



**Associated
Banc-Corp**



2006

Associated Banc-Corp
Annual Report

2006

Financial Highlights

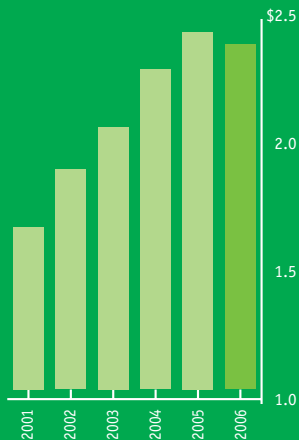
Operating Results

In thousands (except per share data and performance ratios)

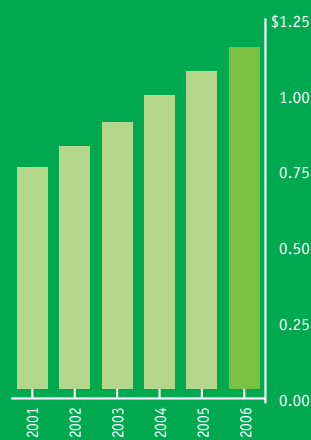
For the years ended Dec. 31	2006	% Change	2005	2004
Net interest income	\$669,549	(0.4)%	\$672,255	\$552,627
Noninterest income	295,501	1.5%	\$291,086	210,247
Noninterest expense	496,215	3.3%	480,463	337,869
Net income	316,645	(1.1)%	320,161	258,286
Diluted earnings per share	2.38	(2.1)%	2.43	2.25
Dividends per share	1.14	7.5%	1.06	0.98
Return on average equity	13.89%	—	15.24%	17.22%
Return on average assets	1.50%	—	1.53%	1.58%
Net interest margin	3.62%	—	3.64%	3.80%

Historical Data

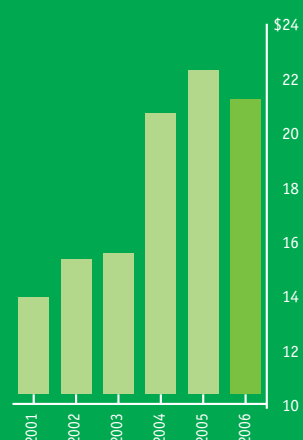
Diluted earnings per share
(In dollars)



Dividends per share
(In dollars)



Assets at period end
(In billions)



Our Vision

Associated will be the preferred provider of financial services for businesses and individuals in the communities we serve.

Our Values

Associates: Treat others fairly and provide opportunities to learn and grow professionally.

Community: Support the financial and social health of the community.

Customer: Exceed customer expectations.

Integrity: Demonstrate trust, respect and high ethical standards.

Performance: Achieve organizational goals to improve shareholder value.

Relationships: Build and sustain mutually beneficial long-term relationships.

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About Associated

Associated Banc-Corp is a diversified bank holding company providing financial solutions for small, mid-size and large businesses and individuals through more than 300 banking locations across Wisconsin, Illinois and Minnesota.

With financial services that go well beyond banking, and a diverse product portfolio, Associated provides complete financial solutions to its customers. The company's 5,100 employees distinguish themselves in their abilities to uncover client needs and tailor strategies to help clients achieve their financial goals.

Associated provides a wide range of products and services, including:

Consumer Banking: Offering a complete selection of deposit, lending, investment and insurance services with personalized attention to individual needs.

Business Banking: Presenting a comprehensive collection of lending, deposit, cash management, leasing, investment and insurance tools that can be customized to create a financial plan unique to small business needs.

Commercial and Corporate Banking: Offering enhanced business solutions around lending, deposit, cash management, leasing, commercial real estate, insurance and international banking needs unique to mid-size and large businesses.

Insurance: Providing customized solutions to help businesses and individuals actively manage risk and protect their assets through services that include employee benefit plans, commercial insurance and human resources consulting, as well as individual life, health, disability, long-term care, auto and home insurance.

Trust and Investments: Supporting the financial planning goals for individual, business and institutional clients with an appropriate mix of equity, fixed income, mutual fund, annuity and specialty investments, as well as fiduciary trust services and employee retirement plans.

