ConnectOne Bancorp (CNOB)

Updated October 31st, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$24.02	**5 Year Annual Expected Total Return:**	14.1%	**Market Cap:**	$1.21 B
Fair Value Price:	$30	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	11/14/25
% Fair Value:	80%	**5 Year Valuation Multiple Estimate:**	4.5%	**Dividend Payment Date:**	12/91/25
Dividend Yield:	3.0%	**5 Year Price Target**	$42	**Years Of Dividend Growth:**	6
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

ConnectOne Bancorp is a modern financial services company operating primarily through its subsidiary, ConnectOne Bank, which serves small to mid-sized businesses and individuals in the New York metropolitan area and South Florida. The bank has placed strong focus on efficiency and emphasizes personalized client service and a range of products, like deposits, loans, and cash management services. It generally operates with a "branch-lite" model backed by technology. Still, its network includes branches in New Jersey, New York City, Long Island, and the Hudson Valley, with a business hub in West Palm Beach. At the end of its most recent quarter, the bank had about $11.4 billion in deposits. It currently trades at a market cap of $1.21 million.

On October 30th, 2025, ConnectOne Bancorp announced its Q3 results for the period ending September 30th, 2025. Net income was $39.5 million, compared to a net loss of $(21.8) million in Q2 and net income of $15.7 million last year. EPS came in at $0.78 versus $(0.52) last quarter and $0.41 last year. Return on average assets was 1.16% compared to (0.73) % in Q2. Results included several one-time items, such as a $6.6 million Employee Retention Tax Credit and a $3.5 million pension plan gain, partially offset by $2.9 million in merger and restructuring costs. ConnectOne noted improved net interest margin, profitability, and loan and deposit growth following the FLIC merger, reinforcing management's confidence in the long-term potential of the combined franchise. We forecast FY2025 EPS of $2.50.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.37	$1.02	$1.35	$1.87	$2.08	$1.80	$3.24	$3.03	$2.08	$1.77	***$2.50***	***$3.51***
DPS	$0.30	$0.30	$0.30	$0.30	$0.36	$0.36	$0.48	$0.62	$0.68	$0.72	***$0.72***	***$1.01***
Shares[1]	29.9	30.4	31.9	32.1	35.2	39.5	39.6	39.3	38.8	38.3	***50.2***	***60.0***

ConnectOne Bancorp's EPS has fluctuated notably over the past decade, highlighting the various economic cycles, and interest rate dynamics. The acquisition of Union Center National Bank in 2015 significantly expanded the bank's scale and customer base, contributing to a rise in EPS to $1.37. This acquisition also spread revenue streams and reinforced its position in key New Jersey markets, despite integration costs. In 2016, EPS fell to $1.02 due to compressed net interest margins due to a low-interest-rate environment, as well as continued integration expenses from prior acquisitions. Still, steady organic growth and improved efficiencies drove EPS back up to $1.35 in 2017. In 2018, EPS increased to $1.87, buoyed by strong loan growth, disciplined expense management, and the benefits of the Tax Cuts and Jobs Act, which reduced the corporate tax rate.

The acquisition of Bancorp of New Jersey in 2019 further solidified the bank's footprint in northern New Jersey, boosting EPS to $2.08. This acquisition integrated smoothly and added new markets to the bank's footprint, supporting both loan and deposit growth. However, in 2020, EPS declined to $1.80 as the COVID-19 pandemic created economic uncertainty, leading to increased provisions for loan losses and margin compression due to the Federal Reserve's rate cuts. A robust economic recovery in 2021 helped EPS rebound to $3.24, supported by strong loan demand, lower credit loss provisions, and growth in fee-based income. The bank's cost discipline and its ability to capture opportunities in a favorable credit

[1] Share count is in millions.

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.

environment were key drivers of this performance. Still, in 2022, EPS declined to $3.03 due to competitive pressures and early signs of slowing loan growth due to rising economic uncertainty. By 2023, EPS fell to $2.08 as higher interest rates and slowing economic activity pressured loan growth and increased funding costs. This trend was sustained in 2024, as interest expenses growth surpassed interest income growth. Moving forward, we believe the company can grow its EPS at rate of 7% per annum. We have applied the same growth rate expectation to the dividend, which the company has raised for six consecutive years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.0	17.9	16.8	13.4	10.6	10.4	7.5	9.5	10.1	12.0	***9.6***	***12.0***
Avg. Yld.	1.6%	1.6%	1.3%	1.2%	1.6%	1.9%	2.0%	2.2%	3.2%	3.4%	***3.0%***	***2.4%***

ConnectOne Bancorp's P/E has hovered at levels that are more or less similar to those of its industry peers. The sharp drop to 7.5 in 2021 was due to peak EPS driven by loan growth and lower provisions, compressing the multiple. The recovery in 2022 and 2023 shows more normalized earnings and continued market confidence in the bank's growth potential. However, at 9.6 times earnings today, we believe the stock is quite undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

