



# **Associated Banc-Corp Investor Presentation**

Barclays Global Financial Services Conference

Third Quarter 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

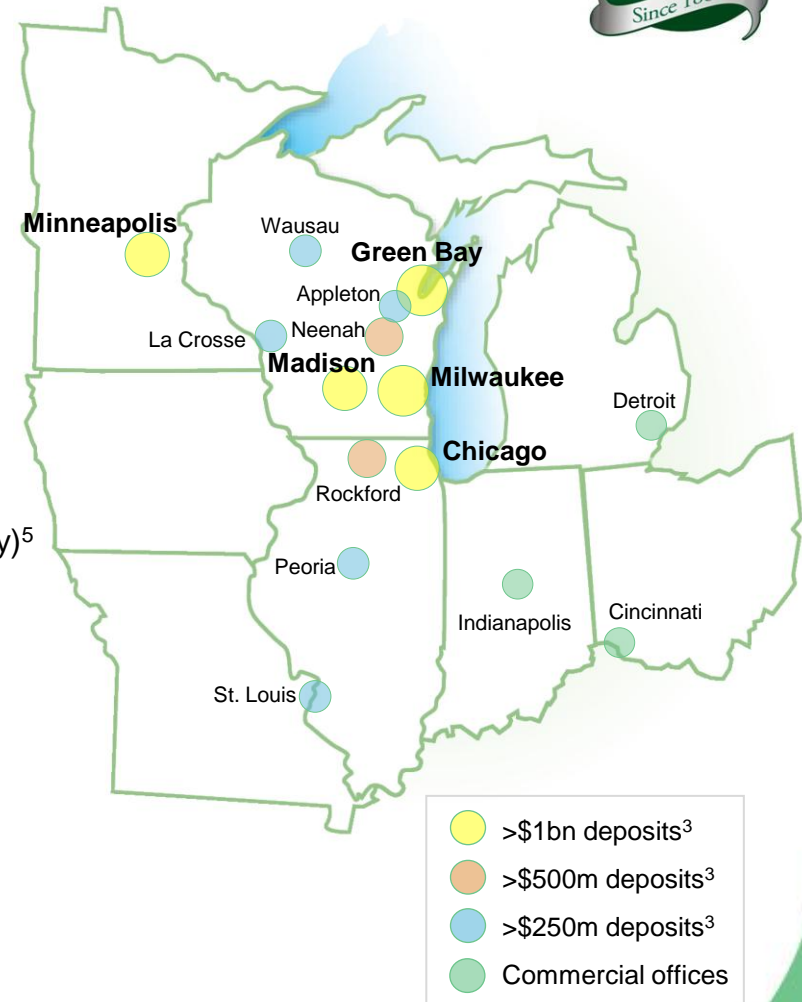


- Top 50, publicly traded, U.S. bank holding company
- \$22 billion in assets; largest bank headquartered in Wisconsin
  - Over 250 banking offices serving over 150 communities
  - #1 mortgage originator in Wisconsin<sup>1</sup>
  - #1 SBA lender in Wisconsin<sup>2</sup>

## Operating in Attractive Midwest Markets

- WI & MN continue to show above average employment levels<sup>4</sup>
- Midwest Manufacturing output is up 12.5% YoY (vs. 5.2% nationally)<sup>5</sup>
- Midwest Machinery output is up 11.6% YoY<sup>5</sup>

	WI	MN	IL	U.S.
Unemployment Rate <sup>4</sup>	7.3%	5.8%	8.9%	8.3%
ASBC Deposits (\$ in billions)	\$10.6	\$1.5	\$3.0	\$15.1



<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, Jul. 2012; <sup>5</sup> Source: FRB Chicago Midwest Manufacturing Index, June 2012

# Core Regional Banking Business Model

## Differentiation from Large-Cap, Diversified Financial Institutions

### Nominal European Exposure

- Upper Midwest regional focus on servicing U.S. customers operating in domestic markets
- No European loans & no direct exposure to foreign governments or foreign central banks

### Nominal Trading & Derivative Positions

- No overseas or off-shore trading or investment functions
- No proprietary trading activities or portfolios
- No market maker positions in derivatives

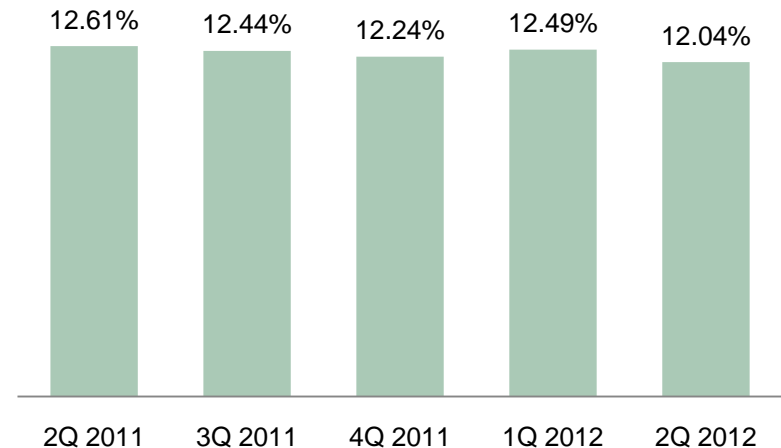
### Nominal Mortgage Put-back Exposure

- Nominal historical agency repurchase levels
- No significant exposure to high risk mortgage asset classes or high risk underwriting programs

### Basel III Compliant Capital

- Current capital levels are well in excess of “well-capitalized” regulatory benchmarks
- Existing capital levels are already above proposed Basel III capital levels

