

# ASSOCIATED BANC-CORP INVESTOR PRESENTATION

FOURTH QUARTER 2014



# FORWARD-LOOKING STATEMENTS

## Important note regarding forward-looking statements:

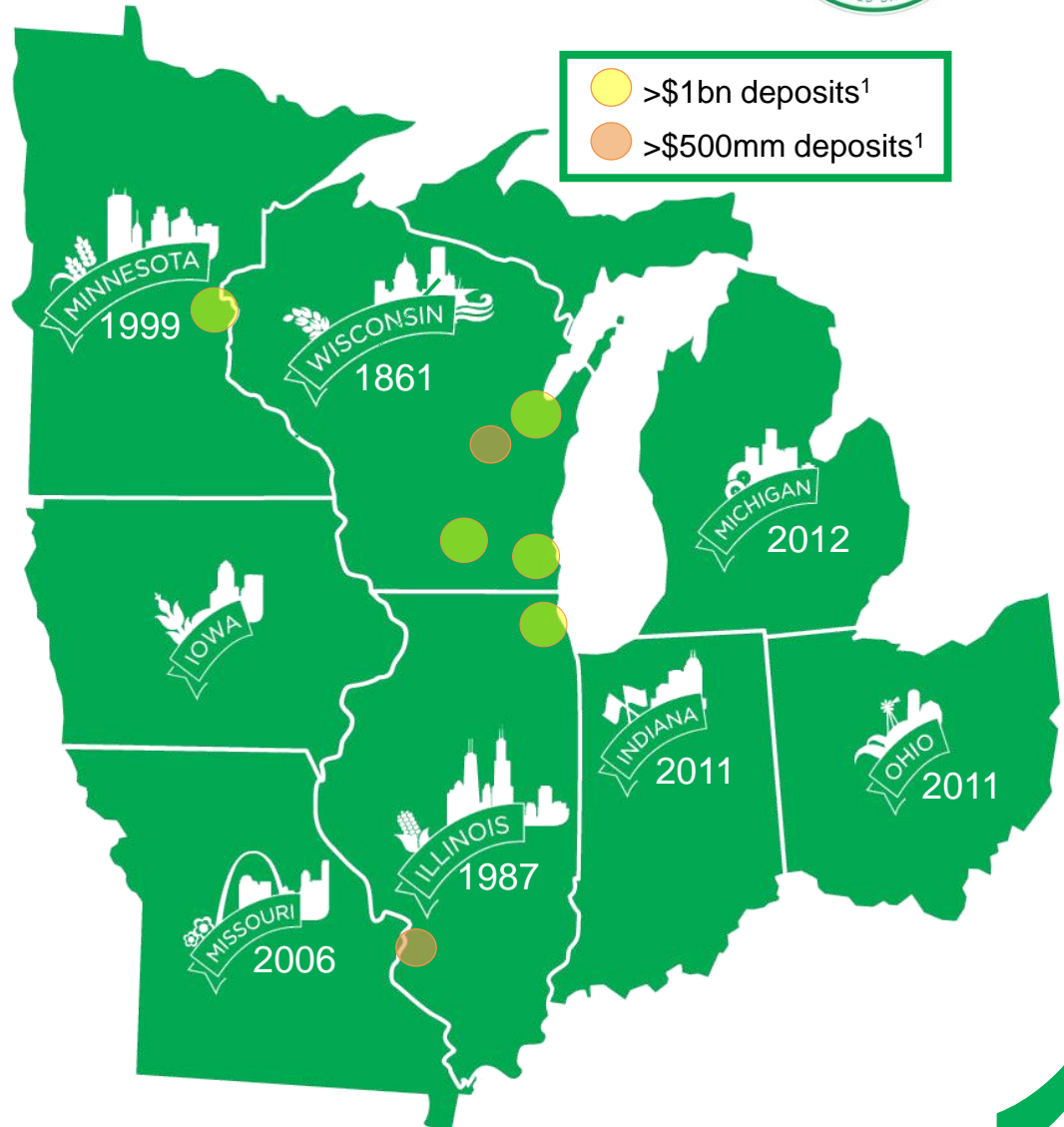
Statements made in this presentation which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. This includes any statements regarding management's plans, objectives, or goals for future operations, products or services, and forecasts 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.



# OUR FOOTPRINT AND FRANCHISE

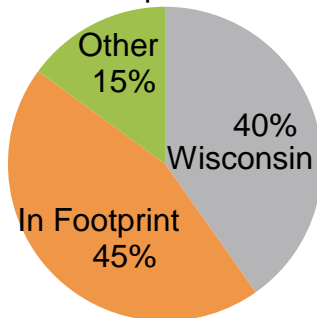


- Largest bank headquartered in Wisconsin
- \$26 billion in assets (Top 50 bank holding company in the U.S.)
- 225 banking offices serving approximately one million customers



	Deposits <sup>2</sup> (\$ in billions)	Branches <sup>2</sup>
WI	\$12.0	160
IL	\$4.8	43
MN	\$1.4	22
Total	\$18.2	225

**Total Loan Distribution**  
(\$17.2 billion – Sept 2014 – Period End)

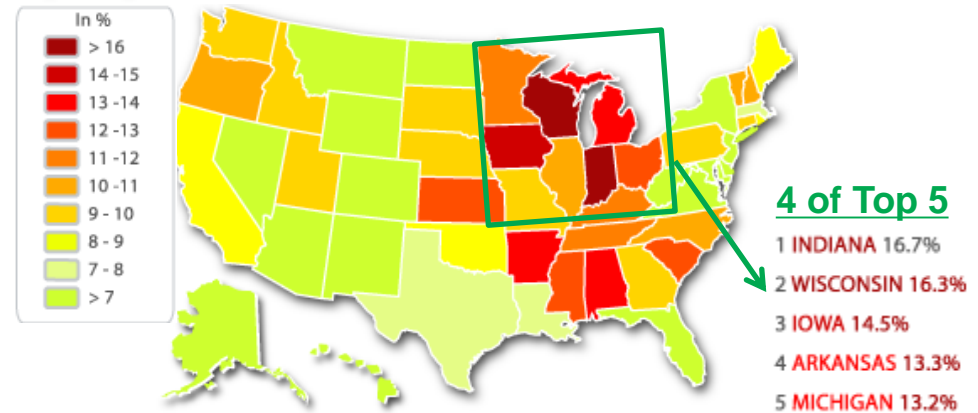


<sup>1</sup> FDIC market share data 6/30/14  
<sup>2</sup> As of 9/30/14 (Period End)

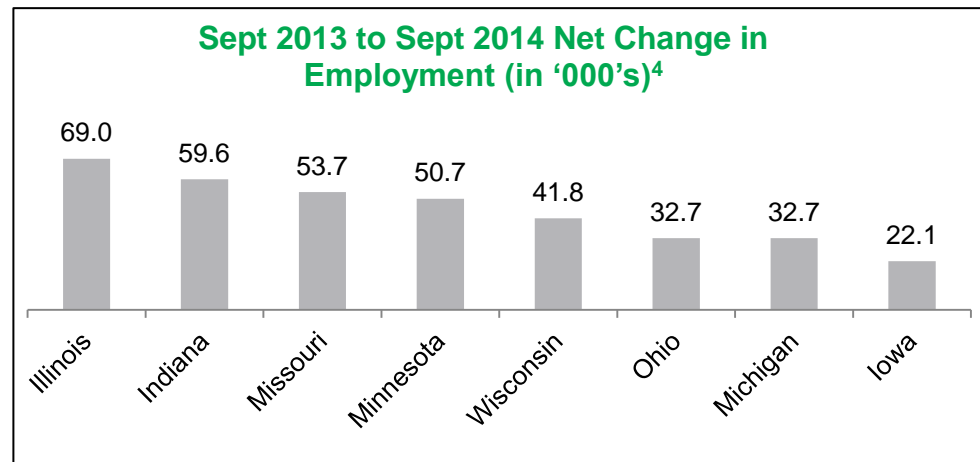
# ATTRACTIVE MIDWEST MARKETS

- **Serve a Large Market Place:** (Footprint is ~ 20% of USA)<sup>1</sup>
- **Manufacturing Concentrated:** Top 3 states (Indiana, Wisconsin, and Iowa) for concentration of manufacturing jobs and two other states in the top 10
- **Favorable Employment Dynamics:** Wisconsin, Minnesota, Indiana, Iowa, and Ohio all have unemployment rates that are under 6%<sup>3</sup>
- **Positive Economic Trends:** Continuing job growth across the footprint

Manufacturing Share of Non-Farm Employment<sup>2</sup>



Sept 2013 to Sept 2014 Net Change in Employment (in '000's)<sup>4</sup>



<sup>1</sup> US Census Bureau 2012 ;<sup>2</sup> Area Development Online – Author: Mark Crawford (Winter 2013);<sup>3</sup> September 2014 US Bureau of Labor Statistics;<sup>4</sup> Sept 2014 US Bureau of Labor Statistics - “Regional and State Employment and Unemployment (Oct 21, 2014 News Release)

# ASSOCIATED AT ITS CORE

Community  
bank values,  
flexibility,  
decision-  
making,  
attention to  
relationships  
and service



Big bank  
products,  
strength,  
lending limits,  
efficiency,  
innovation,  
depth of  
expertise



