

FIRST BUSINESS FINANCIAL, SERVICES, INC.
CORPORATE GOVERNANCE GUIDELINES

Approved: January 24, 2020

1. The Role of the Board of Directors

The First Business Financial Services, Inc. (the “Company”) Board of Directors (the “Board”) is elected by the Company’s shareholders to oversee management and to act in a manner that helps assure that the long-term interests of the shareholders are being served.

2. Director Responsibilities

The Board has four regularly scheduled meetings a year, and meets at other times as needed. The Directors meet to review and discuss reports furnished by management on the performance of the Company, the Company’s plans for the future, as well as other issues facing the Company. Committees of the Board also meet regularly to carry out their functions and responsibilities. Each Director is expected to attend substantially all of the meetings of the Board and substantially all of the meetings of each Committee on which the Director serves. Each Director is expected to attend the Company’s annual meeting of shareholders. Each Director is expected to review all materials provided by the Company relating to matters to be considered at the meetings. Directors who are not employees of the Company should meet in executive session at the conclusion of each of the Board’s regularly scheduled meetings, and additionally as needed, without the presence of any Directors or other persons who are part of the Company’s management.

3. Director Qualifications

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders. They should have an inquisitive and objective perspective, practical wisdom and mature judgment. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively.

4. Independent Directors

The Board should have a majority of Directors who are independent, as defined in the rules of the Securities and Exchange Commission (“SEC”) and the appropriate Nasdaq Listing rules or the rules of any exchange or automated quotation system then applicable to the Company.

5. Board Committees

The Board has established the following standing Committees to assist in discharging board responsibilities: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Operational Risk Committee. Each Committee has a charter, meets regularly, and keeps minutes of its meetings, which are reviewed and approved by the full Board.

Members of a Committee shall be independent consistent with requirements applicable to a member of such Committee in accordance with the rules of the SEC and the appropriate Nasdaq Listing rules or the rules of any exchange or automated quotation system then applicable to the

Company, including, in the case of members of the Audit Committee or Compensation Committee, any additional requirements for members of such Committees.

6. Access to Management and Independent Advisors

Directors are encouraged to contact the Company's senior management in order to keep themselves adequately informed. In addition, the Board and its Committees have the right at any time to consult with and retain independent legal, financial or other advisors.

7. Director Compensation

The Compensation Committee shall periodically conduct a review of the components and amount of director compensation and may consider the following in fixing the compensation to be paid to Directors who are not employees of the Company for serving on the Board and its Committees:

- the compensation that is paid to Directors of other companies comparable to the Company;
- the amount of time that Directors will be required to devote to preparing for and attending meetings of the Board and the Committees on which they serve; and
- the risks involved in serving as a Director and member of Board Committees.

The Compensation Committee shall recommend any Director Compensation changes to the Board for approval.

8. Selection of Board Members

The Corporate Governance and Nominating Committee of the Board of Directors ("Governance Committee") shall be responsible for applying the general and specific criteria for Board membership as Criteria for Director Nominees (Appendix A) as approved by the Board. Also, the Governance Committee shall be responsible for evaluating on an ongoing basis all Directors and Director candidates based on such general and specific criteria and for seeking to assure that specific talents, skills and other characteristics that are needed to increase the Board's effectiveness are possessed by an appropriate combination of Directors and that the Board is a diverse body.

The Governance Committee shall be responsible for identifying individuals qualified to become members of the Board, consistent with criteria approved by the Board, and shall recommend to the Board nominees to be members of the Board. The Governance Committee, with the input of the Chair of the Board and Chief Executive Officer ("CEO"), will recommend to the Board (i) nominees for Board membership to fill vacancies or newly created Directorships, (ii) the persons to be nominated by the Board for election by the Company's shareholders at annual or special meetings of shareholders, and (iii) Committee assignments and rotation of Committee members. The Board shall be responsible for selecting nominees to be members of the Board and for recommending them for election by the shareholders at annual or special meetings of shareholders.

The Governance Committee will consider persons recommended by shareholders to become nominees for election as Directors in accordance with the criteria set forth in these Guidelines and the Corporate Governance and Nominating Committee Charter. Recommendations for consideration by the Governance Committee should be sent to the Secretary of the Company in writing together with appropriate biographical information concerning each proposed nominee.

The Company's By-laws also set forth certain requirements for shareholders wishing to nominate director candidates directly for consideration by shareholders.

In addition to other criteria that may be developed from time to time pursuant to these Guidelines and the Governance Committee Charter, the Board has established certain criteria for director candidates that are set forth in Appendix A.

