



Associated Bank

**INVESTOR PRESENTATION
FIRST QUARTER 2016**



ASSOCIATED BANC-CORP

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.

Trademarks:

All trademarks, service marks, and trade names referenced in this material are official trademarks and the property of their respective owners.



OUR FOOTPRINT AND FRANCHISE



Company YE 2015

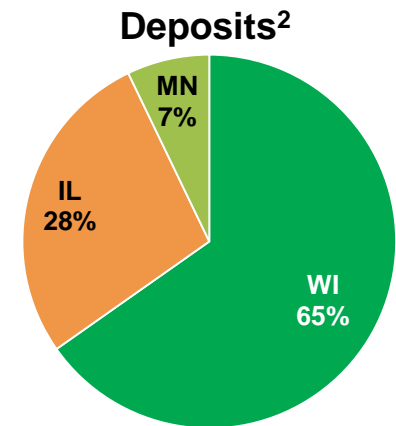
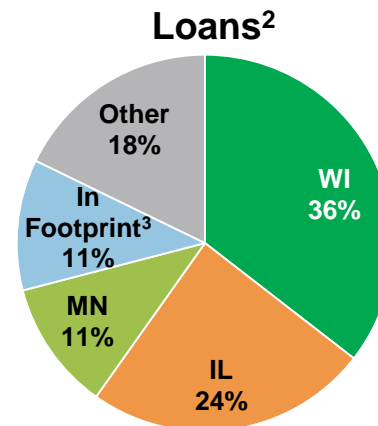
- Headquarters: Green Bay, WI
- Employees: ~4,400
- Branches: 215
- Fastest growing bank in Wisconsin¹

Financials YE 2015

- Assets: Over \$27 billion
- Loans: \$19 billion
- Deposits: \$21 billion
- Revenue: \$1 billion

Business

- Full range of banking services, insurance, and other financial solutions
- Serving over one million customers in over 100 communities
- Extensive affinity programs featuring the Green Bay Packers, Milwaukee Brewers, and Minnesota Wild

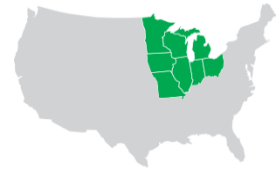


¹ – FDIC 2015 U.S. Bank Branch Summary of Deposits; deposit market share increase from June 30, 2014 to June 30, 2015

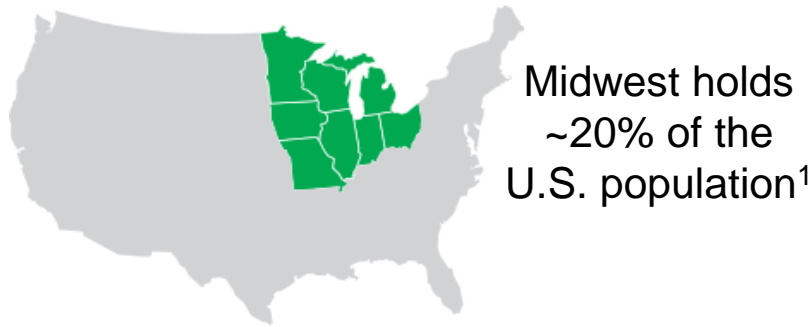
² – Period end as of December 31, 2015; loan pie chart excludes \$0.4 billion installment and credit card portfolio

³ – Includes Missouri, Indiana, Ohio, Michigan and Iowa

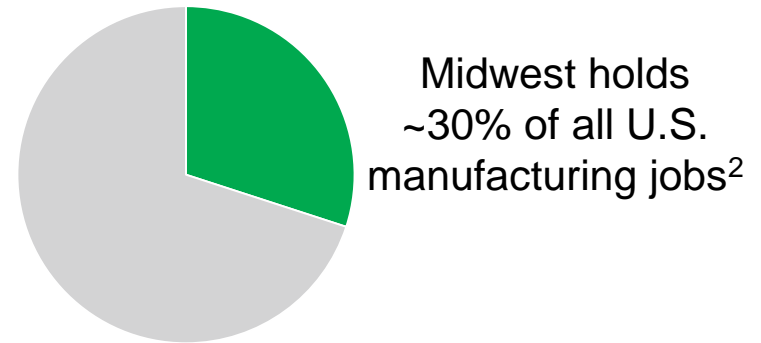
ATTRACTIVE MIDWEST MARKETS



Large, Centrally Located Demographic Base



Manufacturing Centric

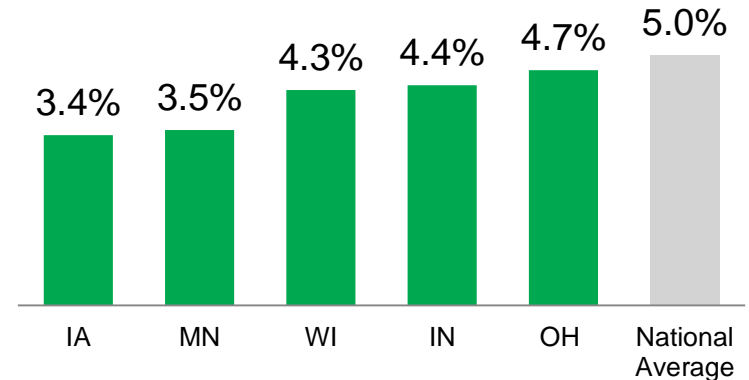


Strong Consumer Credit

ASB
Mortgage
Portfolio
FICO
Score³

770

Low Unemployment Rates⁴



¹ – U.S. Census Bureau, Annual Estimates of the Resident Population, 2015

² – U.S. Bureau of Labor Statistics, Manufacturing Industry Employees, December 2015

³ – Weighted average of the December 31, 2015 principal balance and borrowers' FICO score retrieved in October 2015

⁴ – U.S. Bureau of Labor Statistics, Total Nonfarm Employees, December 2015



MANAGEMENT PRIORITIES



1. We are committed to providing efficient solutions that improve each customer's experience and which help them better manage their finances across multiple platforms
2. We are focused on organically expanding our relationships, with existing and new customers, across our Upper Midwest footprint and in select national businesses
3. We have a diverse set of loan and fee-based businesses which should produce balanced revenue streams through the cycle
4. We have robust internal portfolio management controls, ensuring we grow loan exposures in a balanced and diversified manner over time
5. We continue to invest in our businesses while containing and controlling expenses
6. We prudently and efficiently deploy capital

Driving Long-Term Shareholder Value Creation

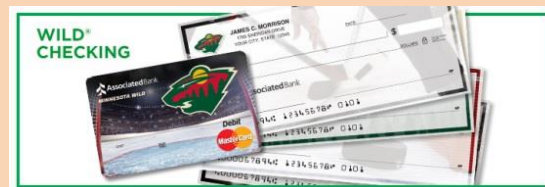
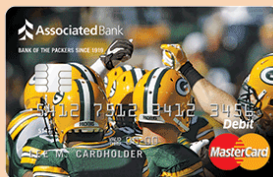




ENHANCED CUSTOMER EXPERIENCE

ROBUST AFFINITY PROGRAMS

- We connect with customers by tapping into their hobbies, interests, and passions from sports to arts entertainment
- We connect with customers and prospects through unique, interactive game-day experiences, social media campaigns, and client and community events



CHALLENGER PHILOSOPHY

- We have pursued an ambitious agenda to differentiate Associated Bank
- We are focused on removing barriers that stand in the way of delivering a great customer experience
- We share compelling messages to invite consumers and business owners to challenge their bank and begin a new relationship with Associated Bank

GROWING FASTER

BY FOCUSING ON THE LITTLE THINGS.

Proud to be named fastest-growing bank in Wisconsin.*





ENHANCED CUSTOMER EXPERIENCE

OUTSTANDING CUSTOMER SERVICE

- Our Wisconsin-based customer care team supports all business lines 24/7, 365 days a year
- We believe that providing extraordinary service leads to customer satisfaction and loyalty



MULTI-CHANNEL INITIATIVES

- We deliver financial products and services through efficient, seamless, multi-channel experiences
- We are constantly evolving our digital delivery model to meet the changing preferences of our customers
- We seek to engage with our customers in their preferred medium—in person, calls, online, chats, emails, and social media

EVOLVING DELIVERY MODEL



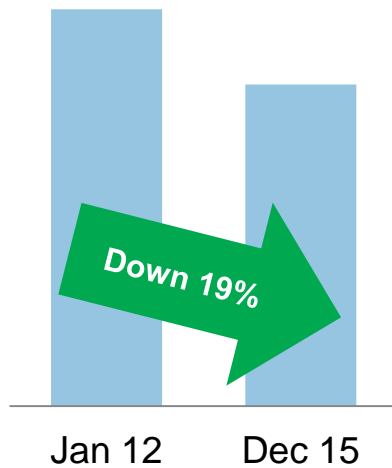
- Changing customer preferences has driven our continued investment in digital platforms
- ATMs, direct deposit activity, and mobile and online bill pay (ACH and wire) account for the vast majority of our customers' deposit and withdrawal activity

