



Associated Bank

FOURTH QUARTER 2015 EARNINGS PRESENTATION

JANUARY 21, 2016



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.

2015 HIGHLIGHTS

Solid Earnings with Record Loans and Deposits

Balance Sheet

- Average loans of \$18.3 billion were up \$1.4 billion, or 8% from 2014
 - Average commercial loans grew \$772 million, up 7% from last year
 - Average consumer loans grew \$642 million, up 10% from last year
- Average deposits of \$19.9 billion were up \$2.3 billion, or 13% from last year

Net Interest Income & Net Interest Margin

- Net interest income of \$676 million was down \$5 million, or 1% from 2014
- Net interest margin of 2.84% compared to 3.08% last year

Noninterest Income & Noninterest Expense

- Noninterest income of \$328 million increased \$38 million, or 13% from 2014
 - Core fee-based revenue increased \$29 million from last year
 - Mortgage banking increased \$11 million from last year
- Noninterest expense of \$697 million was up \$18 million, or 3% from 2014
 - Personnel expense increased \$14 million due to the insurance business acquisition

Net Income & ROCE T1

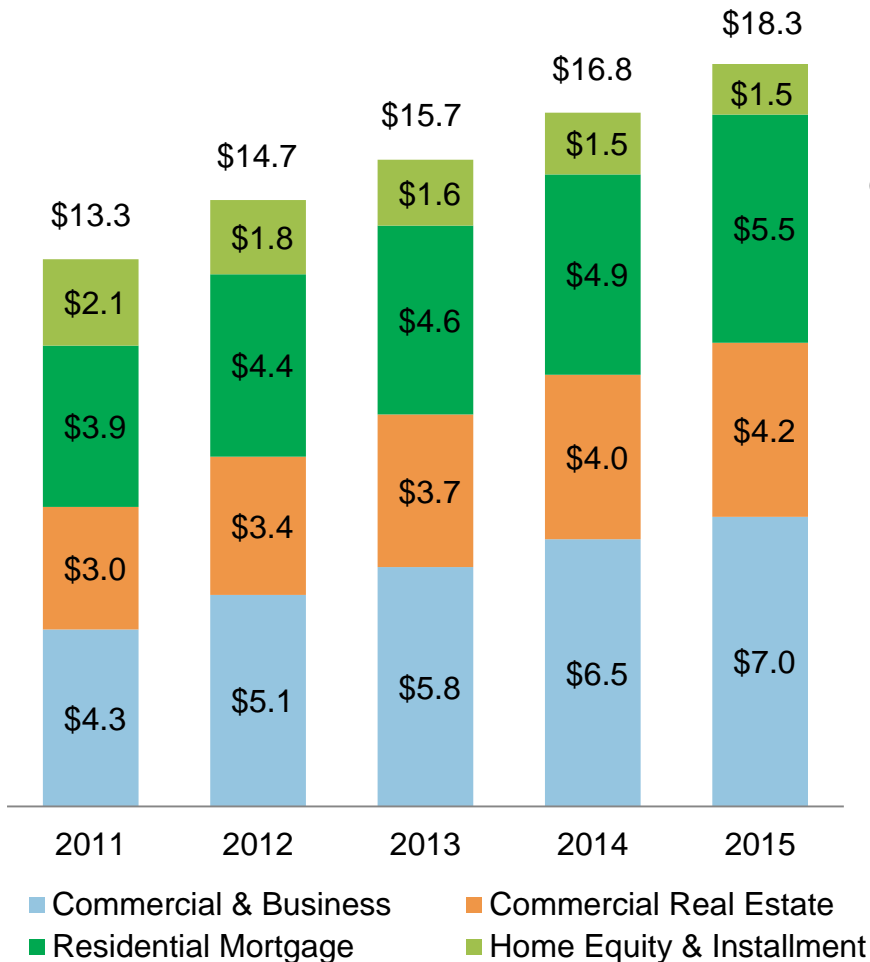
- Net income available to common shareholders of \$181 million, or \$1.19 per share
- Return on average common equity Tier 1 of 9.9%

Capital

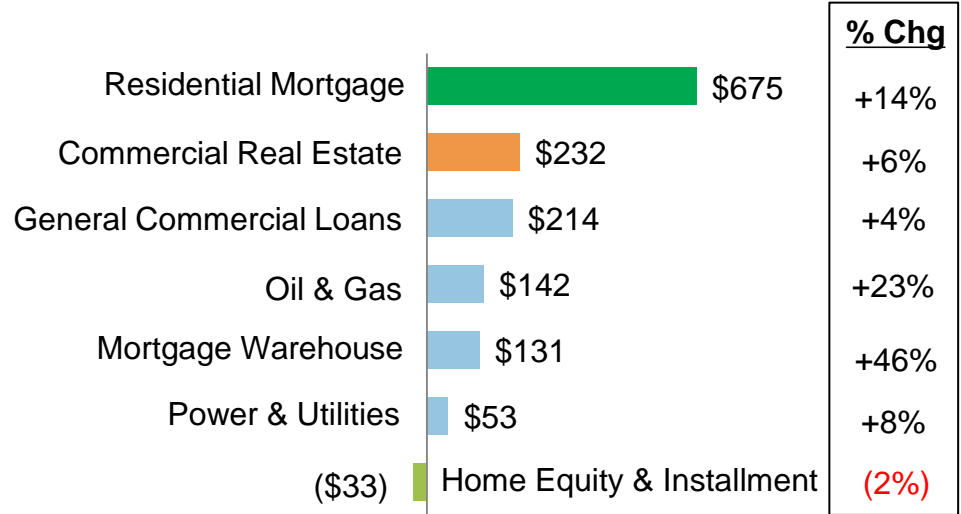
- 2015 Dividends of \$0.41 / common share, up 11% from 2014
- Capital ratios remain strong with a common equity Tier 1 ratio of 9.5% at year end

LOAN PORTFOLIO – ANNUAL TRENDS

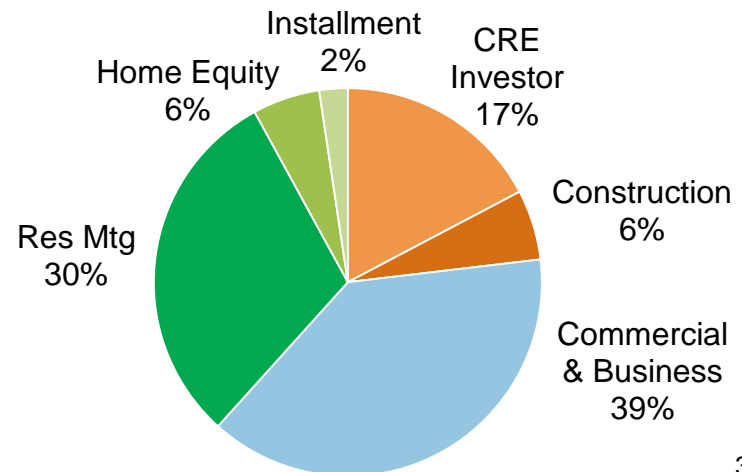
Average Annual Loans (\$ in billions)



