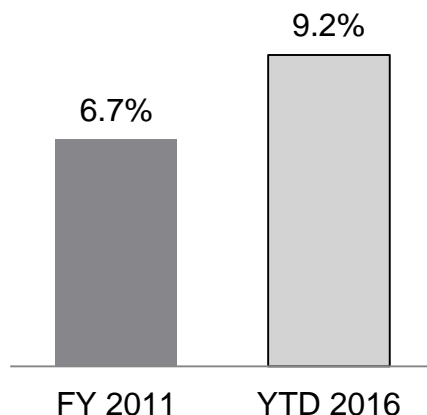


Shareholder Gain

As of June 30, 2016



Return on Avg CET1



Earnings Per Share

16% 5 Year CAGR

Dividends

62% 5 Year CAGR

Annualized Shareholder Return

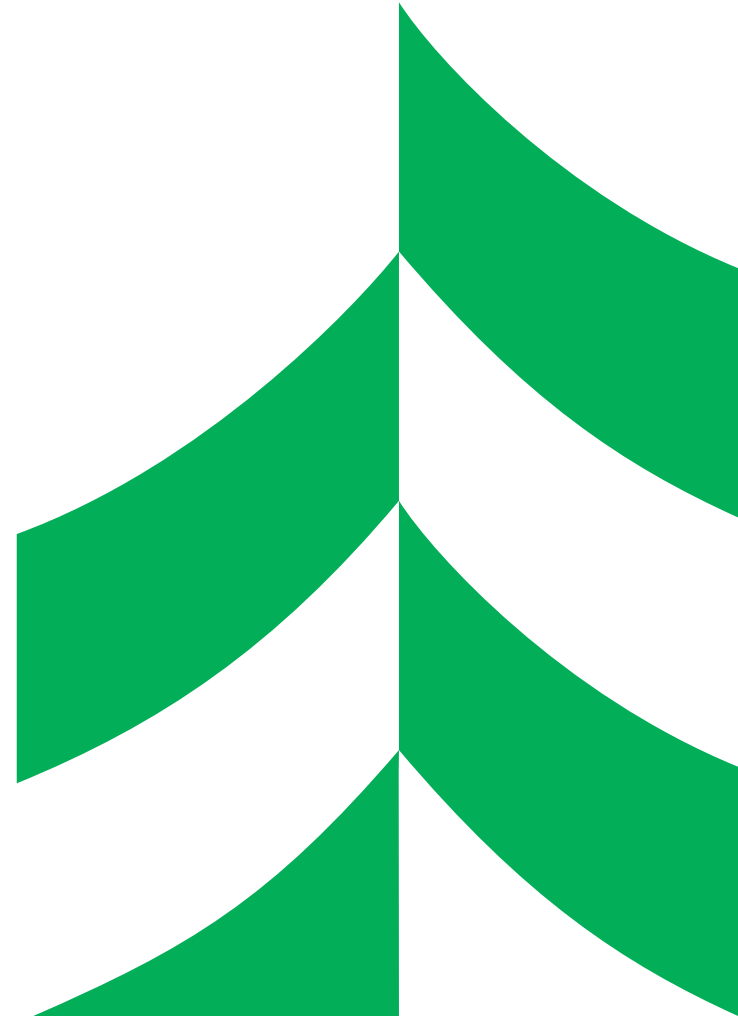