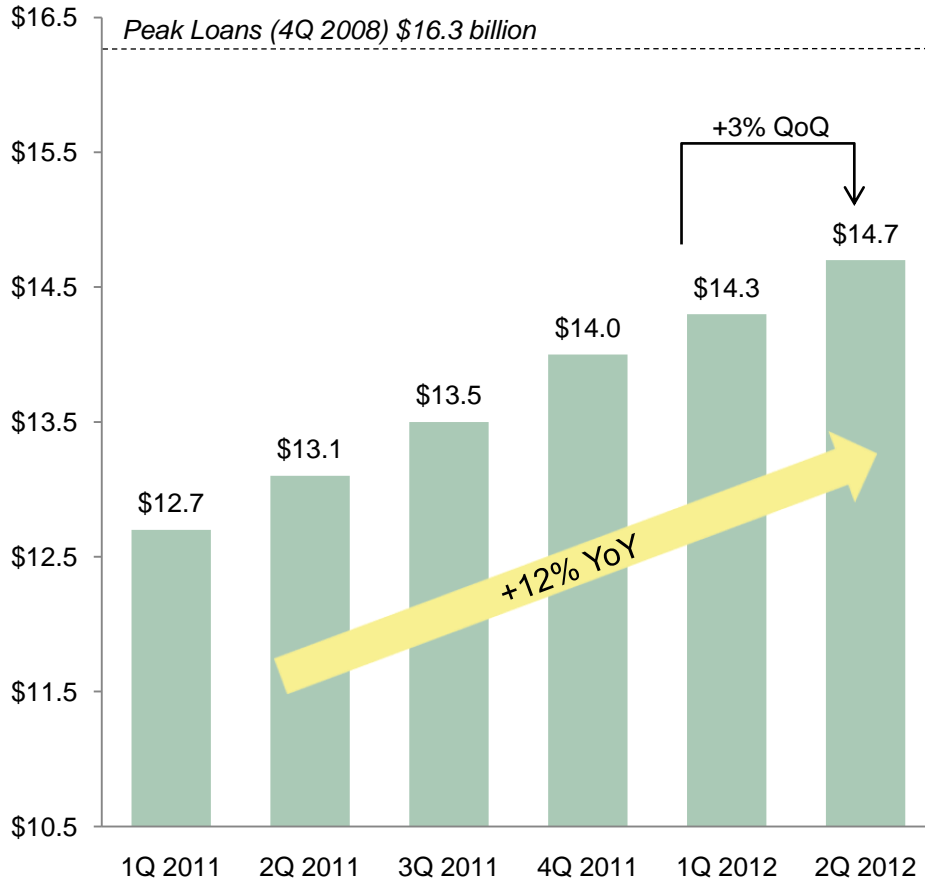
## Tier 1 Common Equity Ratio



# Core Organic Loan Growth

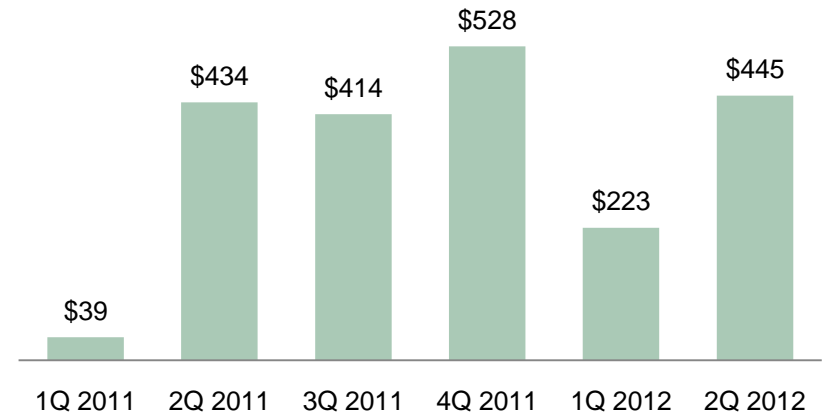
Total Loans of \$14.7 billion at June 30, 2012

## Total Loans (\$ in billions)

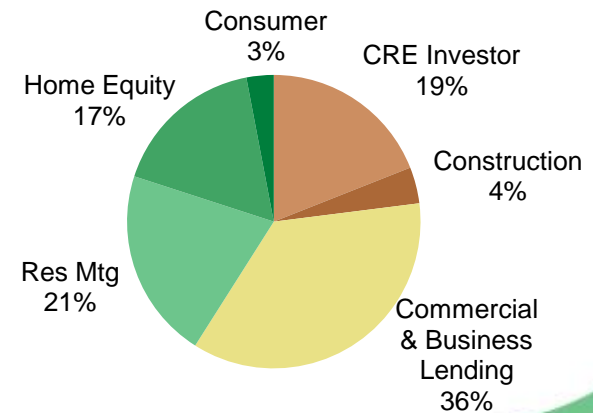


## Quarterly Net Loan Growth Trend

(\$ in millions)



