

# ASSOCIATED BANC-CORP INVESTOR PRESENTATION

FIRST 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.

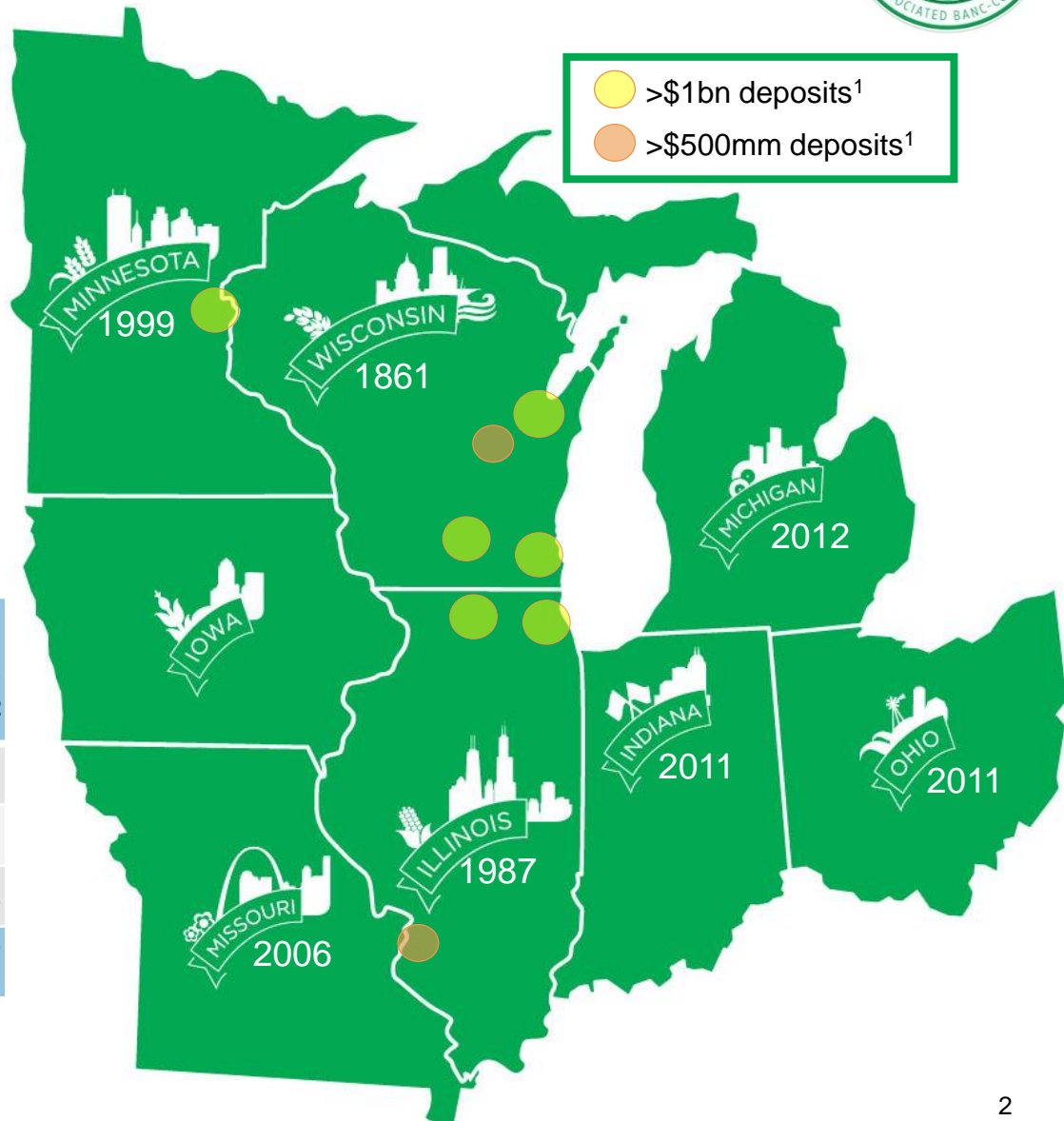


# OUR FOOTPRINT AND FRANCHISE



## About Associated

- Top 50, publicly traded, U.S. bank holding company
- \$24 billion in assets; largest bank headquartered in Wisconsin
- 237 branches serving approximately one million customers



	ASBC Deposits <sup>2</sup> (\$ in billions)	ASBC Branches <sup>2</sup>
WI	\$11.6	169
IL	\$4.2	45
MN	\$1.5	23
<b>Total</b>	<b>\$17.3</b>	<b>237</b>

<sup>1</sup> FDIC market share data 6/30/13

<sup>2</sup> As of 12/31/13 (Period End)

# ATTRACTIVE MIDWEST MARKETS

- **Population:** Over 60 mm people live in our footprint (~ 20% of USA)<sup>1</sup>.
  - **Favorable Credit:** Six of the top seven cities with the best consumer credit scores are in our footprint.<sup>2</sup>
- **GDP Metrics:** \$3.0 trillion in 2013 (18.4% of US GDP). 3.3% growth from 2012 is consistent with the national average.<sup>3</sup>
  - **Recent Growth:** Economic growth in the Midwest was higher for December 2013 than the growth rate of the national economy.<sup>4</sup>
  - **Manufacturing Concentrated:** Top 3 states (Indiana, Wisconsin, and Iowa) for concentration of manufacturing jobs and two other states in the top 10.<sup>5</sup>
  - **Manufacturing Growth:** Midwest Manufacturing output<sup>6</sup> has been growing more than the national index over the last 2 years.
- **Favorable Outlook:** Chicago and Minneapolis districts reporting manufacturing and construction growth along with optimism for 2014.<sup>7</sup>

<sup>1</sup> US Census Bureau 2012 ; <sup>2</sup> Experian State of Credit Survey 2013 <sup>3</sup> US Department of Commerce; <sup>4</sup> December 2013 Midwest Economy Index; <sup>5</sup> March 2012 Brookings Paper ; <sup>6</sup> FRB Chicago Midwest Manufacturing Index, Oct 2013.Oct 2012, Oct 2011; <sup>7</sup> Summary of Commentary of Current Economic Conditions by Federal Reserve Districts (“Beige Book”) – January 2014



# 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



# 2013 HIGHLIGHTS AND OUTLOOK

## 2013 Highlights:

- Net income of \$184 mm
- EPS of \$1.10, up 10% from 2012
- Average loans of \$15.7 bn, up 6% compared to 2012
- Average deposits up \$1.9 bn from 2012 to \$17.4 bn
- 4Q13 FTEs down 7% from 4Q12
- T1CE<sup>1</sup> ratio of 11.5%
- Common Dividends up 43% YOY
- Repurchased \$120 mm of common stock

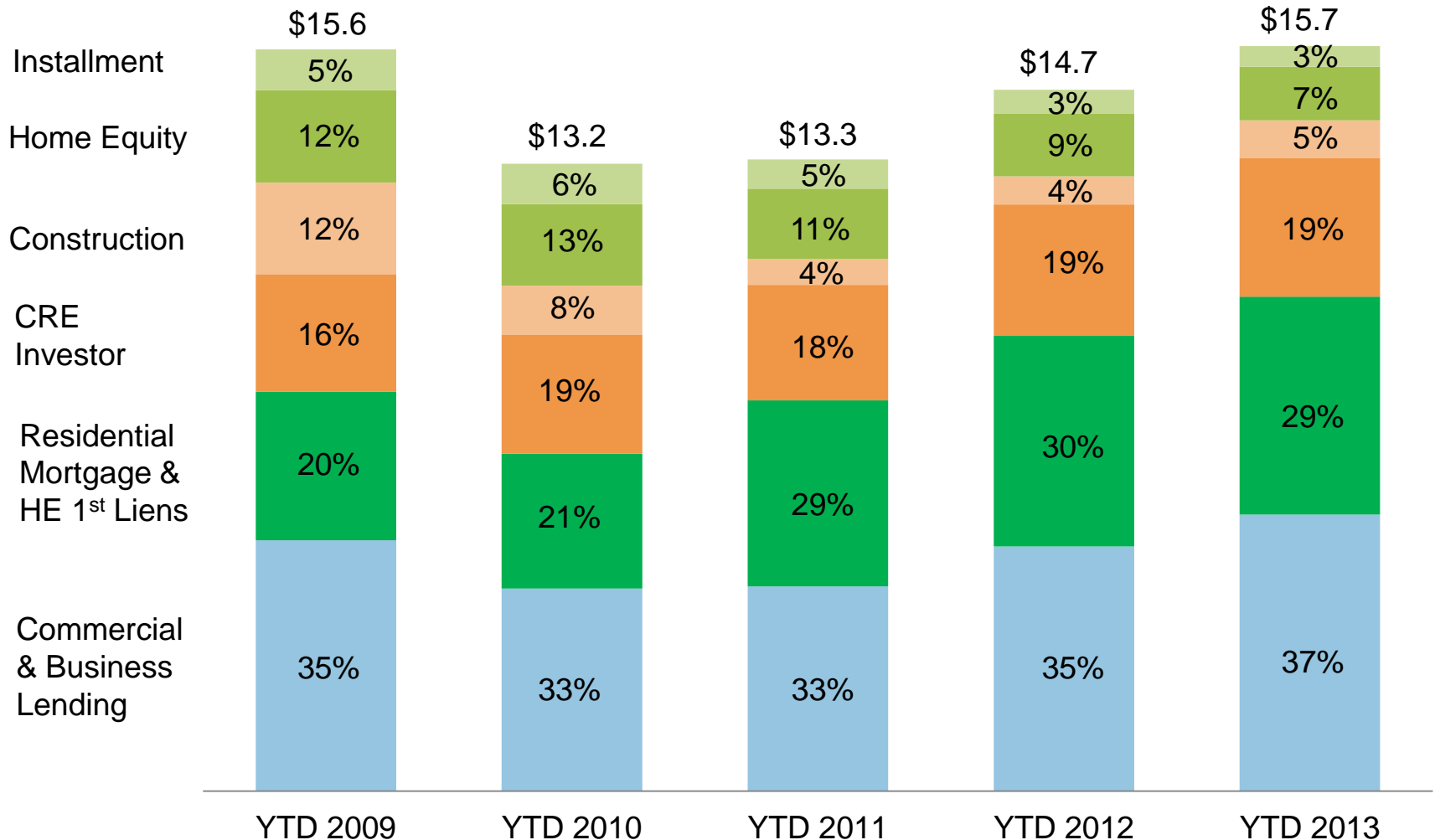
## Outlook – Growing the Franchise & Creating Long-Term Shareholder Value

