



# Investor Presentation

First Quarter 2024

F B I Z  
NASDAQ  
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# Forward-Looking Statements

When used in this presentation, and in any other oral statements made with the approval of an authorized executive officer, the words or phrases “may,” “could,” “should,” “hope,” “might,” “believe,” “expect,” “plan,” “assume,” “intend,” “estimate,” “anticipate,” “project,” “likely,” or similar expressions are intended to identify “forward-looking statements” within the meaning of such term in the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties, including among other things: (i) Adverse changes in the economy or business conditions, either nationally or in our markets, including, without limitation, inflation, supply chain issues, labor shortages, and the adverse effects of the COVID-19 pandemic on the global, national, and local economy, which may affect the Corporation’s credit quality, revenue, and business operations; (ii) Competitive pressures among depository and other financial institutions nationally and in our markets; (iii) Increases in defaults by borrowers and other delinquencies; (iv) Our ability to manage growth effectively, including the successful expansion of our client support, administrative infrastructure, and internal management systems; (v) Fluctuations in interest rates and market prices; (vi) The consequences of continued bank acquisitions and mergers in our markets, resulting in fewer but much larger and financially stronger competitors; (vii) Changes in legislative or regulatory requirements applicable to us and our subsidiaries; (viii) Changes in tax requirements, including tax rate changes, new tax laws, and revised tax law interpretations; (ix) Fraud, including client and system failure or breaches of our network security, including our internet banking activities; and (x) Failure to comply with the applicable SBA regulations in order to maintain the eligibility of the guaranteed portions of SBA loans. These risks could cause actual results to differ materially from what FBIZ has anticipated or projected. These risks could cause actual results to differ materially from what we have anticipated or projected. These risk factors and uncertainties should be carefully considered by our shareholders and potential investors. For further information about the factors that could affect the Corporation’s future results, please see the Corporation’s annual report on Form 10-K for the year ended December 31, 2023 and other filings with the Securities and Exchange Commission. Investors should not place undue reliance on any such forward-looking statement, which speaks only as of the date on which it was made. The factors described within the filings could affect our financial performance and could cause actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods. Where any such forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, FBIZ cautions that, while its management believes such assumptions or bases are reasonable and are made in good faith, assumed facts or bases can vary from actual results, and the differences between assumed facts or bases and actual results can be material, depending on the circumstances. Where, in any forward-looking statement, an expectation or belief is expressed as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will be achieved or accomplished. FBIZ does not intend to, and specifically disclaims any obligation to, update any forward-looking statements.

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# First Business Bank

NASDAQ: FBIZ — \$282 million Market Cap<sup>1</sup>

FBIZ Business Banking<sup>2</sup>

**\$3.5 Billion**<sup>3</sup>  
IN TOTAL ASSETS

FBIZ Private Wealth

**\$3.3 Billion**<sup>3</sup>  
IN ASSETS UNDER MANAGEMENT &  
ADMINISTRATION

**Headquarters:** Madison, WI

**Mission:** Build long-term shareholder value as an entrepreneurial banking partner that drives success for businesses, investors, and our communities

- Serving unique needs of business executives, entrepreneurs, and high net worth individuals through Business Banking, Private Wealth, and Bank Consulting
- Within Business Banking, our commercial banking offerings are focused on our attractive Midwest markets while Specialty Finance products and services have national reach
- Efficient and highly scalable model with very limited branch network and exceptional digital capabilities



1. Market capitalization as of 4/25/2024.

2. Consists of all on-balance sheet assets for First Business Financial Services, Inc. on a consolidated basis.

3. Data as of 3/31/2024.

# WHY FBIZ?

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# Growing Profitability

FBIZ's Historic and Ongoing Growth Supports Earnings Power

## Differentiated Loan Growth Capabilities

History of consistent double-digit growth

Growth is C&I focused and diversified

**12%**

5-year Loan CAGR  
2018-2023

## Strong & Stable Deposit Franchise

Track record of double-digit growth driven by deep client relationships

Creates relatively stable NIM in a challenging environment (3.58% MRQ)

**15%**

5-year Core Deposit CAGR  
2018-2023

## Growing Profitability Profile

Consistent long-term positive operating leverage

Consistent double digit TBV growth

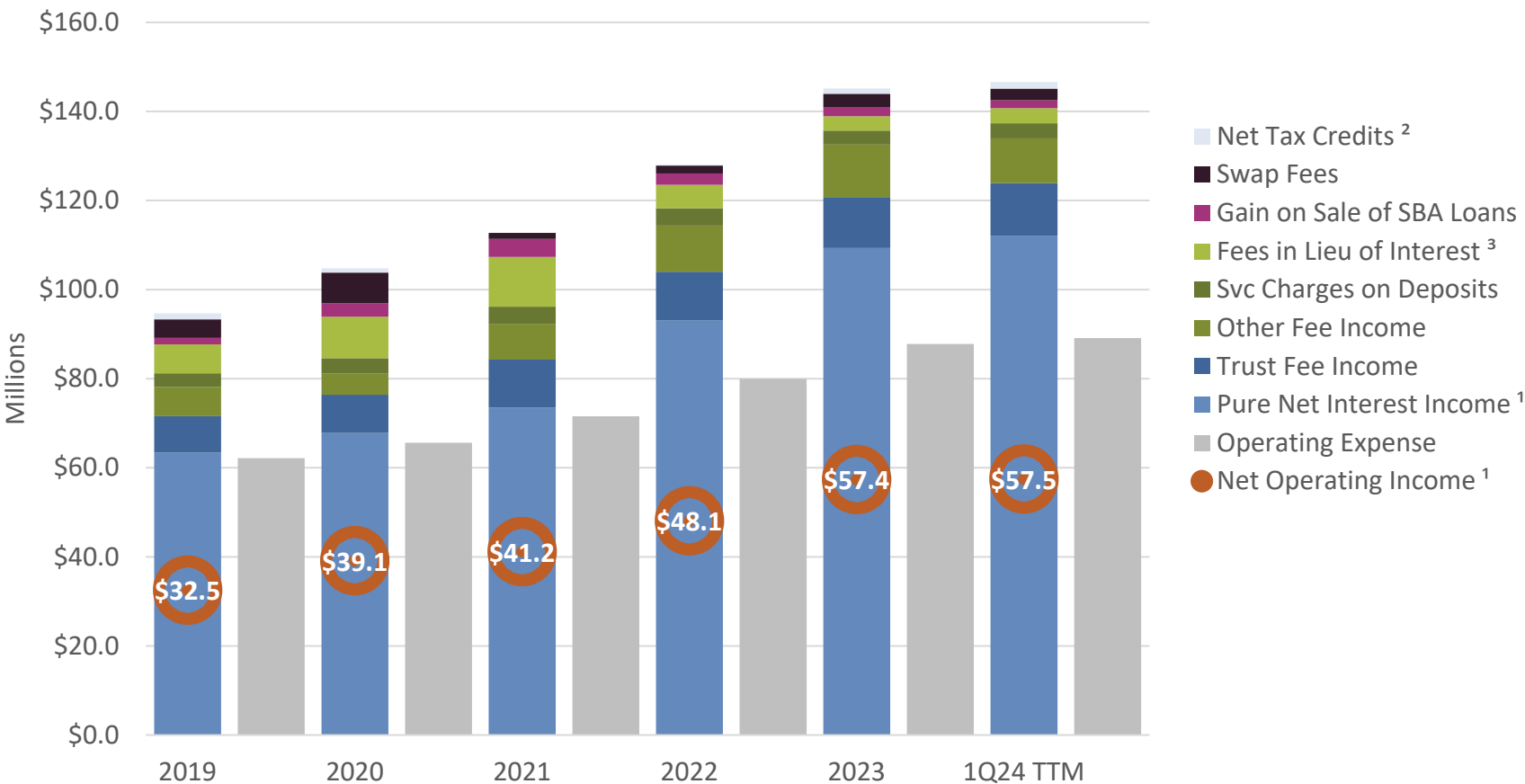
Record PTPP ROAA of 1.75% for 2023

**11%**

5-year TBV/Share CAGR  
2018-2023

# Balanced and Steady Growth

Operating Fundamentals Drive Earnings Power



## Operating Income Highlights

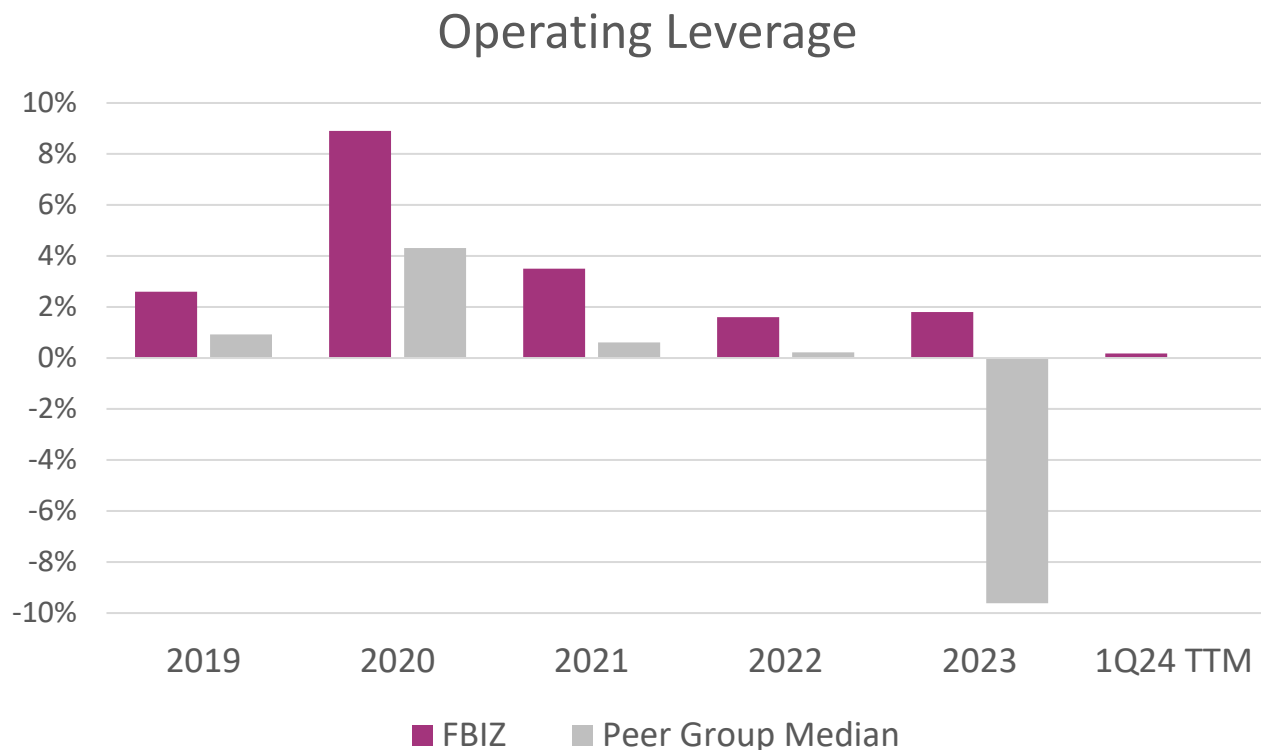
- Steady revenue expansion supported by:
  - Double-digit loan and deposit growth
  - Strong and stable net interest margin
  - Diverse sources of non-interest income
- Strategic investments drive growth while maintaining positive long-term operating leverage
- Robust earnings power reflected in expansion of PTPP Adjusted ROAA to a record 1.75% for 2023.

Note: Net interest income is the sum of "Pure Net Interest Income" and "Fees in Lieu of Interest". Non-interest income is the sum of "Trust Fee Income", "Other Fee Income", "Service Charges", "SBA Gains", and "Swap Fees".

- "Pure Net Interest Income" and "Net Operating Income" are non-GAAP measurements. See appendix for non-GAAP reconciliation schedules.
- "Net Tax Credits" represent management's estimate of the after-tax contribution related to the investment in tax credits as of the reporting period disclosed.
- "Fees in Lieu of Interest" is defined as prepayment fees, asset-based loan fees, non-accrual interest, and loan fee amortization.

# Positive Operating Leverage

Ability to grow revenues faster than expenses outpaces peer group



- Strategic initiatives directed toward revenue growth and operating efficiency through use of technology have generated positive operating leverage on an annual basis
- Initiatives include:
  - Expanding higher-yielding C&I lending business lines
  - Strong focus on treasury management and growing core deposits
  - Increasing our commercial banking market share outside of Madison
  - Scaling our private wealth management business in our less mature commercial banking markets
  - Robotic process automation implementation
  - AI usage discovery and roll out

Note: Peer group defined as publicly traded bank with total assets between \$1.75 billion and \$7 billion. Peer data not yet available for 1Q24.

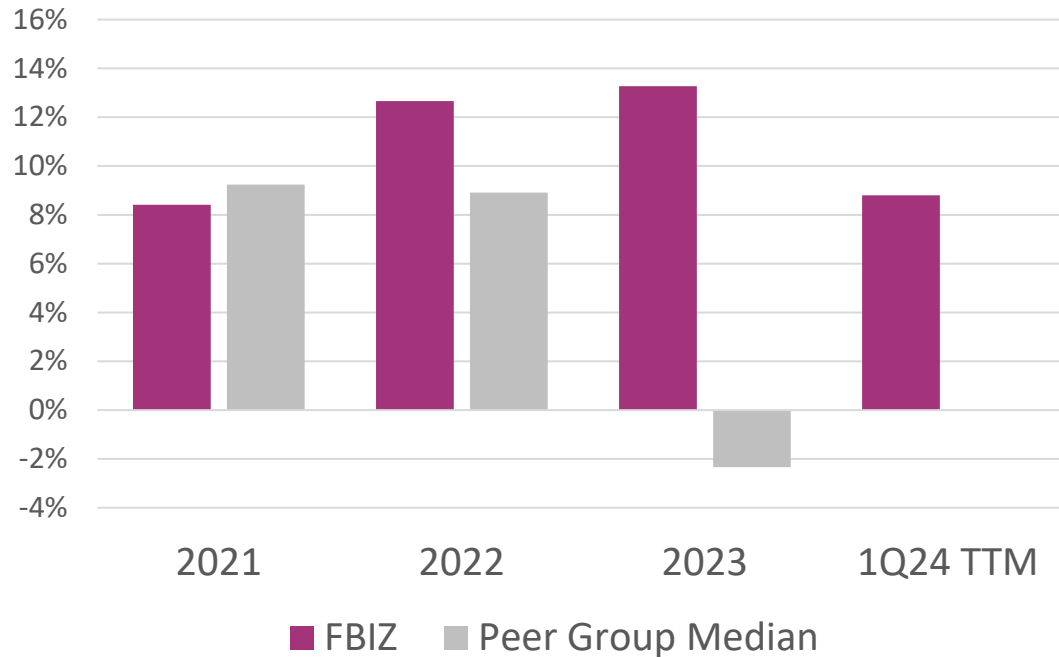
1. Operating leverage is defined as the percent growth in operating revenue less the percent growth in operating expenses.