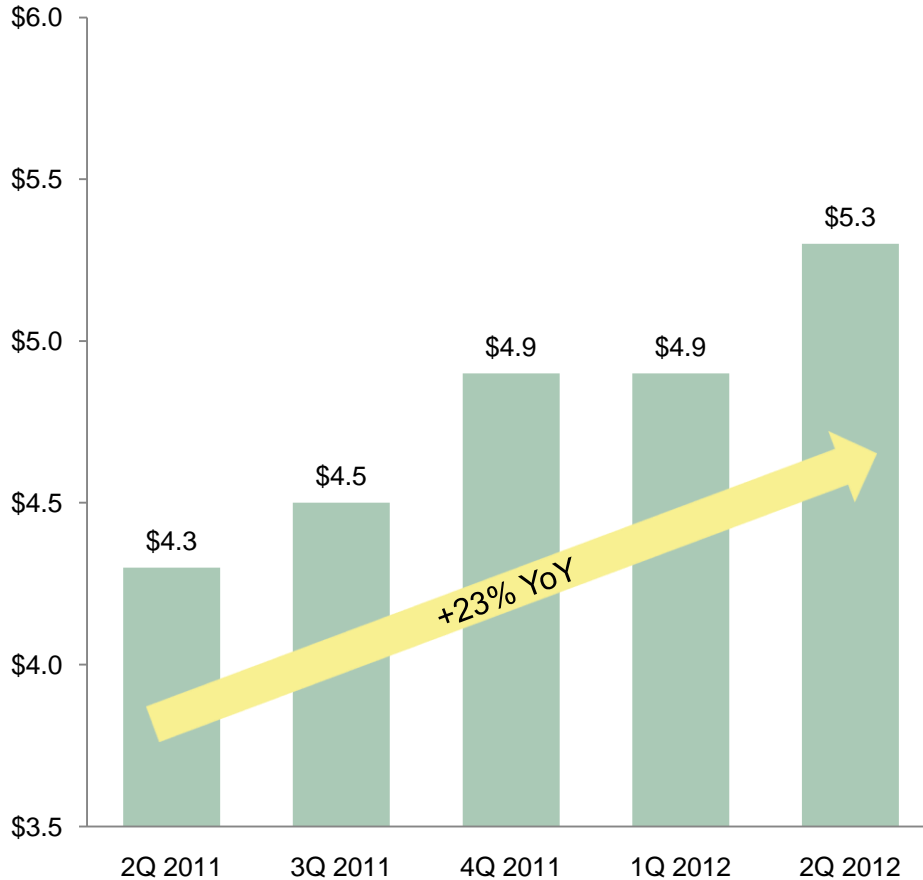
## Loan Mix – 2Q 2012



# Growing Commercial & Business Lending

## Commercial & Business Lending Loans

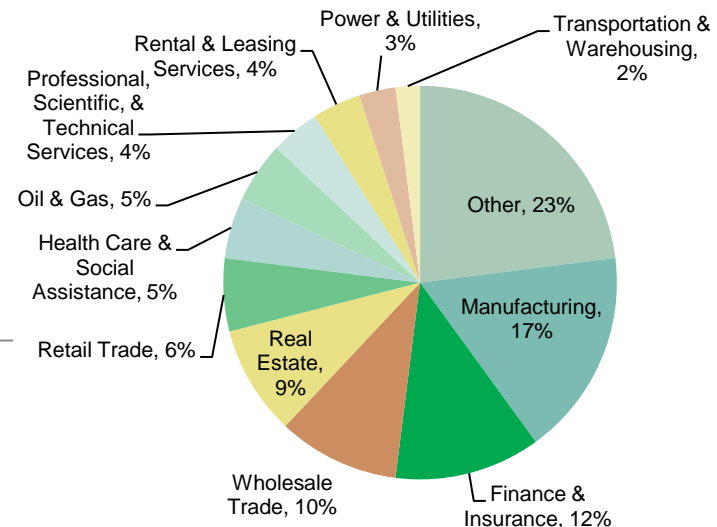
(\$ in billions)



## Highlights

- Q2 loan production continued to show strength
- Recent hires continue to gain traction in driving new relationships to Associated
- Launched enhanced Treasury Management online portal in February
- Focusing on cross-sell with Treasury Management, AFG, and Private Client & Institutional Services to deepen customer relationships

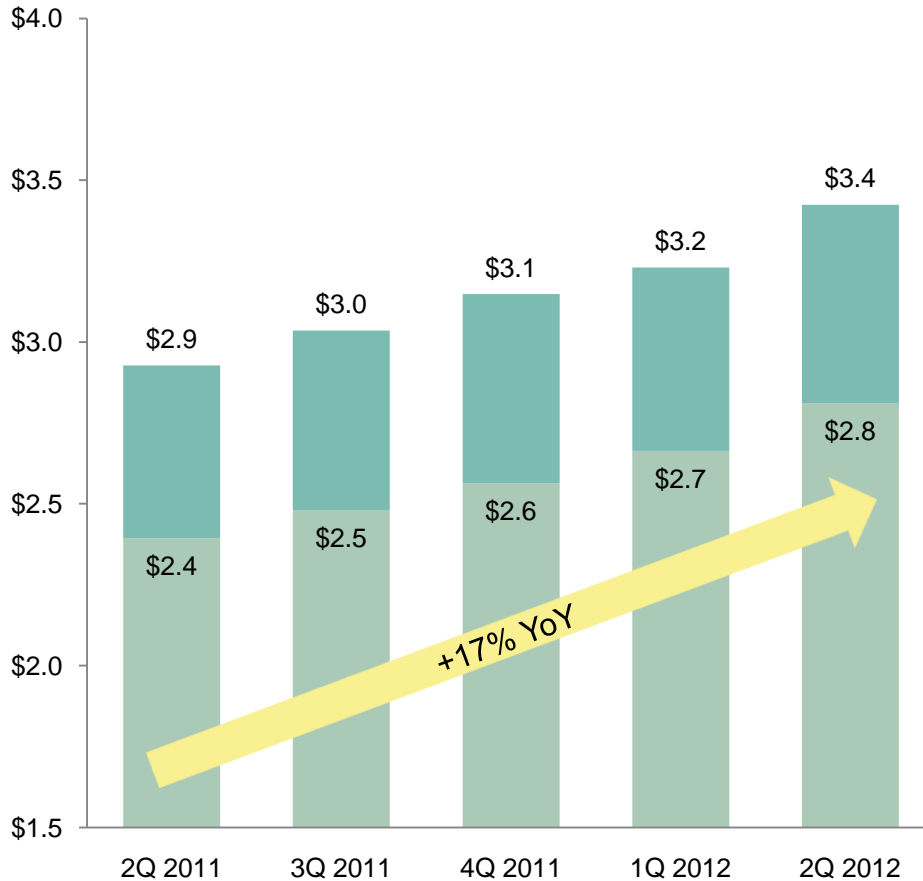
## CB&L Loans by Industry (2Q 2012)



# Growing Commercial Real Estate Lending

## Commercial Real Estate Lending Loans

(\$ in billions)



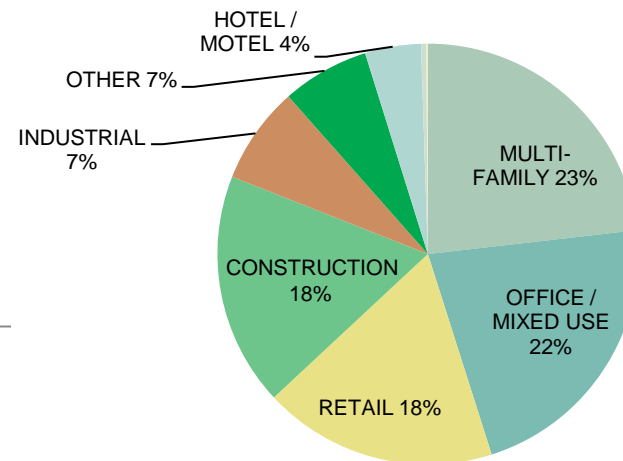
Construction  
Investor commercial real estate