- 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

<sup>1</sup> Definition of Tier 1 Common Equity (T1CE) is in appendix on page 30.



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

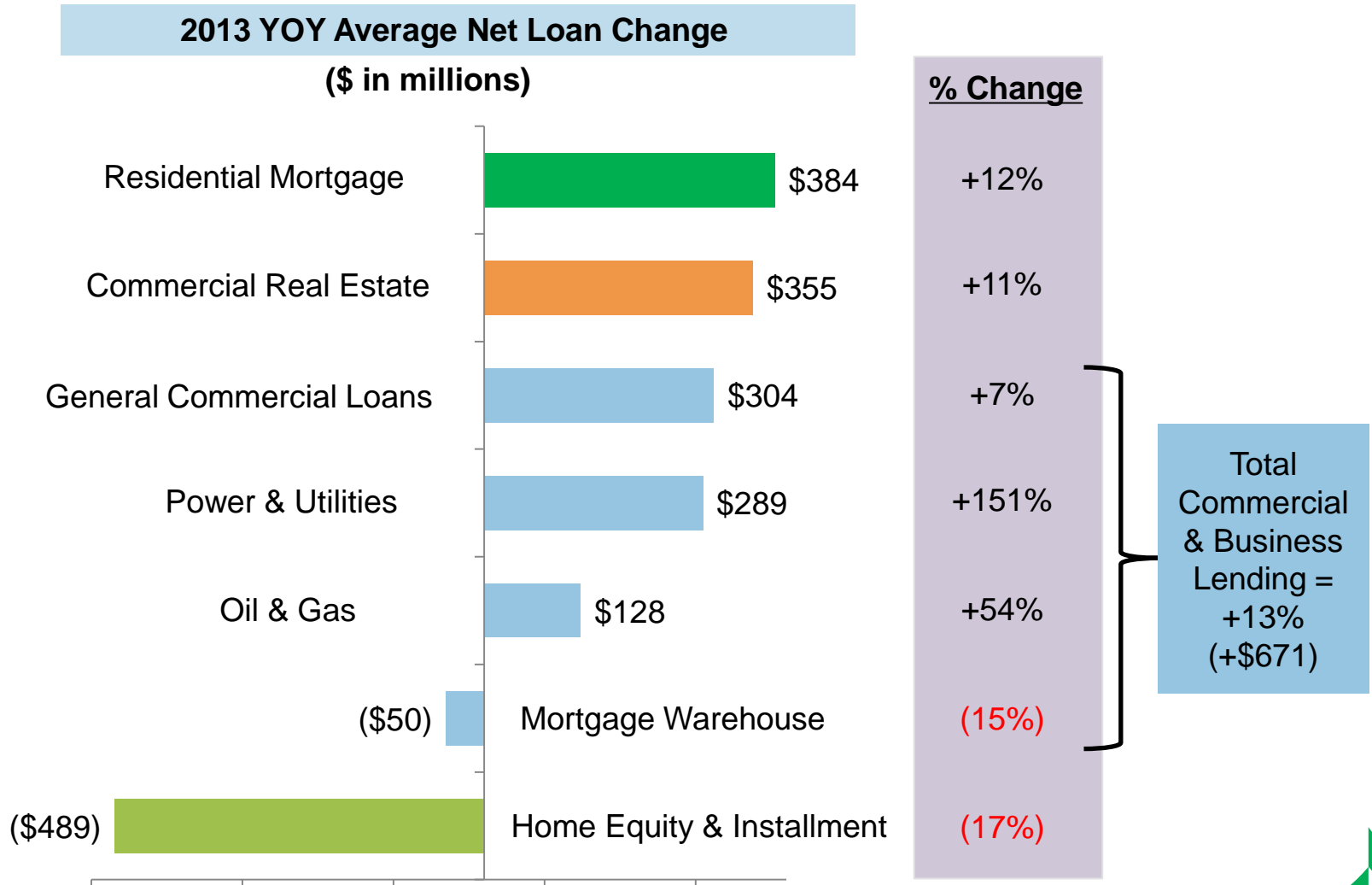


<sup>1</sup>Based on Average Annual Balances, \$ in Billions



# YOY LOAN PORTFOLIO GROWTH

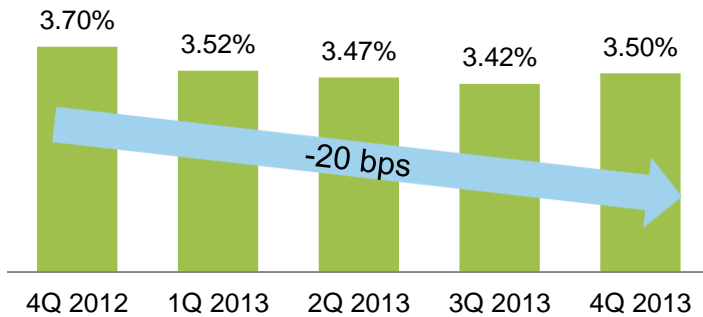
AVERAGE LOAN GROWTH OF \$921 MILLION OR 6% FROM 2012



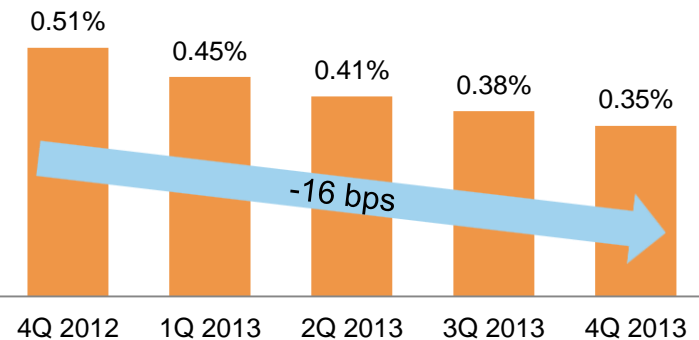


# GROWING NET INTEREST INCOME WHILE MARGIN COMPRESSES

## Yield on Interest-earning Assets

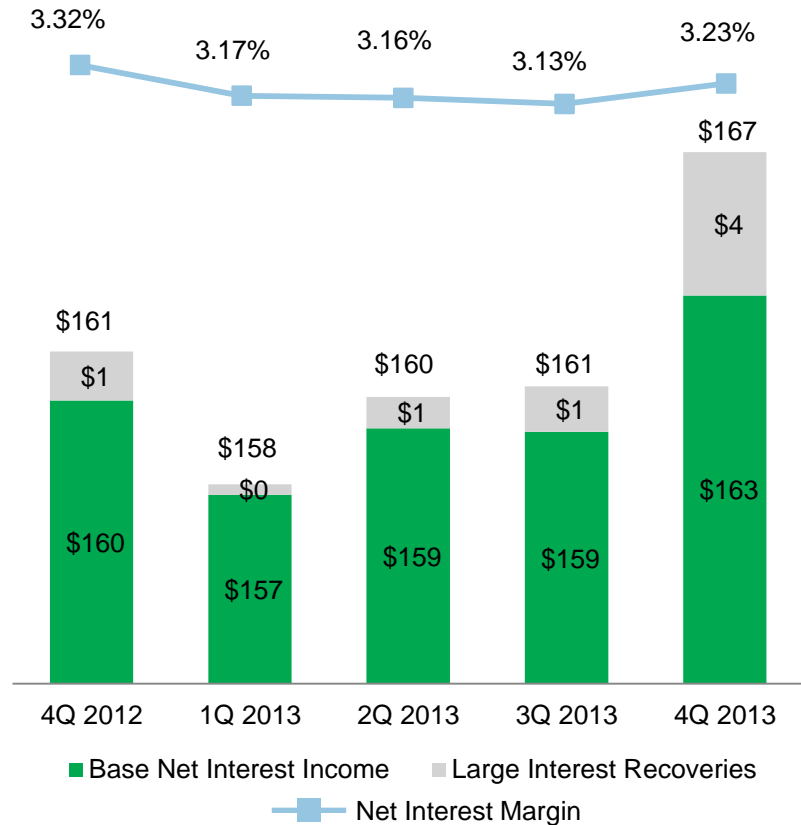


## Cost of Interest-bearing Liabilities



## Net Interest Income & Net Interest Margin

(\$ in millions)