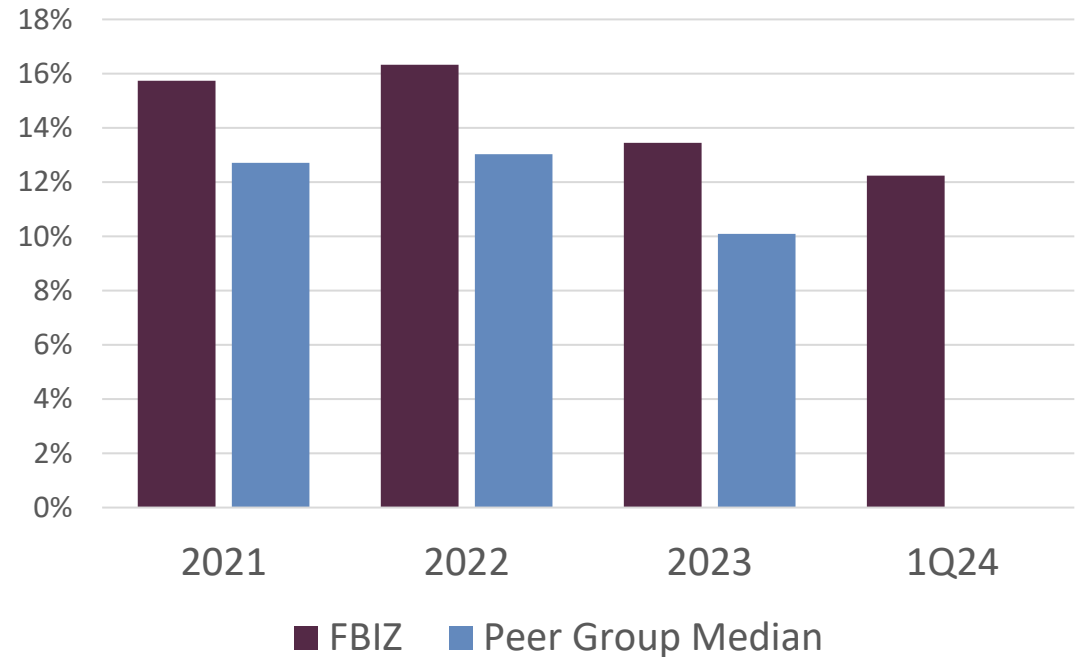
# Profitability Exceeds Peers

Top Line Revenue Growth and Efficient Capital Management Drives Strong Profitability

## Top Line Revenue Growth



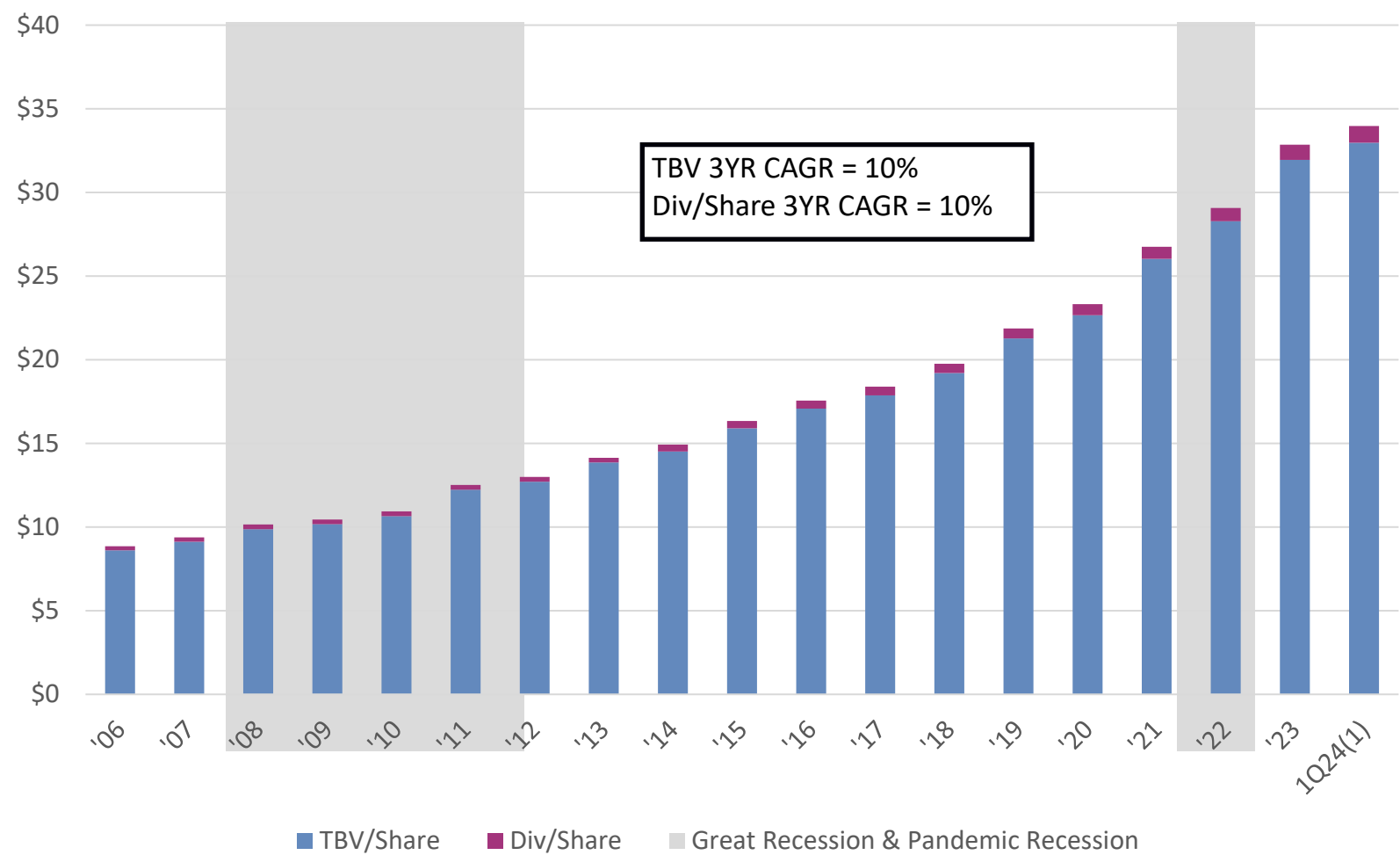
## Return on Average Common Equity



Note: Peer Group defined as publicly-traded banks with total assets between \$1.75 billion and \$7.0 billion. Source S&P Global Peer data not yet available for 1Q24.

# Tangible Book Value Growth

History of Steady, Consistent TBV and Dividend Growth Through Economic and Interest Rate Cycles

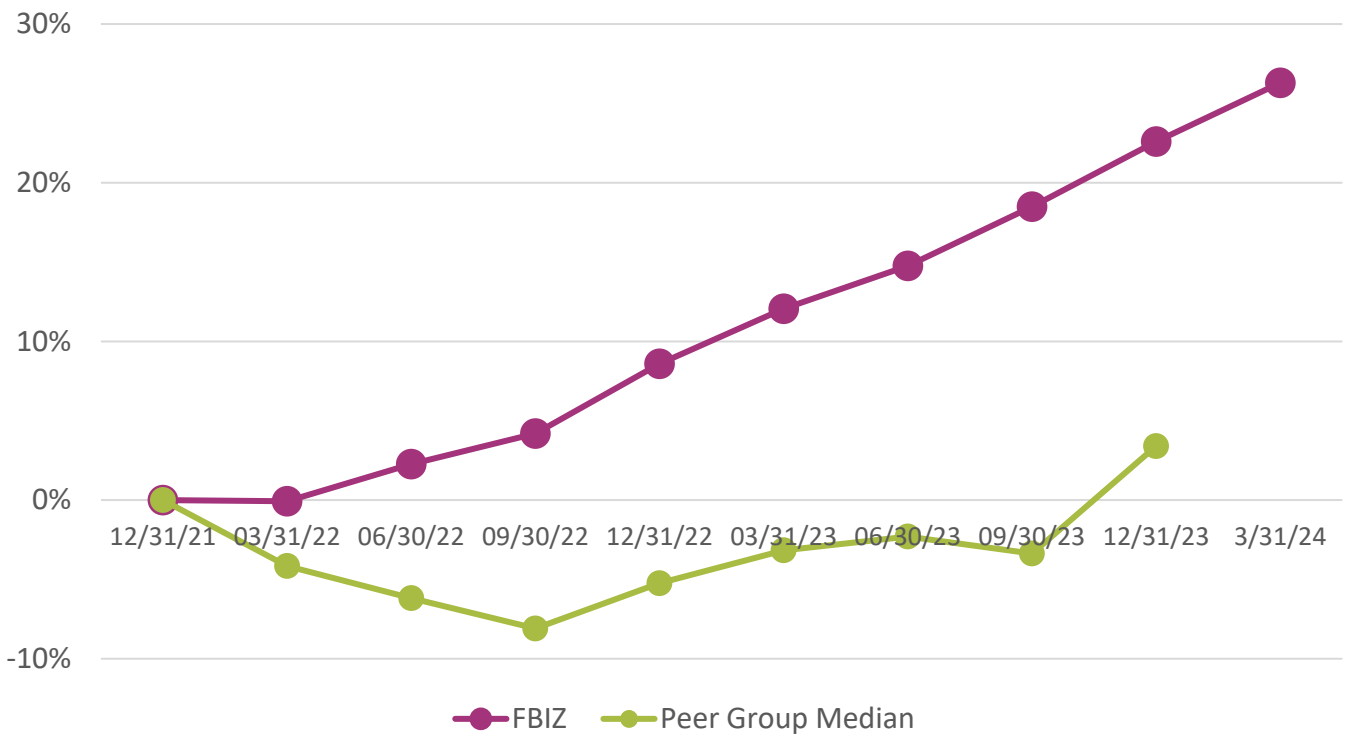


1. Q1 2024 dividends per share calculation is annualized.

# Rate Cycle Consistency

TBV/share above peers in current rate cycle

Cumulative TBV % Change During Current Rate Cycle



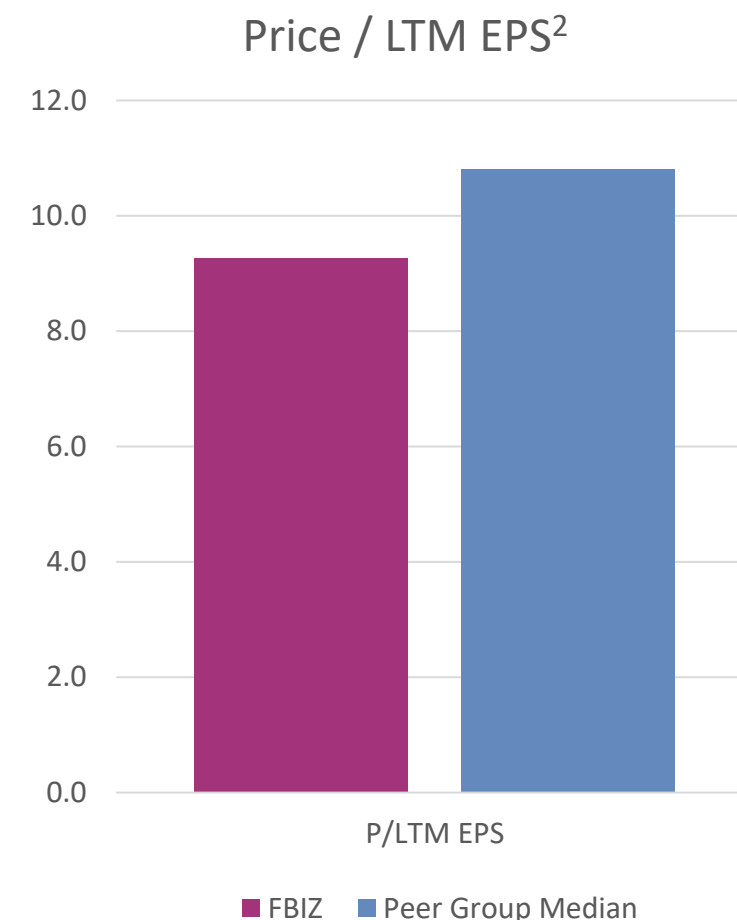
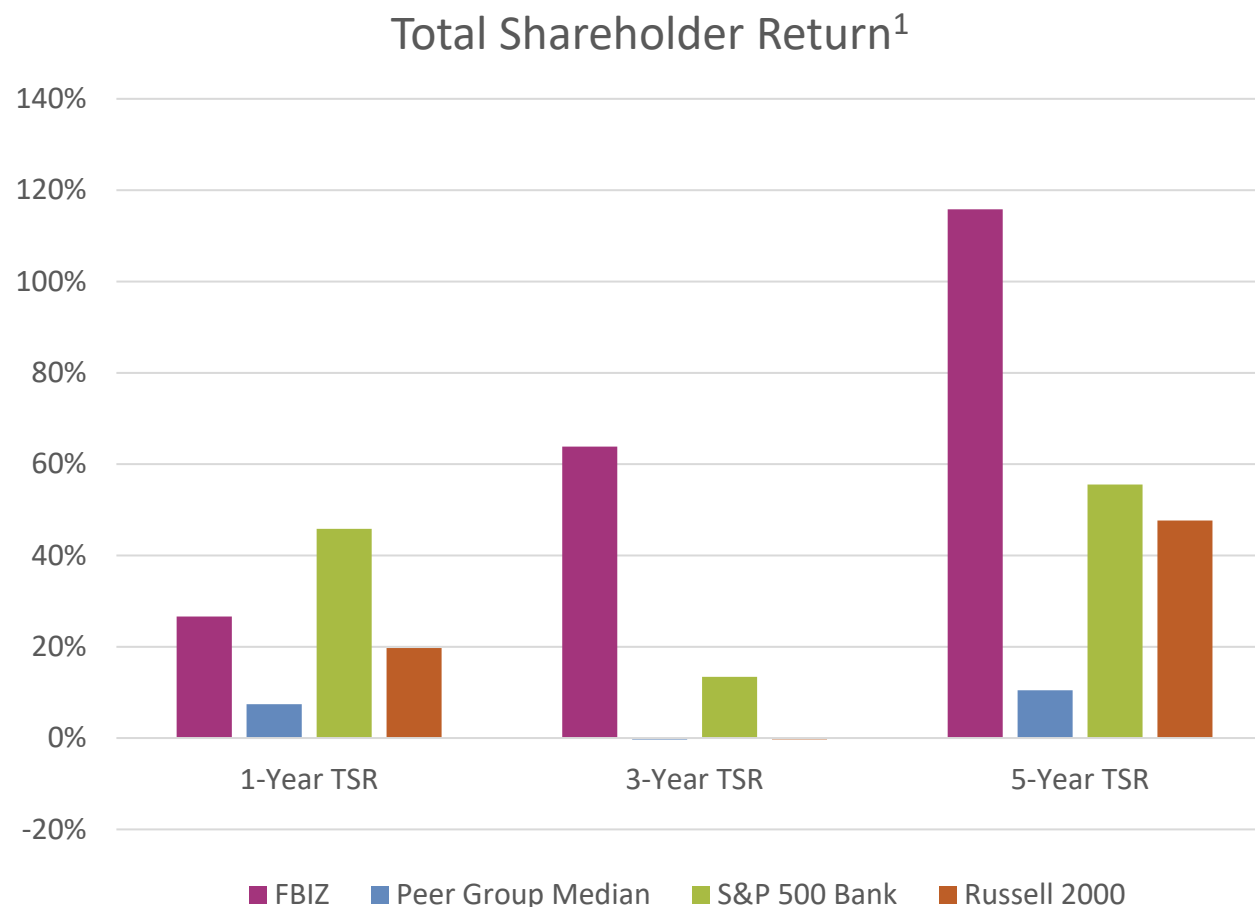
## Differentiated Approach Aids TBV Preservation

