

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 15, 2018



CONNECTONE BANCORP, INC.

(Exact name of Company as specified in its charter)

New Jersey
(State or other jurisdiction
of incorporation)

001-11486
(Commission
File Number)

52-1273725
(IRS Employer
Identification No)

301 Sylvan Avenue
Englewood Cliffs, New Jersey
(Address of principal executive offices)

07632
(Zip Code)

Company's telephone number, including area code (201) 816-8900

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01 **Other Events.**

Exhibit 99.1: Presentation, May 2018, Investor Presentation

Item 9.01 **Financial Statements and Exhibits**

Exhibits. The following is filed as an Exhibit to this Current Report on Form 8-K:

[99.1](#) [Power Point Presentation, May 2018, Investor Presentation](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

CONNECTONE BANCORP, INC.

(Registrant)

Dated: May 15, 2018

By: /s/ William S. Burns

WILLIAM S. BURNS

Executive Vice President and
Chief Financial Officer



CNOB

Investor Presentation

May 2018

Forward Looking Statements

This presentation contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of several factors more fully described under "Risk Factors" in our Annual Report on Form 10-K, Item 1A, filed with the Securities and Exchange Commission. Any or all of our forward-looking statements in this presentation may turn out to be inaccurate. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward looking statements including, but not limited to the risk factors described above and: (1) changes in general economic and financial market conditions; (2) changes in the regulatory environment; (3) economic conditions generally and in the financial services industry; (4) changes in the economy affecting real estate values; (5) our ability to achieve loan and deposit growth; (6) the completion of our future acquisitions or business combinations and our ability to integrate the acquired business into our business model; (7) projected population and income growth in our targeted market areas; and (8) volatility and direction of market interest rates and a weakening of the economy which could materially impact credit quality trends and the ability to generate loans. All forward-looking statements are necessarily only estimates of future results and actual results may differ materially from expectations. You are, therefore, cautioned not to place undue reliance on such statements which should be read in conjunction with the other cautionary statements that are included elsewhere in this presentation. Further, any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

About ConnectOne Bancorp, Inc.

ConnectOne is a high growth, high performing commercial bank serving the New York & New Jersey metro market.

■ \$5.1 Billion in Total Assets

- Formed as a de novo in 2005 to take advantage of poor middle market customer service offered by other institutions

■ Commercial Lending Focus

- 90% of loan portfolio
- 65% of deposit base

■ Strong Culture

- Client first and sense of urgency in every business decision from the top of organization to the bottom

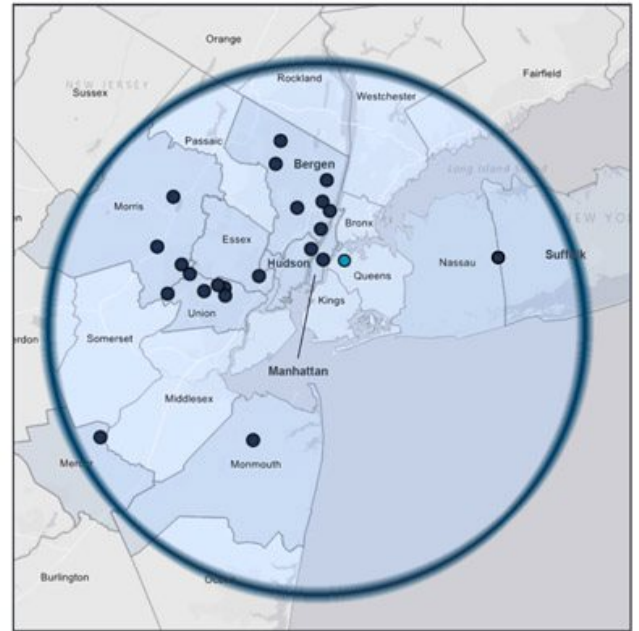
■ Best In-Class Efficiency

- One of the most efficient banks in the US due to structure, leveraging technology & operating philosophy

Strong Franchise, Attractive Markets

Strategically placed offices throughout NY/NJ metro area

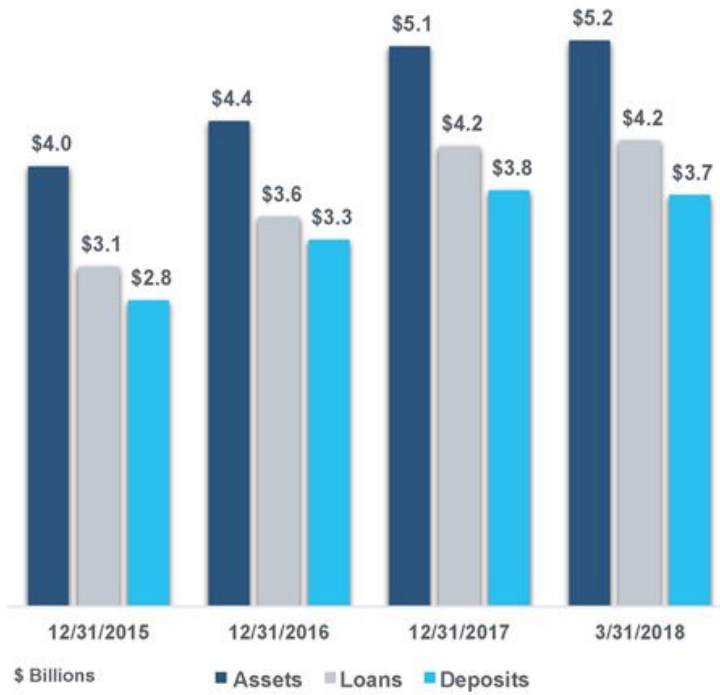
- Densely populated, lucrative markets
- The market we operate in accounts for approximately \$2 trillion of the \$18 trillion United States GDP
- Demand for personalized service amongst small to midsize business owners
- Market is largely dominated by the largest institutions in the country, leaving tremendous opportunity for banks catering to middle market businesses