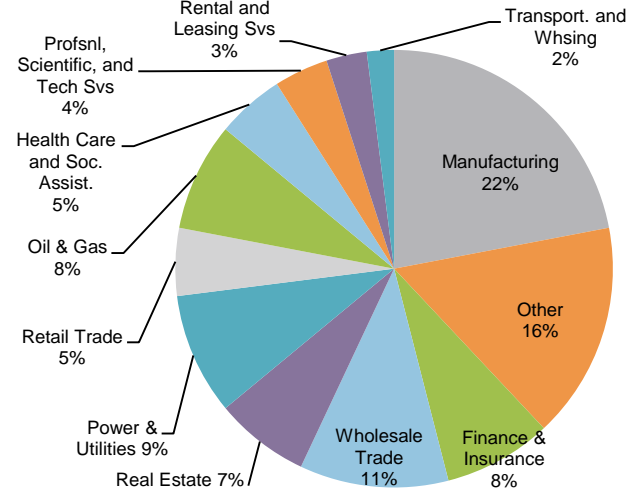
# COMMERCIAL & BUSINESS LENDING

- More than 280 colleagues serving businesses, municipal governments, and entrepreneurs:
  - Includes General Commercial and Specialized Lending efforts
  - Offers unsecured and customized commercial finance lending solutions secured by accounts receivable, inventory, machinery, and equipment
  - Capital Markets revenue of \$13 million in 2013
- Approximately 50 Commercial Deposit and Treasury Management colleagues
  - Streamlined cash management solutions via our Associated Connect platform for businesses, municipalities, and correspondent banks
- Associated Financial Group : 240 colleagues supporting our insurance brokerage
  - Leading benefits consultant in our markets
  - Providing Risk Management, HR, and Benefits solutions for over 40 years
  - Revenue of \$44 million in 2013

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

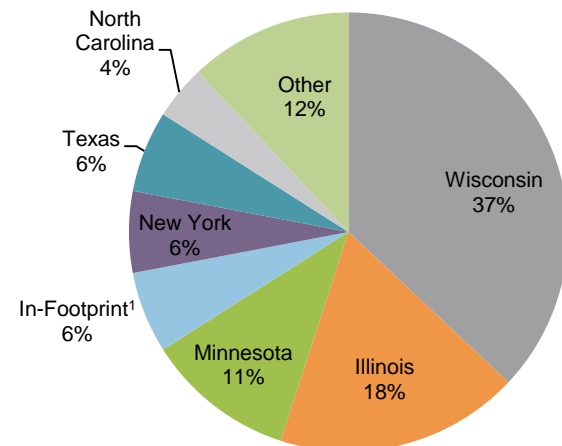
## C&BL Loans by Industry

(\$6.0 billion – Dec 2013)



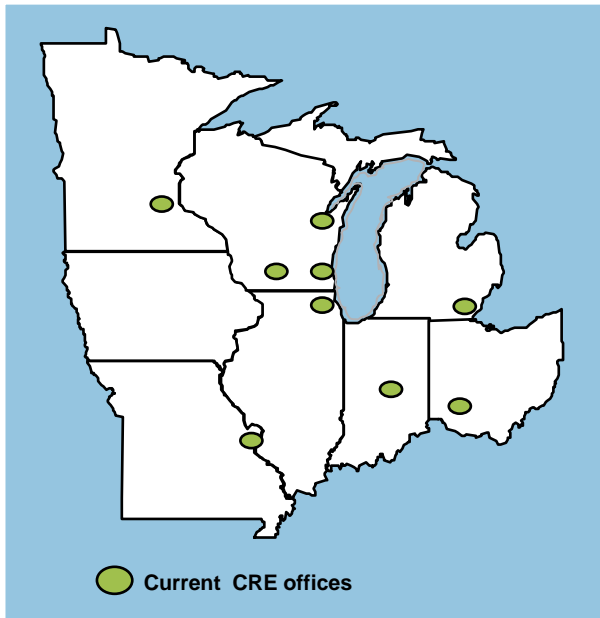
## C&BL Loans by State

(\$6.0 billion – Dec 2013)



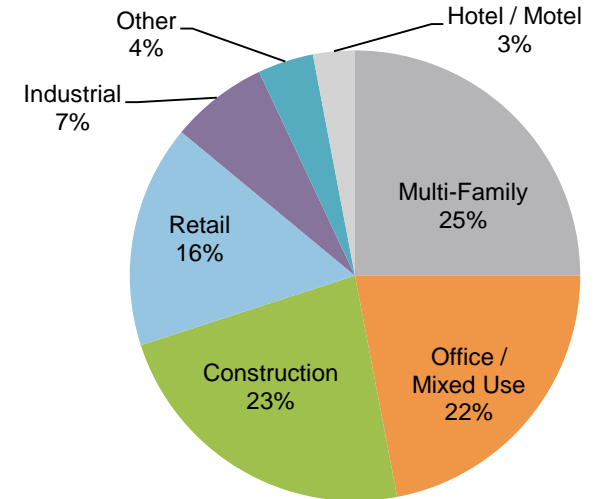
# COMMERCIAL REAL ESTATE LENDING

- More than 90 CRE colleagues:
  - Offices in Chicago, Cincinnati, Columbus, Detroit, Green Bay, Madison, Milwaukee, Minneapolis, and St. Louis
- Recognized as:
  - #1 in US Syndicated CRE facilities under \$50MM transaction size<sup>1</sup>
  - #13 in US Syndicated CRE facilities Overall<sup>1</sup>



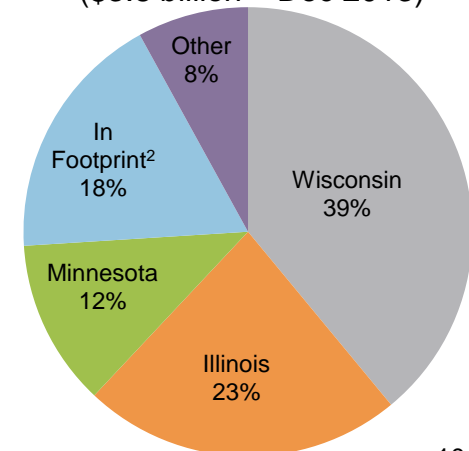
## CRE Loans by Industry

(\$3.8 billion – Dec 2013)



## CRE Loans by State

(\$3.8 billion – Dec 2013)



<sup>1</sup> Thomson Reuters LPC-January, 2014

<sup>2</sup> Includes Missouri, Indiana, Ohio, Michigan, & Iowa

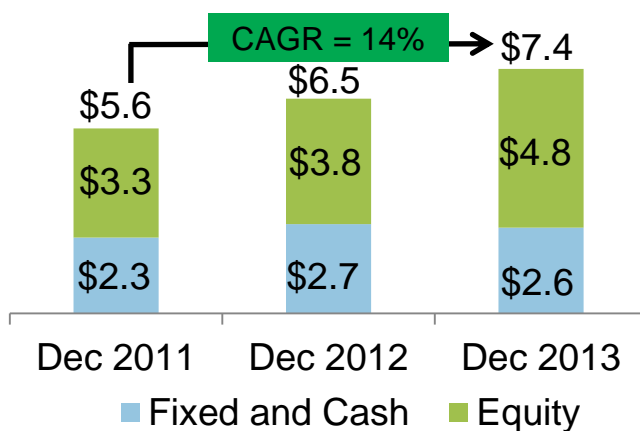


# PRIVATE CLIENT & INSTITUTIONAL SERVICES

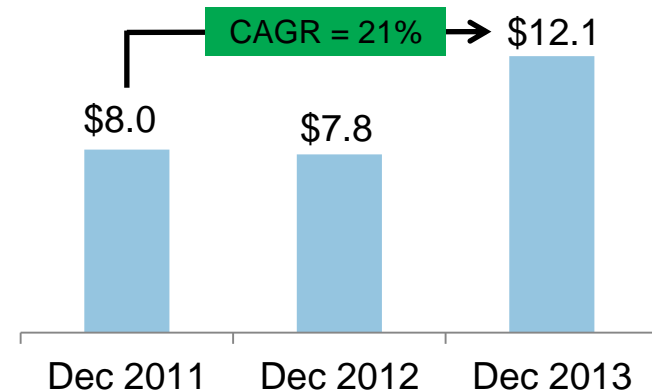
- Over 160 colleagues:
  - Private banking, personal trust, and portfolio management services for individuals (\$500k to \$10 million in investible assets)
  - Corporate trust, asset management and retirement plan services
  - \$19.5 billion of AUM and AUA



