



# **Associated Banc-Corp Investor Presentation**

Bank of America Merrill Lynch  
Banking & Financial Services Conference

November 14, 2012

# Forward-Looking Statements

## Important note regarding forward-looking statements:

Statements made in this presentation which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. This includes any statements regarding management's plans, objectives, or goals for future operations, products or services, and forecasts of its revenues, earnings, or other measures of performance. Such forward-looking statements may be identified by the use of words such as "believe", "expect", "anticipate", "plan", "estimate", "should", "will", "intend", "outlook", or similar expressions. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements. Factors which may cause actual results to differ materially from those contained in such forward-looking statements include those identified in the company's most recent Form 10-K and subsequent SEC filings. Such factors are incorporated herein by reference.

# Leading Midwest Banking Franchise



- Top 50, publicly traded, U.S. bank holding company
- \$23 billion in assets; largest bank headquartered in Wisconsin
  - Over 250 banking offices serving over 150 communities
  - #1 mortgage originator in Wisconsin<sup>1</sup>
  - #1 SBA lender in Wisconsin<sup>2</sup>

## Operating in Attractive Midwest Markets

- 5 of the top 10 cities in the U.S with highest credit score in footprint<sup>4</sup>
- WI & MN continue to show above average employment levels<sup>5</sup>
- Midwest Manufacturing output is up 8.5% YoY (vs. 3.5% nationally)<sup>6</sup>
- Midwest Machinery output is up 8.1% YoY (vs. 3.7% nationally)<sup>6</sup>



- Yellow circle: >\$1bn deposits<sup>3</sup>
- Orange circle: >\$500m deposits<sup>3</sup>
- Blue circle: >\$200m deposits<sup>3</sup>
- Green circle: Commercial offices
- \* Top 10 credit score<sup>4</sup>

	WI	MN	IL	U.S.
Unemployment Rate <sup>4</sup>	7.3%	5.8%	8.8%	7.9%
ASBC Deposits (\$ in billions)	\$11.5	\$1.5	\$3.7	\$16.7



<sup>1</sup> Based on 2011 number of funded mortgage loans per HMDA data; <sup>2</sup> Based on 2011 FY number of funded SBA loans; <sup>3</sup> FDIC market share data 6/30/12; <sup>4</sup> Experian State of Credit Survey 2012; <sup>5</sup> Source: U.S. BLS, State: Sept. 2012, US: Oct. 2012; <sup>6</sup> Source: FRB Chicago Midwest Manufacturing Index, Sept. 2012.

# Third Quarter 2012 Highlights

## Solid Quarterly Performance

### Net Income & ROTICE

- Net income available to common shareholders of \$45 million or \$0.26 per share
- Return on Tier 1 Common Equity of 9.7%, compared to 7.8% a year ago

### Loan Growth

- Total loans of \$15.0 billion were up \$267 million, or 2% from the end of the prior quarter
  - Loan balances have increased by \$1.5 billion, or 11%, from a year ago

### Deposit Growth

- Average deposits increased by \$565 million, or 4%, during the quarter
  - Deposit balances are up \$1.2 billion, or 8%, from a year ago

### Net Interest Income & Net Interest Margin

- Net interest income increased by \$2 million from the second quarter to \$156 million
  - Net interest margin of 3.26%

### Capital

- Capital ratios remain very strong with a Tier 1 Common Equity ratio of 12.01%
- Current capital levels are well in excess of “well-capitalized” regulatory benchmarks
- Existing capital levels are already above proposed Basel III capital levels

# Capital Management Priorities and Plans

## 1) Funding Organic Growth

- Focus remains on funding organic loan growth across the footprint
- Supporting business growth initiatives and ongoing capital investments

## 2) Paying a Competitive Dividend

- **Increasing quarterly dividend to \$0.08/share, effective December 15**
  - 60% higher dividend than previous \$0.05/share

## 3) Non-organic Growth Opportunities

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

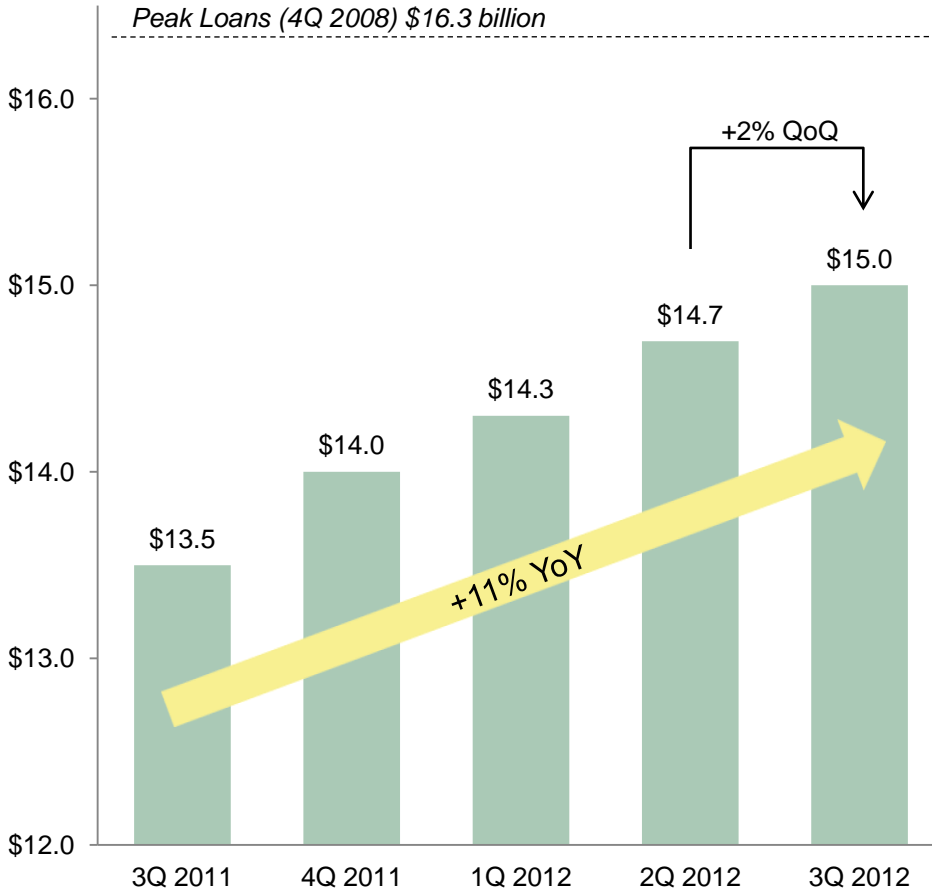
## 4) Buybacks and Redemptions

- Completed the redemption of all \$180 million of outstanding Trust preferred securities in the past 45 days
- **Announced \$125 million share repurchase program to strategically return capital to shareholders**

