# Associated Banc-Corp
# 4Q 2012 Earnings Presentation

January 17, 2013

# 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.

Associated

# Fourth Quarter 2012 Highlights

**Solid Results Driven by Fundamental Strength in Core Businesses**

| | |
|---|---|
| **Net Income & ROT1CE** | • Net income available to common shareholders of $45 million or $0.26 per share<br>• Return on Tier 1 common equity of 9.6%, compared to 9.0% a year ago |
| **Loan Growth** | • Total loans of $15.4 billion were up $445 million, or 3% from the third quarter<br>– Total commercial loan balances grew by $426 million, or 5% from the prior quarter |
| **Deposit Growth** | • Average deposits increased by $1.0 billion, or 7% QoQ<br>– Period-end noninterest-bearing deposits grew by $439 million, or 10% QoQ |
| **Net Interest Income & Net Interest Margin** | • Net interest income increased by $6 million from the third quarter to $161 million<br>– Net interest margin of 3.32% |
| **Capital** | • Increased quarterly dividend to $0.08/share<br>• Repurchased $30 million of stock during the fourth quarter<br>• Capital ratios remain very strong with a Tier 1 common equity ratio of 11.58% |

Associated

# 2012 Full Year Recap

**Execution of Growth Initiatives & Delivering Shareholder Value**

| | |
|---|---|
| **Net Income & ROT1CE** | • FY 2012 earnings of $174 million or $1.00/share<br>– Compared to $115 million in FY 2011 or $0.66/share<br>• FY 2012 ROT1CE of 9.5% compared to 6.7% for FY 2011 |
| **Loan Growth** | • Total loans up $1.4 billion, or 10% YoY to $15.4 billion |
| **Net Interest Margin** | • Defended the margin despite interest rate headwinds<br>– Full year NIM of 3.30%<br>– Deposit rates & interest-bearing liability costs managed lower throughout the year |
| **Credit** | • Credit quality continued to improve at a steady pace<br>– Nonaccruals down 29% YoY |
| **Capital** | • Redeemed all outstanding Trust Preferred Securities<br>• Increased the dividend twice during 2012 ($0.01 to $0.05 to $0.08)<br>• Repurchased $60 million of stock during 2012; $30 million (2Q12) & $30 million (4Q12) |

Associated

# Executing on Strategic Plan

**2011 – A Year of Transition**

- Repaid TARP
- OCC MOU terminated
- Began executing on our strategic initiatives for growth
  - Loans +11% YoY
  - Improving retail footprint
  - Investing in Commercial Deposit & Treasury Management Solutions

**2012 – Execution of Growth Initiatives**

- FY 2012 earnings up 51%
- Loan balances up 10% YoY
- Defended the margin
- Credit quality continued to improve
- Increased dividend twice; $.01 - $.05 - $.08
- $60 million of shares repurchased
- 7% increase in TBV/share

**2013 – Growing the Franchise & Creating Long-Term Shareholder Value**

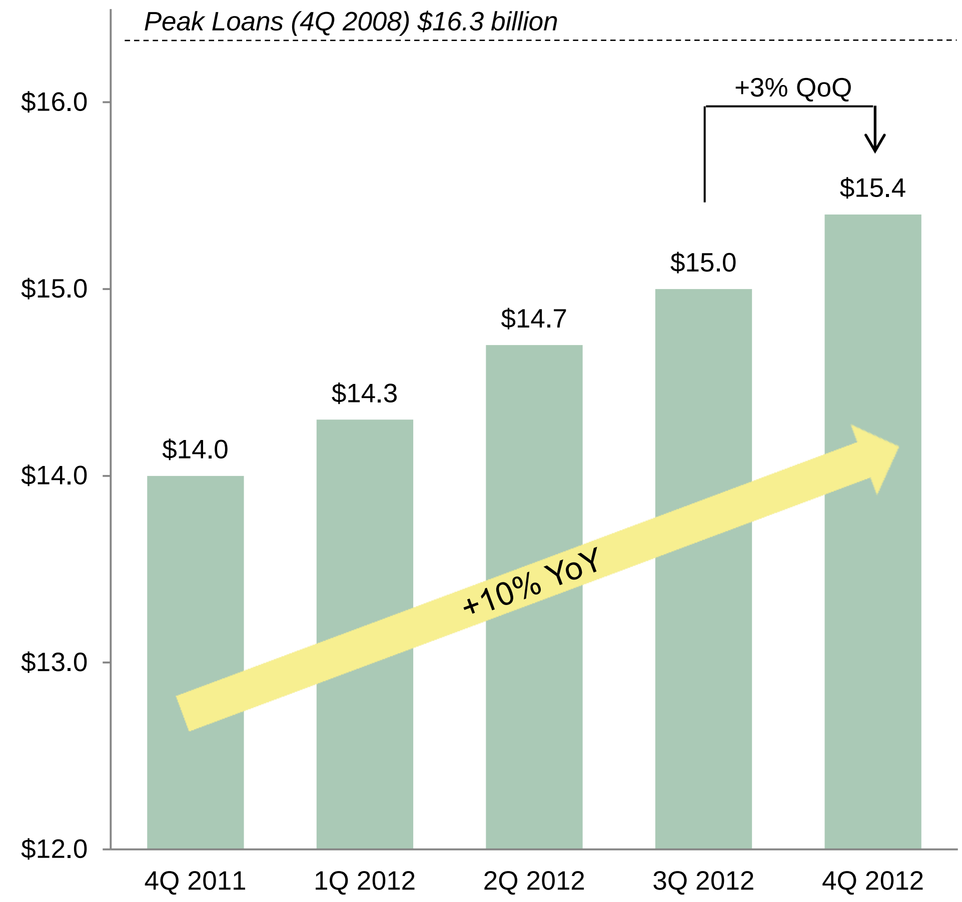
- Continued focus on organic growth opportunities
- Defending NIM compression in low-rate environment
- Strong focus on efficiency & expense management
- Disciplined focus on deploying capital to drive long-term shareholder value