- FBIZ holds a small securities portfolio, and does not extend maturities to reach for yield
- FBIZ uses wholesale funding to match maturities with long-term fixed rate loans to lock in interest rate spread and maintain greater stability in net interest margin
- In the recent rising rate environment, this approach mitigates the impact of mark-to-market adjustments on our Accumulated Other Comprehensive Income (AOCI), a component of equity
- During the current rate cycle, FBIZ’s strong earnings more than offset the decline in AOCI, as tangible book value per share grew 26% compared to 3.4% for median peer banks.

Note: Peer Group defined as publicly-traded banks with total assets between \$1.75 billion and \$7 billion. Peer data not yet available for 1Q24.

# Total Shareholder Return Above Peer Group Median

Despite recent outperformance, Price/LTM EPS remains below peers



Note: Peer Group defined as publicly traded banks with total assets between \$1.75 billion and \$7.0 billion. Peer data not yet available for 1Q24.

1. 1-Year, 3-Year, and 5-Year TSR is through 3/31/2024.

2. Data as of 12/31/2023.

# Strategic Plan



# FBIZ Strategic Plan 2019-2023

Proven execution of strategic objectives

Goal	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Strategic Plan
Return on average common equity	12.55%	8.64%	16.21%	16.79%	13.79%	13.50%
Return on average assets	1.14%	0.70%	1.37%	1.46%	1.13%	1.15%
Top line revenue growth	9.10%	11.50%	8.41%	13.38%	12.55%	≥ 10% per year
Core deposits to total bank funding	75.50%	74.80%	82.88%	76.07%	75.99%	≥ 75%
Fee income ratio <sup>(1)</sup>	25.10%	25.90%	24.92%	23.02%	21.76%	25.00%
Client satisfaction	93%	96%	93%	95%	93%	≥ 90%
Employee engagement	82%	91%	87%	87%	90%	≥ 80%

1. Decrease throughout the plan year mainly due to net interest margin and loan growth greatly exceeding plan targets leading to exceptional net interest income growth.

# 2024-2028 Strategies



2024–2028  
**Strategies**

- 01 Protect & Strengthen Our Culture
- 02 Thrive In The Workplace Of The Future
- 03 Grow Our Core Deposits
- 04 Achieve Operational Excellence
- 05 Achieve Sustainable Profitability & Growth

# Strategic 5 Year Plan Overview

**Objective:** First Business Bank's unique model and culture will foster innovative and engaged team members who develop deep client relationships and deliver exceptional results for all stakeholders.

Deliver Above Average Total Shareholder Return (Above Peer Median)	5 Year Goals	Strategies
	<ul style="list-style-type: none"><li>• ROATCE</li><li>• TBV Growth</li><li>• Top Line Revenue Growth</li><li>• Efficiency Ratio</li><li>• Core Deposits to Total Funding</li><li>• Employee Engagement &amp; Participation</li><li>• Net Promoter Score</li></ul>	Culture
		<ul style="list-style-type: none"><li>• Protect and strengthen our unique culture with a growing and geographically dispersed team.</li></ul>
		Future-Ready Talent
		<ul style="list-style-type: none"><li>• Thrive in the workplace of the future by continuously investing in our team to elevate their impact and contribution</li></ul>
		Core Deposit Growth
		<ul style="list-style-type: none"><li>• Drive a company-wide commitment to grow our core deposits to meet funding needs by adding new relationships and capitalizing on innovative sources and new technologies.</li></ul>
		Operational Excellence
		<ul style="list-style-type: none"><li>• Achieve operational excellence by fostering a culture of continuous process improvement and utilization of innovative technology to enhance productivity and client experience.</li></ul>
		Profitable Performance
		<ul style="list-style-type: none"><li>• Optimize the performance of each business line and bank market to achieve sustainable profitability and growth goals.</li></ul>



# FBIZ Strategic Plan 2024-2028

Newly approved targets

Goals	2024-2028
ROATCE	≥15% by 2028
TBV Growth	≥10% per year
Revenue Growth	≥10% per year
Efficiency Ratio	<60% by 2028
Core Deposits to Total Funding	≥75%
Employee Engagement & Participation	≥85%
Net Promoter Score <sup>1</sup>	≥70

1. Net promoter score assesses likelihood to recommend on an 11-point scale, where detractors (scores 0-6) are subtracted from promoters (scores 9-10), while passives (scores 7-8) are not considered. See appendix for additional information on the source of the net promoter score.

# Drivers of Growth & Profitability

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# First Quarter 2024 Highlights

Continued solid loan and core deposit growth supports ongoing tangible book value expansion

## Net Income

\$8.6 MM

Solid bottom line profitability reflects success of efforts to grow deposits and loans at a double-digit pace, bolstering revenue growth and bringing relative stability to net interest margin in a volatile environment

## Loans

+ 9%

Robust Expansion Across Loan Products and Geographies

- Loans grew 8.5% annualized from the fourth quarter of 2023 and 14.6% from the first quarter of 2023

## Core Deposits

+18%

Continued Deposit Growth

- Average core deposits grew 17.6% annualized from the linked quarter and 17.3% from the first quarter of 2023

## NIM

3.58%

Diversified Balance Sheet Growth Supports Stable Net Interest Income

- Net interest income remained consistent with the linked quarter and grew 10.5% from the first quarter of 2023
- GAAP net interest margin of 3.58% declined 11 basis points from the linked quarter

## TBV per Share

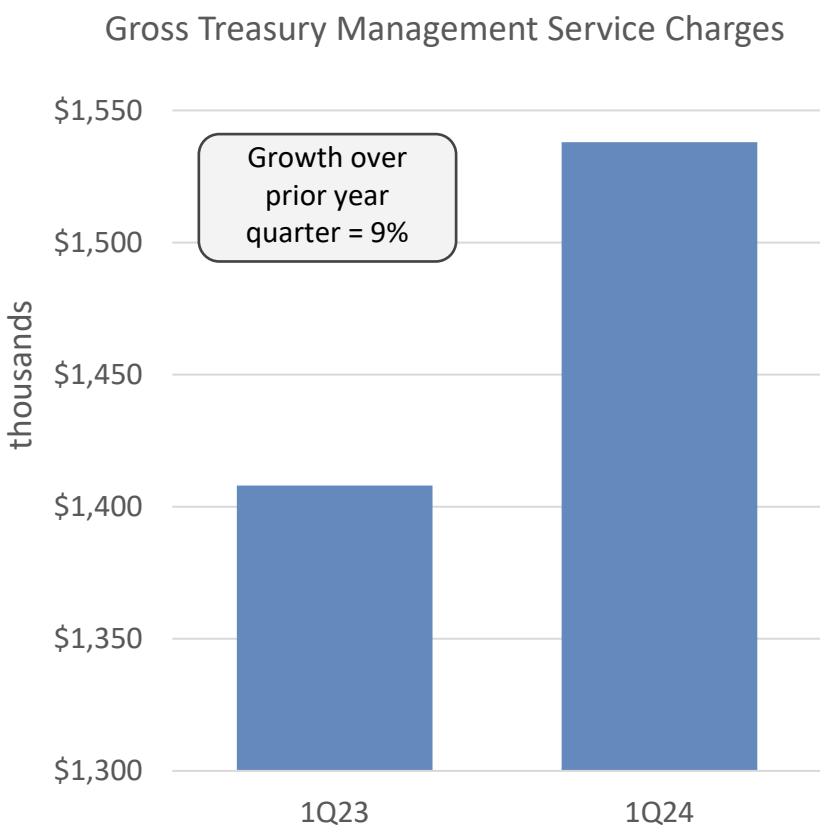
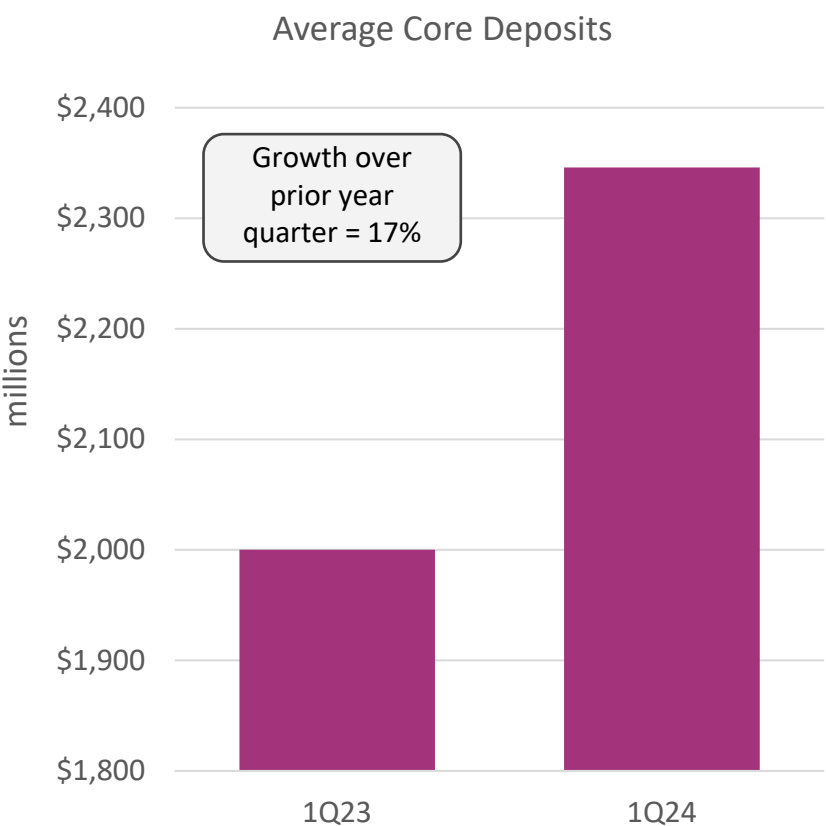
+13%

Strong earnings generation produced a 12.9% annualized increase in tangible book value per share compared to the linked quarter and 13.0% compared to the prior year quarter

Note: Percentages represent growth over the prior quarter.

# Relationship Banking Key to Success

Solid Core Deposit Growth Despite Banking Industry Trends

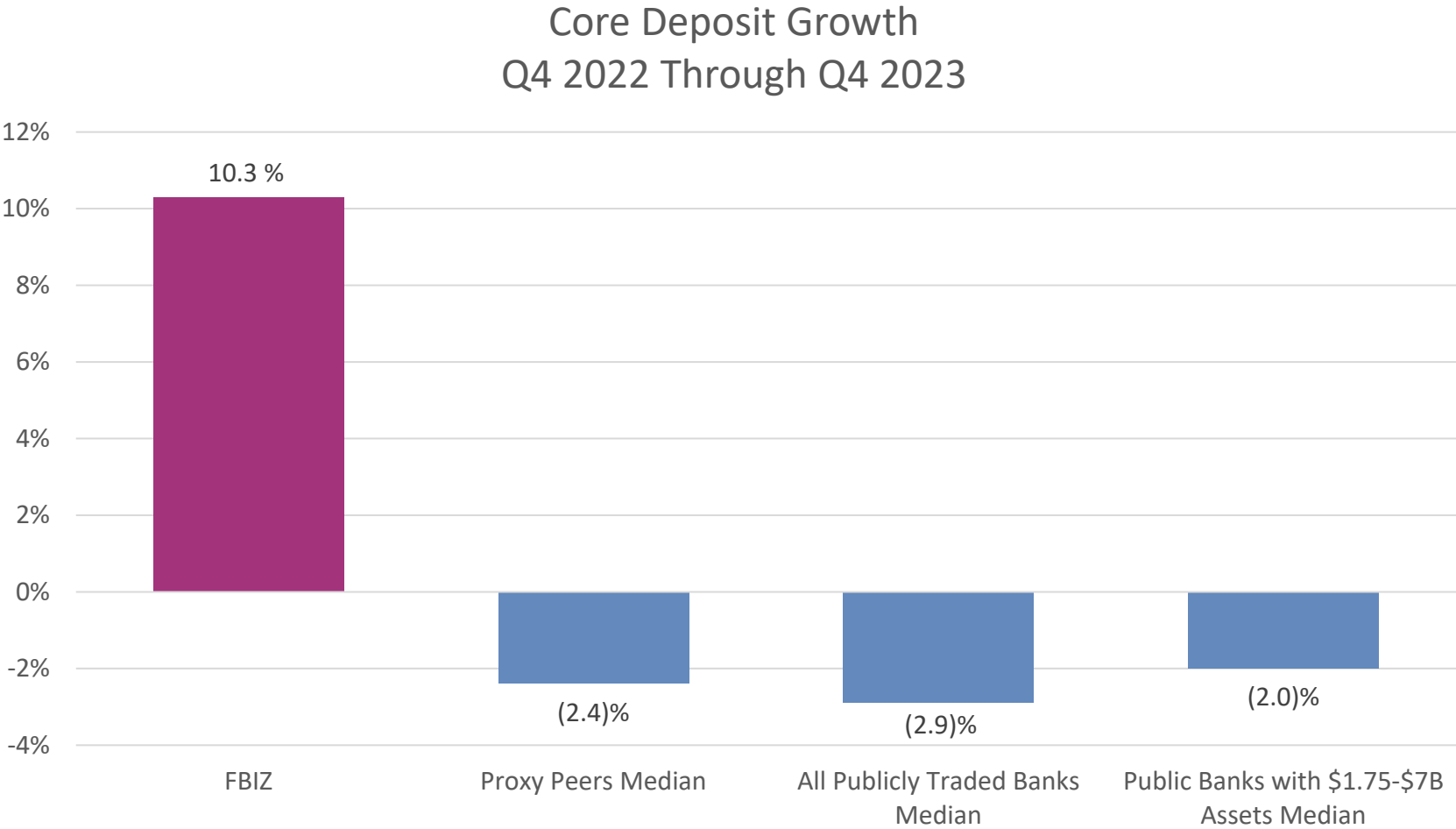


- Long-term client relationships drive core deposit growth, aided by clients’ comfort with utilizing the Bank’s longstanding extended deposit insurance products
- Successful execution of client deposit initiatives has attracted new relationships and increased gross treasury management service charges
- Long-held top-quartile deposit pricing strategy promotes retention
- Net Promoter Score<sup>1</sup> of 78 is well above industry benchmark score of 23.