# Loan Portfolio Growth and Composition

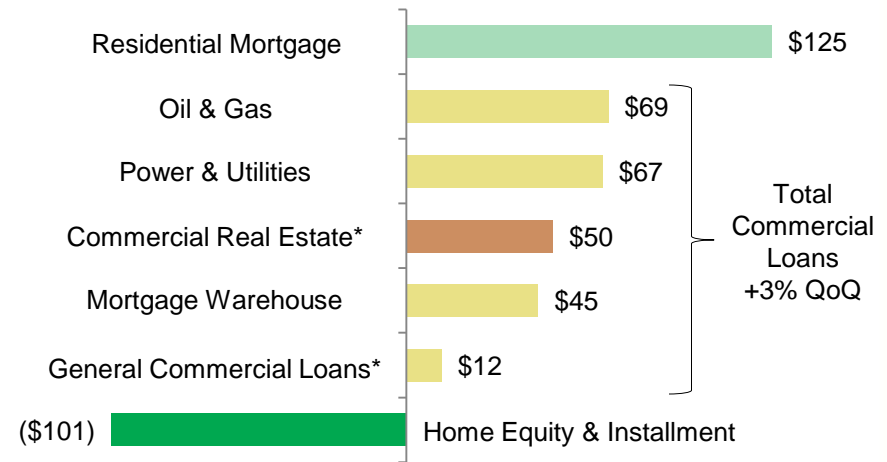
Total Loans of \$15.0 billion at September 30, 2012

## Total Loans (\$ in billions)

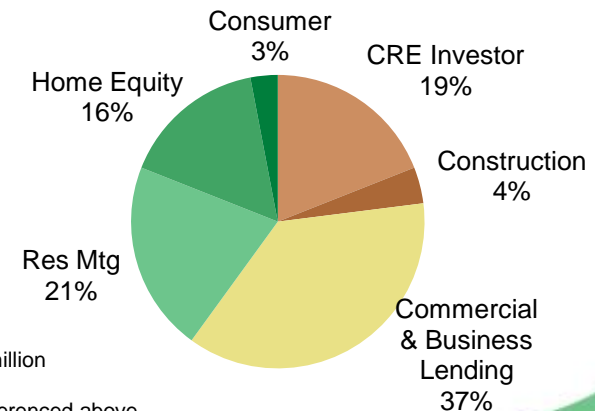


## 3Q 2012 Net Loan Growth of \$267 million

(\$ balances in millions)



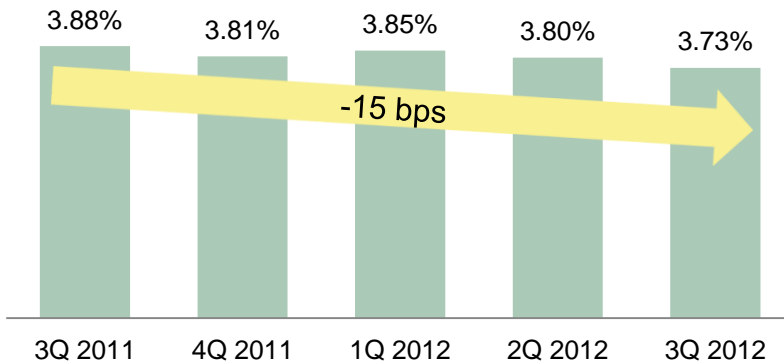
## Loan Mix – 3Q 2012



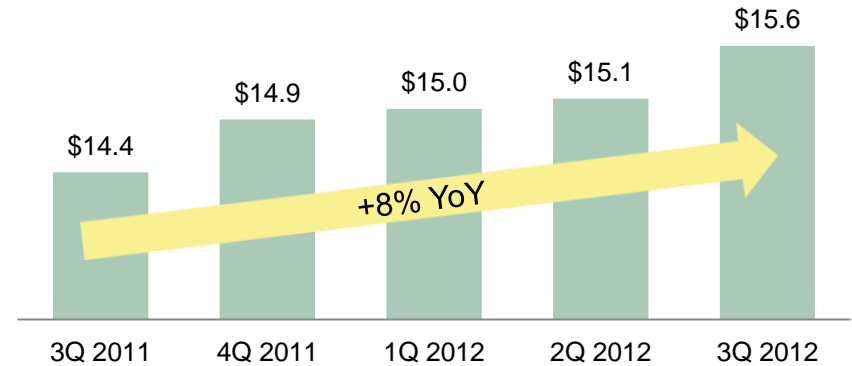
\* General commercial loan growth presented here is net of (i.e. reduced by) \$75 million of loans which were migrated from investor CRE to owner-occupied during Q3.  
 \* CRE growth shown above is inclusive of the \$75 million that was migrated as referenced above.

# Managing the Cost of Funds & Margin

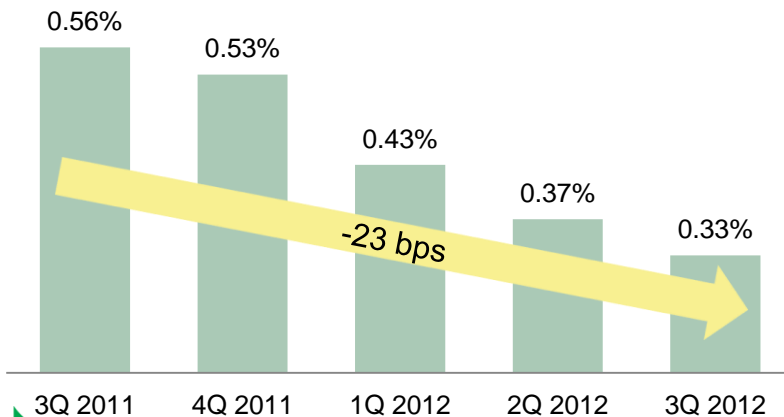
## Yield on Interest-earning Assets



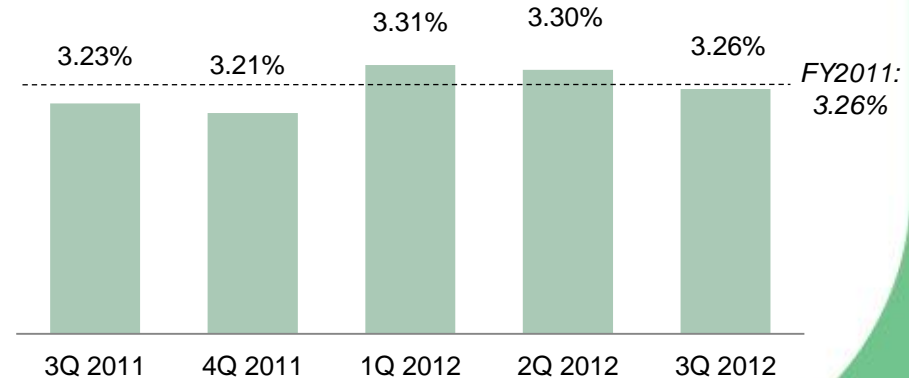
## Average Deposits (\$ balances in billions)