Associated Banc-Corp Affiliates

Associated Bank, N.A.
Green Bay, Wisconsin

Associated Commercial
Finance, Inc.
Milwaukee, Wisconsin

Associated Community
Development, LLC
Green Bay, Wisconsin

Associated Financial
Group, LLC
Minnetonka, Minnesota

Associated Investment
Management, LLC
Green Bay, Wisconsin

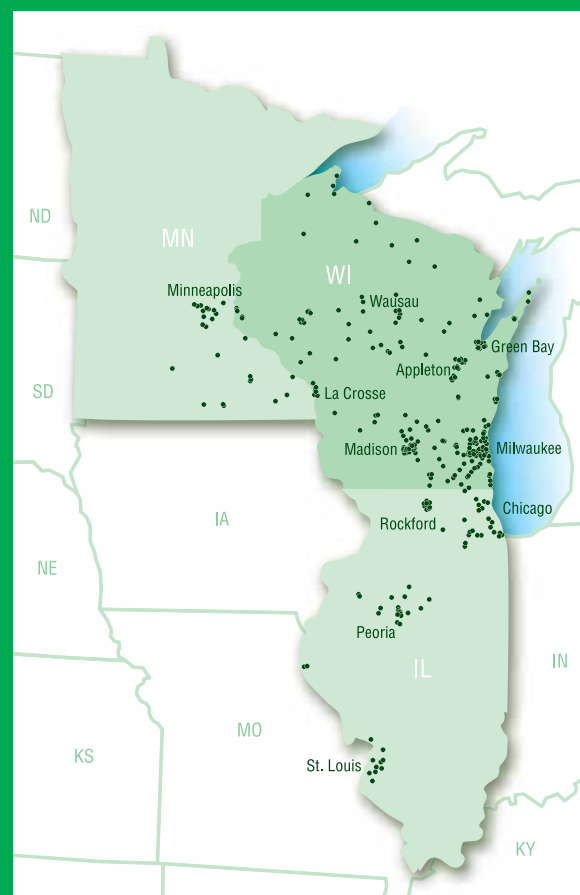
Associated Investment
Services, Inc.
Green Bay, Wisconsin

Associated Risk Group, LLC
Green Bay, Wisconsin

Associated Trust Company, N.A.
Milwaukee, Wisconsin

Riverside Finance, Inc.
Red Wing, Minnesota

With its corporate headquarters in Green Bay, Wisconsin, Associated Banc-Corp is traded on NASDAQ under the symbol ASBC.



Important Note Regarding Forward-Looking Statements

Statements made in this document which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. This includes any statements of management's plans, objectives, or goals for future operations, products or services, and forecasts of its revenues, earnings, or other measures of performance. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. These statements may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "should," "will," "intend," or similar expressions. Outcomes related to such statements are subject to numerous risk factors and uncertainties including those listed in the company's Annual Report filed on Form 10-K.



Chicago, Illinois



Minneapolis,
Minnesota

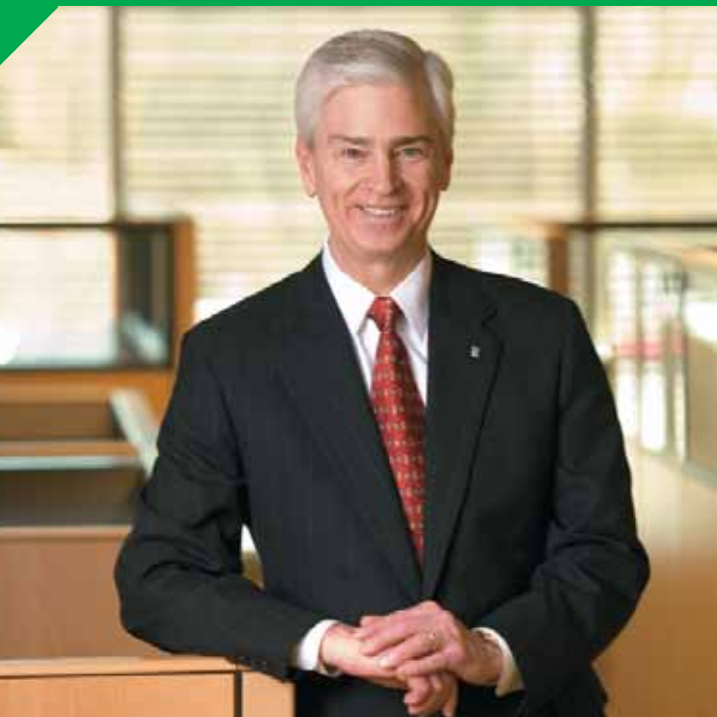
Fast Facts

- > More than 300 banking offices in attractive markets
- > Total assets of \$21 billion
- > Market capitalization of \$4.5 billion
- > A Prime 1 rating on the bank's short-term debt from Moody's
- > A member of the S&P MidCap 400 stock index
- > Listed among the "World's Leading 2000 Companies" by Forbes magazine



Madison, Wisconsin





Letter

to Shareholders

Dear Shareholders:

Creating superior shareholder value is our top priority.