# YTD 3Q 2014 HIGHLIGHTS AND OUTLOOK

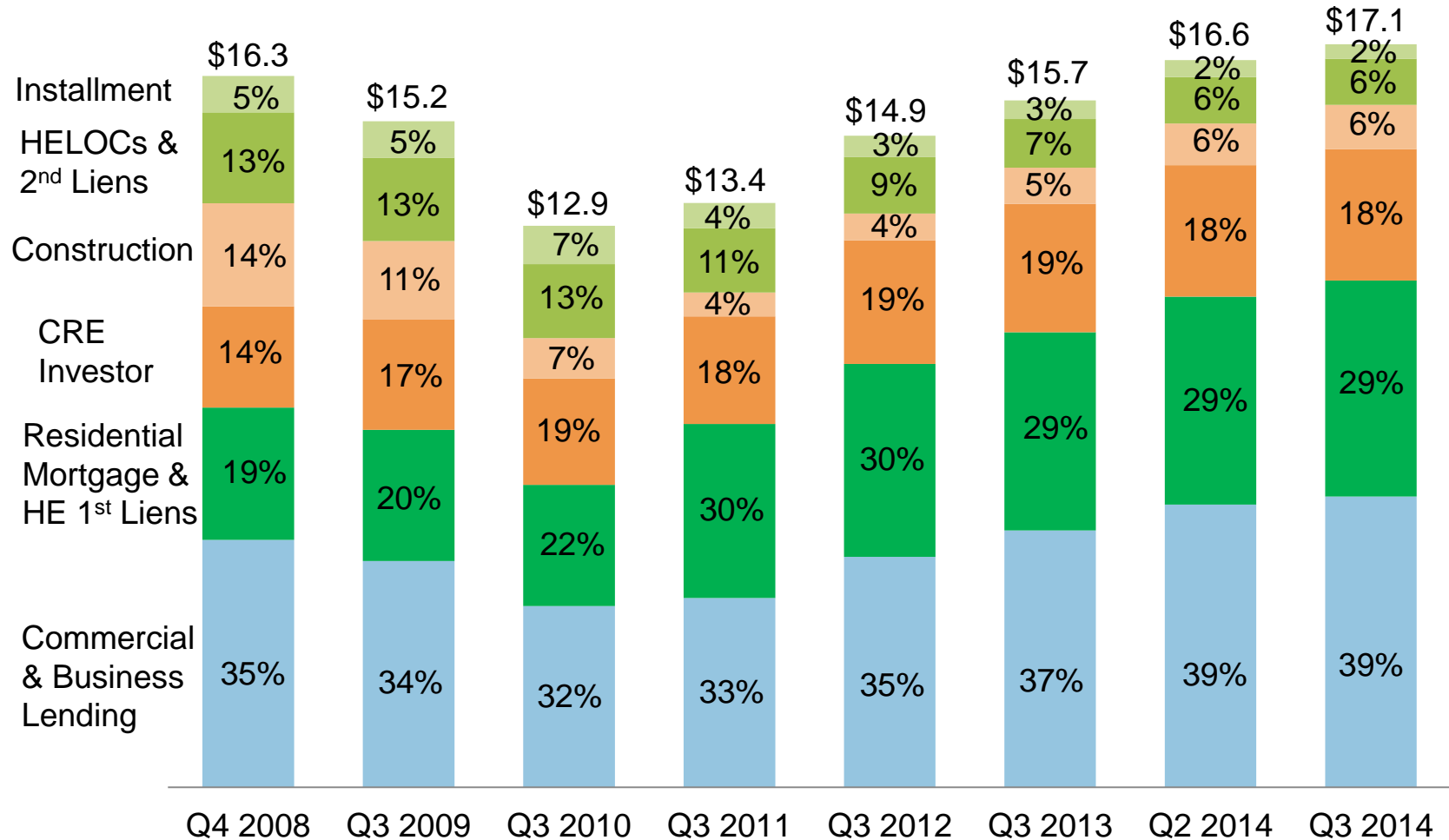
## 2014 Highlights:

- Loan Growth of ~ \$1.4 bn YoY
  - Total average loans of \$17.1 bn, up 9% YoY
- Deposit Growth of ~ \$300 mm YoY
  - Total average deposits of \$17.9 bn, up 2% YoY
- 3Q net interest income up \$12 mm or 8% YoY
- Disciplined Expense Management
  - FTEs down 7% from 3Q13
- Consistent Capital Deployment
  - Repurchased \$159 mm of common stock Sept YTD

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

- Continued focus on organic growth
- Defending NIM compression in low-rate environment
- Strong focus on efficiency & expense management
- Disciplined focus on deploying capital to drive long-term shareholder value
  - Repurchased **\$50 million** of common stock in October 2014

# RESHAPING & REBUILDING THE LOAN PORTFOLIO<sup>1</sup>



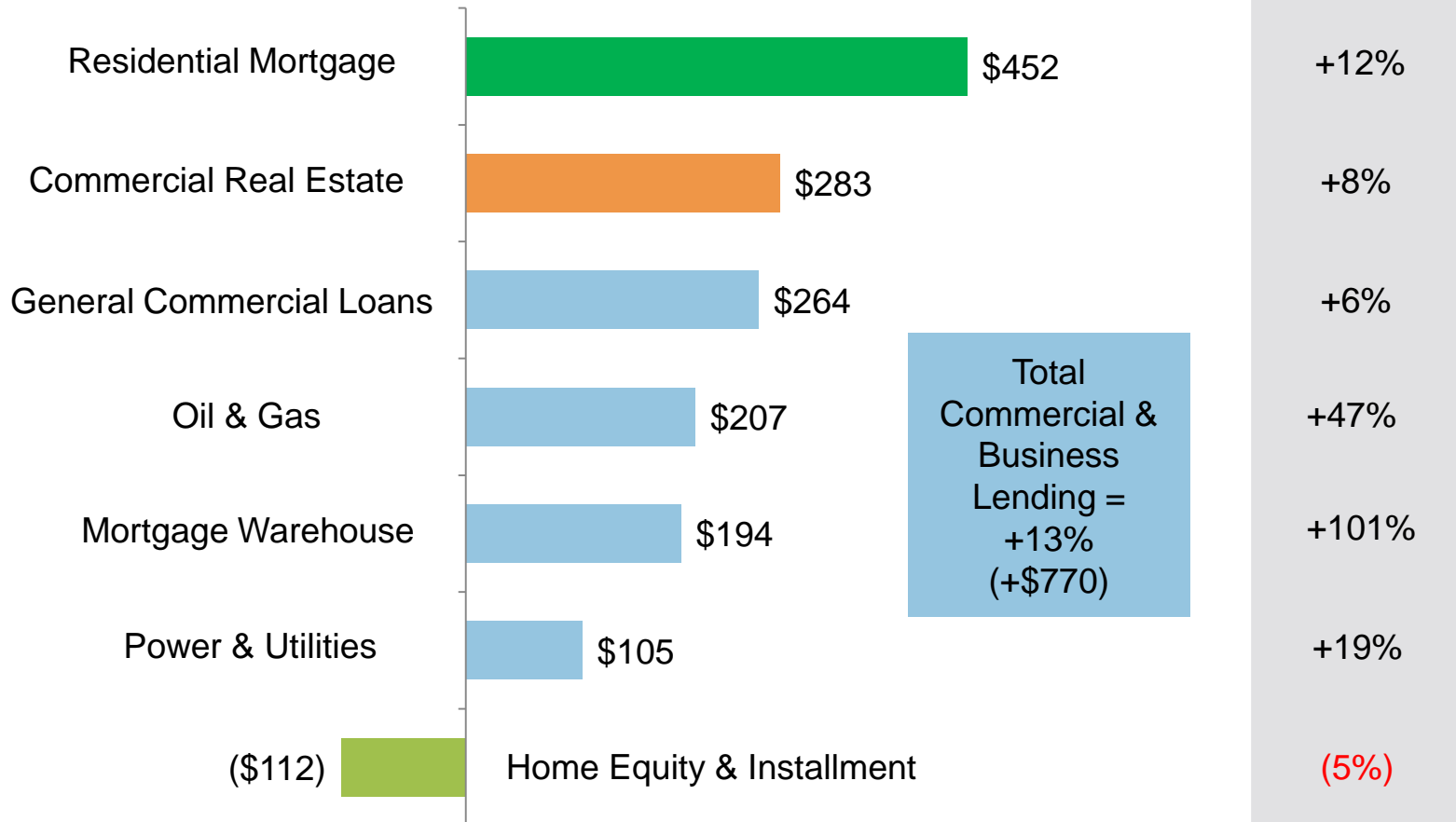
<sup>1</sup>Based on Average Balances, \$ in Billions



# LOAN PORTFOLIO GROWTH

AVERAGE LOAN GROWTH OF \$1.4 BILLION OR 9% GROWTH FROM 4Q 13

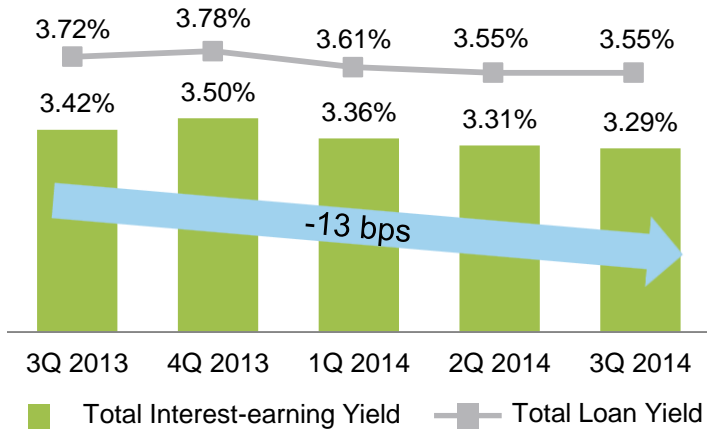
3Q 2014 vs. 4Q 2013 Change in Average Net Loan Balances by Category  
(\$ in millions)