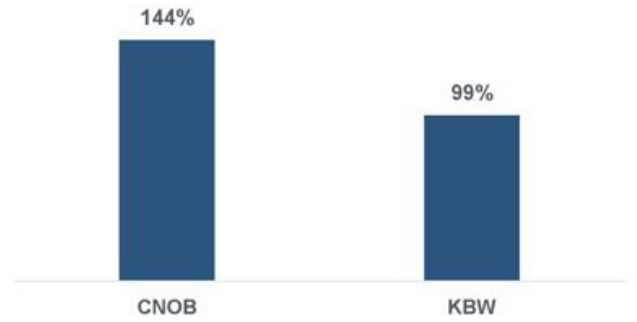
Expansion in the New York Market

- Currently represents approximately 20% of our balance sheet
- More than 2 million small businesses in New York
- Recent office additions in New York located in Manhattan, Long Island and Astoria

A History of Growth



Stock Price Performance Since Legacy CNOB IPO



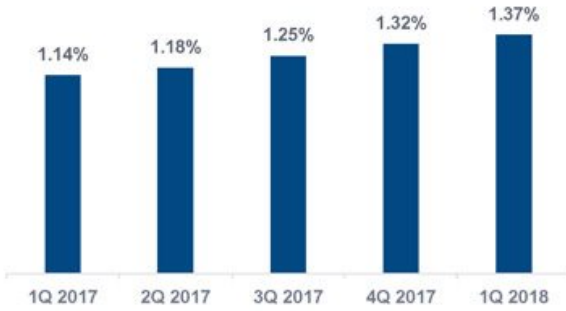
Book Value Per Share



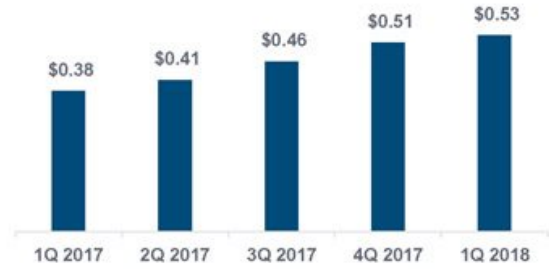
* Analyst consensus per S&P

High Operating* Performance

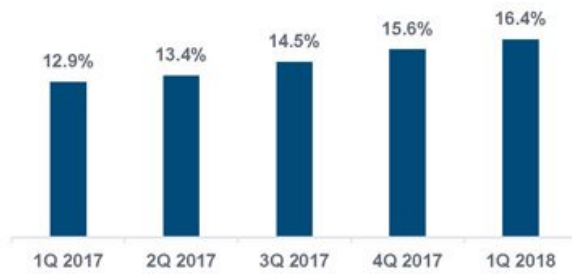
ROAA



EPS



ROATCE



Operating Efficiency Ratio



* Excludes the impact of charges related to the Bank's taxi medallion portfolio and non-operating items including net gains on sales of securities, deferred tax valuation charge, and tax benefits on employee share-based awards. See appendix for a reconciliation of GAAP and non-GAAP measures.

Leading Edge Technology Initiatives

Building for the Future

The financial services arena is changing quickly - ConnectOne will always be an early adopter

Empowering our staff with the best possible tools and resources that enhance our excellent reputation for "sense of urgency" with our clients

■ nCino

- Provides ConnectOne with one of the most efficient and streamlined deposit & loan operating systems in the industry
- Supports our best-in-class efficiency metrics and enhances our excellent reputation for "sense of urgency" with our clients

■ Zelle

- A consortium of the top 30 banks in the country to provide real-time payments right from your mobile banking app

■ Other Initiatives

- One of the first banks to go live on Oracle's Fusion Cloud based general ledger system
- Online account opening
- Advanced branch office model

Efficient Banking Model

One of the best efficiency ratios in the industry

42%

Operating Efficiency Ratio¹⁾

Investments in technology enhance our loan & deposit gathering abilities

\$16.9MM

Assets Per Employee

Reflects structural uniqueness of ConnectOne

Per Median*: \$6.5MM

3X

We are ~3x peer median for:

- Deposits per branch office
- Loans per branch office
- Assets per branch office

Locations serve as “business hubs” supporting clients beyond geographic footprint