## Highlights

- Growing multi-family lending portfolio
- Continuing strong growth across the footprint
- ~90% of CRE loans are in core footprint



## CRE Loans by Collateral (2Q 2012)



# Growing Private Client and Institutional Services (Formerly Wealth Management)

## Highlights

- Focusing on core disciplines, business development, and cross-line partnership with Commercial Banking
- Increasing the number and depth of Private Banking households
- Hired new head of Trust; based in Milwaukee
- Addition of new talent in Minneapolis in order to execute on strategic growth in the market
- Product & service enhancements for affluent client base
- Over 60,000 participants in supported business retirement plans
- Over \$5.9 billion of assets under management

## Cross-Line Partnerships between Private Client & Institutional Services and Commercial Banking & Insurance



Deposit Solutions

Asset Management

Brokerage

Trust & Custodial

Lending

Insurance



# Expanding Retail Banking Relationships

## Packers Banking

Show your true colors.



Get Packers Checking, and get free stuff, too!

Open a Packers Checking account at Associated Bank this week and show your Packers pride. Act right now, and you'll also get:

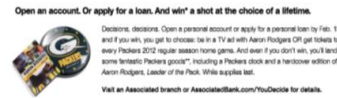
- A limited edition Packers pennant
- A limited edition Packers flag
- Free first order of Packers checks (a \$21 value)
- \$10 credit to your account with your first Packers Debit MasterCard® purchase
- 10% discount at the Packers Pro Shop\*

This offer is good this week only, so ask for details!

Official Bank of the Green Bay Packers



Aaron? Or tickets?  
Which would you choose?



Open an account. Or apply for a loan. And win\* a shot at the choice of a lifetime.  
Decisions, decisions. Open a personal account or apply for a personal loan by Feb. 15, and if you win, you get to choose: sit in a TV ad with Aaron Rodgers OR get tickets to every Packers 2012 regular season home game. And even if you don't win, you'll land some limited Packers goods\*\*, including a Packers clock and a hardcover edition of Aaron Rodgers, Leader of the Pack. While supplies last.  
Visit an Associated branch or [AssociatedBank.com/YouDecide](http://AssociatedBank.com/YouDecide) for details.

[associatedbank.com/truicolors](http://associatedbank.com/truicolors)

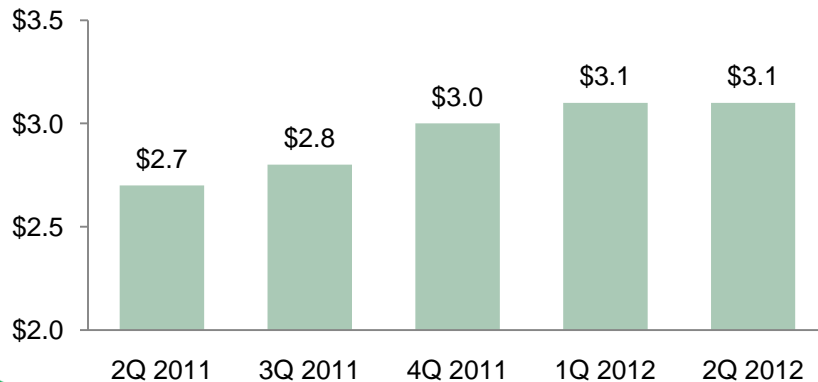


## Highlights

- Strengthening the basics
  - Strengthening our focus on our premier banking customers
  - Expanding the scope and reach of our market-leading mortgage franchise
- Leveraging our relationship with the Green Bay Packers & Aaron Rodgers

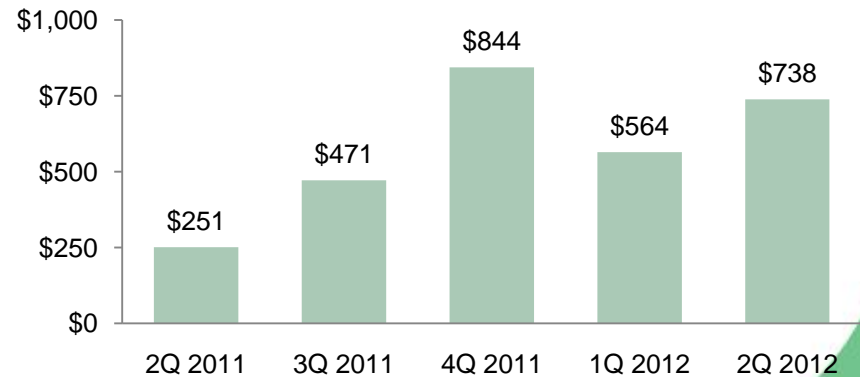
## Residential Mortgage Loan Portfolio

(\$ in billions)



## Mortgage Loans Originated for Sale

(\$ in millions)



# Footprint Update

## Continuing To Invest In Our Branches While Optimizing Our Network



Example relocated office



Example small-format teller line



Example in-store remodel



Example traditional remodel

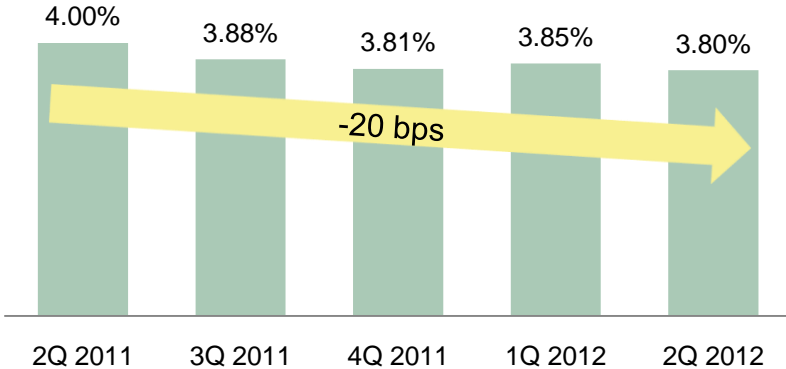
### Highlights

- Completed the remodel, relocation, or new construction of over 30 branches in 2011
- 50 remodels planned in 2012; completed ~30 branches in 1H2012
- 1H 2012 PPE expense of \$33 million includes ongoing investments in franchise
- Consolidated 21 branches in 1H2012 and sold three additional outlying branches in Jan. 2012
- Consolidating in downtown Green Bay