Assets Under Management (\$ in billions)



Assets Under Administration (\$ in billions)



# RETAIL BANKING

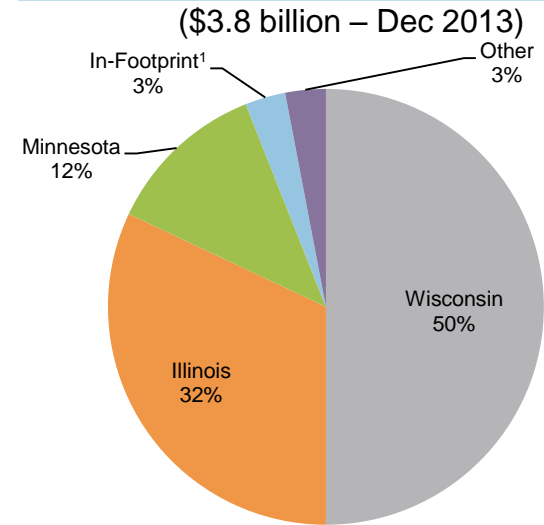
- Over 2,000 colleagues servicing individuals and small business owners through five business units:
  - Consumer Banking, Business Banking, Residential Lending, Retail Payments, and Retail Brokerage
- #1 mortgage originator in Wisconsin (in units)
- A leading SBA lender in our markets
- Official bank of the Green Bay Packers



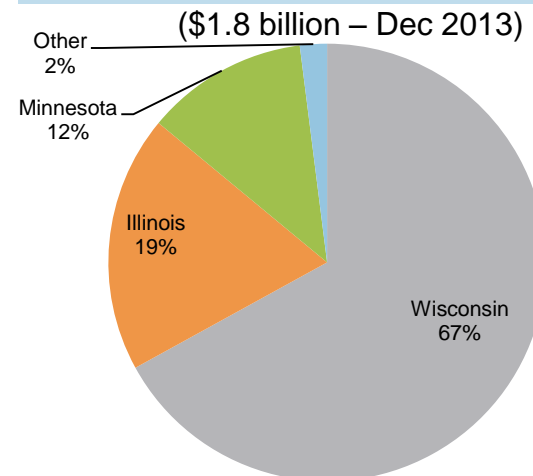
Beloit, Wisconsin (2013)



## Residential Mortgage Loans by State



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



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

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



# UPDATING OUR MODEL

## Strategic Channel Evolution

### Deploying Lower Cost Branch Concepts

- Deposit Automation ATM
- Transaction Express
- Financial Outlets



### Enhancing Virtual Banking

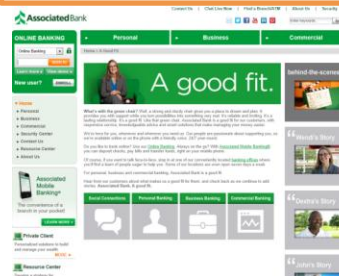
- Online & Mobile Banking<sup>1</sup>
- Remote Deposit
- Person-to-Person



Mobile Banking & Remote Deposit

### Delivering Via Digital Channels

- Digital Shopping
- Digital Sales
- Digital Service



### Selling Person to Person

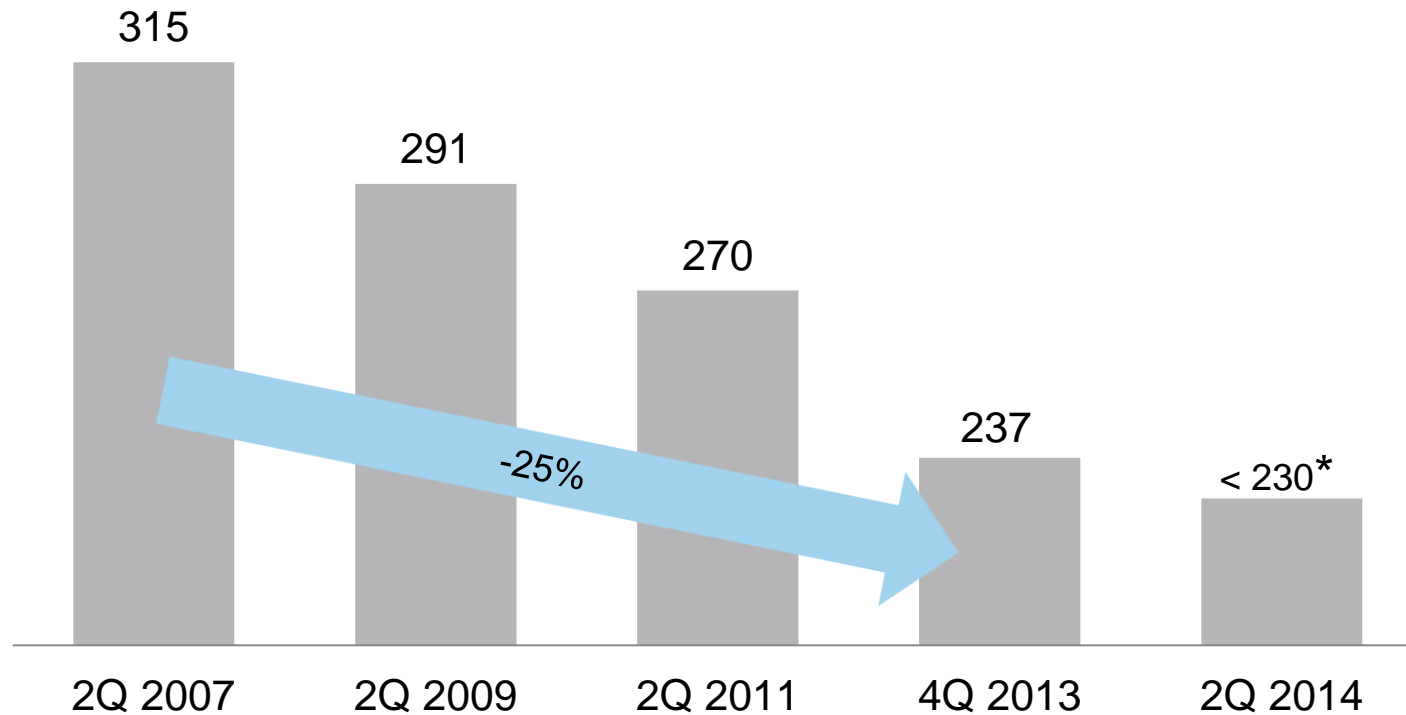
- Inbound Sales
- Outbound Sales
- Service to Sales

<sup>1</sup>Named Top 10 Mobile Banking App in August 2013 (The Financial Brand)