Branch – Deposit and Withdrawal Activity

Check Processing

ATM – Deposit and Withdrawal Activity

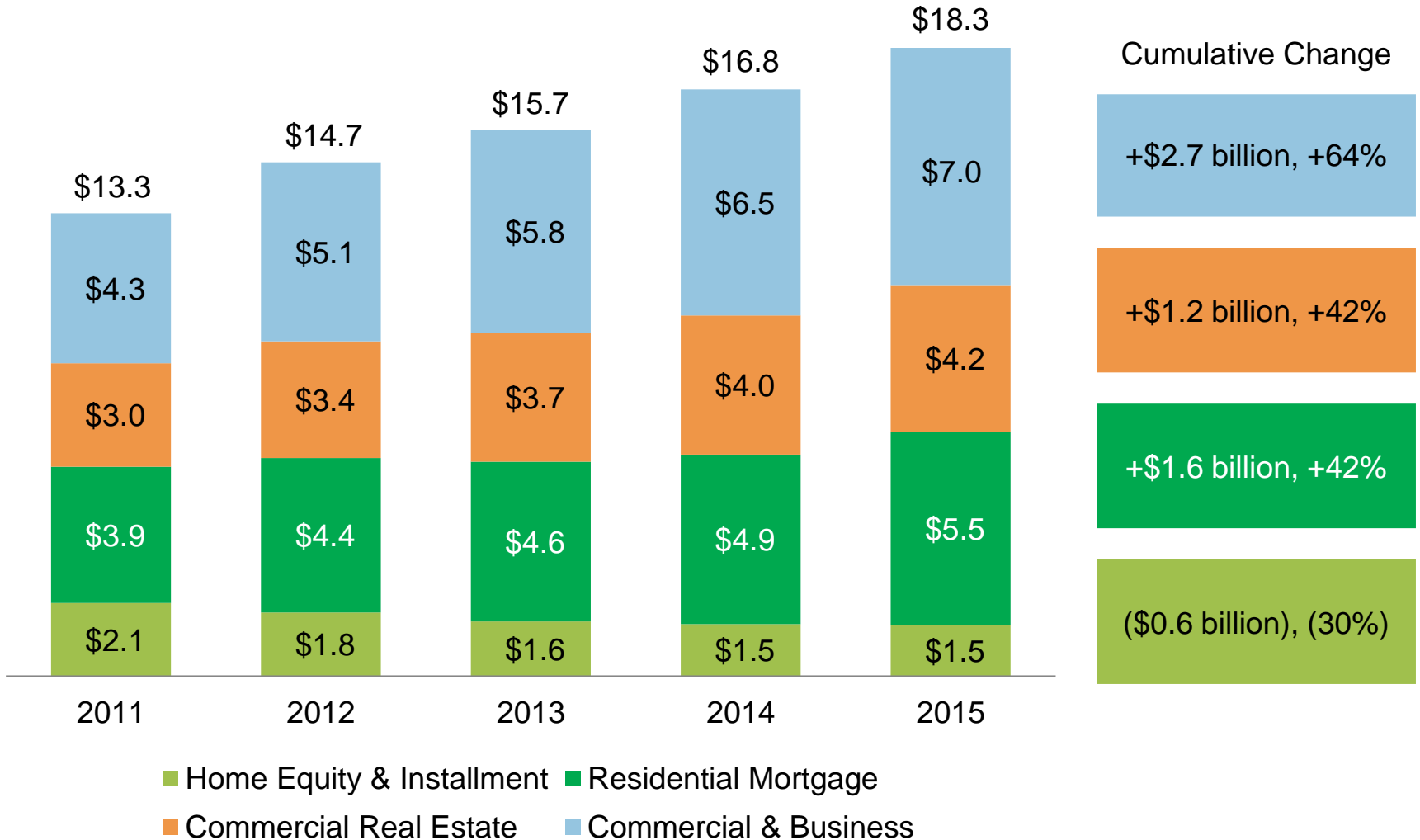
ACH and Wire Activity





ORGANIC LOAN GROWTH

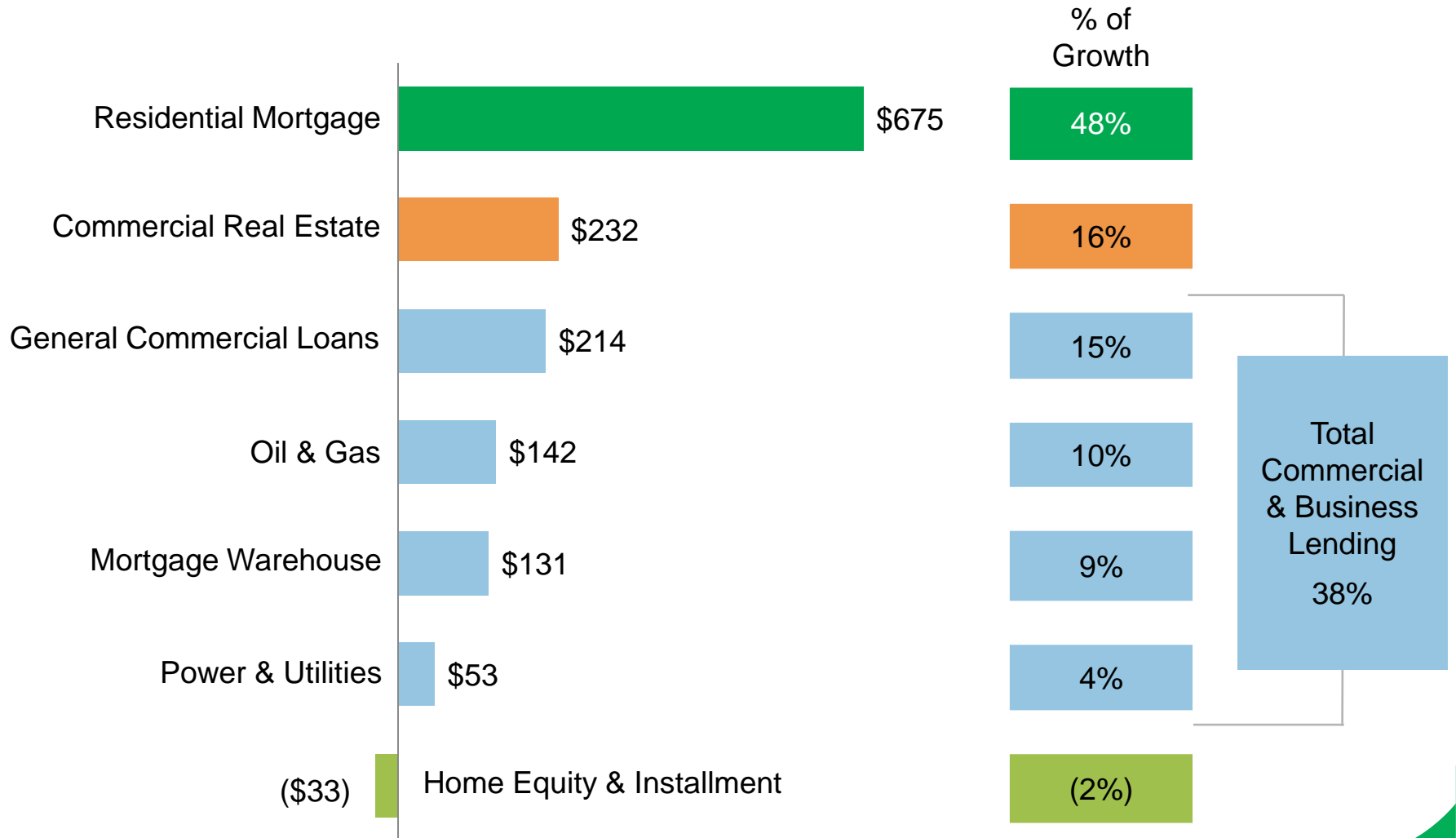
(AVERAGE BALANCES, \$ IN BILLIONS)





YEAR OVER YEAR LOAN GROWTH

2015 AVERAGE LOAN GROWTH OF \$1.4 BILLION, OR 8% FROM 2014
(\$ IN MILLIONS)

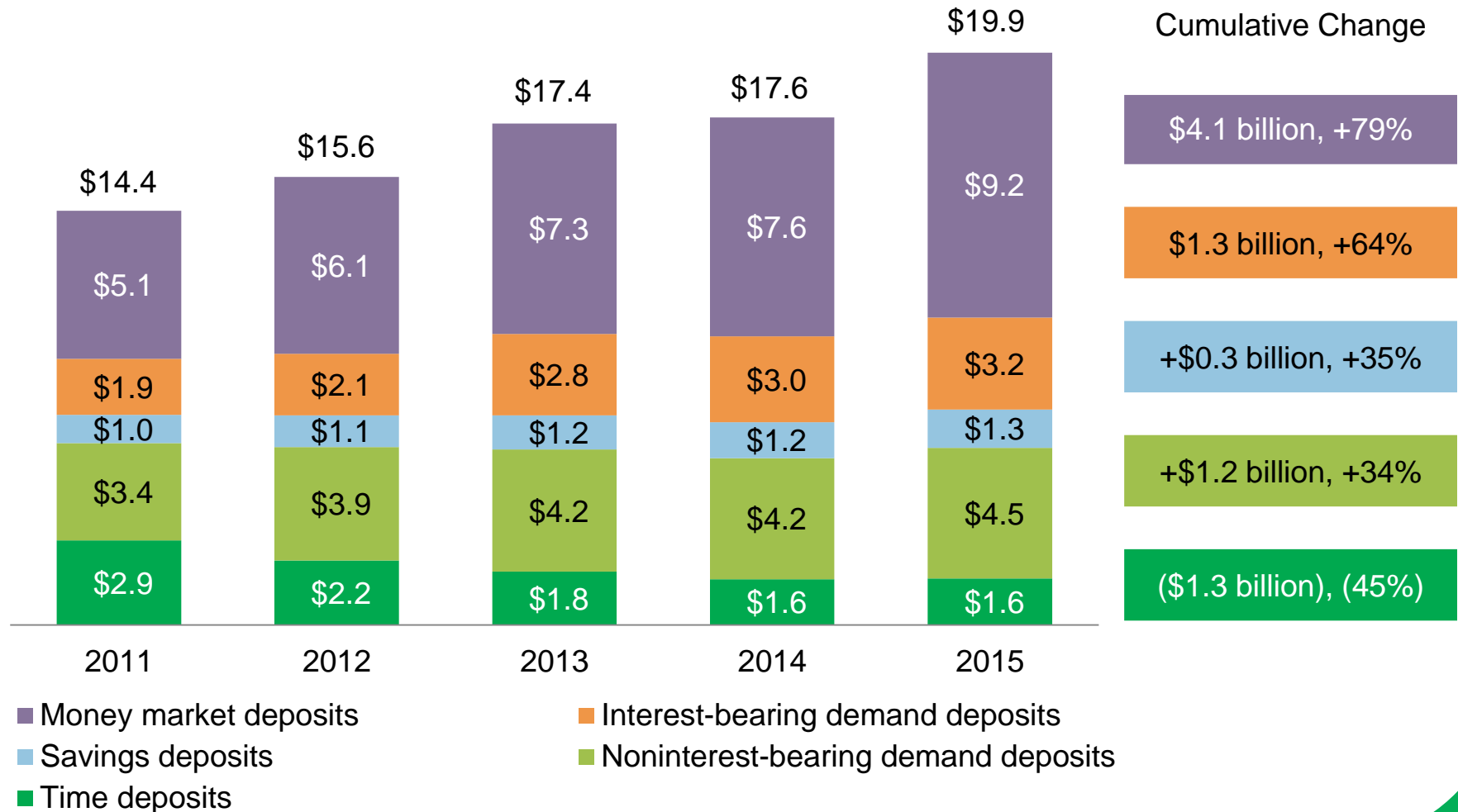




ORGANIC DEPOSIT GROWTH

(AVERAGE BALANCES, \$ IN BILLIONS)

