



**Associated
Bank**

Associated Banc-Corp
Investor Presentation

2018

FOURTH QUARTER



**ASB
LISTED
NYSE**

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. 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.

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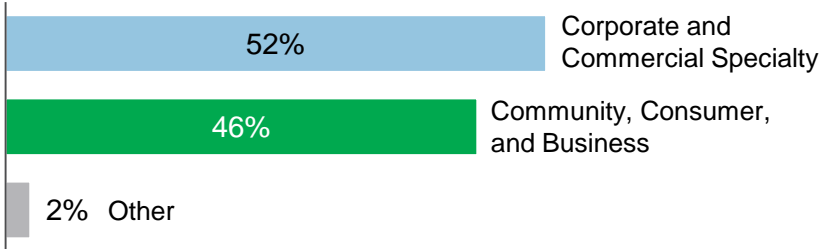


OUR FRANCHISE

Third Quarter 2018

\$33 billion of assets¹ **\$23 billion** of loans¹
Over \$3 billion of equity² **\$25 billion** of deposits¹

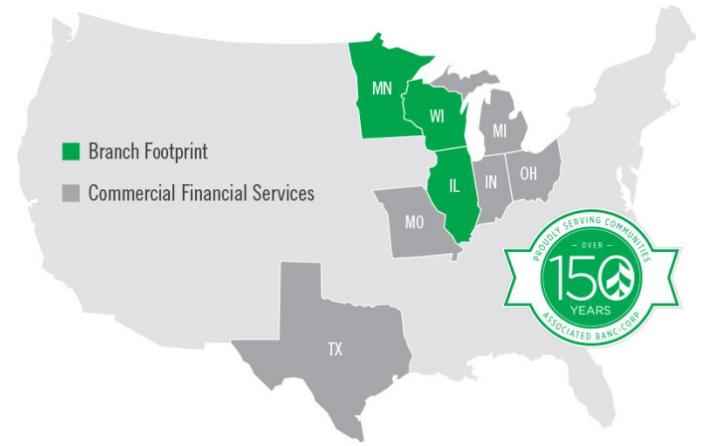
YTD 3Q 2018 Average Loans by Business Segment



Affinity Programs



40%
of active personal checking accounts are affinity related⁴



- Largest bank headquartered in **Wisconsin**³
- Approximately **4,700** employees, servicing over **1 million** customer accounts in **8** states and over **110** communities¹

Contact Center Recognition⁵



FOR THE THIRD YEAR IN A ROW, ASSOCIATED BANK'S CONTACT CENTERS HAVE BEEN RECOGNIZED BY J.D. POWER FOR PROVIDING "AN OUTSTANDING CUSTOMER SERVICE EXPERIENCE" FOR THE LIVE PHONE CHANNEL.

¹As of September 30, 2018.

²Common equity as of September 30, 2018.

³Based on assets.

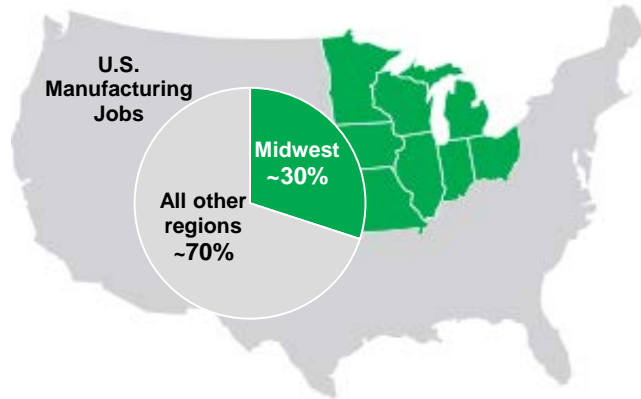
⁴Affinity debit cards as a percentage of active personal checking accounts, as of September 30, 2018.

⁵J.D. Power 2017 Certified Contact Center ProgramSM recognition is based on successful completion of an audit and exceeding a customer satisfaction benchmark through a survey of recent servicing interactions. For more information, visit www.jdpower.com/ccc.

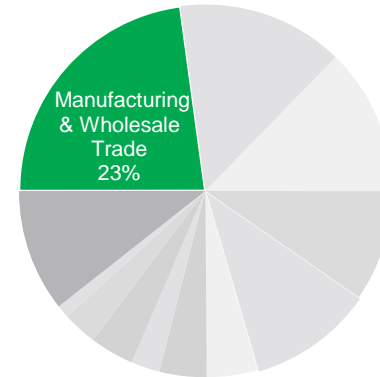
ATTRACTIVE MIDWEST MARKETS

Large Population Base With a Manufacturing and Wholesale Trade-Centric Economy

Midwest holds ~20% of the U.S. population¹ and nearly 30% of all U.S. manufacturing jobs²

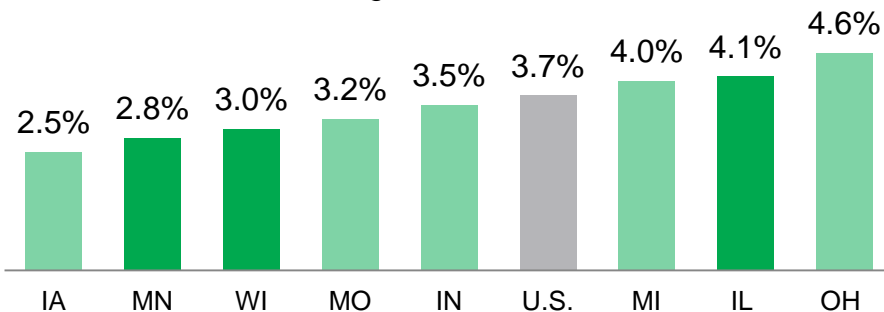


Commercial and Business Lending ASB Loan Composition by Industry



Supporting Strong Employment Base and Healthy Consumer Credit

Several Midwestern states have unemployment rates³ well below the national average:



Dark green bars denote ASB branch states

Select ASB Metro Market Unemployment Rates⁴

Madison, WI.....	2.3%
Rochester, MN.....	2.4%
Minneapolis – St. Paul, MN.....	2.4%
Wausau, WI.....	2.7%
Appleton, WI.....	2.8%

¹U.S. Census Bureau, Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2017.

²U.S. Bureau of Labor Statistics, Manufacturing Industry Employees, seasonally adjusted, September 2018 (preliminary).

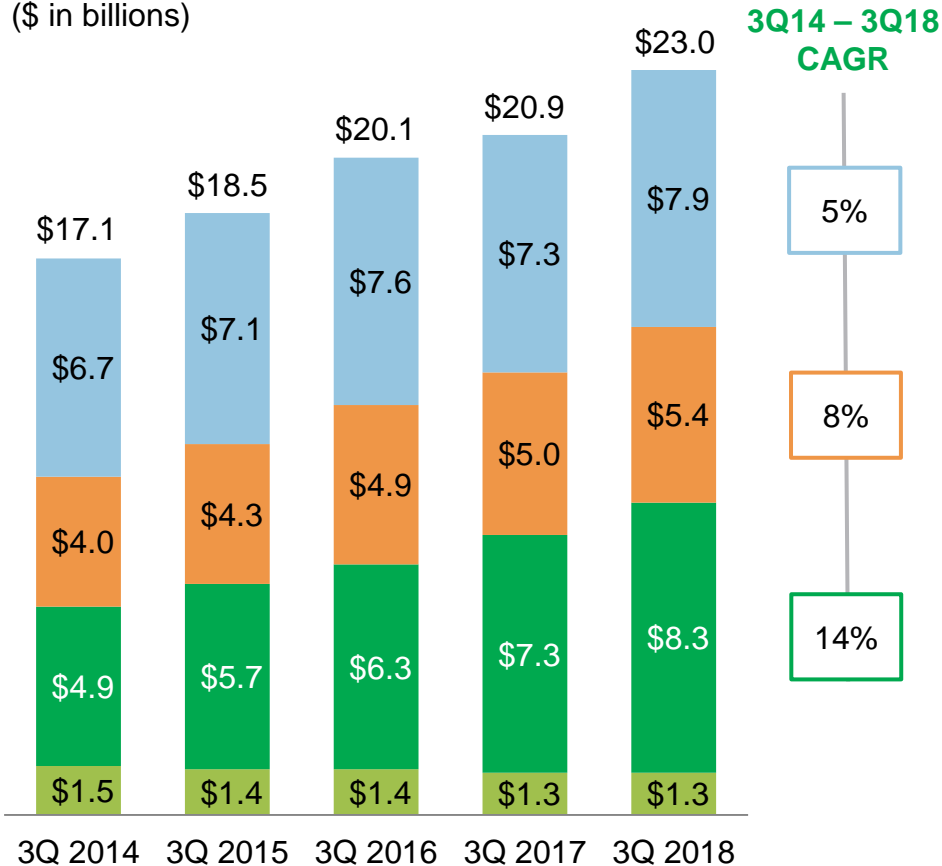
³U.S. Bureau of Labor Statistics, State Employment and Unemployment, seasonally adjusted, September 2018 (preliminary).