2015 Average Net Loan Change (from 2014)

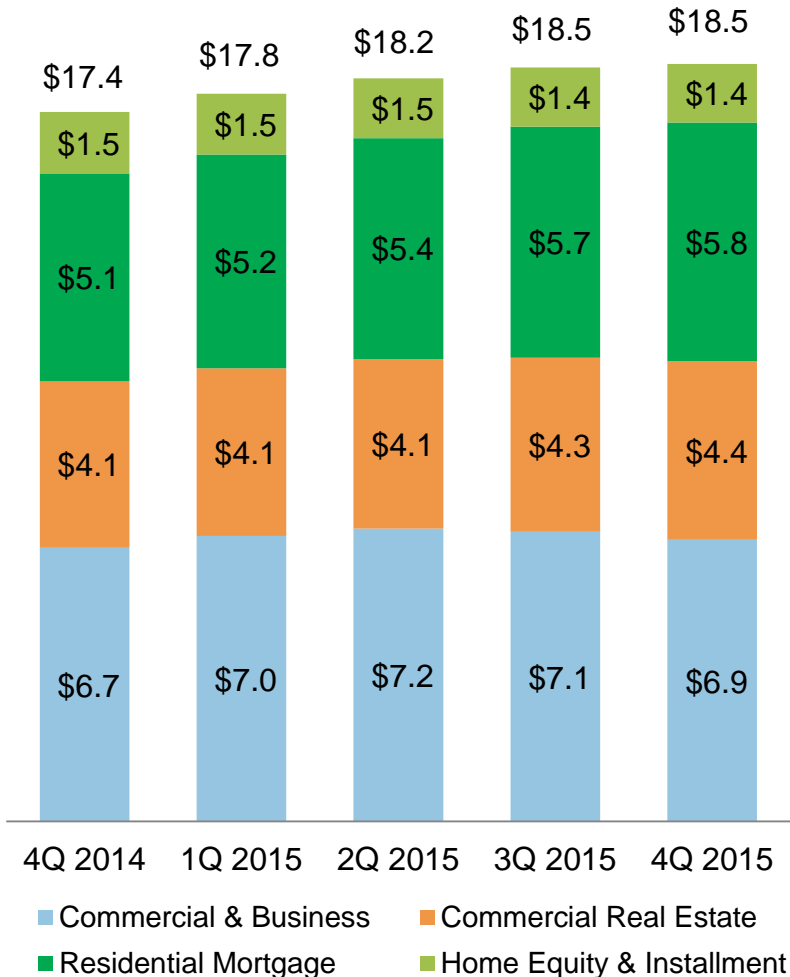


Loan Mix – 2015 Annual (Average)

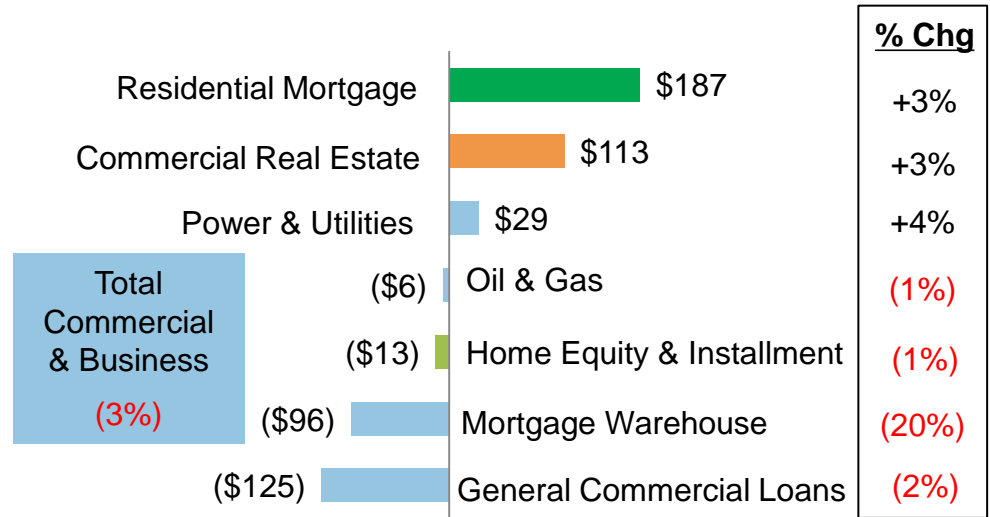


LOAN PORTFOLIO – QUARTERLY TRENDS

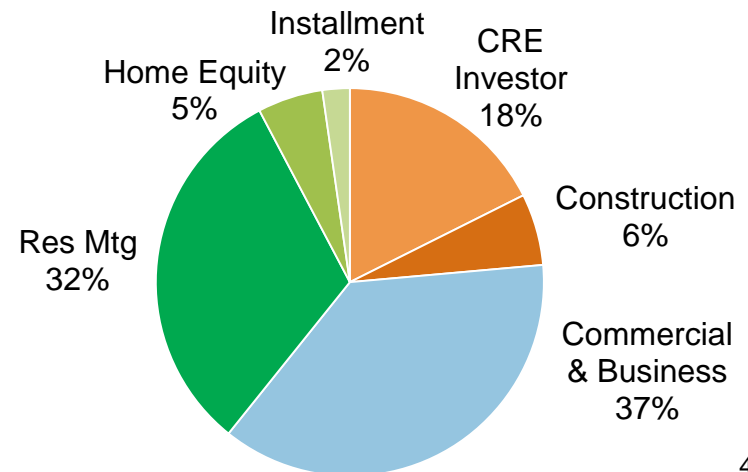
Average Quarterly Loans (\$ in billions)



4Q 2015 Average Net Loan Change (from 3Q 2015)



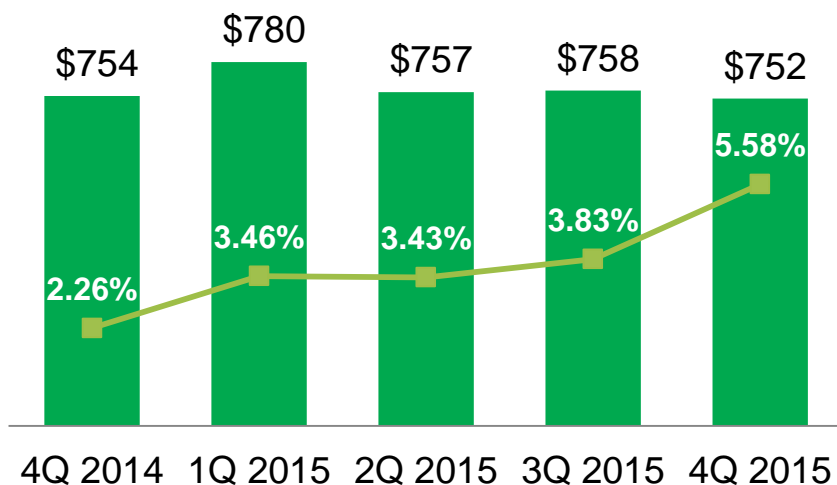
Loan Mix – 4Q 2015 (Average)



OIL AND GAS LENDING UPDATE

Portfolio	Mix	Underwriting
<ul style="list-style-type: none"> ~\$1 billion in exposure 4% of total loans Approximately 50 credits ~40% of exposure is private-equity sponsored 	<ul style="list-style-type: none"> Exclusively focused on the upstream sector Exposure is approximately 65% oil and 35% gas¹ 	<ul style="list-style-type: none"> 100% of loans are reserve secured ~96% of exposure is in shared national credits

■ Period End Oil & Gas Loans —■ Related Reserves %
 (\$ in millions)



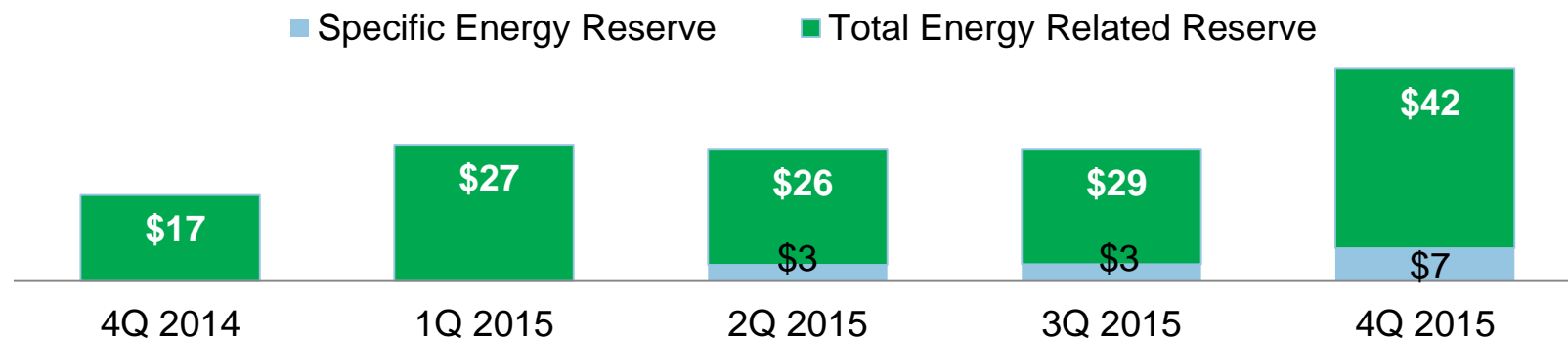
- Borrowing base redeterminations are performed at least twice per year
 - Based on detailed engineering reports and discounted cash flow forecast analysis
- We proactively risk grade and reserve accordingly against our loan portfolio
- Lower market pricing has led to downward rating migration within the portfolio
- Increased reserves to \$42 million at year end

