



First Business Financial Services, Inc. (FBIZ)

Updated October 31st, 2025, by Kody Kester

Key Metrics

Current Price:	\$50	5 Year CAGR Estimate:	12.9%	Market Cap:	\$419M
Fair Value Price:	\$58	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	11/05/25 ¹
% Fair Value:	87%	5 Year Valuation Multiple Estimate:	2.8%	Dividend Payment Date:	11/18/25 ¹
Dividend Yield:	2.3%	5 Year Price Target	\$85	Years Of Dividend Growth:	13
Dividend Risk Score:	A	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 September 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 September 30th, the company’s private wealth business oversaw \$3.8 billion in assets under management and administration.

On October 30th, FBIZ released its earnings report for the third quarter ended September 30th, 2025. The company’s operating revenue jumped 16.3% over the year-ago period to \$44.3 million in the quarter. FBIZ’s net interest income rose by 12.5% year-over-year to \$34.9 million during the quarter. This was fueled by an 8.7% increase in the average loans and receivable balance and a four basis point improvement in the net interest margin to 3.68% for the quarter. FBIZ’s non-interest income surged 36.5% higher over the year-ago period to \$9.6 million in the quarter. The company’s diluted EPS climbed 28.8% year-over-year to \$1.70 during the quarter. For more perspective, that exceeded the analyst consensus for the quarter by \$0.31.

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	\$5.50	\$8.08
DPS	\$0.44	\$0.48	\$0.52	\$0.56	\$0.60	\$0.66	\$0.72	\$0.79	\$0.91	\$1.00	\$1.16	\$1.70
Shares²	8.7	8.7	8.8	8.8	8.6	8.6	8.5	8.4	8.3	8.3	8.3	8.0

Over the last decade, FBIZ has produced double-digit annual diluted EPS growth for shareholders. Looking ahead, we think that it’s reasonable to expect high-single-digit annual diluted EPS growth from the anticipated 2025 base of \$5.50. FBIZ’s robust expansion of its loan book is the driving factor behind our optimism 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	9.1	10.5
Avg. Yld.	1.8%	2.0%	2.4%	2.9%	2.3%	3.6%	2.5%	2.2%	2.3%	2.2%	2.3%	2.0%

FBIZ's current P/E ratio is 9.1, which is less than the average of 10.7 over the past decade. That includes periods in which the P/E ratio was as little as the high single digits in peak years for earnings, to as much 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 remains a rational estimate for fair value moving forward. That would imply shares are priced at a material discount to fair value.