9. Board and Committee Orientation and Continuing Education

The Governance Committee shall be responsible for the development and ongoing review of and management is responsible for implementation of an orientation for new Directors. Directors will receive appropriate information designed to familiarize them with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of ethics, its principal officers and its internal and independent auditors. The Board will comply with any applicable federal laws, SEC rules, or listing rules pertaining to the continuing education of Directors. Board members are encouraged to voluntarily participate in continuing education events which they believe would enhance their value to the Company. The Company will reimburse CEO pre-approved expenses per the Director Education Procedure. The Chair of each Board Committee is responsible for providing an orientation for new Committee members consistent with guidelines recommended by the Governance Committee.

10. Management Succession, CEO Compensation and CEO Annual Performance Evaluation

As part of their role in directing the management of the business and affairs of the Company, the Directors are responsible for selecting, evaluating and compensating the CEO and for overseeing the Company's succession planning activities. The Board has delegated responsibility for CEO Compensation and Performance Evaluation to the Compensation Committee and responsibility for CEO succession planning to the Governance Committee. The Compensation Committee is responsible for making recommendations to the Board concerning annual and long-term performance goals for the CEO and for evaluating his or her performance against such goals.

The Governance Committee shall report the results of their CEO succession planning reviews to the Board at least annually, the Board shall review and concur on a CEO succession plan, addressing the policies and principles of selecting a successor to the CEO, both in an emergency situation and in the ordinary course of business. The Board's responsibility is to ensure that the Company's management has the capabilities to enable the Company to operate in an efficient and businesslike fashion in the event of a vacancy in senior management, either anticipated or sudden.

11. Performance Evaluations

The Board will conduct annual or biennial Board, Committee and individual director self and peer evaluations to determine whether it and its Committees are functioning effectively. The Governance Committee will recommend a process for an assessment of the Board's, Committees' and individual director's performance. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board could improve.

12. Hedging and Pledging Policies

The Company's Insider Trading Policy prohibits Section 16 Officers and Company Directors from entering into hedging transactions involving Company stock. No Section 16 Officer or

Company Director shall pledge FBIZ shares as collateral for a loan, including through the use of a traditional margin account.

13. Director and Section 16 Status Change Policies and Service on Other Boards

The Company's Director and Executive Officer Status Change Policy requires prior Governance Committee approval of a Director's change in primary residence, principal location or directorship with another company. The policy additionally requires that prior to accepting an outside board directorship or significant new responsibilities on an outside board, the CEO obtain approval of the Company's Board Chair, and Section 16 officers receive approval from the Company's CEO and in the case of subsidiary CEOs, their own board of directors.

14. Director and Executive Officer Stock Ownership Guidelines

The Company believes that meaningful stock ownership by its Executive Officers and Directors strengthens the alignment of the Executive Officers and Directors with the Company's shareholders and promotes the Company's long-term business objectives. The Company maintains Stock Ownership Guidelines, which may be revised from time to time. The Stock Ownership Guidelines are generally as follows:

Position	Stock Ownership Level
Company non-employee directors	Three times annual cash and equity retainer
Company CEO	Three times base salary
Other Executive Officers	One times base salary

Directors and Executive Officers have five years from the later of the date the Guidelines relevant to them were established or the date they were hired, appointed or elected to their position. Any exceptions must follow the process outlined in the Guidelines.

15. Communication with Directors

Shareholders and other interested parties may communicate with the Board, non-management Directors as a group or individual Directors, by delivering in writing in care of the Secretary of the Company. The written communication should be addressed to the specific Director or Directors whom the shareholder or interested party wishes to contact. Such communication will be delivered directly to the Director or Directors to whom it is addressed by the Secretary of the Company.

APPENDIX A CRITERIA FOR DIRECTOR NOMINEES

In making recommendations to the Company's Board of nominees to serve as Directors, the Corporate Governance and Nominating Committee will examine each Director nominee on a case-by-case basis regardless of who recommended the nominee and take into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills or financial acumen, and industry knowledge. In evaluating director nominees, the Board with the assistance of the Corporate Governance and Nominating Committee, shall consider diversity of viewpoint, backgrounds, technical skills, industry knowledge and experience and local or community ties as well as diversity of personal characteristics such as race, gender, age, ethnicity and geographic representation. The Board believes the following minimum qualifications must be met by a Director nominee to be recommended by the Corporate Governance and Nominating Committee:

1. Each Director must display high personal and professional ethics, integrity and values.
2. Each Director must have the ability to exercise sound business judgment.
3. Each Director must be accomplished in his or her respective field as an active or former executive officer of a public or private organization, with broad experience at the administrative and/or policy-making level in business, government, education, technology or public interest.
4. Each Director must have relevant expertise and experience, and be able to offer advice and guidance based on that expertise and experience.
5. Each Director must be independent of any particular constituency, be able to represent all shareholders of the Company and be committed to enhancing long-term shareholder value.
6. Each Director must have sufficient time available to devote to activities of the Board of Directors and to enhance his or her knowledge of the Company's business. The Board also believes Directors should be selected so the Board is balanced with each Director contributing talents, skills and experiences that the Board needs as a team, supplementing existing resources and providing talent for future needs so that the Board is a diverse body.