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

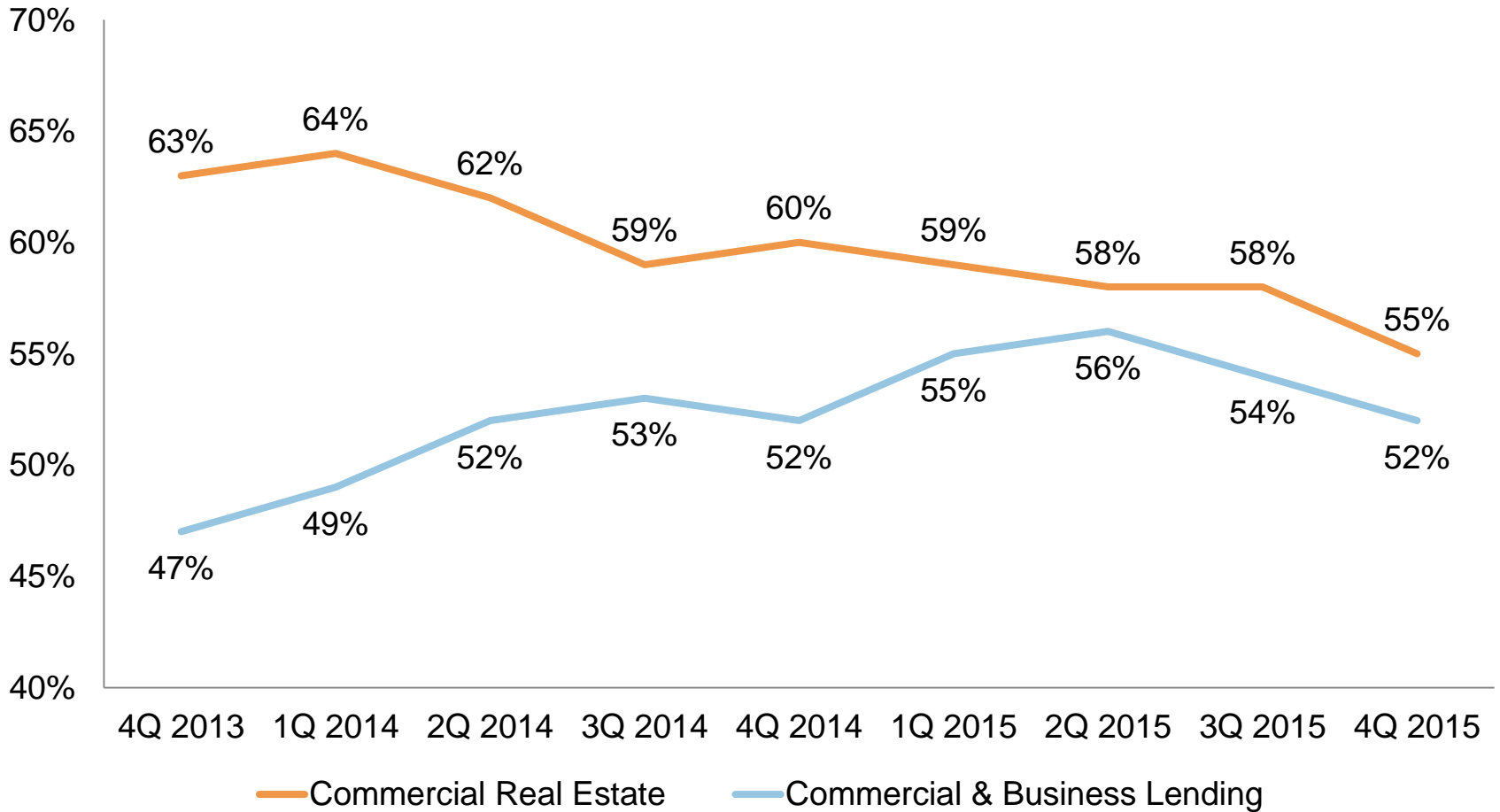
OIL AND GAS CREDIT PROFILE

<i>Oil and Gas Loans Outstanding, \$ millions</i>	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Pass	\$725	\$706	\$658	\$587	\$522
Criticized / Classified	29	74	88	158	210
Nonaccrual	-	-	11	13	20
Total Oil and Gas Loans	\$754	\$780	\$757	\$758	\$752

<i>Potential Problem Loans \$ millions</i>	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Oil and Gas	\$0	\$39	\$60	\$84	\$124
Other Commercial and Industrial	109	99	66	108	107
Total Commercial and Industrial	\$109	\$138	\$126	\$192	\$231
Oil & Gas %	0%	28%	48%	44%	54%

