Associated
Banc-Corp

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March 9, 2009

**VIA EMAIL (SIGTARP.response@do.treas.gov) AND FEDERAL EXPRESS**

Mr. Neil M. Barofsky
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Re: Associated Banc-Corp: UST Sequence No. 76

Dear Mr. Barofsky:

Set forth below are responses of Associated Banc-Corp (the "Company") to the information requested in the letter from the Office of the Special Inspector General for Troubled Asset Relief Program ("SIGTARP"), dated February 6, 2009. Each of SIGTARP's specific requests for information is provided below in bold, followed by the Company's responses.

1. **A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds. In your response, please take into consideration your anticipated use of TARP funds at the time that you applied for such funds, or any actions that have taken that you would not have been able to take absent the infusion of TARP funds.**

**Response:**

**(a) Anticipated Use of TARP Funds**

Prior to announcement of the TARP Capital Purchase Program ("CPP"), the Company's senior financial management was evaluating several strategies to ensure the well capitalized status of the Company and one of those strategies most likely to have been implemented was a material reduction of the loan portfolio of its wholly owned commercial bank subsidiary Associated Bank, National Association (the "Bank"). This proposed reduction would have been accomplished through the non-renewal of existing commercial real estate, commercial and industrial, and consumer loans as well as reduced origination of new loans. Management's strategic contraction of the loan portfolio as well as reduced business and consumer loan demand were expected outcomes in any recessionary economic environment accompanied by rising loan defaults. The unprecedented economic events of this past summer made that outcome all the more a certainty. When the TARP CPP program was announced, the Company considered the availability of TARP funds as a tool to enhance its liquidity and to avoid commencing the proposed managed reduction of its loan portfolio. The Company was encouraged to participate in the TARP CPP program by its federal banking regulators and understood the objective of the United States Department of the Treasury (the "Treasury") to infuse capital to maintain liquidity in the banking system to allow healthy financial institutions, like the Company, to maintain loan volume.

Attached hereto as Exhibit A are press releases of the Company announcing preliminary approval by Treasury of the Company's participation in the TARP CPP program, the closing of TARP CPP funding and the Company's 2008 earnings.

**(b) Whether the TARP funds were Segregated from Other Institutional Funds**

The Company received $525,000,000 of TARP funds from the Treasury on November 21, 2008. The TARP funds were wired to the Company's account at the Bank. Subsequently, consistent with the Company's practices with its depositary accounts, the TARP funds were deposited in a Eurodollar denominated depositary account of the Company at the Bank. Although the funds have not been segregated, the TARP funds are readily identifiable in the account. Approximately $307,073,000 remains on deposit which provides the Company flexibility to most efficiently manage its capital.

**(c) Actual Use of TARP Funds to Date**

Since November 2008, the Company used TARP funds to fund its wholly owned non-bank subsidiaries, Associated Commercial Finance, Inc. ("ACFI") and Riverside Finance, Inc ("Riverside"), which as of February 28, 2009, aggregated approximately $217,927,000. The Company funded ACFI and Riverside under existing documented lines of credit. ACFI specializes in asset-based loans to small businesses that are secured by accounts receivable, inventory, machinery, equipment and real estate. Riverside provides fixed rate consumer, real estate, automobile and personal loans. At February 28, 2009, ACFI and Riverside had loans outstanding of approximately $149,879,000 and $96,473,000, respectively. The funds drawn on the lines of credit provided by the Company replaced funds that were historically provided by commercial paper borrowings by the Company and, following the commercial paper market disruption beginning in Summer

2008, through Bank lines of credit to ACFI and Riverside. The funding under the Company lines of credit, rather than from the Bank, allowed funds to be available for business and consumer loans by the Bank.

The $307,073,000 deposited in the Bank has facilitated the Bank's lending of an aggregate of approximately $3.0 billion of renewal and new loans since November 2008 resulting in net loan portfolio growth of approximately $300 million. The Bank achieved growth in loans in each of the following categories: residential mortgages, consumer, and commercial and industrial. As the Company has stated, the Bank's commercial real estate loan portfolios contracted approximately $70 million during this period. In addition, since November 2008, the Bank's pipeline of approved mortgage loan applications for loans to be sold in the secondary market aggregating approximately $2.4 billion remained strong.

Since November 2008, the Bank purchased approximately $2.1 billion of mortgage backed securities. The Bank believes that these purchases assist in the recovery and stabilization of the mortgage backed securities market.

The Bank has repeatedly stated in its normal course communications to federal bank regulators and in public statements that it has not contracted its lending activities in an effort to bolster its capital, but rather has continued to make loans to credit worthy consumer and commercial borrowers. However, as a result of the TARP funds, the Bank has not relaxed its historic underwriting standards to make loans that it would not have made without TARP funds. For example, the Bank has substantially reduced the origination of construction loans secured by commercial real estate and condominiums because of its underwriting standards, rather than an unwillingness to lend TARP funds. At February 28, 2009, the Company had total loans outstanding of approximately $16.5 billion, which the $300 million supported the ability to maintain, as compared to outstanding loans at November 30, 2008 of approximately $16.2 billion.

Attached hereto as Exhibit B are the following materials which reflect certain of the Company's statements to bank regulators during January and February 2009 regarding the use of TARP funds and a schedule of outstanding loans, as to which confidential treatment is requested.

- The Company's responses to the Federal Reserve's Questionnaire entitled "Pre-FOMC Discussion: Large Institutions, January 2009"

- The Company's email responses to certain Federal Reserve inquiries, dated February 9, 2009

- The Company's responses to the Federal Reserve's Questionnaire entitled "Pre-FOMC Discussion: Large Institutions, February 2009"

- Schedule of Company Outstanding Loans at November 30, 2008 and February 28, 2009

**(d) Expected Use of Unspent TARP Funds**

Currently, the Company expects to maintain the balance of TARP funds in the Bank depositary account so as to strategically lend to the Bank, ACFI and Riverside to support their funding needs related to their loan demand as well as to make capital injections as necessary to support further increased loan volume.

**2. Your specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.**

<u>Response</u>:

**At Closing of TARP Funding**

At the closing of the Company's funding under the TARP CPP on November 21, 2008, each of the Company's Senior Executive Officers ("<u>SEOs</u>") entered into a TARP Capital Purchase Program Compliance, Amendment and Consent Agreement with the Company to amend each SEO's compensation, bonus, incentive and other benefit plans, arrangements and agreements (collectively, "<u>Compensation and Benefit Arrangements</u>") in order to comply with executive compensation and corporate governance requirements of Section 111(b) of the Emergency Economic Stabilization Act of 2008 ("<u>EESA</u>"). Pursuant to the Compensation and Benefit Arrangements, the Company's SEOs agreed, among other things, to a clawback policy adopted by the Company that reflected the provisions of the EESA. At that time, the Company also amended the plan documents for each of the plans to which these SEOs were eligible to include the applicable clawback. Each of the Company's SEOs also executed a waiver (each, a "<u>Waiver</u>") acknowledging that regulations promulgated pursuant to the EESA may require the modification of the terms of Compensation and Benefit Arrangements to eliminate any provisions of such Compensation and Benefit Arrangements that would not be in compliance with the requirements of Section

111(b) of the EESA. The form of consent for the Compensation and Benefit Arrangements and Waivers were filed as exhibits to the Company's Form 8-K on November 21, 2008.