- Fastest growing bank in Wisconsin¹



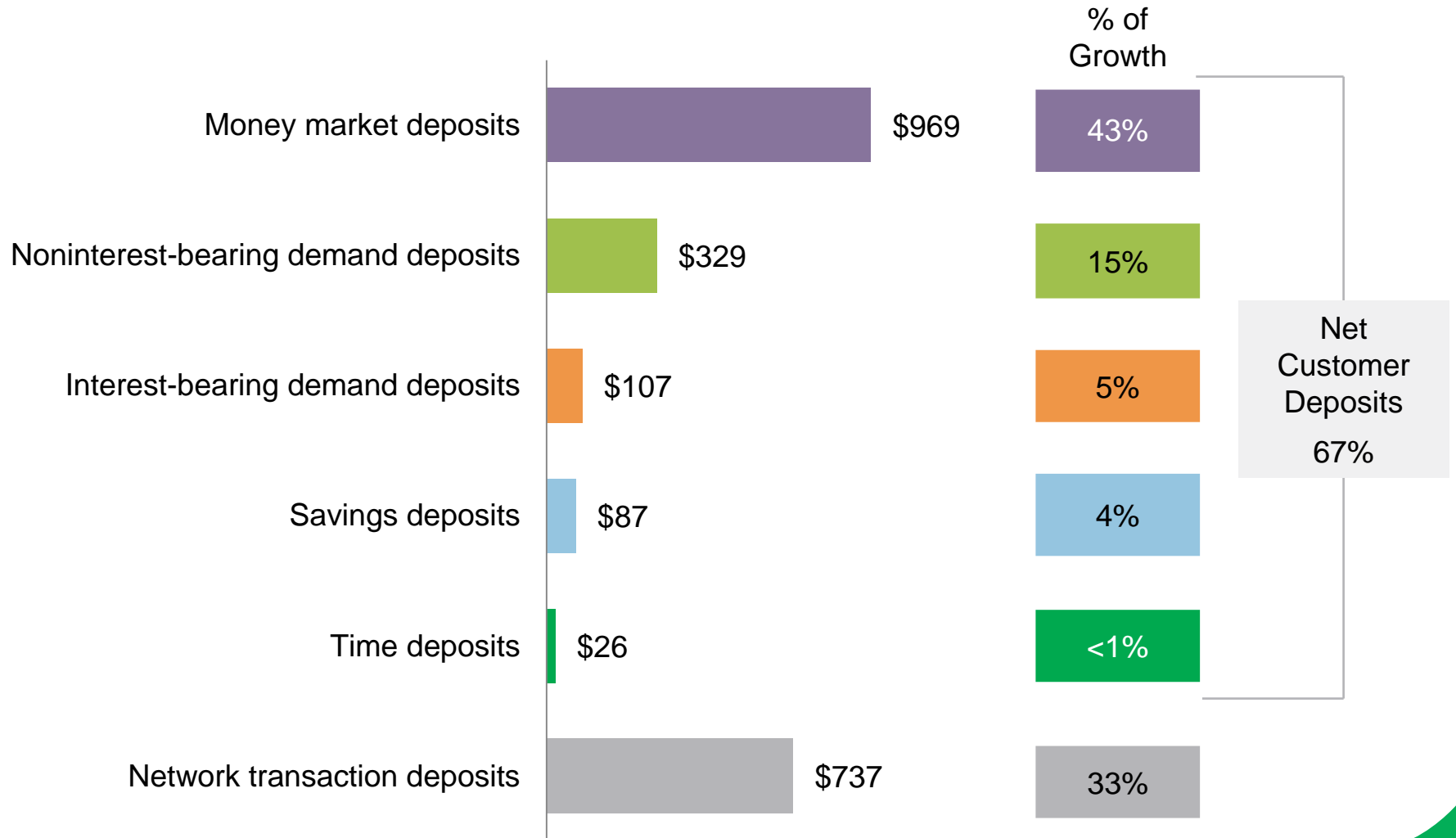
¹ – FDIC 2015 U.S. Bank Branch Summary of Deposits; deposit market share increase from June 30, 2014 to June 30, 2015





YEAR OVER YEAR DEPOSIT GROWTH

2015 AVERAGE GROWTH OF \$2.3 BILLION, OR 13% FROM 2014
(\$ IN MILLIONS)



DIVERSE BUSINESS LINES



Community, Consumer, and Business (48% of Average Loans)

| Consumer and Commercial Banking | Branch Banking | | Commercial Banking | | Residential Lending | | Payments and Direct Channels | |
|---|-----------------|----------------|--------------------|--------------------------|----------------------------|--------------------------------|------------------------------|--|
| Community Markets | Eau Claire, WI | La Crosse, WI | Central Wisconsin | Rockford, IL | Peoria, IL | Southern Illinois | Rochester, MN | |
| Private Client and Institutional Services | Private Banking | Personal Trust | Asset Management | Retirement Plan Services | Associated Financial Group | Associated Investment Services | | |

Corporate and Commercial Specialty (51% of Average Loans)

| Corporate Banking | Corporate Lending | Specialized Lending Verticals | Commercial Deposits and Treasury Management | Capital Markets |
|--------------------------------|-------------------|-------------------------------|---|-----------------|
| Commercial Real Estate Lending | CRE Lending | Real Estate Investment Trusts | CRE Syndications | CRE Tax Credits |



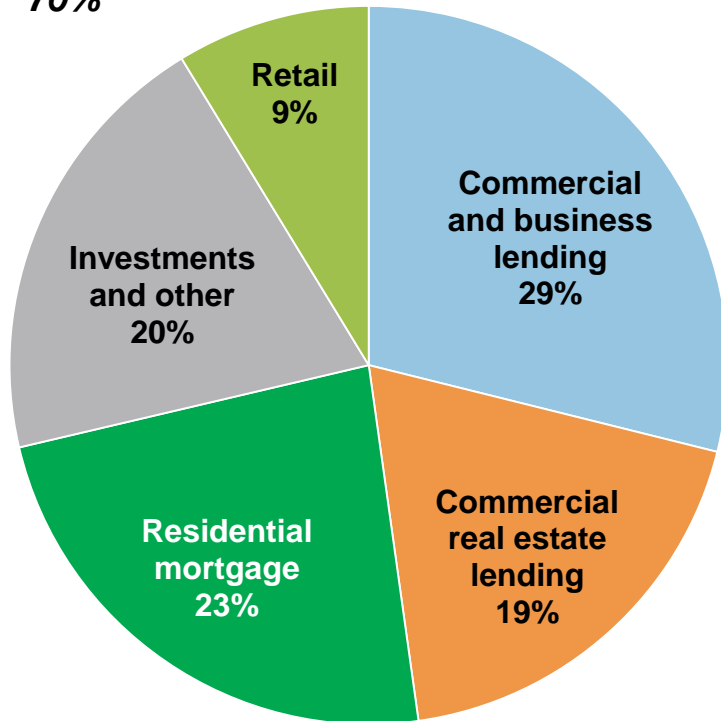
BALANCED REVENUE STREAMS



2015 Interest Income Composition¹

\$774 million

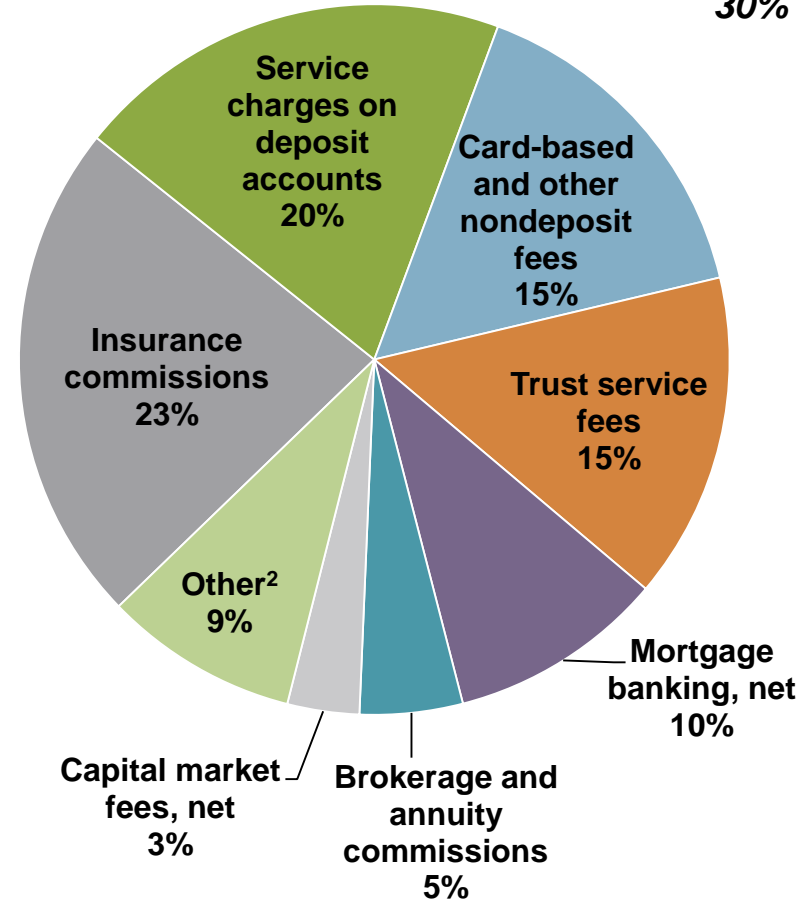
70%



2015 Noninterest Income Composition

\$328 million

30%



¹ – Interest Income on a fully tax-equivalent basis

² – Other includes Bank owned life insurance income; Asset gains, net; Investment securities gains, net; and Other

