

FIRST BUSINESS FINANCIAL SERVICES, INC.

Form 10-Q

July 29, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2016

OR

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 001-34095

FIRST BUSINESS FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Wisconsin

39-1576570

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

401 Charmany Drive, Madison, WI 53719

(Address of Principal Executive Offices) (Zip Code)

(608) 238-8008

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒ Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's sole class of common stock, par value \$0.01 per share, on July 28, 2016 was 8,703,942 shares.

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PART I. Financial Information

Item 1. Financial Statements

First Business Financial Services, Inc.

Consolidated Balance Sheets

	June 30, 2016 (unaudited) (In Thousands, Except Share Data)	December 31, 2015
Assets		
Cash and due from banks	\$14,700	\$14,640
Short-term investments	116,911	98,924
Cash and cash equivalents	131,611	113,564
Securities available-for-sale, at fair value	137,692	140,548
Securities held-to-maturity, at amortized cost	36,167	37,282
Loans held for sale	5,548	2,702
Loans and leases receivable, net of allowance for loan and lease losses of \$18,154 and \$16,316, respectively	1,433,661	1,414,649
Premises and equipment, net	3,969	3,954
Foreclosed properties	1,548	1,677
Cash surrender value of bank-owned life insurance	28,784	28,298
Investment in Federal Home Loan Bank and Federal Reserve Bank stock, at cost	2,163	2,843
Accrued interest receivable and other assets	25,003	24,071
Goodwill and other intangible assets	12,923	12,493
Total assets	\$1,819,069	\$1,782,081
Liabilities and Stockholders' Equity		
Deposits	\$1,607,944	\$1,577,231
Federal Home Loan Bank and other borrowings	33,570	34,740
Junior subordinated notes	9,997	9,990
Accrued interest payable and other liabilities	9,164	9,288
Total liabilities	1,660,675	1,631,249
Stockholders' equity:		
Preferred stock, \$0.01 par value, 2,500,000 shares authorized, none issued or outstanding	—	—
Common stock, \$0.01 par value, 25,000,000 shares authorized, 8,927,006 and 8,922,375 shares issued, 8,703,942 and 8,699,410 shares outstanding, at June 30, 2016 and December 31, 2015, respectively	89	89
Additional paid-in capital	77,127	76,549
Retained earnings	86,760	80,584
Accumulated other comprehensive income (loss)	730	(80)
Treasury stock, 223,064 and 222,965 shares at June 30, 2016 and December 31, 2015, respectively, at cost	(6,312)	(6,310)
Total stockholders' equity	158,394	150,832
Total liabilities and stockholders' equity	\$1,819,069	\$1,782,081

See accompanying Notes to Unaudited Consolidated Financial Statements.