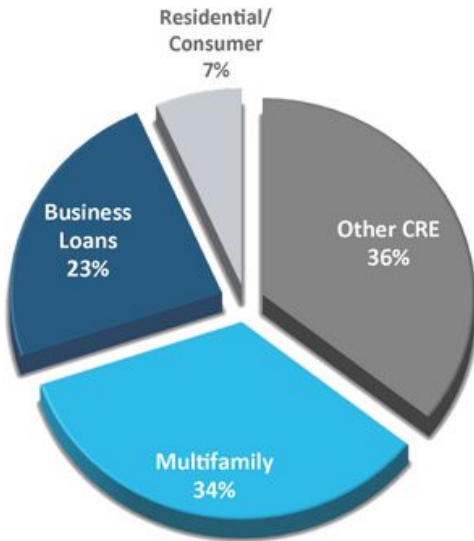
Technology offers ability to leverage offices to drive more business within our footprint

*Peer group includes banks and thrifts between \$1.0B and \$7.5B in assets located in Northeast and Mid-Atlantic regions. Median reflects the most recent 5 quarters of reported results. Data sourced from SNL Financial.

¹⁾ Non-GAAP measure, see appendix for a reconciliation of GAAP and non-GAAP measures.

Diversified Loan Portfolio

As of 3/31/18 - \$4.2 Billion*



Type	Balance	Percentage
CRE - Retail	\$340	8%
CRE - Other / Misc	186	4%
CRE - Office	154	4%
CRE - Warehouse / Industrial	132	3%
CRE - Land Loan for Future Development	122	3%
CRE - Mixed Use	79	2%
CRE - Land Loan (Land Only)	25	<1%
Total CRE - Non-Owner Occupied	1,038	24%
Construction - Multifamily	207	5%
Construction - 1 to 4 Family	177	6%
Construction - Other	95	2%
Total Construction	479	11%
Total CRE - Other	\$1,517	35%

Multifamily - 25 to 64 units	\$519	12%
Multifamily - 10 to 24 unit	433	10%
Multifamily - 100 units or more	245	6%
Multifamily - 64 units to 99 units	142	3%
Multifamily - 5 to 9 units	113	3%
Total Multifamily	\$1,452	34%

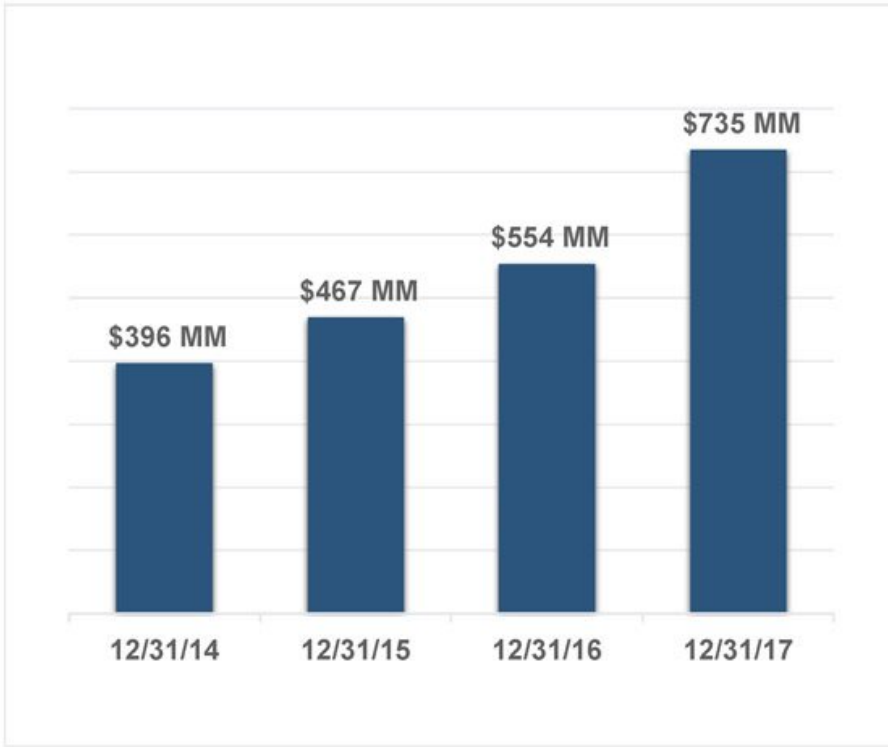
Type	Balance	Percentage
OOC - Warehouse / Industrial	\$85	2%
OOC - Retail	75	2%
OOC - Office	59	1%
OOC - Office / Warehouse or Mixed Use	56	1%
OOC - Other	34	<1%
Total CRE- Owner Occupied	309	7%
C&I - Service	232	6%
C&I- Schools	161	4%
C&I - Contactors	96	2%
C&I - Residential 1 to 4 Family	77	2%
C&I - Other	47	1%
C&I - Transportation	38	<1%
C&I - Distribution	33	<1%
C&I - Manufacturing	9	<1%
Total C&I	693	16%
Total Business Loans	\$1,002	23%