Associated

# Loan Portfolio Growth and Composition

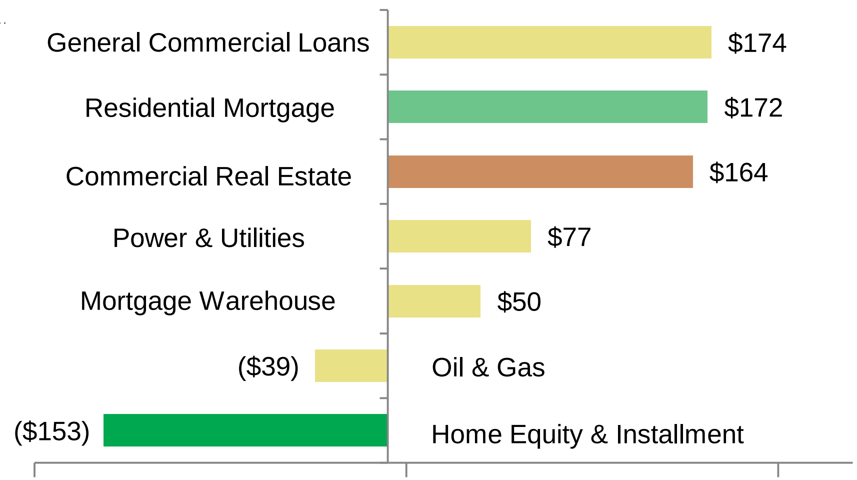
**Total Loans of $15.4 billion at December 31, 2012**

