Associated Banc-Corp (ASB)

Updated May 19th, 2025, by Kody Kester

Key Metrics

Current Price:	$24.10	**5 Year CAGR Estimate:**	11.8%	**Market Cap:**	$4.0B
Fair Value Price:	$27.50	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	06/03/25[1]
% Fair Value:	88%	**5 Year Valuation Multiple Estimate:**	2.7%	**Dividend Payment Date:**	06/17/25[1]
Dividend Yield:	3.8%	**5 Year Price Target**	$36.85	**Years Of Dividend Growth:**	14
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Associated Banc-Corp (ASB) is a diversified bank holding company with corporate roots dating back to 1861. Through its subsidiaries, it provides banking and nonbanking products and services to individuals and businesses in Wisconsin, Illinois, Minnesota, and Missouri. It is Wisconsin's largest bank, with $42.6 billion in assets and 183 branches as of March 31st, 2025.

The regional bank offers both savings and loan products. Savings products include money market deposit accounts, certificates of deposit, savings accounts, and checking accounts. Loan products include residential mortgages, construction loans, commercial real estate financing, auto loans, and home equity loans.

As of March 31st, 2025, the company had roughly $30 billion in loans on its balance sheet. Approximately 39% of these loans were commercial and business loans. Another 37% were consumer loans (of which 86% were super prime with FICO scores of 720 or higher and 8% were prime with FICO scores between 660 and 719). The remaining 24% of loans were in the commercial real estate category.

On April 24th, ASB shared its first-quarter results for the period ending March 31st, 2025. The company's net interest income surged 10.9% higher over the year-ago period to $285.9 million during the quarter. Lower interest-bearing liabilities cost more than compensated for reduced average yields on total loans due to lower federal funds rates in the quarter. That's how ASB's net interest margin expanded by 18 basis points year-over-year to 2.97% for the quarter. The company's non-interest income decreased by 9.6% over the year-ago period to $58.8 million during the quarter. ASB's non-GAAP diluted EPS jumped 13.5% year-over-year to $0.59 in the quarter. This was $0.02 ahead of the analyst consensus for the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.19	$1.26	$1.52	$2.07	$1.97	$1.19	$2.19	$2.39	$2.27	$2.38	***$2.50***	***$3.35***
DPS	$0.41	$0.45	$0.50	$0.62	$0.69	$0.72	$0.76	$0.81	$0.85	$0.89	***$0.92***	***$1.17***
Shares[2]	151.2	152.1	152.8	164.4	157.2	153.5	149.3	150.4	151.0	166.2	***165.8***	***165.8***

Over the last decade, ASB has compounded its non-GAAP diluted EPS by 8% annually. Moving forward, we believe that the company's non-GAAP diluted EPS can grow by 6% each year off an anticipated 2025 base of $2.50. This is because ASB is executing well in its core markets such as Green Bay. The company is seeing strong growth in the Milwaukee market. Last month, ASB also expanded into Missouri with the opening of its first branch in St. Louis. In the prior month, the company also completed Phase 2 of its commercial expansion by adding three experienced bankers to its commercial banking team in Kansas City. This opened the door to another growing market.

[1] Estimated based on past dividend dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.8	19.6	16.7	9.6	11.2	14.3	10.3	9.7	9.4	11.0	***9.6***	***11.0***
Avg. Yld.	2.2%	1.8%	2.0%	3.1%	3.1%	4.2%	3.4%	3.5%	4.0%	3.7%	***3.8%***	***3.2%***

Since 2015, shares of ASB have traded for a P/E ratio as cheap as the high single digits to as much as the high teens. During that time, the average P/E ratio was nearly 13. Over the past five years, the average P/E ratio was roughly 11. Moving forward, we believe that the five-year average P/E ratio continues to represent fair value for ASB. Compared to the current P/E ratio of 9.6, this represents a moderate discount to fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	34%	36%	33%	30%	35%	61%	35%	34%	37%	37%	***37%***	***35%***

ASB's reputation as a leading Midwestern regional bank serves as a competitive advantage for the company. Tracing its operations back to the American Civil War, it consistently wins over new customers. ASB also has the product offerings and customer service to retain these customers.