## Cost of Interest-bearing Deposits



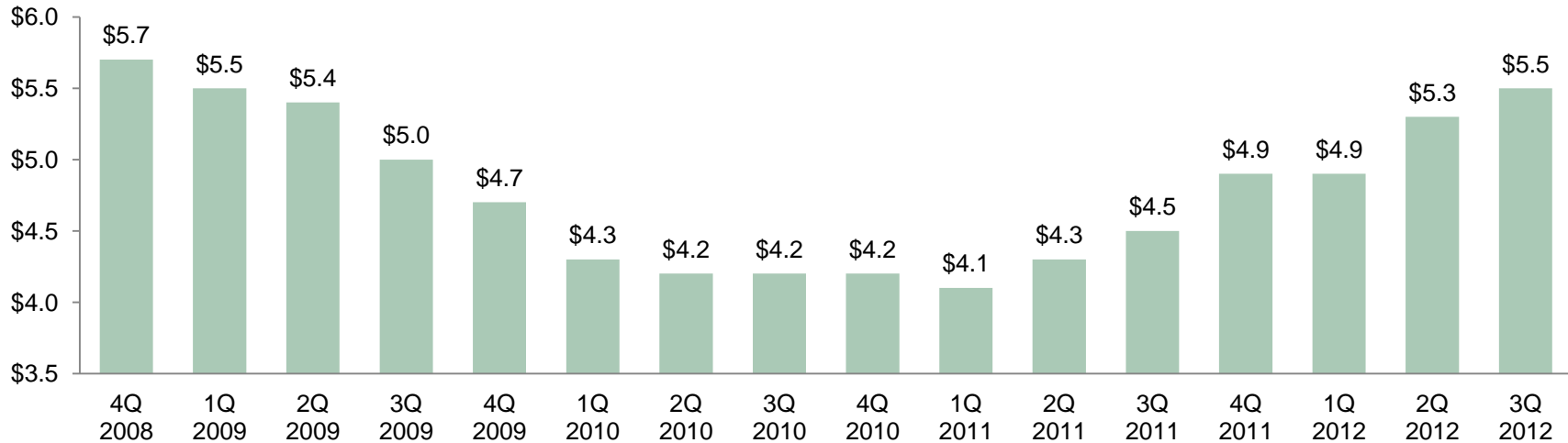
## Net Interest Margin



# Rebuilding Commercial & Business Lending Portfolio

## Commercial & Business Lending Loans

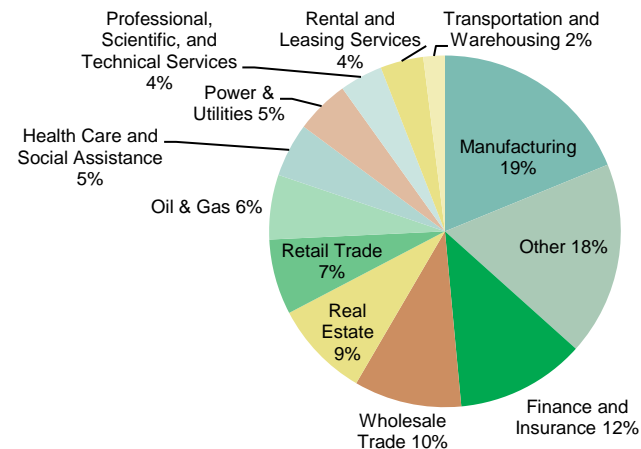
(\$ in billions)



### Highlights

- Over the past two years we have restored our C&I lending efforts
- Competitive disruptions in our markets continue to provide opportunity for growth into 2013
- Manufacturing sector remains the cornerstone of our C&I lending efforts
- Specialized lending portfolios continue to grow from a small base

### CB&L Loans by Industry – 3Q 2012

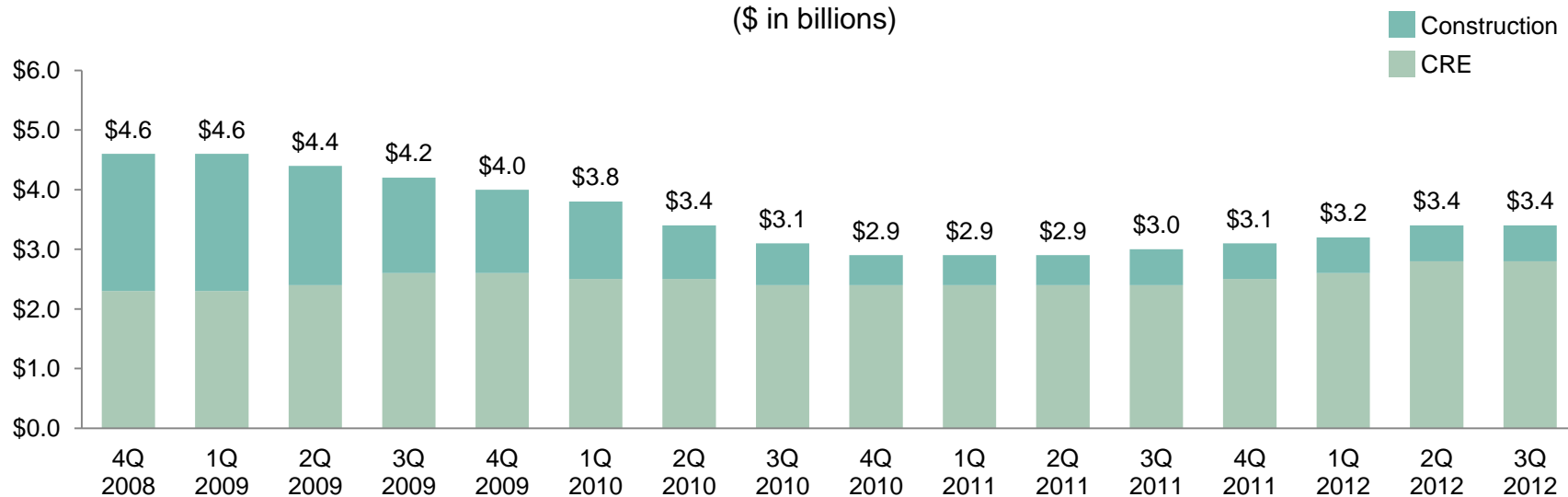




# Rebuilding Commercial Real Estate Lending Portfolio

## Commercial Real Estate Lending Loans

(\$ in billions)