**Risk Assessment**

On December 19, 2008, the Company's Compensation and Benefits Committee (the "Committee") met with the Company's senior risk officers to review risks and their relationship to incentive compensation. The senior risk officers included the chief credit officer and the Committee discussed loan underwriting standards and loan loss provisioning standards as well as other performance goals under incentive compensation plans available for awards for the fiscal year ended December 31, 2008. The Committee made reasonable efforts to ensure that the incentive arrangements do not encourage the NEOs to take unnecessary and excessive risks that threaten the value of the Company. Attached hereto as Exhibit C are materials provided to the Committee for its risk assessment, as to which confidential treatment is requested.

A certification of the Committee's review will be included in the Committee's Report in the Company's proxy statement for the Annual Meeting of Shareholders on April 22, 2009 (the "2009 Proxy Statement").

**Compliance with Treasury Interim Final Rules**

The Company has implemented changes to comply with interim final Treasury regulations including the limitation on golden parachutes and corporate income tax deduction limitations under IRC Section 162(m)(5).

**Compliance with Stimulus Legislation Amendments to Section 111 of EESA**

In connection with the American Recovery and Reinvestment Act of 2009 (the "ARRA"), the Company has implemented, or is in the process of implementing subject to Treasury guidance, standards, including restrictions on incentive compensation to be paid or accrued for fiscal year 2009 performance to the SEOs and the next 20 most highly-compensated employees, and restrictions on the payment of any golden parachute payments to the SEOs and the next 5 most highly-compensated employees, pursuant to Section 7001 of the ARRA.

The Company plans to revise the scope of its incentive clawback policy to include the next 20 most highly-compensated employees and to review existing limitation on luxury expenditures for any modifications, upon guidance from the Treasury.

The Company will include a say on pay proposal in its 2009 Proxy Statement. The Company expects to file a preliminary proxy statement with the Securities and Exchange Commission on or before March 13, 2009.

The Company will be scheduling an upcoming semi-annual review by the Committee to review risk incentives in the Company's incentive compensation.

Following the enactment of the ARRA, the Committee has not made any decisions which may have the effect of offsetting such compensation limitations by other changes to other, longer term or deferred forms of executive compensation. In compliance with the limitation of incentive compensation under the ARRA, the Committee approved a grant of restricted stock to the Company's Chairman and Chief Executive Officer, on March 4, 2009 with a grant date value of approximately $450,000, which grant does not exceed one third of Mr. Beideman's expected 2009 total compensation. The Committee will continue to review 2009 compensation matters with its advisors and review Treasury guidance.

* * * * * * * *

I, Joseph B. Selner, Executive Vice President and Chief Financial Officer of Associated Banc-Corp certify that: I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Very truly yours,

ASSOCIATED BANC-CORP

Joseph B. Selner

Joseph B. Selner
Executive Vice President and Chief Financial Officer

**EXHIBIT A**

**Associated Banc-Corp (UST Sequence No. 76) Response, dated March 9, 2009, to the Letter of Inquiry, dated February 6, 2009, from the Office of the Special Inspector General, Troubled Asset Relief Program**

**(See Attached)**

Associated Banc-Corp

# NEWS RELEASE

**For more information:**
**Janet L. Ford, VP of Public Relations**
**414-278-1890**
**janet.ford@associatedbank.com**

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## Associated to Participate in the Treasury Department's Capital Purchase Program

**GREEN BAY, Wis.** – November 6, 2008 – Associated Banc-Corp (NASDAQ: ASBC) announced today that it has received preliminary approval for the sale of $530 million of preferred stock and related common warrants under the Treasury Department's recently announced Capital Purchase Program. This approval is subject to certain conditions and the execution of definitive agreements.

"The Treasury's action is an indication of the soundness of our bank and our capital plan," said Associated Banc-Corp Chairman and CEO Paul Beideman. "Our participation in the Capital Purchase Program will further strengthen the company's balance sheet by increasing capital levels that already meet the government's definition of well capitalized. In fact, the additional capital will further strengthen the company's Tier 1 capital ratio to 12.25% from 9.22% at September 30, 2008 and increase the total capital ratio to 14.11%, compared to 11.08% at September 30, 2008."

Under the Capital Purchase Program, which is part of the Emergency Economic Stabilization Act, the Treasury Department has agreed to buy preferred stock and related common warrants in qualifying U.S. controlled banks, savings associations, and certain bank and savings and loan holding companies engaged only in financial activities.

"I am proud of our Associated colleagues who are helping us manage through these challenging times," said Lisa Binder, President and Chief Operating Officer. "Our company's strong capital position has allowed us to continue to support our customers' borrowing needs. We will utilize the additional capital from the Capital Purchase Program to continue our disciplined growth."

Associated Banc-Corp, headquartered in Green Bay, Wis., is a diversified bank holding company with total assets of $22 billion. Associated has approximately 300 banking offices serving 180 communities in Wisconsin, Illinois, and Minnesota. The company offers a full range of traditional banking services and a variety of other financial products and services. More information about Associated Banc-Corp is available at www.associatedbank.com.

Statements made in this document that 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. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. These statements may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "should," "will," "intend," or similar expressions. Outcomes related to such statements are subject to numerous risk factors and uncertainties including those listed in the company's Annual Report filed on Form 10-K.

# Associated Banc-Corp Sells $525 Million of Senior Preferred Shares under the Treasury's Capital Purchase Program

Company Release - 11/21/2008 11:59

GREEN BAY, Wis.--(BUSINESS WIRE)-- Associated Banc-Corp (NASDAQ: ASBC) announced today that it has sold $525 million of senior preferred shares and related common stock warrants to the U.S. Department of the Treasury under the federal government's voluntary Capital Purchase Program.

"The Treasury Department's investment is confirmation of the strength of Associated Banc-Corp," said Paul S. Beideman, Chairman and CEO.

The additional capital will increase the company's Tier 1 capital ratio to 12.22% from 9.22% at September 30, 2008, and increase the total capital ratio to 14.08%, compared to 11.08% at September 30, 2008.

"The additional capital will support our customers' borrowing needs and other growth opportunities in our markets," Beideman continued. "We believe our participation in the Capital Purchase Program will benefit our customers, shareholders and the communities we serve."