I am pleased to report that as a shareholder your confidence in Associated Banc-Corp was rewarded with a dividend increase of 8% percent over 2005, making 2006 Associated's 36th consecutive year of increasing dividends.

2006 was characterized by a challenging interest rate and economic environment for the banking industry; however, Associated continued to make significant progress in building upon our vision to be the preferred provider of financial services for businesses and individuals in the communities we serve.

Our focus throughout 2006 remained on strategies that helped us more effectively implement on our strategic priorities. Throughout the organization, we better aligned resources to high potential markets so our associates could better meet the needs of our customers and optimize sales, service and revenue potential.

Associated has established clearly defined performance expectations across all units within the company, ensuring proper commitment and accountability. Management's obligation to our associates is to provide the tools and support that enable each associate to achieve the performance results we expect while providing our customers the best we have to offer.

We were also able to add more depth to our executive management team by hiring Lisa Binder as president and chief operating officer. Associated is fortunate to have someone of Lisa's caliber as part of our executive management team.

As we move forward into 2007, we have a strong foundation to build upon and our associates are at the heart of our achievements. Their hard work and commitment are the reasons we have been able to reward our shareholders for their investment in Associated.

I would like to recognize our board of directors for their dedication and involvement. Their insight and leadership have been critical in guiding our company forward.

The strategies we've identified are the right ones to help Associated evolve, grow and thrive. We enter 2007 in a good position to continue delivering shareholder value and reward your investment in Associated.

A handwritten signature in black ink, appearing to read "Paul S. Beideman". The signature is stylized and fluid, with a long horizontal line extending to the right.

Paul S. Beideman
Chairman and Chief Executive Officer

At Associated, we're focused on building long-term customer relationships one conversation at a time.



By engaging customers in quality conversations, our bankers are able to identify needs and offer the right solutions.

Associated's commitment to performance

Associated has identified core strategies to fuel its vision of becoming the preferred provider of financial services for businesses and individuals in the communities it serves.

Throughout the company, associates and resources are aligned to support the following strategic priorities:

- Sales and revenue growth
- Improving the quality of earnings
- Investing in attractive markets
- Building a unified performance culture
- Managing expenses
- Government and compliance excellence

Positioning for long-term sales and revenue growth

Deposits are a significant contributor to revenue and profit. Associated's focus on increasing demand deposit accounts was augmented with the February 2006 introduction of new retail checking products that give customers clear value for maintaining higher balances and multiple accounts. This strategy, which increased new retail checking account growth and decreased customer attrition, will be complemented with new savings and money market options in 2007.

Other retail services also showed progress, as home equity loans continued a strong growth trend and Associated saw increased usage of its world-class online banking services.

In 2006, Associated better positioned its business banking associates to take advantage of large, mid-sized and small business sales opportunities in major metro markets. This new business model gives relationship managers the resources they need to have a greater impact on Associated's profitability.

An improved focus on marketing, product management and pricing disciplines also enabled Associated to introduce new product packages designed to capitalize on extensive cross-sale opportunities within each business segment and better meet customer needs.

Further aligning marketing resources to support product sales in markets that have the highest potential is a priority for 2007.

Associates across all lines of business are united as one team.



Working together, our associates reach out to both consumer and business customers to proactively address their financial needs while creating extended cross-sale opportunities.

Improving the quality of earnings

Key to continued improvement in Associated's quality of earnings is the diversification of revenue streams.

Over the past few years Associated has shown steady growth in core fee income categories. Most importantly, the company has changed the composition of its fee income.

Until recently, Associated's reliance on the revenues that came from its mortgage business was considerable, and the revenue shortfall was a challenge when mortgage volumes decreased.

Associated's strategies have successfully changed the trajectory and source of its fee income in several areas, including trust service fees, service charges on deposits, insurance commissions, brokerage fees and card-based and other nondeposit fees. Year over year, this core fee income increased 8%.

The wealth management and insurance businesses proved to be key contributors to Associated's fee income growth in 2006. This was aided by the performance of cross-functional sales teams representing business, consumer, insurance and wealth management that focused on maximizing cross-sales to customers and new prospects. Sales in wealth management and insurance continue to provide long-term, sustainable fee income growth opportunities.

Investing in growth markets to maximize potential

Associated continued its branch leadership in attractive Midwest markets, with more than 300 banking offices serving more than 180 communities in Wisconsin, Illinois and Minnesota, and more banking locations in Wisconsin than any other bank.