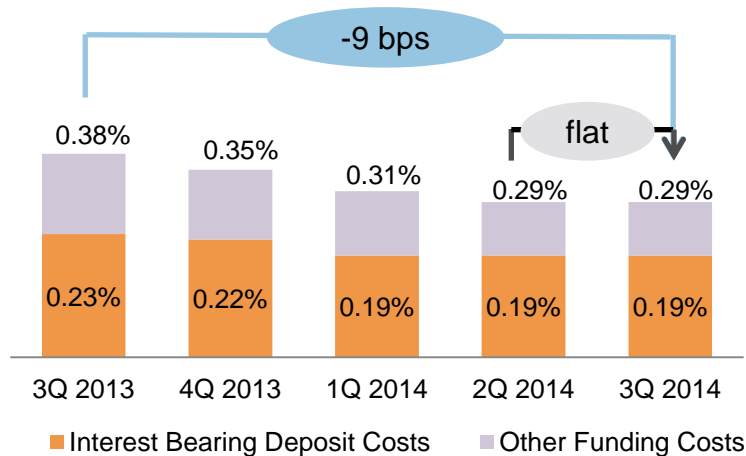


# GROWING NET INTEREST INCOME WHILE MARGIN COMPRESSES

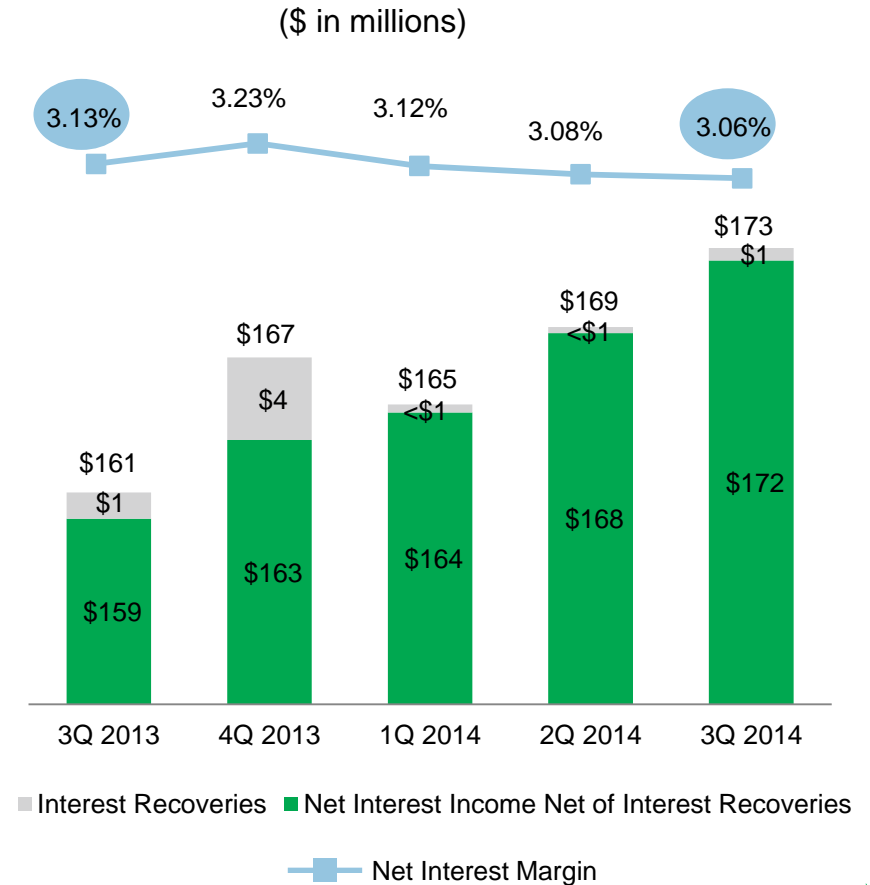
## Yield on Interest-earning Assets



## Cost of Interest-bearing Liabilities

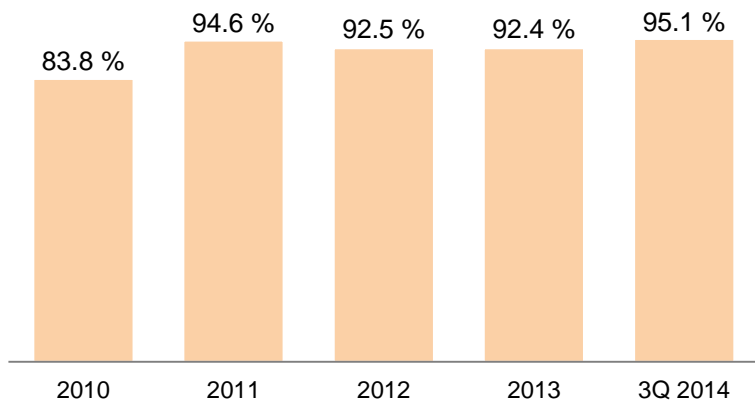


## Net Interest Income & Net Interest Margin

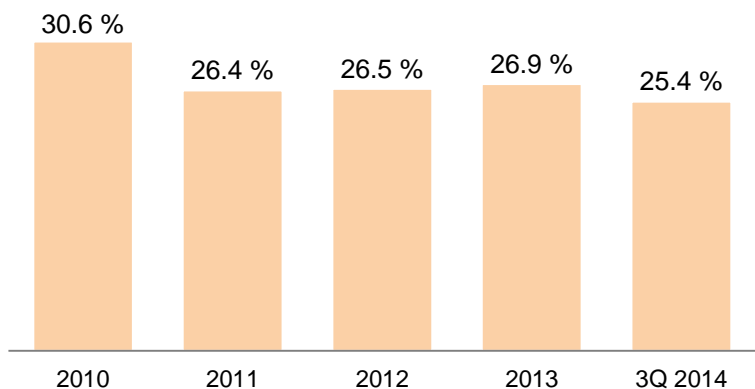


# STABLE DEPOSIT AND LIQUIDITY PROFILE

## Loans / Deposits



## Securities / Earnings Assets

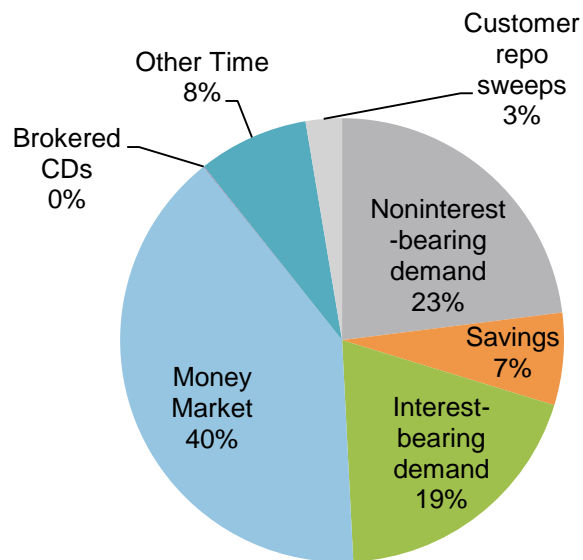


## Strong Holding Company Liquidity

- Bank holding company cash and liquid investments of \$117mm

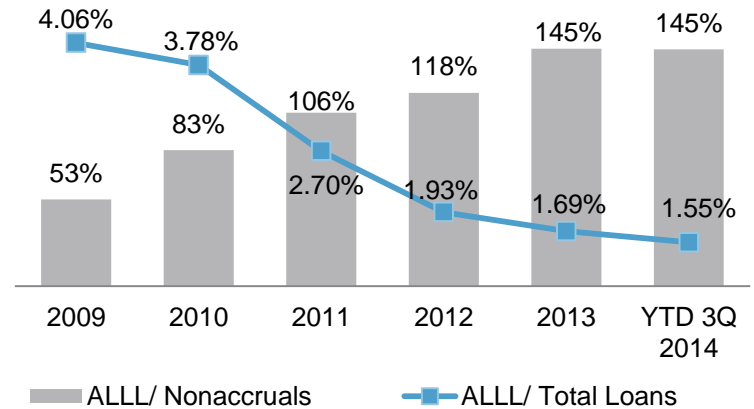
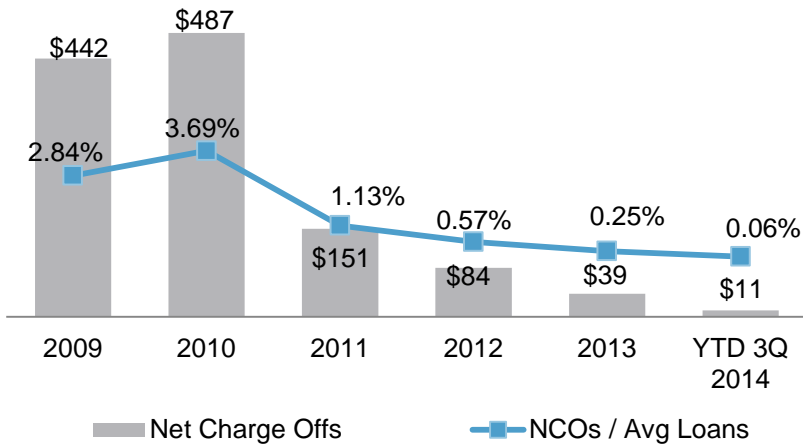
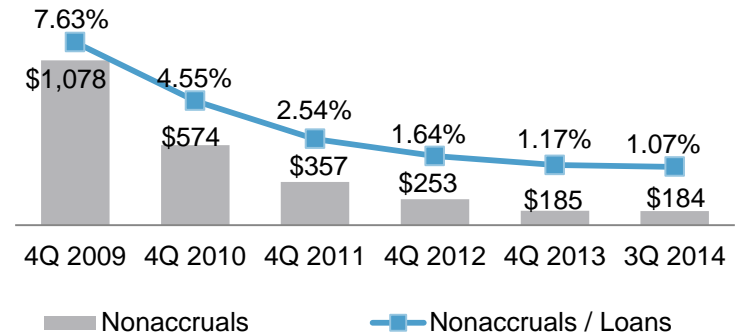
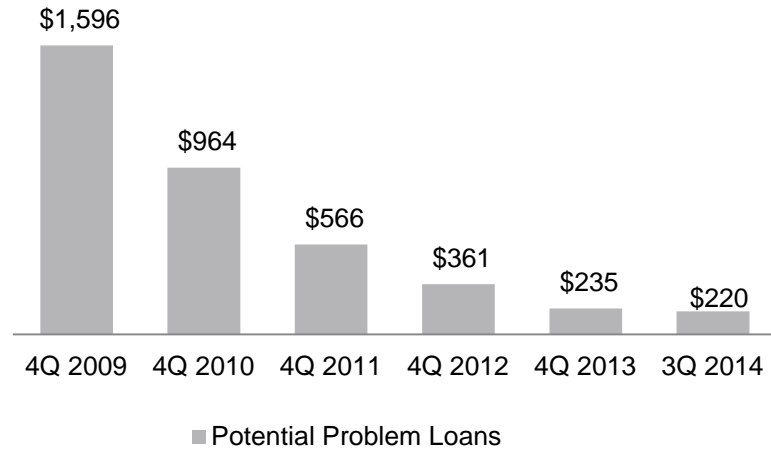
## Deposits and Customer Funding Mix

- \$18.7 billion at 9/30/2014
- ~990k deposit accounts with over \$10 billion of granular deposits (under \$250k)



