CEO REPORT – THIRD QUARTER 2021

DEAR SHAREHOLDERS AND FRIENDS OF FIRST BUSINESS BANK:

Some of the research analysts who cover our stock like to use song titles for headlines in their quarterly reports. Taking a page from them for this quarter, I can't help but think of the song title "The Beat Goes On." If you're of my vintage, you'll recognize that tune, but what should be clear to all is that it was another quarter of strong performance for First Business Bank. Once again, loan growth, diversified fee income, and superior asset quality contributed to bottom line performance.

So, the question is, can this exceptional performance continue? While some unique elements of this quarter's success cannot continue indefinitely – namely the negative loan loss provision, a result of some of 2020's reserve build in response to the uncertainty in the early days of the pandemic – the strong fundamentals underlying this performance give us reason to be confident in First Business Bank's future success.

Sustained Strong Revenue Growth

We expect our superior team to continue executing at a high level, and this execution is evident in 2021 through First Business Bank's top-line revenue growth. Third quarter 2021 top-line revenue (the sum of net interest income and non-interest income) reached $28.2 million, supporting year-to-date growth of 13% compared to the same period in 2020. This double-digit revenue growth reflects our diverse and profitable income streams.

Solid Loan Growth Supported By Deposit Growth

First Business Bank again delivered organic loan growth, with total gross loans and leases, excluding Paycheck Protection Program ("PPP") loans, up an annualized 7% during the quarter and up 12% over the last year. This solid year-over-year growth reflects significant growth in traditional lending in our four bank markets and our continued expansion of specialized lending offerings to new commercial clients through Floorplan Financing, Equipment Finance, Accounts Receivable Financing, Asset-Based Lending, and SBA Lending. A combination of the right people, technology, and marketing working together allows us to remain focused on driving growth across all products and geographies. In addition, current record pipelines reinforce our confidence in our ability to deliver double-digit organic loan growth for full year 2021 and 2022.

In-market deposits totaled $1.8 billion at quarter-end, reflecting growth of 10% from September 30, 2020. We attribute this success to our continued focus on growing our Treasury Management client base, as well as elevated cash positions that many of our depositors continue to maintain amid the current economic environment.

Continued Non-interest Income Strength and Diversity

Alongside organic loan growth, the other key driver of our double-digit top-line revenue growth – both in the most recent quarter and in terms of the future growth we expect to deliver – are our diversified fee income sources, which hit our strategic plan goal of 25% of total revenue in the third quarter. We've built a variety of fee income streams, from our established Private Wealth management, the largest component of our Company's non-interest income, and Treasury Management fee income, to revitalized offerings like SBA Lending and income from our investments in mezzanine funds.

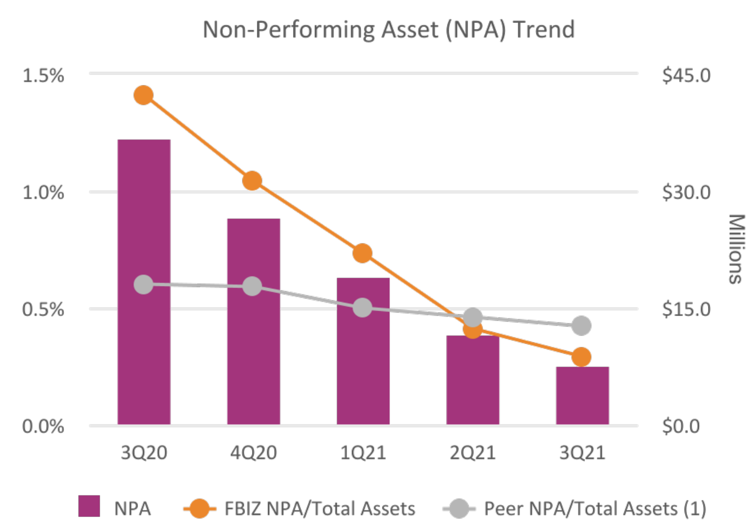
Private Wealth management fee income reached a record $2.8 million in the quarter, while assets under management and administration also reached a new record – totaling $2.7 billion as of September 30, 2021, an increase of 20% annualized from the second quarter of 2021, driven by robust growth in new and existing clients as well as strong investment performance.