⁴U.S. Bureau of Labor Statistics, Civilian labor force and unemployment by metropolitan area, seasonally adjusted, August 2018.

LOAN GROWTH TRENDS

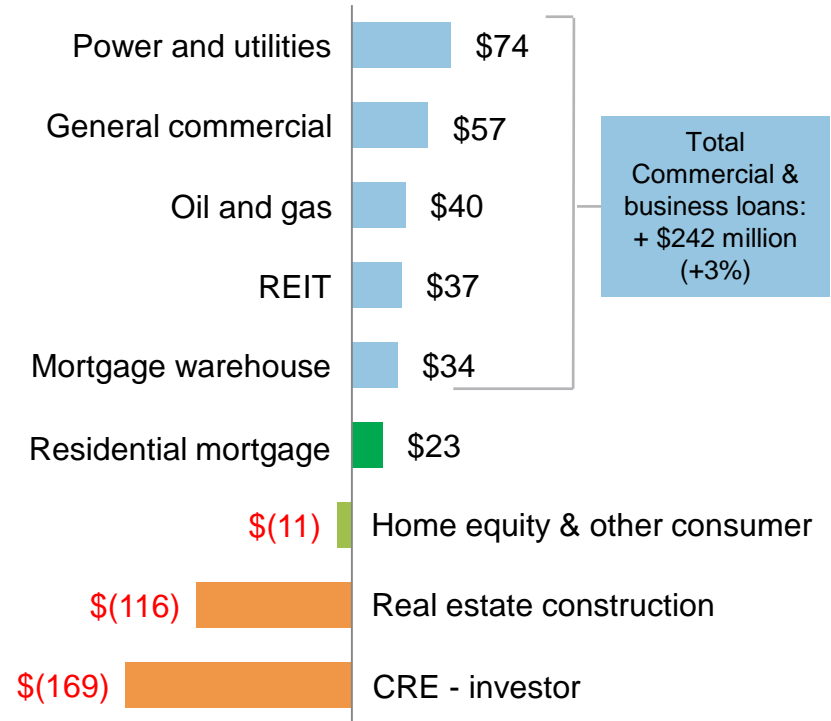
Average Quarterly Loans

(\$ in billions)



Average Loan Growth¹

(\$ in millions)



Commercial & business Commercial real estate Residential mortgage Home equity & other consumer

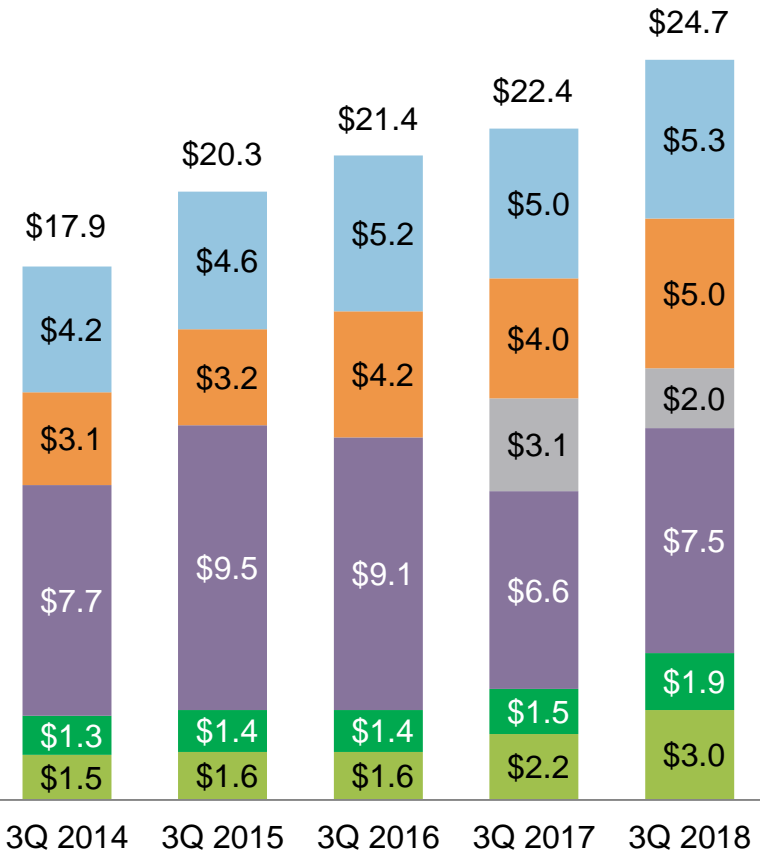
¹Growth from 2Q 2018 to 3Q 2018.

DEPOSIT GROWTH TRENDS

Average Quarterly Deposits

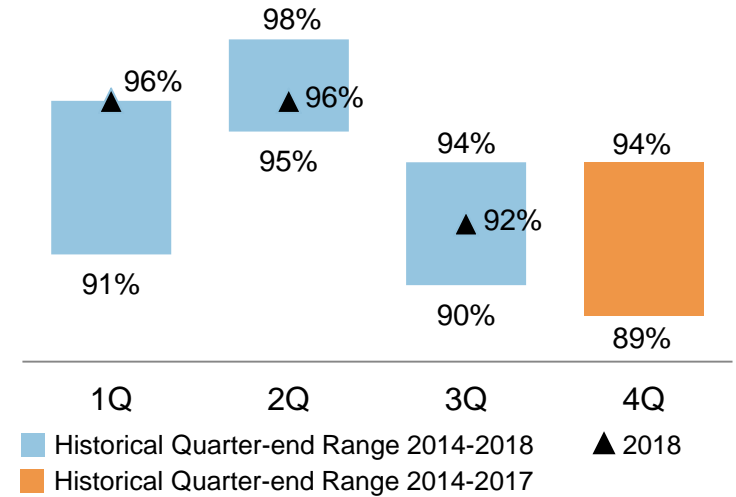
(\$ in billions)

3Q14 – 3Q18
CAGR



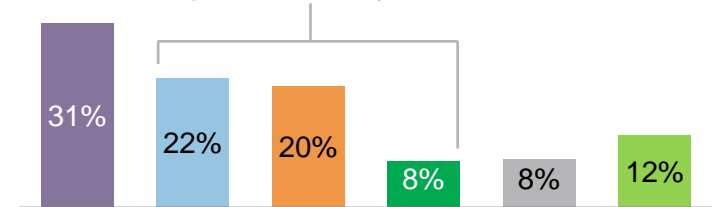
- Time deposits
- Savings
- Money market
- Network transaction dep¹
- Interest-bearing demand
- Noninterest-bearing demand

Quarter-end Loan to Deposit Ratio



Low Cost Deposit Mix²

Checking and Savings represent nearly 50%



¹In periods prior to 3Q 2017, network transaction deposits are primarily in money market and interest-bearing demand categories.

²Percentages based on third quarter 2018 average balances.