8.4% Dec 1, 2009 – Jun 30, 2016

Return on average common equity Tier 1

9.2% YTD 2016

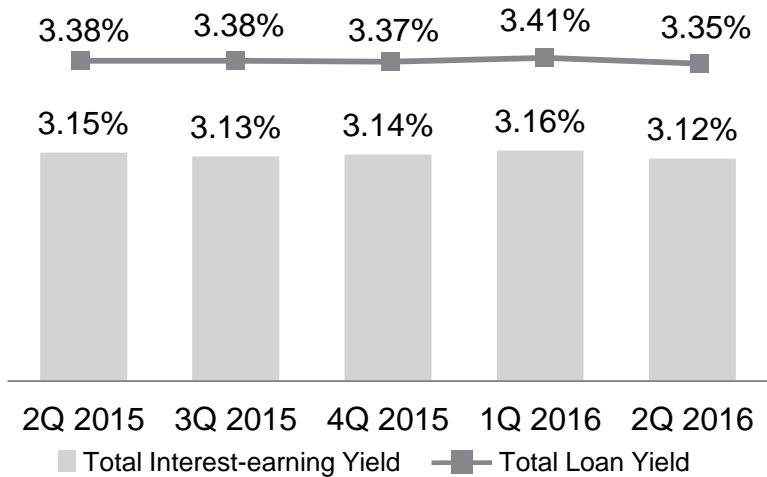


APPENDIX

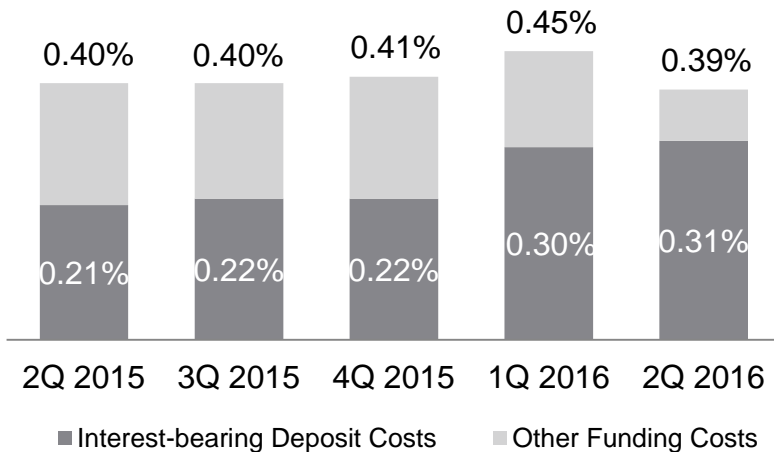


NET INTEREST INCOME AND MARGIN TRENDS

Yield on Interest-earning Assets