# RATIONALIZING THE FOOTPRINT

**Consolidated or sold 25% of branches since 2007.**

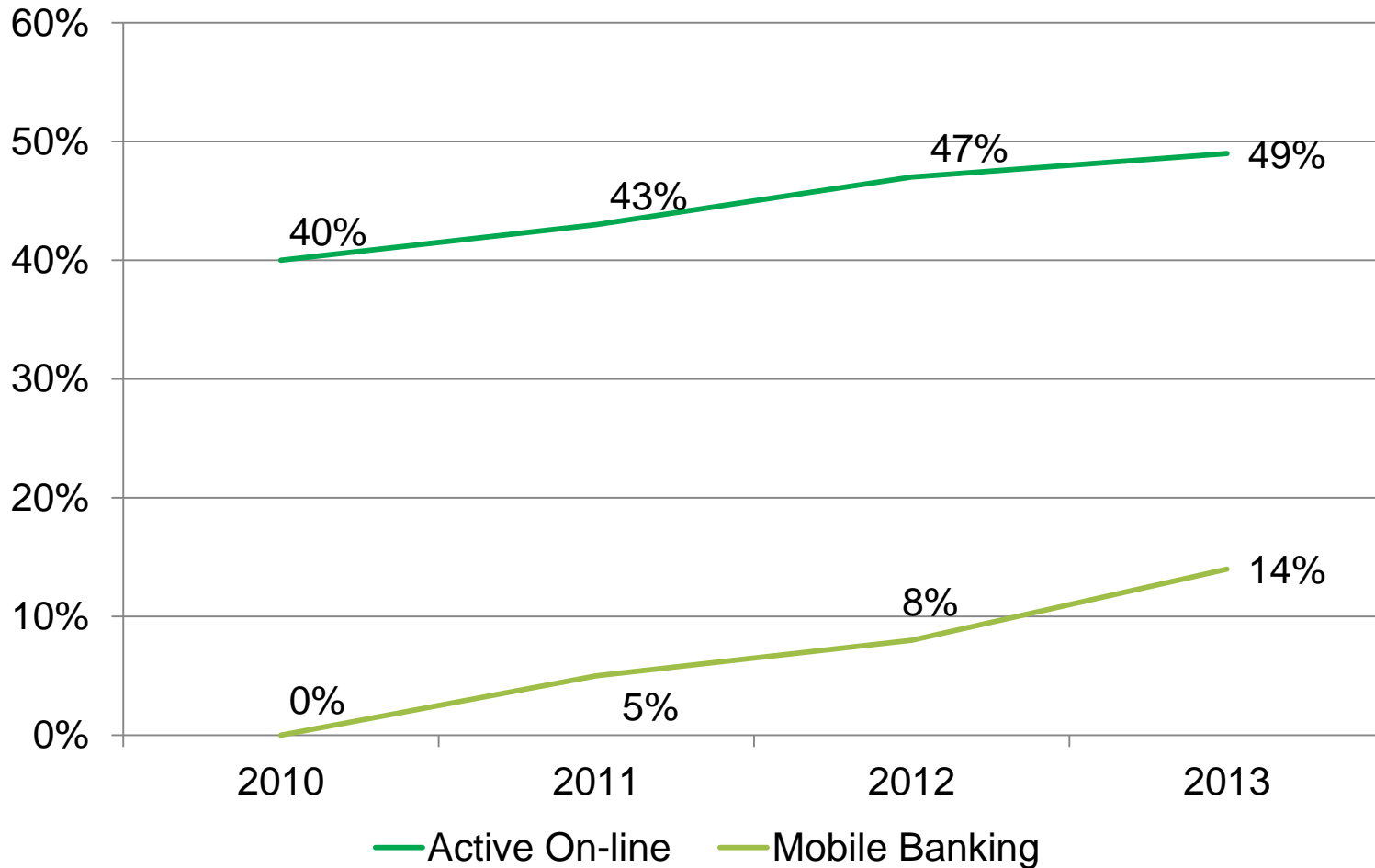


\* Projection based on eight branches closing 1Q 2014.



# CHANGING CUSTOMER PREFERENCES

(PERCENTAGE OF TOTAL BANK DEPOSIT CUSTOMER BASE)





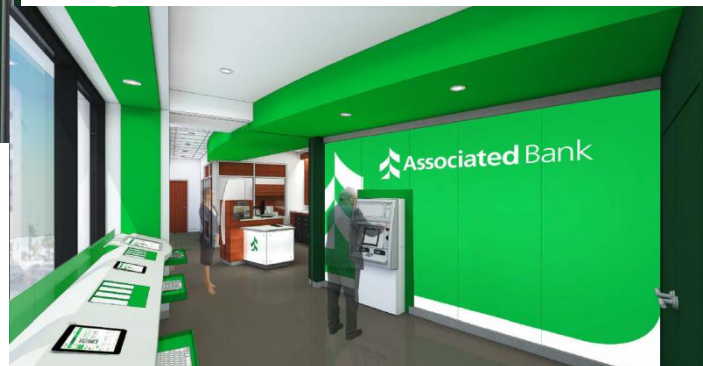
# BRANCH EVOLUTION



- West Bend, Wisconsin
- Being built in 2014
- Lower construction costs, higher visibility profile



- Express Branch (Madison)
- Demonstration Kiosk – “Hands On” experience
- Automated Teller Machine



# PURSUING EFFICIENCY GAINS

## Areas of Focus

### Back Office Initiatives:

- *Implementing technology solutions in labor intensive processes*

### Examples

- New commercial loan system with end to end processing
- Outsourcing testing and development
- Right-sizing mortgage processing

### Real Estate Initiatives:

- *Actions to optimize our real estate holdings and capacity*

### Examples

- Consolidation of corporate offices in Green Bay and Chicago
- Consolidation of certain operations in Green Bay and Stevens Point

### Distribution Model Initiatives:

- *Optimize the ways that we interact with our customers*

### Examples

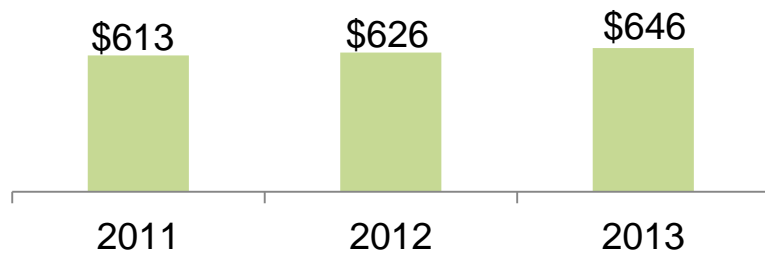
- Footprint improvements
- Channel development and optimization



# EFFICIENCY THROUGH GROWING REVENUES

\$ IN MILLIONS

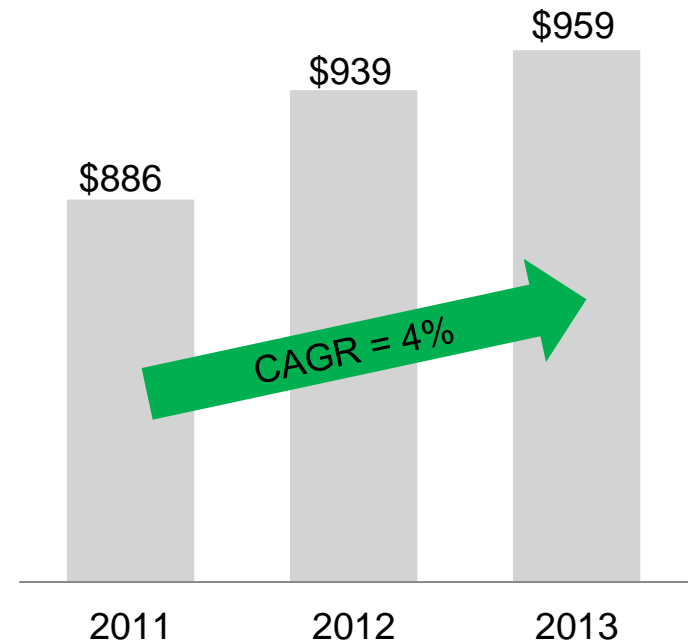
## Net Interest Income Trend



## Noninterest Income Trend



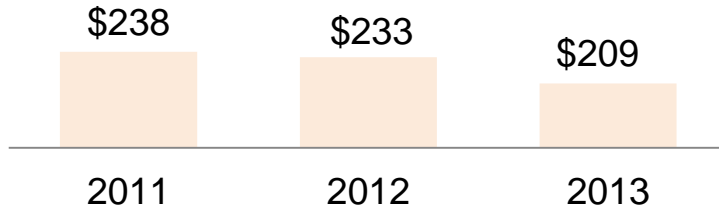
## Net Revenue Trend



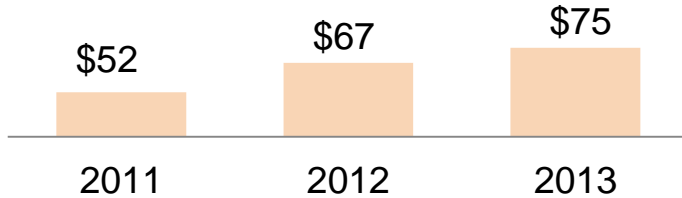
# EFFICIENCY THROUGH EXPENSE MANAGEMENT

\$ IN MILLIONS

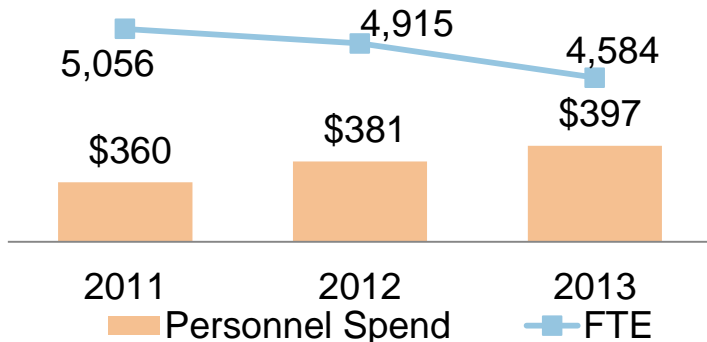
## Other Non-Personnel<sup>1</sup> Spend Trend