Residential - 1st Lien	\$232	6%
Home Equity - 2nd Lien (LOC)	48	1%
Total Residential & Consumer	\$280	7%

*Reflects gross loans prior to adjusting for unearned net origination fees

C&I

C&I Loan Portfolio



Note: excludes taxi medallion loans

25+
Team Members
Key hires with focused C&I specialties

Technology & Infrastructure
Improvements focus on keeping best in class service with the pace of work our clients are accustomed to at ConnectOne

Niche Markets
Added capabilities to further serve our niche market segments

Commitment to Strong Credit Quality

Maintaining a strong credit culture

Comprehensive underwriting standards and processes

- Disciplined LTV & DSC standards
- Loan origination process supported by specialized teams of credit analysts
- High quality direct commercial lending
- No reliance on participations or wholesale loan purchases
- Focus on responsible growth

■ Lending within geographic footprint

- NYC metro market economically strong and diverse

■ Multi-faceted stress testing

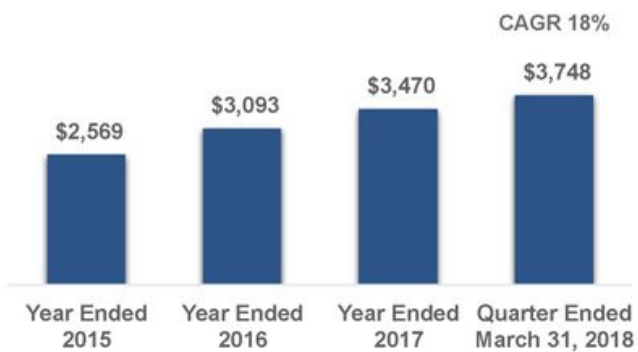
- Every loan tested during underwriting process
- Quarterly modeling performed in conjunction with ALCO processes
- Annual third-party testing conducted on approximately two-thirds of the portfolio

■ Continued focus on loan monitoring

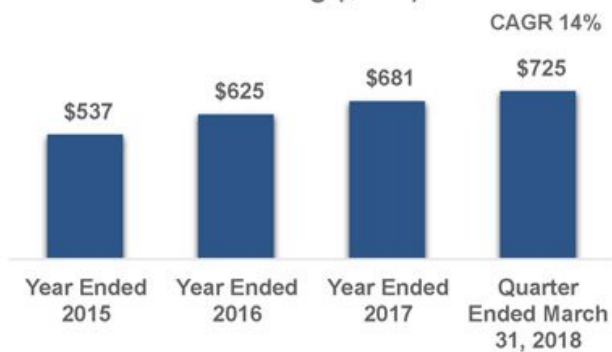
- Team of portfolio managers and loan workout specialists

Deposit Franchise

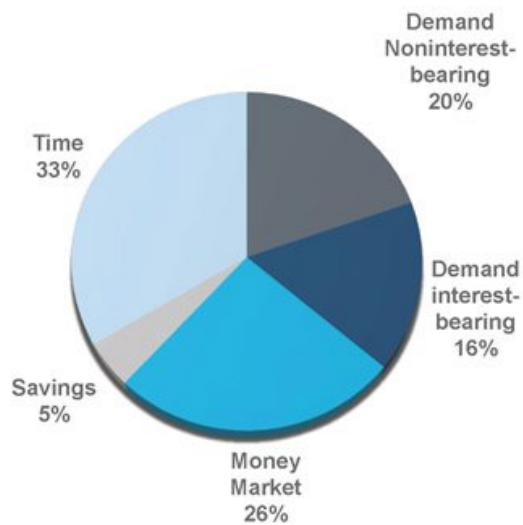
Average Total Deposits (\$mm)



Average Demand Noninterest-bearing (\$mm)



Deposit Composition 3/31/2018



Total Deposits \$3.7 billion

2018 Cost of Total Deposits 0.83%

Business Generation

■ Broadening focus on C&I by building business niches

- Independent Schools Division
 - ~40% of New Jersey Independent Schools are clients
 - Opportunities for expansion into NY & PA
- Municipal Deposits
 - Amongst top 20 banks in New Jersey holding municipal deposits (based on deposit balance)
- Law Firms
 - Newly established Escrow Division – attractive DDA capture

■ Experienced CRE Lenders & Support Staff

- Focus towards owner-occupied lending

■ Building a Cash Management Enterprise

- Hiring seasoned specialists
- State of the art products & services

■ Technology

- Utilizing technology and online tools as an avenue for deposit generation

■ Building our Residential Lending Portfolio

- High net worth residential markets supported by strong NYC economy
- Leveraging our asset sensitive balance sheet

Capital Allocation & Philosophy

- **The right amount of capital**

- 8.31% TCE holding company
- 10.20% leverage at bank
- 12.31% total risk based at bank