NET INTEREST MARGIN WALKFORWARD AND OUTLOOK

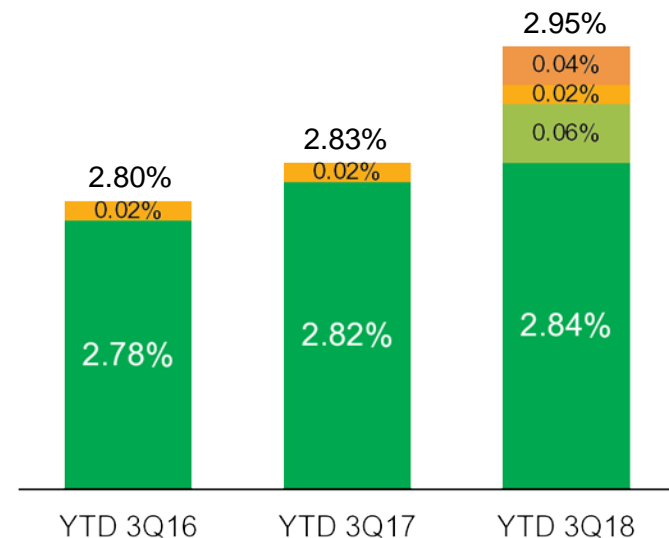
Q2 to Q3 Net Interest Margin Walkforward

2Q 2018 Reported Net Interest Margin	3.02%
- Bank Mutual purchase loan related items	
Prepayments and other adjustments	-0.05%
Purchased loan accretion	-0.01%
- LIBOR - Fed Funds spread narrowing	-0.02%
- Funding and other net changes	~0.02%
3Q 2018 Reported Net Interest Margin	2.92%
FY 2018 NIM Outlook	~2.95%

NIM Outlook

- Poised to benefit from future Fed rate increases
- Accretion expected to moderate over time
- Bank Mutual prepayments generally expected to moderate in the longer term, but may be unpredictable near term
- Full year 2018 net interest margin expected to be approximately 2.95%

Net Interest Margin Detail



- Net interest margin excluding purchased loan accretion, prepayments and interest recoveries
- Scheduled acquisition related purchase loan accretion, net
- Other prepayments and interest recoveries¹
- Unscheduled acquisition prepayments and other adjustments

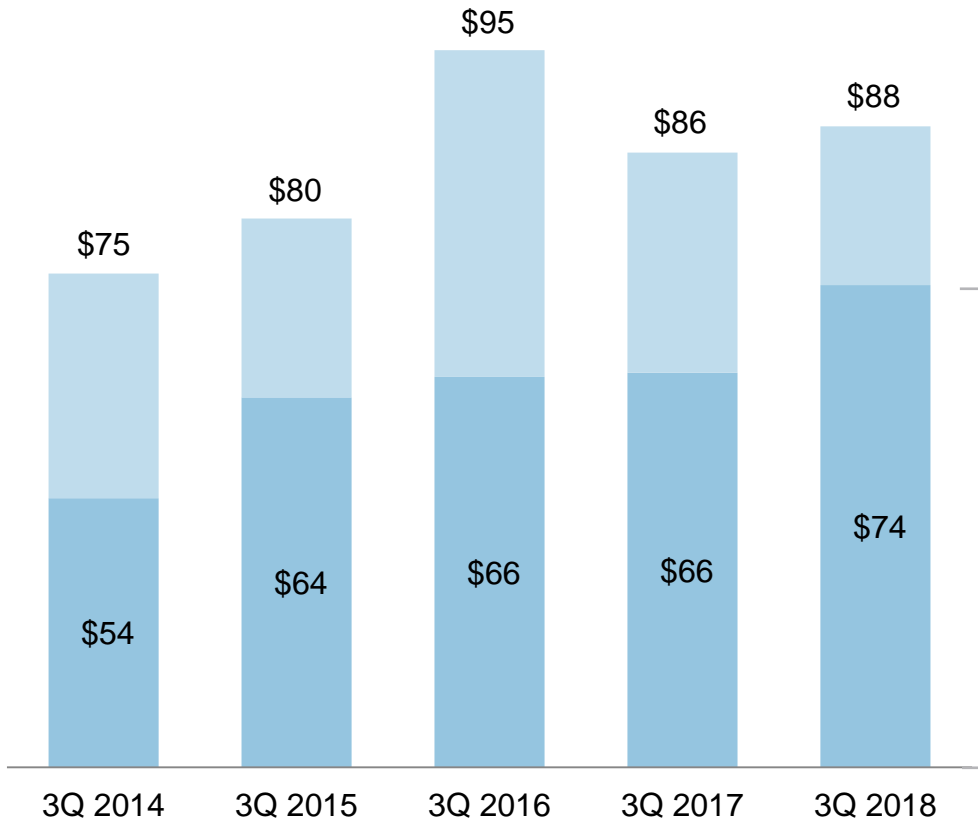
¹Includes recognition of fees and costs upon repayment or refinancing other than Bank Mutual related.



GROWING AND DIVERSIFIED BUSINESS MODEL

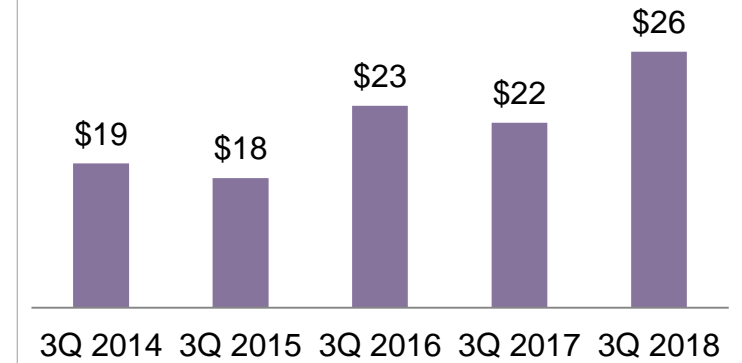
Noninterest Income

(\$ in millions)

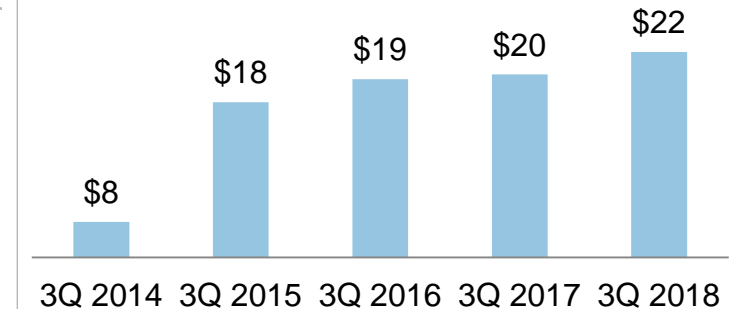


■ Fee-based revenue¹

Robust Capital Markets, Trust and Investments Solutions²



Strong Insurance Commissions Growth Driven by Acquisitions



¹A non-GAAP financial measure, fee-based revenue is the sum of insurance commissions and fees, service charges and deposit account fees, card-based and loan fees, trust and asset management fees, and brokerage commissions and fees. Please refer to the appendix for a reconciliation of fee-based revenue to total noninterest income.

²Capital markets, trust and asset management fees, and brokerage commissions and fees.



