First Business Financial Services, Inc. (FBIZ)

Updated April 24th, 2026, by Kody Kester

Key Metrics

Current Price:	$56	**5 Year CAGR Estimate:**	12.8%	**Market Cap:**	$470M
Fair Value Price:	$61	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	05/08/26[1]
% Fair Value:	92%	**5 Year Valuation Multiple Estimate:**	1.6%	**Dividend Payment Date:**	05/22/26[1]
Dividend Yield:	2.4%	**5 Year Price Target**	$94	**Years Of Dividend Growth:**	14
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Founded in 1990, 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 March 31st, 2026, FBIZ's business banking business managed over $4.3 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 March 31st, 2026, the company's private wealth business oversaw nearly $3.9 billion in assets under management and administration.

On April 23rd, FBIZ released its earnings report for the first quarter ended March 31st, 2026. The company's operating revenue rose by 8.5% over the year-ago period to $44.3 million in the quarter. FBIZ's net interest income grew by 6.8% year-over-year to $35.5 million during the quarter. A 10.6% uptick in total interest-earning assets more than canceled out a 13-basis-point contraction in the net interest margin to 3.56% for the quarter. FBIZ's adjusted non-interest income jumped 15.8% over the year-ago period to $8.8 million in the quarter. The company's diluted EPS climbed 9.1% higher year-over-year to $1.44 during the quarter. That topped the analyst consensus for the quarter by $0.02.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.71	$1.36	$1.77	$2.68	$1.97	$4.17	$4.75	$4.33	$5.20	$5.94	***$6.10***	***$9.39***
DPS	$0.48	$0.52	$0.56	$0.60	$0.66	$0.72	$0.79	$0.91	$1.00	$1.16	***$1.36***	***$2.09***
Shares[2]	8.7	8.8	8.8	8.6	8.6	8.5	8.4	8.3	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 continue to believe that it's reasonable to expect high-single-digit annual diluted EPS growth from the anticipated 2026 base of $6.10. FBIZ's vigorous 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	13.9	16.2	11.0	9.8	9.3	7.0	7.7	9.3	8.9	9.1	***9.2***	***10.0***
Avg. Yld.	2.0%	2.4%	2.9%	2.3%	3.6%	2.5%	2.2%	2.3%	2.2%	2.1%	***2.4%***	***2.2%***

FBIZ's current P/E ratio is 9.2, which is less than the average of 10.2 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 much as the mid-teens in trough years for earnings. FBIZ's growth profile looks to be largely holding up. This is why we believe that a valuation multiple of 10.0 is a rational estimate for fair value in the coming years. That would imply shares are priced slightly under fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	28%	38%	32%	22%	34%	17%	17%	21%	19%	20%	***22%***	***22%***

