First Business Financial Services, Inc. (FBIZ)

Updated July 28th, 2025, by Kody Kester

Key Metrics

Current Price:	$49	**5 Year CAGR Estimate:**	12.3%	**Market Cap:**	$409M
Fair Value Price:	$57	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	08/07/25[1]
% Fair Value:	85%	**5 Year Valuation Multipl e Estimate:**	3.2%	**Dividend Payment Date:**	08/20/25[1]
Dividend Yield:	2.4%	**5 Year Price Target**	$81	**Years Of Dividend Growth:**	13
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Founded in 1909, First Business Financial Services, Inc. is the bank holding company that owns First Business Bank. This Madison, Wisconsin-based enterprise is a commercial bank with operations in Wisconsin, Kansas, and Missouri. More specifically, FBIZ operates in the following areas:

- South Central Wisconsin (e.g., Madison and surrounding counties)
- Southeast Wisconsin (i.e., the Milwaukee metro area)
- Northeast Wisconsin (Appleton, Green Bay, and Oshkosh)
- The Kansas City metro area (15 counties and 50 communities on both sides of the Missouri and Kansas state lines).

The company serves small and medium-sized businesses and business owners with products and services, such as commercial and industrial lending, real estate lending, and treasury management solutions. As of June 30th, 2025, FBIZ's business banking business managed $4 billion in total client assets. Via its private wealth business, the company also serves high-net-worth individuals. FBIZ provides wealth management services to these clients, including financial planning, investment management, trust and estate administration, and creating and executing asset allocation strategies. As of June 30th, the company's private wealth business oversaw $3.7 billion in assets under management and administration.

On July 24th, FBIZ shared its financial results for the second quarter ended June 30th. The company's operating revenue grew by 8.1% year-over-year to $41 million during the quarter. Net interest income vaulted 10.6% higher over the year-ago period to $33.8 million in the quarter. That was driven by a 9.3% uptick in the average loans and leases receivable balance and a two basis point expansion in the net interest margin to 3.67% for the quarter. FBIZ's non-interest income decreased by 2.3% year-over-year to $7.3 million during the quarter. The company's diluted EPS increased by 9.8% over the year-ago period to $1.35 in the quarter. This topped the analyst consensus for the quarter by $0.02.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.90	$1.71	$1.36	$1.77	$2.68	$1.97	$4.17	$4.75	$4.33	$5.20	***$5.47***	***$7.67***
DPS	$0.44	$0.48	$0.52	$0.56	$0.60	$0.66	$0.72	$0.79	$0.91	$1.00	***$1.16***	***$1.63***
Shares[2]	8.7	8.7	8.8	8.8	8.6	8.6	8.5	8.4	8.3	8.3	***8.3***	***8.0***

Since 2015, FBIZ has produced double-digit annual diluted EPS growth for shareholders. Over the medium term, we still believe that it's reasonable to expect high-single-digit annual diluted EPS growth from the anticipated 2025 base of $5.47. FBIZ's robust expansion of its loan book is why we remain optimistic that it can keep delivering solid growth to shareholders.

[1] Estimated dates 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	2025	2030
Avg. P/E	13.2	13.9	16.2	11.0	9.8	9.3	7.0	7.7	9.3	9.7	***9.0***	***10.5***
Avg. Yld.	1.8%	2.0%	2.4%	2.9%	2.3%	3.6%	2.5%	2.2%	2.3%	2.2%	***2.4%***	***2.0%***

FBIZ's current P/E ratio is 9.0, which is less than the average of 10.7 over the past decade. That includes periods in which the P/E ratio was as low as the high single digits in peak years for earnings, to as high as the mid-teens in trough years for earnings. FBIZ's growth profile looks to be largely holding up. This is why we still think that a valuation multiple of 10.5 is a rational estimate for fair value moving forward. That would suggest shares remain valued at a moderate discount to our fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	23%	28%	38%	32%	22%	34%	17%	17%	21%	19%	***21%***	***21%***