OVERALL EXPENSE EFFICIENCY

AUTOMATION AND CONSOLIDATIONS ARE DRIVING BETTER EFFICIENCY OVER TIME

Efficiency Drivers

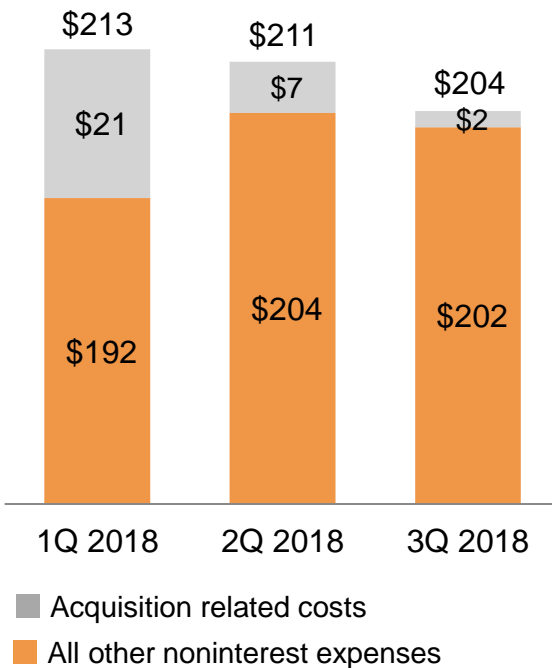
Enhanced Automation

Branch Consolidations

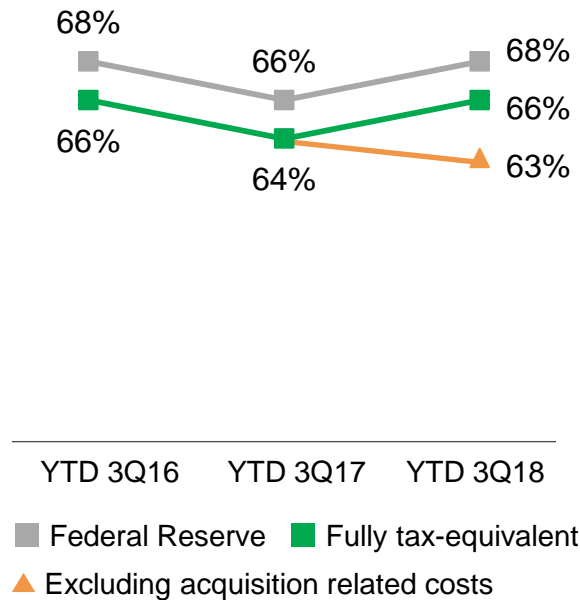
Operational Efficiencies

Noninterest Expense

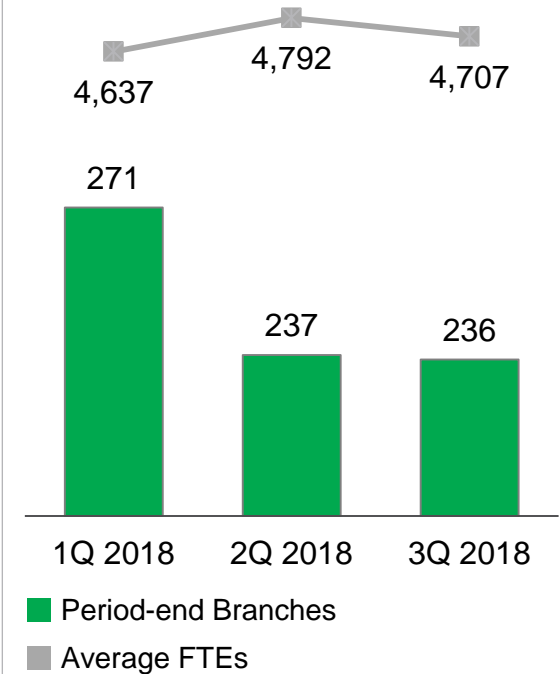
(\$ in millions)



Efficiency Ratio¹



Branches and FTEs



¹The 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, which is a non-GAAP financial measure, 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. Refer to the appendix for a reconciliation of the Federal Reserve efficiency ratio to the fully tax-equivalent efficiency ratio and to the efficiency ratio excluding acquisition related costs.

BANK MUTUAL EXPENSE DETAIL

Integration Completed

Operational wind down completed during the third quarter

Expected Total Acquisition Related Costs ¹ (\$ in millions)	Announced Costs	Recorded			Total Costs
		1Q 2018	2Q 2018	3Q 2018	
Change of control and severance	\$10	\$7	\$(1)	\$1	\$7
Merger advisors and consultants	\$10	\$4	\$0	\$1	\$5
Facilities and other	\$10	\$5	\$2	\$1	\$8
Contract terminations and conversion costs	\$10	\$5	\$6	\$0	\$11
Asset losses (gains), net	\$0	\$0	\$1	\$1	\$2
Total	\$40	\$21	\$8	\$3	\$32

4Q 2018 Expected Noninterest Expense

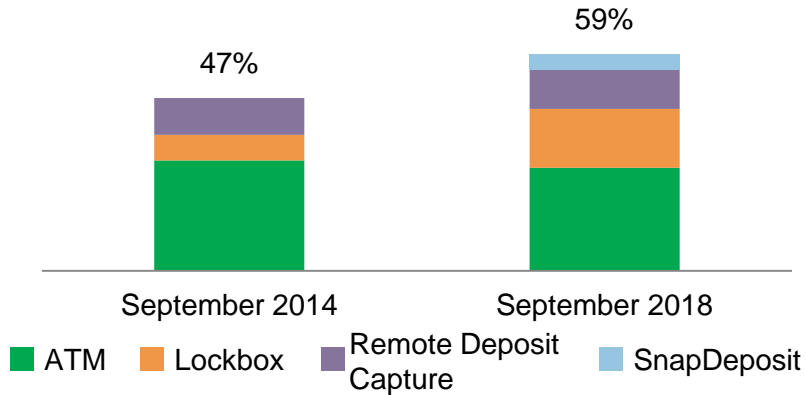
3Q 2018 noninterest expense	\$204 million
3Q acquisition related costs	(\$2 million)
3Q non-acquisition severance costs	(\$1 million)
4Q expected run-rate expense savings	(\$3 million - \$5 million)
4Q 2018 expected noninterest expense	\$196 million - \$198 million

¹May not sum to totals due to rounding.

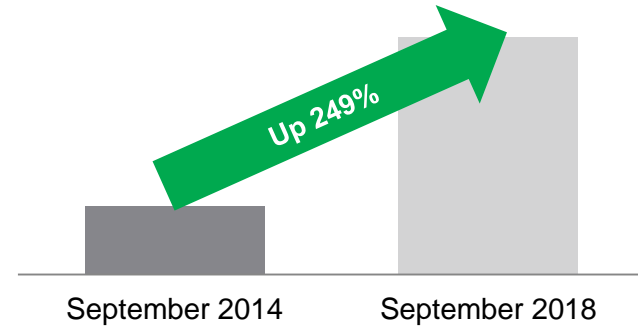


EVOLVING DELIVERY MODEL

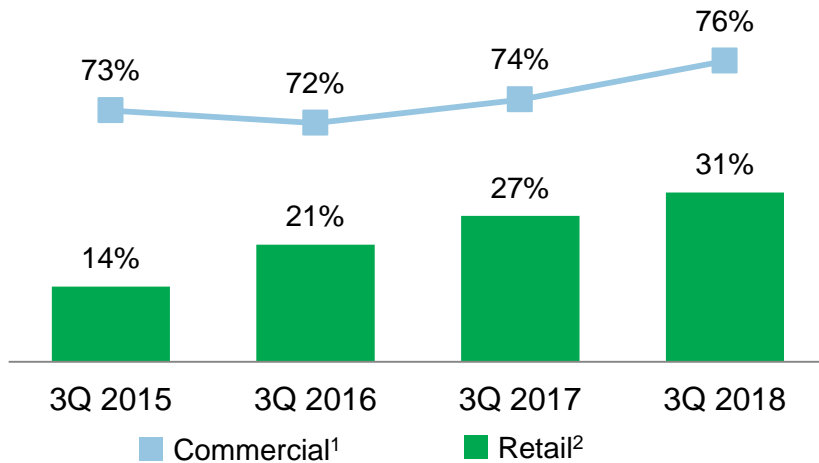
Deposits by Digital & Remote Channels Increasing



ATM Deposits Increasing



Non-branch Deposits / Total Deposits Increasing



Recent and Planned Upgrades



Online banking platform

✓ **Completed 1Q 2018**

Mobile banking platform

✓ **Completed 1Q 2018**

Commercial deposit platform

□ **Initial rollout 4Q 2018**



¹Remote deposit capture and lockbox products introduced in July 2014 ÷ total commercial deposits.

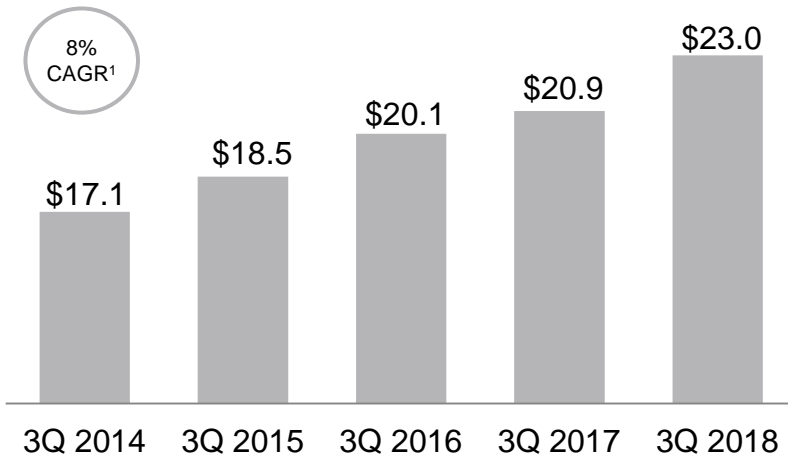
²ATM and mobile deposits ÷ total retail deposits.



