

First Business Bank goes public

By Jason Stein

As published by the Wisconsin State Journal on 10/7/05

Company's stock will start trading today on Nasdaq.

When some companies go public they make a splash, but the local parent of First Business Bank is making the transition from being privately held without troubling the waters of the market.

First Business Financial Services, which registered as a public company with federal regulators this year, begins trading its stock today on the Nasdaq National Market under the ticker FBIZ as Madison's second publicly traded financial institution.

But First Business Financial president and chief operating officer Corey Chambas said the bank's parent isn't making an initial public offering of stock, which can draw big attention from investors.

"A lot of companies want to create a lot of interest in the stock. We're not in that position," Chambas said. "For us, it's more of an evolution than a revolution."

First Business was pushed to go public by a list of shareholders that had grown past the federal limit of 500 for private companies, and by a need to provide them with a simpler, more liquid means of buying and selling shares, Chambas and First Business Financial chief executive officer Jerry Smith said.

But the pair also acknowledge they're on the watch for acquisitions, and that to grow they need to be able to go to financial markets for capital and offer stock to bank owners looking to sell.

"We're always interests in acquisitions as well as organic growth... The liquidity of that stock is an important element" for appealing to sellers, said Smith, though he declined to comment on when First Business might make a stock offering.

Rows of champagne flutes were waiting in the bank's lobby for an after-closing celebration Thursday. With most of the area's larger publicly traded banks, such as U.S. Bank and M&I Bank, head-quartered outside of Madison, First Business becomes one of the city's few public companies and the only public financial institution apart from Anchor Bancorp Wisconsin.

"I think it's prestigious for the bank and I think it shows the fruit of working hard and working smart," said Wisconsin Bankers Association president and chief executive Kurt Bauer, who praised the bank's model of targeting small- and medium-sized businesses.

But going public also carries its own set of concerns. AnchorBank, for example, had to appeal a possible Nasdaq delisting this summer after an accounting goof forced the company to restate its earnings for the past three fiscal years.

But Smith said the added burden of filing regulator reports as a public company shouldn't be too high, given the fact that banks are already under strict scrutiny from regulators.

Formed in 1990, First Business has seen growth in the last year, with assets as of June 30 rising to \$604.8 million, up nearly 12 percent over a year ago. First Business, which has operations in

Milwaukee as well investment management and leasing businesses, has also had modest growth in its work force, now at 115, Chambas said. For the quarter ended June 30, First Business had flat profits of \$1.1 million and a dip in earnings per share to 44 cents from 48 cents, compared with the same period in 2004. For the six months ended June 30, profits rose 41 percent to \$2.6 million over the prior year, with earnings per share rising to \$1.07 from 85 cents.

First Business stock, which previously has to be sold in private deals between investors, last traded July 22 for \$25 a share, according to the company Web site. About 2.5 million shares will be outstanding with the stock likely to be “traded somewhat thinly” on the Nasdaq, Smith said.