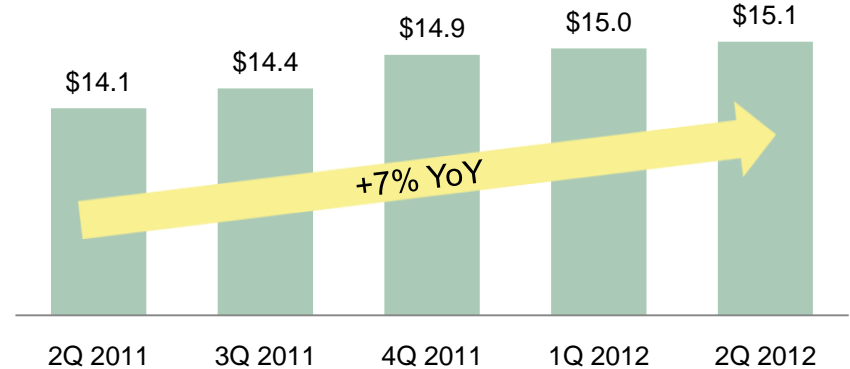
# Disciplined Deposit Pricing and Stable Margins

Average Total Deposits of \$15.1 billion at June 30, 2012

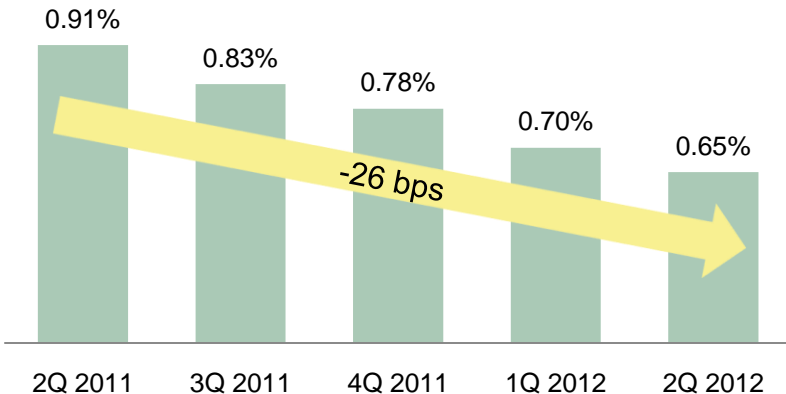
## Yield on Interest-earning Assets



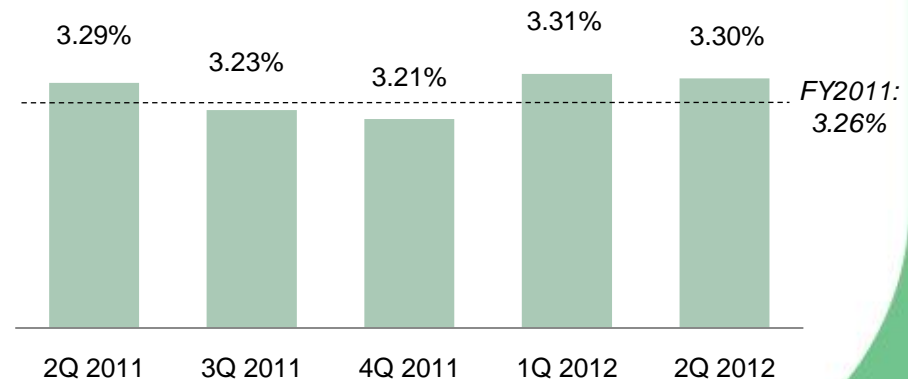
## Average Deposits (\$ balances in billions)



## Cost of Interest-bearing Liabilities



## Net Interest Margin



# Value-added Approach to Capital Management

## Funding Organic Growth

- Focus remains on funding organic loan growth across the footprint
- Supporting business growth initiatives

## Paying a Competitive Dividend

- Increased quarterly dividend to \$0.05/share in 1Q12
- Committed to revisiting the dividend policy at the end of 2012

## Non-organic Growth Opportunities

- Continue to examine options for acquisitions while maintaining discipline in pricing of any transaction
- Branch consolidation transactions with cost take-out opportunities provide greater value in current environment
- Focused on transactions with lower tangible book value dilution and shorter-term earn back period

## Buybacks and Redemptions

- Repurchased \$30 million of common stock during 2Q12
- Redeemed \$25 million of outstanding 7.625% Trust preferred securities in 2Q12
- Announced intent to redeem all outstanding Trust preferred securities over the next 90 days

# 2<sup>nd</sup> Half 2012 Outlook

## Positioned for Growth; Creating Long-Term Shareholder Value

### Loan Growth

- Approximately 4-6% core loan growth in 2H 2012 including commercial and business lending, CRE, & residential mortgage
- Continued decline in installment and home equity balances

### Fee Income

- Modest growth in core fee-based revenues with mortgage banking income likely reduced going forward