Other non-interest income of $1.9 million for the third quarter included strong returns from our limited partnership investments in Aldine Capital Funds. We began our investment in Aldine with the launch of their initial fund in 2006. Since then, we have invested in Aldine's next two funds and continue to be rewarded with consistently strong returns. More recently, we invested in Dane Workforce Housing Fund, LLC, which was organized in 2020 to originate and administer investments for the purpose of alleviating the shortage of Affordable Workforce Housing Units in Dane County, Wisconsin. In 2021, we invested in the Banktech Ventures LP fintech fund launched by the Independent Community Bankers of America and Hovde Group. Perhaps even more important than the favorable returns we anticipate from this investment is the access to new technology. Through our investment in this fund, First Business Bank will have insight into emerging technologies that we can evaluate to drive internal efficiencies, preferred access to those technologies as a limited partner, and the ability to guide and influence the fund's investment in technologies. The opportunity to be at the forefront of digital banking trends and technology development is very attractive to us as we consistently seek opportunities to better serve our clients.

First Business Bank's performance illustrates the value of our diversified fee-generating offerings as the strength of Private Wealth and our mezzanine fund investments offset commercial loan interest rate swap fee income, which can vary quarter to quarter. Importantly, we expect that gains on the sale of SBA loans will rebound in the coming quarters and already in the first weeks of the fourth quarter, our team completed two commercial loan interest rate swap transactions generating a total of $684,000 in fees. First Business Bank has multiple levers to pull and this gives us flexibility in how we generate and grow non-interest income.

Positive Asset Quality Trends

Our team's continued focus on credit quality resulted in further improvements to our asset quality metrics during the third quarter and a sizeable loan loss provision benefit that contributed to our strong earnings.



This marks our third consecutive quarter of loan loss provision benefit. Like much of the industry, we have had stronger credit performance year-to-date in 2021 than was expected when reserves were built last year. While we know that reserve releases cannot continue indefinitely, we expect the strong asset quality metrics we reported this quarter to continue, reflecting our team's disciplined approach to credit and strong relationships with our clients.

For the fourth consecutive quarter, we reduced non-performing assets (NPAs) by over 25%, and they are now down to only $7.6 million on September 30, 2021. This reflects an improvement of 34% from June 30, 2021 and 79% from one year prior. Our ratio of NPAs to total assets, excluding net PPP loans, improved to 0.30% at September 30, 2021, the lowest level since 2006. Additionally, we reported net recoveries of $1.3 million in the third quarter of 2021. We believe this dramatic asset quality improvement should remove an issue that has been weighing on our stock valuation.

We continue to anticipate the potential for loan loss reserve releases in future quarters due to our very strong historical loss rates and the performance of our regions' economies. We will, of course, continue to monitor our portfolios and the economic conditions closely and respond accordingly.

Momentum into 2022

As I reflect on the performance of the First Business Bank team thus far in 2021, I'm more confident than ever in our future prospects. We are delivering consistent, solid fundamental performance that is resulting in excellent earnings growth. Even when the benefits from reserve releases moderate, the exceptional fundamentals we have in place – including talent capable of driving continued organic loan, deposit, and fee income growth – will remain. Our efforts are increasing the inherent value of our bank and creating value for our shareholders, as evidenced by significant tangible book value per share growth of 14% annualized in the quarter, to $25.11, which is nearly double the long-term growth rate of 8%. This value creation is also reflected in our stock price, which is up 53% year-to-date, as of November 17, 2021.

On behalf of our Board and management, I thank you for your continued interest in and support of First Business Bank and look forward to updating you on our full year 2021 results in the new year.

Corey

Corey Chambas, President and CEO
First Business Financial Services, Inc.
parent company of First Business Bank

FBIZ
NASDAQ
LISTED

This letter includes "forward-looking statements" related to First Business Financial Services, Inc. (the "Company") that can generally be identified as describing the Company's future plans, objectives, goals or expectations. Such forward-looking statements are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those currently anticipated. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For further information about the factors that could affect the Company's future results, please see the Company's most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and other filings with the Securities and Exchange Commission. We do not intend to, and specifically disclaim any obligation to, update any forward-looking statements.

1. Peer group defined as publicly-traded bank with total assets between $1 billion and $5 billion.

Financial Highlights

(Unaudited)