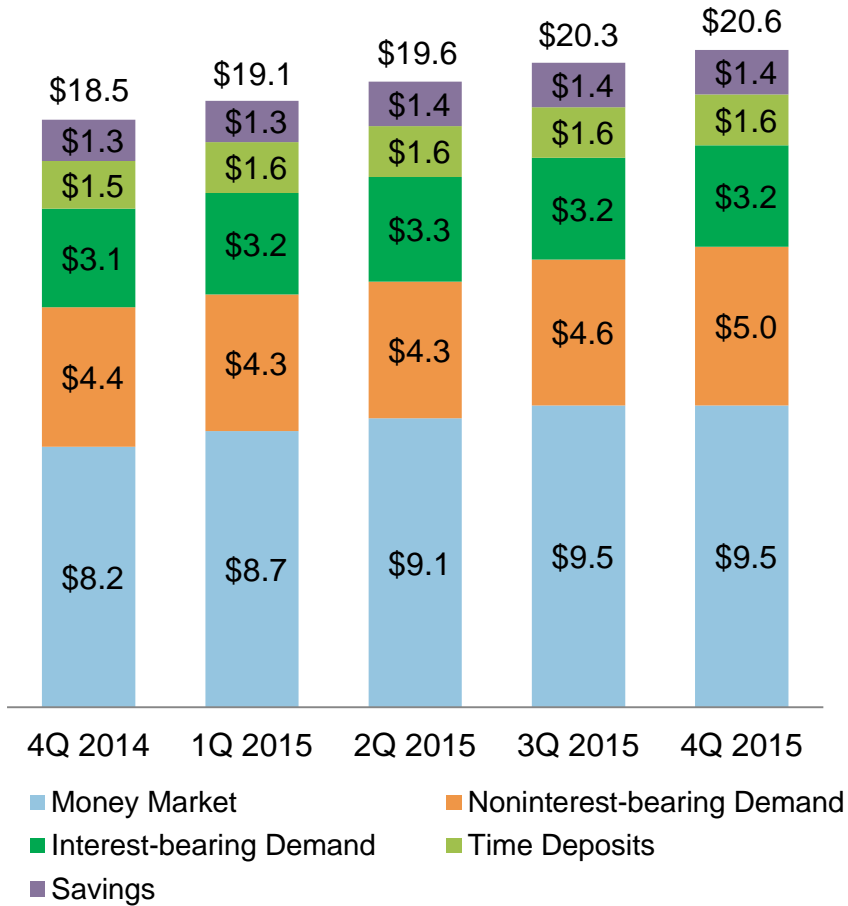


COMMERCIAL LINE UTILIZATION TRENDS

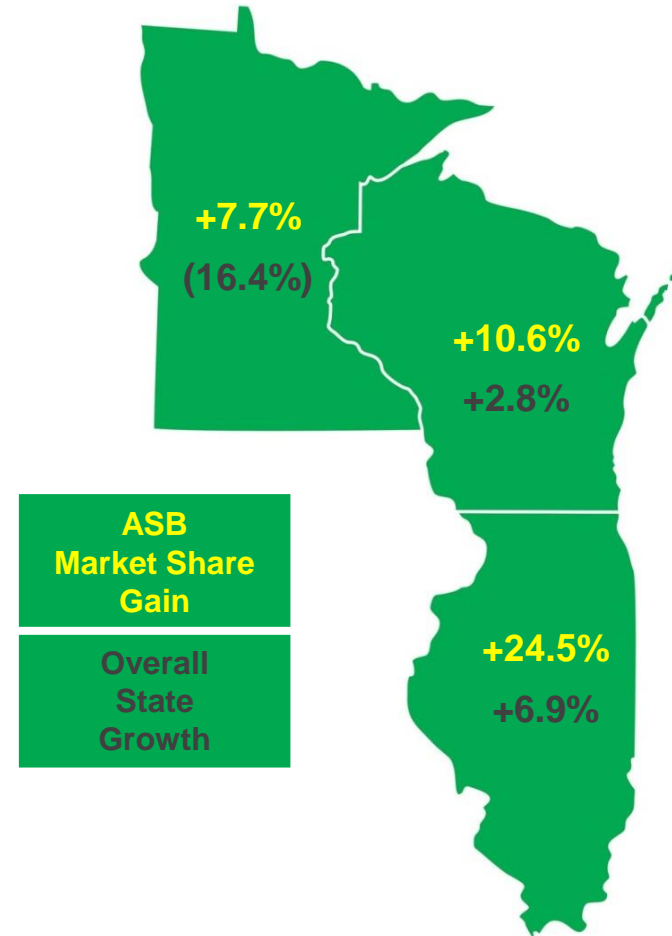


DEPOSIT PORTFOLIO

Average Quarterly Deposits (\$ in billions)



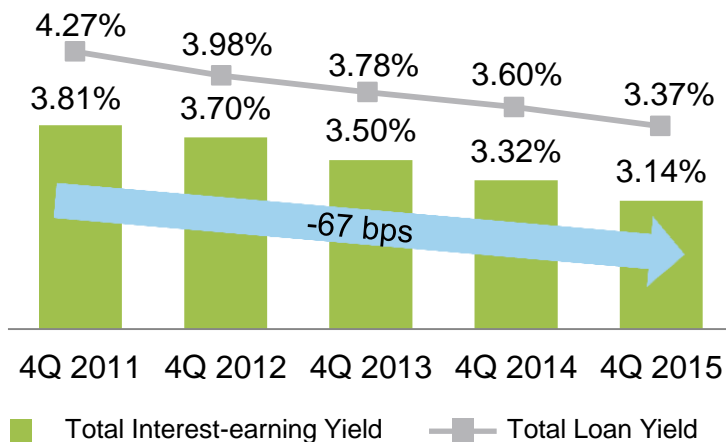
Year over Year Deposit Growth¹



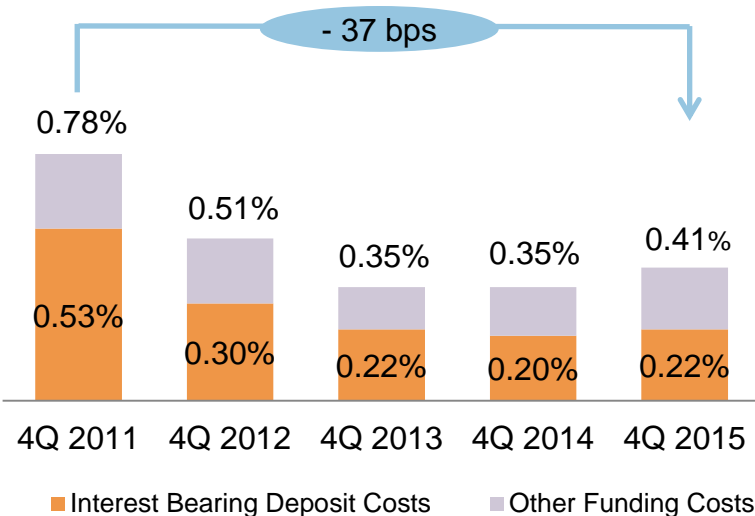
¹ – FDIC 2015 U.S Bank Branch Summary of Deposits; growth rates from June 30, 2014 to June 30, 2015