Associated Banc-Corp, headquartered in Green Bay, Wis., is a diversified bank holding company with total assets of $22 billion. Associated has approximately 300 banking offices serving 180 communities in Wisconsin, Illinois, and Minnesota. The company offers a full range of traditional banking services and a variety of other financial products and services. More information about Associated Banc-Corp is available at www.associatedbank.com.

Statements made in this document that 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. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. These statements may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "should," "will," "intend," or similar expressions. Outcomes related to such statements are subject to numerous risk factors and uncertainties including those listed in the company's Annual Report filed on Form 10-K.

Source: Associated Banc-Corp

Contact: Associated Bank Janet L. Ford, SVP, Public Relations Director 414-278-1890 janet.ford@associatedbank.com

# NEWS RELEASE

Associated Banc-Corp

**For more information:**
**Investors: Joe Selner, Chief Financial Officer, 920-491-7120**
**Media: Janet L. Ford, VP of Public Relations, 414-207-5070**

## Associated earns $1.29 per common share for 2008, 11 cents in fourth quarter

- **Net income to common shareholders of $165 million for 2008, and $14 million for fourth quarter**
- **Net interest income of $696 million, up 8% over 2007**
- **Net interest margin 3.65% for 2008 versus 3.60% for 2007, and 3.88% for fourth quarter**
- **Average loan growth up 6% over 2007, and up 2% annualized between fourth and third quarters**
- **Core fee-based income up 6% over 2007, and up 5% between the comparable fourth quarters**
- **Other-than-temporary valuation losses on investments of $53 million for 2008 (or $0.27 per share after tax), and $35 million for 4Q**
- **$525 million senior preferred stock investment by the U.S. Department of the Treasury on Nov. 21st**
- **Over $1.5 billion of credit originated, renewed or extended to new and existing customers since Nov. 21st**
- **Tangible capital ratio grew to 8.23% at Dec 31, compared to 6.50% at Sept 30 and 6.59% a year ago**

**GREEN BAY, Wis.** – January 22, 2009 – Associated Banc-Corp (NASDAQ: ASBC) reported net income available to common shareholders of $165 million, or $1.29 per common share for 2008. Comparatively, net income was $286 million, or $2.23 per common share for 2007.

Net income available to common shareholders was $14 million, or $0.11 per common share for fourth quarter 2008, compared to $38 million ($0.30 per common share) for third quarter 2008 and $65 million ($0.51 per common share) for fourth quarter 2007.

Fourth quarter 2008 results included several nonrecurring items or other charges. Other-than-temporary valuation losses on investments were $35 million or $0.18 per common share after tax. In combination, a $7 million valuation reserve expense related to the fair value of mortgage servicing rights, a $3 million loss on an alleged customer fraud, and a $3 million write down on a foreclosed property reduced diluted earnings per common share by $0.07.

A single bond security is responsible for $31 million of the fourth quarter other-than-temporary marks, and has a remaining carrying value of $33 million at Dec. 31. The bond is comprised of large fixed-rate, 30-year amortizing mortgages with reasonably strong loan-to-value ratios and weighted average credit scores. In consideration of a significant fourth quarter decline in the market value of this bond and the business and economic environment, other-than-temporary impairment was recorded. Of the remaining $3.7 billion of mortgage-related securities held at year-end 2008, $3.6 billion are agency insured, and the vast majority of the remainder are seasoned. As a result, further exposure to other-than-temporary impairment is not expected to be significant.

- more -

*Consolidated Balance Sheets (Unaudited)*
*Associated Banc-Corp*

| *(in thousands)* | December 31, 2008 | December 31, 2007 | Dec08 vs Dec07 % Change |
|---|---|---|---|
| ***Assets*** | | | |
| Cash and due from banks | $ 533,338 | $ 553,031 | (3.6%) |
| Interest-bearing deposits in other financial institutions | 12,649 | 11,671 | 8.4% |
| Federal funds sold and securities purchased under agreements to resell | 24,741 | 22,447 | 10.2% |
| Securities available for sale, at fair value | 5,349,417 | 3,543,019 | 51.0% |
| Loans held for sale | 87,084 | 94,441 | (7.8%) |
| Loans | 16,283,908 | 15,516,252 | 4.9% |
| Allowance for loan losses | (265,378) | (200,570) | 32.3% |
| Loans, net | 16,018,530 | 15,315,682 | 4.6% |
| Premises and equipment, net | 190,942 | 197,446 | (3.3%) |
| Goodwill | 929,168 | 929,168 | 0.0% |
| Other intangible assets, net | 80,165 | 92,220 | (13.1%) |
| Other assets | 966,033 | 832,958 | 16.0% |
| ***Total assets*** | $ 24,192,067 | $ 21,592,083 | 12.0% |
| ***Liabilities and Stockholders' Equity*** | | | |
| Noninterest-bearing deposits | $ 2,814,079 | $ 2,661,078 | 5.7% |
| Interest-bearing deposits, excluding Brokered CDs | 11,551,181 | 10,903,198 | 5.9% |
| Brokered CDs | 789,536 | 409,637 | 92.7% |
| Total deposits | 15,154,796 | 13,973,913 | 8.5% |
| Short-term borrowings | 3,703,936 | 3,226,787 | 14.8% |
| Long-term funding | 1,861,647 | 1,864,771 | (0.2%) |
| Accrued expenses and other liabilities | 595,185 | 196,907 | 202.3% |
| Total liabilities | 21,315,564 | 19,262,378 | 10.7% |
| Stockholders' Equity | | | |
| Preferred equity | 508,008 | - | N/M |
| Common stock | 1,281 | 1,278 | 0.2% |
| Surplus | 1,073,218 | 1,040,694 | 3.1% |
| Retained earnings | 1,293,941 | 1,305,136 | (0.9%) |
| Accumulated other comprehensive loss | 55 | (2,498) | (102.2%) |
| Treasury stock | - | (14,905) | (100.0%) |
| Total stockholders' equity | 2,876,503 | 2,329,705 | 23.5% |
| ***Total liabilities and stockholders' equity*** | $ 24,192,067 | $ 21,592,083 | 12.0% |

N/M = Not meaningful.