Income Statement Data (Dollars in Thousands)	As of and for the Three Months Ended 9/30/21	9/30/20	% Change	As of and for the Nine Months Ended 9/30/21	9/30/20	% Change
Net interest income	$ 21,223	$ 18,621	14.0 %	$ 63,738	$ 54,558	16.8 %
Adjusted non-interest income[(1)]	7,015	7,408	(5.3)%	20,502	20,145	1.8 %
Total operating revenue	28,238	26,029	8.5 %	84,240	74,703	12.8 %
Total operating expense[(2)]	18,546	16,700	11.1 %	53,928	48,026	12.3 %
Pre-tax, pre-provision adjusted earnings[(3)]	9,692	9,329	3.9 %	30,312	26,677	13.6 %
Provision for loan and lease losses	(2,269)	3,835	(159.2)%	(5,295)	12,487	*
Net loss (gain) on foreclosed properties	6	(121)	(105.0)%	7	329	(97.9)%
Amortization of other intangible assets	7	9	(22.2)%	23	27	(14.8)%
SBA recourse (benefit) provision	(69)	57	(221.1)%	45	53	(15.1)%
Tax credit investment impairment	—	113	*	—	2,066	*
Loss on early extinguishment of debt	—	—	*	—	744	*
Net (gain) loss on sale of securities	—	—	*	(29)	4	*
Income before income tax expense	12,017	5,436	121.1%	35,561	10,967	224.3%
Income tax expense	2,819	1,143	146.6%	8,396	73	*
Net income	$ 9,198	$ 4,293	114.3%	$ 27,165	$ 10,894	149.4%
Efficiency ratio[(4)]	65.68 %	64.16 %		64.02 %	64.29 %	
Common Per Share Data						
Diluted earnings	$ 1.07	$ 0.50	114.0 %	$ 3.15	$ 1.27	148.0 %
Dividends declared	0.18	0.165	9.1 %	0.54	0.495	9.1 %
Tangible book value[(5)]	25.11	22.05	13.9 %	25.11	22.05	13.9 %

Balance Sheet Data (Dollars in Millions)	As of 9/30/21	9/30/20	% Change
Total loans and leases receivable	$ 2,123	$ 2,170	(2.2)%
Total assets	2,584	2,602	(0.7)%
In-market deposits[(6)]	1,830	1,667	9.8 %
Stockholders’ equity	225	201	11.9 %

* Not meaningful

(1) "Adjusted non-interest income" is a non-GAAP measure defined as non-interest income excluding net (gain) loss on sale of securities.

(2) “Operating expense” is a non-GAAP measure defined as non-interest expense excluding net loss (gain) on foreclosed properties, amortization of other intangible assets, SBA recourse (benefit) provision, tax credit investment impairment, loss on early extinguishment of debt, and other discrete items, if any.

(3) “Pre-tax, pre-provision adjusted earnings” is a non-GAAP measure defined as pre-tax income excluding the effects of provision for loan and leases losses, net loss (gain) on foreclosed properties, amortization of other intangible assets, SBA recourse (benefit) provision, tax credit investment impairment, loss on early extinguishment of debt, and net (gain) loss on sale of securities.

(4) “Efficiency ratio” is a non-GAAP measure defined as total operating expense divided by total operating revenue. Please refer to the calculations and management’s reason for using these non-GAAP measures in the Company’s most recent investor presentation, included as an exhibit to our Current Report on Form 8-K filed with the SEC on November 10, 2021.

(5) "Tangible book value" is a non-GAAP measure representing tangible common equity divided by total common shares outstanding. "Tangible common equity" itself is a non-GAAP measure representing common stockholders' equity reduced by intangible assets, if any.

(6) In-market deposits consists of all transaction accounts, money market accounts, and non-wholesale deposits.

STOCK PERFORMANCE

This table shows the high, low, and closing price for FBIZ's common stock in recent quarters as reported by Nasdaq.

Quarter Ending	Trade Price High	Trade Price Low	Closing Price	Volume
9/30/2021	29.42	25.70	28.71	1,352,916
6/30/2021	28.61	23.74	27.07	3,332,287
3/31/2021	27.49	17.56	24.73	1,290,300
12/31/2020	20.74	14.12	18.41	923,937
9/30/2020	19.23	13.66	14.29	1,110,718

INVESTOR MATERIALS

Annual quarterly shareholder reports, regulatory filings, press releases, and articles about the corporation which have appeared in various publications are generally available in the "Investor Relations" section of our website, or may be obtained from Mr. Ed Sloane, Jr. by calling (608) 232-5970 or via online form.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The corporation offers its shareholders a convenient and economical plan to increase their investment in First Business Financial Services common stock. This plan provides a method of investing cash dividends and voluntary cash payments in additional shares of common stock without payment of brokerage commissions or service charges.

Individuals who wish to purchase FBIZ stock for the first time may also participate in this plan. For additional information about the plan and a brochure, please contact:

Computershare CIP
c/o Computershare Investor Services
P.O. Box 30170 College Station, TX 77842-3170
www.computershare.com/investor

1-800-893-4698 (U.S. and Canada)
1-781-575-3120 (Outside U.S. and Canada)