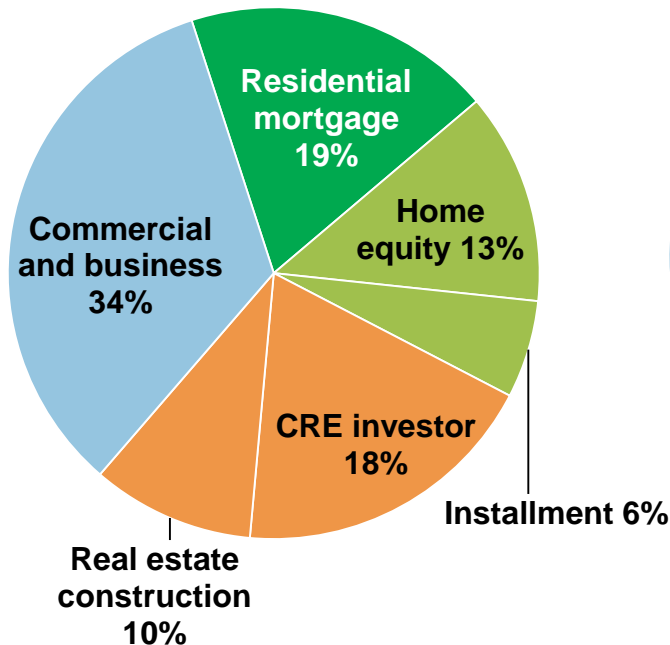


DISCIPLINED CREDIT APPROACH

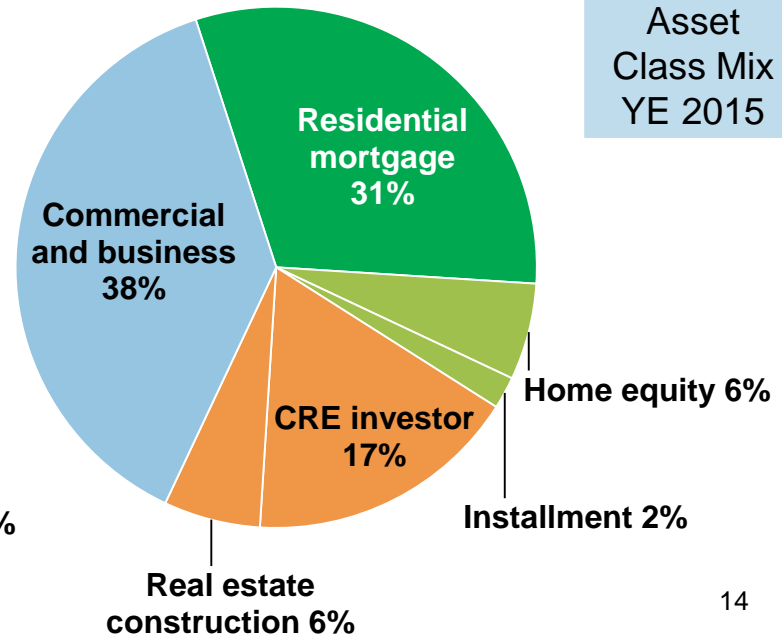


| Internal Portfolio Management | | |
|-------------------------------|-------------|---|
| Purposeful Diversification | Asset Class | <p>Target Range</p> <ul style="list-style-type: none"> Retail: 30 - 40% C&BL: 30 - 40% CRE: 25 - 35% <p>Year End 2015</p> <ul style="list-style-type: none"> Retail: 39% C&BL: 38% CRE: 23% |
| | Geography | <ul style="list-style-type: none"> Focused on in-footprint growth, and select national specialty businesses and markets |
| | Industry | <ul style="list-style-type: none"> Industry and property type caps ensure granular diversification |

Asset Class Mix YE 2009



Asset Class Mix YE 2015



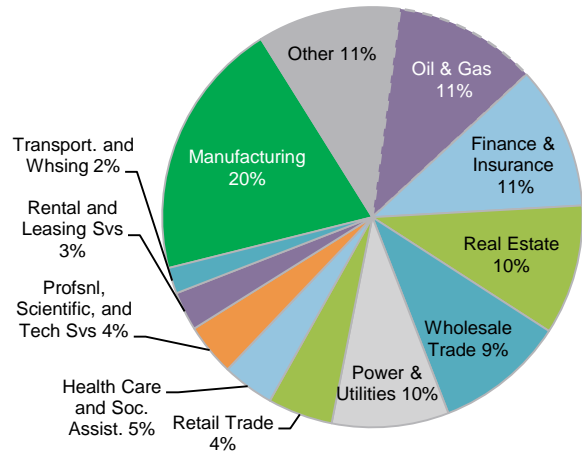
LOANS BY INDUSTRY AND STATE

DECEMBER 2015 PERIOD END BALANCES



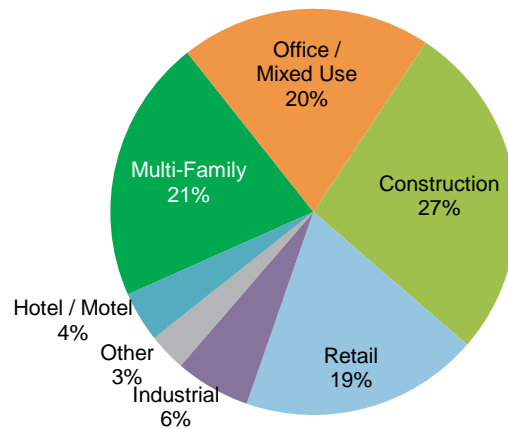
C&BL by Industry

(\$7.1 billion)



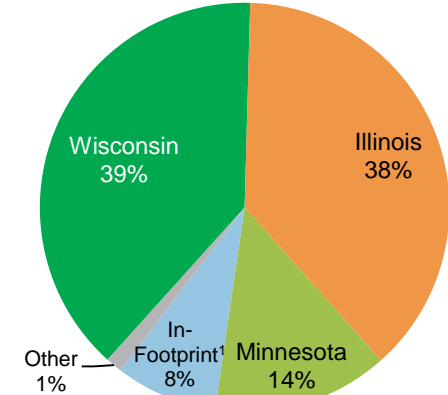
CRE by Industry

(\$4.4 billion)



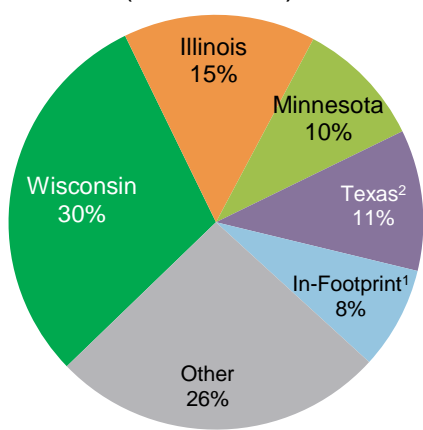
Residential Mortgage by Geography

(\$5.8 billion)



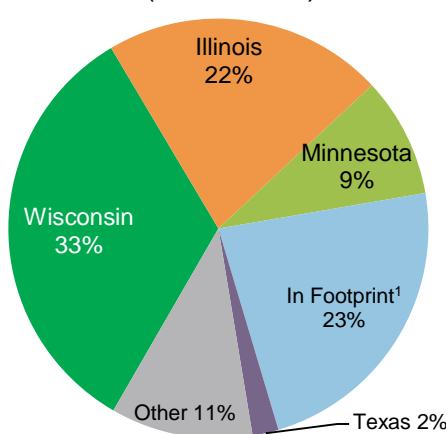
C&BL by Geography

(\$7.1 billion)



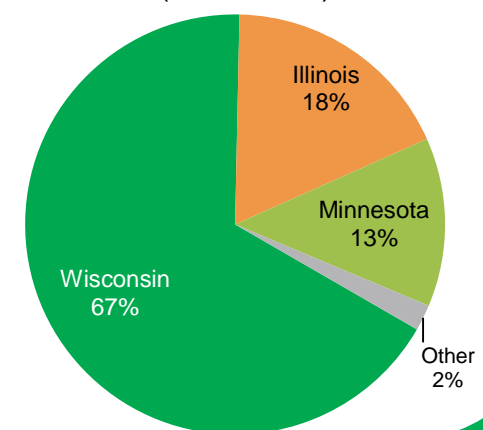
CRE by Geography

(\$4.4 billion)



Home Equity by Geography

(\$1.0 billion)



¹ – Includes Missouri, Indiana, Ohio, Michigan and Iowa

² – Principally reflects the oil and gas portfolio

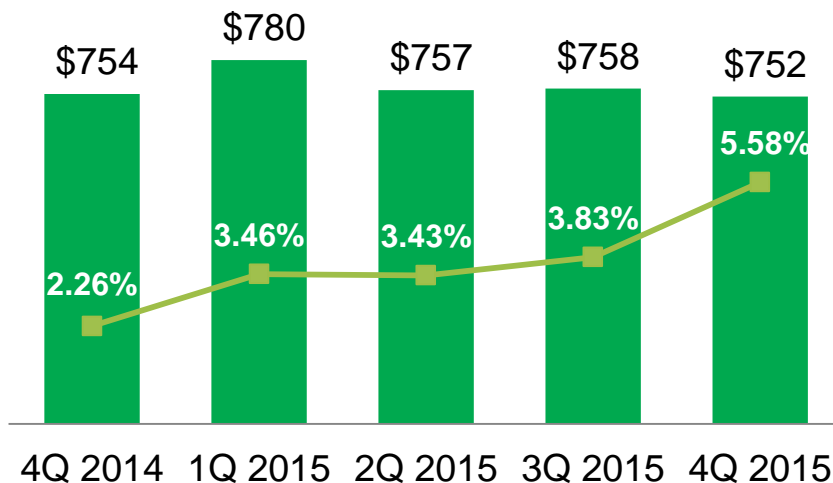


OIL AND GAS PORTFOLIO



| 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

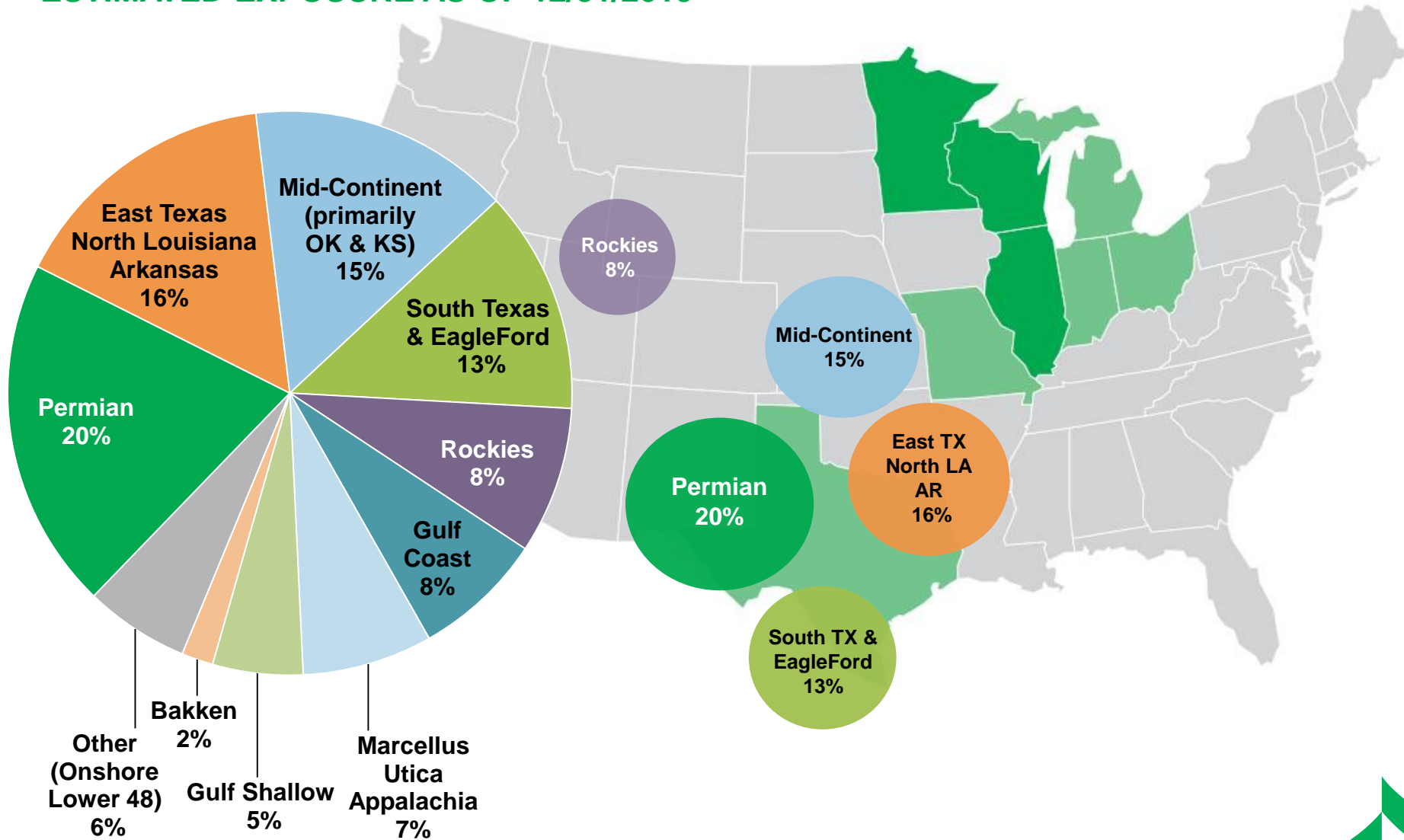
¹ – Based on borrowers' percentage revenue from oil/gas