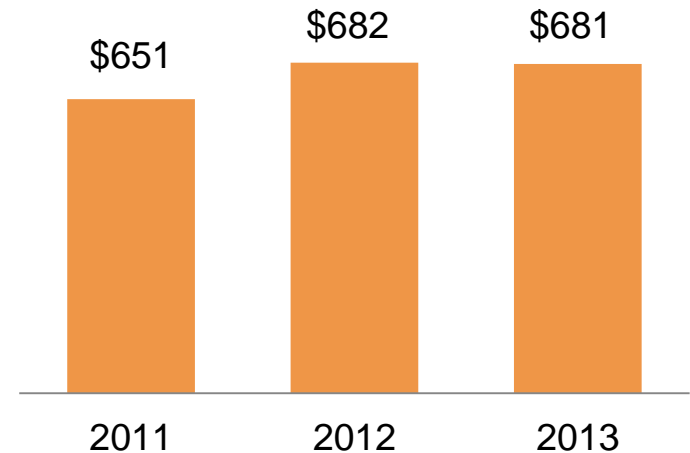
## Technology<sup>2</sup> Trend



## Personnel Spend / FTE<sup>3</sup> Trend



## Total Noninterest Expense Trend



<sup>1</sup> – **Other Non-Personnel Spend** = Total Noninterest Expense less Personnel and Technology spend

<sup>2</sup> – **Technology Spend** = Data Processing and Equipment expenses

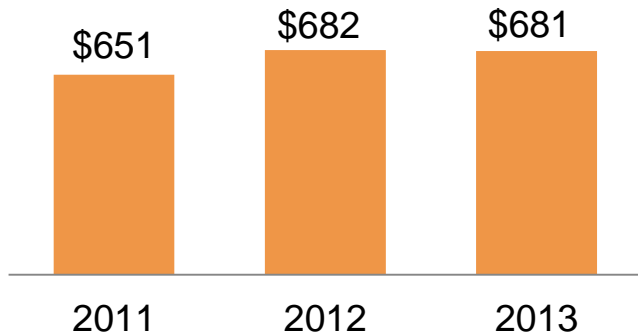
<sup>3</sup> – **FTE** = Average Full Time Equivalent Employees – At each fourth quarter for 2011, 2012, & 2013



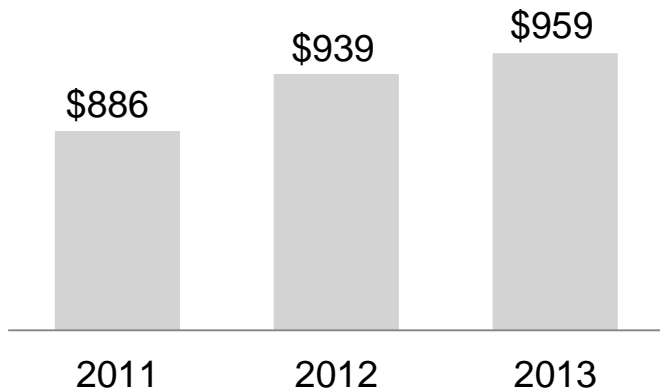
# COMMITTED TO EFFICIENCY IMPROVEMENTS

\$ IN MILLIONS

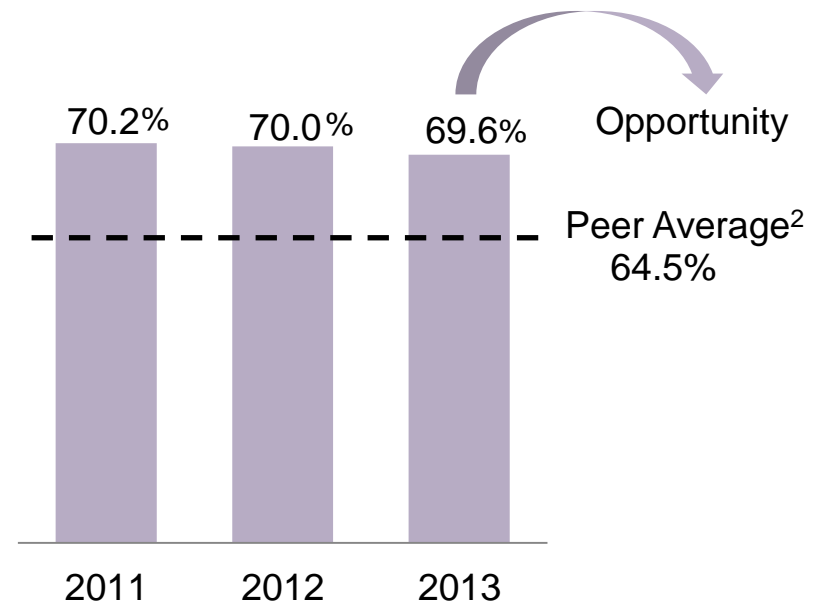
## Total Noninterest Expense Trend



## Net Revenue Trend



## Efficiency Ratio<sup>1</sup> Trend



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

<sup>2</sup> – **Peer Average** = based on ASBC's peer group and sourced from SNL.

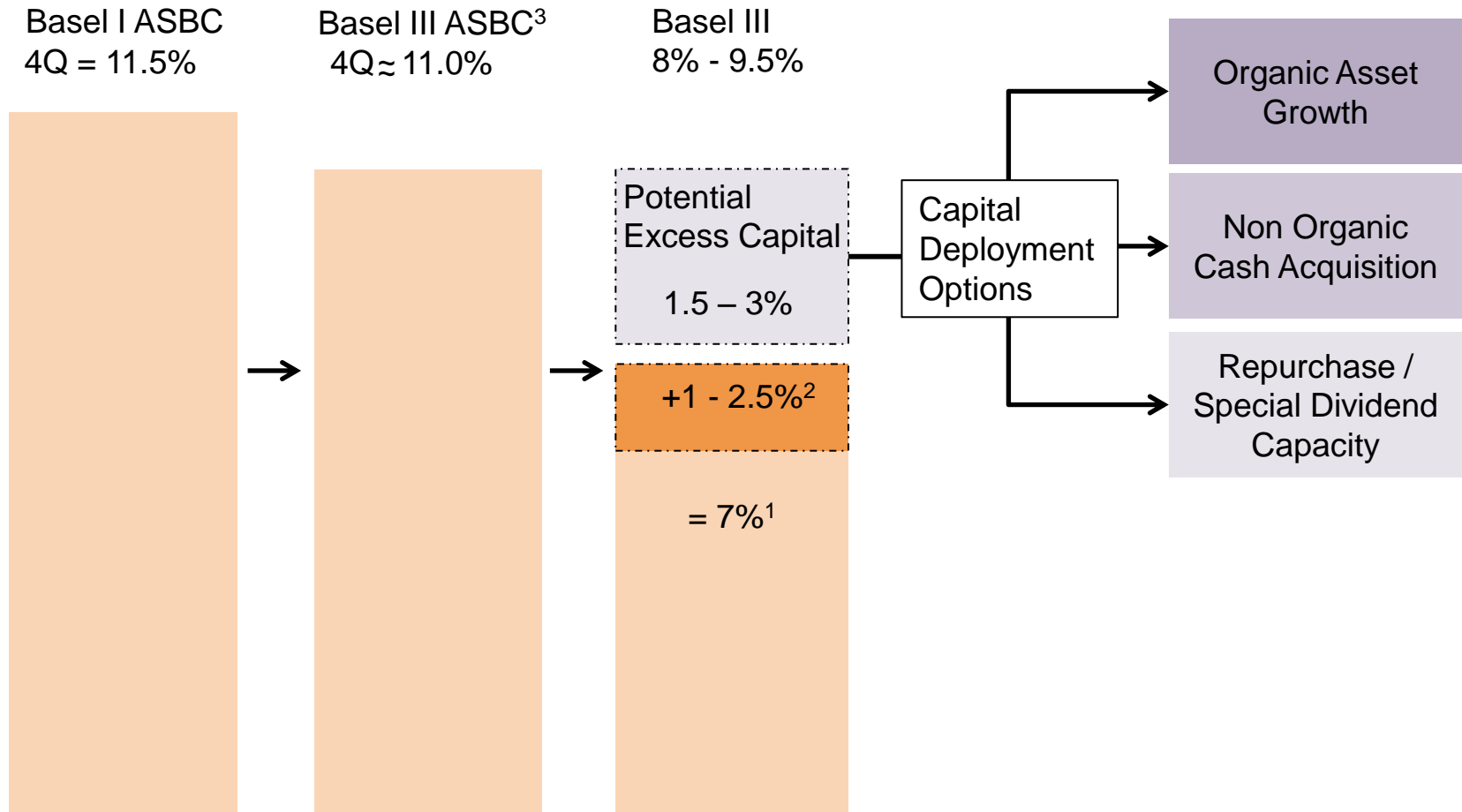


# CAPITAL MANAGEMENT PRIORITIES

	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>Declared quarterly common dividend of \$0.09/ share in Q1 2014</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 \$30 mm of Common Stock in Q1 2014</li> <li>Retiring \$155 mm in Senior Notes in Q1 2014</li> </ul>