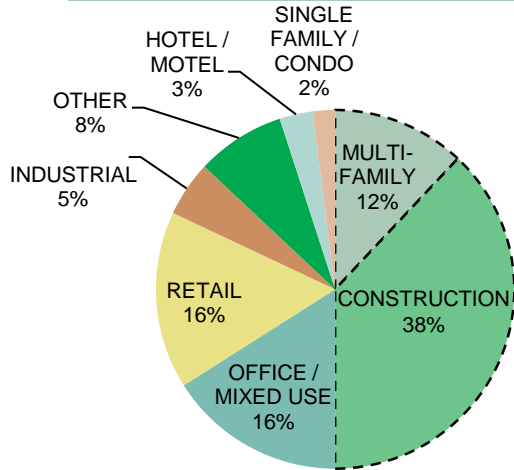


### Highlights

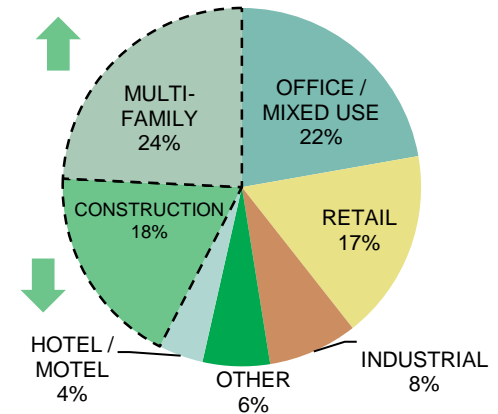
- Over the past several years we have refocused our CRE efforts to emphasize in-footprint and lower risk asset classes
- Commercial real estate lending balances bottomed out in 2010 and have grown by \$500 million since early 2011, however they remain \$1.2 billion below peak at 4Q 2008
- We see continued opportunity to grow commercial real estate in the Upper Midwest given current market and pricing dynamics
- We have added commercial real estate LPO teams in Michigan, Indiana, and Ohio to provide better regional diversification to the portfolio

# Refocused Commercial Real Estate Activities

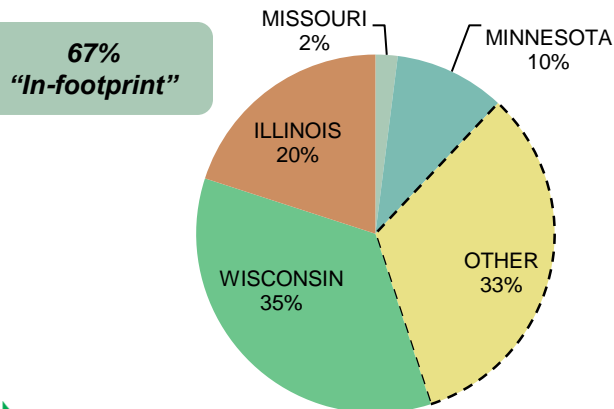
CRE / Construction – 3Q 2009



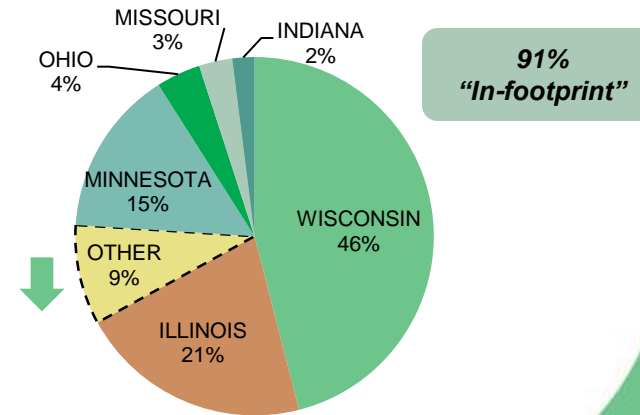
CRE / Construction – 3Q 2012



CRE / Construction – 3Q 2009



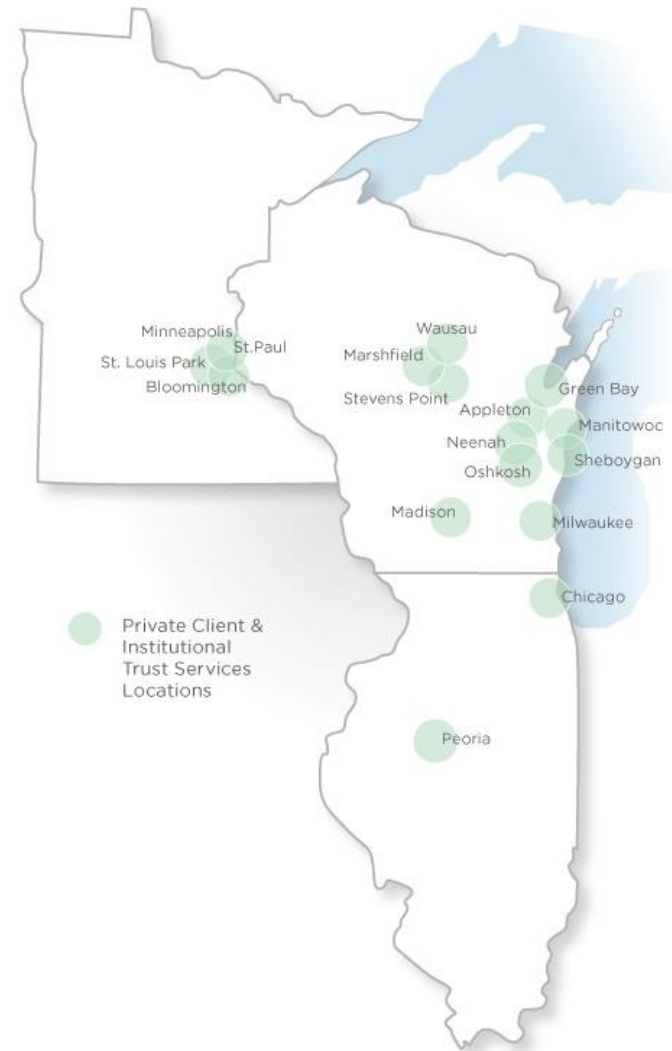
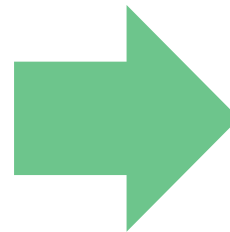
CRE / Construction – 3Q 2012