1. Net promoter score assesses likelihood to recommend on an 11-point scale, where detractors (scores 0-6) are subtracted from promoters (scores 9-10), while passives (scores 7-8) are not considered. See appendix for additional information on the source of the net promoter score.

# Core Deposit Strength

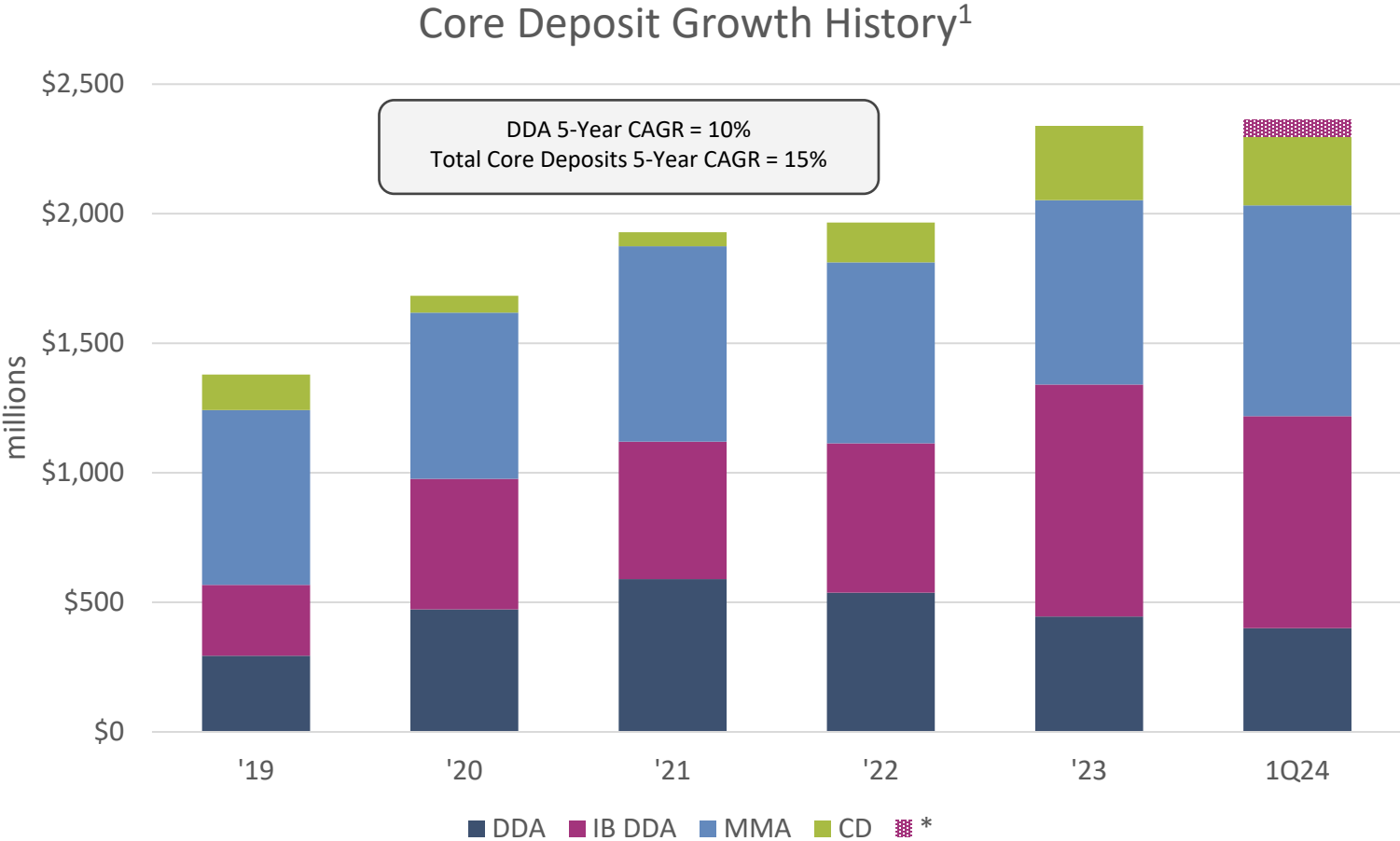
FBIZ Continues to Grow Core Deposits as Industry and Peers Decline



Source: S&P Capital IQ. Core Deposits defined as deposits in U.S. offices excluding time deposits over \$250,000 and brokered deposits of \$250,000 or less.

# Deposit-Centric Strategy Key to Growth

Double Digit Core Deposit Growth Supports Double Digit Loan Growth

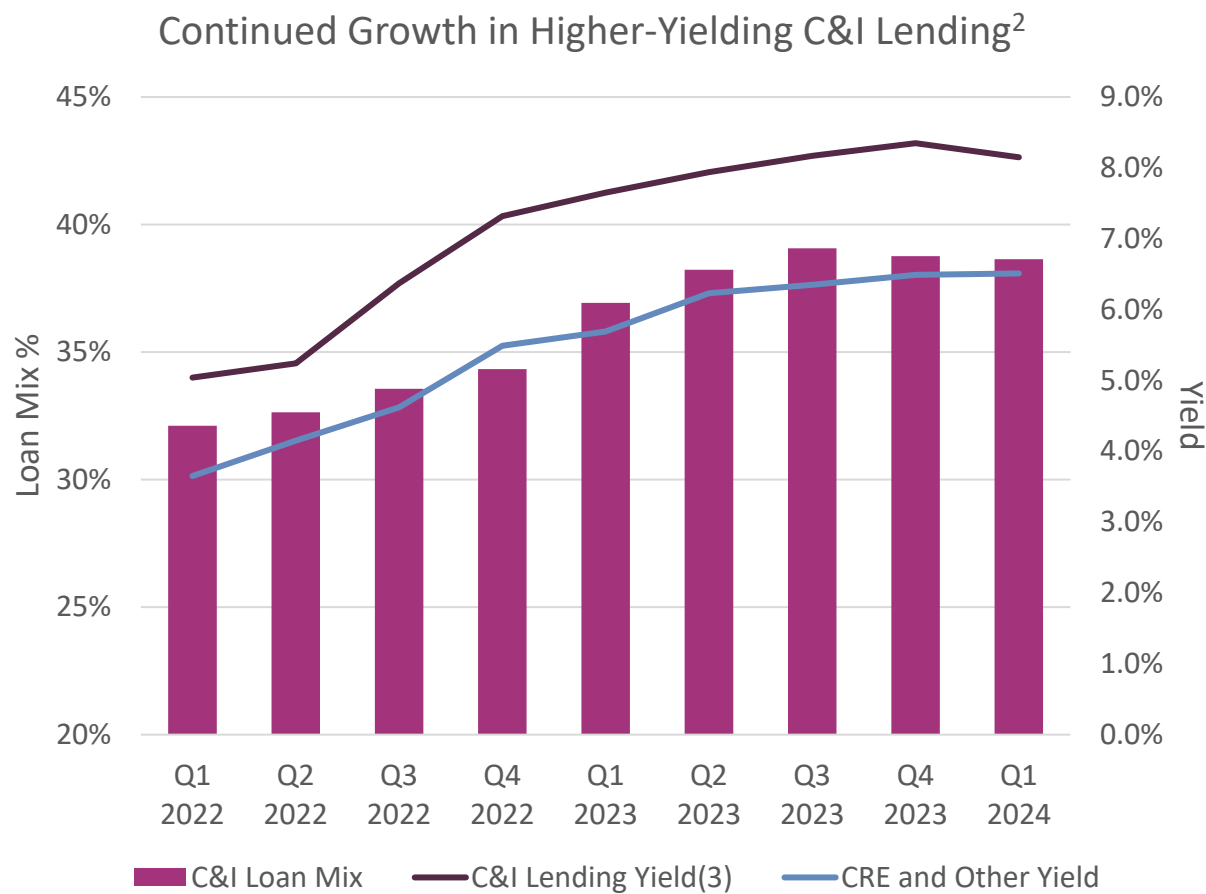
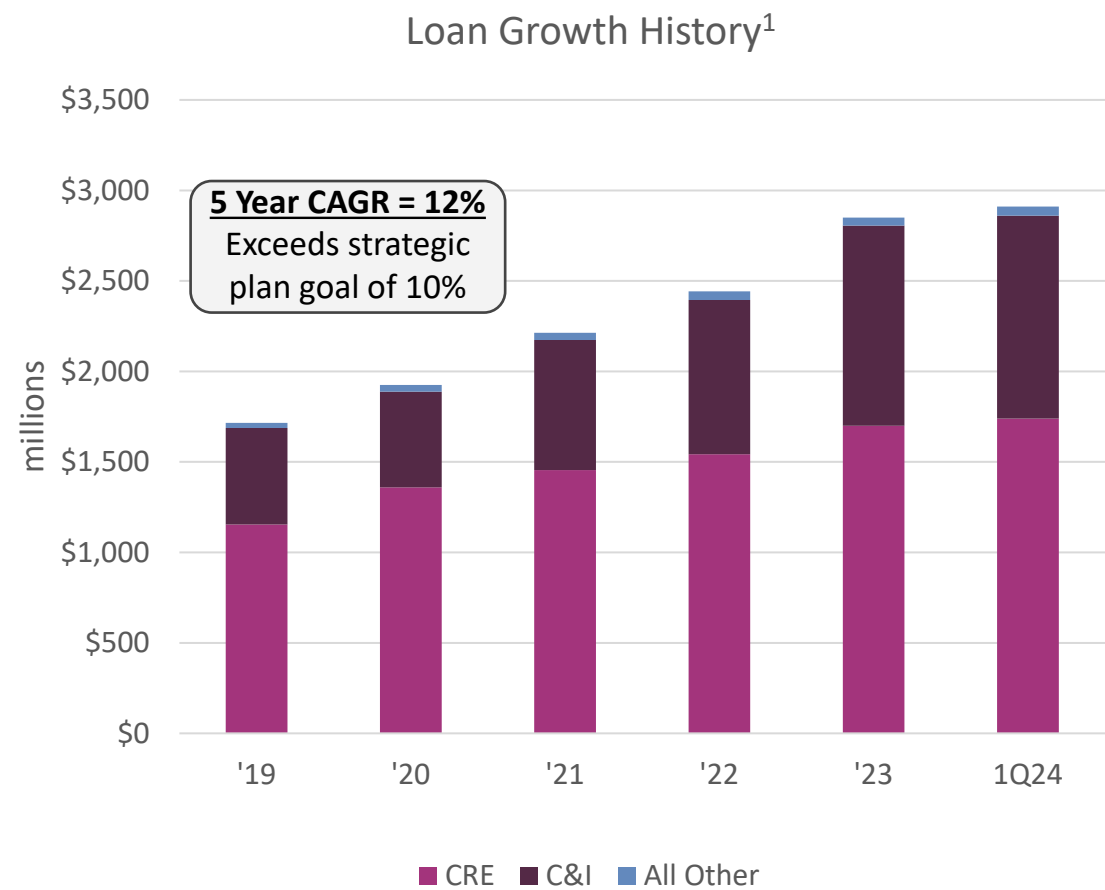


- Deposit growth remains one of our major strategic priorities under our new 5-year plan
- Deposit-centric sales strategy led by treasury management sales located in all bank markets with direct production and outside calling goals
- Lenders trained to fund their loan production with deposit growth goals
- Deposit-focused individual BDO incentive compensation and bank level bonus plans

1. Core deposits defined as total deposits less wholesale deposits. Period end balances are presented.  
\* Represents a \$65.4MM deposit that typically recurs on the last day of the month but was delayed until April 1, 2024.