# CAPITAL DEPLOYMENT OPPORTUNITIES



<sup>1</sup> Regional and Community Banks

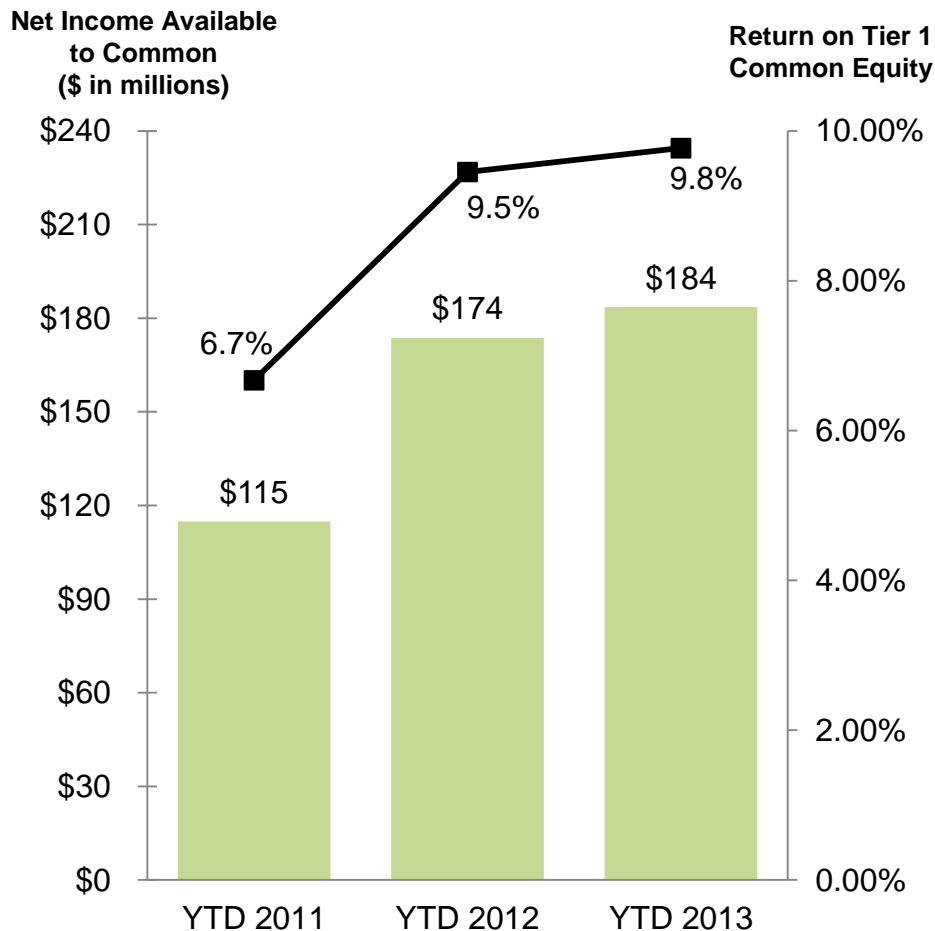
<sup>2</sup> Systematically Important Financial Institutions

<sup>3</sup> In July 2013, the Federal Reserve and the OCC published final rules (the "Basel III Capital Rules") establishing a new comprehensive capital framework for U.S. banking organizations. 11.0% is 3Q estimate of Basel III capital ratio.



# WHY ASSOCIATED

## Net Income Available to Common & ROT1CE<sup>1</sup>



## Reasons to Invest

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

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



# PROMOTING THE ASSOCIATED BRAND



A good fit.™

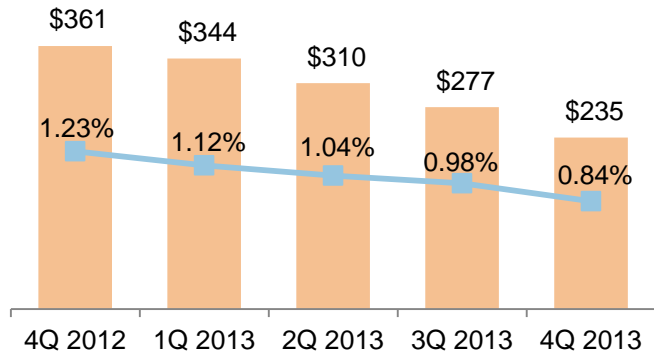


# APPENDIX

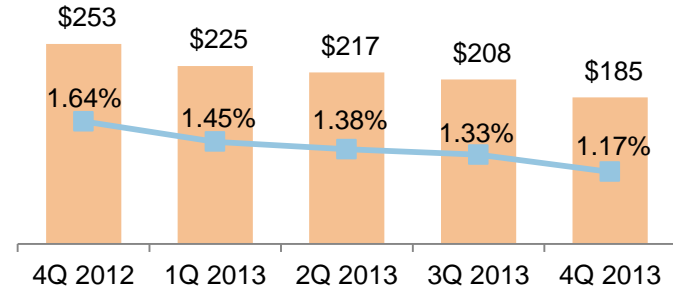


# IMPROVEMENT IN CREDIT QUALITY INDICATORS

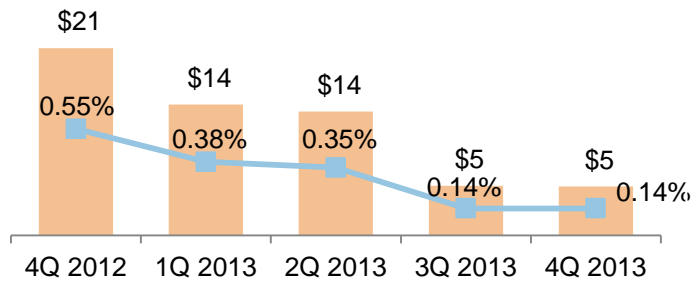
(\$ IN MILLIONS)



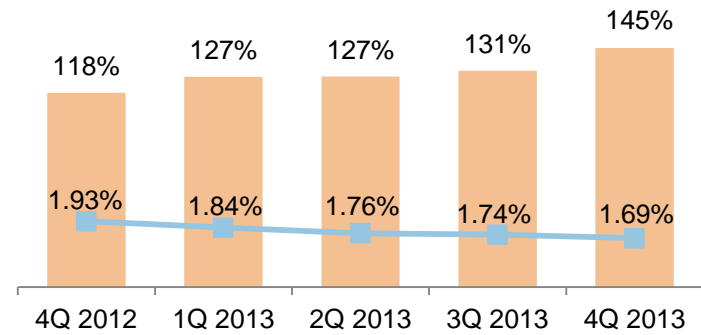
Potential Problem Loans      NPA / Assets



Nonaccruals      Nonaccruals / Loans



Net Charge Offs      NCOs / Avg Loans



ALLL / Nonaccruals      ALLL / Total Loans

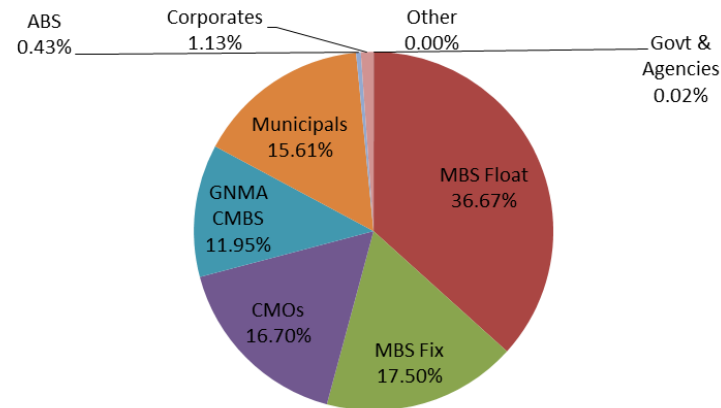


# INVESTMENT SECURITIES PORTFOLIO

## Investment Portfolio – December 31, 2013

Type	Bk Value (000's)	Mkt Value (000's)	TEY (%)	Duration (Yrs)
<b>Govt &amp; Agencies</b>	\$1,001	\$ 1,002	0.30	0.63
<b>MBS</b>	2,949,588	2,936,426	2.61	3.84
<b>CMOs</b>	908,914	905,018	2.56	2.57
<b>GNMA CMBS</b>	673,554	647,477	2.10	5.13
<b>Municipals</b>	828,968	845,969	5.16	5.03
<b>ABS</b>	23,049	23,059	0.56	0.29
<b>Corporates</b>	60,693	61,466	1.72	1.11
<b>Other</b>	18	57	---	---
<b>TOTAL HTM &amp; AFS</b>	<b>\$5,445,785</b>	<b>\$5,420,474</b>	<b>2.90</b>	<b>3.91</b>

## Market Value Composition – December 31, 2013



## Risk Weighting Profile – December 31, 2013

Type	Mk Value (000's)	% of Total
<b>0% RWA</b>	\$716,096	13.2%
<b>20% RWA</b>	4,661,361	86.0%
<b>50% RWA</b>	21,932	0.4%
<b>=&gt;100% RWA</b>	48,549	0.9%
<b>Not subject to RW</b>	-27,465	-0.5%
<b>TOTAL Market Value</b>	<b>\$5,420,474</b>	<b>100.0%</b>