***Consolidated Statements of Income (Unaudited)***
***Associated Banc-Corp***

| *(in thousands, except per share amounts)* | For The Three Months Ended December 31, 2008 | For The Three Months Ended December 31, 2007 | Quarter % Change | For The Year Ended, December 31, 2008 | For The Year Ended, December 31, 2007 | Year-to-Date % Change |
|---|---|---|---|---|---|---|
| ***Interest Income*** | | | | | | |
| Interest and fees on loans | $ 230,872 | $ 277,647 | (16.8%) | $ 952,653 | $ 1,111,919 | (14.3%) |
| Interest and dividends on investment securities and deposits in other financial institutions: | | | | | | |
| Taxable | 38,032 | 30,712 | 23.8% | 133,471 | 122,961 | 8.5% |
| Tax-exempt | 9,811 | 10,394 | (5.6%) | 39,733 | 39,897 | (0.4%) |
| Interest on federal funds sold and securities purchased under agreements to resell | 154 | 214 | (28.0%) | 852 | 935 | (8.9%) |
| Total interest income | 278,869 | 318,967 | (12.6%) | 1,126,709 | 1,275,712 | (11.7%) |
| ***Interest Expense*** | | | | | | |
| Interest on deposits | 56,402 | 98,678 | (42.8%) | 263,306 | 403,353 | (34.7%) |
| Interest on short-term borrowings | 10,090 | 32,470 | (68.9%) | 86,584 | 134,624 | (35.7%) |
| Interest on long-term funding | 20,595 | 23,600 | (12.7%) | 80,671 | 93,922 | (14.1%) |
| Total interest expense | 87,087 | 154,748 | (43.7%) | 430,561 | 631,899 | (31.9%) |
| ***Net Interest Income*** | 191,782 | 164,219 | 16.8% | 696,148 | 643,813 | 8.1% |
| Provision for loan losses | 65,044 | 15,501 | 319.6% | 202,058 | 34,509 | 485.5% |
| Net interest income after provision for loan losses | 126,738 | 148,718 | (14.8%) | 494,090 | 609,304 | (18.9%) |
| ***Noninterest Income*** | | | | | | |
| Trust service fees | 8,248 | 10,723 | (23.1%) | 38,420 | 42,629 | (9.9%) |
| Service charges on deposit accounts | 30,946 | 25,866 | 19.6% | 118,368 | 101,042 | 17.1% |
| Card-based and other nondeposit fees | 12,297 | 12,088 | 1.7% | 48,540 | 47,558 | 2.1% |
| Retail commissions | 15,541 | 14,917 | 4.2% | 62,588 | 61,645 | 1.5% |
| Mortgage banking, net | (1,227) | 498 | (346.4%) | 14,684 | 22,750 | (35.5%) |
| Bank owned life insurance income | 4,711 | 4,240 | 11.1% | 19,804 | 17,419 | 13.7% |
| Asset sale gains (losses), net | (1,054) | 11,062 | (109.5%) | (1,668) | 15,607 | (110.7%) |
| Investment securities gains (losses), net | (35,298) | (815) | N/M | (52,541) | 8,174 | N/M |
| Other | 6,910 | 7,094 | (2.6%) | 37,455 | 27,957 | 34.0% |
| Total noninterest income | 41,074 | 85,673 | (52.1%) | 285,650 | 344,781 | (17.2%) |
| ***Noninterest Expense*** | | | | | | |
| Personnel expense | 77,374 | 76,487 | 1.2% | 309,478 | 303,428 | 2.0% |
| Occupancy | 13,134 | 11,784 | 11.5% | 50,461 | 46,659 | 8.1% |
| Equipment | 4,785 | 4,820 | (0.7%) | 19,123 | 17,908 | 6.8% |
| Data processing | 7,446 | 8,189 | (9.1%) | 30,451 | 31,690 | (3.9%) |
| Business development and advertising | 6,047 | 5,482 | 10.3% | 21,400 | 19,785 | 8.2% |
| Other intangible amortization | 1,564 | 1,758 | (11.0%) | 6,269 | 7,116 | (11.9%) |
| Legal and professional fees | 5,311 | 3,358 | 58.2% | 14,566 | 11,841 | 23.0% |
| Foreclosure/OREO expense | 6,716 | 2,575 | 160.8% | 13,685 | 7,508 | 82.3% |
| Other | 26,373 | 25,649 | 2.8% | 92,027 | 88,956 | 3.5% |
| Total noninterest expense | 148,750 | 140,102 | 6.2% | 557,460 | 534,891 | 4.2% |
| ***Income before income taxes*** | 19,062 | 94,289 | (79.8%) | 222,280 | 419,194 | (47.0%) |
| Income tax expense | 2,203 | 29,498 | (92.5%) | 53,828 | 133,442 | (59.7%) |
| ***Net Income*** | 16,859 | 64,791 | (74.0%) | 168,452 | 285,752 | (41.0%) |
| Preferred stock dividends and discount | 3,250 | - | N/M | 3,250 | - | N/M |
| ***Net Income Available to Common Equity*** | $ 13,609 | $ 64,791 | (79.0%) | $ 165,202 | $ 285,752 | (42.2%) |
| | | | | | | |
| **Earnings Per Common Share:** | | | | | | |
| Basic | $ 0.11 | $ 0.51 | (78.4%) | $ 1.30 | $ 2.24 | (42.0%) |
| Diluted | $ 0.11 | $ 0.51 | (78.4%) | $ 1.29 | $ 2.23 | (42.2%) |
| | | | | | | |
| **Average Common Shares Outstanding:** | | | | | | |
| Basic | 127,717 | 127,095 | 0.5% | 127,501 | 127,408 | 0.1% |
| Diluted | 127,944 | 127,835 | 0.1% | 127,891 | 128,428 | (0.4%) |

N/M = Not meaningful.

*Consolidated Statements of Income (Unaudited) - Quarterly Trend*
*Associated Banc-Corp*