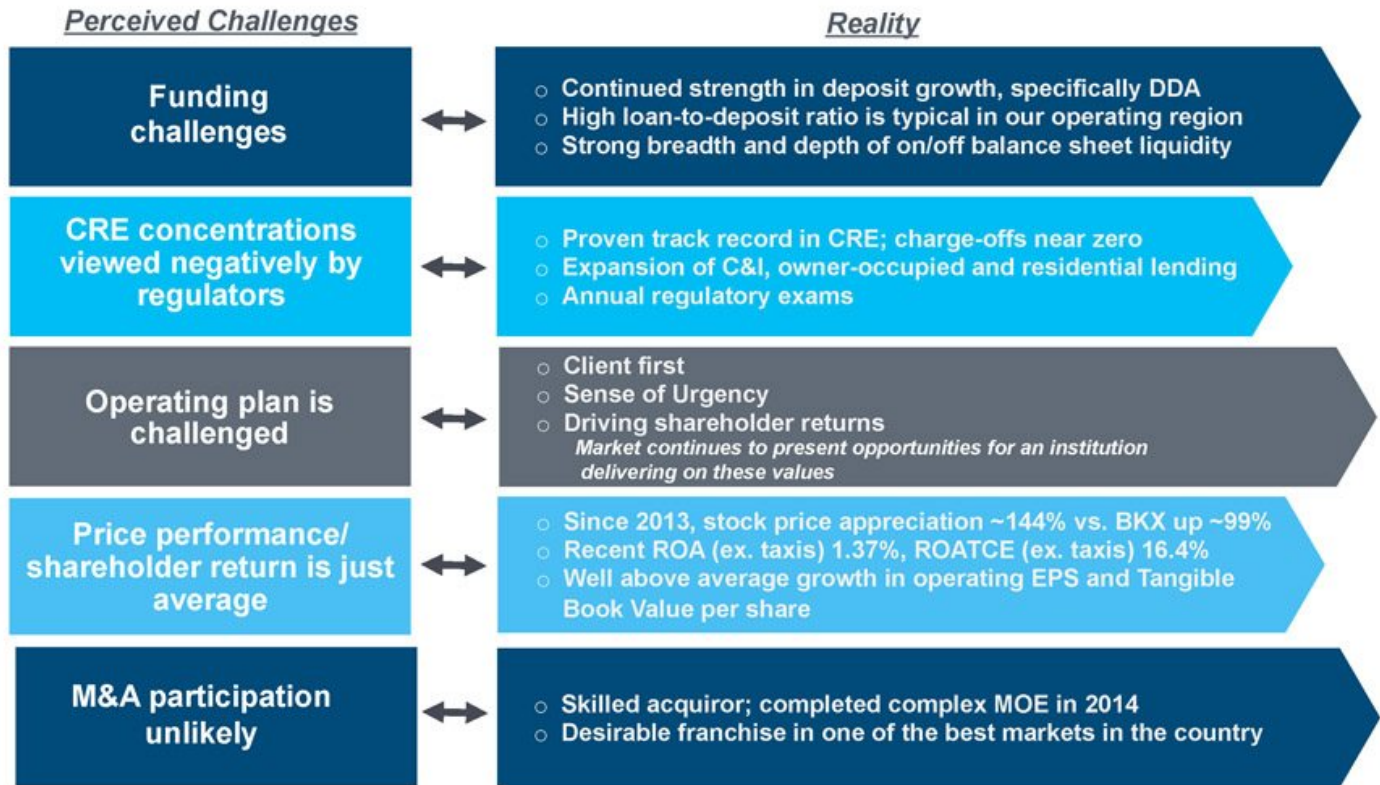
- **Operating ROATCE in excess of 16%**

- **Retained earnings supports growth, no equity offerings planned in foreseeable future**

- **Dividend of \$0.075 per quarter; estimated payout ratio of 14%. No current plans for increase, or stock buybacks, but Board will consider should performance returns exceed growth targets.**

A Compelling Investment Opportunity

CNOB trades at an approximately 20% discount (\$6.50 per share) to median peer P/E ratio. Further, given our growth profile, we arguably should be trading above median.



Strategy & Vision

Continued Growth

The Company remains well-positioned to execute

- Achieving Continued Deposit Growth
- Increasing & Expanding Commercial Client Relationships
- Expanding Our Presence in the New York Metro Market
- Expanding Cash Management Capabilities
- Utilizing a Modern Branch Office Model
- Continuing to Enhance Digital Channels

Client Testimonials

“ ConnectOne Bank was our recipe for success! Their responsive and creative management team offered us all the necessary ingredients to expand and serve our community of chefs, restaurants & food lovers.

Susan Ungaro
President | James Beard Foundation



“ The responsiveness and general business acumen of the Executive Management and Client Service teams is unparalleled. I cant imagine a better bank to partner with to grow our firm.

Ken Hollenbeck
Managing Partner | Scarini & Hollenbeck, LLC



“ The ConnectOne team responds to client needs with a sense of urgency. The ability to craft timely, custom solutions is extremely valuable in our line of business.

Bart Mongelli, ESQ
DeCotiis, Fitzpatrick & Cole, LLP



“ They understand construction, from the Chairman to the lending team. This has allowed us to fast track our projects in order to meet the current strong market.