### Deposit Growth

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

### Expenses

- 2-3% growth in second half 2012 compared to the first half

### NIM

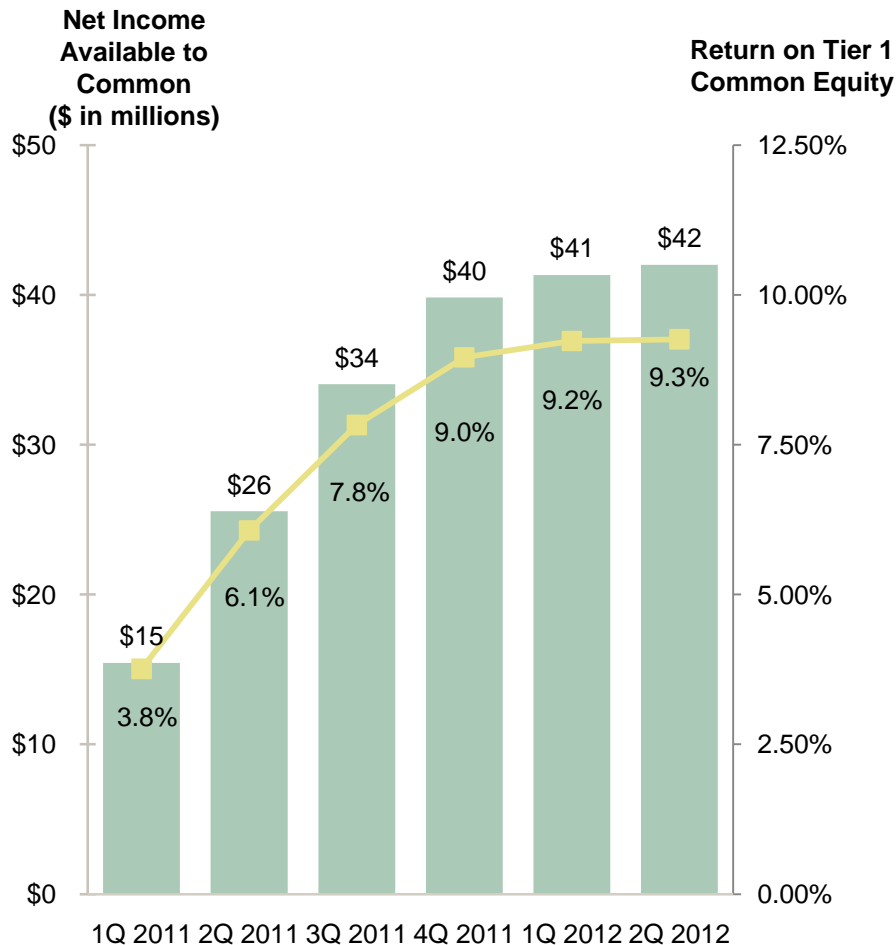
- Approximately 3.25% area for the second half of 2012

### Credit

- Continuing improvement in credit trends
- Very modest provision outlook

# Why Associated

## Net Income Available to Common & 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 Above Basel III Expectations & Opportunities for Capital Deployment
- Improving Earnings Profile

**Management Team Focused on Creating Long-Term Shareholder Value**



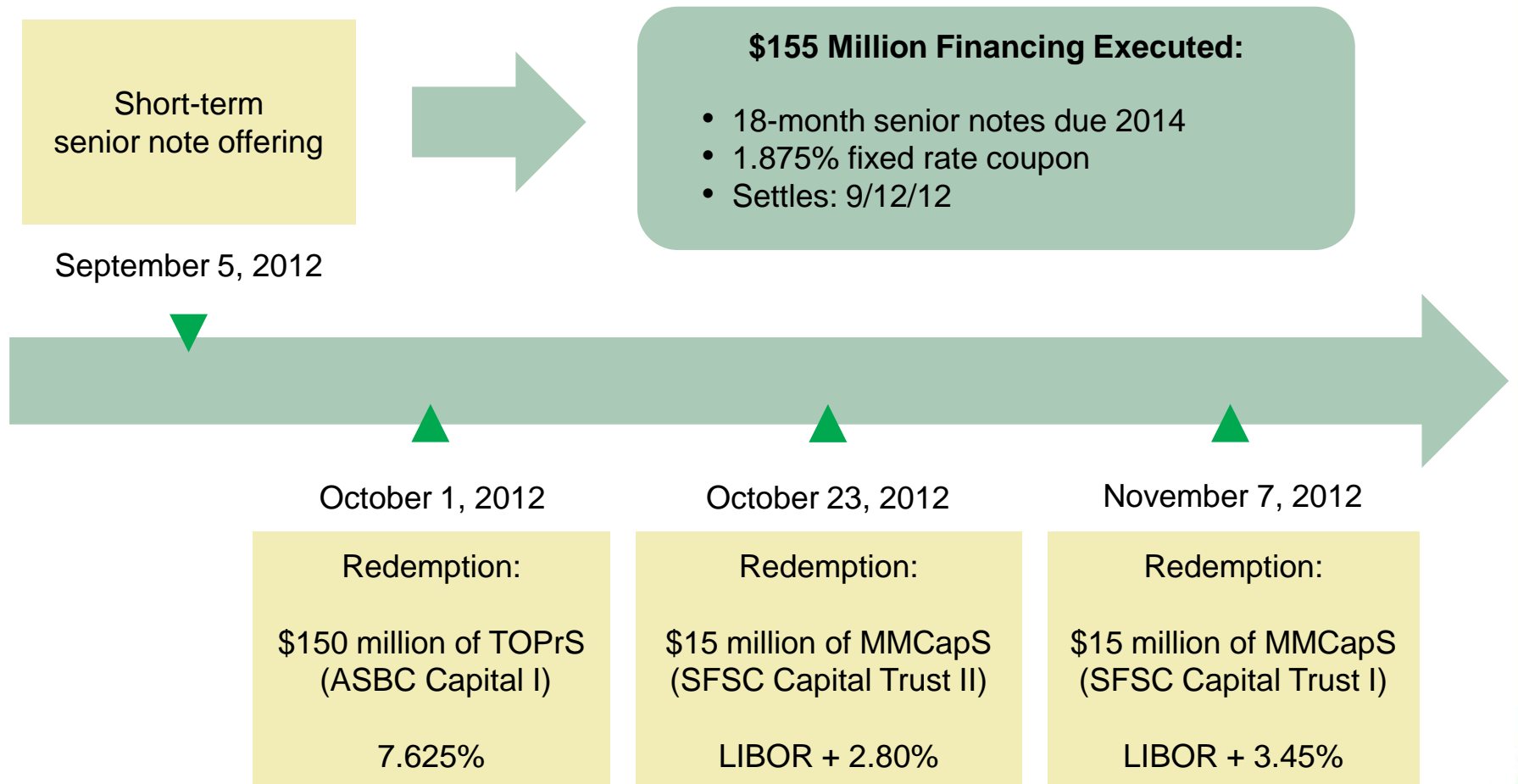
# Associated

**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



# Proposed Redemption of Trust Preferred Securities



# Continued Improvement in Credit Quality Indicators

(\$ in millions)