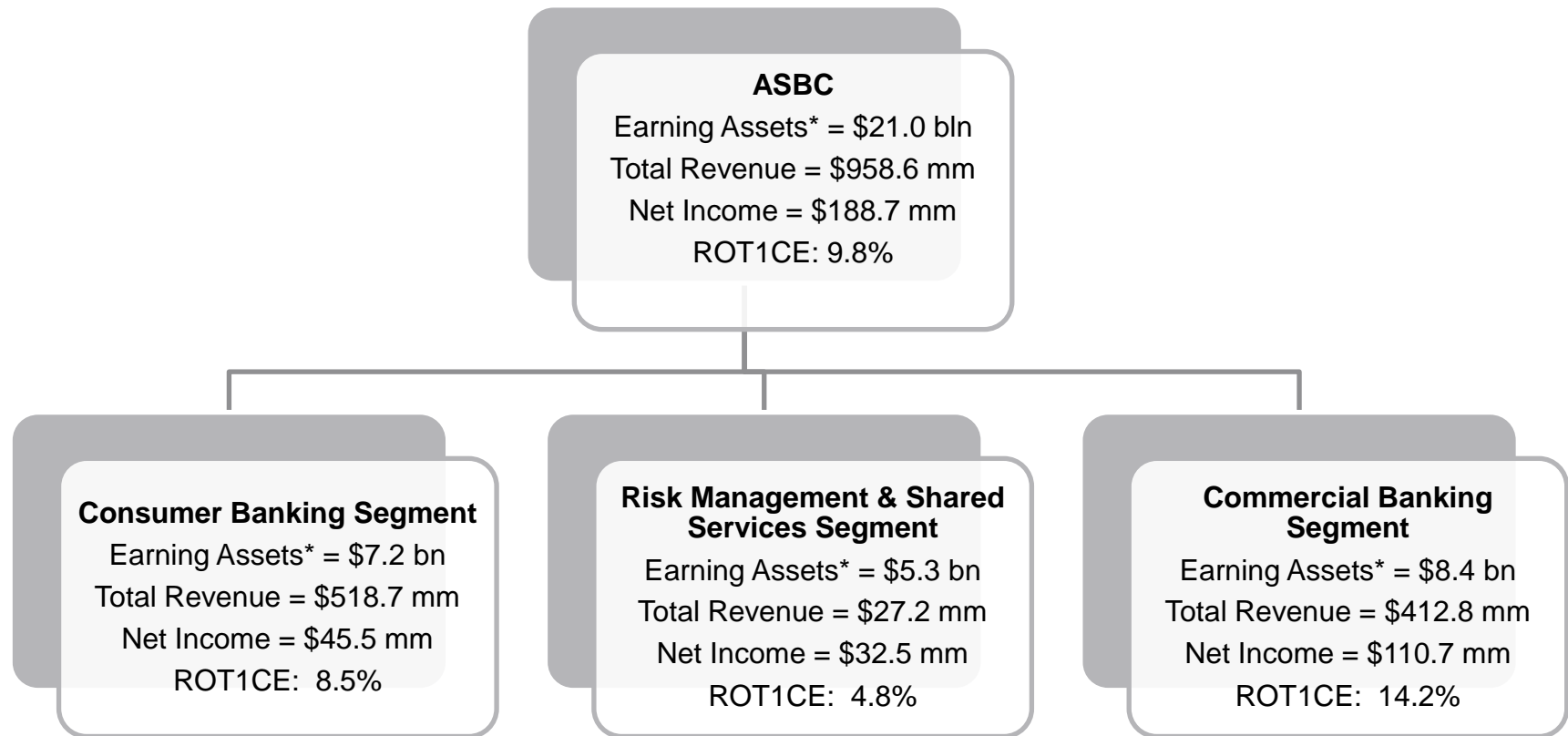
## Portfolio Ratings Composition – December 31, 2013

Credit Rating (\$ in thousands)	Mkt Value (000's)	% of Total
<b>Govt &amp; Agency</b>	\$4,486,907	82.8%
<b>AAA</b>	70,862	1.3%
<b>AA</b>	645,922	11.9%
<b>A</b>	205,858	3.8%
<b>BAA1, BAA2 &amp; BAA3</b>	628	0.0%
<b>BA1 &amp; Lower</b>	2,204	0.0%
<b>Non-rated</b>	8,093	0.2%
<b>TOTAL Market Value</b>	<b>\$5,420,474</b>	<b>100.0%</b>



# SEGMENT PROFITABILITY

YTD DECEMBER 2013



\* Average Earning Assets

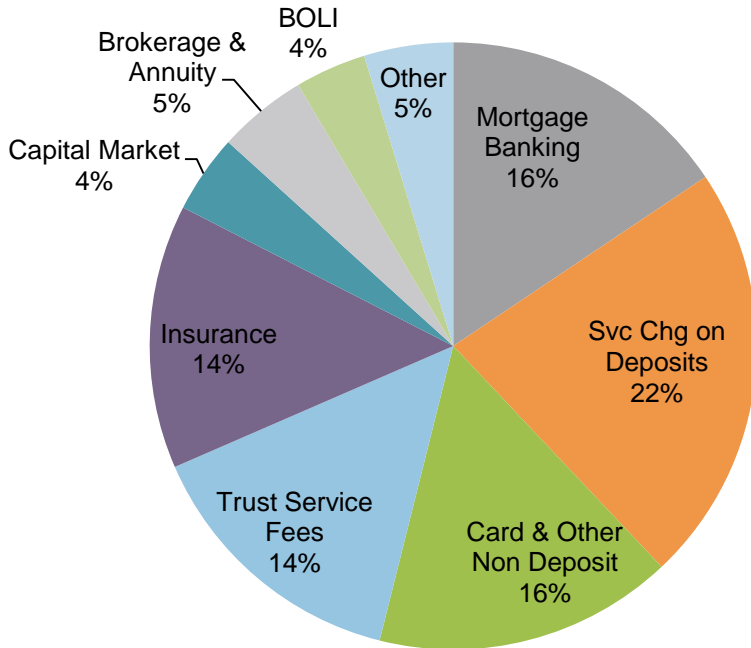


# NONINTEREST INCOME AND EXPENSE COMPOSITION

YTD DECEMBER 2013

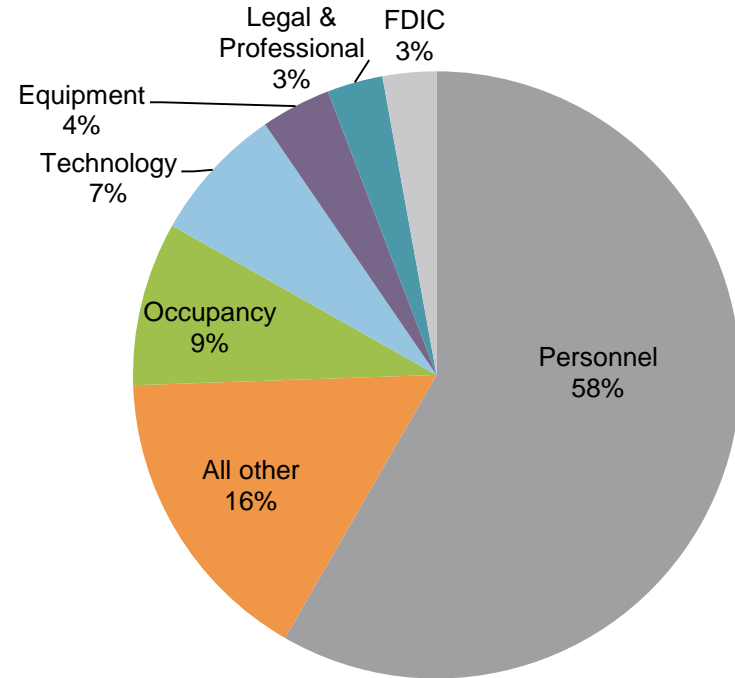
## Noninterest Income by Category

(\$313 million)



## Noninterest Expense by Category

(\$681 million)



# RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

	YTD 2013	YTD 2012	YTD 2011
<b>Efficiency Ratio Reconciliation:</b>			
Efficiency ratio (1)	71.05	72.92%	73.33%
Taxable equivalent adjustment	(1.46)	(1.60)	(1.72)
Asset gains (losses), net	0.40	(0.90)	(0.95)
Other intangible amortization	(0.42)	(0.43)	(0.51)
Efficiency ratio, fully taxable equivalent (1)	69.57%	69.99%	70.15%

(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).

## **Definition of Tier 1 Common Equity :**

Tier 1 Common Equity (T1CE), 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 is Tier 1 capital excluding qualifying perpetual preferred stock and qualifying trust preferred securities.



# OUR VISION

## VISION STATEMENT

**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.