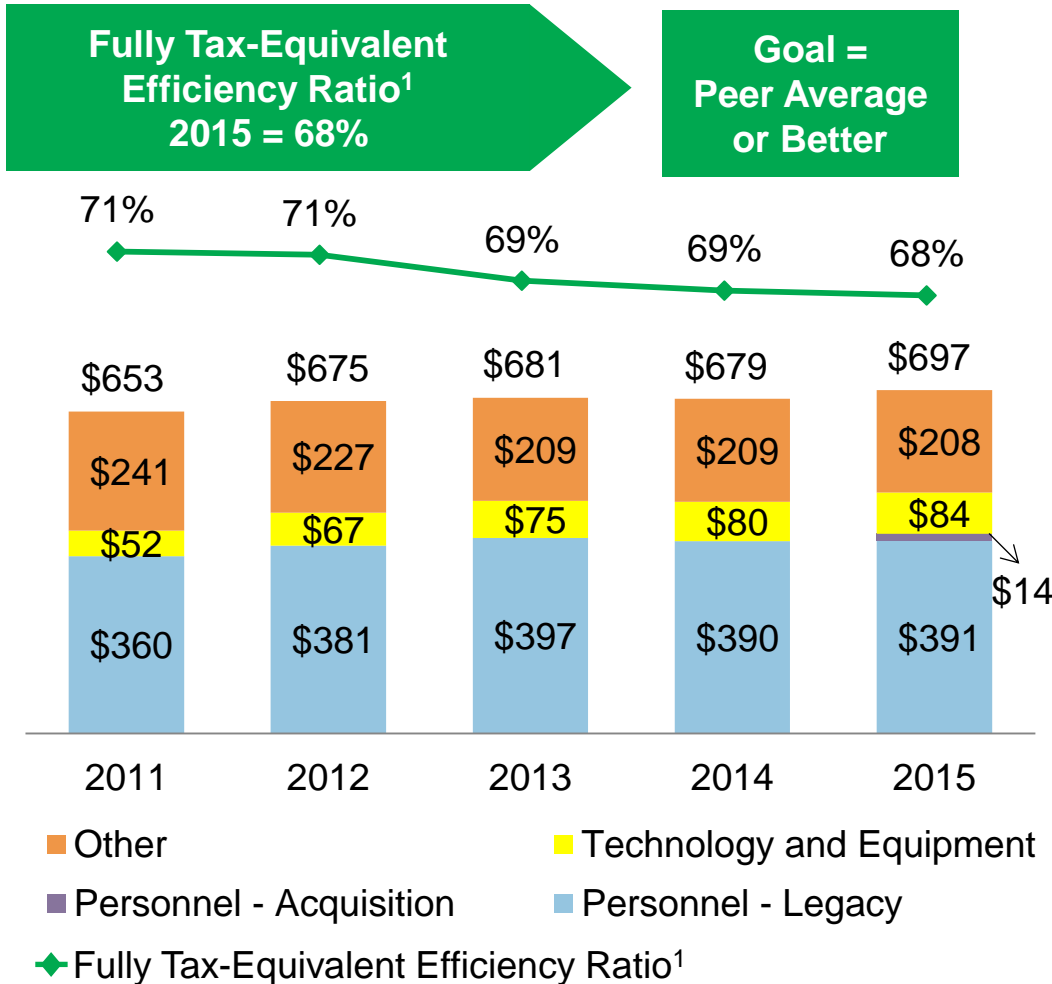
OIL AND GAS PORTFOLIO BY GEOGRAPHY



ESTIMATED EXPOSURE AS OF 12/31/2015



EXPENSE CONTROL



-
- Branch Closures & Staffing Initiatives
 - Enhanced Automation
 - Operational Efficiencies



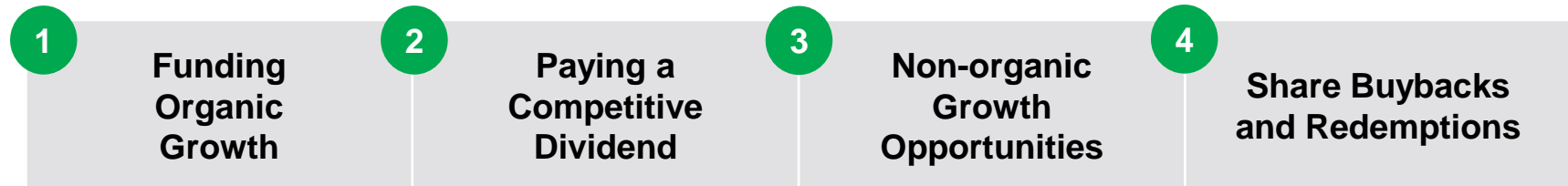
-
- Technology Investments
 - Compliance
 - Branch Upgrades
 - Marketing Investments
 - Talent Acquisition

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 fully tax-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.

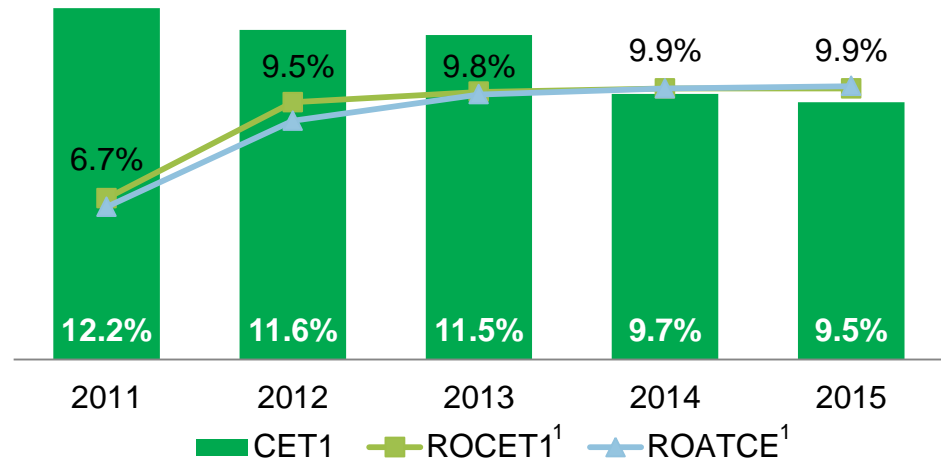




PRUDENT CAPITAL MANAGEMENT



- Prudent capital management has brought capital into our target CET1 range of 8.0% - 9.5%
- Well positioned for changing economic cycles and future challenges
- In January 2016, repurchased ~\$20 million of common stock
- In February 2016, retired \$430 million of senior debt; prefunded redemption in 2014



Dividends and Dividend Payout Ratio²

| 2011 | 2012 | 2013 | 2014 | 2015 |
|--------|--------|--------|--------|--------|
| \$0.04 | \$0.23 | \$0.33 | \$0.37 | \$0.41 |
| 6% | 23% | 30% | 32% | 34% |

¹ – Return on average common equity Tier 1 (ROCET1) and return on average tangible common equity (ROATCE). Management considers these financial measures to be critical metrics with which to analyze and evaluate financial condition and capital strength. These are non-GAAP financial measures. Please refer to the appendix for a reconciliation of average tangible common equity and common equity Tier 1.

² – Ratio is based upon basic earnings per common share



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

- Approximately 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



APPENDIX



CONSUMER AND COMMERCIAL BANKING



Strategic Advantages

- Nearly 1,900 colleagues servicing individuals and small business owners across four business units; approximately a \$7 billion loan portfolio
- **Branch Banking** offers simplified customer solutions across multiple channels with best-in-class customer service
- **Commercial Banking** provides business customers, with \$30 million or less in annual revenue, a comprehensive suite of financial and risk management solutions
- **Residential Lending** ranked as Wisconsin's top mortgage originator for the 7th year in a row and has been recognized as a Fannie Mae STAR performer
- **Payments and Direct Channels** offers a variety of digital payment solutions to help customers better manage their finances

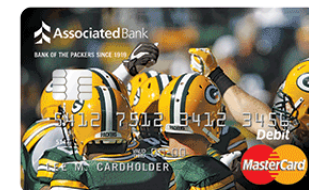
2015 Highlights

Strong digital adoption; mobile banking use is up 35% year-over-year

Consolidated 13 additional branches; now down over 30% from peak

Spotlight: Affinity Sponsorships

- One in three consumer checking households is tied to one of our sports sponsorships
- In 2015, approximately 55% of all consumer checking accounts opened were tied to one of our sponsorships
- In addition to offering affinity products, Associated became the bank of the Green Bay Packers in 1919; and, we have long-term relationships with the Milwaukee Brewers and Minnesota Wild for commercial banking and employee benefits, respectively



COMMUNITY MARKETS



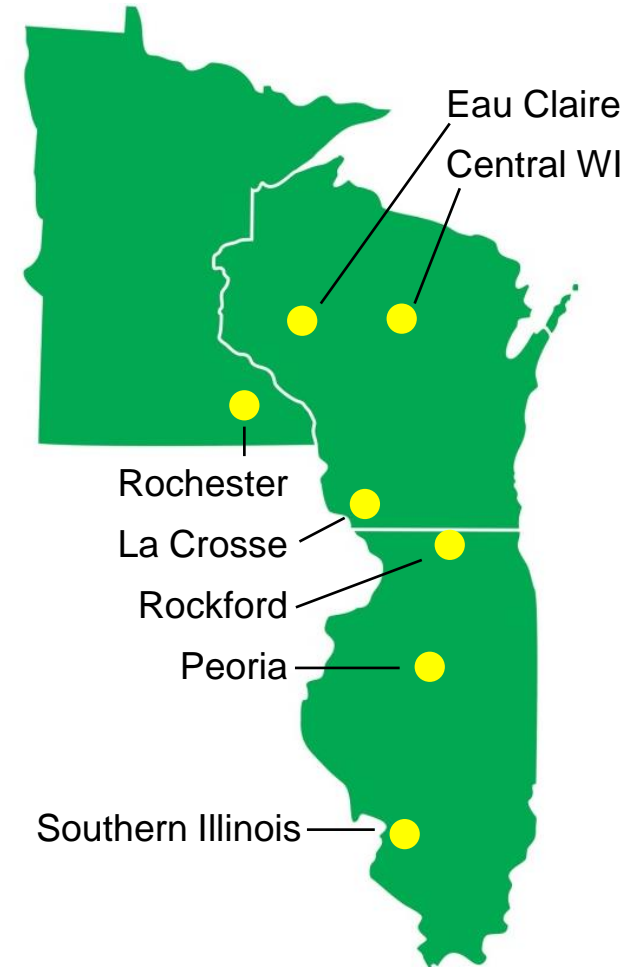
Strategic Advantages

- Over 350 colleagues support our seven community markets; nearly a \$1 billion loan portfolio
- Launched in mid 2014, our strategy created virtual community banks with our full suite of financial and risk management solutions in non-metro markets
- The localized approach ensures the customer experience is at the forefront of decisions and actions
- Community market presidents are positioned as active community partners and financial leaders
- Community market presidents have previously held market leadership positions including: senior business leaders, community market presidents, and community bank executives