# CREDIT QUALITY TRENDS

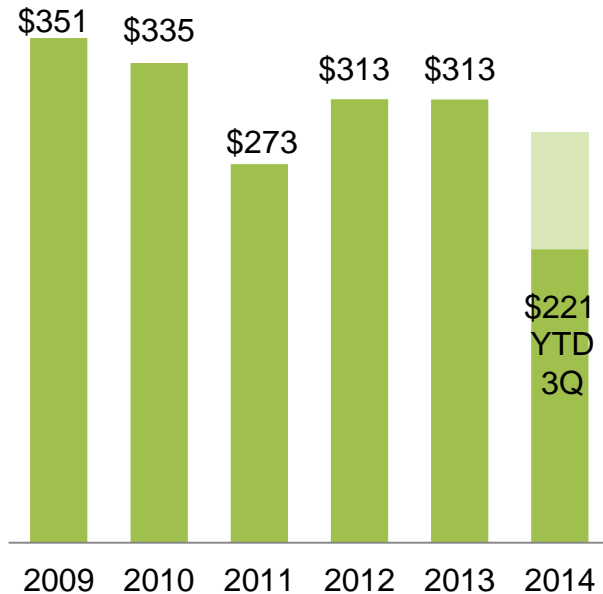
(\$ IN MILLIONS)



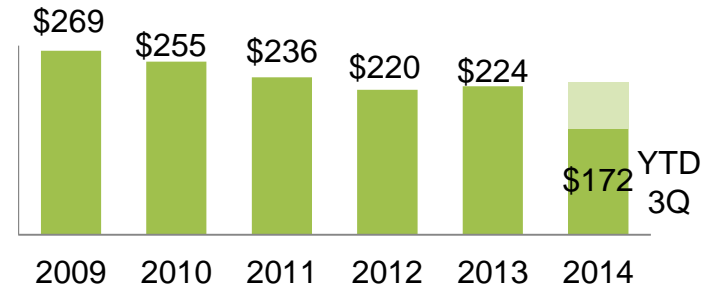
# NONINTEREST INCOME TRENDS

(\$ IN MILLIONS)

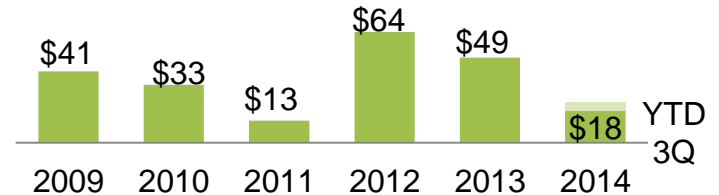
## Total Noninterest Income



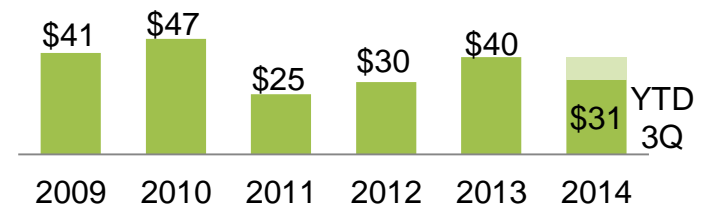
## Core Fee-based<sup>1</sup> Revenue



## Mortgage Banking (net) Income



## Other Noninterest Income<sup>2</sup>



<sup>1</sup> – **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. This is a non-GAAP measure. Please refer to the press release tables for a reconciliation to noninterest income.

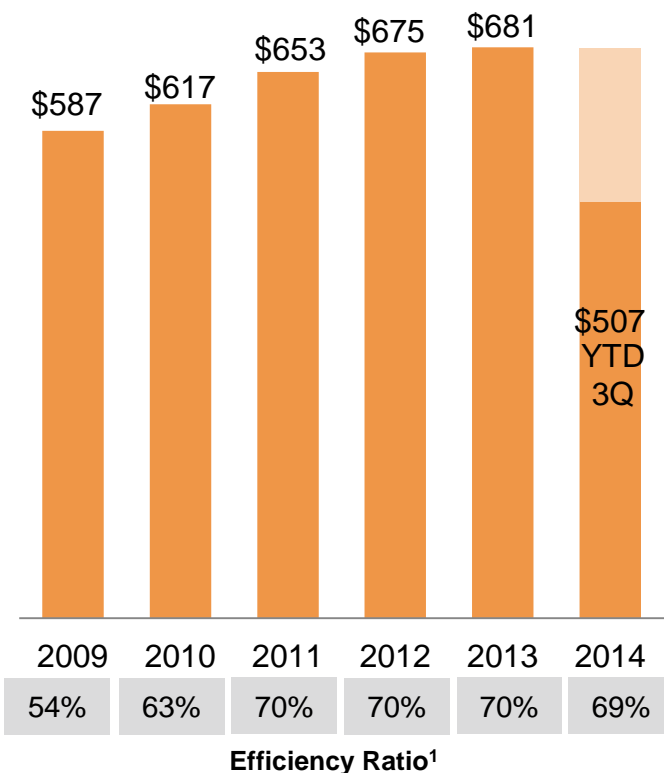
<sup>2</sup> – **Other Noninterest Income** = Total Noninterest Income minus Core Fee-based Revenue. This is a non-GAAP measure. Please refer to the press release tables for a reconciliation to noninterest income.



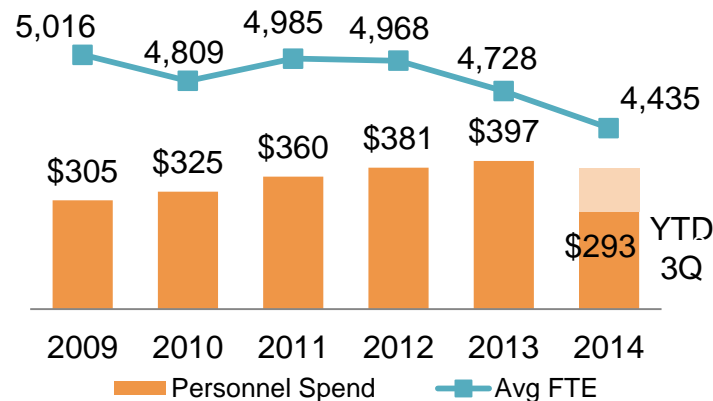
# NONINTEREST EXPENSE TRENDS

(\$ IN MILLIONS)

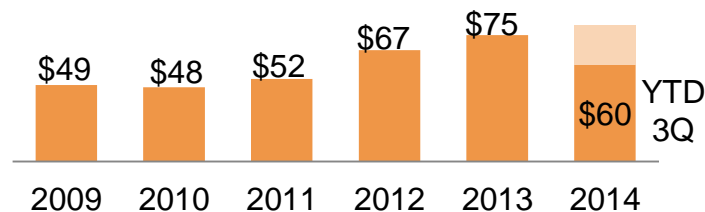
## Total Noninterest Expense



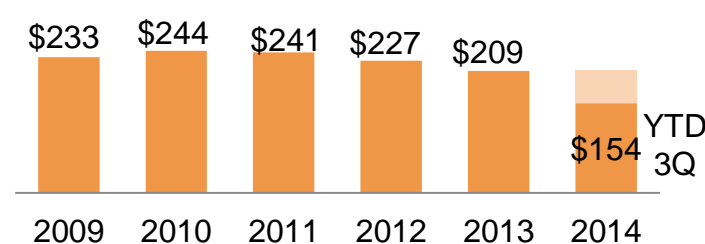
## Personnel Spend / FTE<sup>2</sup> Trend



## Technology<sup>3</sup> Spend



## Other Non-Personnel Spend<sup>4</sup>



<sup>1</sup> – **Efficiency ratio** = Noninterest expense, excluding other intangible amortization, divided by sum of taxable equivalent net interest income plus noninterest income, excluding investment securities gains/losses, net, and asset gains/losses, net. This is a non-GAAP financial measure. Please refer to the appendix for a reconciliation of this measure.

<sup>2</sup> – **FTE** = Average Full Time Equivalent Employees

<sup>3</sup> – **Technology Spend** = Technology and Equipment expenses

<sup>4</sup> – **Other Non-Personnel Spend** = Total Noninterest Expense less Personnel and Technology spend



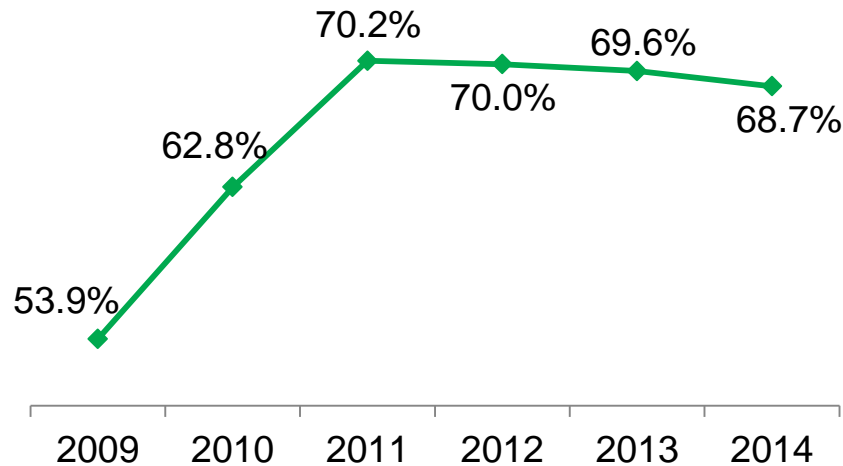
# PURSuing EFFICIENCY GAINS

Efficiency Ratio<sup>1</sup>  
at 3Q 2014 =  
69%



Goal =  
Peer Average  
or Better

Efficiency Ratio<sup>1</sup> Trend



## Areas of Focus

**Back Office Initiatives:**  
*Implementing technology solutions in labor intensive processes*

**Real Estate Initiatives:**  
*Actions to optimize our real estate holdings and capacity*

**Distribution Initiatives:**  
*Optimize the ways that we interact with our customers*

<sup>1</sup> – **Efficiency ratio** = Noninterest expense, excluding other intangible amortization, divided by sum of taxable equivalent net interest income plus noninterest income, excluding investment securities gains/losses, net, and asset gains/losses, net. This is a non-GAAP financial measure. Please refer to the appendix for a reconciliation of this measure. Efficiency Ratio 2014 is YTD Sept 2014.