In 2006, Associated increased its presence and penetration in selected markets. Investing in growth markets such as Madison, Wis., has proven to be a good investment as Associated experienced significant commercial and industrial loan growth in that market over the past year.

Associated also invested in new branches and additional resources in the Twin Cities area. Coupled with an agreement made in January 2007 to purchase First National Bank of Hudson, headquartered in Woodbury, Minn., a suburban community adjacent to Minneapolis and St. Paul, this expands Associated's network of convenient locations in one of the most dynamic and fast-growing markets in the Midwest. Once the acquisition is complete, Associated will have 26 offices in the greater Twin Cities area and 35 total when including all Minnesota locations.

Aligning resources with market opportunities is an ongoing process, and Associated will continue evaluating and investing in its resources to ensure the company is positioned to take advantage of each market's potential.

Our focus is always on how we can deliver the most value to our customers.



Representatives from Associated Financial Group offer a broad array of insurance and benefit consulting services. This uniquely positions the company to offer many value-added services to consumers and businesses.

Building a unified performance culture – One team, shared objectives, aiming for outstanding results

Throughout the company, Associated emphasized that every associate is linked to the sales and service process and can identify and help capitalize on new and cross-sale opportunities.

Associated continued enhancing the customer experience through its Achieving Excellence program, a long-term initiative aimed at improving bankers' ability to uncover customer needs and direct them to effective Associated products. This program supports the alignment of sales goals and objectives throughout the organization and emphasizes ongoing coaching to ensure all associates clearly understand their accountability in achieving sales and service goals, and how their actions affect priority revenue initiatives.

Backing these efforts, Associated's sales and support specialists constantly take steps to improve operational efficiencies by streamlining procedures and centralizing routine banking processes so front-line associates can focus on better meeting their customers' needs.

As part of the company's ongoing commitment to service, Associated began measuring the customer experience within 48 hours of conducting a teller transaction or opening an account. Connecting with the customer within that time frame allows Associated to measure actionable behaviors and important events that drive customer satisfaction and loyalty.

Managing expenses – A disciplined and thoughtful approach

Associated has a disciplined approach to managing expenses, and consistently falls in the top tier of all banks when comparing efficiency ratios. The company's 2006 efficiency ratio of 50.31% reflects a core strength of Associated in effectively managing operational, employment and integration costs. This was demonstrated, in part, with the consolidation of State Financial Bank completed earlier in the year.

Another important focus throughout the year was maintaining strong credit quality. Historically, credit quality and the management of credit risk have been a hallmark of Associated, and this continued in 2006. Associated's thorough underwriting and collateralization policies have served the company well.

Associated has also taken steps to manage expenses through continued investments in the overall productivity and efficiency of our associates.

In 2006, Associated began implementation of its new core banking systems that will enable the company to optimize performance by eliminating overlapping processes conducted in the branches and back office.

In addition, the new system will standardize communication and improve customer service by allowing branch-centric and operational-based associates to concurrently view all customer requests and correspondence. Associated will run the new systems in-house, providing increased flexibility and speed for bringing product and service enhancements to Associated's customers. The new system conversion is slated for completion during the first quarter of 2008.

Associated places high importance on investing in our associates' success.



Our people are our greatest strength.
We believe in investing in their professional
development and the communities they serve.
It just makes good business sense.

A continued focus on government and compliance excellence

Aligning operations, sales and related activities with risk management continued to be a strong focus at Associated in 2006. The company constantly reviews its approaches using an enterprise risk model based upon its regulators' recommendations to evaluate and limit inherent risk to the company.

These reviews are complemented by Associated's Enterprise Risk Management Department, which analyzes and responds to new regulatory requirements, as well as monitors compliance practices across Associated's businesses.

Making a difference in our communities

In 2006, Associated continued to recognize that taking care of its customers also means contributing to the welfare of the community. For well over 100 years, making a positive difference in the company's communities has been an integral part of what Associated is.

The company's philanthropy is community focused and delivered locally. Associated bankers know their community's needs and guide Associated's commitment to those needs. The past year's grants ranged from small donations to youth-based organizations to major, multi-year commitments to large capital campaigns.

Through Associated Community Development, LLC, Associated continued to effectively work with government programs and community organizations that assist people with low to moderate incomes. This was done in part by taking advantage of tax credits that make it possible for Associated to champion projects that otherwise would not qualify for a bank loan. On the commercial side, Associated Community Development also invested in programs that provide jobs in distressed neighborhoods.