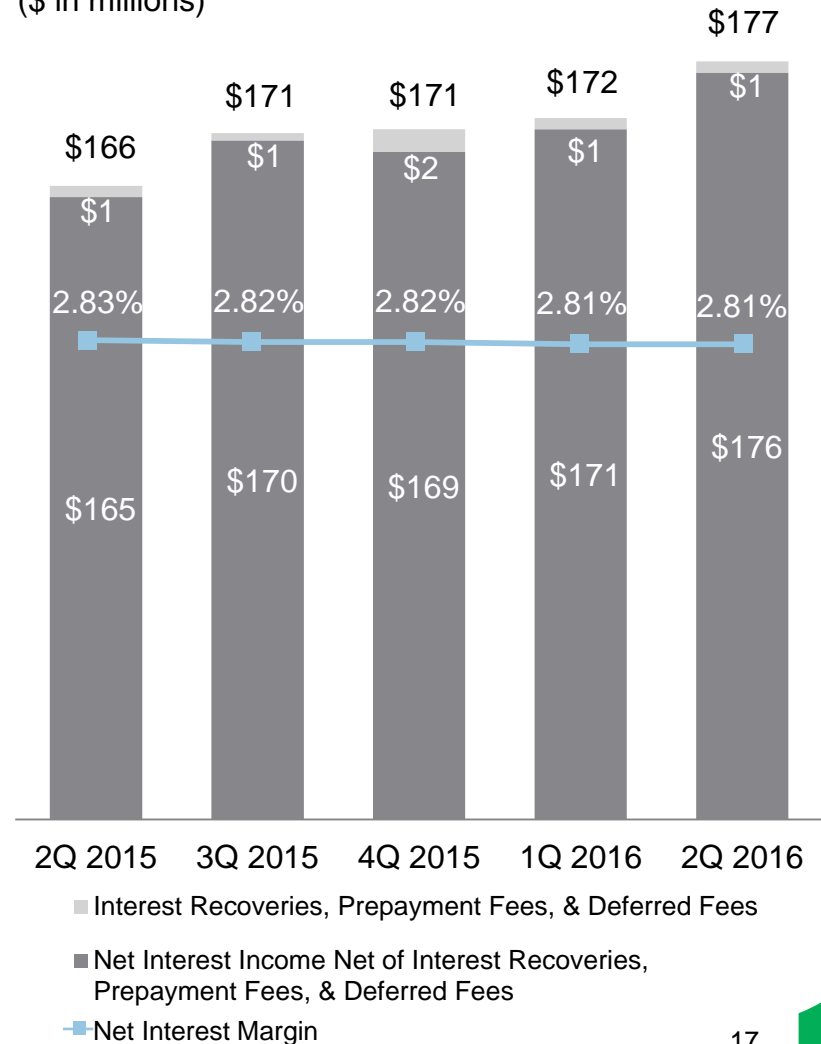


Cost of Interest-bearing Liabilities



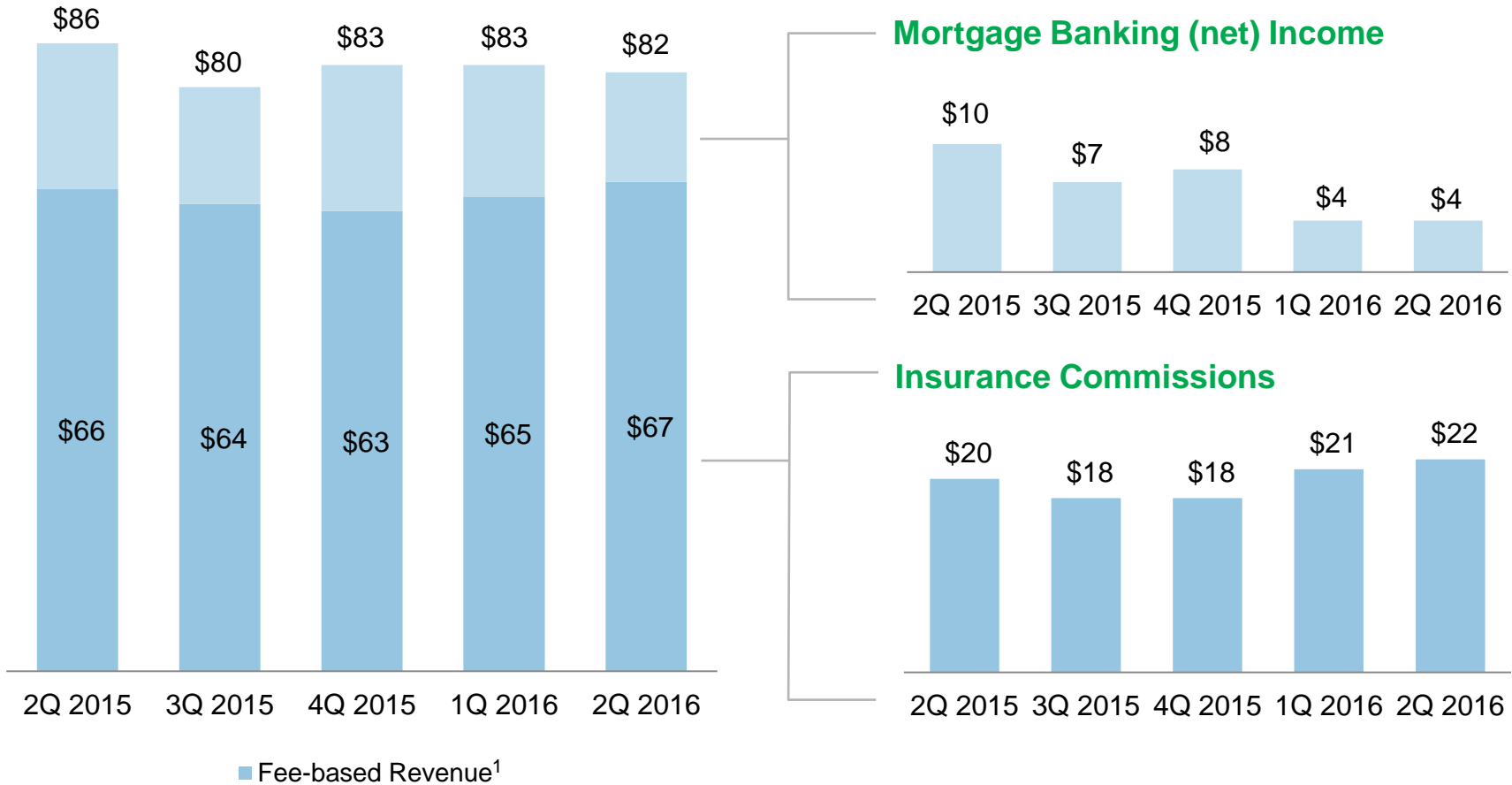
Net Interest Income & Net Interest Margin

(\$ in millions)



NONINTEREST INCOME TRENDS

(\$ IN MILLIONS)