# Enhanced Private Client & Institutional Services

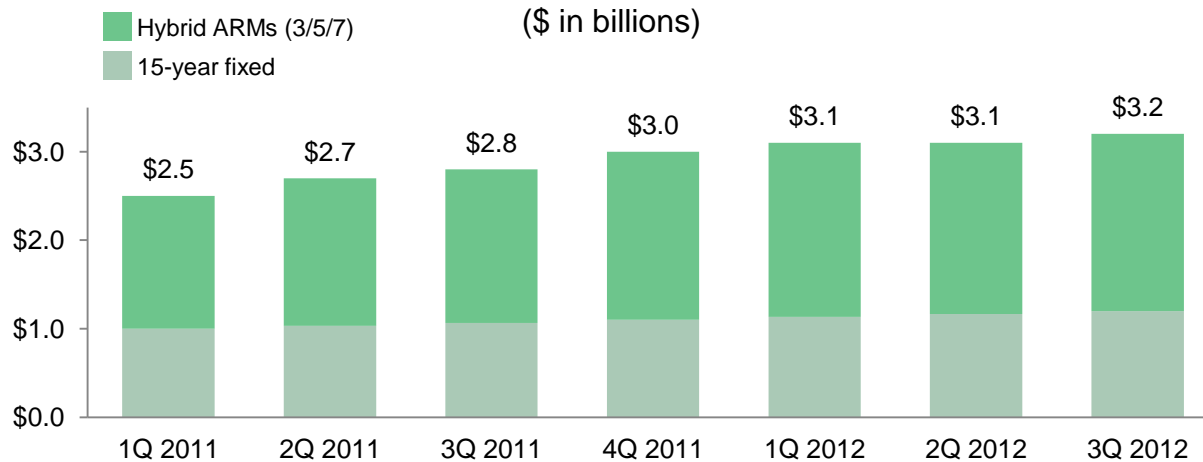
## Highlights

- Hired new Director of Trust (based in Milwaukee) & Director of Private Banking (based in Chicago) in order to drive business growth
- New hire strategy focused on team lift-outs across the footprint (Minneapolis & Chicago)
- Created dedicated Private Banking credit team led by an experienced credit manager
- Product and service enhancements for affluent client base and specialty niches (law & accounting firm partners)
- Strengthening cross-line partnerships between Trust, Private Banking, Insurance & Commercial Banking
- Over \$6.2 billion of assets under management

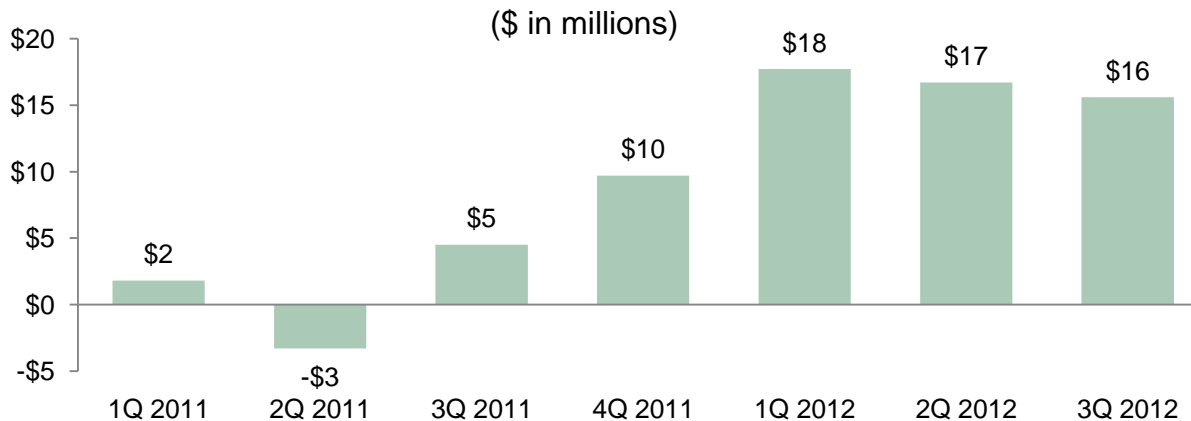


# Strong Mortgage Banking Business

## Residential Mortgage Loan Portfolio



## Net Mortgage Banking Revenues



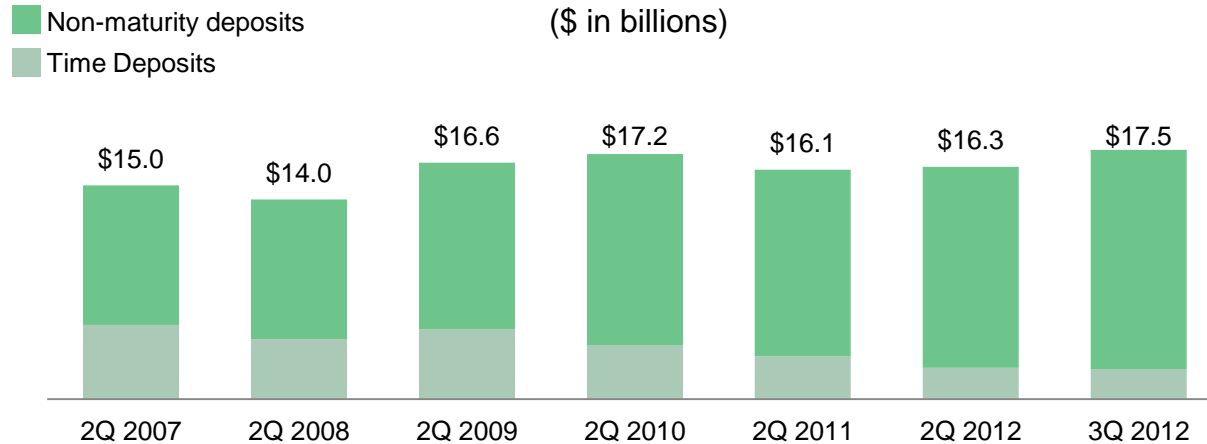
## Highlights

- Opened new channels and expanded into additional markets
- Retaining primarily hybrid ARMs on balance sheet as well as ~\$1.2 billion of 15-year fixed product
- Selling substantially all 30-year production
- Associated remains the #1 mortgage lender in Wisconsin (by units & dollar volume)