# Diversified Lending Growth

Continuing to grow higher yielding C&I lending mix



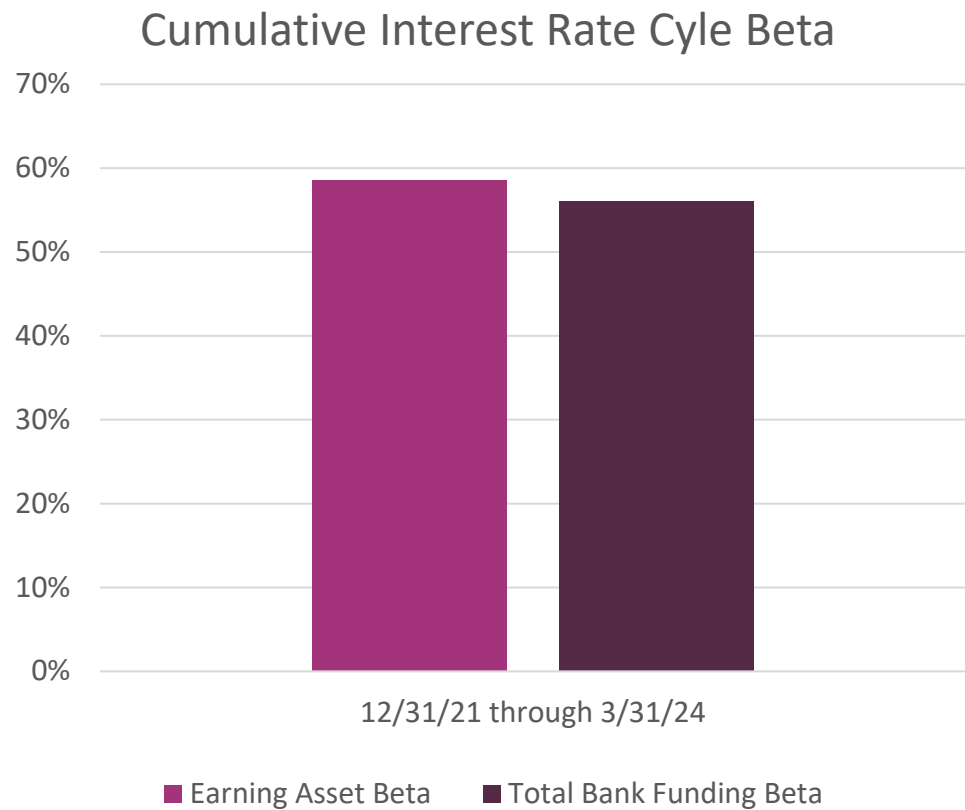
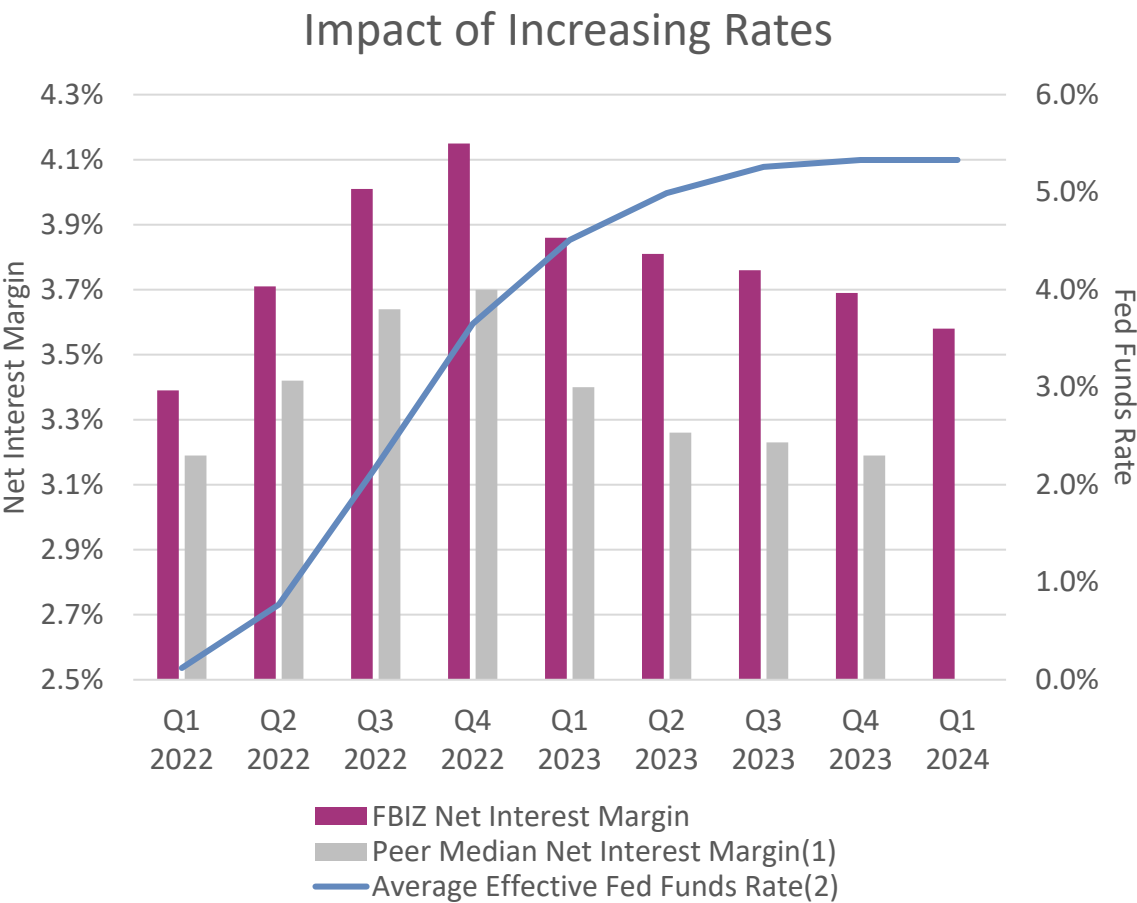
1. Period end balances excluding PPP loans are presented. On January 1, 2023, the Bank adopted ASU 2016-03 Financial Instruments - Credit losses ("ASC 326"). The Bank adopted ASC 326 using the modified retrospective method which does not require restatement of prior periods. The balances as of December 31, 2023 reflect a reclassification of \$43 million to commercial and industrial from commercial real estate, and \$7 million from consumer and other to commercial real estate.

2. Average balances excluding PPP loans are presented.

3. Excluding the impact of PPP loan fees and interest income

# Margin Strength Through Rate Cycle

Match-Funding Strategy Positions Balance Sheet Well for Rate Changes

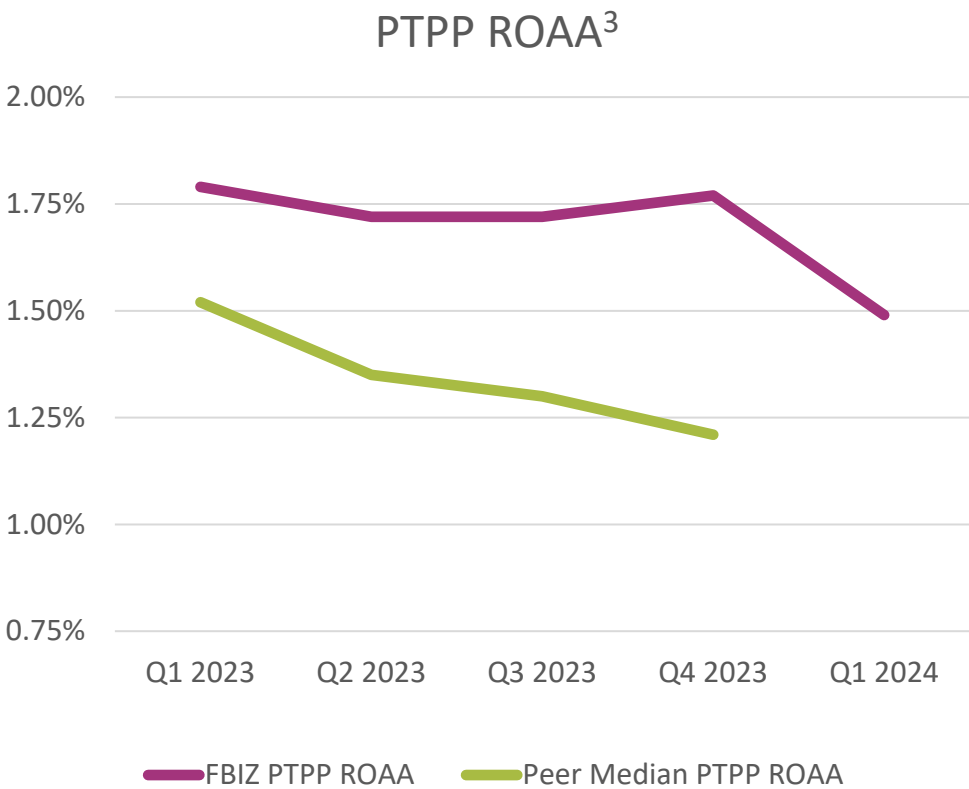
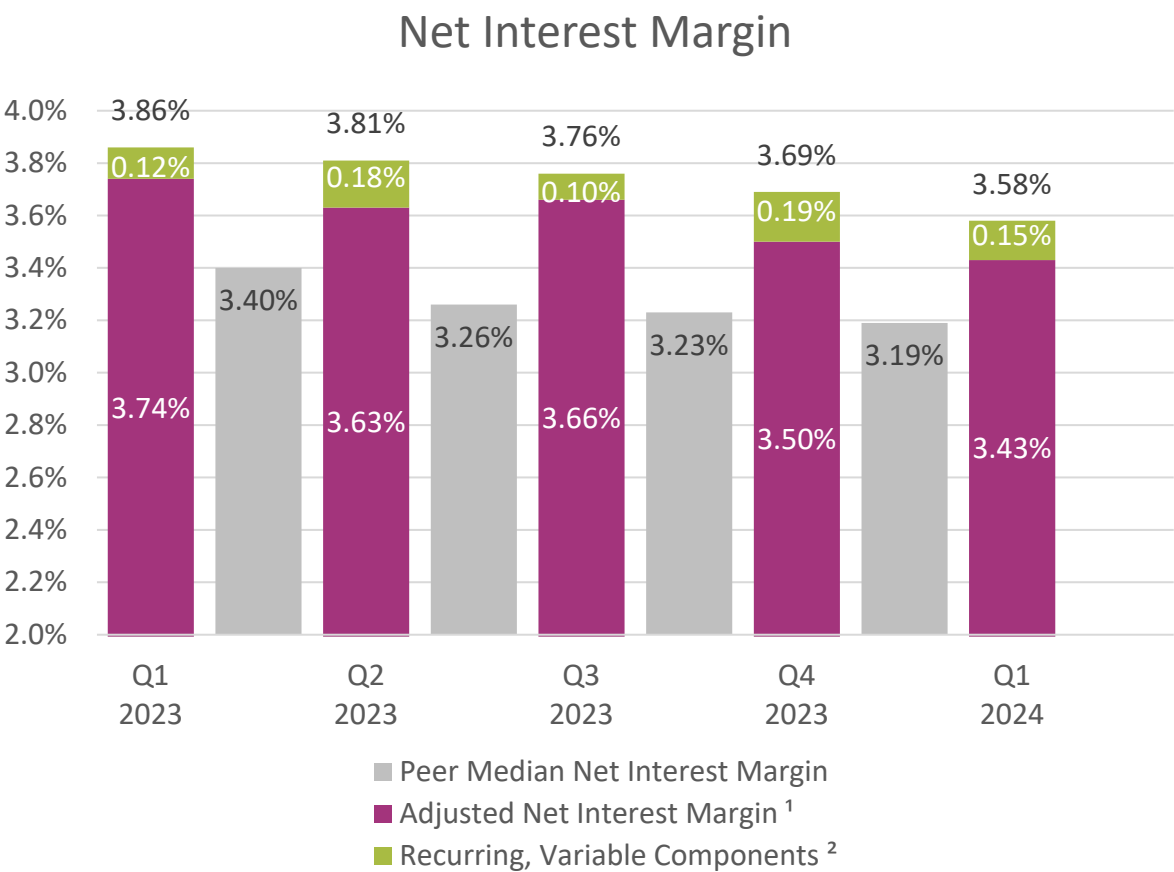


1. Peer Group defined as publicly-traded banks with total assets between \$1.75 billion and \$7.0 billion.  
2. Board of Governors of the Federal Reserve System (US), Effective Federal Funds Rate [DFF]. Retrieved from FRED, Federal Reserve Bank of St. Louis. Represents average daily rate.