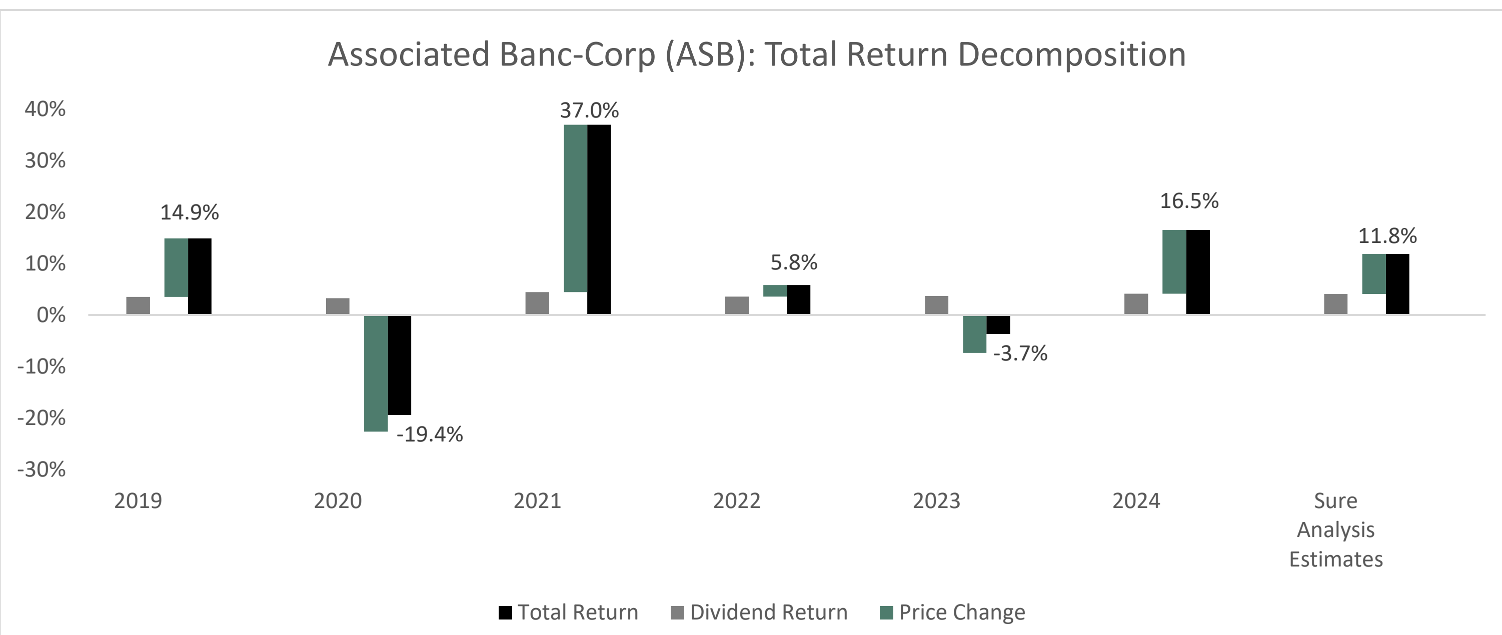
Financially, the company is reasonably healthy. ASB's CET1 ratio as of Q1 2025 was approximately 10.1%. That's more than double the regulatory minimum set forth by the Federal Reserve Board of 4.5%. ASB also enjoys an investment-grade, BBB- credit rating from S&P.

The regional bank's dividend is also sustainable, with the payout ratio expected to be in the high-30% range for 2025. That should give ASB the flexibility to grow its non-GAAP diluted EPS at a mid-single-digit rate for the foreseeable future, which would build on its existing 14-year dividend growth streak.

Final Thoughts & Recommendation

ASB's 3.8% dividend yield, 6.0% annual non-GAAP diluted EPS growth prospects, and 2.7% annual valuation multiple upside potential could generate 11.8% annual total returns over the medium term. That's a respectable return potential. However, other options are offering even better return potential. Thus, we're maintaining our hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	972	1,006	1,060	1,067	1,228	1,208	1,257	1,049	1,234	1,097
SG&A Exp.	496	517	543	552	616	615	552	548	502	564
D&A Exp.	65	62	60	59	66	81	83	75	54	94
Net Profit	191	188	200	229	334	327	307	351	366	183
Net Margin	19.6%	18.7%	18.9%	21.5%	27.2%	27.1%	24.4%	33.5%	29.7%	16.7%
Free Cash Flow	149	247	538	411	431	507	495	477	784	381
Income Tax	86	81	87	110	80	80	20	85	94	23

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	26,822	27,712	29,139	30,484	33,615	32,386	33,420	35,104	39,410	41,020
Cash & Equivalents	1,016	455	596	683	728	581	715	1,026	594	909
Acc. Receivable	---	---	---	---	---	91	90	81	144	170
Goodwill & Int.	997	1,047	1,049	1,050	1,313	1,332	1,220	1,218	1,232	1,230
Total Liabilities	24,022	24,775	26,048	27,246	29,834	28,464	29,329	31,079	35,390	36,840
Long-Term Debt	4,504	3,079	3,345	3,749	4,415	3,760	2,240	1,905	4,604	2,481
Total Equity	2,741	2,816	2,931	3,078	3,524	3,665	3,737	3,832	3,821	3,980
LTD/E Ratio	1.61	1.05	1.08	1.16	1.17	0.96	0.55	0.47	1.15	0.59

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	0.7%	0.7%	0.7%	0.8%	1.0%	1.0%	0.9%	1.0%	1.0%	0.5%
Return on Equity	6.8%	6.8%	7.0%	7.6%	10.1%	9.1%	8.3%	9.3%	9.6%	4.5%
ROIC	2.8%	2.8%	3.2%	3.4%	4.4%	4.1%	4.4%	5.7%	5.0%	2.4%
Shares Out.	152	151	152	153	164	157	154	149	151	151
Revenue/Share	6.14	6.68	7.07	6.94	7.23	7.46	8.18	6.90	8.20	7.27
FCF/Share	0.94	1.64	3.58	2.68	2.54	3.13	3.22	3.14	5.21	2.53

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.