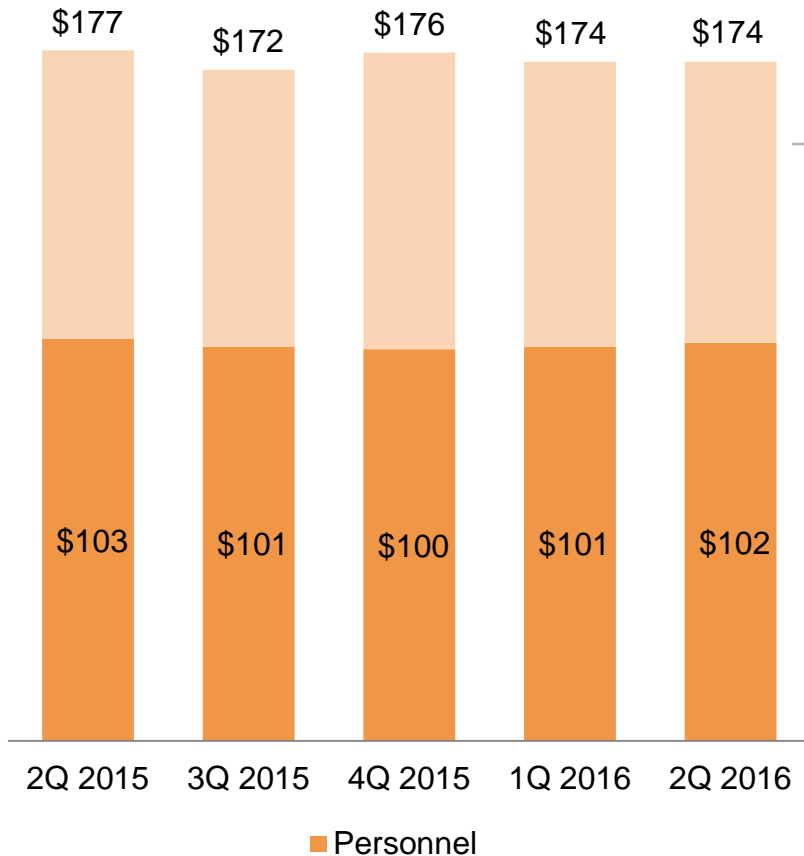


¹ – Fee-based Revenue = A non-GAAP financial measure, is the sum of trust service fees, service charges on deposit accounts, card-based and other nondeposit fees, insurance commissions, and brokerage and annuity commissions

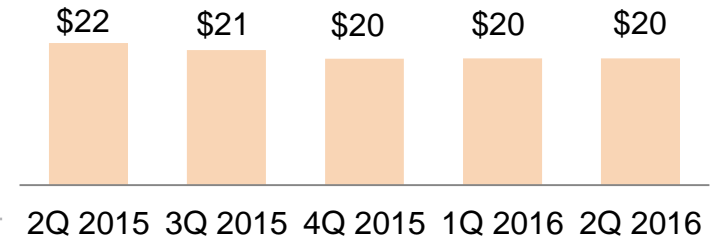


NONINTEREST EXPENSE TRENDS

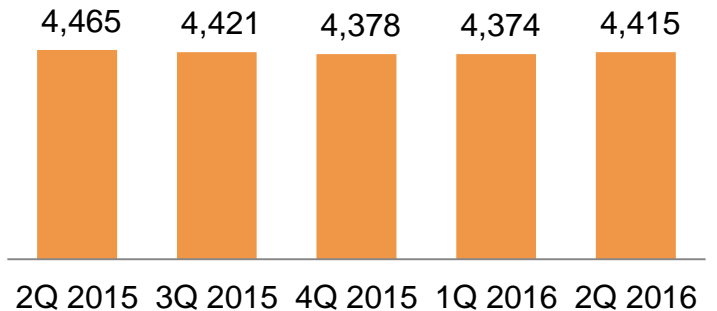
(\$ IN MILLIONS)