Joe Cotter
Natural Resources



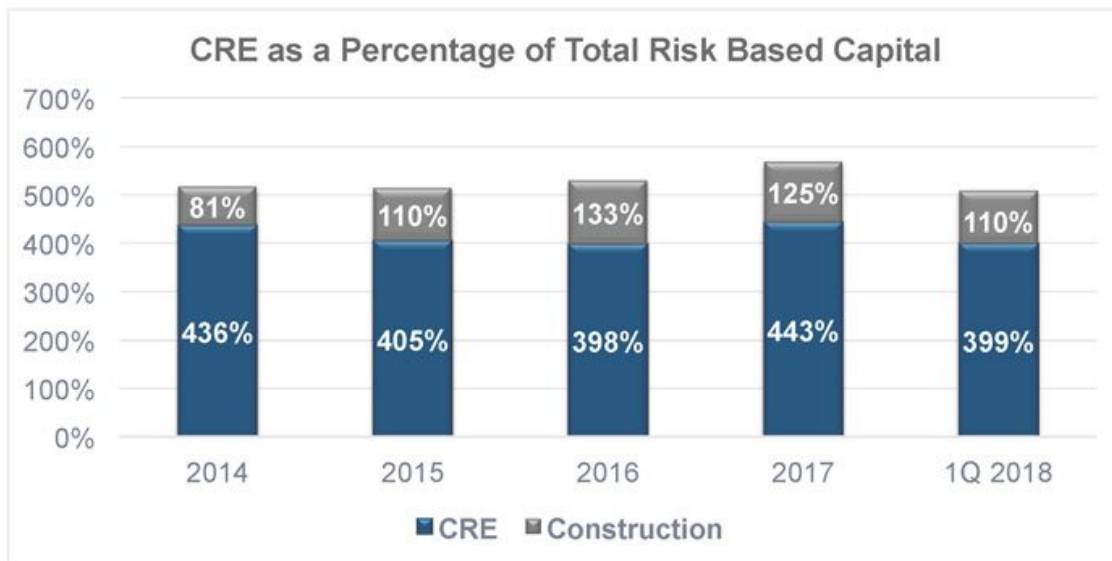


ConnectOne Bancorp, Inc.