CAPITAL PRIORITIES

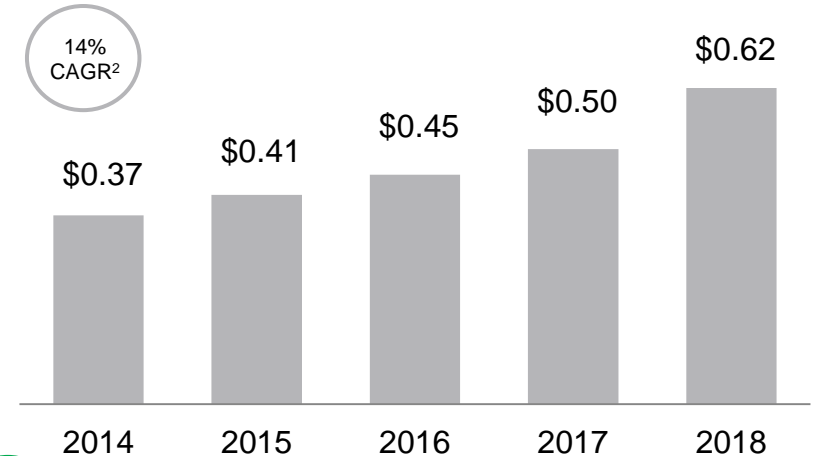
1 Funding Organic Growth

Quarterly Average Loans; (\$ in billions)






2 Paying a Competitive Dividend

Full Year Declared Dividends

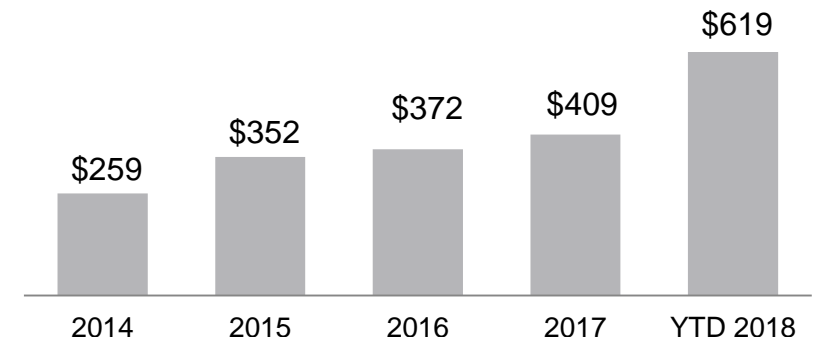


3 Non-Organic Growth Opportunities

 Completed June 2018	 Completed Feb. 2018
 Completed March 2018	 Completed Oct. 2017

4 Share Repurchases

Cumulative Common Share Repurchases³
(\$ in millions)



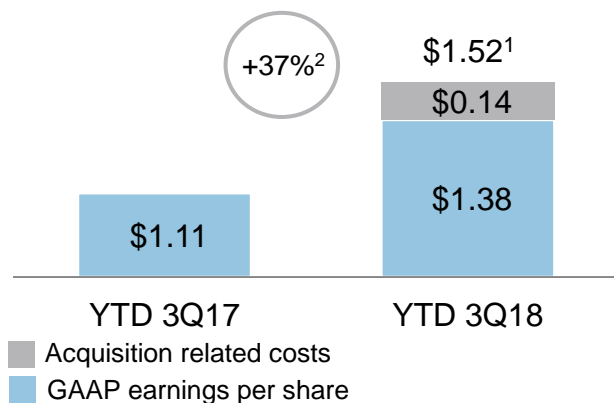
¹Growth from 3Q 2014 to 3Q 2018.

²Growth from 2014 to 2018.

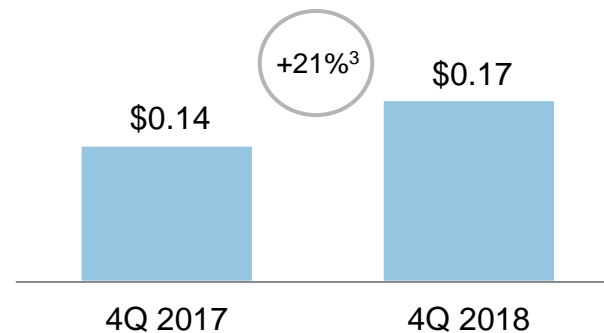
³Since January 1, 2014. YTD 2018 figure is through 10/31/18.

EXPANDING BOTTOM LINE

Per Share Data

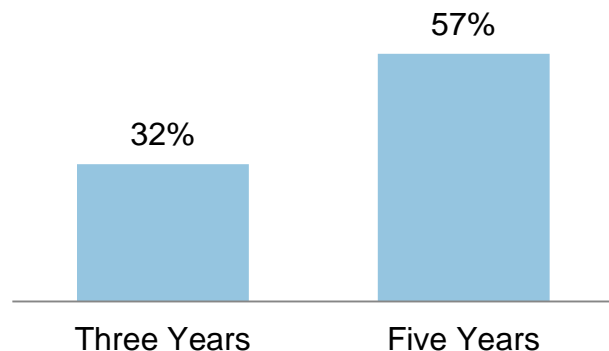


Dividends Declared

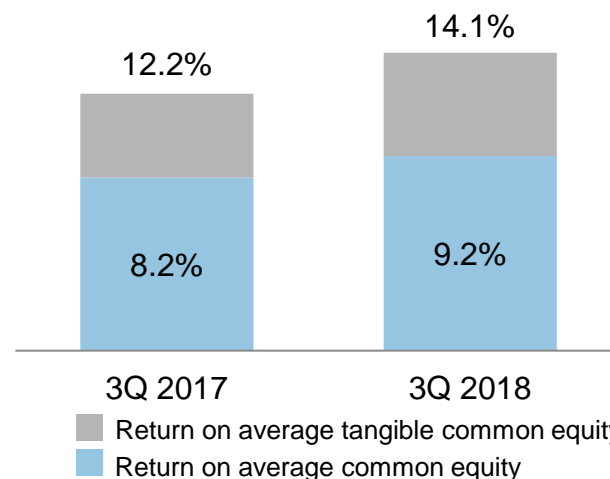


Total Shareholder Return⁴

As of October 19, 2018



Return on Average Common Equity



¹Earnings per share, excluding acquisition related costs is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP measures.

²Growth in earnings per share, excluding acquisition related costs from 3Q17 YTD to 3Q18 YTD.

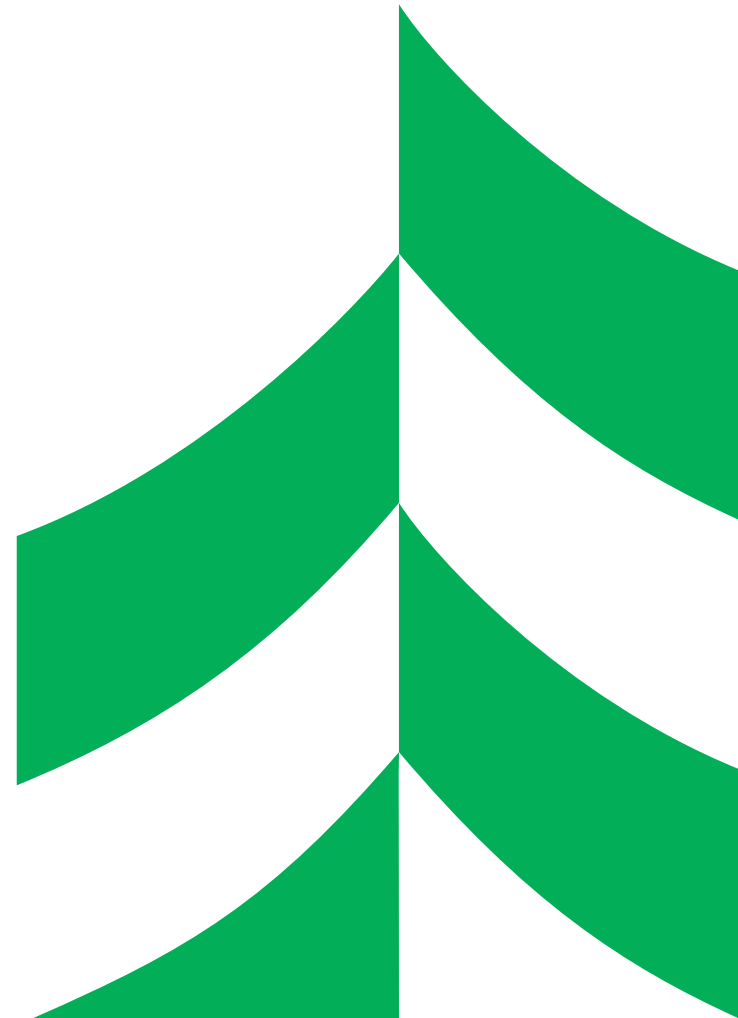
³Growth in declared dividends from 4Q 2017 to 4Q 2018.