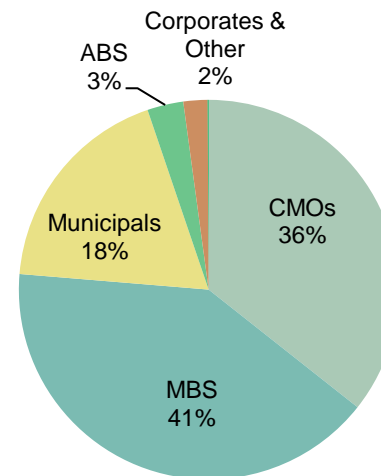
	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012
<i>Potential problem loans</i>	\$ 699	\$ 660	\$ 566	\$ 480	\$ 410
<i>Nonaccruals</i>	\$ 468	\$ 403	\$ 357	\$ 327	\$ 318
<i>Provision for loan losses</i>	\$ 16	\$ 4	\$ 1	\$ 0	\$ 0
<i>Net charge offs</i>	\$ 45	\$ 30	\$ 23	\$ 22	\$ 24
<i>ALLL/Total loans</i>	3.25%	2.96%	2.70%	2.50%	2.26%
<i>ALLL/Nonaccruals</i>	91.09%	99.09%	105.99%	108.93%	104.65%
<i>NPA/Assets</i>	2.33%	2.03%	1.82%	1.65%	1.62%
<i>Nonaccruals/Loans</i>	3.57%	2.99%	2.54%	2.29%	2.16%
<i>NCOs / Avg Loans</i>	1.37%	0.90%	0.64%	0.61%	0.65%

# High Quality Investment Securities Portfolio

## Investment Portfolio – June 30, 2012

Type	Bk Value (000's)	Mkt Value (000's)	TEY (%)	Duration (Yrs)
<i>Govt &amp; Agencies</i>	\$ 1,011	\$ 1,011	0.33	2.10
<i>MBS</i>	1,753,910	1,838,909	3.80	2.14
<i>CMOs</i>	1,586,621	1,611,471	2.76	0.63
<i>Municipals</i>	786,511	835,136	5.53	4.36
<i>ABS</i>	139,368	139,164	0.67	0.19
<i>Corporates &amp; Other</i>	93,144	95,745	1.86	1.30
<b>TOTAL AFS</b>	<b>\$4,360,565</b>	<b>\$4,521,436</b>	<b>3.59</b>	<b>1.94</b>

## Market Value Composition – June 30, 2012



## Risk – Weighted Profile – June 30, 2012

Type	Mkt Value (000's)	% of Total
<i>0% RWA</i>	\$ 37,469	1%
<i>20% RWA</i>	4,190,343	93%
<i>50% RWA</i>	35,849	1%
<i>=&gt;100% RWA</i>	100,464	2%
<i>Not subject to RW</i>	157,311	3%
<b>TOTAL</b>	<b>\$4,521,436</b>	<b>100%</b>

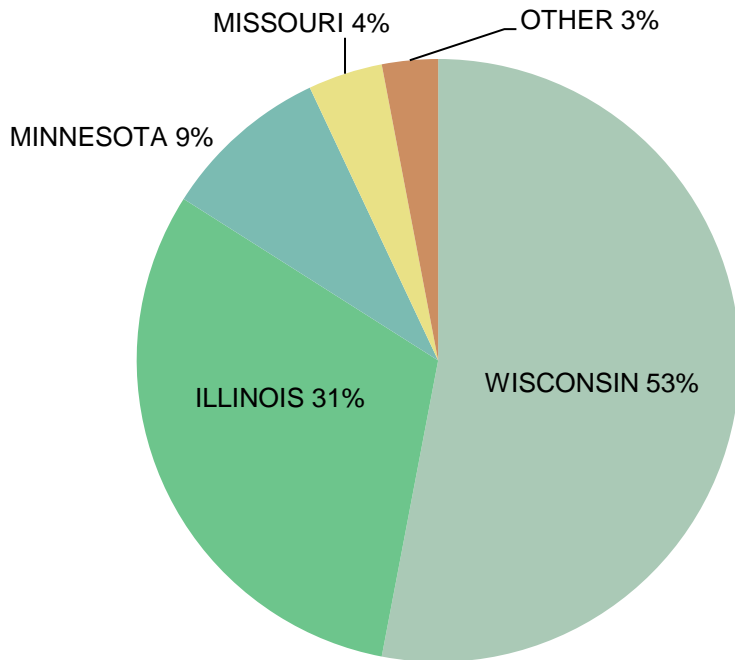
## Portfolio Composition Ratings – June 30, 2012

Credit Rating	Mkt Value (000's)	% of Total
<i>Govt &amp; Agency</i>	\$ 3,443,846	76%
<i>AAA</i>	153,723	3%
<i>AA</i>	763,854	17%
<i>A</i>	125,579	3%
<i>BAA1, BAA2 &amp; BAA3</i>	15,132	---
<i>BA1 &amp; Lower and Non-rated</i>	19,302	---
<b>TOTAL</b>	<b>\$4,521,436</b>	<b>100%</b>

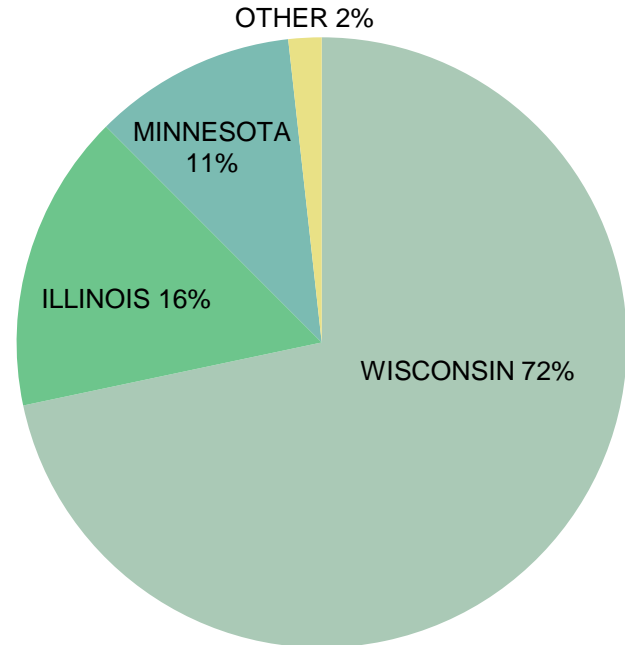
# Consumer Loan Portfolios by Geography

(as of June 30, 2012)