Appendix

Commercial Real Estate Lending Focus

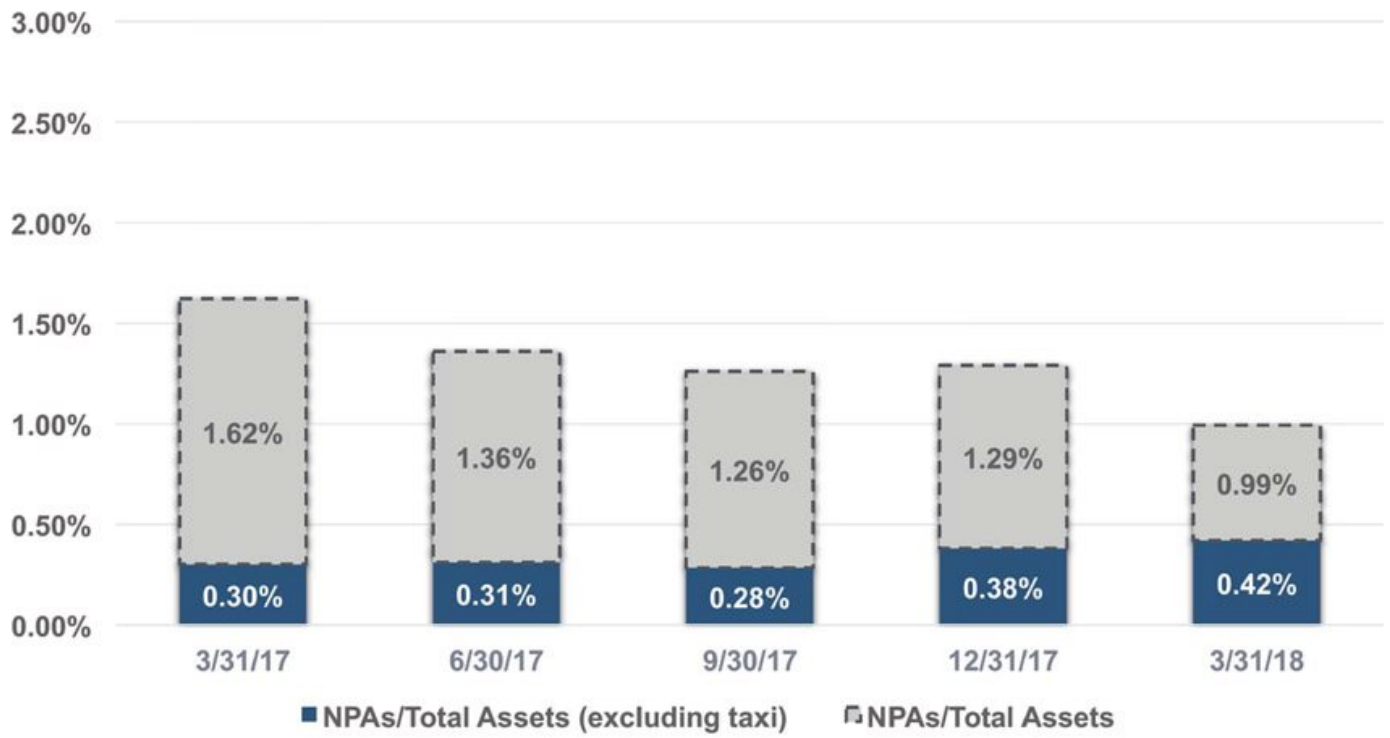


- ConnectOne has maintained high levels of CRE concentration for an extended period of time
- Our combination of strong organic growth and sound asset quality is our hallmark
- We continue to focus on loan diversification– Concentration mitigated by acceleration of our C&I capabilities
- Risk management is a center piece of our strategy– Our policies and procedures have stood up to regulatory scrutiny
- ConnectOne and Legacy ConnectOne regulated by the FDIC and NJ DOBI over the last 13+ years

Loan Funding Metrics



Credit Quality



Appendix

Reconciliation of GAAP and non-GAAP measures

Three Months Ended

	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017
	(dollars in thousands, except for per share data)				
Reconciliation of GAAP Earnings to Earnings Excluding the Following Items:					
Net income	\$ 4,251	\$ 10,580	\$ 13,077	\$ 7,683	\$ 11,880
Net gains on sales of securities (after taxes)	-	-	-	-	(1,093)
Deferred tax valuation charge	-	5,574	-	-	-
Tax benefit on employee share-based awards (ASU 2016-09)	(541)	-	-	(133)	(47)
Provision related to taxi medallion loans (after taxes)	13,430	-	-	-	-
Increase in valuation allowance, loans held-for-sale (after taxes)	-	182	1,776	5,719	1,538
Net income-adjusted	\$ 17,140	\$ 16,336	\$ 14,853	\$ 13,269	\$ 12,278
Weighted average diluted shares outstanding	32,238,048	32,252,759	32,182,016	32,255,770	32,192,643
Diluted EPS (GAAP)	\$ 0.13	\$ 0.33	\$ 0.41	\$ 0.24	\$ 0.37
Diluted EPS-adjusted (Non-GAAP) (1)	0.53	0.51	0.46	0.41	0.38
Return on Assets Measures					
Net income-adjusted	\$ 17,140	\$ 16,336	\$ 14,853	\$ 13,269	\$ 12,278
Average assets	\$ 5,088,823	\$ 4,916,549	\$ 4,713,487	\$ 4,494,978	\$ 4,381,707
Less: average intangible assets	(148,215)	(148,383)	(148,553)	(148,737)	(148,930)
Average tangible assets	\$ 4,940,608	\$ 4,768,166	\$ 4,564,934	\$ 4,346,241	\$ 4,232,777
Return on avg. assets (GAAP)	0.34 %	0.85 %	1.10 %	0.69 %	1.10 %
Return on avg. assets-adjusted (non-GAAP) (2)	1.37	1.32	1.25	1.18	1.14

Appendix

Reconciliation of GAAP and non-GAAP measures (cont.)

	Three Months Ended				
	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017
(dollars in thousands)					
Return on Equity Measures					
Net income-adjusted	\$ 17,140	\$ 16,336	\$ 14,853	\$ 13,269	\$ 12,278
Average common equity	\$ 575,029	\$ 567,308	\$ 556,620	\$ 549,748	\$ 539,544
Less: average intangible assets	(148,215)	(148,383)	(148,553)	(148,737)	(148,930)
Average tangible common equity	\$ 426,814	\$ 418,925	\$ 408,067	\$ 401,011	\$ 390,614
Return on avg. common equity (GAAP)	3.00 %	7.40 %	9.32 %	5.61 %	8.93 %
Return on avg. common equity-adjusted (non-GAAP) (3)	12.09	11.42	10.59	9.68	9.23
Return on avg. tangible common equity (non-GAAP) (4)	4.15	10.11	12.81	7.80	12.45
Return on avg. tangible common equity-adjusted (non-GAAP) (5)	16.40	15.57	14.54	13.39	12.87
Efficiency Measures					
Total noninterest expenses	\$ 17,059	\$ 16,566	\$ 18,641	\$ 25,303	\$ 18,249
Increase in valuation allowance, loans held-for-sale	-	(267)	(3,000)	(9,725)	(2,600)
Foreclosed property expense	(51)	(32)	(46)	(71)	(100)
Operating noninterest expense	\$ 17,008	\$ 16,267	\$ 15,595	\$ 15,507	\$ 15,549
Net interest income (tax equivalent basis)	\$ 38,610	\$ 40,744	\$ 37,929	\$ 35,839	\$ 33,956
Noninterest income	1,407	2,024	1,756	1,422	3,002
Net gains on sales of investment securities	-	-	-	-	(1,596)
Operating revenue	\$ 40,017	\$ 42,768	\$ 39,685	\$ 37,261	\$ 35,362
Operating efficiency ratio (non-GAAP) (6)	42.5 %	38.0 %	39.3 %	41.6 %	44.0 %

Appendix

Reconciliation of GAAP and non-GAAP measures (cont.)