The individual generosity of associates once again emerged as Associated's most vibrant form of philanthropy. Encouraged to become involved and use their professional expertise to address challenges impacting their communities, associates volunteered on average 10 hours each per month in 2006 – a true reflection of the caliber of the company's associates.

2006

The strategies we've identified are the right ones to help Associated evolve, grow and thrive. We enter 2007 in a good position to continue delivering shareholder value and reward your investment in Associated.



Associated
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Board of Directors

Karen T. Beckwith
President & CEO, Gelco
Information Network

Paul S. Beideman
Chairman & CEO,
Associated Banc-Corp

Ruth M. Crowley
President, Motorsports
Authentics

Robert C. Gallagher
Former President, Chairman &
CEO, Associated Banc-Corp

Ronald R. Harder
President & CEO, Jewelers
Mutual Insurance Co.

William R. Hutchinson
President, W.R. Hutchinson &
Associates

Richard T. Lommen
President, Courtesy Corp.

John C. Meng
Chairman, Schreiber Foods, Inc.

J. Douglas Quick
President & CEO,
Lakeside Foods Inc.

Jack C. Rusch
Former President & CEO,
First Federal Capital Corp

John C. Seramur
Retired First Financial
Corp. Executive

Executive Team

Paul S. Beideman
Chairman &
Chief Executive Officer

Lisa B. Binder
President &
Chief Operating Officer

David A. Baumgarten
Director of Regional Banking

Brian R. Bodager
Chief Administrative Officer,
General Counsel &
Corporate Secretary

Judith M. Docter
Director of Human Resources

John P. Evans
Director of Business Banking

Gordon C. King
Chief Credit Officer

Nancy A. Maas
Chief Marketing Officer

Mark J. McMullen
Director of Wealth
Management Services

Mark P. Quinlan
Chief Information Officer

Teresa A. Rosengarten
Director of Consumer Banking

Joseph B. Selner
Chief Financial Officer

Gordon J. Weber
Director of Corporate Banking



Jack C. Rusch

Jack C. Rusch, a member of Associated's Board of Directors since 2004, announced he will retire from the board in 2007. Prior to joining the board, Rusch served as president and chief executive officer of First Federal Capital Corp, which Associated acquired in 2004. His contributions made a significant difference in the success of the combined companies. We thank him for his dedication and commitment, and wish him the best in his retirement.

Corporate Information

Executive Offices

1200 Hansen Road
Green Bay WI 54304
920-491-7000

Associated Banc-Corp Investor Relations

1200 Hansen Road
Green Bay WI 54304
920-431-8015 or 800-236-ASBC (800-236-2722)

Additional details are available by contacting the company and through Associated's Web site, associatedbank.com.

Transfer Agent and Registrar

National City Bank
P.O. Box 92301
Cleveland OH 44193-0900

Shareholder Customer Service/Sale of Shares

- Inside the United States and Canada: 800-622-6757
- Outside the United States and Canada: 216-257-8663
- TDD: 216-257-7353

Operators are available from 7 a.m. to 4 p.m. Central Time. You may also contact National City via e-mail at: shareholder.inquiries@nationalcity.com. Please include a reference to Associated Banc-Corp in any written correspondence.

Annual Meeting

The Annual Shareholders' Meeting for Associated Banc-Corp will be held at 11 a.m. CDT Wednesday, April 25, 2007, at the KI Convention Center, 333 Main Street, Green Bay, Wisconsin. The Annual Meeting will be preceded by an economic update presented by Associated Wealth Management at 10 a.m. CDT. The doors will open at 9 a.m. CDT. Refreshments will be served.

Stock Listing & Trading

Traded: NASDAQ
Stock Market Symbol: ASBC
Newspaper: AsdBnc

	DIVIDENDS PAID	BOOK VALUE	MARKET PRICE RANGE CLOSING SALES PRICES		
			HIGH	LOW	CLOSE
2006					
4th Quarter	\$0.29	\$17.44	\$35.13	\$32.13	\$34.88
3rd Quarter	0.29	17.44	32.58	30.27	32.50
2nd Quarter	0.29	17.20	34.45	30.69	31.53
1st Quarter	0.27	16.98	34.83	32.75	33.98
2005					
4th Quarter	\$0.27	\$17.15	\$33.23	\$29.09	\$32.55
3rd Quarter	0.27	16.12	34.74	30.29	30.48
2nd Quarter	0.27	15.80	33.89	30.11	33.58
1st Quarter	0.25	15.62	33.50	30.60	31.23

Annual dividend rate: \$1.16



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