NET INTEREST INCOME AND MARGIN TRENDS

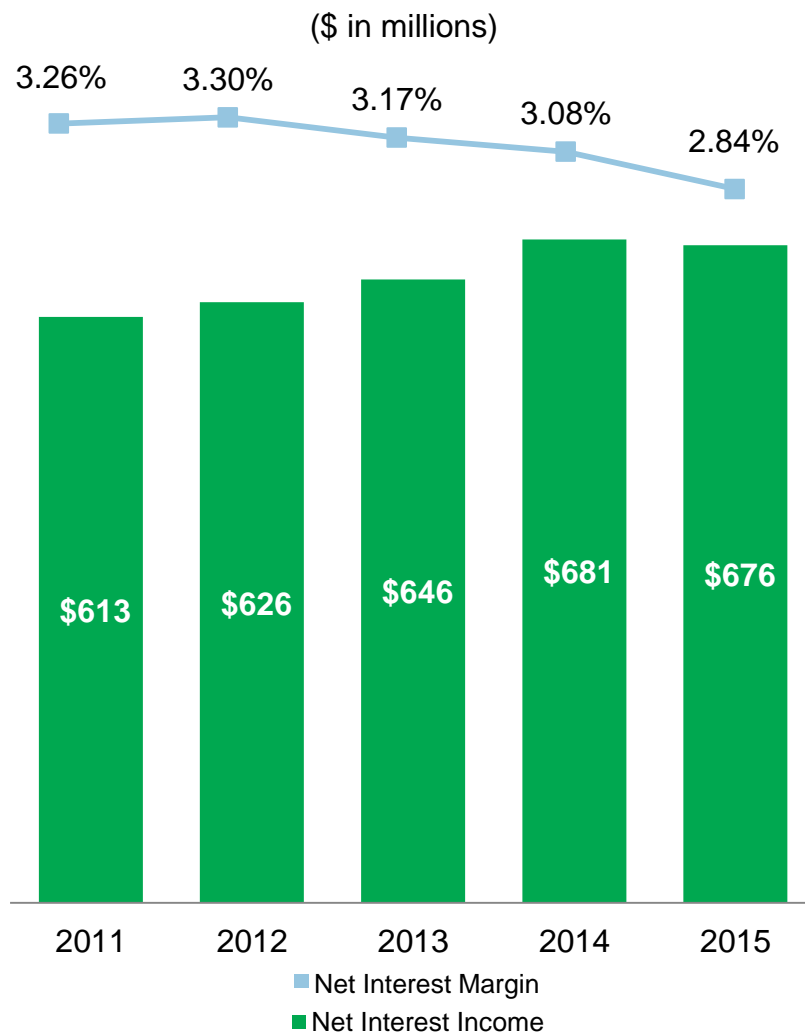
Yield on Interest-earning Assets



Cost of Interest-bearing Liabilities

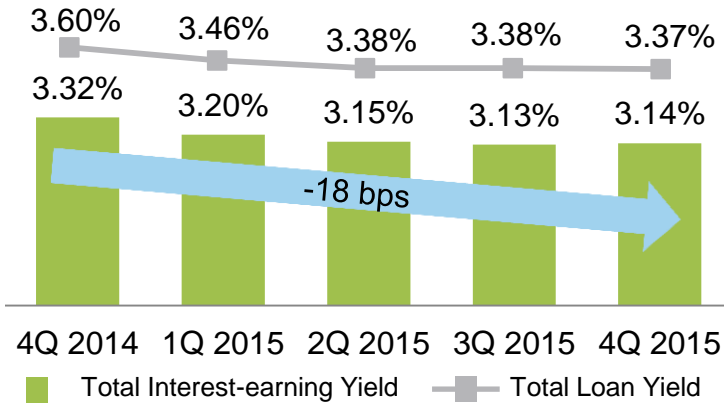


Net Interest Income & Net Interest Margin

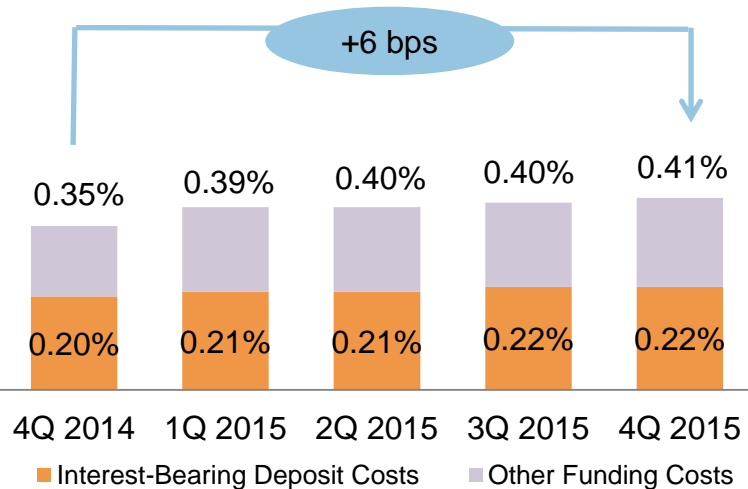


NET INTEREST INCOME AND MARGIN QUARTERLY TRENDS

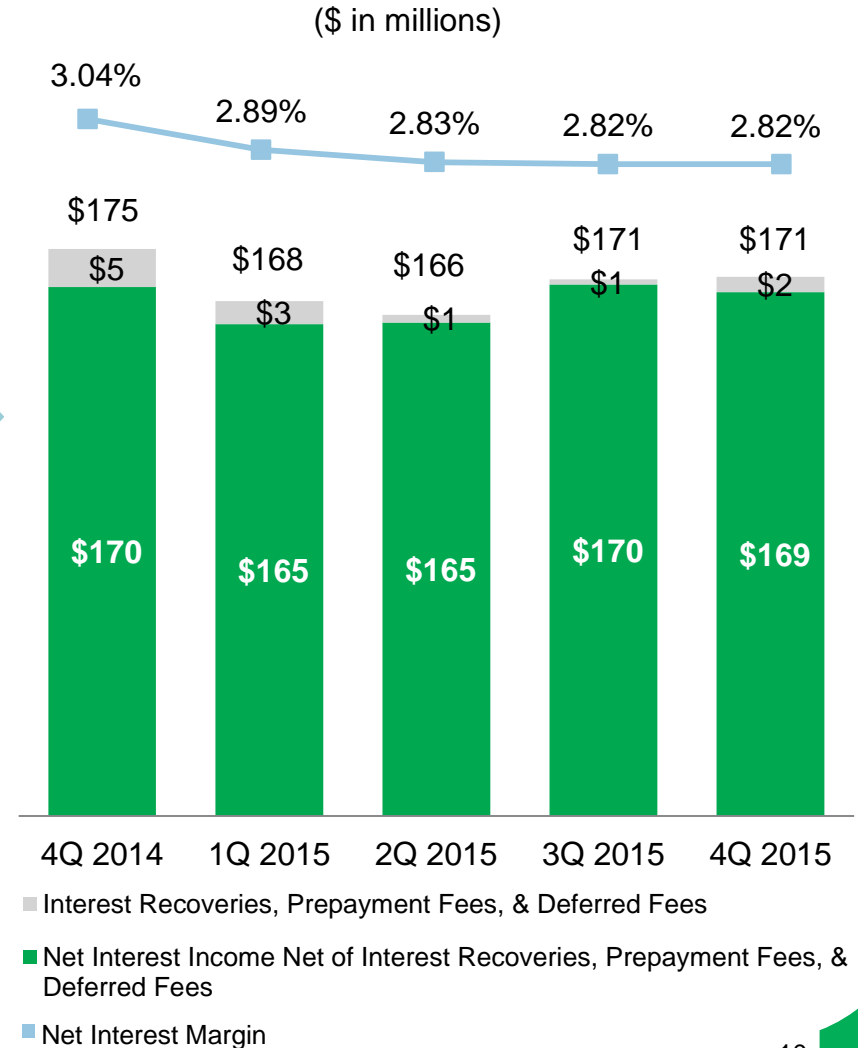
Yield on Interest-earning Assets



Cost of Interest-bearing Liabilities

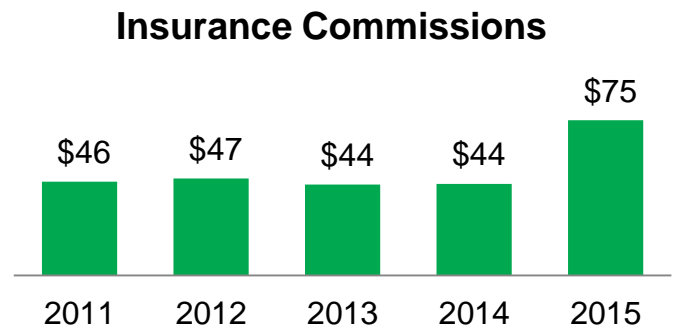
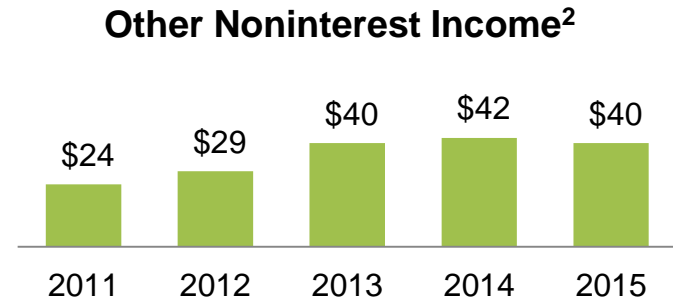
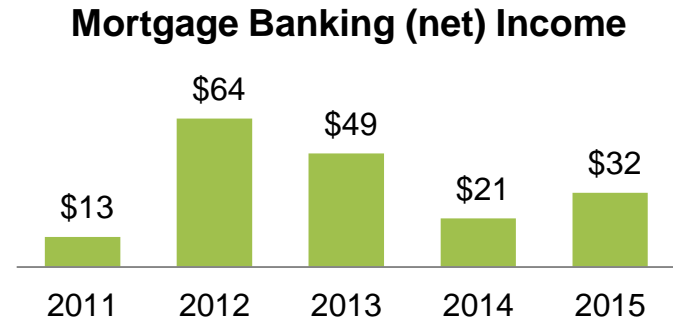
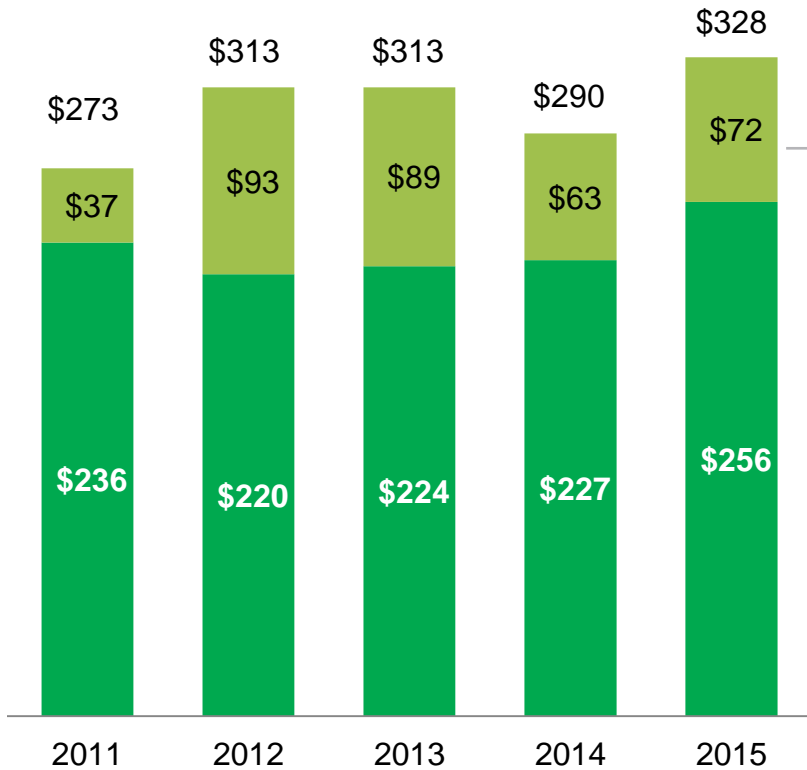