# Robust Profitability Metrics

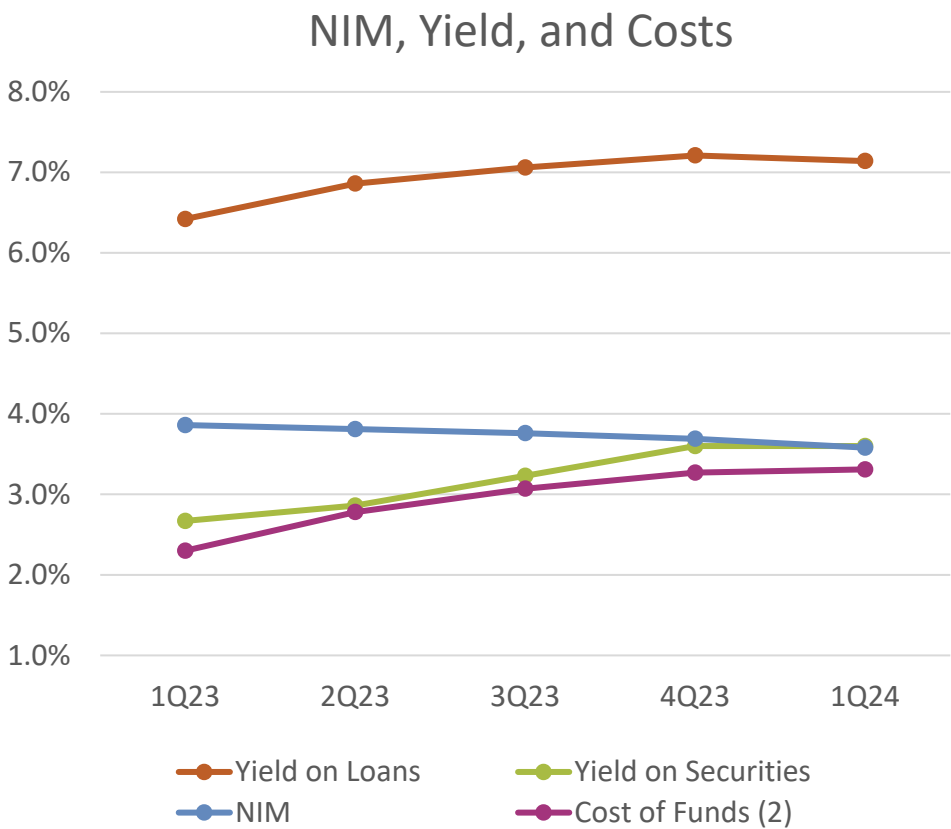
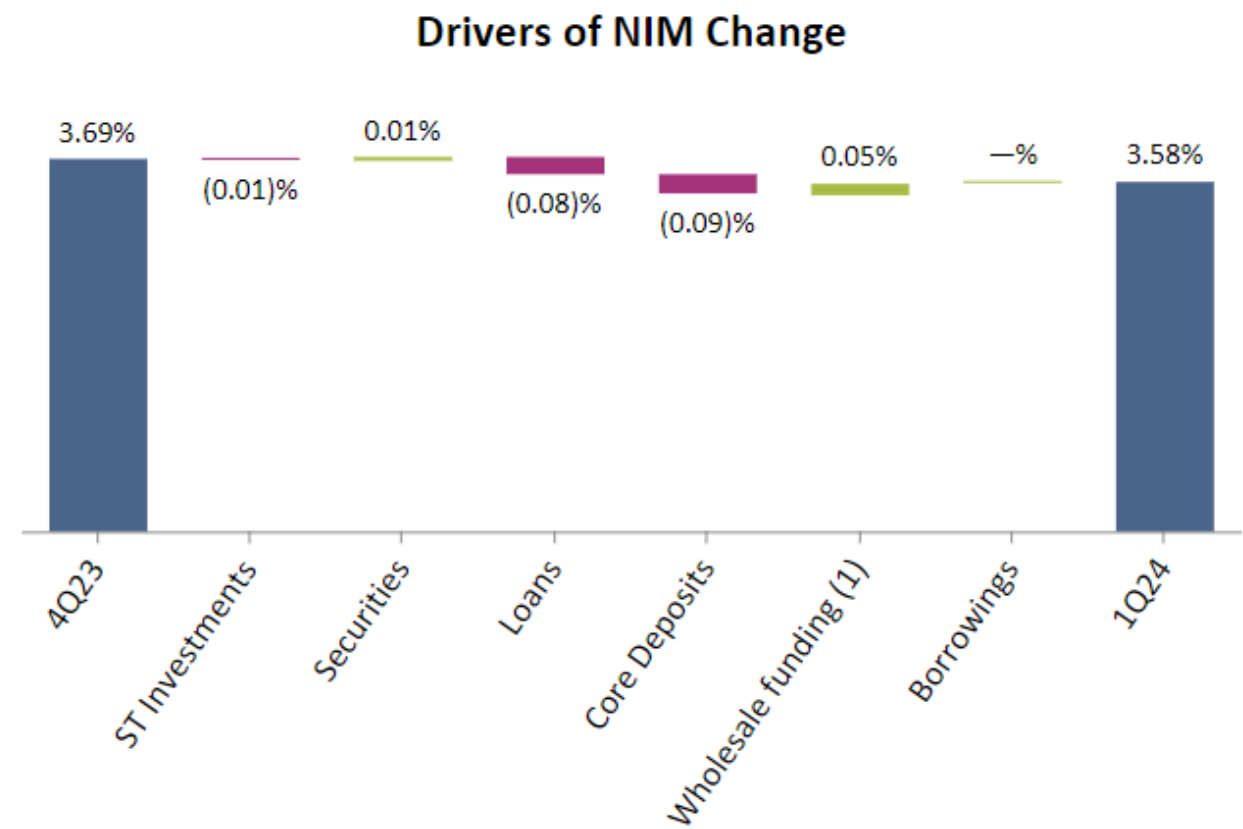
Strong Balance Sheet Growth and Resilient Net Interest Margin Support Robust PTPP Adjusted ROAA



Note: Peer group defined as publicly-traded bank with total assets between \$1.75 billion and \$7 billion. Peer data not yet available for 1Q24.

- 1. "Adjusted Net Interest Margin" is a non-GAAP measurement. See appendix for non-GAAP reconciliation schedules.
- 2. "Recurring, variable components" is defined as fees in lieu of interest, FRB interest income, and FHLB dividend income.
- 3. "PTPP ROAA" is a non-GAAP measurement. See appendix for non-GAAP reconciliation schedules.

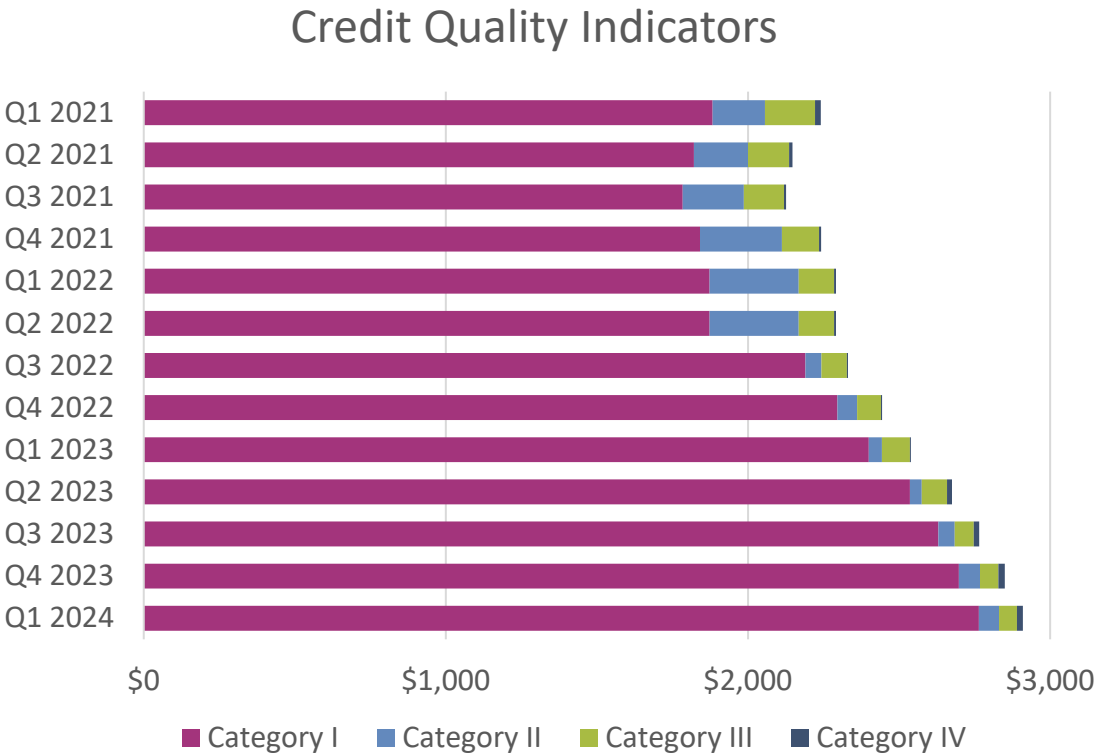
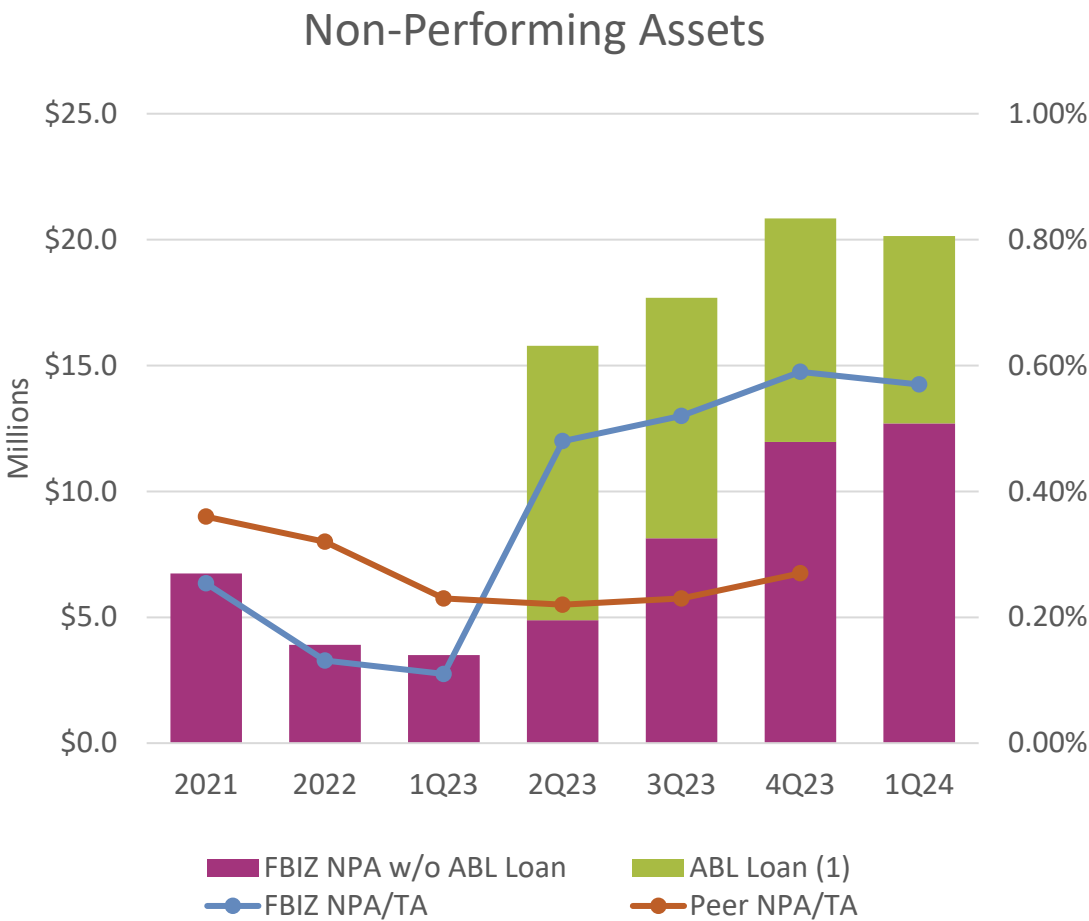
# Net Interest Margin Components



1. Wholesale funding defined as brokered CDs and non-reciprocal interest-bearing transaction accounts plus FHLB advances.  
2. Cost of funds is defined as total interest expense on deposits and FHLB advances, divided by the sum of total average deposits and average FHLB advances.

# Solid Asset Quality

Non-Performing Assets/Total Assets Remain Well Managed



- As of 3/31/2024, 95% of the loan portfolio was classified in category I<sup>(2)</sup> and 99% of loans were current.
- In the ABL pool, we continue to expect full repayment related to the second quarter \$10.9 million default. Excluding this credit, non-performing assets totaled \$12.7 million, or 0.36% of total assets.
- Isolated weakness in the \$57 million transportation segment of the Equipment Finance portfolio.

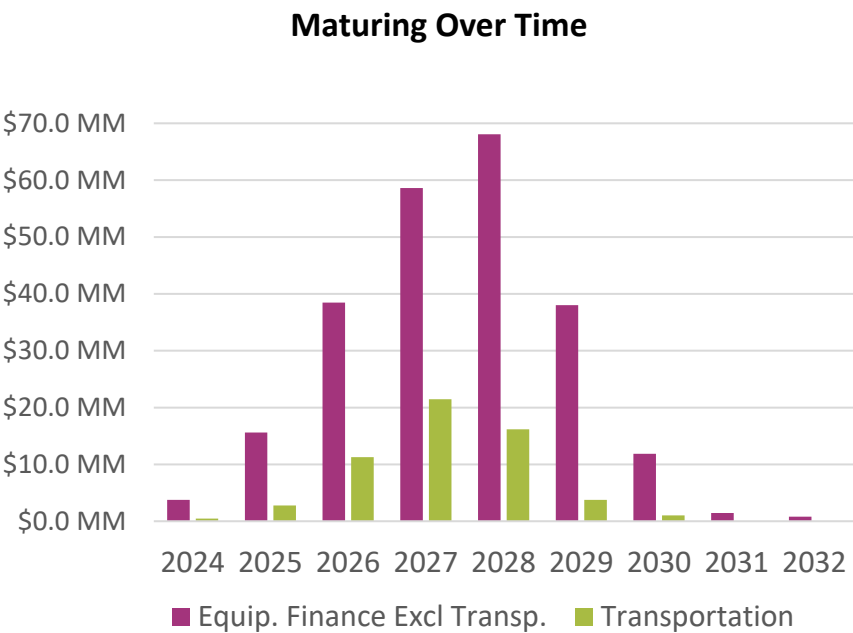
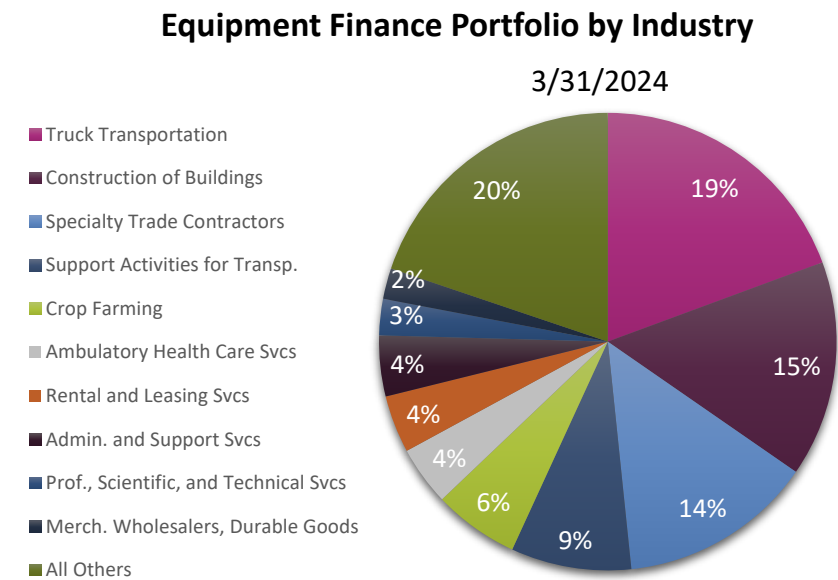
Note: Peer group defined as publicly-traded bank with total assets between \$1.75 billion and \$7.0 billion. Peer data not yet available for 1Q24.

1. Represents a fully collateralized ABL credit, for which the Company expects full repayment. Excluding this credit, non-performing assets totaled \$12.7 million, or 0.36% of total assets.

2. For more detailed definitions on credit quality categories see the Bank's 10-K filed with the SEC on February 28, 2024.