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%

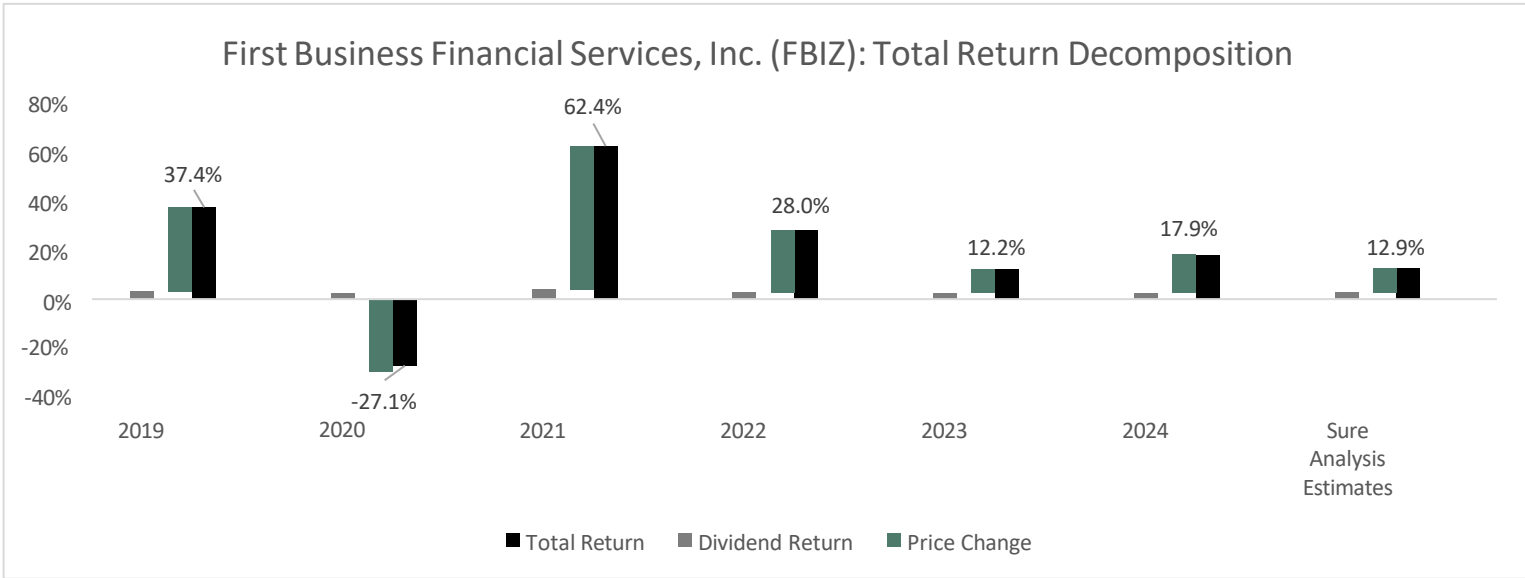
FBIZ's competitive advantage lies in a rich corporate history of doing right by its clients. Operating for more than a century has allowed the company to get to know the communities that it serves and earn their trust. FBIZ further distinguishes itself by its niche business expertise within the commercial 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 more than half of its loan balances as of September 30th linked to that loan category. Fortunately, the company counteracts this risk with a decent balance sheet. FBIZ had almost \$2.1 billion in available liquidity against \$1.1 billion in total uninsured deposits. This is an estimated uninsured deposit coverage ratio of 188%. FBIZ's dividend is also quite manageable. The payout ratio remains positioned to be in the low 20% range for 2025, too.

Final Thoughts & Recommendation

FBIZ's 2.3% dividend yield, 8.0% annual diluted EPS growth prospects, and 2.9% annual valuation multiple upside potential could allow it to post 12.9% annual total returns through 2030. That's why we're sticking with 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	76	78	74	83	89	102	113	128	144	145
SG&A Exp.	39	43	44	46	51	49	55	61	66	64
D&A Exp.	(0)	2	2	1	3	3	4	4	4	4
Net Profit	17	15	12	16	23	17	36	41	37	44
Net Margin	21.8%	19.2%	16.0%	19.5%	26.2%	16.7%	31.7%	32.0%	25.7%	30.3%
Free Cash Flow	22	26	21	24	29	26	36	35	49	57
Income Tax	8	2	2	1	1	1	11	11	10	7

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,782	1,781	1,794	1,966	2,097	2,568	2,653	2,977	3,508	3,853
Cash & Equivalents	114	78	53	87	67	57	57	103	140	158
Accounts Receivable	4	5	5	6	6	9	5	9	13	13
Goodwill & Intangible	12	13	13	12	12	12	12	12	12	11
Total Liabilities	1,631	1,619	1,625	1,786	1,903	2,362	2,420	2,716	3,218	3,525
Long-Term Debt	45	70	218	309	329	429	414	457	331	321
Shareholder's Equity	151	162	169	181	194	206	232	249	278	317
LTD/E Ratio	0.30	0.43	1.29	1.71	1.70	2.08	1.78	1.75	1.14	1.01

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	0.8%	0.7%	0.9%	1.1%	0.7%	1.4%	1.5%	1.1%	1.2%
Return on Equity	11.4%	9.5%	7.2%	9.3%	12.4%	8.5%	16.3%	16.6%	13.5%	14.3%
ROIC	8.7%	7.0%	3.8%	3.7%	4.6%	2.9%	5.6%	6.0%	5.5%	
Shares Out.	8.7	8.7	8.8	8.8	8.6	8.6	8.5	8.4	8.3	8.3
Revenue/Share	8.85	9.05	8.65	9.66	10.47	12.12	13.56	15.54	17.70	17.47
FCF/Share	2.62	2.98	2.46	2.81	3.38	3.15	4.28	4.31	6.08	6.87

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

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