| *(in thousands, except per share amounts)* | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 |
|---|---|---|---|---|---|
| ***Interest Income*** | | | | | |
| Interest and fees on loans | $ 230,872 | $ 229,001 | $ 237,727 | $ 255,053 | $ 277,647 |
| Interest and dividends on investment securities and deposits in other financial institutions: | | | | | |
| Taxable | 38,032 | 32,209 | 31,878 | 31,352 | 30,712 |
| Tax-exempt | 9,811 | 9,887 | 9,776 | 10,259 | 10,394 |
| Interest on federal funds sold and securities purchased under agreements to resell | 154 | 279 | 213 | 206 | 214 |
| Total interest income | 278,869 | 271,376 | 279,594 | 296,870 | 318,967 |
| ***Interest Expense*** | | | | | |
| Interest on deposits | 56,402 | 61,743 | 63,655 | 81,506 | 98,678 |
| Interest on short-term borrowings | 10,090 | 23,958 | 24,363 | 28,173 | 32,470 |
| Interest on long-term funding | 20,595 | 19,158 | 18,844 | 22,074 | 23,600 |
| Total interest expense | 87,087 | 104,859 | 106,862 | 131,753 | 154,748 |
| ***Net Interest Income*** | 191,782 | 166,517 | 172,732 | 165,117 | 164,219 |
| Provision for loan losses | 65,044 | 55,011 | 59,001 | 23,002 | 15,501 |
| Net interest income after provision for loan losses | 126,738 | 111,506 | 113,731 | 142,115 | 148,718 |
| ***Noninterest Income*** | | | | | |
| Trust service fees | 8,248 | 10,020 | 10,078 | 10,074 | 10,723 |
| Service charges on deposit accounts | 30,946 | 33,609 | 30,129 | 23,684 | 25,866 |
| Card-based and other nondeposit fees | 12,297 | 12,517 | 12,301 | 11,425 | 12,088 |
| Retail commissions | 15,541 | 14,928 | 16,004 | 16,115 | 14,917 |
| Total core fee-based revenue | 67,032 | 71,074 | 68,512 | 61,298 | 63,594 |
| Mortgage banking, net | (1,227) | 3,571 | 5,395 | 6,945 | 498 |
| Bank owned life insurance income | 4,711 | 5,235 | 4,997 | 4,861 | 4,240 |
| Asset sale gains (losses), net | (1,054) | 573 | (731) | (456) | 11,062 |
| Investment securities gains (losses), net | (35,298) | (13,585) | (718) | (2,940) | (815) |
| Other | 6,910 | 8,455 | 9,170 | 12,920 | 7,094 |
| Total noninterest income | 41,074 | 75,323 | 86,625 | 82,628 | 85,673 |
| ***Noninterest Expense*** | | | | | |
| Personnel expense | 77,374 | 78,395 | 78,066 | 75,643 | 76,487 |
| Occupancy | 13,134 | 12,037 | 12,026 | 13,264 | 11,784 |
| Equipment | 4,785 | 5,088 | 4,653 | 4,597 | 4,820 |
| Data processing | 7,446 | 7,634 | 8,250 | 7,121 | 8,189 |
| Business development and advertising | 6,047 | 5,175 | 5,137 | 5,041 | 5,482 |
| Other intangible amortization | 1,564 | 1,568 | 1,568 | 1,569 | 1,758 |
| Legal and professional fees | 5,311 | 3,538 | 2,944 | 2,773 | 3,358 |
| Foreclosure/OREO expense | 6,716 | 2,427 | 2,573 | 1,969 | 2,575 |
| Other | 26,373 | 20,715 | 20,604 | 24,335 | 25,649 |
| Total noninterest expense | 148,750 | 136,577 | 135,821 | 136,312 | 140,102 |
| ***Income before income taxes*** | 19,062 | 50,252 | 64,535 | 88,431 | 94,289 |
| Income tax expense | 2,203 | 12,483 | 17,176 | 21,966 | 29,498 |
| ***Net Income*** | 16,859 | 37,769 | 47,359 | 66,465 | 64,791 |
| Preferred stock dividends and discount | 3,250 | - | - | - | - |
| ***Net Income Available to Common Equity*** | $ 13,609 | $ 37,769 | $ 47,359 | $ 66,465 | $ 64,791 |
| **Earnings Per Common Share:** | | | | | |
| Basic | $ 0.11 | $ 0.30 | $ 0.37 | $ 0.52 | $ 0.51 |
| Diluted | $ 0.11 | $ 0.30 | $ 0.37 | $ 0.52 | $ 0.51 |
| **Average Common Shares Outstanding:** | | | | | |
| Basic | 127,717 | 127,553 | 127,433 | 127,298 | 127,095 |
| Diluted | 127,944 | 127,711 | 127,964 | 127,825 | 127,835 |