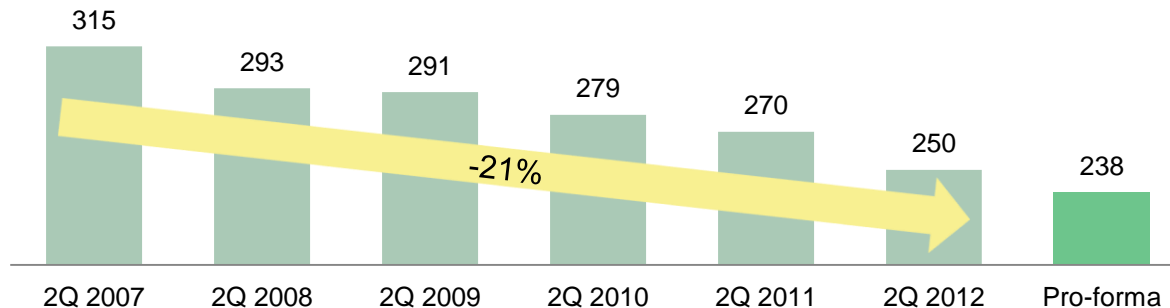
# Refinement of Branch Strategy

## Increasing Deposit Base while Optimizing Traditional Retail Network

### Total Deposits & Customer Funding



### Number of Branches



### Highlights

- Deposits & customer funding have grown by \$2.5 billion since 2007
- At the same time, the total branch count has been reduced by over 20%
- Announced plans to consolidate an additional 12 branches in early 2013
- Planned reformatting of 4 additional full-service branches to lower cost delivery channels
- Focused on continually evaluating efficiencies of the branch network and reviewing branch delivery channels

# Footprint Update

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



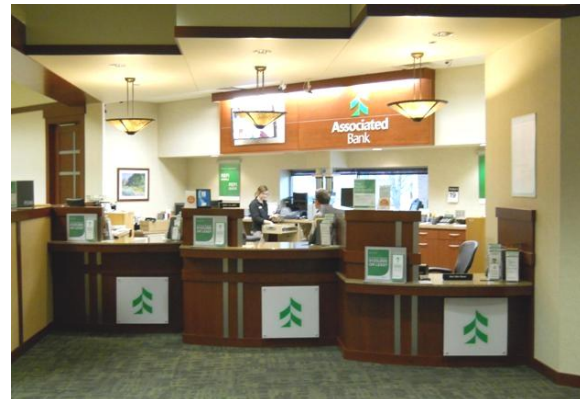
Example in-store remodel



Example small-format teller line



Example traditional remodel



Example small-format teller line

### Highlights

- Completed the remodel, relocation, or new construction of over 30 branches in 2011
- 50 remodels planned in 2012; completed ~40 branches YTD 2012
- YTD 2012 PPE expense of \$59 million includes ongoing investments in franchise
- Consolidated 21 branches in 1H2012 and sold three additional outlying branches in Jan. 2012
- Consolidating HQ in downtown Green Bay
- Consolidating Chicago commercial teams

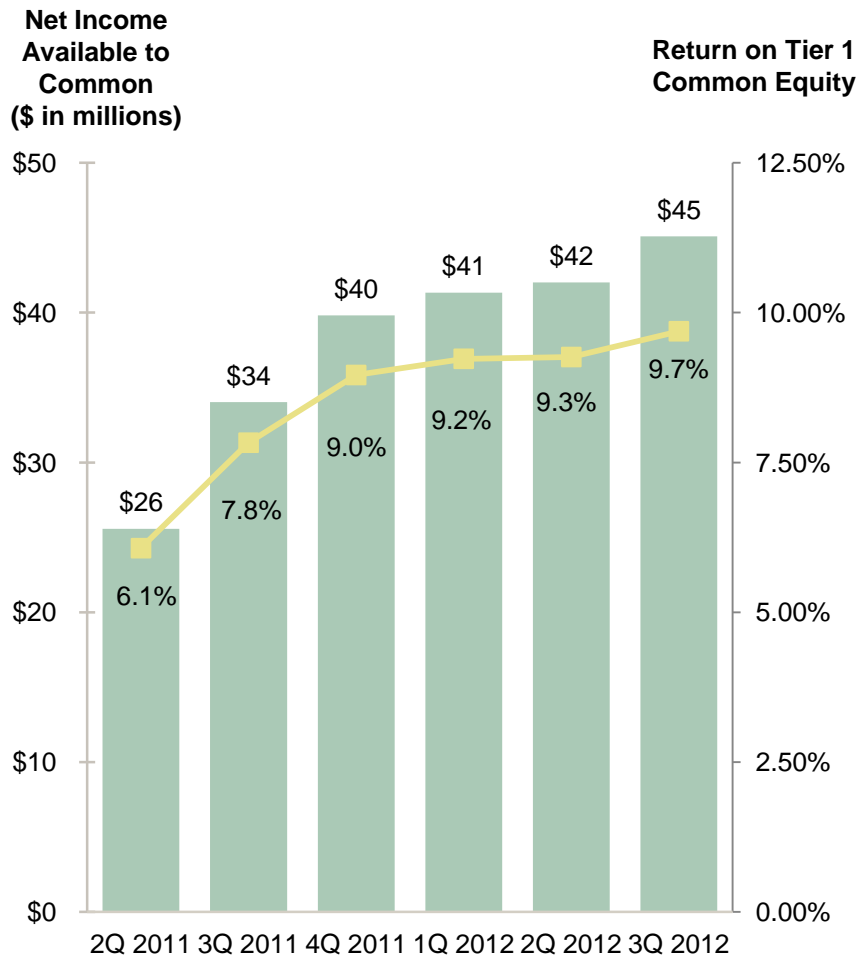
# Continued Improvement in Credit Quality Indicators

(\$ in millions)