Net Interest Income & Net Interest Margin



NONINTEREST INCOME – ANNUAL TRENDS

(\$ IN MILLIONS)



- Mortgage Banking (net) and Other Noninterest Income
- Core Fee-based Revenue¹

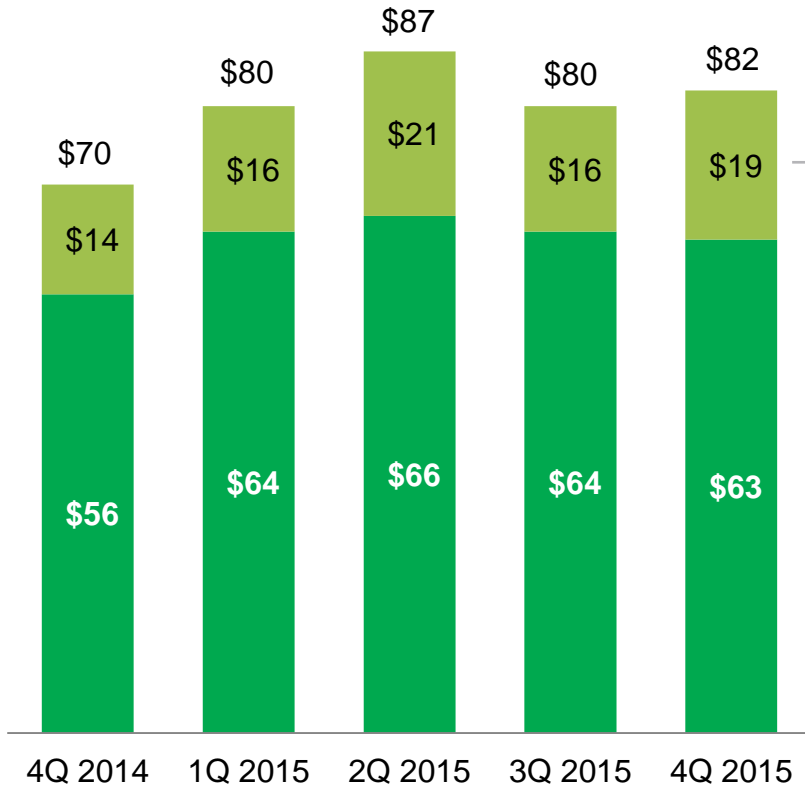
¹ – Core Fee-based Revenue = Trust service fees plus Service charges on deposit accounts plus Card-based and other nondeposit fees plus Insurance commissions plus Brokerage and annuity commissions.

² – Other Noninterest Income = Total Noninterest Income minus net Mortgage Banking Income minus Core Fee-based Revenue.



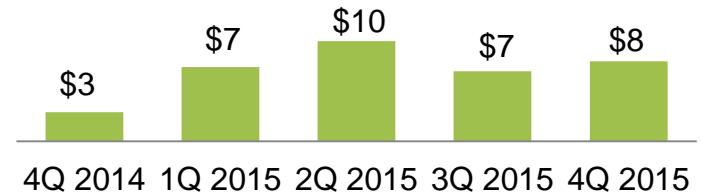
NONINTEREST INCOME – QUARTERLY TRENDS

(\$ IN MILLIONS)

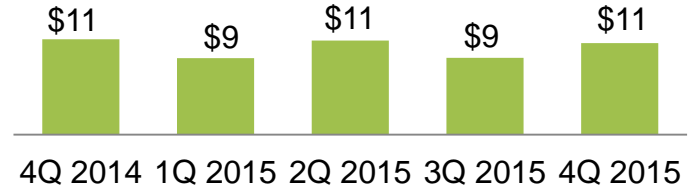


- Mortgage Banking (net) and Other Noninterest Income
- Core Fee-based Revenue¹

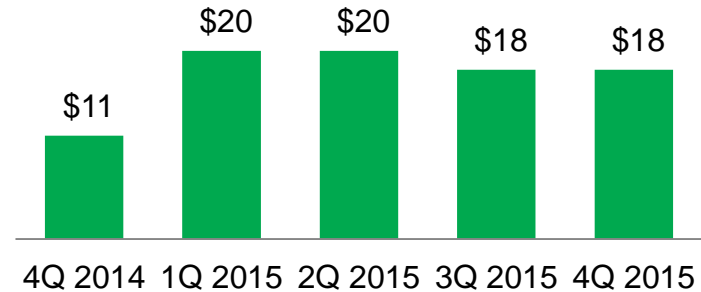
Mortgage Banking (net) Income



Other Noninterest Income²



Insurance Commissions



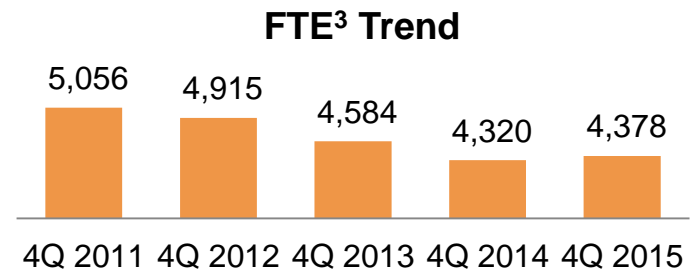
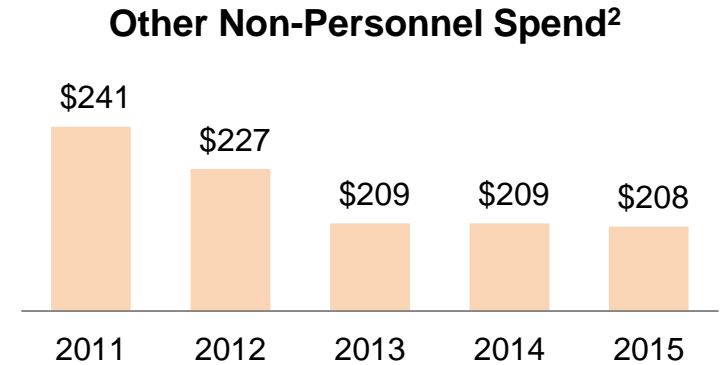
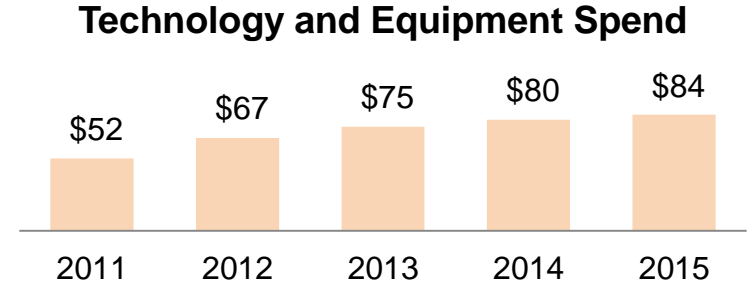
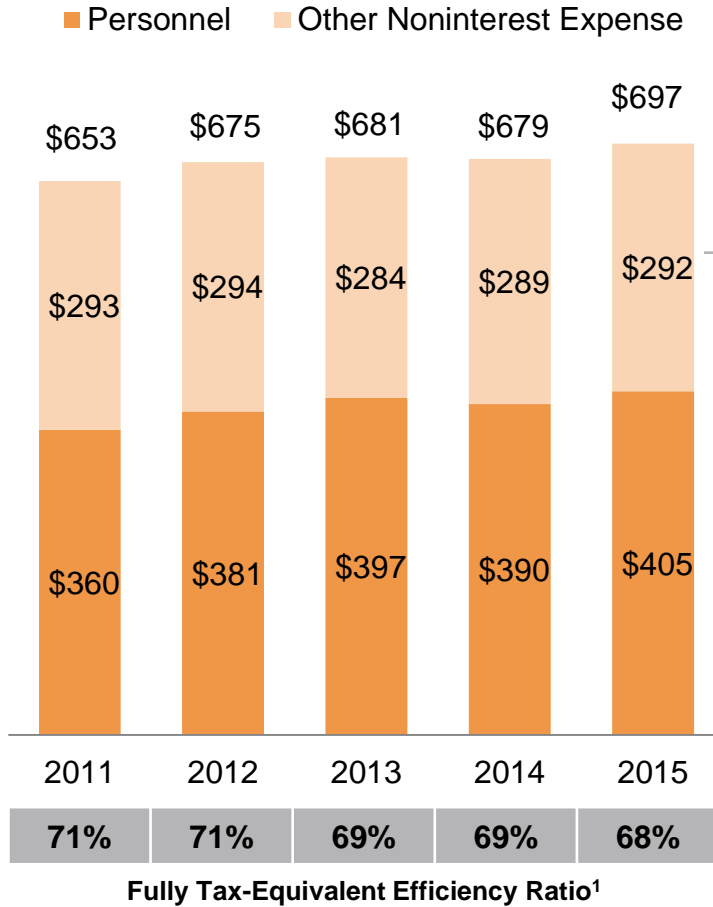
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² – Other Noninterest Income = Total Noninterest Income minus net Mortgage Banking Income minus Core Fee-based Revenue.