# BRANCH EVOLUTION

Branches coming in 2014: Lower construction costs, higher visibility profile



- Eagle River, Wisconsin



- Milwaukee, Wisconsin

Express Branch: Demonstration Kiosk – “Hands On” & Automated Teller Machine

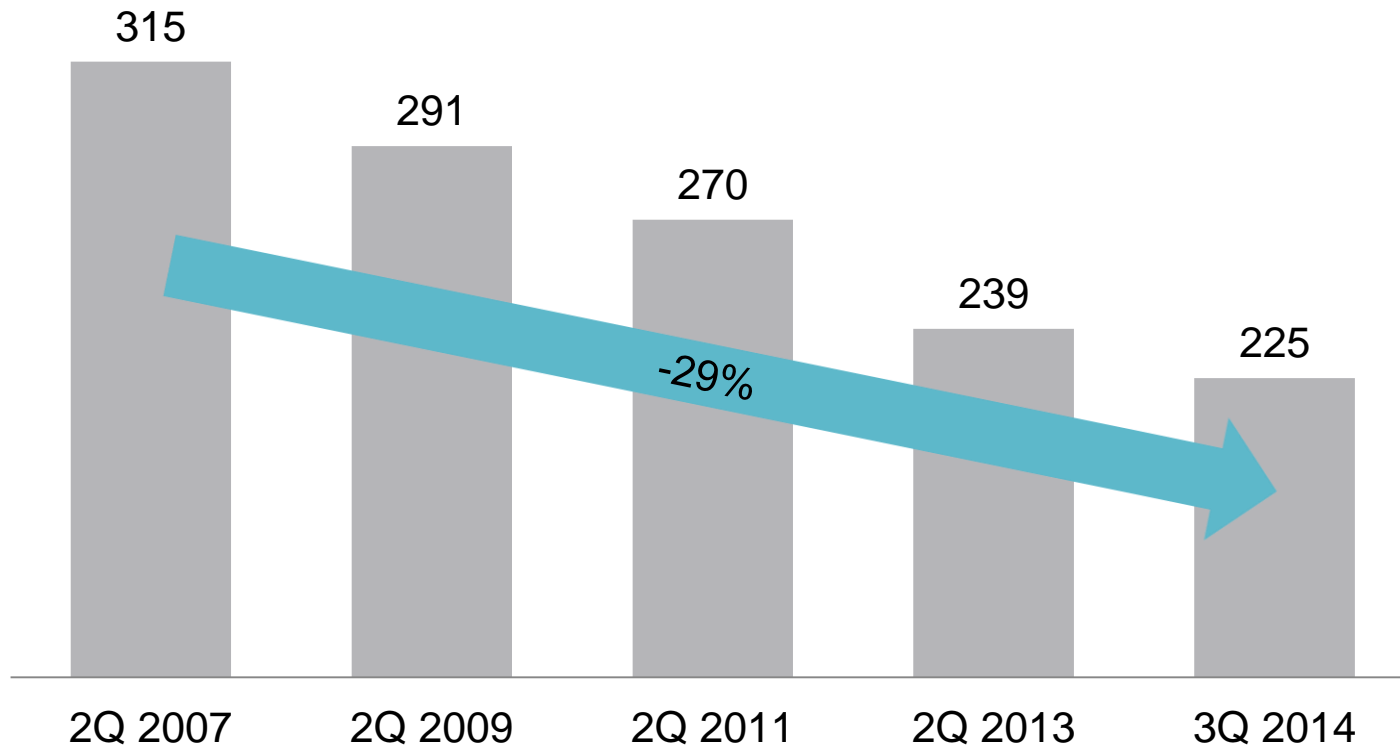


- Madison, Wisconsin (UW Campus)



# RATIONALIZING THE FOOTPRINT

Consolidated or sold 29% of branches<sup>1</sup> since 2007



<sup>1</sup> Branch counts are as of period end.



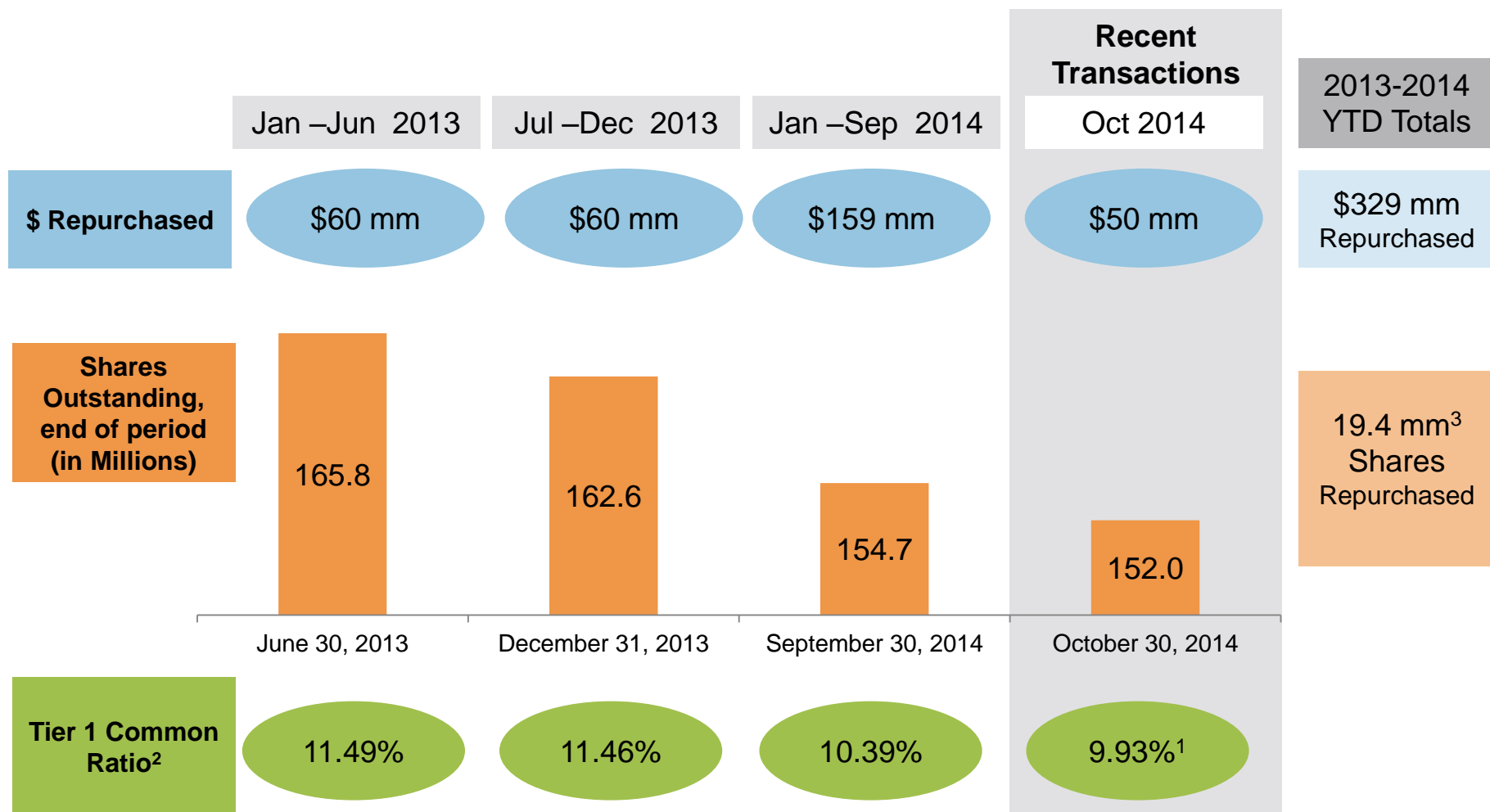


# CAPITAL MANAGEMENT PRIORITIES

	2012	2013	2014
Funding Organic Growth	<ul style="list-style-type: none"> <li>Fund Loan Growth and other Capital Investments</li> </ul>		
Paying a Competitive Dividend	<ul style="list-style-type: none"> <li>Increased quarterly dividend in Q4 2012</li> <li>Paid \$0.23/ common share</li> </ul>	<ul style="list-style-type: none"> <li>Increased quarterly dividend in Q4 2013</li> <li>Paid \$0.33/ common share</li> </ul>	<ul style="list-style-type: none"> <li>Increased quarterly dividend in Q4 2014</li> <li>Will pay \$0.37/ common share</li> </ul>
Non-organic Growth Opportunities	<ul style="list-style-type: none"> <li>Focused on Cost Take-out Driven Depository M&amp;A</li> <li>Maintaining Discipline in Pricing of any Transaction</li> </ul>		
Share Buybacks and Redemptions	<ul style="list-style-type: none"> <li>Repurchased \$60 mm of Common Stock</li> <li>Redeemed \$205 mm in Trust Preferred</li> </ul>	<ul style="list-style-type: none"> <li>Repurchased \$120 mm of Common Stock</li> <li>Retired \$26 mm in Sub-Debt</li> </ul>	<ul style="list-style-type: none"> <li>Repurchased \$209 mm of Common Stock through October 2014</li> <li>Retired \$155 mm in Senior Notes in Q1 2014</li> </ul>



# DISCIPLINED CAPITAL DEPLOYMENT



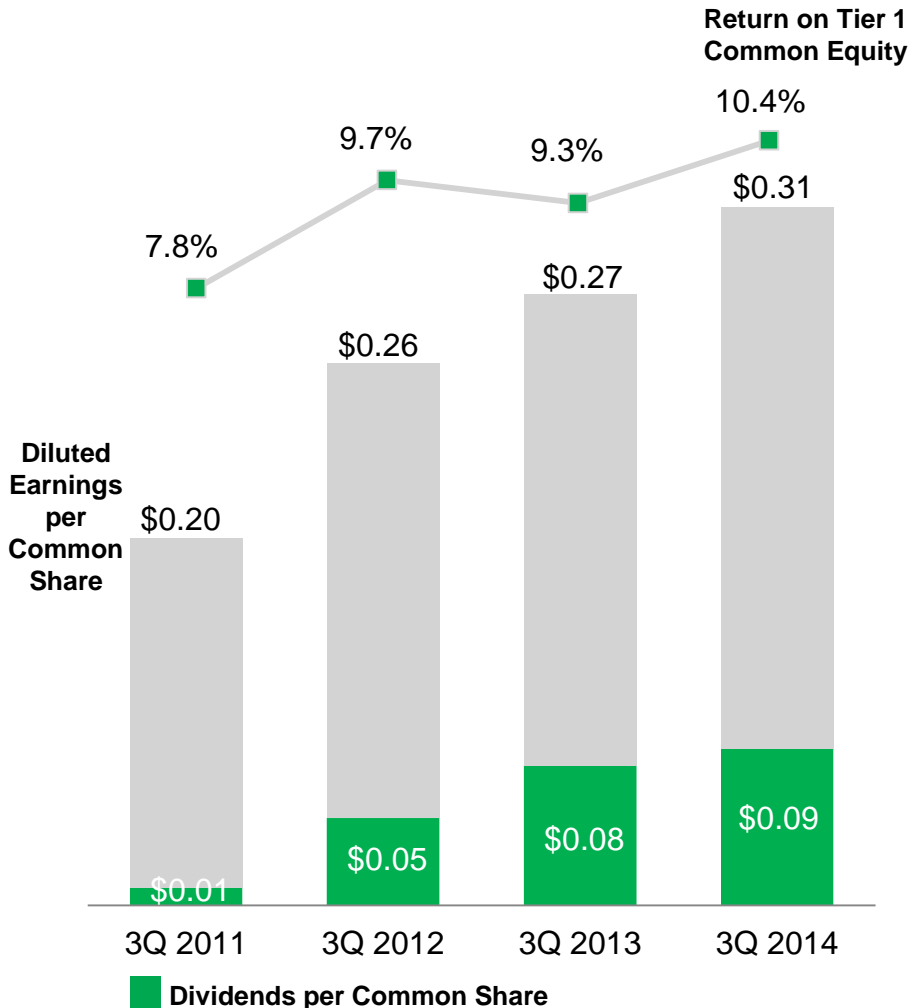
- ASBC Basel III Tier 1 Common Ratio Goal = 8 – 9.5%

<sup>1</sup> Estimated pro forma calculation; <sup>2</sup> Basel I ratio calculation; <sup>3</sup> Shares repurchased since end of 2012. Shares Outstanding on 12/31/2012 were 169.3 million.