# Equipment Finance Portfolio Analysis

Strong and diversified portfolio; Transportation sub-category showing sector-specific weakness



- Equipment Finance (EF) loans diversified across industries
  - EF comprised 26% of C&I loans and 10% of Total Loans at 3/31/2024
  - Transportation sector comprised 19% of EF, 5% of C&I, and 2% of Total Loans
- Stable asset quality in EF portfolio excluding Transportation sector, which is experiencing isolated industry weakness

**Asset Quality Breakdown<sup>1</sup>**

Equipment Finance excl. Transportation				Transportation			
	3/31/2023	12/31/2023	3/31/2024		3/31/2023	12/31/2023	3/31/2024
Total Portfolio	\$164.7 MM	\$226.4 MM	\$237.1 MM	Total Portfolio	\$64.0 MM	\$60.9 MM	\$57.0 MM
Category I	96%	96%	96%	Category I	97%	90%	88%
Category II	1%	1%	1%	Category II	1%	1%	1%
Category III	1%	1%	1%	Category III	1%	2%	2%
Category IV	1%	2%	2%	Category IV	1%	7%	9%

1. For more detailed definitions on credit quality categories see the Bank's 10-K filed with the SEC on February 28, 2024. Category IV represents non-performing loans.

# APPENDIX

## SUPPLEMENTAL DATA & NON-GAAP RECONCILIATIONS



# Offerings Designed Exclusively for Business and Wealth Management

Services that meet the evolving needs of our growing client base



# Superior Client Satisfaction Rating

Excellent Employee Satisfaction Drives Superior Client Satisfaction



9 Culture Excellence Awards  
Financial Services Industry Award  
National Award  
Regional Award



Employee Engagement



Performance Enablement



Manager Effectiveness



Belonging



Net Promoter Score



Overall Satisfaction

1. Moses & Associates, 2023, 2. J.D. Power, 2022, 3. Qualtrics XM Institute, 2022, 4. Statista, 2023

Note: Net promoter score assesses likelihood to recommend on an 11-point scale, where detractors (scores 0-6) are subtracted from promoters (scores 9-10), while passives (scores 7-8) are not considered. The score ranges from -100 to +100.

# ESG Framework

Environmental, social, and governance practices are integrated into our core business strategy



## ENVIRONMENT

- Branch-lite model with only one location in each of the banking markets we serve
- Support hybrid and remote work options to reduce carbon emissions related to commuting (even prior to COVID)
- Reduced paper usage via implementation of DocuSign
- Minimal technology eco-footprint by continued use of state-of-the art technology to minimize power consumption
- Recycled almost 5,000 pounds of company-generated and employee-owned e-waste in 2022
- Employee e-waste recycling is now offered year-round



## SOCIAL

- Named to the national list of Top Workplaces USA for the second straight year
- Awarded nine culture of excellence awards by Top Workplaces which included Leadership, Innovation, Compensation & Benefits, Work-Life Flexibility, Purpose & Values, DEI Practices, Employee Appreciation, Employee Well-Being, and Professional Development
- CEO performance goals include furthering DEI and ESG initiatives
- Increased advisory board diversity (to over 40%) to enhance our business development efforts with a diverse client base in all markets
- Provide all employees with 8 hours of paid time to support volunteer efforts and give back to their communities in a meaningful way of their choosing



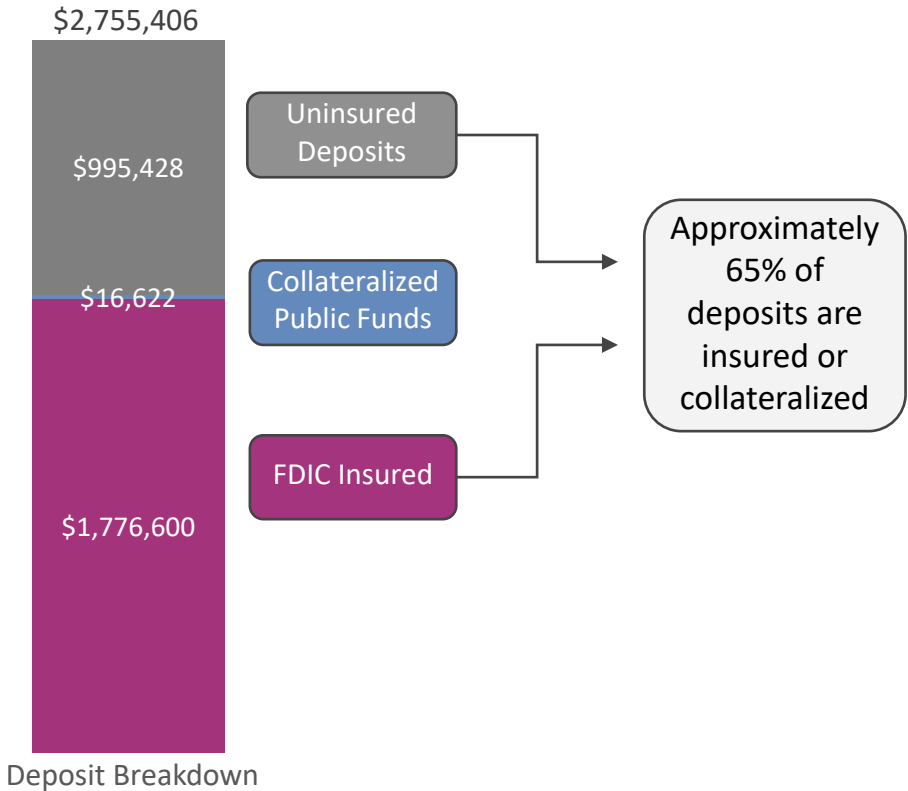
## GOVERNANCE

- Corporate Governance and Nominating Committee monitors key governance structure risks, effectiveness of the Board DEI policy practices and strategies, and oversight of the overall ESG program
- To ensure alignment with the Company's ESG principles, responsibility for Board delegated ESG risks and opportunities are defined in all committee charters
- Commitment to board diversity – 30% female and 10% ethnic or racial directors and 50% of standing committees chaired by female directors
- 90% director independence, and 100% committee membership independence



# Robust Liquidity and Capital Base

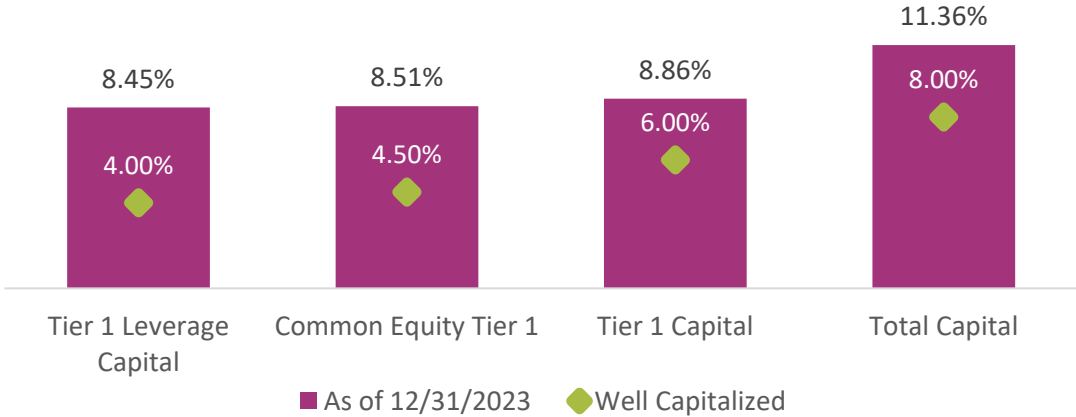
## Stable Core Deposit Base



## Substantial Liquidity

Source	3/31/2024
Short-term Investments	\$46,984
Collateral value of unencumbered pledged loans	340,639
Market value of unencumbered securities	288,965
Readily accessible liquidity	676,588
Fed fund lines	45,000
Excess brokered CD capacity (1)	1,166,661
Total Liquidity	1,888,249

## Strong Capital Ratios (%)



1. Bank internal policy limits brokered CDs to 50% of total bank funding when combined with FHLB advances.

# Capital Strength

	3/31/24	12/31/23	9/30/23	6/30/23	3/31/23
Total Regulatory Capital	\$384,083	\$375,440	\$365,058	\$340,045	\$331,220
Total Risk-Weighted Assets	\$3,381,059	\$3,356,247	\$3,259,956	\$3,178,855	\$3,000,105
Leverage Ratio	8.45%	8.43%	8.65%	8.80%	9.00%
Common Equity Tier 1 Capital Ratio	8.51%	8.38%	8.37%	8.32%	8.61%
Tier 1 Ratio	8.86%	8.74%	8.74%	8.70%	9.01%
Total Capital Ratio	11.36%	11.19%	11.20%	10.70%	11.04%
Total Shareholders' Equity	\$297,788	\$289,588	\$280,758	\$272,632	\$266,581
Tangible Common Shareholders' Equity	\$273,846	\$265,573	\$256,656	\$248,567	\$242,429
Total Shares Outstanding	8,306,573	8,314,778	8,315,186	8,315,465	8,306,270
Book Value Per Share	\$34.4	\$33.4	\$32.3	\$31.3	\$30.7
Tangible Book Value Per Share	\$33.0	\$31.9	\$30.9	\$29.9	\$29.2
Cash Dividends Per Share	\$0.25	\$0.2275	\$0.2275	\$0.2275	\$0.2275

## HIGHLIGHTS

- Regulatory capital ratios remain solid including a Total Capital Ratio of 11.36% and a Tier 1 Ratio of 8.86%.
- Tangible book value per share increased 13% annualized from the prior quarter and 13% from the prior year quarter.
- Quarterly cash dividend of \$0.25 per share.

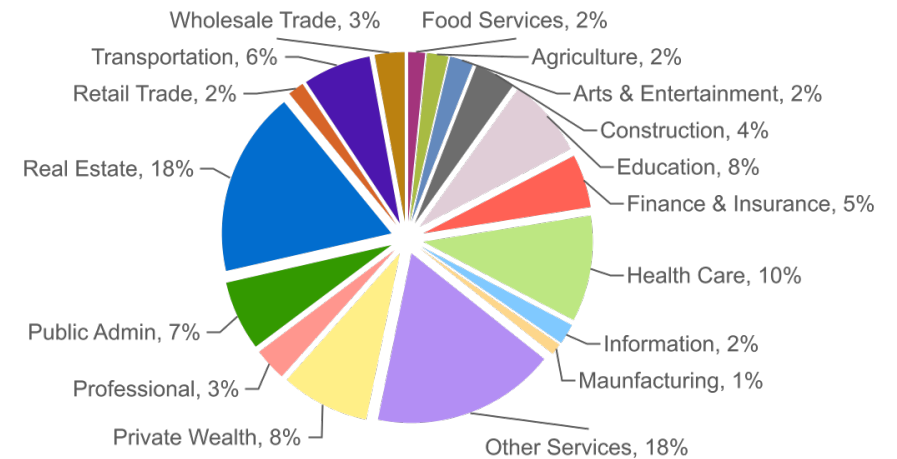
# Balanced Deposit Portfolio

## Diversified Product Base with Long-Tenured, Deep Client Relationships

- Longstanding deposit insurance options available through IntraFi and Reich & Tang to provide further security for our large clients
- Funding is augmented by non-callable wholesale deposits rather than non-relationship sourced funds
- Our deposit relationships span multiple industry segments
- Diverse deposit base has an average deposit relationship tenure of over 10 years
- History of offering competitive deposit rates supported by growth in higher-yielding commercial & industrial lending
- Nearly 50% of the top 50 deposit relationships also have a commercial loan relationship

(unaudited)	As of				
	3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023
Non-interest-bearing transaction accounts	\$ 400,267	\$ 445,376	\$ 430,011	\$ 419,294	\$ 471,904
Interest-bearing transaction accounts*	818,080	895,319	779,789	719,198	612,500
Money market accounts	813,467	711,245	694,199	641,969	662,157
Certificates of deposit	266,029	287,131	285,265	293,283	308,191
Wholesale deposits	457,563	457,708	467,743	455,108	422,088
<b>Total deposits</b>	<b>\$2,755,406</b>	<b>\$2,796,779</b>	<b>\$2,657,007</b>	<b>\$2,528,852</b>	<b>\$2,476,840</b>
Uninsured deposits	\$ 995,428	\$ 994,687	\$ 916,083	\$ 867,397	\$ 974,242
Less: uninsured deposits collateralized by pledged assets	16,622	17,051	28,873	37,670	32,468
<b>Total uninsured, net collateralized deposits</b>	<b>978,806</b>	<b>977,636</b>	<b>887,210</b>	<b>829,727</b>	<b>941,774</b>
<b>% of total deposits</b>	<b>35.5 %</b>	<b>35.0 %</b>	<b>33.4 %</b>	<b>32.8 %</b>	<b>38.0 %</b>

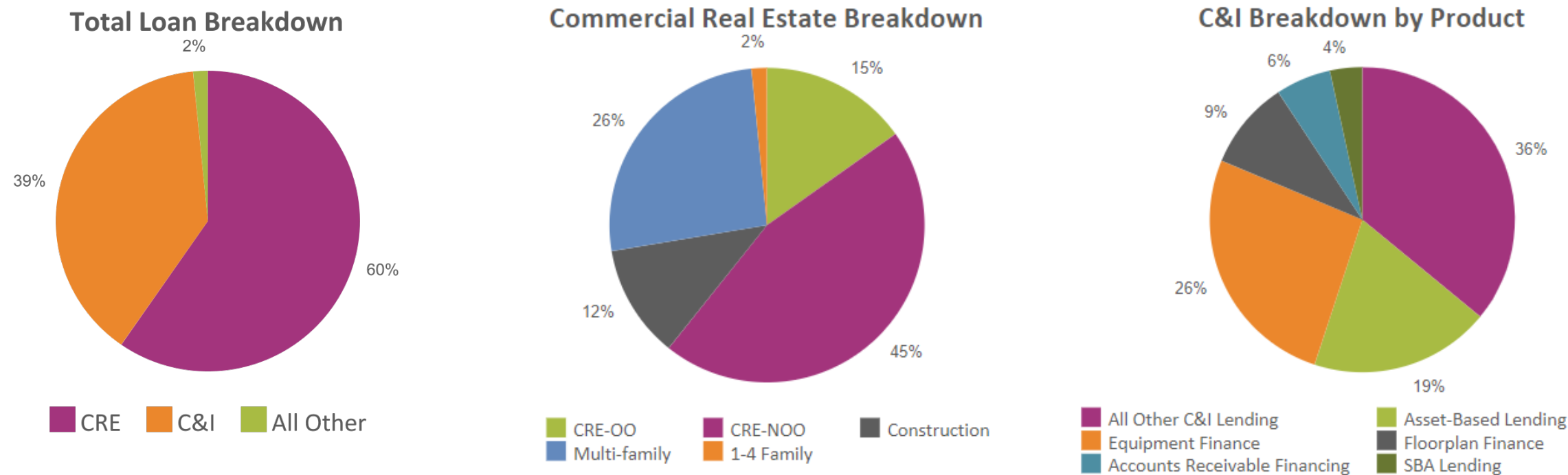
Top 50 Deposit Relationships by Industry



\* 3/31/24 decrease from 12/31/23 includes impact of a \$65.4MM deposit that typically recurs on the last day of the month but was delayed until April 1, 2024

# Diversified Lending Products

Double digit loan growth driven by stellar performance across all areas of the bank



Note: Period end balances as of 3/31/2024 presented.