⁴Source: Bloomberg Total Return Analysis with dividends reinvested.

⁵Return on average tangible common equity is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP measures.



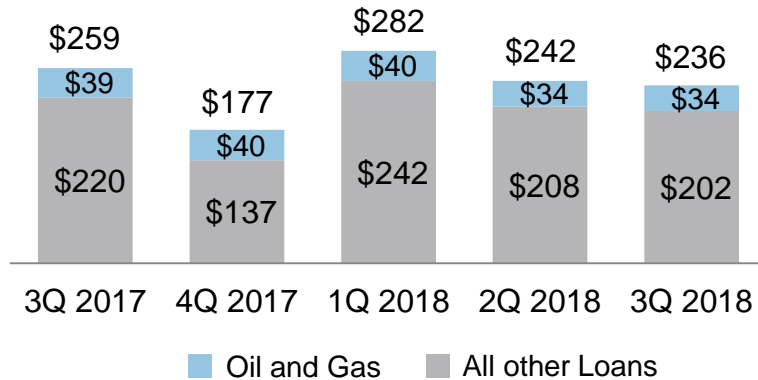
APPENDIX



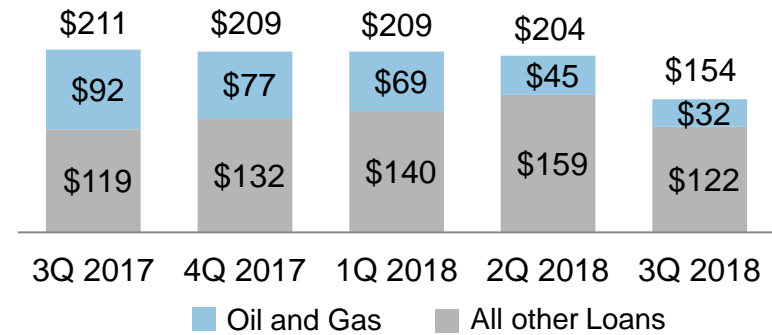
CREDIT QUALITY – QUARTERLY TRENDS

(\$ IN MILLIONS)

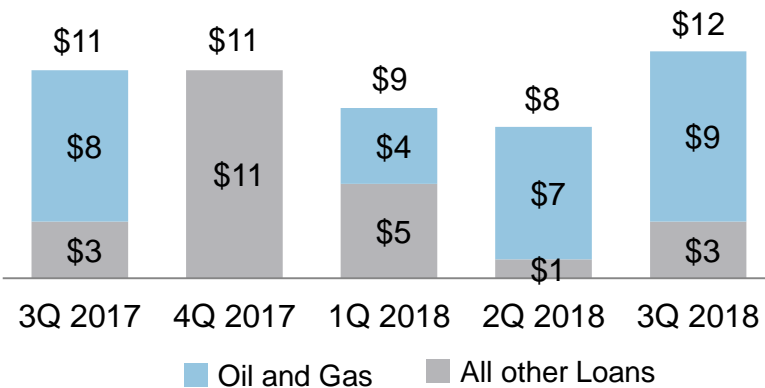
Potential Problem Loans



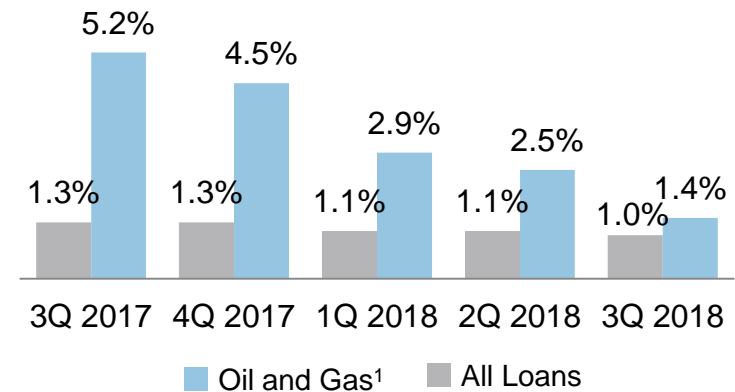
Nonaccrual Loans



Net Charge Offs (Recoveries)



Allowance for Loan Losses / Loans



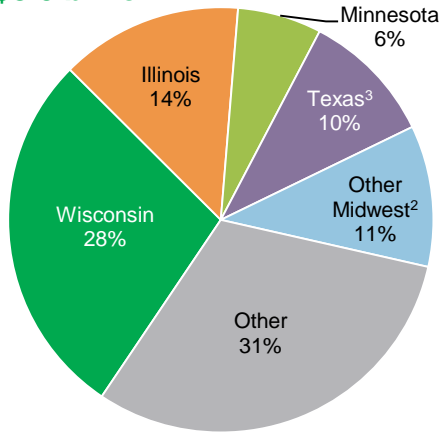
¹Allowance for oil and gas loan losses ÷ oil and gas loans.