# WHY ASSOCIATED

## EPS and Dividends Paid & ROT1CE<sup>1</sup>



## Reasons to Invest

- Leading Midwest Bank Operating in Attractive Markets
- Core Organic Growth Opportunity
- Disciplined Loan and Deposit Pricing
- Committed to Efficiency Ratio Improvement
- Strong Credit Quality and Capital Profile
- Disciplined Capital Deployment
- Improving Earnings Outlook

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

<sup>1</sup> – **Return on Tier 1 Common Equity (ROT1CE)** = Management uses Tier 1 common equity, along with other capital measures, to assess and monitor our capital position. This is a non-GAAP financial measure. Please refer to the appendix for a definition of this and other non-GAAP items.

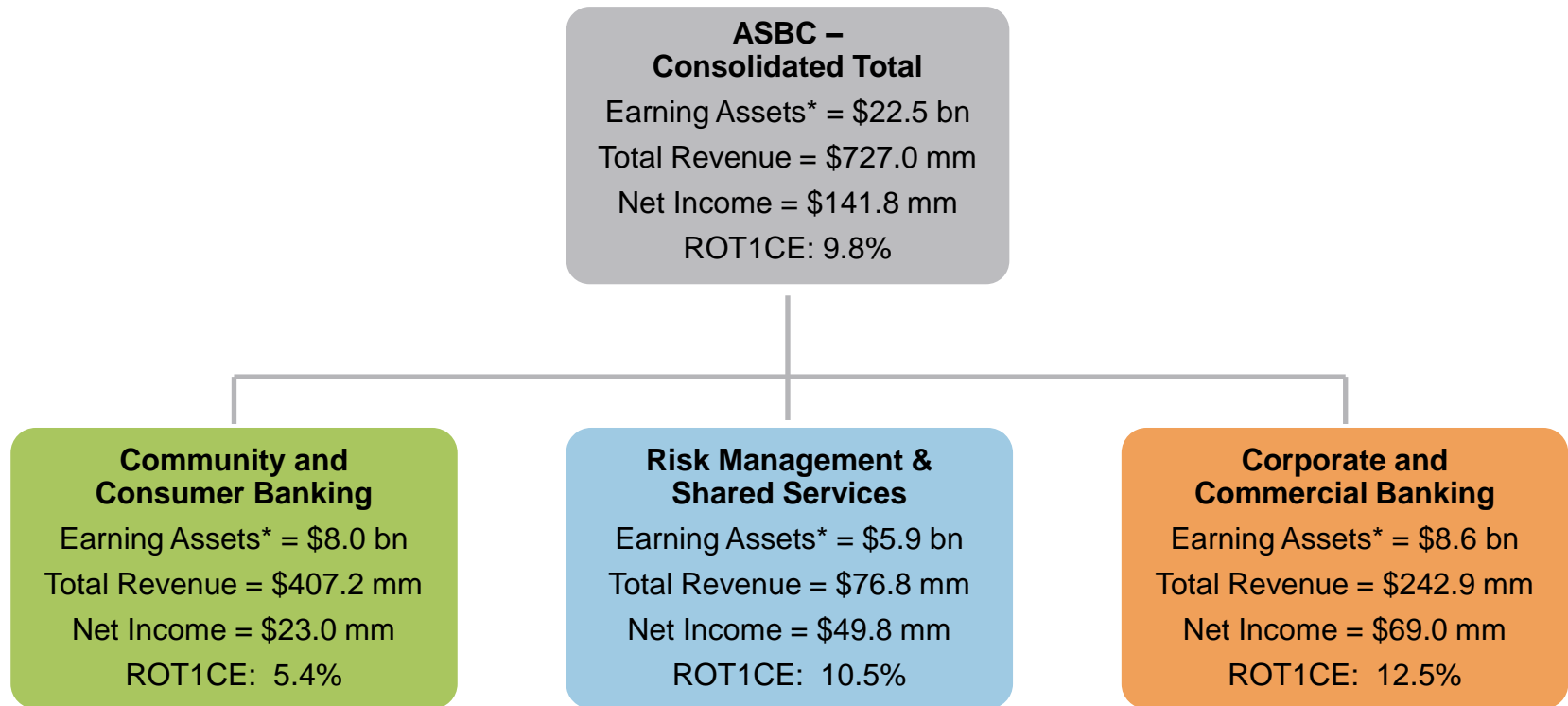


# APPENDIX



# SEGMENT PROFITABILITY

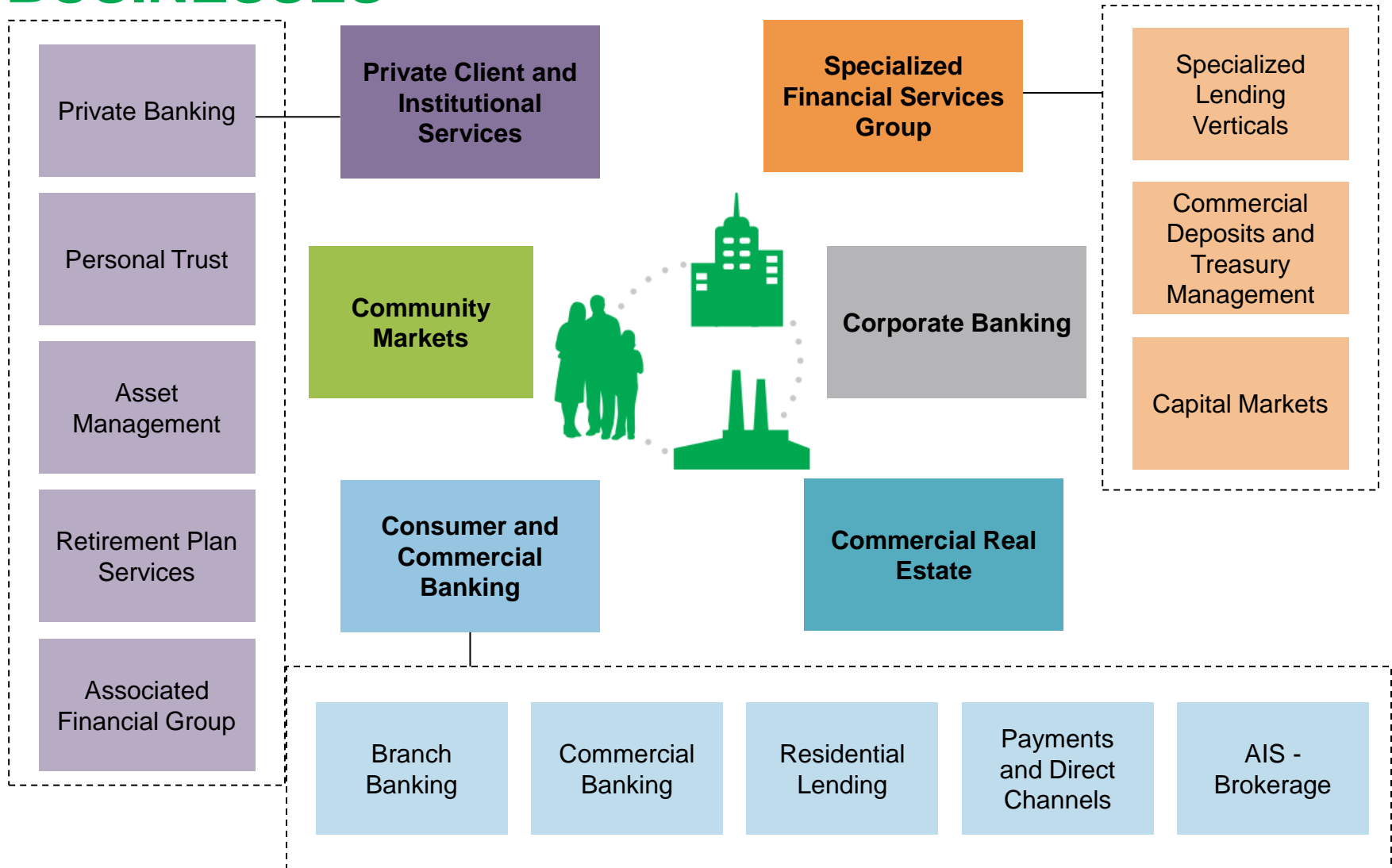
YTD SEPTEMBER 2014



\* Average Earning Assets



# DIVERSIFIED PORTFOLIO OF VALUE-ADDED BUSINESSES



# DIVERSIFIED LOAN PORTFOLIO



- We are building a diversified loan portfolio that we believe will perform well through the next downturn in the credit cycle.