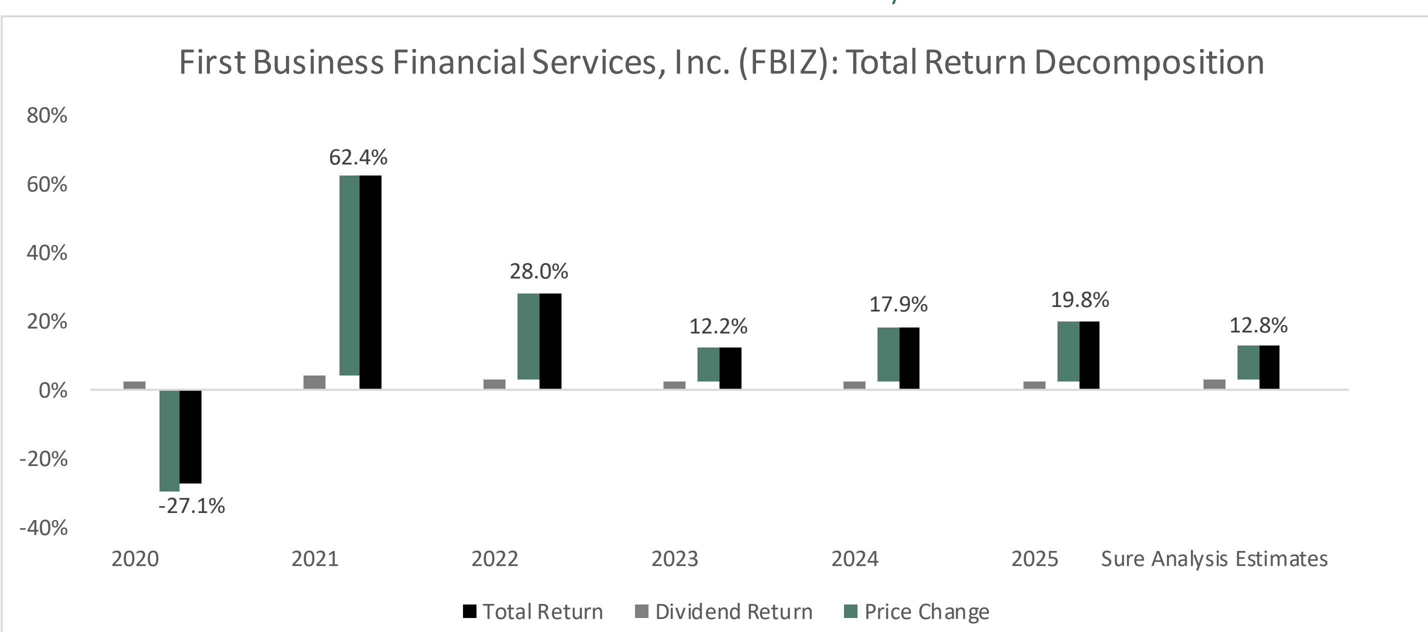
FBIZ's competitive advantage lies in a corporate history of doing right by its clients. Over the decades, the company has sought to get to know the communities that it serves and earn their trust. FBIZ further distinguishes itself by its niche business expertise within the commercial and industrial loan 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 March 31st linked to that loan category. Fortunately, the company counteracts this risk with a decent balance sheet. FBIZ had $2.3 billion in available liquidity against just over $1.2 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 is likely to remain in the low 20% range for 2026, too.

Final Thoughts & Recommendation

FBIZ's 2.4% dividend yield, 9.0% annual diluted EPS growth prospects, and 1.6% annual valuation multiple upside potential could allow it to post 12.8% annual total returns through 2031. This is why 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	96	93	109	125	121	122	148	223	260	278
D&A Exp.	2	2	1	3	3	4	4	4	4	4
Net Profit	15	12	16	23	17	35	40	36	43	49
Net Margin	15.3%	12.7%	14.7%	18.2%	13.7%	28.6%	26.9%	16.2%	16.6%	17.8%
Free Cash Flow	9	21	26	27	19	27	32	49	64	40
Income Tax	2	2	1	1	1	11	11	10	7	10

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,789	1,800	1,975	2,104	2,573	2,657	2,980	3,513	3,857	4,088
Cash & Equivalents	55	35	67	61	56	57	102	139	157	38
Goodwill & Intangible	12	11	11	11	11	11	11	11	11	11
Total Liabilities	1,627	1,631	1,794	1,909	2,367	2,425	2,719	3,223	3,529	3,716
Long-Term Debt	49	181	172	217	435	417	466	338	326	258
Shareholder's Equity	162	169	181	194	206	232	249	278	317	360
LTD/E Ratio	0.43	1.29	1.71	1.74	2.11	1.80	1.79	1.17	1.00	0.70

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.8%	0.7%	0.9%	1.1%	0.7%	1.3%	1.4%	1.1%	1.2%	1.2%
Return on Equity	9.4%	7.1%	9.2%	12.2%	8.3%	15.8%	16.1%	13.1%	14.0%	14.1%
ROIC	6.9%	3.8%	3.7%	4.5%	2.8%	5.4%	5.8%	5.3%	6.7%	7.7%
Shares Out.	8.7	8.8	8.8	8.6	8.6	8.5	8.4	8.3	8.3	8.3
Revenue/Share	11.20	10.75	12.62	14.71	14.40	14.62	17.96	27.45	31.97	34.08
FCF/Share	1.08	2.39	3.06	3.19	2.26	3.19	3.93	6.07	7.90	4.92

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