2015 Highlights

In 2015, grew deposits by 7%

Significant team build out including five of seven community market presidents



PRIVATE CLIENT & INSTITUTIONAL SERVICES



Strategic Advantages

- Approximately 700 colleagues support our Private Client and Institutional customers across six business units; a nearly \$1 billion loan portfolio and \$8 billion of assets under management
- **Private Client Services** offers a suite of services tailored to the unique needs of high-net-worth clients, executives and business owners, delivered by market-based teams comprised of specialists in private banking, personal trust, investment management, brokerage and risk management
- **Institutional Services** works with businesses and other entities to provide strategic, customized employee benefits, retirement plan services, business insurance and HR solutions

2015 Highlights

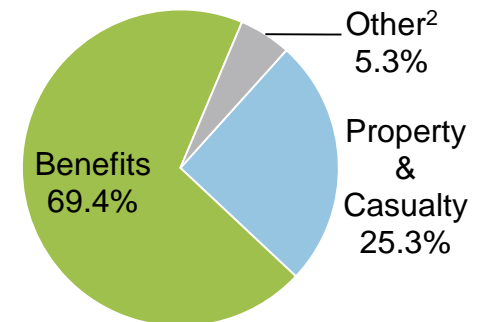
Aligned our brokerage and advisory platform within our Private Client Services team

Spotlight: Associated Financial Group

- Completed a successful acquisition in February 2015
- Leveraged Ahmann-Martin's strong reputation in property & casualty insurance
- With the acquisition, a Top 50 largest broker of United States insurance business¹

2015 Insurance Commissions

\$75 million



¹ – Business Insurance magazine, July 2015. Rankings based on 2014 brokerage revenue generated by U.S.-based clients.

² – Includes HR consulting, RIA for retirement plans, and individual life insurance



CORPORATE BANKING



Strategic Advantages

- Approximately 250 colleagues in four business units; a nearly \$5.5 billion loan portfolio
- Creative, relationship-oriented teams build loyal, long-lasting client relationships and deliver a consistent, thoughtful credit approach
- **Corporate Lending** serves large and complex customers, including **Specialized Industries**
- **Commercial Deposits and Treasury Management** and **Capital Markets** provide products and solutions focused on customer needs and supported by high-touch, in-market service

2015 Highlights

Opened a new Commodities Desk to service our Oil & Gas clients

Expanded our investment banking referral capabilities

#1 Bookrunner in Reuters League Tables for CRE transactions under \$75 million (11th for all transactions)¹

Spotlight: Comprehensive Solutions

Treasury and Capital Market Solutions

- Receivables, Payables, Fraud Protection, Information and Card Services
- International Trade Services, Interest Rate and Commodity Derivatives, Syndications, Foreign Exchange

Specialized Lending Solutions

- | | |
|--------------------------|----------------------|
| ▪ Financial Institutions | ▪ Mortgage Warehouse |
| ▪ Healthcare | ▪ Oil & Gas |
| ▪ Insurance | ▪ Power & Utilities |
| ▪ Asset Based Lending | ▪ Leasing |

Geography

- | | |
|----------------|---------------|
| ▪ Green Bay | ▪ Milwaukee |
| ▪ Madison | ▪ Minneapolis |
| ▪ Chicago | ▪ St. Louis |
| ▪ Indianapolis | ▪ Columbus |
| ▪ Cincinnati | ▪ Houston |

¹ – Rank by number of deals less than \$75 million (equal credit to all bookrunners), Thomson Reuters League Table Results



COMMERCIAL REAL ESTATE LENDING



Strategic Advantages

- Approximately a \$4 billion diversified lending platform, including Real Estate Investment Trust, For-Sale Housing and Tax Credit Financing, and supported by over 100 colleagues
- Customized real estate financing provided by local and experienced lending teams
- Relationship-focused customer strategy with complementary products and services including syndications, derivatives, commercial deposit and treasury management, and insurance

2015 Highlights

The Real Estate Investment Trust lending business grew average balances by approximately \$250 million

Opened loan production offices in Cleveland and Dallas

#1 Bookrunner in Reuters League Tables for CRE transactions under \$75 million (11th for all transactions)¹

Spotlight: Customized Solutions

Geography

- | | |
|----------------|---------------|
| ▪ Green Bay | ▪ Milwaukee |
| ▪ Madison | ▪ Minneapolis |
| ▪ Chicago | ▪ St. Louis |
| ▪ Indianapolis | ▪ Detroit |
| ▪ Cincinnati | ▪ Cleveland |
| ▪ Dallas | |

Specialized Lending Solutions

- Construction Financing
- Real Estate Investment Trust
- Tax Credit Financing
- For Sale Housing

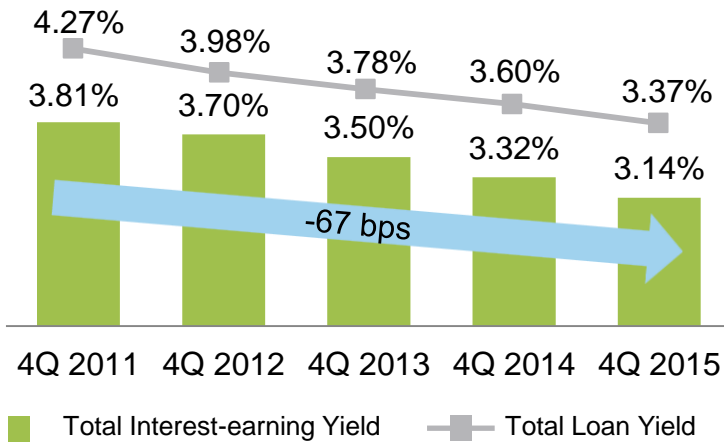
¹ – Rank by number of deals less than \$75 million (equal credit to all bookrunners), Thomson Reuters League Table Results