## Internal Portfolio Management Goals

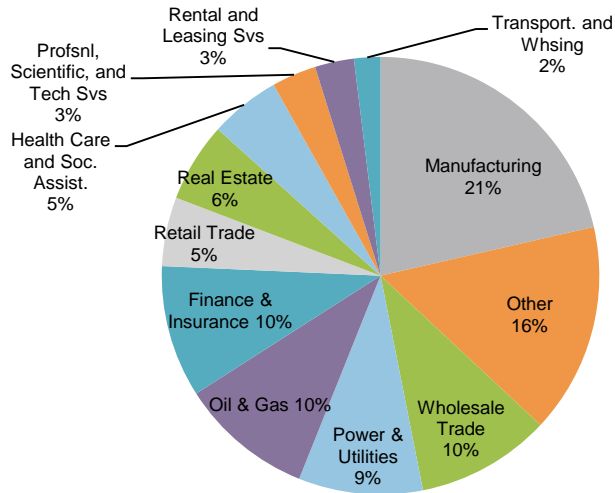
Diversification	Asset Mix	<ul style="list-style-type: none"> <li>Retail – 30-40%</li> <li>C&amp;I – 30-40%</li> <li>CRE – 25-35%</li> </ul>	<u>Current (Q3-2014)</u> <ul style="list-style-type: none"> <li>Retail – 37%</li> <li>C&amp;I – 39%</li> <li>CRE – 24%</li> </ul>
	Geographic Mix	Core lending markets in Midwest with primary emphasis placed on Wisconsin, Minnesota, Illinois, Missouri, Iowa, Indiana, Ohio and Michigan. (85% of Q3 2014 Loans)	
	Industry Mix	Strong lending base in high-quality, low-volatility diversified assets to provide foundation for selective and prudent risk taking in higher risk asset classes. (Meaningful allocations to Mortgage, Multi-family and Manufacturing)	



# COMMERCIAL LOAN DETAIL

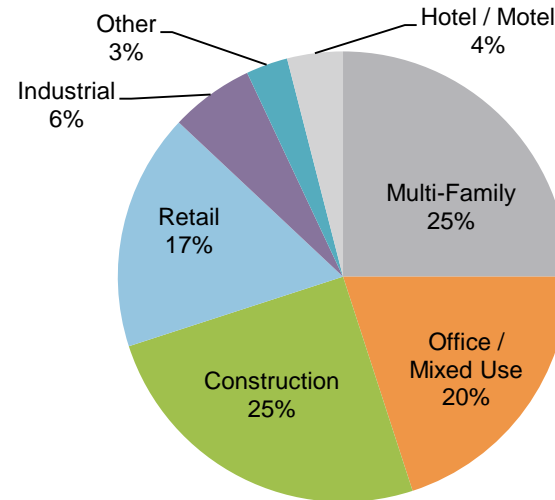
## C&BL Loans by Industry

(\$6.7 billion – Sept 2014 – Period End)



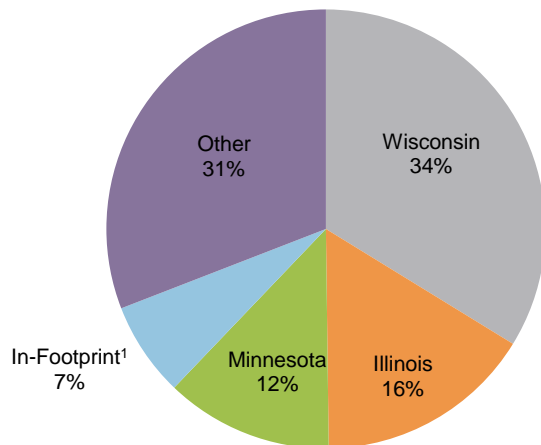
## CRE Loans by Industry

(\$4.0 billion – Sept 2014 – Period End)



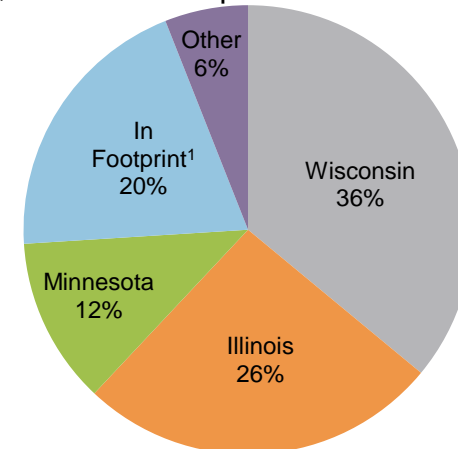
## C&BL Loans by State

(\$6.7 billion – Sept 2014 – Period End)



## CRE Loans by State

(\$4.0 billion – Sept 2014 – Period End)



<sup>1</sup> Includes Missouri, Indiana, Ohio, Michigan, & Iowa

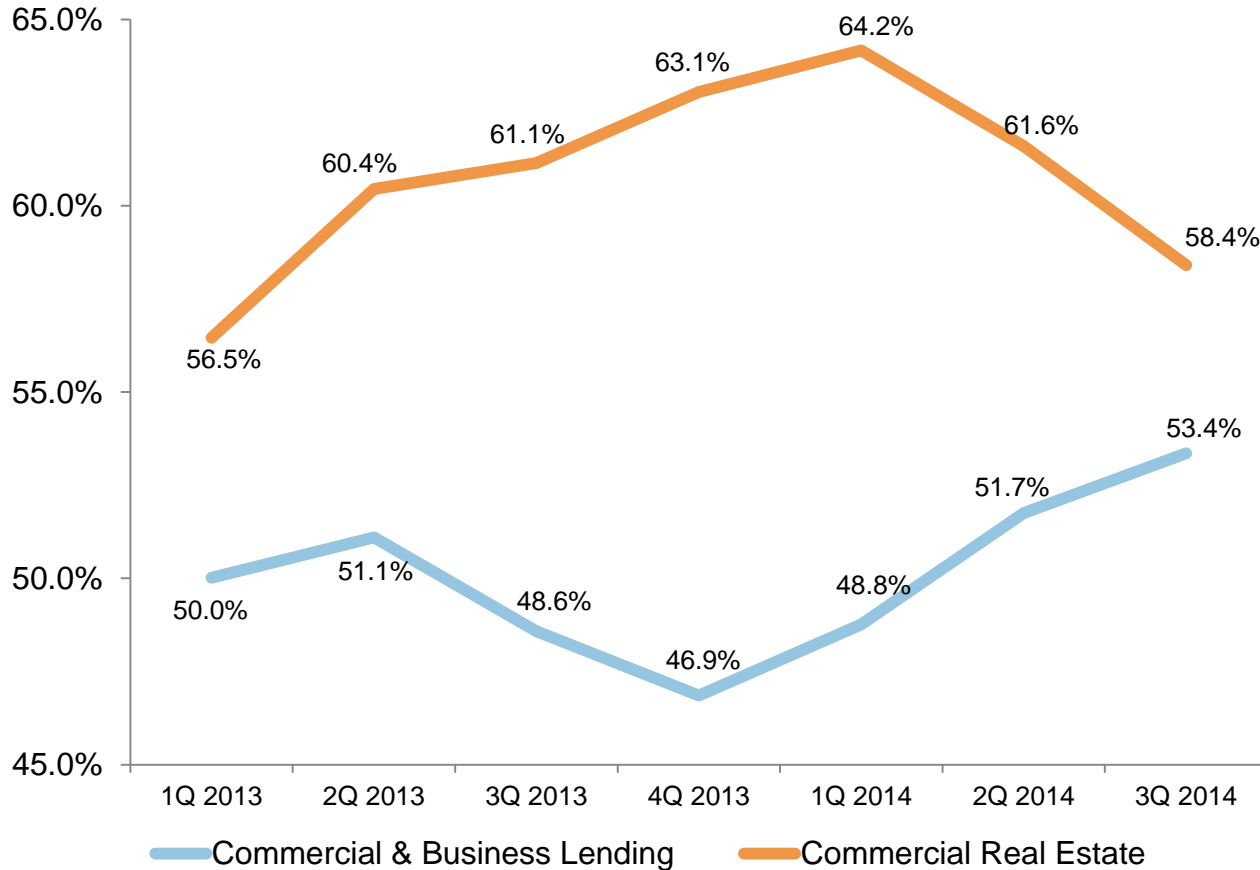




# COMMERCIAL LINE UTILIZATION TRENDS

Line utilization increased in Commercial & Business Lending

Change from 2Q 14



**Commercial Real Estate (including construction)**  
- 320 bps

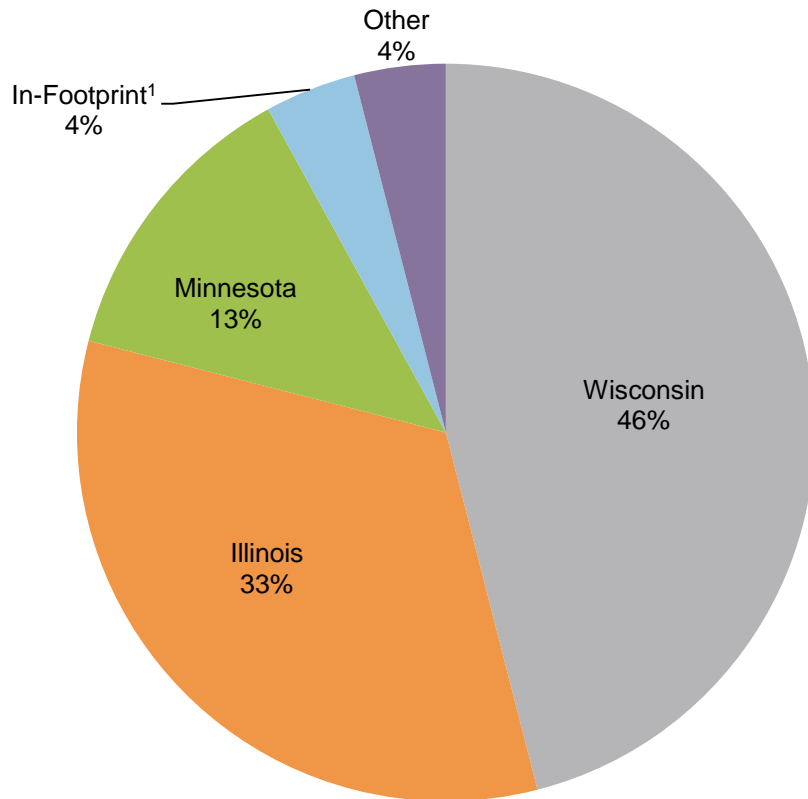
**Commercial & Business Lending**  
+ 170 bps