	As of				
	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017
(dollars in thousands, except for per share data)					
Capital Ratios and Book Value per Share					
Common equity	\$ 564,266	\$ 565,437	\$ 557,691	\$ 546,173	\$ 540,277
Less: intangible assets	(148,104)	(148,273)	(148,442)	(148,611)	(148,804)
Tangible common equity	\$ 416,162	\$ 417,164	\$ 409,249	\$ 397,562	\$ 391,473
Total assets	\$ 5,158,368	\$ 5,108,442	\$ 4,844,755	\$ 4,681,280	\$ 4,460,816
Less: intangible assets	(148,104)	(148,273)	(148,442)	(148,611)	(148,804)
Tangible assets	\$ 5,010,264	\$ 4,960,169	\$ 4,696,313	\$ 4,532,669	\$ 4,312,012
Common shares outstanding	32,175,233	32,071,860	32,015,317	32,015,317	32,004,471
Common equity ratio (GAAP)	10.94 %	11.07 %	11.51 %	11.67 %	12.11 %
Tangible common equity ratio (non-GAAP) (7)	8.31	8.41	8.71	8.77	9.08
Regulatory capital ratios (Bancorp):					
Leverage ratio	8.65 %	8.92 %	9.13 %	9.33 %	9.44 %
Common equity Tier 1 risk-based ratio	9.14	9.15	9.40	9.48	9.79
Risk-based Tier 1 capital ratio	9.25	9.26	9.52	9.60	9.92
Risk-based total capital ratio	12.66	11.04	11.34	11.46	11.83
Regulatory capital ratios (Bank):					
Leverage ratio	10.20 %	9.84 %	10.11 %	10.34 %	10.50 %
Common equity Tier 1 risk-based ratio	10.91	10.21	10.54	10.64	11.03
Risk-based Tier 1 capital ratio	10.91	10.21	10.54	10.64	11.03
Risk-based total capital ratio	12.31	10.90	11.22	11.32	11.70
Book value per share (GAAP)	\$ 17.54	\$ 17.63	\$ 17.42	\$ 17.06	\$ 16.88
Tangible book value per share (non-GAAP) (8)	12.93	13.01	12.78	12.42	12.23

Appendix

Reconciliation of GAAP and non-GAAP measures (cont.)

	As of				
	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017
Asset Quality	(dollars in thousands)				
Nonaccrual taxi medallion loans	\$ 29,405	\$ 46,765	\$ 47,430	\$ 48,884	\$ 59,054
Nonaccrual loans (excluding taxi medallion loans)	20,631	18,848	13,755	14,055	12,790
Other real estate owned	1,076	538	-	580	580
Total nonperforming assets	<u>\$ 51,112</u>	<u>\$ 66,151</u>	<u>\$ 61,185</u>	<u>\$ 63,519</u>	<u>\$ 72,424</u>
Performing troubled debt restructurings	\$ 14,349	\$ 14,920	\$ 12,749	\$ 10,221	\$ 10,005
Allowance for loan losses ("ALLL")	\$ 32,529	\$ 31,748	\$ 29,870	\$ 28,401	\$ 26,901
Loans receivable	\$ 4,202,679	\$ 4,171,456	\$ 3,889,289	\$ 3,761,572	\$ 3,571,663
Less: taxi medallion loans	29,405	46,765	-	-	-
Loans receivable (excluding taxi medallion loans)	<u>\$ 4,173,274</u>	<u>\$ 4,124,691</u>	<u>\$ 3,889,289</u>	<u>\$ 3,761,572</u>	<u>\$ 3,571,663</u>
Loans held-for-sale (taxi medallion loans)	\$ -	\$ -	\$ 47,430	\$ 50,891	\$ 61,319
Nonaccrual loans (excluding taxi medallion loans) as a % of loans receivable (excluding taxi medallion loans)	0.49 %	0.46 %	0.35 %	0.37 %	0.36 %
Nonaccrual loans as a % of loans receivable	1.19	1.57	1.57	1.67	2.01
Nonperforming assets as a % of total assets	0.99	1.29	1.26	1.36	1.62
Nonperforming assets (excluding taxi medallion loans) as a % of total assets	0.42	0.38	0.28	0.31	0.30
ALLL as a % of loans receivable	0.77	0.76	0.77	0.76	0.75
ALLL as a % of nonaccrual loans (excluding taxi medallion loans)	157.7	168.4	217.2	202.1	210.3
ALLL as a % of nonaccrual loans	65.0	48.4	48.8	45.1	37.4

Appendix

Reconciliation of GAAP and non-GAAP measures (cont.)

- (1) Represents adjusted earnings available to common stockholders divided by weighted average diluted shares outstanding.
- (2) Adjusted net income divided by average assets.
- (3) Adjusted earnings available to common stockholders divided by average common equity.
- (4) Earnings available to common stockholders excluding amortization of intangibles assets divided by average tangible common equity.
- (5) Adjusted earnings available to common stockholders divided by average tangible common equity.
- (6) Operating noninterest expense divided by operating revenue.
- (7) Tangible common equity divided by tangible assets.
- (8) Tangible common equity divided by common shares outstanding at period-end.