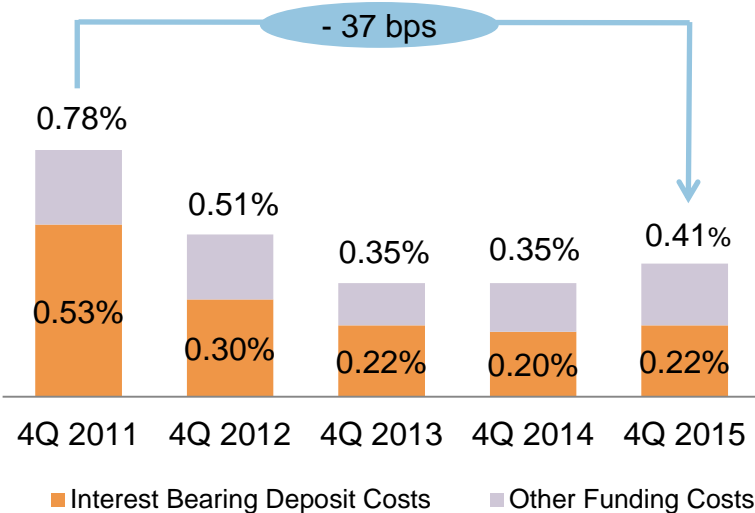
NET INTEREST INCOME AND MARGIN TRENDS



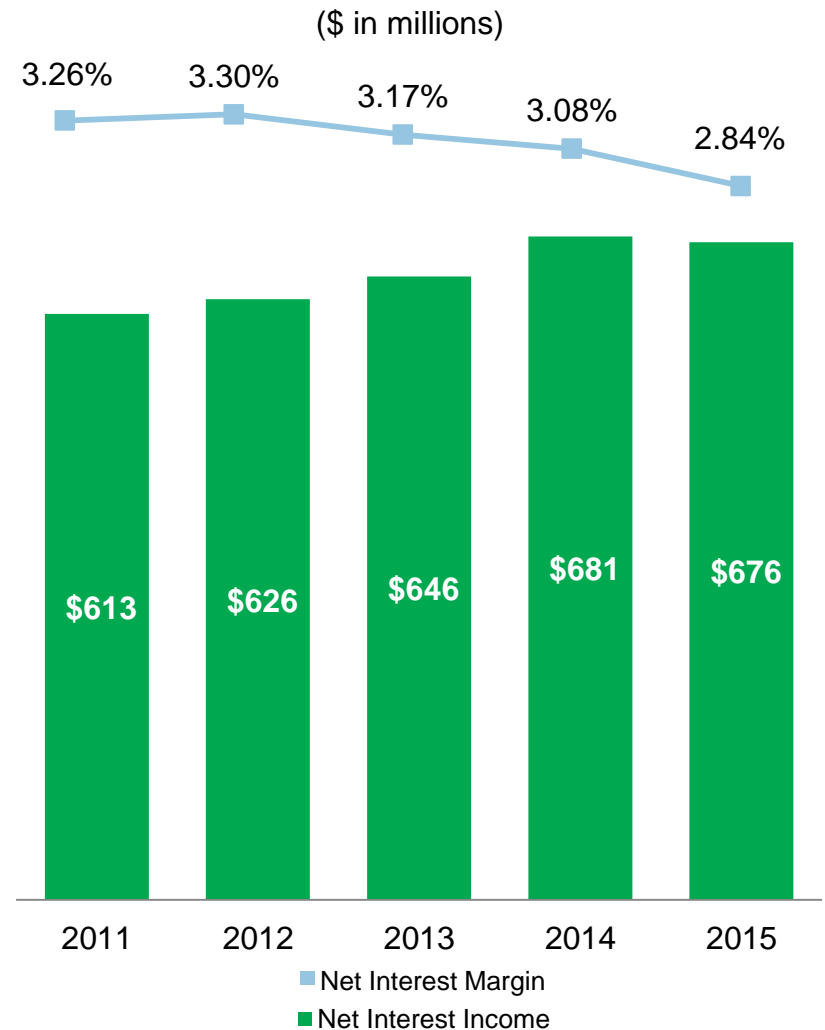
Yield on Interest-earning Assets



Cost of Interest-bearing Liabilities



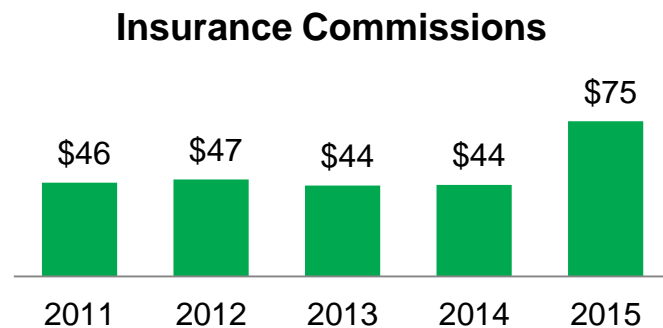
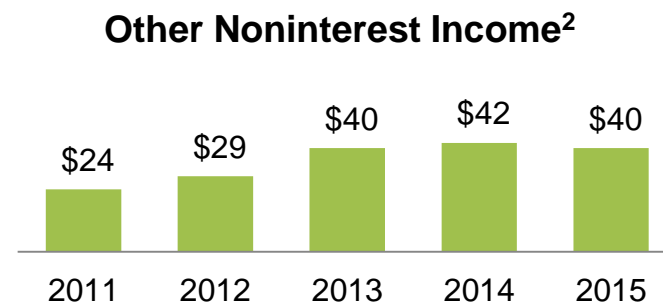
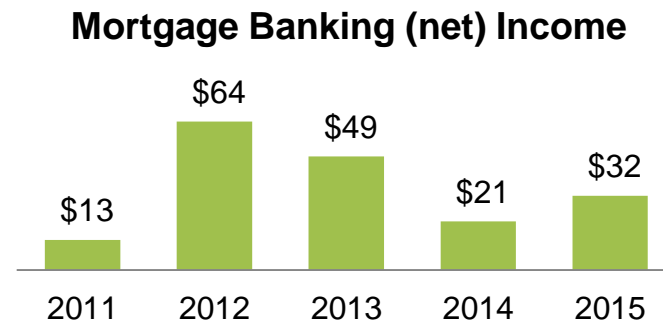
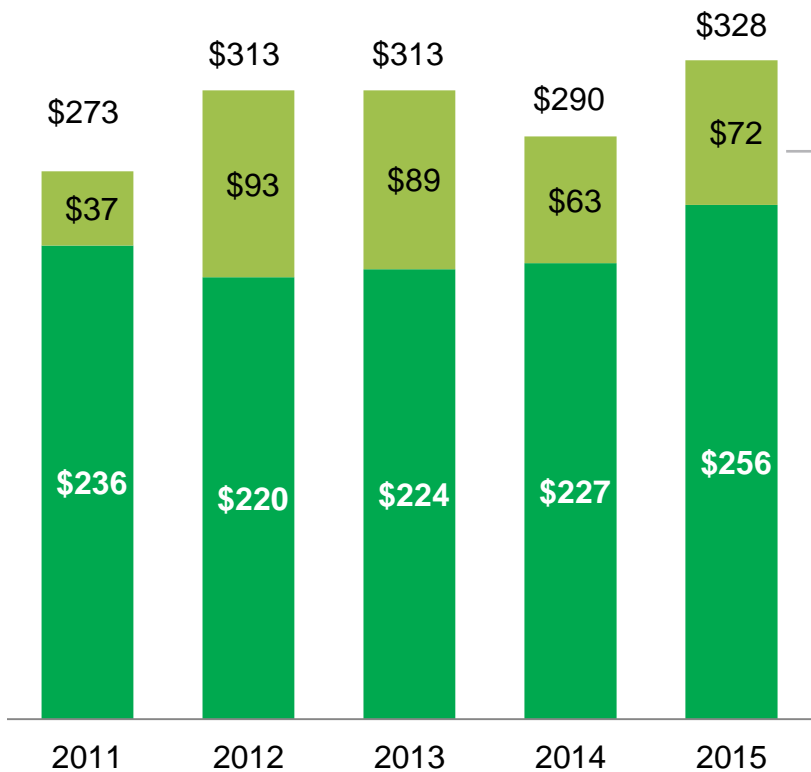
Net Interest Income & Net Interest Margin





NONINTEREST INCOME 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.

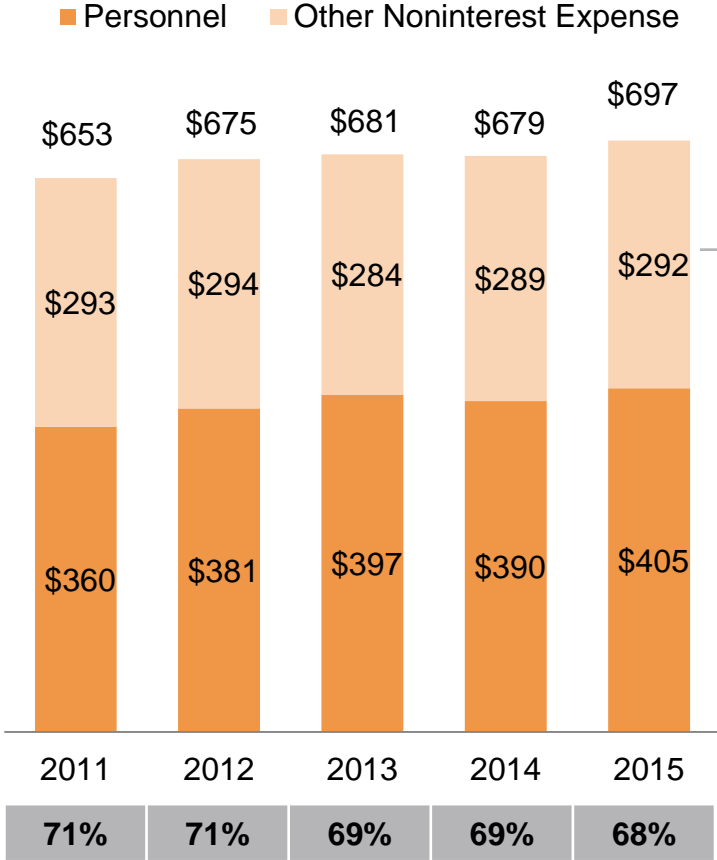
² – Other Noninterest Income = Total Noninterest Income minus net Mortgage Banking Income minus Core Fee-based Revenue.





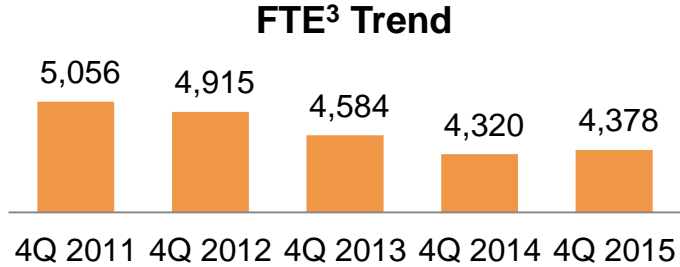
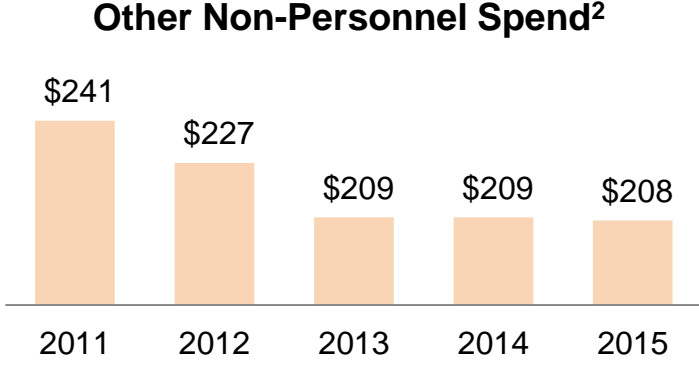
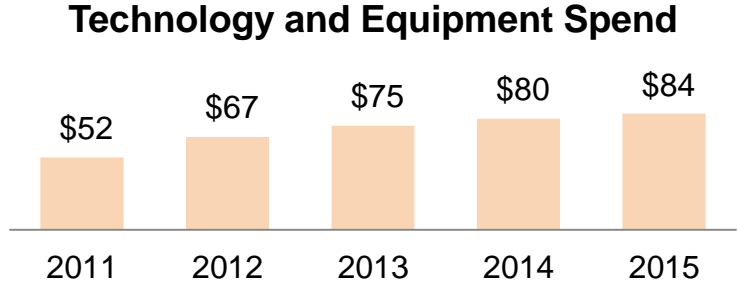
NONINTEREST EXPENSE TRENDS

(\$ IN MILLIONS)



Fully Tax-Equivalent Efficiency Ratio¹

| | | | | |
|------|------|------|------|------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 71% | 71% | 69% | 69% | 68% |



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 fully tax-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

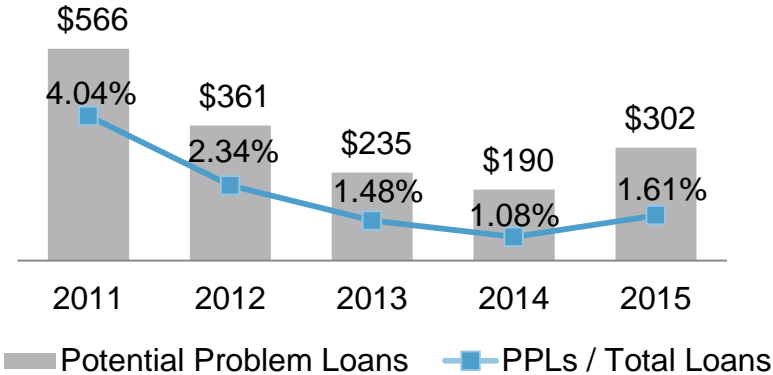




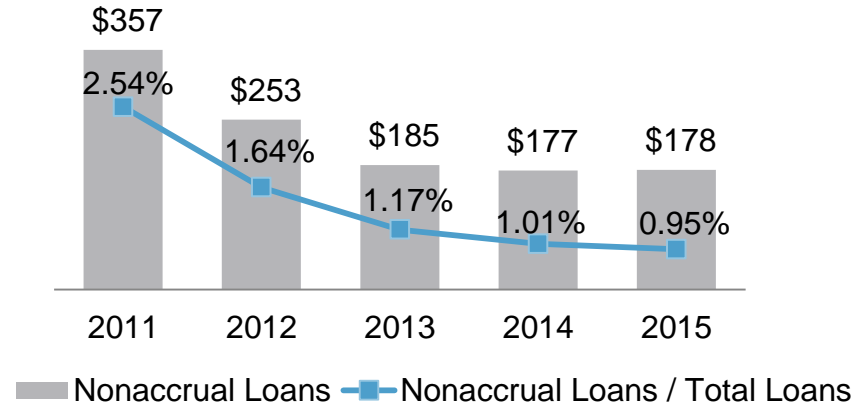
CREDIT QUALITY TRENDS

(\$ IN MILLIONS)