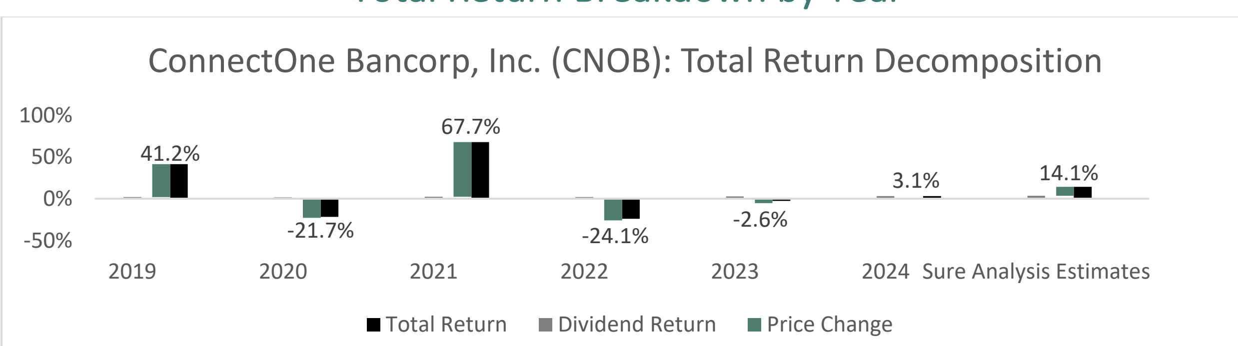
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	22%	29%	22%	16%	17%	20%	15%	20%	33%	41%	***29%***	***29%***

ConnectOne Bancorp's competitive advantages lie in its "branch-lite" model, leveraging technology to deliver efficient, personalized banking services while keeping operational costs low. This model, combined with its focus on serving small to mid-sized businesses, positions it well against larger competitors, which often lack the same localized focus. However, the bank operates in a highly competitive industry, facing pressure from both larger national players with resources and smaller regional banks with niche market penetration. Moreover, you should consider the banking industry's inherent susceptibility to economic downturns poses challenges, as recessions often lead to tighter credit conditions and higher loan losses. Nevertheless, it's worth noting that the bank remained profitable during the Great Financial Crisis while its earnings surge during the pandemic. Its common equity ratio and common equity Tier 1 risk-based ratio also stood at a healthy 11.45% and 12.63%, respectively, at the end of last year as well. We believe ConnectOne's dividend is safe.

Final Thoughts & Recommendation

ConnectOne is another regional bank with decent prospects. Its earnings have been impacted by fluctuations in rates and slowing loan growth in recent years. However, its focus on small to mid-sized businesses positions it well for steady long-term value creation. We see annualized returns of 14.1% over the medium-term, driven by our growth estimate of 7%, the starting dividend yield of 3.0%, and a tailwind from multiple expansion. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	126	140	153	163	194	252	278	315	269	264
SG&A Exp.	34	39	44	48	57	70	68	86	99	100
D&A Exp.	3	4	4	4	4	7	6	6	6	5.7
Net Profit	41	31	43	60	73	71	130	125	87	74
Net Margin	32.8%	22.2%	28.2%	37.1%	37.8%	28.2%	46.9%	39.7%	32.3%	28.0%
Free Cash Flow	42	47	128	87	59	79	199	173	85	57
Income Tax	20	12	25	11	21	19	45	46	30	25

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,016	4,426	5,108	5,462	6,174	7,547	8,129	9,645	9,856	9,880
Cash & Equivalents	201	200	150	172	201	304	266	268	243	356
Total Liab.	13	13	15	18	21	35	34	46	49	
Accounts Payable	3,539	3,895	4,543	4,848	5,443	6,632	7,005	8,466	8,639	8,638
Long-Term Debt	726	531	725	729	629	629	621	1,011	1,013	768
Total Equity	466	531	565	614	731	915	1,013	1,068	1,106	1,131
LTD/E Ratio	1.52	1.00	1.28	1.19	0.86	0.69	0.55	0.86	0.83	0.62

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.1%	0.7%	0.9%	1.1%	1.3%	1.0%	1.7%	1.4%	0.9%	0.8%
Return on Equity	8.9%	6.2%	7.9%	10.2%	10.9%	8.7%	12.8%	10.9%	7.3%	6.0%
ROIC	3.8%	2.7%	3.7%	4.6%	5.4%	4.9%	7.9%	6.4%	3.9%	3.5%
Shares Out.	29.9	30.4	31.9	32.1	35.2	39.5	39.6	39.3	38.8	38.5
Revenue/Share	4.16	4.56	4.75	5.03	5.51	6.37	6.97	7.99	6.91	6.86
FCF/Share	1.40	1.53	3.99	2.69	1.68	1.99	5.00	4.39	2.19	1.47

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