	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012
<i>Potential problem loans</i>	\$ 660	\$ 566	\$ 480	\$ 410	\$ 404
<i>Nonaccruals</i>	\$ 403	\$ 357	\$ 327	\$ 318	\$ 278
<i>Provision for loan losses</i>	\$ 4	\$ 1	\$ 0	\$ 0	\$ 0
<i>Net charge offs</i>	\$ 30	\$ 23	\$ 22	\$ 24	\$ 18
<i>ALLL/Total loans</i>	2.96%	2.70%	2.50%	2.26%	2.11%
<i>ALLL/Nonaccruals</i>	99.09%	105.99%	108.93%	104.65%	113.29%
<i>NPA/Assets</i>	2.03%	1.82%	1.65%	1.62%	1.38%
<i>Nonaccruals/Loans</i>	2.99%	2.54%	2.29%	2.16%	1.86%
<i>NCOs / Avg Loans</i>	0.90%	0.64%	0.61%	0.65%	0.47%

# Why Associated

## Net Income Available to Common & ROT1CE



## Reasons to Invest

- Leading Midwest Bank Operating in Attractive Markets
- Core Organic Growth Opportunity
- Disciplined Deposit Pricing & Stable Margin
- Improving Credit Quality
- Strong Capital Profile Above Basel III Expectations & Opportunities for Capital Deployment
- Improving Earnings Profile

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





# Associated

**Associated Banc-Corp will be the most admired Midwestern financial services company, distinguished by sound, value-added financial solutions with personal service for our customers, built upon a strong commitment to our colleagues and the communities we serve, resulting in exceptional value for our shareholders.**

# Appendix

# Maintaining a Strong Capital Profile

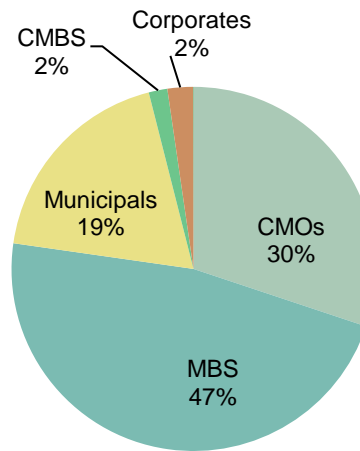
	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012
<b><u>ASBC Capital Ratios</u></b>					
<b><i>TCE /TA</i></b>	8.77%	8.84%	9.01%	8.99%	8.91%
<b><i>Leverage Ratio</i></b>	9.62%	9.81%	10.03%	9.95%	9.99%
<b><i>Tier 1 Common Ratio</i></b>	12.44%	12.24%	12.49%	12.04%	12.01%
<b><i>Tier 1 Ratio</i></b>	14.35%	14.08%	14.33%	13.64%	13.57%
<b><i>Total Capital Ratio</i></b>	15.81%	15.53%	15.78%	15.08%	15.00%
<b><u>ABNA Capital Ratios</u></b>					
<b><i>Leverage Ratio</i></b>	10.35%	10.56%	10.70%	10.85%	10.65%
<b><i>Tier 1 Ratio</i></b>	15.57%	15.23%	15.40%	14.92%	14.69%
<b><i>Total Capital Ratio</i></b>	16.84%	16.50%	16.67%	16.18%	15.95%

# High Quality Investment Securities Portfolio

## Investment Portfolio – September 30, 2012

Type	Bk Value (000's)	Mkt Value (000's)	TEY (%)	Duration (Yrs)
Govt & Agencies	\$ 1,010	\$ 1,011	0.30	1.88
MBS	2,043,149	2,134,182	3.37	2.47
CMOs	1,338,377	1,356,338	2.66	1.25
CMBS	71,965	74,725	2.70	7.37
Municipals	801,180	848,894	5.50	4.67
Corporates & Other	101,525	102,771	1.79	1.12
<b>TOTAL AFS</b>	<b>\$4,357,206</b>	<b>\$4,517,921</b>	<b>3.50</b>	<b>2.41</b>

## Market Value Composition – September 30, 2012



## Risk – Weighted Profile – September 30, 2012

Type	Mkt Value (000's)	% of Total
0% RWA	\$ 80,684	2%
20% RWA	4,160,596	92%
50% RWA	25,855	1%
=>100% RWA	92,200	2%
Not subject to RW	158,586	3%
<b>TOTAL</b>	<b>\$4,517,921</b>	<b>100%</b>

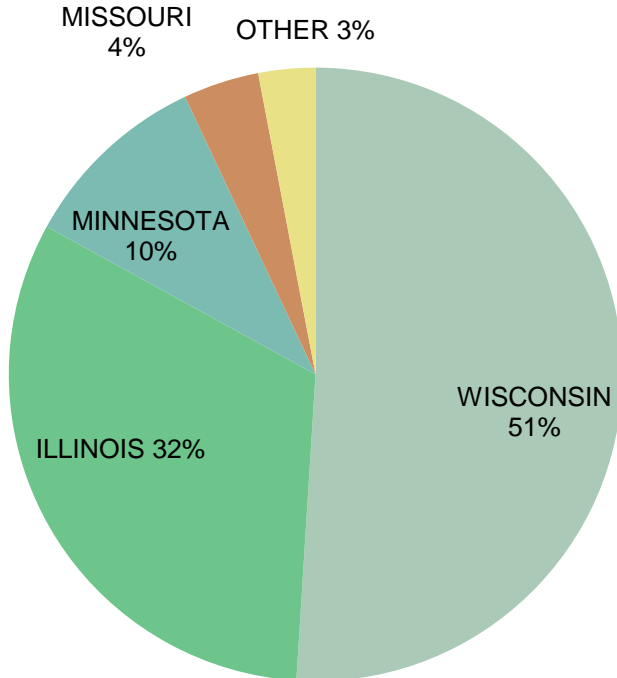
## Portfolio Composition Ratings – September 30, 2012

Credit Rating	Mkt Value (000's)	% of Total
Govt & Agency	\$ 3,559,632	79%
AAA	14,728	---
AA	778,184	17%
A	136,415	3%
BAA1, BAA2 & BAA3	14,237	---
BA1 & Lower and Non-rated	14,725	---
<b>TOTAL</b>	<b>\$4,517,921</b>	<b>100%</b>