# RETAIL LOANS BY STATE

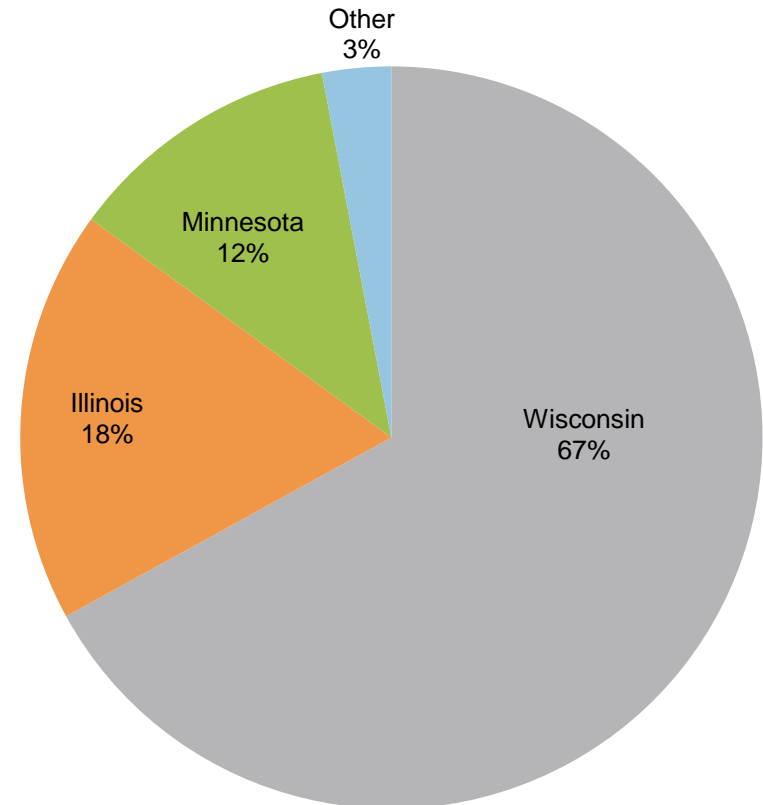
## Residential Mortgage Loans

(\$4.3 billion – Sept 2014 – Period End)



## Home Equity Loans<sup>2</sup>

(\$1.7 billion – Sept 2014 – Period End)



<sup>1</sup> Includes Missouri, Indiana, Ohio, Michigan, & Iowa

<sup>2</sup> Approximately 40% is in first lien position

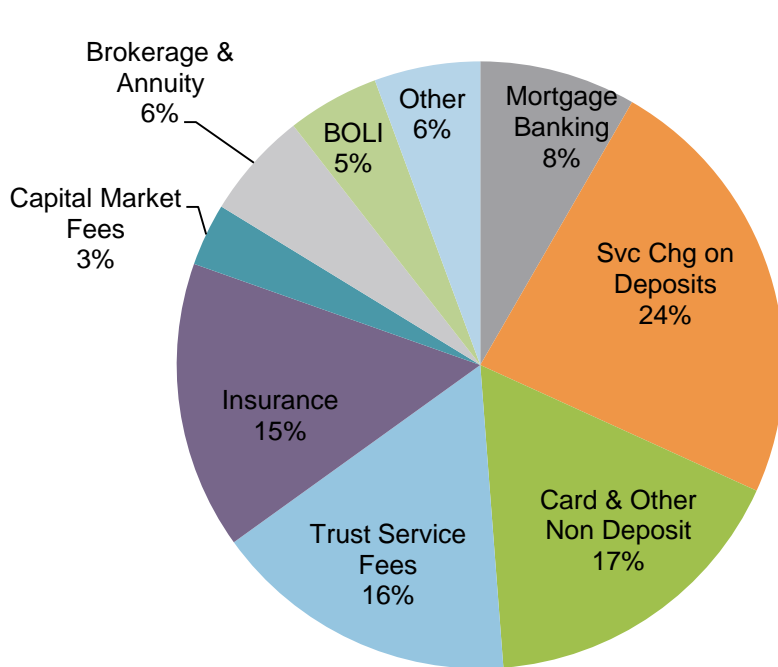


# NONINTEREST INCOME AND EXPENSE COMPOSITION

YTD SEPTEMBER 2014

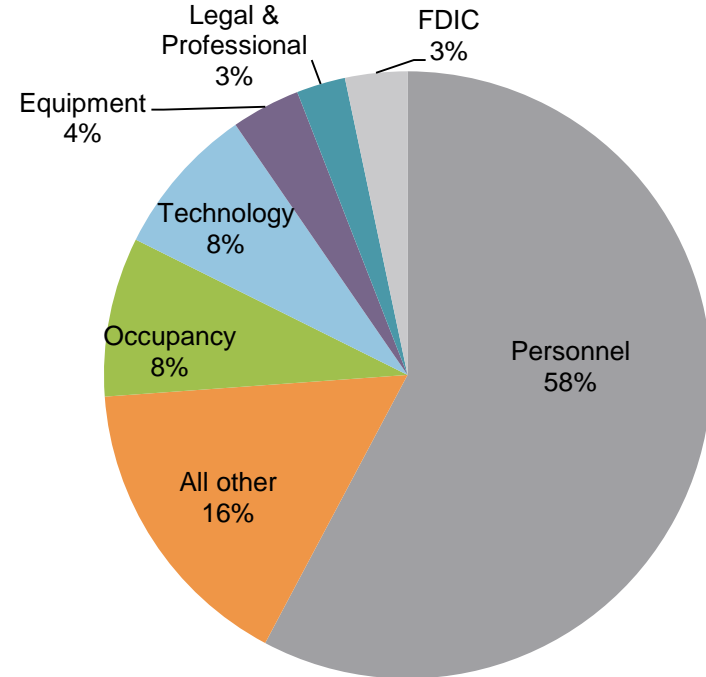
### Noninterest Income by Category

(\$221 million)



### Noninterest Expense by Category

(\$507 million)

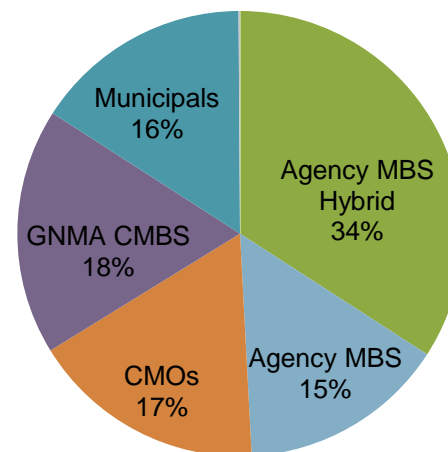


# INVESTMENT SECURITIES PORTFOLIO

## Investment Portfolio – September 30, 2014

Type	Amortized Cost (000's)	Fair Value (000's)	TEY (%)	Duration (Yrs)
<i>Govt &amp; Agencies</i>	\$999	\$996	0.67	2.36
<i>Agency MBS</i>	2,767,630	2,783,892	2.61	3.21
<i>CMOs</i>	960,063	959,630	2.36	2.96
<i>GNMA CMBS</i>	1,007,068	980,602	2.08	4.40
<i>Municipals</i>	890,196	922,318	5.07	4.88
<i>Corporates</i>	5,788	5,793	1.41	1.73
<i>Other</i>	18	73		
<b>TOTAL HTM &amp; AFS</b>	<b>\$5,631,762</b>	<b>\$5,653,304</b>	<b>2.86</b>	<b>3.64</b>

## Amortized Cost Composition – September 30, 2014



## Risk Weighting Profile – September 30, 2014

Type	Fair Value (000's)	% of Total
<i>0% RWA</i>	\$1,178,798	20.9
<i>20% RWA</i>	4,426,389	78.2
<i>50% RWA</i>	20,342	0.4
<i>=&gt;100% RWA</i>	6,258	0.2
<i>Not subject to RW</i>	21,517	0.4
<b>TOTAL Market Value</b>	<b>\$5,653,304</b>	<b>100.0%</b>

## Portfolio Ratings Composition – September 30, 2014

Credit Rating (\$ in thousands)	Fair Value (000's)	% of Total
<i>Govt &amp; Agency</i>	\$4,722,638	83.5
<i>AAA</i>	105,712	1.9
<i>AA</i>	681,444	12.1
<i>A</i>	135,430	2.4
<i>BAA1, BAA2 &amp; BAA3</i>	-	-
<i>BA1 &amp; Lower</i>	1,889	0.0
<i>Non-rated</i>	6,190	0.1
<b>TOTAL Market Value</b>	<b>\$5,653,304</b>	<b>100.0%</b>



# OUR VISION



**ASSOCIATED** 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.



# RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014
<b>Efficiency Ratio Reconciliation:</b>					
Efficiency ratio (1)	71.45%	73.70%	70.41%	69.70%	69.44%
Taxable equivalent adjustment	(1.50)	(1.49)	(1.35)	(1.32)	(1.36)
Asset gains, net	0.59	0.80	0.22	0.26	1.36
Other intangible amortization	(0.44)	(0.42)	(0.42)	(0.41)	(0.40)
Efficiency ratio, fully taxable equivalent (1)	70.10%	72.59%	68.86%	68.23%	69.04%

	2009	2010	2011	2012	2013	YTD 3Q 2014
<b>Efficiency Ratio Reconciliation:</b>						
Efficiency ratio (1)	56.65%	65.68%	73.33%	72.92%	71.05%	69.85%
Taxable equivalent adjustment	(1.30)	(1.60)	(1.72)	(1.60)	(1.46)	(1.34)
Asset gains (losses), net	(0.93)	(0.79)	(0.95)	(0.90)	0.40	0.61
Other intangible amortization	(0.50)	(0.50)	(0.51)	(0.43)	(0.42)	(0.41)
Efficiency ratio, fully taxable equivalent (1)	53.92%	62.79%	70.15%	69.99%	69.57%	68.71%

(1) Efficiency ratio is defined by the Federal Reserve guidance as noninterest expense divided by the sum of net interest income plus noninterest income, excluding investment securities gains / losses, net. Efficiency ratio, fully taxable equivalent, is noninterest expense, excluding other intangible amortization, divided by the sum of taxable equivalent net interest income plus noninterest income, excluding investment securities gains / losses, net and asset gains / losses, net. This efficiency ratio is presented on a taxable equivalent basis, which adjusts net interest income for the tax-favored status of certain loans and investment securities. Management believes this measure to be the preferred industry measurement of net interest income as it enhances the comparability of net interest income arising from taxable and tax-exempt sources and it excludes certain specific revenue items (such as investment securities gains / losses, net and asset gains / losses, net).

**Tier 1 common equity**, 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 Tier 1 common equity, along with other capital measures, to assess and monitor our capital position. Tier 1 common equity (period end and average) is Tier 1 capital excluding qualifying perpetual preferred stock and qualifying trust preferred securities.