## Total Loans ($ in billions)

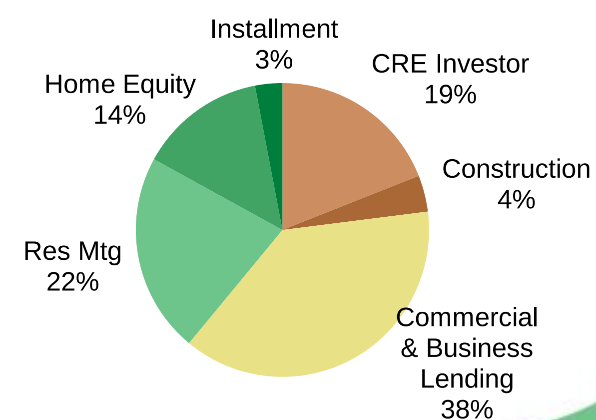



## 4Q 2012 Net Loan Growth of $445 million

**($ balances in millions)**



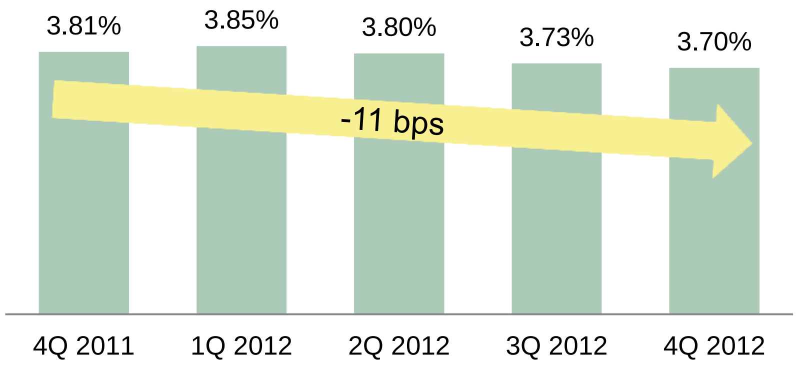

## Loan Mix – 4Q 2012




Associated

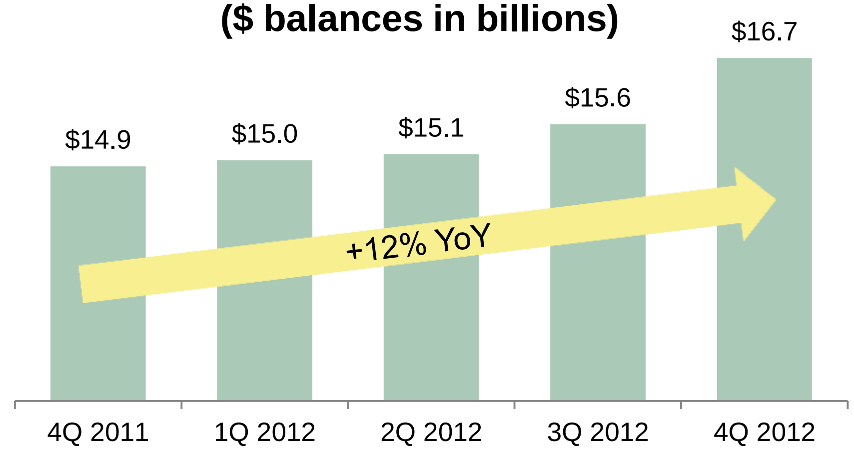
# Managing the Cost of Funds & Margin

## Yield on Interest-earning Assets

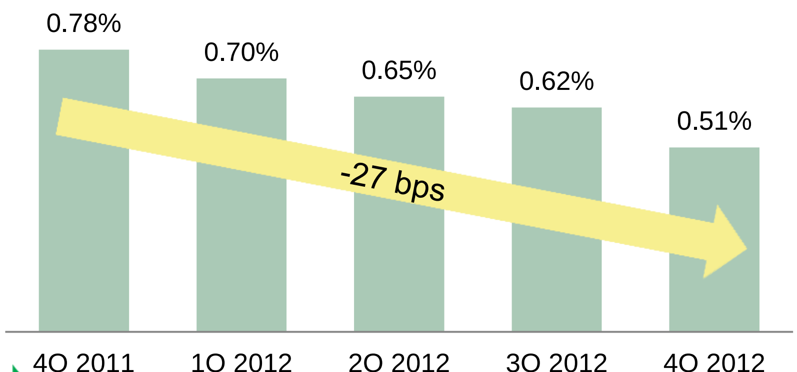



## Average Deposits

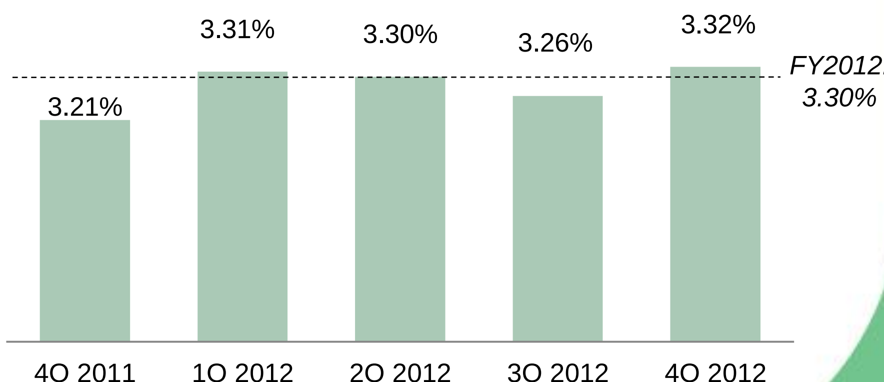
**($ balances in billions)**




## Cost of Interest-bearing Liabilities




## Net Interest Margin



# Continued Improvement in Credit Quality Indicators

**($ in millions)**

| | 4Q 2011 | 1Q 2012 | 2Q 2012 | 3Q 2012 | 4Q 2012 |
|---|---|---|---|---|---|
| ***Potential problem loans*** | $ 566 | $ 480 | $ 410 | $ 404 | $ 361 |
| ***Nonaccruals*** | $ 357 | $ 327 | $ 318 | $ 278 | $ 253 |
| ***Provision for loan losses*** | $ 1 | $ 0 | $ 0 | $ 0 | $ 3 |
| ***Net charge offs*** | $ 23 | $ 22 | $ 24 | $ 18 | $ 21 |
| | | | | | |
| ***ALLL/Total loans*** | 2.70% | 2.50% | 2.26% | 2.11% | 1.93% |
| ***ALLL/Nonaccruals*** | 105.99% | 108.93% | 104.65% | 113.29% | 117.61% |
| | | | | | |
| ***NPA/Assets*** | 1.82% | 1.65% | 1.62% | 1.38% | 1.22% |
| ***Nonaccruals/Loans*** | 2.54% | 2.29% | 2.16% | 1.86% | 1.64% |