Technology and Equipment



FTE¹ Trend



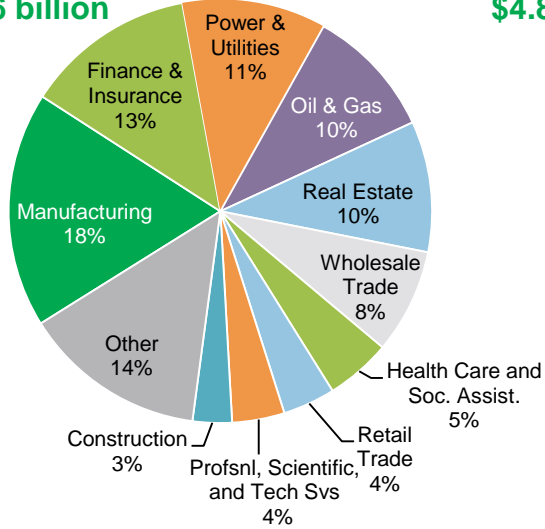
¹ – FTE = Average full time equivalent employee



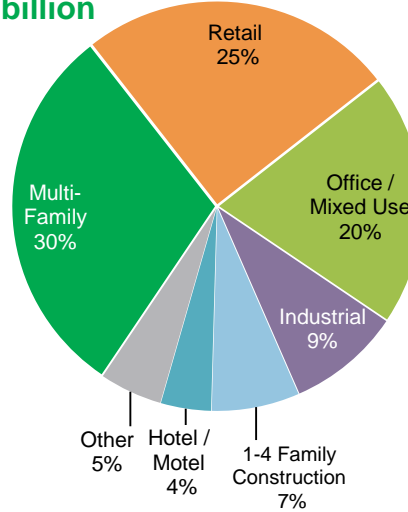
LOANS BY INDUSTRY AND STATE

JUNE 2016 PERIOD END BALANCES

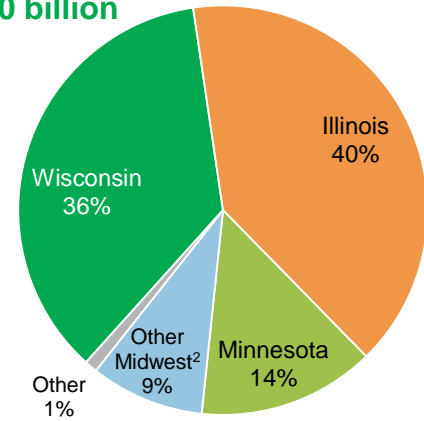
C&BL by Industry
\$7.6 billion



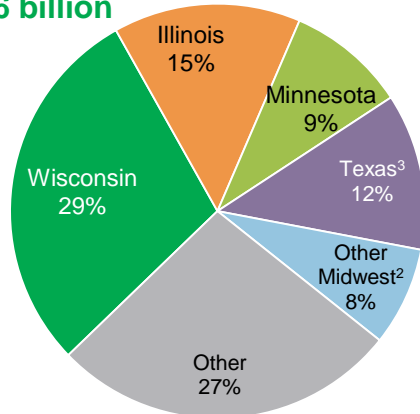
CRE by Property Type¹
\$4.8 billion



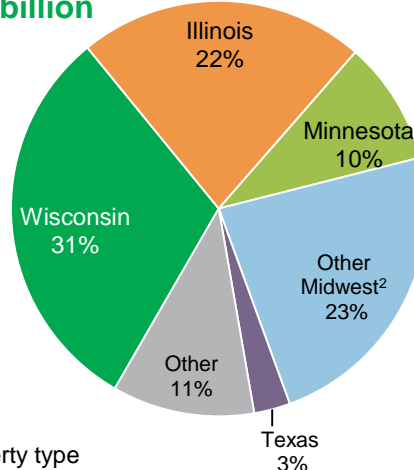
Residential Mortgage by State
\$6.0 billion