## Residential Mortgage Loans by State



## Home Equity Loans by State

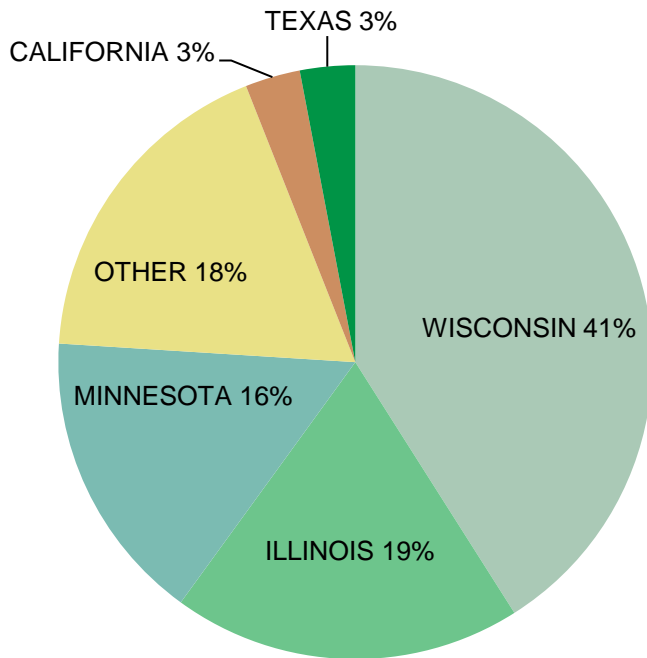


Approximately half of home equity portfolio is in first-lien position

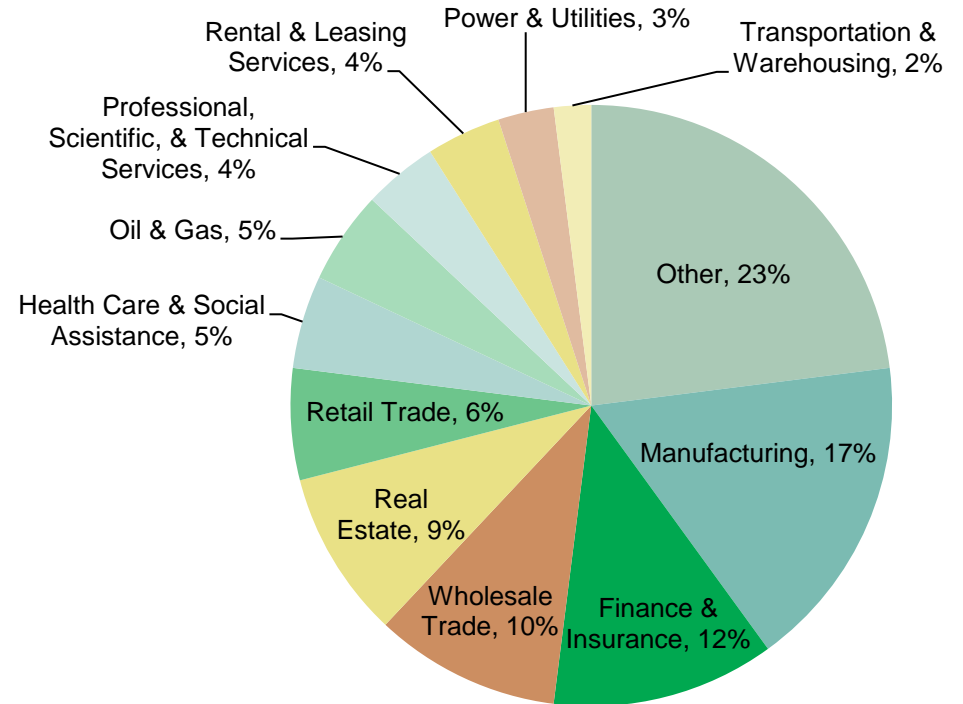
# Commercial & Business Lending Loans

Commercial & Business Lending portfolio of \$5.3 billion, or 36% of Total Loans, at June 30, 2012

### Commercial & Business Lending Loans by State



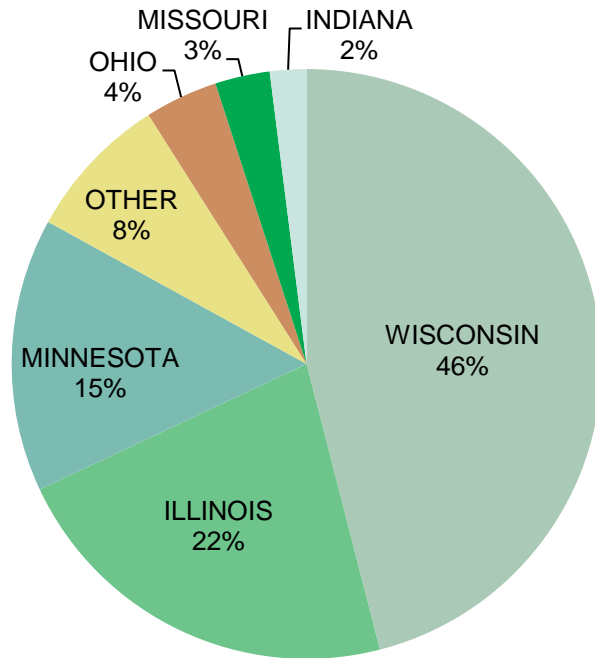
### Commercial & Business Lending Loans by Industry



# Commercial Real Estate Lending Loans

Commercial Real Estate Lending portfolio of \$3.4 billion, or 23% of Total Loans, at June 30, 2012

### Commercial Real Estate Lending Loans by State



### Commercial Real Estate Lending Loans by Collateral