| ***NCOs / Avg Loans*** | 0.64% | 0.61% | 0.65% | 0.47% | 0.55% |

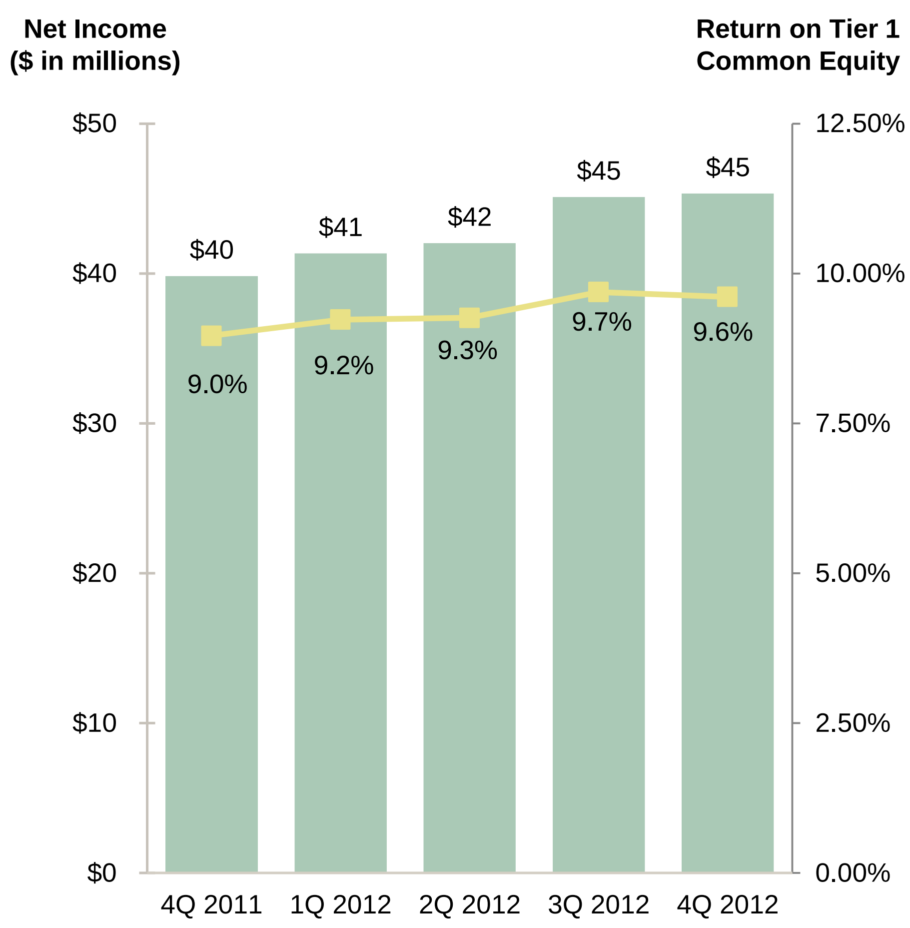
Associated

# Strong Capital Profile & Improving Earnings

## Tier 1 Common Equity Ratio


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

## Net Income Available to Common & ROT1CE




Associated

# 2013 Full Year Outlook

## Growing the Franchise & Creating Long-Term Shareholder Value

**Loan Growth**

- High single digit FY loan growth, with seasonally low 1Q 2013

**Expenses**

- Flat year-over-year
- Reduced regulatory costs offset by continued franchise investments

**Deposit Growth**

- Continued disciplined deposit pricing
- Sustained focus on treasury management solutions to drive growth in commercial deposits

**Footprint**

- Continuing to invest in our branches while optimizing our network
- Consolidating in downtown Green Bay and Chicago loop

**NIM**

- Modest compression over the course of the year
- $500 million of relatively high cost FHLB advances maturing during 1H 2013

**Credit**

- Continuing improvement in credit trends
- Provision expense to increase based on new loan growth in 2013

**Fee Income**

- Modest improvement in core fee-based revenues with lower net mortgage banking revenues

**Capital**

- Disciplined focus on deploying capital to drive long-term shareholder value