*Selected Quarterly Information*
*Associated Banc-Corp*

| *(in thousands, except per share and full time equivalent employee data)* | YTD 2008 | YTD 2007 | 4th Qtr 2008 | 3rd Qtr 2008 | 2nd Qtr 2008 | 1st Qtr 2008 | 4th Qtr 2007 |
|---|---|---|---|---|---|---|---|
| ***Summary of Operations*** | | | | | | | |
| Net interest income | $ 696,148 | $ 643,813 | $ 191,782 | $ 166,517 | $ 172,732 | $ 165,117 | $ 164,219 |
| Provision for loan losses | 202,058 | 34,509 | 65,044 | 55,011 | 59,001 | 23,002 | 15,501 |
| Asset sale gains (losses), net | (1,668) | 15,607 | (1,054) | 573 | (731) | (456) | 11,062 |
| Investment securities gains (losses), net | (52,541) | 8,174 | (35,298) | (13,585) | (718) | (2,940) | (815) |
| Noninterest income (excluding securities & asset gains) | 339,859 | 321,000 | 77,426 | 88,335 | 88,074 | 86,024 | 75,426 |
| Noninterest expense | 557,460 | 534,891 | 148,750 | 136,577 | 135,821 | 136,312 | 140,102 |
| Income before income taxes | 222,280 | 419,194 | 19,062 | 50,252 | 64,535 | 88,431 | 94,289 |
| Income taxes | 53,828 | 133,442 | 2,203 | 12,483 | 17,176 | 21,966 | 29,498 |
| Net income | 168,452 | 285,752 | 16,859 | 37,769 | 47,359 | 66,465 | 64,791 |
| Net income available to common equity | 165,202 | 285,752 | 13,609 | 37,769 | 47,359 | 66,465 | 64,791 |
| Taxable equivalent adjustment | 27,711 | 27,259 | 6,902 | 6,899 | 6,814 | 7,096 | 7,119 |
| ***Per Common Share Data*** | | | | | | | |
| Net income: | | | | | | | |
| Basic | $ 1.30 | $ 2.24 | $ 0.11 | $ 0.30 | $ 0.37 | $ 0.52 | $ 0.51 |
| Diluted | 1.29 | 2.23 | 0.11 | 0.30 | 0.37 | 0.52 | 0.51 |
| Dividends | 1.27 | 1.22 | 0.32 | 0.32 | 0.32 | 0.31 | 0.31 |
| Market Value: | | | | | | | |
| High | $ 29.23 | $ 35.43 | $ 24.21 | $ 25.92 | $ 29.23 | $ 28.86 | $ 30.49 |
| Low | 14.85 | 25.23 | 15.72 | 14.85 | 19.29 | 22.60 | 25.23 |
| Close | 20.93 | 27.09 | 20.93 | 19.95 | 19.29 | 26.63 | 27.09 |
| Book value | 18.54 | 18.32 | 18.54 | 18.52 | 18.46 | 18.71 | 18.32 |
| ***Performance Ratios (annualized)*** | | | | | | | |
| Earning assets yield | 5.82% | 6.99% | 5.57% | 5.58% | 5.82% | 6.33% | 6.88% |
| Interest-bearing liabilities rate | 2.53 | 3.98 | 2.00 | 2.44 | 2.53 | 3.19 | 3.82 |
| Net interest margin | 3.65 | 3.60 | 3.88 | 3.48 | 3.65 | 3.58 | 3.62 |
| Return on average assets | 0.76 | 1.38 | 0.30 | 0.68 | 0.87 | 1.25 | 1.23 |
| Return on average equity | 6.95 | 12.68 | 2.58 | 6.38 | 8.01 | 11.34 | 11.23 |
| Return on average tangible common equity (1) | 11.81 | 21.91 | 3.83 | 10.83 | 13.51 | 19.26 | 19.50 |
| Efficiency ratio (2) | 52.41 | 53.92 | 53.87 | 52.18 | 50.75 | 52.79 | 56.78 |
| Effective tax rate | 24.22 | 31.83 | 11.56 | 24.84 | 26.61 | 24.84 | 31.28 |
| Dividend payout ratio (3) | 97.69 | 54.46 | 290.91 | 106.67 | 86.49 | 59.62 | 60.78 |
| ***Average Balances*** | | | | | | | |
| Assets | $ 22,037,963 | $ 20,638,005 | $ 22,646,421 | $ 22,072,948 | $ 21,975,451 | $ 21,449,963 | $ 20,935,023 |
| Earning assets | 19,839,706 | 18,644,770 | 20,436,483 | 19,884,434 | 19,754,651 | 19,276,208 | 18,849,079 |
| Interest-bearing liabilities | 17,019,832 | 15,886,710 | 17,363,481 | 17,107,551 | 16,992,508 | 16,611,047 | 16,090,488 |
| Loans | 16,080,565 | 15,132,634 | 16,285,881 | 16,203,717 | 16,120,732 | 15,708,321 | 15,301,761 |
| Deposits | 13,812,072 | 13,741,803 | 14,395,626 | 13,710,297 | 13,493,511 | 13,643,559 | 13,760,991 |
| Wholesale funding | 5,654,373 | 4,520,916 | 5,496,248 | 5,876,051 | 5,950,699 | 5,293,797 | 4,750,471 |
| Common stockholders' equity | 2,366,453 | 2,253,878 | 2,376,639 | 2,353,606 | 2,377,841 | 2,357,757 | 2,289,522 |
| Stockholders' equity | 2,423,332 | 2,253,878 | 2,602,917 | 2,353,606 | 2,377,841 | 2,357,757 | 2,289,522 |
| Common stockholders' equity/assets | 10.74% | 10.92% | 10.49% | 10.66% | 10.82% | 10.99% | 10.94% |
| Stockholders' equity / assets | 11.00% | 10.92% | 11.49% | 10.66% | 10.82% | 10.99% | 10.94% |
| ***At Period End*** | | | | | | | |
| Assets | | | $ 24,192,067 | $ 22,487,394 | $ 22,302,704 | $ 21,903,753 | $ 21,592,083 |
| Loans | | | 16,283,908 | 16,272,487 | 16,149,327 | 15,785,283 | 15,516,252 |
| Allowance for loan losses | | | 265,378 | 246,189 | 229,605 | 207,602 | 200,570 |
| Goodwill | | | 929,168 | 929,168 | 929,168 | 929,168 | 929,168 |
| Mortgage servicing rights, net | | | 45,568 | 53,977 | 54,725 | 51,013 | 51,187 |
| Other intangible assets | | | 34,597 | 36,161 | 37,896 | 39,464 | 41,033 |
| Deposits | | | 15,154,796 | 14,245,667 | 13,378,734 | 13,882,174 | 13,973,913 |
| Wholesale funding | | | 5,565,583 | 5,667,737 | 6,359,811 | 5,388,923 | 5,091,558 |
| Stockholders' equity | | | 2,876,503 | 2,364,247 | 2,353,882 | 2,382,418 | 2,329,705 |
| Stockholders' equity / assets | | | 11.89% | 10.51% | 10.55% | 10.88% | 10.79% |
| Tangible common equity / tangible assets (4) | | | 6.05% | 6.50% | 6.50% | 6.75% | 6.59% |
| Tangible equity/tangible assets (5) | | | 8.23% | 6.50% | 6.50% | 6.75% | 6.59% |
| Shares outstanding, end of period | | | 127,762 | 127,646 | 127,537 | 127,365 | 127,160 |
| ***Selected trend information*** | | | | | | | |
| Average full time equivalent employees | | | 5,109 | 5,141 | 5,179 | 5,093 | 5,095 |
| Trust assets under management, at market value | | | $ 5,100,000 | $ 5,600,000 | $ 5,900,000 | $ 6,000,000 | $ 6,100,000 |
| Mortgage loans originated for sale during period | | | 247,465 | 217,993 | 431,757 | 516,780 | 333,331 |
| Mortgage portfolio serviced for others | | | 6,606,000 | 6,596,000 | 6,584,000 | 6,472,000 | 6,403,000 |
| Mortgage servicing rights, net / Portfolio serviced for others | | | 0.69% | 0.82% | 0.83% | 0.79% | 0.80% |

(1) Return on average equity = Net income divided by average equity.
(2) Return on average tangible common equity = Net income available to common equity divided by average common equity excluding average goodwill and other intangible assets. This is a non-GAAP financial measure.
(3) Efficiency ratio = Noninterest expense divided by sum of taxable equivalent net interest income plus noninterest income, excluding investment securities gains, net, and asset sales gains, net.
(4) Ratio is based upon basic earnings per common share.
(5) Tangible common equity to tangible assets = Common stockholders' equity excluding goodwill and other intangible assets divided by assets excluding goodwill and other intangible assets.
This is a non-GAAP financial measure.
(6) Tangible equity to tangible assets = Stockholders' equity excluding goodwill and other intangible assets divided by assets excluding goodwill and other intangible assets.
This is a non-GAAP financial measure.

*Financial Summary and Comparison*
*Associated Banc-Corp*

| *(in thousands)* | Three months ended December 31, 2008 | 2007 | % Change | Year ended December 31, 2008 | 2007 | % Change |
|---|---|---|---|---|---|---|
| ***Allowance for Loan Losses*** | | | | | | |
| Beginning balance | $ 246,189 | $ 200,560 | 22.8% | $ 200,570 | $ 203,481 | (1.4%) |
| Balance related to acquisition | - | - | N/M | - | 2,991 | N/M |
| Provision for loan losses | 65,044 | 15,501 | 319.6% | 202,058 | 34,509 | 485.5% |
| Charge offs | (47,750) | (17,156) | 178.3% | (145,826) | (47,249) | 208.6% |
| Recoveries | 1,895 | 1,665 | 13.8% | 8,576 | 6,838 | 25.4% |
| Net charge offs | (45,855) | (15,491) | 196.0% | (137,250) | (40,411) | 239.6% |
| Ending balance | $ 265,378 | $ 200,570 | 32.3% | $ 265,378 | $ 200,570 | 32.3% |