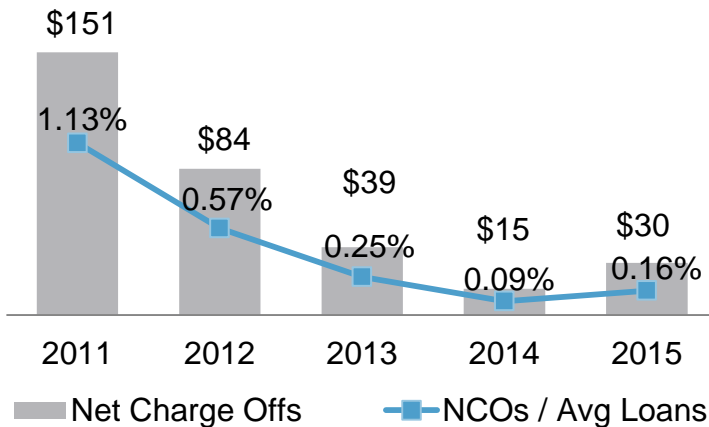
Potential Problem Loans to Total Loans



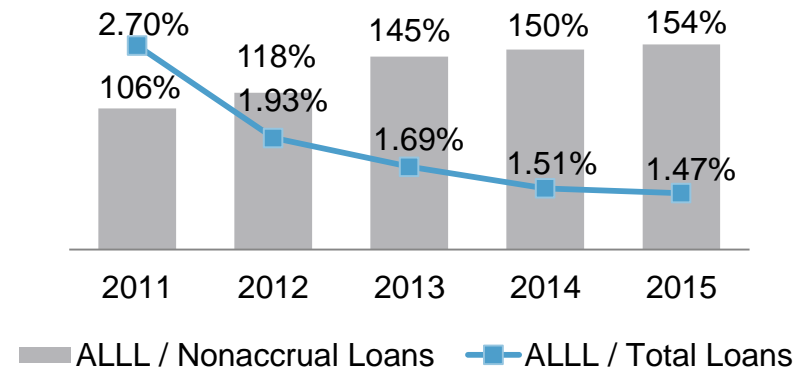
Nonaccrual Loans to Total Loans



Net Charge Offs to Average Loans



Allowance to Total Loans

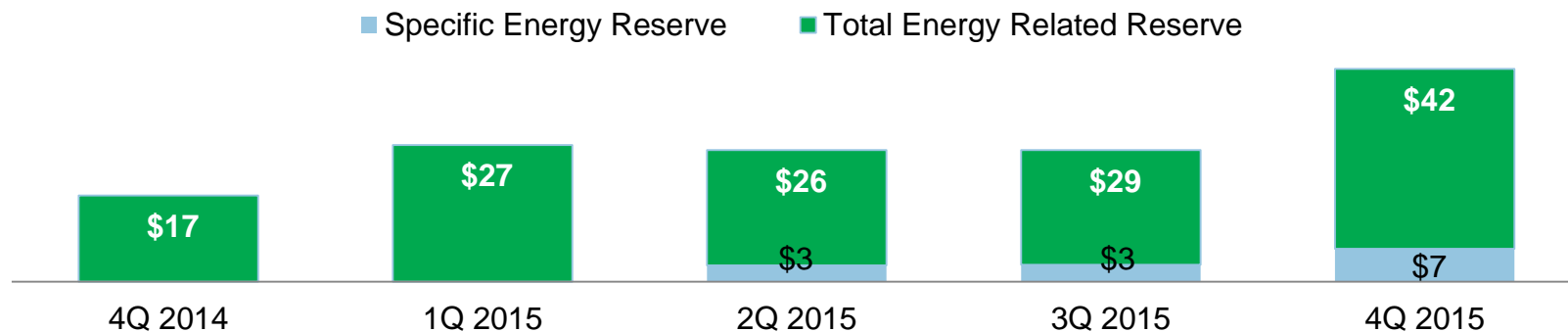


OIL AND GAS CREDIT PROFILE



| <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% |





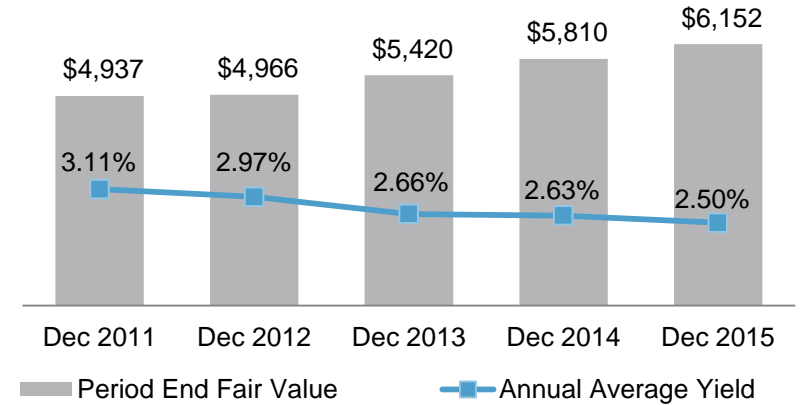
HIGH QUALITY SECURITIES

(\$ IN MILLIONS)

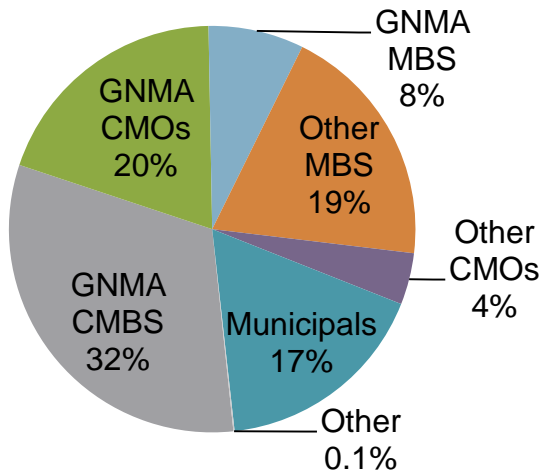
Portfolio Detail

| Investment Type | Amortized Cost | Fair Value | Duration (Yrs) |
|----------------------------|----------------|----------------|----------------|
| GNMA CMBS | \$1,982 | \$1,955 | 3.70 |
| GNMA MBS & CMOs | 1,689 | 1,673 | 4.50 |
| Agency & Other MBS & CMOs | 1,432 | 1,458 | 2.79 |
| Municipals | 1,044 | 1,060 | 5.79 |
| Corporates & Other | 5 | 5 | 2.36 |
| Treasury | 1 | 1 | 1.13 |
| Strategic Portfolio | \$6,153 | \$6,152 | 4.06 |
| Membership Stock | 147 | 147 | |
| Total Portfolio | \$6,300 | \$6,299 | |
| Net Unamortized Premium | 111 | | |

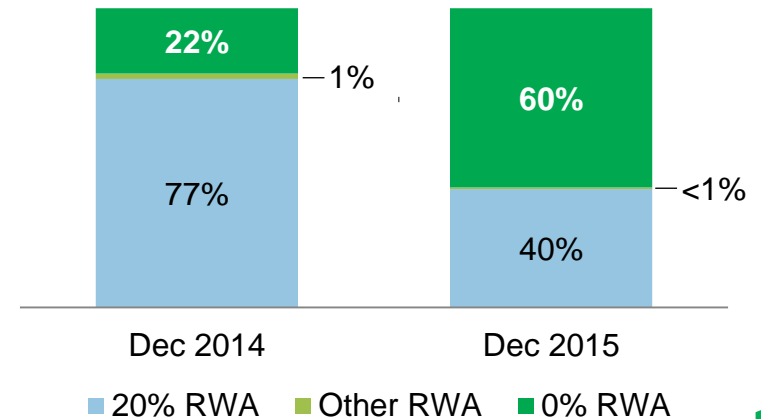
Portfolio and Yield Trends



Fair Value Composition



Risk Weighting Profile



RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

| Tangible Common Equity and Common Equity Tier 1 Reconciliation, (\$ in thousands) | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| Common equity | \$2,802,522 | \$2,873,127 | \$2,829,428 | \$2,740,524 | \$2,815,867 |
| Goodwill and other intangible assets | (948,590) | (944,395) | (940,352) | (936,605) | (985,302) |
| Tangible common equity | 1,853,932 | 1,928,732 | 1,889,076 | 1,803,919 | 1,830,565 |
| Accumulated other comprehensive (income) loss | (65,602) | (48,603) | 24,244 | 4,850 | 32,616 |
| Deferred tax assets / deferred tax liabilities, net | (4,815) | (4,595) | — | (437) | 34,763 |
| Common equity Tier 1 | \$1,783,515 | \$1,875,534 | \$1,913,320 | \$1,808,332 | \$1,897,944 |

| Average Tangible Common Equity and Common Equity Tier 1 Reconciliation, (\$ in thousands) | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| Common equity | \$2,730,643 | \$2,885,715 | \$2,829,300 | \$2,810,872 | \$2,799,150 |
| Goodwill and other intangible assets | (951,066) | (946,602) | (942,472) | (938,472) | (982,454) |
| Tangible common equity | 1,779,577 | 1,939,113 | 1,886,828 | 1,872,400 | 1,816,696 |
| Accumulated other comprehensive (income) loss | (64,465) | (69,675) | (2,712) | (1,651) | (9,059) |
| Deferred tax assets / deferred tax liabilities, net | (1,957) | (31,014) | (5,745) | (140) | 25,960 |
| Average common equity Tier 1 | \$1,713,155 | \$1,838,424 | \$1,878,371 | \$1,870,609 | \$1,833,597 |

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 for 2015 follows Basel III and is defined as common stock and related surplus, net of treasury stock, plus retained earnings. Common equity Tier 1 for 2014 and prior years follows Basel I and is defined as Tier 1 capital excluding qualifying perpetual preferred stock and qualifying trust preferred securities.



RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS (CONTINUED)

| Efficiency Ratio Reconciliation | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------|--------|--------|--------|--------|--------|
| Federal Reserve efficiency ratio | 73.33% | 72.92% | 71.05% | 70.28% | 69.93% |
| Fully tax-equivalent adjustment | (1.73) | (1.61) | (1.46) | (1.36) | (1.42) |
| Other intangible amortization | (0.51) | (0.43) | (0.41) | (0.39) | (0.30) |
| Fully tax-equivalent efficiency ratio | 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 fully tax-equivalent net interest income plus noninterest income, excluding investment securities gains / losses, net. Management believes the fully tax-equivalent efficiency ratio, which adjusts net interest income for the tax-favored status of certain loans and investment securities, to be the preferred industry measurement as it enhances the comparability of net interest income arising from taxable and tax-exempt sources.