NONINTEREST EXPENSE – ANNUAL TRENDS

(\$ IN MILLIONS)



¹ – The fully tax-equivalent efficiency ratio is a non-GAAP financial measure, which we define as noninterest expense (which includes the provision for unfunded commitments), excluding other intangible amortization, divided by the sum of taxable 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.

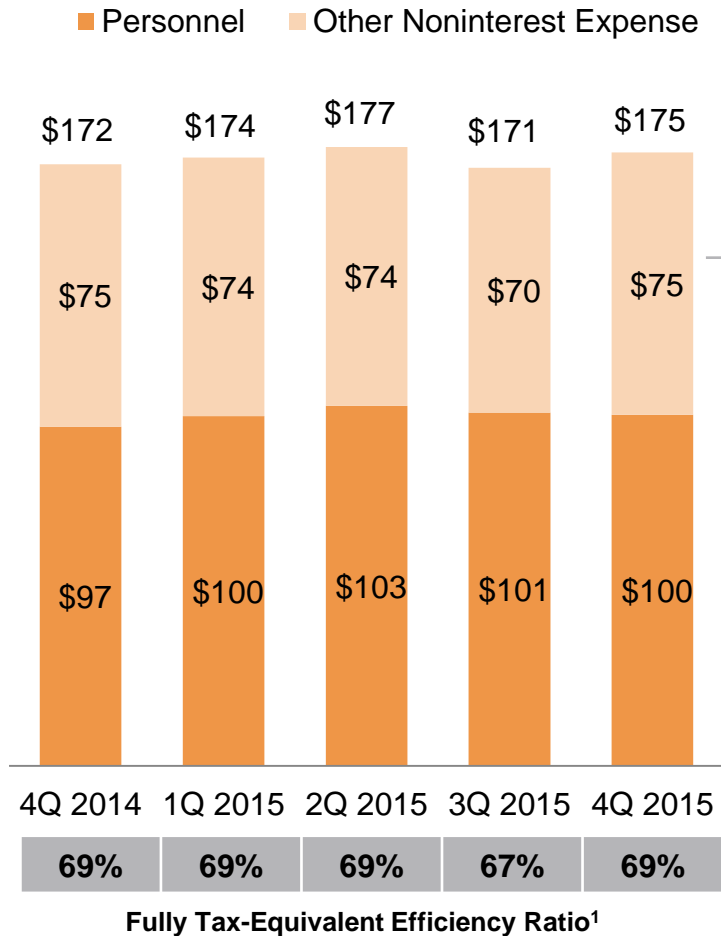
² – Other Non-Personnel Spend = Total Noninterest Expense less Personnel and Technology and Equipment spend

³ – FTE = Average Full Time Equivalent Employees

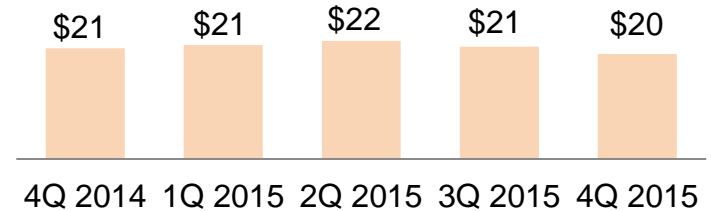


NONINTEREST EXPENSE – QUARTERLY TRENDS

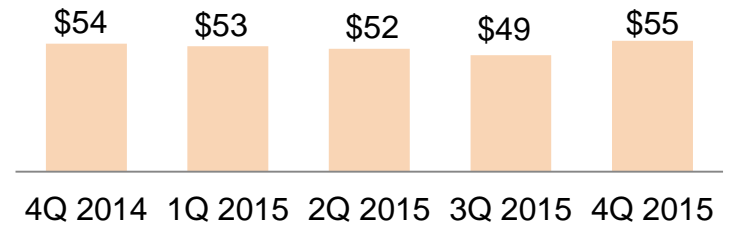
(\$ IN MILLIONS)



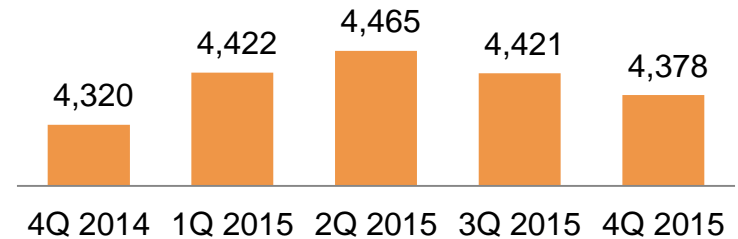
Technology and Equipment Spend



Other Non-Personnel Spend²



FTE³ Trend



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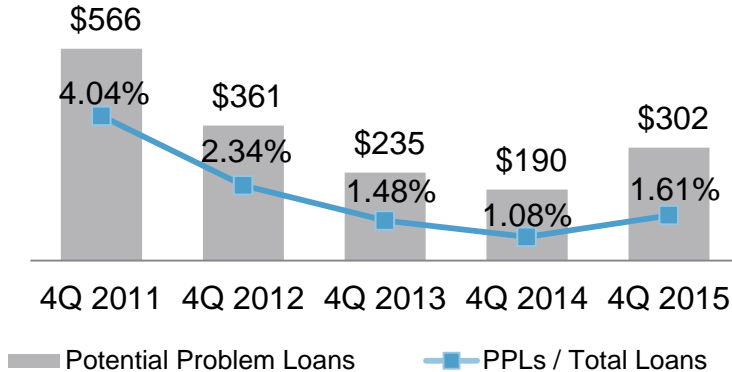
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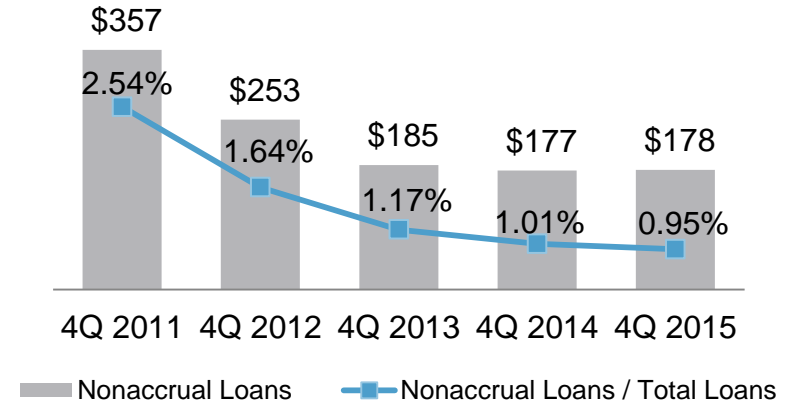
CREDIT QUALITY – ANNUAL TRENDS