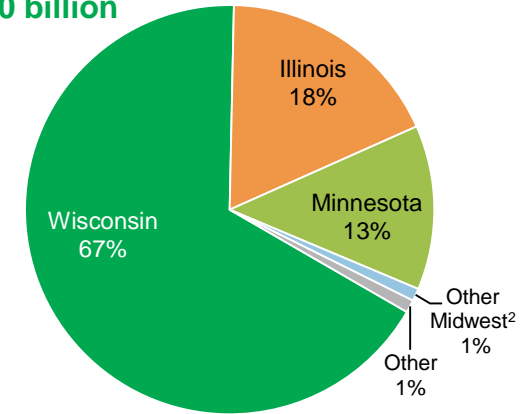
C&BL by State
\$7.6 billion



CRE by State
\$4.8 billion



Home Equity by State
\$1.0 billion



1 – Includes allocation of the CRE construction portfolio by property type

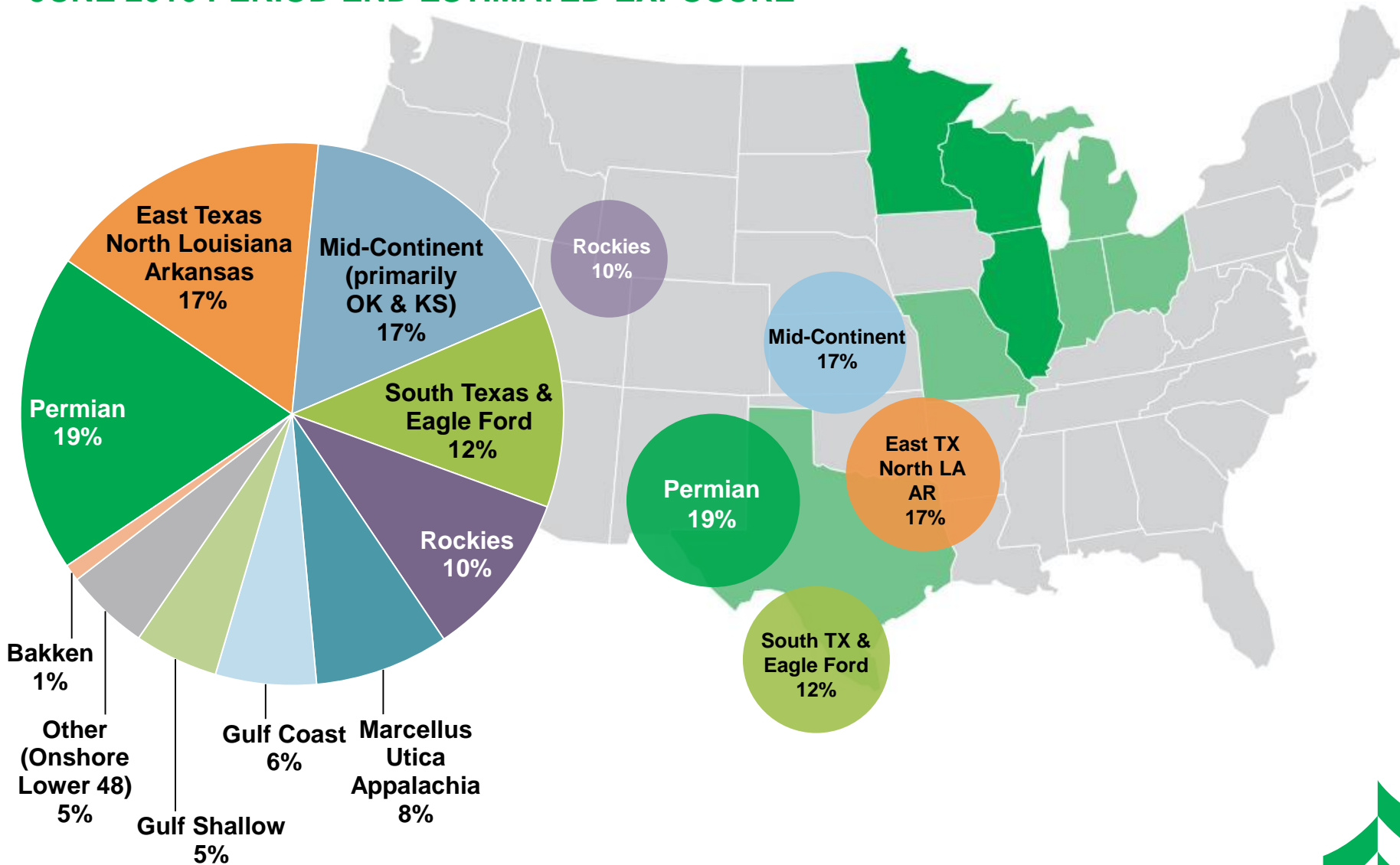
2 – Other Midwest includes Missouri, Indiana, Ohio, Michigan and Iowa

