

FIRST BUSINESS FINANCIAL SERVICES, INC.
Form 10-Q
May 02, 2014

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 March 31, 2014

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)
(608) 238-8008

(Zip Code)

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 April 24, 2014 was 3,944,795 shares.

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PART I. Financial Information

Item 1. Financial Statements

First Business Financial Services, Inc.

Consolidated Balance Sheets

	March 31, 2014 (unaudited)	December 31, 2013
	(In Thousands, Except Share Data)	
Assets		
Cash and due from banks	\$24,420	\$13,219
Short-term investments	51,976	68,067
Cash and cash equivalents	76,396	81,286
Securities available-for-sale, at fair value	185,547	180,118
Loans and leases receivable, net of allowance for loan and lease losses of \$14,101 and \$13,901, respectively	971,218	967,050
Leasehold improvements and equipment, net	1,186	1,155
Foreclosed properties	333	333
Cash surrender value of bank-owned life insurance	23,348	23,142
Investment in Federal Home Loan Bank stock, at cost	1,255	1,255
Accrued interest receivable and other assets	14,489	14,316
Total assets	\$1,273,772	\$1,268,655
Liabilities and Stockholders' Equity		
Deposits		
Federal Home Loan Bank and other borrowings	\$1,136,700	\$1,129,855
Junior subordinated notes	7,936	11,936
Accrued interest payable and other liabilities	10,315	10,315
Total liabilities	6,626	7,274
Commitments and contingencies	1,161,577	1,159,380
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, 4,107,080 and 4,106,084 shares issued, 3,944,795 and 3,943,997 shares outstanding at March 31, 2014 and December 31, 2013, respectively	41	41
Additional paid-in capital	56,207	56,002
Retained earnings	59,652	57,143
Accumulated other comprehensive loss	(128) (342
Treasury stock, 162,285 and 162,087 shares at March 31, 2014 and December 31, 2013, respectively, at cost	(3,577) (3,569
Total stockholders' equity	112,195	109,275
Total liabilities and stockholders' equity	\$1,273,772	\$1,268,655

See accompanying Notes to Unaudited Consolidated Financial Statements.

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First Business Financial Services, Inc.

Consolidated Statements of Income (Unaudited)

	For the Three Months Ended March 31,	
	2014	2013
	(In Thousands, Except Per Share Data)	
Interest income:		
Loans and leases	\$12,475	\$12,453
Securities income	867	810
Short-term investments	60	56
Total interest income	13,402	13,319
Interest expense:		
Deposits	2,168	2,598
Notes payable and other borrowings	159	218
Junior subordinated notes	274	274
Total interest expense	2,601	3,090
Net interest income	10,801	10,229
Provision for loan and lease losses	180	80
Net interest income after provision for loan and lease losses	10,621	10,149
Non-interest income:		
Trust and investment services fee income	1,068	827
Service charges on deposits	567	483
Loan fees	390	358
Increase in cash surrender value of bank-owned life insurance	206	207
Other	90	78
Total non-interest income	2,321	1,953
Non-interest expense:		
Compensation	5,057	4,726
Occupancy	324	328
Professional fees	632	572
Data processing	415	402
Marketing	347	285
Equipment	130	139
FDIC insurance	190	205
Collateral liquidation costs (recoveries)		