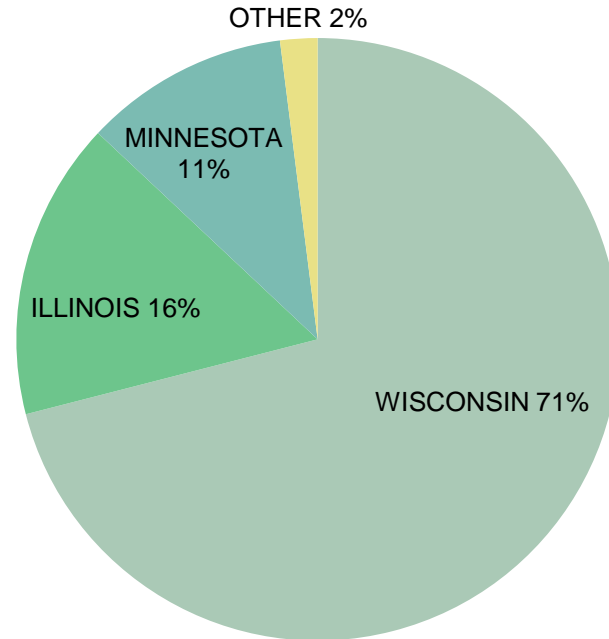
# Consumer Loan Portfolios by Geography

(as of September 30, 2012)

## Residential Mortgage Loans by State



## Home Equity Loans by State

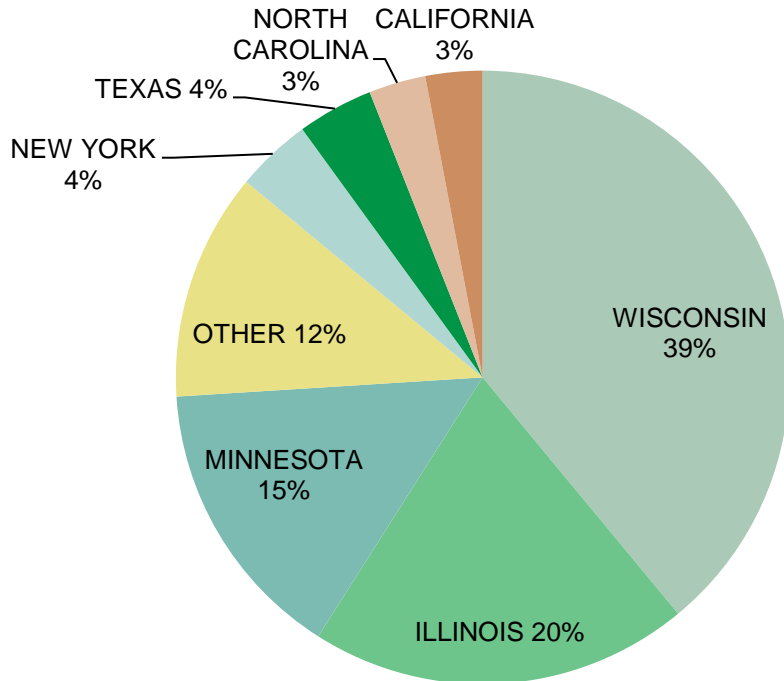


Approximately half of home equity portfolio is in first-lien position

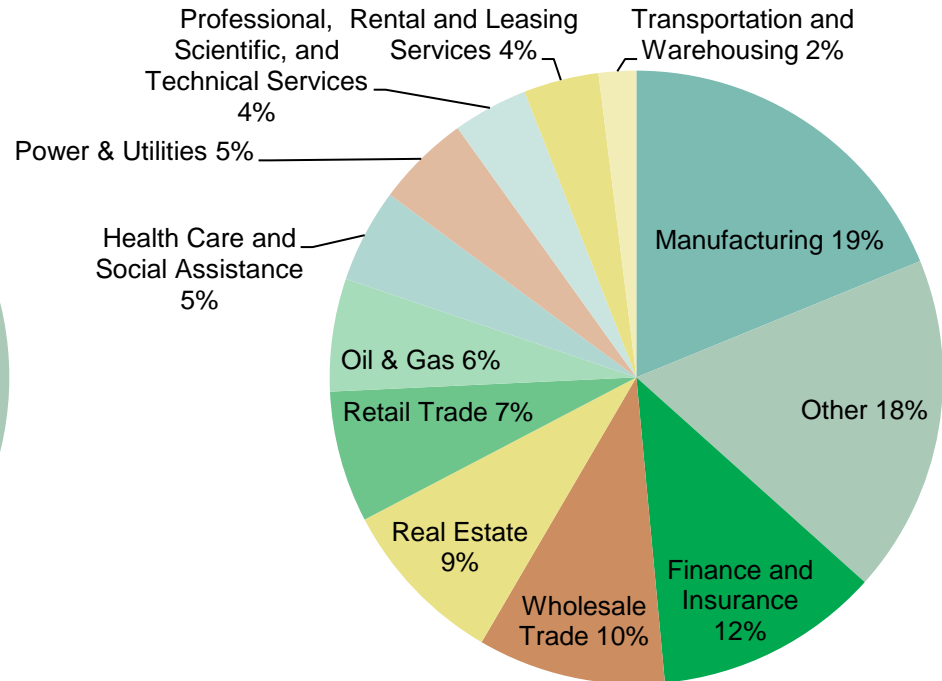
# Commercial & Business Lending Loans

(as of September 30, 2012)

**Commercial & Business Lending Loans by State**



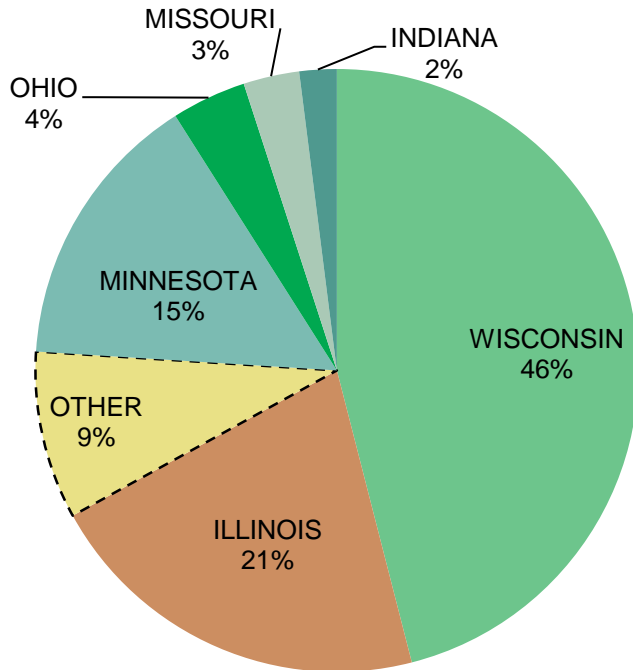
**Commercial & Business Lending Loans by Industry**



# Commercial Real Estate Lending Loans

(as of September 30, 2012)

## Commercial Real Estate Lending Loans by State



## Commercial Real Estate Lending Loans by Collateral