3 – Principally reflects the oil and gas portfolio



OIL AND GAS PORTFOLIO BY GEOGRAPHY

JUNE 2016 PERIOD END ESTIMATED EXPOSURE



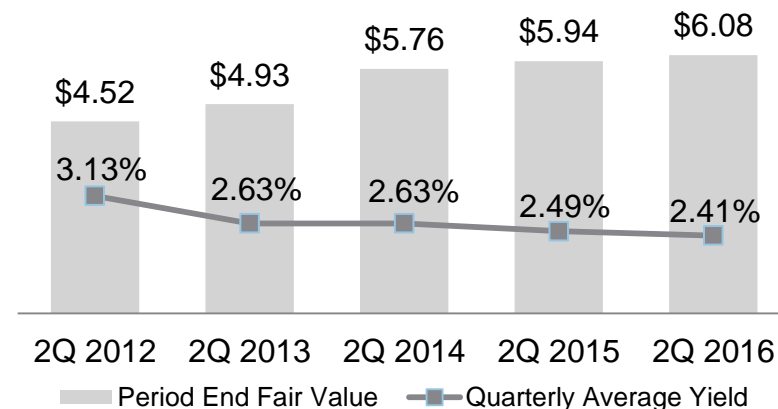
HIGH QUALITY SECURITIES

(\$ IN BILLIONS)

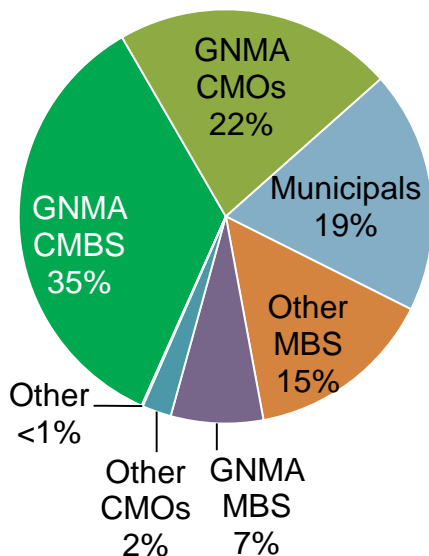
Portfolio Detail

Investment Type	Amortized Cost	Fair Value	Duration (Yrs)
GNMA CMBS	\$2.12	\$2.13	3.80
GNMA MBS & CMOs	1.74	1.76	3.85
Agency & Other MBS & CMOs	1.00	1.03	2.46
Municipals	1.11	1.15	5.86
Corporates & Other	0.00	0.00	2.72
Treasury	0.00	0.00	0.63
Strategic Portfolio	\$5.98	\$6.08	3.99
Membership Stock	0.19	0.19	
Total Portfolio	\$6.17	\$6.28	

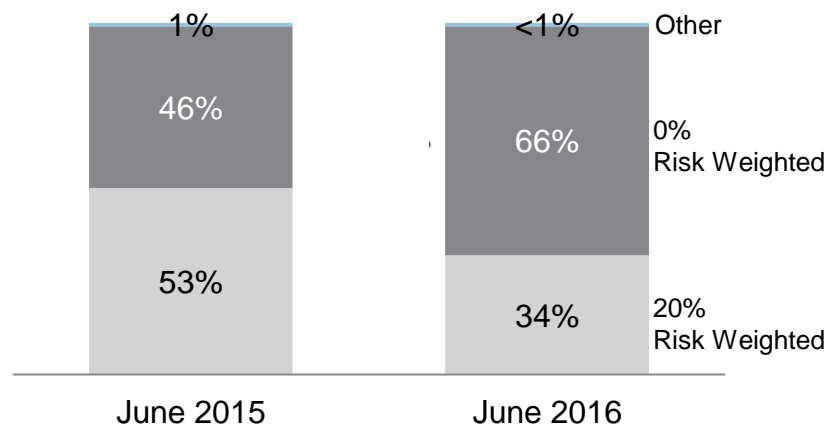
Portfolio and Yield Trends



Fair Value Composition



Risk Weighting Profile



RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

Efficiency Ratio Reconciliation	2012	2013	2014	2015	YTD 2016
Federal Reserve efficiency ratio	72.62%	70.97%	70.26%	69.90%	69.18%
Fully tax-equivalent adjustment	(1.62)	(1.46)	(1.36)	(1.42)	(1.36)
Other intangible amortization	(0.44)	(0.42)	(0.38)	(0.30)	(0.21)
Fully tax-equivalent efficiency ratio	70.56%	69.09%	68.52%	68.18%	67.61%

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. Management believes the fully tax-equivalent efficiency ratio, which adjusts net interest income for the tax-favored status of certain loans and investment securities, to be the preferred industry measurement as it enhances the comparability of net interest income arising from taxable and tax-exempt sources.