| *Credit Quality* | Dec 31, 2008 | Sept 30, 2008 | Dec08 vs Sept08 % Change | Jun 30, 2008 | Mar 31, 2008 | Dec 31,2007 | Dec08 vs Dec07 % Change |
|---|---|---|---|---|---|---|---|
| Nonaccrual loans | $ 326,857 | $ 290,039 | 12.7% | $ 277,100 | $ 197,498 | $ 152,528 | 114.3% |
| Loans 90 or more days past due and still accruing | 13,811 | 14,631 | (5.6%) | 11,762 | 9,959 | 10,118 | 36.5% |
| Total nonperforming loans | 340,668 | 304,670 | 11.8% | 288,862 | 207,457 | 162,646 | 109.5% |
| Other real estate owned (OREO) | 48,710 | 46,473 | 4.8% | 46,579 | 26,798 | 26,489 | 83.9% |
| Total nonperforming assets | $ 389,378 | $ 351,143 | 10.9% | $ 335,441 | $ 234,255 | $ 189,135 | 105.9% |
| Provision for loan losses | 65,044 | 55,011 | 18.2% | 59,001 | 23,002 | 15,501 | 319.6% |
| Net charge offs | 45,855 | 38,427 | 19.3% | 36,998 | 15,970 | 15,491 | 196.0% |
| | | | | | | | |
| Allowance for loan losses / loans | 1.63% | 1.51% | | 1.42% | 1.32% | 1.29% | |
| Allowance for loan losses / nonperforming loans | 77.90 | 80.81 | | 79.49 | 100.07 | 123.32 | |
| Nonperforming loans / total loans | 2.09 | 1.87 | | 1.79 | 1.31 | 1.05 | |
| Nonperforming assets / total loans plus OREO | 2.38 | 2.15 | | 2.07 | 1.48 | 1.22 | |
| Nonperforming assets / total assets | 1.61 | 1.56 | | 1.50 | 1.07 | 0.88 | |
| Net charge offs / average loans (annualized) | 1.12 | 0.94 | | 0.92 | 0.41 | 0.40 | |
| Year-to-date net charge offs / average loans | 0.85 | 0.76 | | 0.67 | 0.41 | 0.27 | |
| | | | | | | | |
| **Nonperforming loans by type:** | | | | | | | |
| Commercial, financial & agricultura | $ 104,664 | $ 85,995 | 21.7% | $ 78,731 | $ 54,919 | $ 32,610 | 221.0% |
| Commercial real estate | 62,423 | 52,875 | 18.1% | 42,280 | 37,367 | 35,049 | 78.1% |
| Real estate - construction | 90,048 | 98,205 | (8.3%) | 110,717 | 56,456 | 39,837 | 126.0% |
| Lease financing | 187 | 83 | 125.3% | 522 | 1,316 | 1,323 | (85.9%) |
| Total commercial | 257,322 | 237,158 | 8.5% | 232,250 | 150,058 | 108,819 | 136.5% |
| Home equity | 31,035 | 25,372 | 22.3% | 23,555 | 18,488 | 16,209 | 91.5% |
| Installment | 7,155 | 6,035 | 18.6% | 5,184 | 4,184 | 3,881 | 84.4% |
| Total retail | 38,190 | 31,407 | 21.6% | 28,739 | 22,672 | 20,090 | 90.1% |
| Residential mortgage | 45,156 | 36,105 | 25.1% | 27,873 | 34,727 | 33,737 | 33.8% |
| Total nonperforming loans | $ 340,668 | $ 304,670 | 11.8% | $ 288,862 | $ 207,457 | $ 162,646 | 109.5% |

| *Period End Loan Composition* | Dec 31, 2008 | Sept 30, 2008 | Dec08 vs Sept08 % Change | Jun 30, 2008 | Mar 31, 2008 | Dec 31,2007 | Dec08 vs Dec07 % Change |
|---|---|---|---|---|---|---|---|
| Commercial, financial & agricultural | $ 4,388,691 | $ 4,343,208 | 1.0% | $ 4,423,192 | $ 4,458,639 | $ 4,281,091 | 2.5% |
| Commercial real estate | 3,566,551 | 3,534,791 | 0.9% | 3,583,877 | 3,585,779 | 3,635,365 | (1.9%) |
| Real estate - construction | 2,260,888 | 2,363,116 | (4.3%) | 2,351,401 | 2,273,125 | 2,260,766 | 0.0% |
| Lease financing | 122,113 | 125,907 | (3.0%) | 124,661 | 118,613 | 108,794 | 12.2% |
| Total commercial | 10,338,243 | 10,367,022 | (0.3%) | 10,483,131 | 10,436,156 | 10,286,016 | 0.5% |
| Home equity | 2,883,317 | 2,892,952 | (0.3%) | 2,757,684 | 2,387,223 | 2,269,122 | 27.1% |
| Installment | 827,303 | 842,741 | (1.8%) | 826,895 | 842,564 | 841,136 | (1.6%) |
| Total retail | 3,710,620 | 3,735,693 | (0.7%) | 3,584,579 | 3,229,787 | 3,110,258 | 19.3% |
| Residential mortgage | 2,235,045 | 2,169,772 | 3.0% | 2,081,617 | 2,119,340 | 2,119,978 | 5.4% |
| Total loans | $ 16,283,908 | $ 16,272,487 | 0.1% | $ 16,149,327 | $ 15,785,283 | $ 15,516,252 | 4.9% |

| *Period End Deposit Composition* | Dec 31, 2008 | Sept 30, 2008 | Dec08 vs Sept08 % Change | Jun 30, 2008 | Mar 31, 2008 | Dec 31,2007 | Dec08 vs Dec07 % Change |
|---|---|---|---|---|---|---|---|
| Demand | $ 2,814,079 | $ 2,545,779 | 10.5% | $ 2,602,026 | $ 2,516,265 | $ 2,661,078 | 5.7% |
| Savings | 841,129 | 888,731 | (5.4%) | 921,000 | 891,806 | 853,618 | (1.5%) |
| Interest-bearing demand | 1,796,405 | 1,667,640 | 7.7% | 1,697,910 | 1,788,404 | 1,947,551 | (7.8%) |
| Money market | 4,926,088 | 4,608,686 | 6.9% | 3,917,505 | 3,972,080 | 3,923,063 | 25.6% |
| Brokered CDs | 789,536 | 579,607 | 36.2% | 398,423 | 731,398 | 409,637 | 92.7% |
| Other time deposits | 3,987,559 | 3,955,224 | 0.8% | 3,841,870 | 3,982,221 | 4,178,966 | (4.6%) |
| Total deposits | $ 15,154,796 | $ 14,245,667 | 6.4% | $ 13,378,734 | $ 13,882,174 | $ 13,973,913 | 8.5% |
| | | | | | | | |
| Network transaction deposits included above in interest-bearing demand and money market | $ 1,530,675 | $ 1,356,616 | 12.8% | $ 620,440 | $ 610,351 | $ 664,982 | 130.2% |
| Customer repo sweeps (a) | $ 505,788 | $ 657,032 | (23.0%) | $ 667,720 | $ 789,218 | $ 844,414 | (40.1%) |

(a) Included within short-term borrowings.

N/M = Not meaningful.