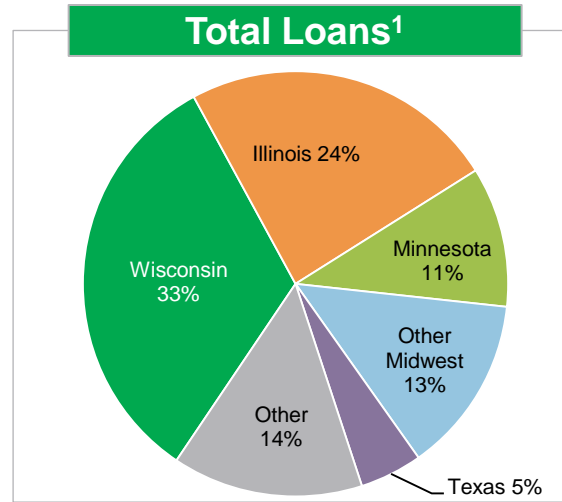
LOANS STRATIFICATION

OUTSTANDINGS AS OF SEPTEMBER 30, 2018

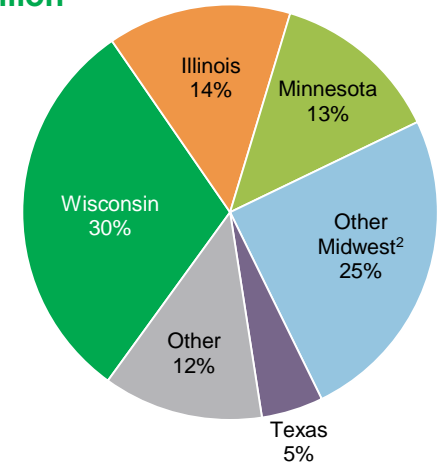
C&BL by Geography
\$8.0 billion



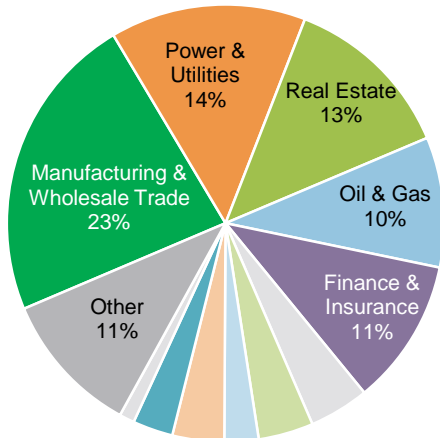
Total Loans¹



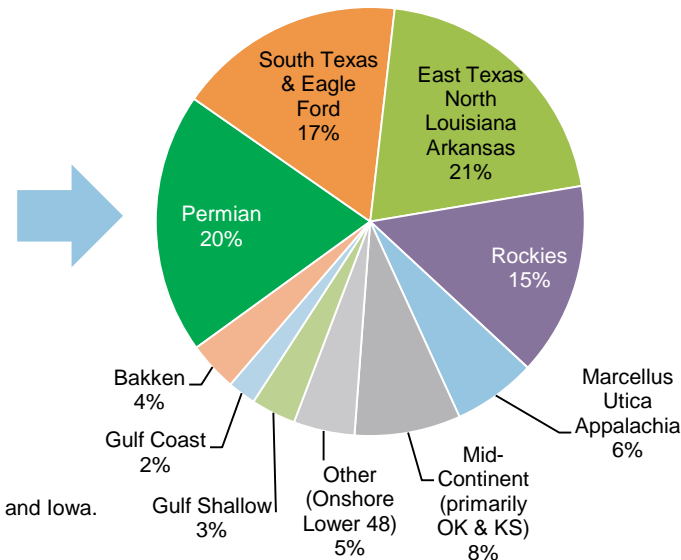
CRE by Geography
\$5.3 billion



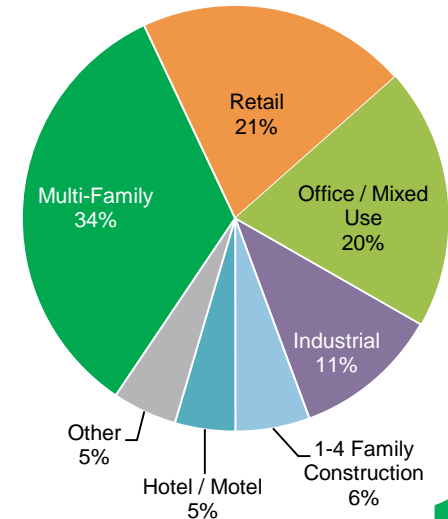
C&BL by Industry
\$8.0 billion



Oil and Gas Lending⁴
\$731 million



CRE by Property Type
\$5.3 billion



¹Excludes \$0.4 billion Other consumer portfolio.

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

³Principally reflects the oil and gas portfolio.

⁴Chart based on commitments of ~\$1.0 billion.

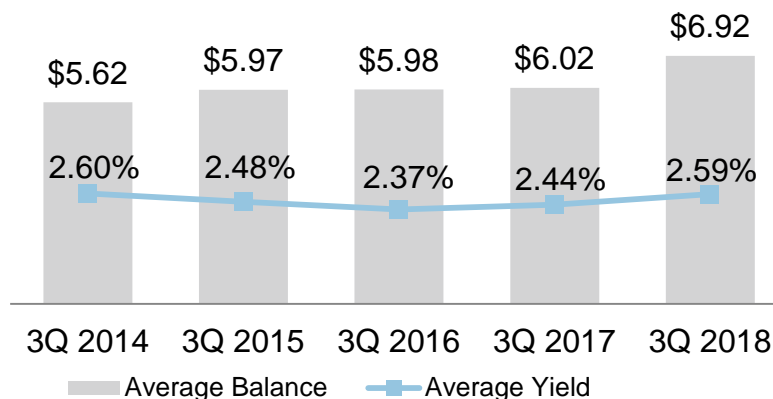
HIGH QUALITY SECURITIES

(\$ IN BILLIONS)

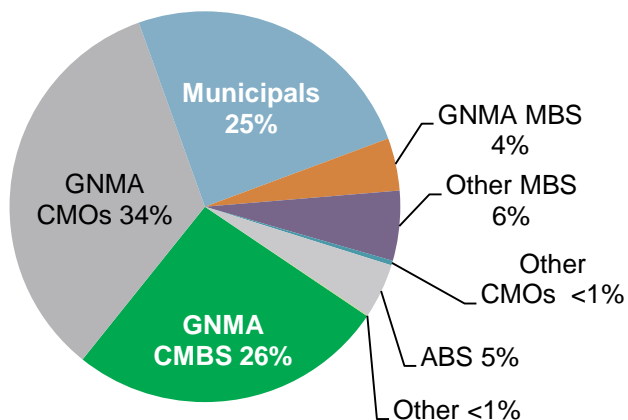
Portfolio Detail as of September 30, 2018

Investment Type	Amortized Cost	Fair Value	Duration (Yrs)
GNMA CMBS	\$1.82	\$1.75	2.88
GNMA MBS & CMOs	2.63	2.53	4.34
Agency & Other MBS & CMOs	0.42	0.41	3.00
Municipals	1.68	1.65	6.76
FFELP ABS	0.30	0.30	0.17
Other ¹	0.01	0.01	1.76
Strategic Portfolio	\$6.85	\$6.65	4.27
Membership Stock	0.22	0.22	
Total Portfolio	\$7.07	\$6.87	

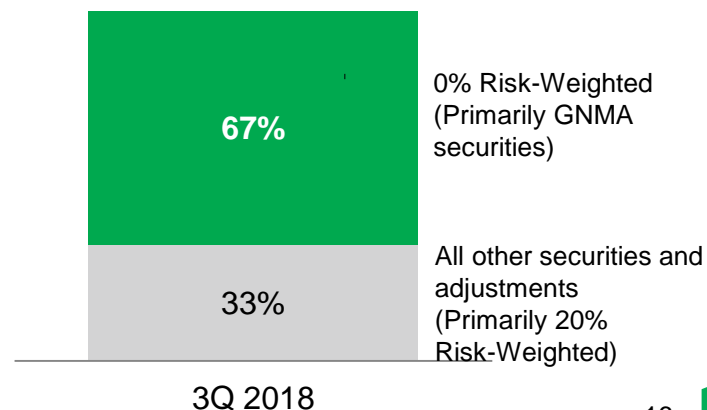
Strategic Portfolio Average Balance and Yield Trends



Strategic Portfolio Fair Value Composition

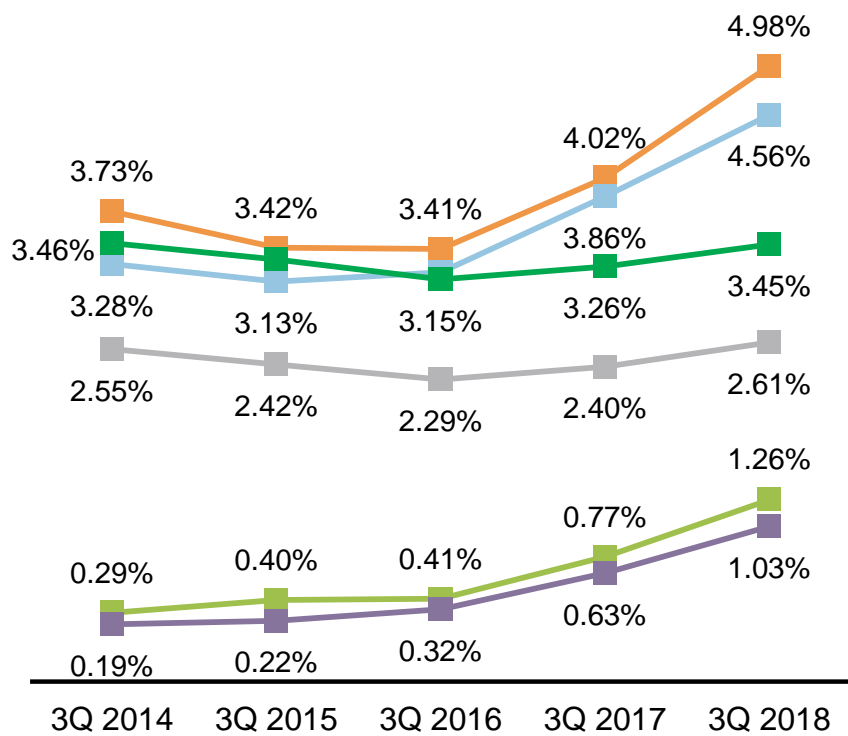


Portfolio Risk Weighting Profile

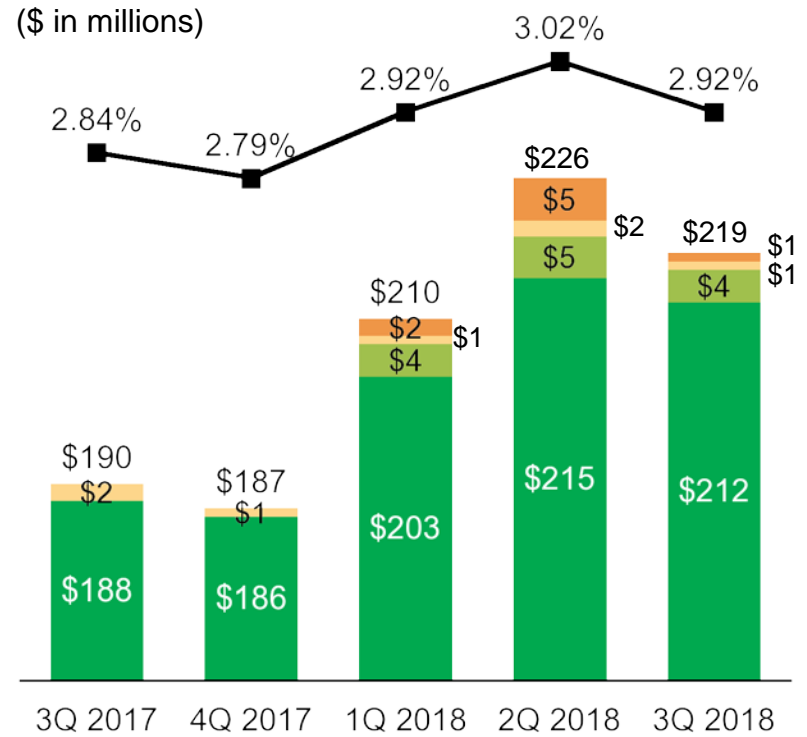


¹Includes Corporate, Treasury, and all other.

