

First Business Financial Services, Inc.

NasdaqGS:FBIZ

Shareholder/Analyst Call

Friday, April 24, 2020 4:00 PM GMT

Table of Contents

Call Participants	3
	
Presentation	4
	

Call Participants

EXECUTIVES

Corey A. Chambas
President, CEO & Director

Gerald L. Kilcoyne

Unknown Executive

Presentation

Operator

Hello, and welcome to the Annual Meeting of Shareholders for First Business Financial Services, Inc. Please note that today's meeting is being recorded.

I would like to welcome Gerry Kilcoyne, Board Chair who will lead the meeting.

Gerald L. Kilcoyne

Good morning, and welcome to the 2020 Annual Meeting of Shareholders. I am Gerald Kilcoyne, First Business Financial Services Board Chair.

This meeting has 2 sections. First, we will hold the legal meeting and report the voting results on the 4 proposals listed in the proxy. As in past years, we'll be allocating time for questions from shareholders after the legal portion of the meeting is adjourned.

If you entered this webinar as a guest and want to ask a question, you will need to disconnect and reconnect as a shareholder and enter a control number when joining the webcast. You may submit questions during the meeting by clicking on the Message icon in the upper right corner of the meeting center screen, as seen in the example of the slide.

I call your attention to the rules of conduct for submitting questions. Questions can be submitted at any time during the meeting and will be answered during the Q&A session following the conclusion of the legal meeting.

I now call the First Business Financial Services Annual Shareholder Meeting to order. Shareholders have been asked to vote on 4 proposals. Each proposal is outlined in the proxy statement and is summarized on the screen. All shareholders as of February 28, 2020, can vote their shares. If you've already voted, your vote has been counted. If you have not yet voted or would like to change your vote, you can do so online by selecting Cast Your Vote on the meeting broadcast page. Voting will close in the next few minutes.

[Voting]

While we're waiting for any last minute votes, I would like to acknowledge the members of your Board of Directors, as shown on the slide, all of whom are attending this meeting. I would also like to acknowledge the First Business Financial Services senior management team, as shown on the slide, and thank them for delivering a great year of operating and financial results in 2019, and for their leadership during these challenging times.

Also with us is Chris Camp of Crowe LLP, our independent financial accounting firm, who is available to respond to appropriate shareholder questions during the Q&A session, following the adjournment of the legal meeting.

The voting is now closed. Julie Silver of Computershare, the inspector of elections has informed me that we have a quorum.

I will now share the preliminary results. First, each of the nominees for the Board of Directors has been elected; second, the employee stock purchase plan was approved; third, the executive compensation proposal was approved; and fourth, Crowe LLP has been ratified as our independent registered accounting firm. These results are preliminary until verified by computers here. The final results will be detailed in an 8-K filing with the SEC in a few days.

This concludes the legal portion of the Annual Meeting of shareholders, and the meeting is adjourned.

Before we begin the Q&A session, I'd like to draw your attention to the forward-looking statement disclosure on the screen, and remind you that certain matters that may be discussed during the Q&A session may be forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements as described on this slide and as detailed in our Form 10-K for the year ended December 31, 2019, are subject to certain risks and uncertainties that may materially adversely affect our anticipated results so we urge you to carefully consider these factors and evaluating any of our forward-looking statements.

I would now like to introduce our President and Chief Executive Officer, Corey Chambas.

Corey A. Chambas

President, CEO & Director

Thank you, Gerry. Fortunately, First Business had in place a robust and well-tested business continuity plan that included [Audio Gap]. This, coupled with our historic strong investment in technology, allowed us to quickly and somewhat seamlessly move to having almost all of our employees continuing to serve our clients remotely from the safety of their homes. This situation has again shown how critical communication is, both internally with employees and externally with clients. It is also driven home the value of a strong team-oriented culture and how that ultimately manifests itself in an unbelievable commitment to our clients.

We were also very fortunate that we could leverage a proprietary client portal that we had previously built for one of our business lines, to create a PPP portal within days of the plan's announcement. That, along with our SBA expertise, and a [indiscernible] long hour [Audio Gap] from a large committed team of employees, allowed us to create a very positive client experience in a very stressful situation, and allowed us to have a positive impact on over 600 small and mid-sized businesses and their 26,000-plus employees.

My dad was not at all a reader, but he often like to use the opening line from Charles Dickens, A Tale of Two Cities, it was the best of times, it was the worst of times. And I couldn't help but think of that when I looked at our stock performance from 2019 and so far in 2020.

As you can see here, in 2019, a peer group of public banks our size had solid returns of about 15%, including stock price appreciation and dividends, while First Business with its very strong 2019 operating performance returned nearly 40% for our shareholders.

Then in 2020, as we all know, the COVID-19 pandemic struck, Fed funds rate was cut by 150 basis points to near 0, and there was a precipitous drop in equity prices across the board. Bank stocks were even more severely hit as the extremely low rate environment and anticipated future credit losses were priced pessimistically into the industry-wide outlook.

I did want to give some historical perspective on First Business's credit performance during the Great Recession, which was our last credit cycle. As you can see, First Business' conservative underwriting practices paid off as actual losses were well below the industries. Consequently, First Business did not suffer a loss in any of these years. While we don't yet know how this current cycle will play out, we believe our strong credit focus and our lack of retail consumer lending portfolio, credit cards, HELOCS, auto loans, et cetera, should again differentiate us on a relative basis.

In addition, as we go into this downturn, our capital and loan loss cushion is more than 50% higher than it was as we entered the Great recession. Therefore, I believe we are well positioned to face the economic challenges ahead.

Gerry, that concludes my remarks.

Gerald L. Kilcoyne

Thank you, Corey. I'm now pleased to open the Q&A session of the meeting to answer any questions submitted by our shareholders. Please adhere to the rules of conduct guidelines shared earlier. I will now ask our Corporate Secretary, Lynn Ann Parrish, to read the questions. Lynn Ann, are there any questions from shareholders?

Unknown Executive

Gerry, we have received no shareholder questions at this time.

Gerald L. Kilcoyne

Okay. Well, thank you, Lynn Ann. Well, this will conclude the Q&A session. Any time you have questions, please feel free to reach out to the company via our Investor Relations website. A recording of the meeting will be added to our Investor Relations website in the near future. I want to thank you for attending the Annual Meeting of shareholders.

Copyright © 2020 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

© 2020 S&P Global Market Intelligence.