(\$ IN MILLIONS)

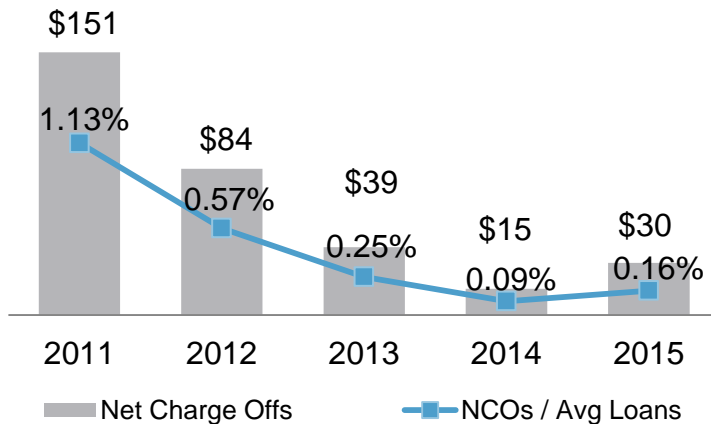
Potential Problem Loans to Total Loans



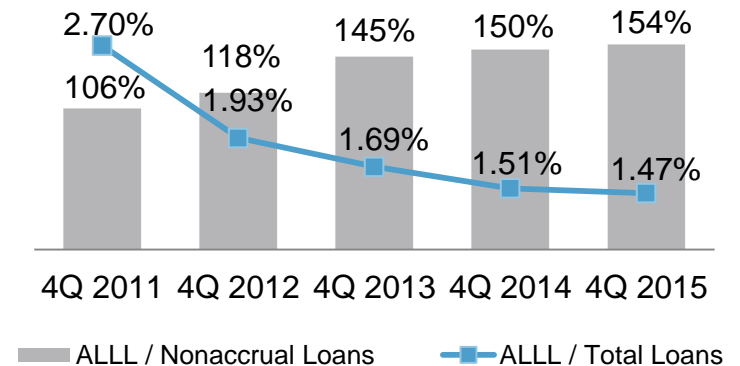
Nonaccrual Loans to Total Loans



Net Charge Offs to Average Loans



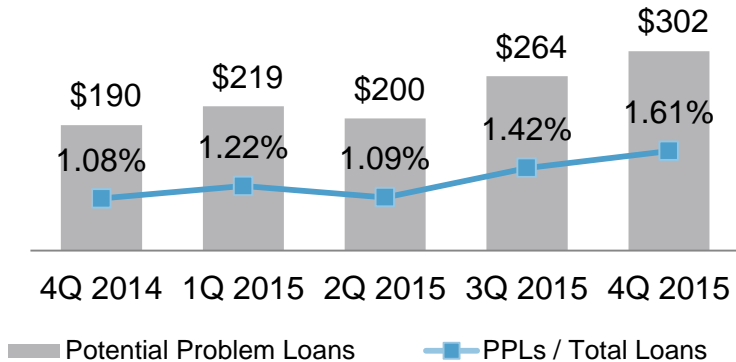
Allowance to Total Loans



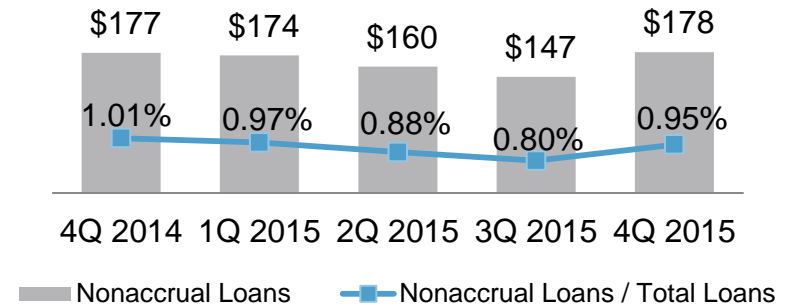
CREDIT QUALITY – QUARTERLY TRENDS

(\$ IN MILLIONS)

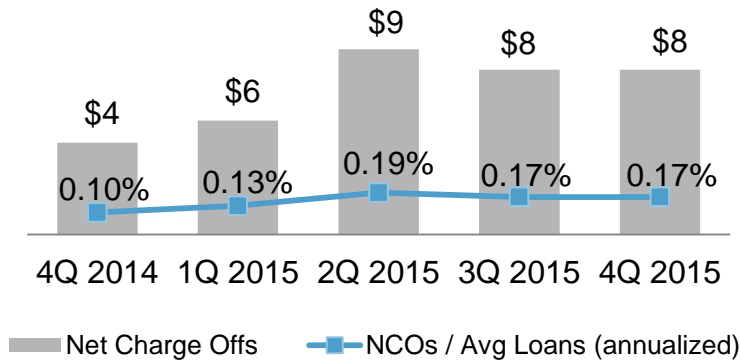
Potential Problem Loans to Total Loans



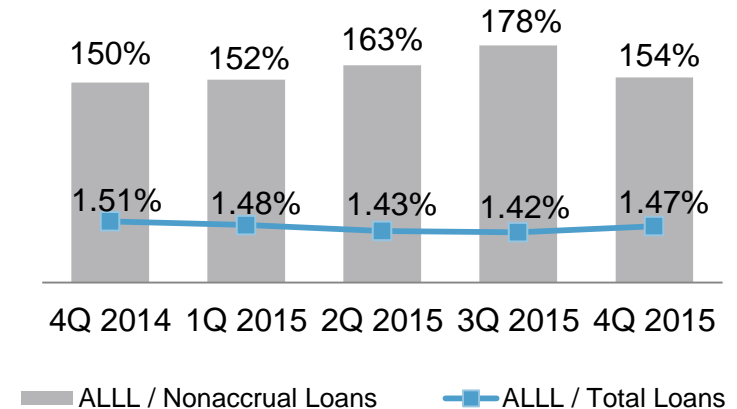
Nonaccrual Loans to Total Loans



Net Charge Offs to Average Loans



Allowance to Total Loans



2016 OUTLOOK

Balance Sheet

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

Net Interest Margin

- Modest upward trend, assuming additional Federal Reserve action to raise rates

Noninterest Income

- Flat to prior year, excluding investment securities gains

Noninterest Expense

- Flat to prior year

Capital

- Continue to follow stated corporate priorities for capital deployment

Provision

- Expected to increase with loan growth and changes in risk grade or other indications of credit quality



RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

Efficiency Ratio Reconciliation	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	2011	2012	2013	2014	2015
Federal Reserve efficiency ratio	70.54%	70.30%	70.23%	68.83%	70.36%	73.33%	72.92%	71.05%	70.28%	69.93%
Taxable equivalent adjustment	(1.41)	(1.42)	(1.34)	(1.39)	(1.53)	(1.73)	(1.61)	(1.46)	(1.36)	(1.42)
Other intangible amortization	(0.31)	(0.32)	(0.35)	(0.35)	(0.20)	(0.51)	(0.43)	(0.41)	(0.39)	(0.30)
Fully tax-equivalent efficiency ratio	68.82%	68.56%	68.54%	67.09%	68.63%	71.09%	70.88%	69.18%	68.53%	68.21%

The efficiency ratio is defined by the Federal Reserve guidance as 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 taxable 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.

Common Equity Tier 1

Common equity Tier 1, a non-GAAP financial measure, is used by banking regulators, investors and analysts to assess and compare the quality and composition of our capital with the capital of other financial services companies. Management uses common equity Tier 1, along with other capital measures, to assess and monitor our capital position. Common equity Tier 1 (period end and average) is Tier 1 capital excluding qualifying perpetual preferred stock and qualifying trust preferred securities.