***Net Interest Income Analysis - Taxable Equivalent Basis***
***Associated Banc-Corp***

| *(in thousands)* | Year ended December 31, 2008 Average Balance | Interest Income / Expense | Average Yield / Rate | Year ended December 31, 2007 Average Balance | Interest Income / Expense | Average Yield / Rate |
|---|---|---|---|---|---|---|
| Earning assets: | | | | | | |
| Loans: (1) (2) (3) | | | | | | |
| Commercial | $ 10,387,727 | $ 600,079 | 5.78% | $ 9,807,964 | $ 730,712 | 7.45% |
| Residential mortgage | 2,200,145 | 129,077 | 5.87 | 2,292,606 | 141,127 | 6.16 |
| Retail | 3,492,693 | 227,368 | 6.51 | 3,032,064 | 243,401 | 8.03 |
| Total loans | 16,080,565 | 956,524 | 5.95 | 15,132,634 | 1,115,240 | 7.37 |
| Investments and other | 3,759,141 | 197,896 | 5.26 | 3,512,136 | 187,731 | 5.35 |
| Total earning assets | 19,839,706 | 1,154,420 | 5.82 | 18,644,770 | 1,302,971 | 6.99 |
| Other assets, net | 2,198,257 | | | 1,993,235 | | |
| Total assets | $ 22,037,963 | | | $ 20,638,005 | | |
| Interest-bearing liabilities: | | | | | | |
| Savings deposits | $ 890,811 | $ 4,021 | 0.45% | $ 913,143 | $ 4,494 | 0.49% |
| Interest-bearing demand deposits | 1,752,991 | 15,061 | 0.86 | 1,844,274 | 35,585 | 1.93 |
| Money market deposits | 4,231,678 | 79,057 | 1.87 | 3,752,199 | 138,924 | 3.70 |
| Time deposits, excluding Brokered CDs | 3,957,174 | 148,294 | 3.75 | 4,340,473 | 197,262 | 4.54 |
| Total interest-bearing deposits, excluding Brokered CDs | 10,832,654 | 246,433 | 2.27 | 10,850,089 | 376,265 | 3.47 |
| Brokered CDs | 532,805 | 16,873 | 3.17 | 515,705 | 27,088 | 5.25 |
| Total interest-bearing deposits | 11,365,459 | 263,306 | 2.32 | 11,365,794 | 403,353 | 3.55 |
| Wholesale funding | 5,654,373 | 167,255 | 2.96 | 4,520,916 | 228,546 | 5.06 |
| Total interest-bearing liabilities | 17,019,832 | 430,561 | 2.53 | 15,886,710 | 631,899 | 3.98 |
| Noninterest-bearing demand deposits | 2,446,613 | | | 2,376,009 | | |
| Other liabilities | 148,186 | | | 121,408 | | |
| Stockholders' equity | 2,423,332 | | | 2,253,878 | | |
| Total liabilities and stockholders' equity | $ 22,037,963 | | | $ 20,638,005 | | |
| Net interest income and rate spread (1) | | $ 723,859 | 3.29% | | $ 671,072 | 3.01% |
| Net interest margin (1) | | | 3.65% | | | 3.60% |
| Taxable equivalent adjustment | | $ 27,711 | | | $ 27,259 | |

| | Three months ended December 31, 2008 Average Balance | Interest Income / Expense | Average Yield / Rate | Three months ended December 31, 2007 Average Balance | Interest Income / Expense | Average Yield / Rate |
|---|---|---|---|---|---|---|
| Earning assets: | | | | | | |
| Loans: (1) (2) (3) | | | | | | |
| Commercial | $ 10,333,624 | $ 144,181 | 5.55% | $ 9,983,063 | $ 182,789 | 7.27% |
| Residential mortgage | 2,218,470 | 31,300 | 5.63 | 2,206,003 | 34,283 | 6.19 |
| Retail | 3,733,787 | 56,406 | 6.02 | 3,112,695 | 61,459 | 7.86 |
| Total loans | 16,285,881 | 231,887 | 5.67 | 15,301,761 | 278,531 | 7.23 |
| Investments and other | 4,150,602 | 53,884 | 5.19 | 3,547,318 | 47,555 | 5.36 |
| Total earning assets | 20,436,483 | 285,771 | 5.57 | 18,849,079 | 326,086 | 6.88 |
| Other assets, net | 2,209,938 | | | 2,085,944 | | |
| Total assets | $ 22,646,421 | | | $ 20,935,023 | | |
| Interest-bearing liabilities: | | | | | | |
| Savings deposits | $ 880,155 | $ 903 | 0.41% | $ 898,780 | $ 1,259 | 0.56% |
| Interest-bearing demand deposits | 1,637,383 | 1,930 | 0.47 | 1,816,676 | 8,353 | 1.82 |
| Money market deposits | 4,889,011 | 17,480 | 1.42 | 3,772,661 | 32,746 | 3.44 |
| Time deposits, excluding Brokered CDs | 3,951,360 | 32,464 | 3.27 | 4,317,752 | 49,506 | 4.55 |
| Total interest-bearing deposits, excluding Brokered CDs | 11,357,909 | 52,777 | 1.85 | 10,805,869 | 91,864 | 3.37 |
| Brokered CDs | 509,324 | 3,625 | 2.83 | 534,148 | 6,814 | 5.06 |
| Total interest-bearing deposits | 11,867,233 | 56,402 | 1.89 | 11,340,017 | 98,678 | 3.45 |
| Wholesale funding | 5,496,248 | 30,685 | 2.22 | 4,750,471 | 56,070 | 4.69 |
| Total interest-bearing liabilities | 17,363,481 | 87,087 | 2.00 | 16,090,488 | 154,748 | 3.82 |
| Noninterest-bearing demand deposits | 2,528,393 | | | 2,420,974 | | |
| Other liabilities | 151,630 | | | 134,039 | | |
| Stockholders' equity | 2,602,917 | | | 2,289,522 | | |
| Total liabilities and stockholders' equity | $ 22,646,421 | | | $ 20,935,023 | | |
| Net interest income and rate spread (1) | | $ 198,684 | 3.57% | | $ 171,338 | 3.06% |
| Net interest margin (1) | | | 3.88% | | | 3.62% |
| Taxable equivalent adjustment | | $ 6,902 | | | $ 7,119 | |

(1) The yield on tax exempt loans and securities is computed on a taxable equivalent basis using a tax rate of 35% for all periods presented and is net of the effects of certain disallowed interest deductions.

(2) Nonaccrual loans and loans held for sale have been included in the average balances.

(3) Interest income includes net loan fees.

EXHIBIT B

**Associated Banc-Corp (UST Sequence No. 76) Response, dated March 9, 2009, to the Letter of Inquiry, dated February 6, 2009, from the Office of the Special Inspector General, Troubled Asset Relief Program**

b(8)

**EXHIBIT C**

**Associated Banc-Corp (UST Sequence No. 76) Response, dated March 9, 2009, to the Letter of Inquiry, dated February 6, 2009, from the Office of the Special Inspector General, Troubled Asset Relief Program**

b(4)

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