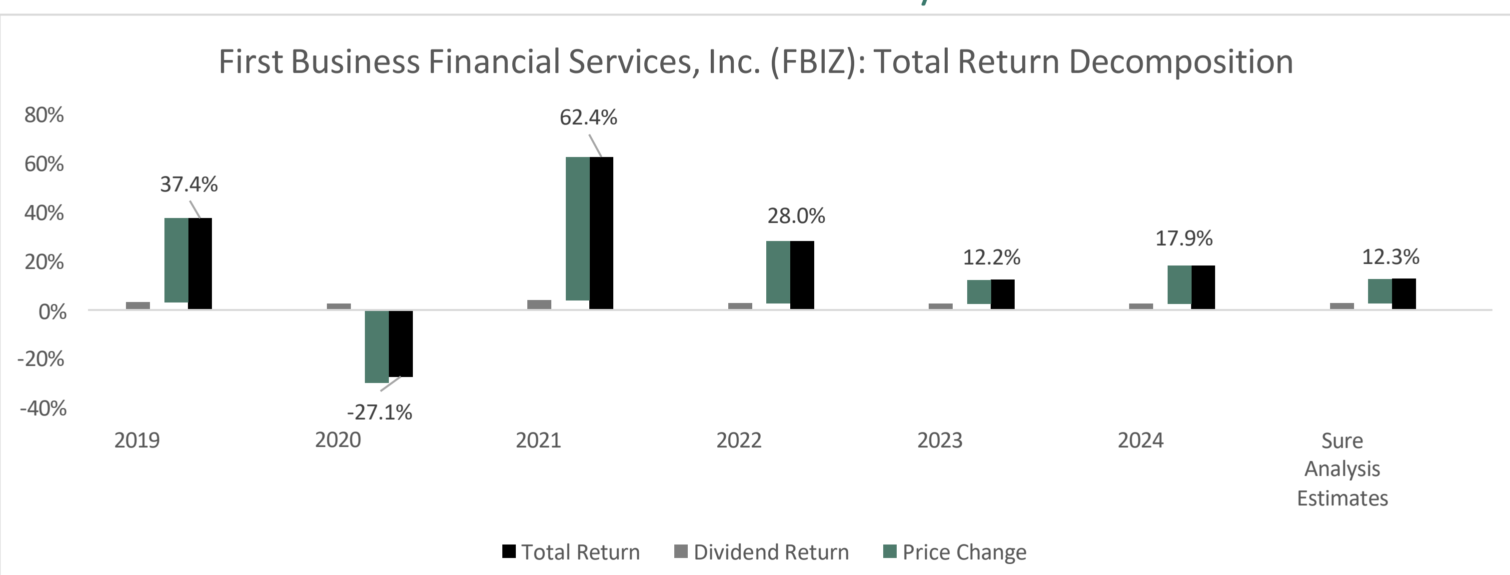
FBIZ's competitive advantage lies in a rich corporate history of doing right by its clients. Operating for more than a century has allowed the company to get to know the communities that it serves and earn their trust. FBIZ further distinguishes itself by its niche business expertise within the commercial and industrial loan spaces. That is what has won over and retained customers for many years, and we believe this should continue in the future.

FBIZ is heavily exposed to commercial real estate, with nearly 60% of its loan balances as of June 30th linked to that loan category. Fortunately, the company counteracts this risk with a decent balance sheet. FBIZ had $2 billion in available liquidity against almost $1.1 billion in total uninsured deposits. This is an estimated uninsured deposit coverage ratio of 187%. FBIZ's dividend is also quite manageable. The payout ratio remains positioned to be in the low 20% range for 2025.

Final Thoughts & Recommendation

FBIZ's 2.4% dividend yield, 7.0% annual diluted EPS growth prospects, and 3.2% annual valuation multiple upside potential could allow it to post 12.3% annual total returns through 2030. Thus, we're maintaining our Buy 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	56	76	78	74	83	89	102	113	128	144
SG&A Exp.	27	39	43	44	46	51	49	55	61	66
D&A Exp.	2	(0)	2	2	1	3	3	4	4	4
Net Profit	14	17	15	12	16	23	17	36	41	37
Net Margin	25.1%	21.8%	19.2%	16.0%	19.5%	26.2%	16.7%	31.7%	32.0%	25.7%
Free Cash Flow	9	22	26	21	24	29	26	36	35	49
Income Tax	7	8	2	2	1	1	1	11	11	10

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	1,629	1,782	1,781	1,794	1,966	2,097	2,568	2,653	2,977	3,508
Cash & Equivalents	103	114	78	53	87	67	57	57	103	140
Accounts Receivable	4	4	5	5	6	6	9	5	9	13
Goodwill & Int. Ass.	12	12	13	13	12	12	12	12	12	12
Total Liabilities	1,492	1,631	1,619	1,625	1,786	1,903	2,362	2,420	2,716	3,218
Long-Term Debt	44	45	70	218	309	329	429	414	457	331
Shareholder's Equity	138	151	162	169	181	194	206	232	249	278
LTD/E Ratio	0.32	0.30	0.43	1.29	1.71	1.70	2.08	1.78	1.75	1.14

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	1.0%	1.0%	0.8%	0.7%	0.9%	1.1%	0.7%	1.4%	1.5%	1.1%
Return on Equity	11.4%	11.4%	9.5%	7.2%	9.3%	12.4%	8.5%	16.3%	16.6%	13.5%
ROIC	9.0%	8.7%	7.0%	3.8%	3.7%	4.6%	2.9%	5.6%	6.0%	5.5%
Shares Out.	8.7	8.7	8.7	8.8	8.8	8.6	8.6	8.5	8.4	8.3
Revenue/Share	7.15	8.85	9.05	8.65	9.66	10.47	12.12	13.56	15.54	17.70
FCF/Share	1.10	2.62	2.98	2.46	2.81	3.38	3.15	4.28	4.31	6.08

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