NET INTEREST INCOME AND MARGIN - QUARTERLY TRENDS



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



- Net interest margin
- Bank Mutual prepayments and other adjustments
- Other prepayments and interest recoveries¹
- Bank Mutual acquisition related purchase loan accretion, net
- Net interest income net of purchased loan accretion, prepayments and interest recoveries

¹Includes recognition of fees and costs upon repayment or refinancing other than Bank Mutual related.

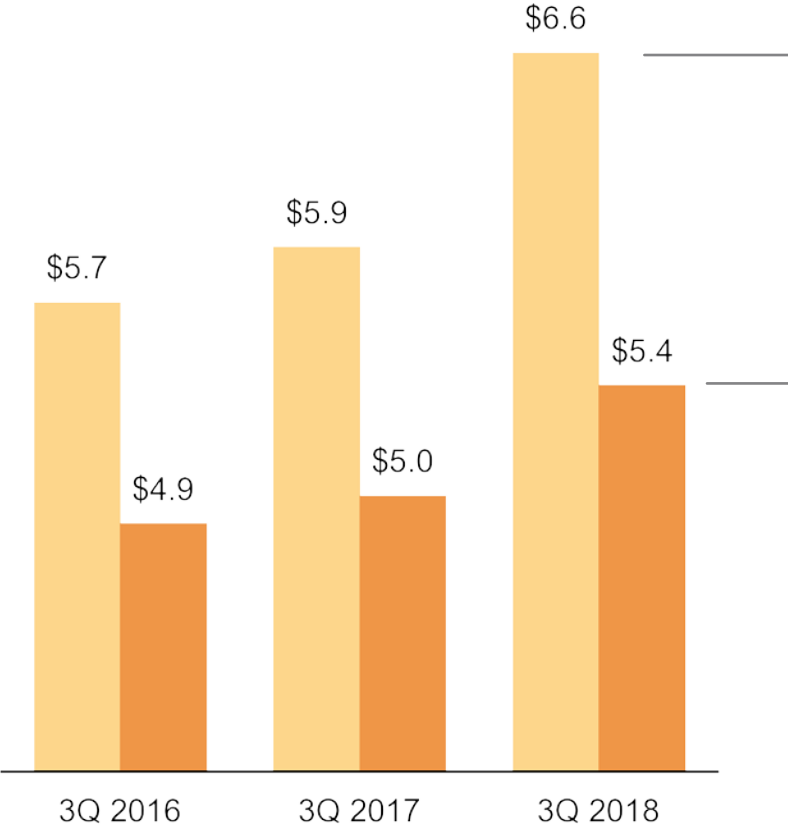


CRE TRENDS

Total CRE Commitments and Outstanding Balances

(\$ in billions)

Total commitments have increased...

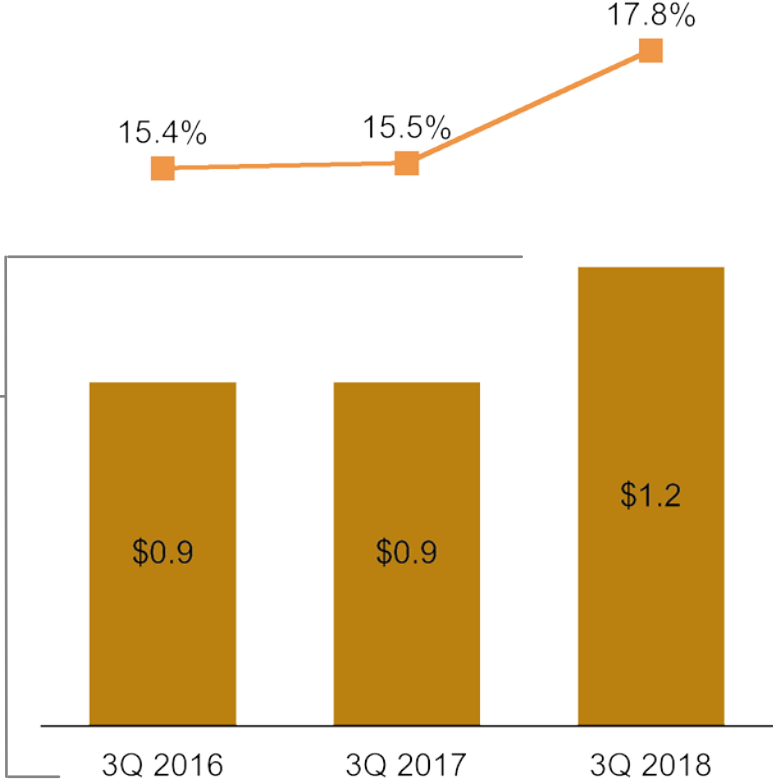


- CRE average total outstanding balance
- CRE average total commitments

CRE Unfunded Commitments

(\$ in billions)

...but unfunded commitments have become a larger percentage of total commitments



- CRE avg unfunded commitments / avg total commitments
- CRE avg unfunded commitments



RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

Efficiency Ratio	YTD 3Q16	YTD 3Q17	YTD 3Q18
Federal Reserve efficiency ratio	67.51%	65.64%	67.50%
Fully tax-equivalent adjustment	(1.32)	(1.27)	(0.69)
Other intangible amortization	(0.20)	(0.18)	(0.64)
Fully tax-equivalent efficiency ratio	65.99%	64.19%	66.18%
Acquisition related costs adjustment	—%	—%	(3.33)%
Fully tax-equivalent efficiency ratio, excluding acquisition related costs	65.99%	64.19%	62.85%

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, which is a non-GAAP financial measure, 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.

Fee-based Revenue (\$ millions)	3Q 2014	3Q 2015	3Q 2016	3Q 2017	3Q 2018
Insurance commissions and fees	\$8	\$18	\$19	\$20	\$22
Service charges and deposit account fees	18	17	18	16	17
Card-based and loan fees	12	13	13	13	14
Trust and asset management fees	12	12	12	13	14
Brokerage commissions and fees	4	4	4	4	7
Fee-based revenue	\$54	\$64	\$66	\$66	\$74
Other	20	16	29	20	14
Total noninterest income	\$75	\$80	\$95	\$86	\$88



RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

Average Tangible Common Equity Reconciliation (\$ in millions)	3Q 2017	3Q 2018
Average common equity	\$3,025	\$3,589
Average goodwill and other intangible assets, net	(986)	(1,246)
Average tangible common equity	2,039	2,343

Acquisition Related Costs (\$ in millions, except per share data)	YTD 2018	YTD 2018 per share data ²	3Q 2018	3Q 2018 per share data ²	2Q 2018	2Q 2018 per share data ²	1Q 2018	1Q 2018 per share data ²
GAAP earnings	\$238	\$1.38	\$84	\$0.48	\$87	\$0.50	\$67	\$0.40
Change of control and severance	7		1		(1)		7	
Merger advisors and consultants	5		1		—		4	
Facilities and other	8		1		2		5	
Contract terminations and conversion costs	11		—		6		5	
Asset losses (gains), net	\$2		\$1		\$1		\$—	
Total acquisition related costs	\$32		\$3		\$8		\$21	
Less: Additional tax expense	\$8		\$1		\$2		\$5	
Earnings, excluding acquisition related costs ¹	\$262	\$1.52	\$87	\$0.49	\$93	\$0.53	\$83	\$0.50

¹This 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.

²Earnings and per share data presented after tax.