# Commercial Real Estate Lending

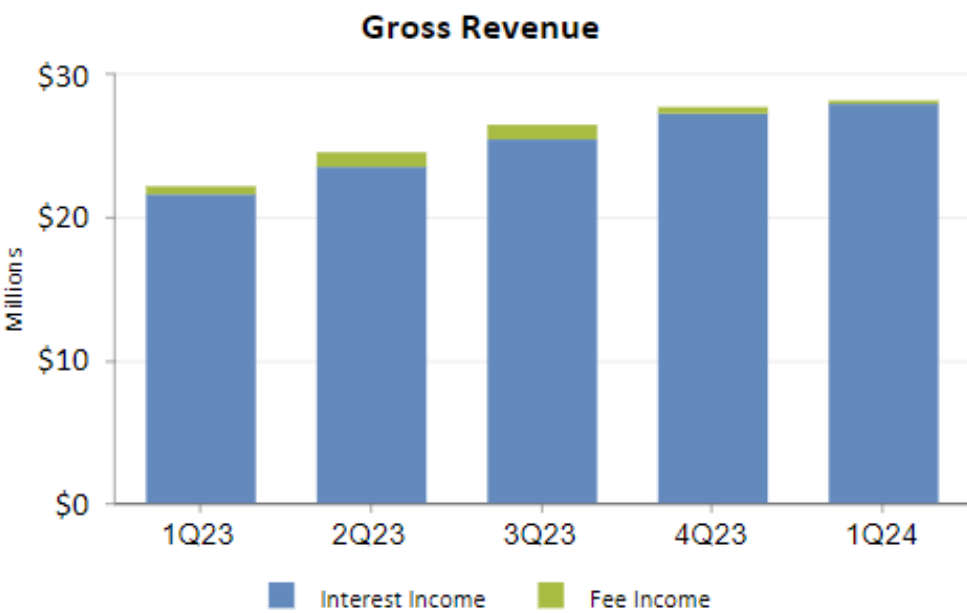
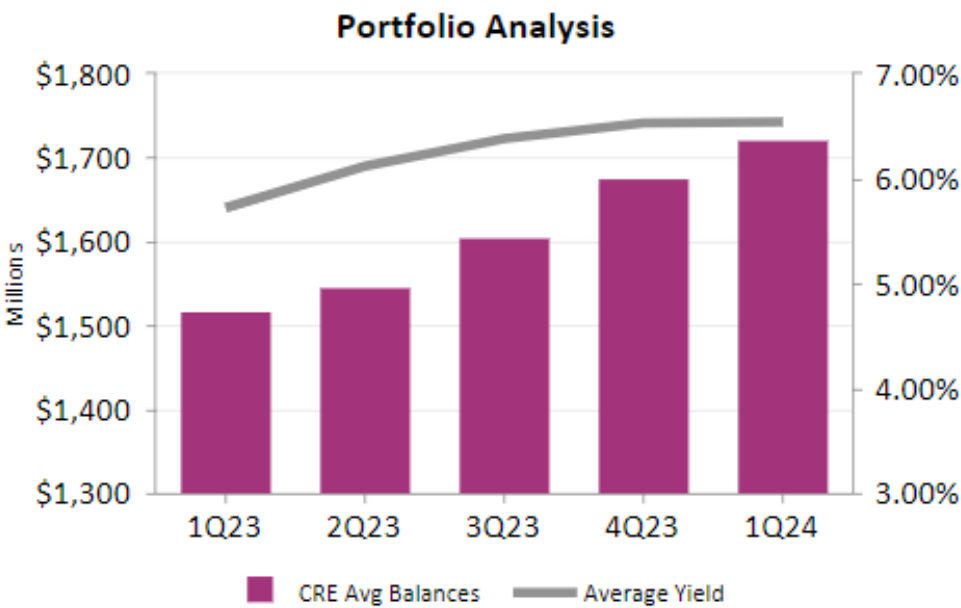
Superior Talent with Business Expertise Building Relationships in Midwest Geographic Footprint

## Product Profile

- Target small to medium-sized companies
- Lines of credit and term loans focused on businesses with annual sales of up to \$75.0 million

## Technology Initiatives

- Deploying client portal that enables easy and secure communications and document exchanges

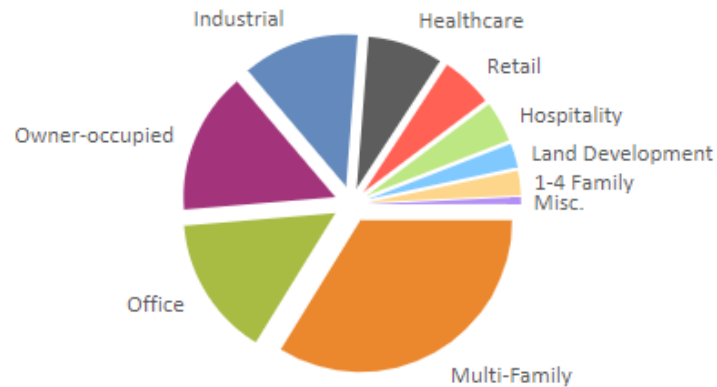


Note: Loan balances represent quarterly average data.

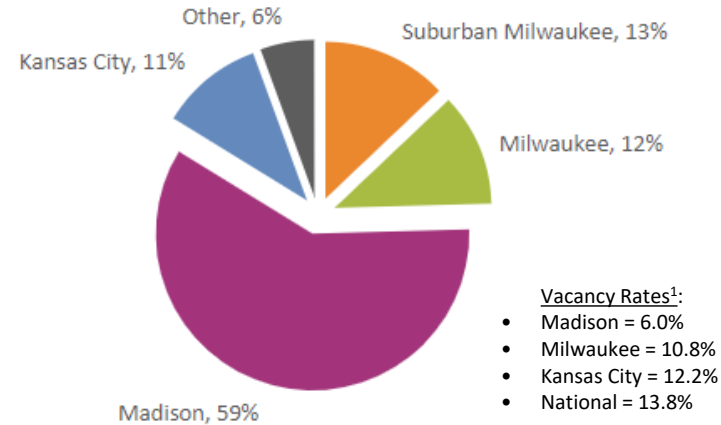
# CRE Office Portfolio Analysis

Exceptional credit quality on office loans throughout the Midwest

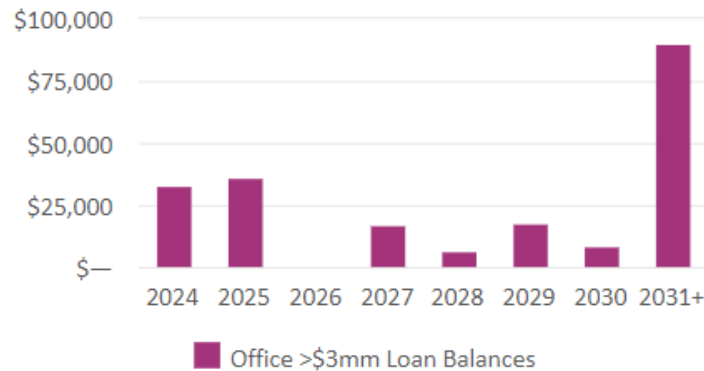
Commercial Real Estate Breakdown



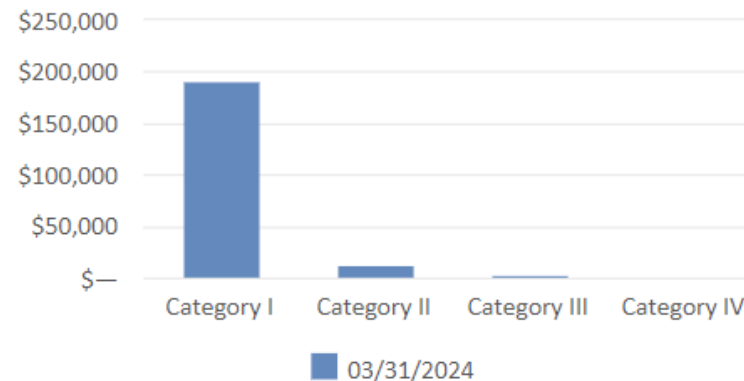
Midwest Locations - Office >\$3mm



Maturing Over Time



Exceptional Credit Quality (2) - Office >\$3mm



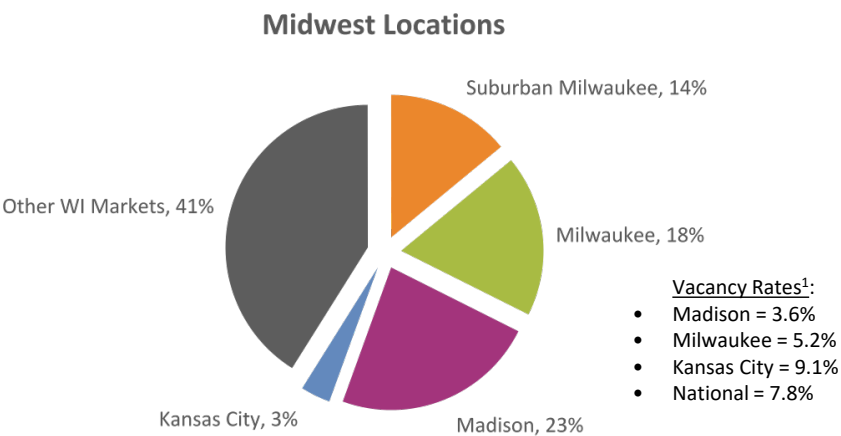
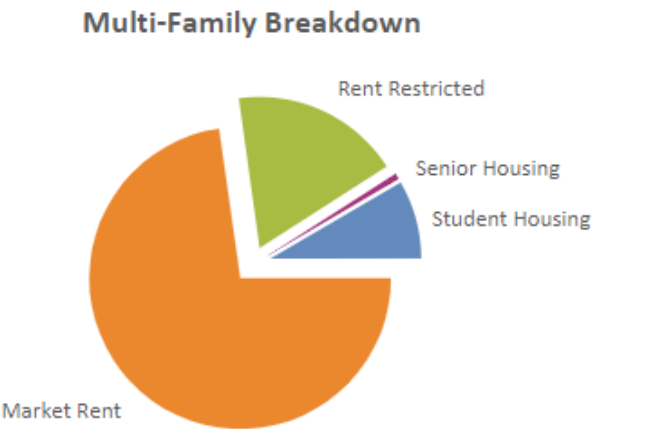
- Office loans focused in our bank markets and concentrated in Wisconsin
- Exceptional asset quality with no non-performing office loans in the portfolio
- Almost 90% of all office loans have recourse
- Office loans consist of 66% Class A space
- Office represents 10% of total loans as of 3/31/24
- Majority of office loan maturity terms are 2031 and beyond
- All office loans with 2031+ maturities are conventional fixed rate or fixed to the client via an interest rate swap

Note: The office specific loan data presented in charts on this slide represents office loans greater than \$3 million, which represents 73% of total office loans.

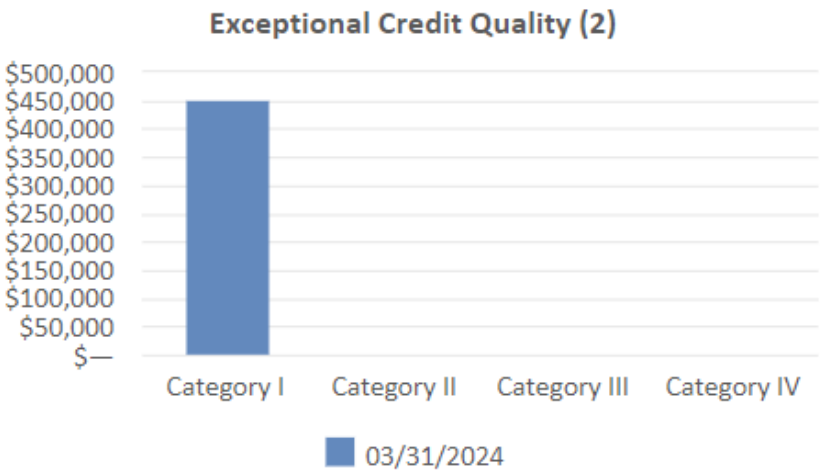
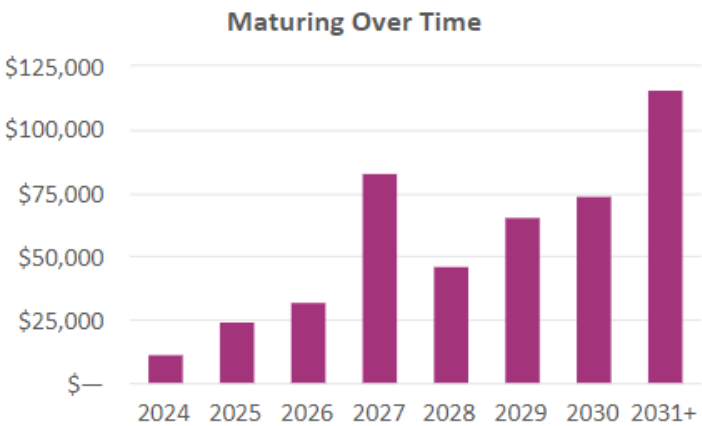
1. Source: Q1 2024 CoStar market reports.
2. For more detailed definitions on credit quality categories see the Bank's 10-K filed with the SEC on February 22, 2023.

# Multi-Family Portfolio Analysis

Exceptional credit quality on Multi-Family loans throughout the Midwest



- Loans focused in our bank markets and concentrated in Wisconsin
- Exceptional asset quality with no non-performing loans in the portfolio
- Represents 16% of total loans
- 96% of all multi-family loans have recourse
- All multi-family loans with 2031+ maturities are conventional fixed rate or fixed to the client via an interest rate swap



1. Source: Q4 2023 CoStar market reports.  
2. For more detailed definitions on credit quality categories see the Bank's 10-K filed with the SEC on February 22, 2023.

# C&I Lending

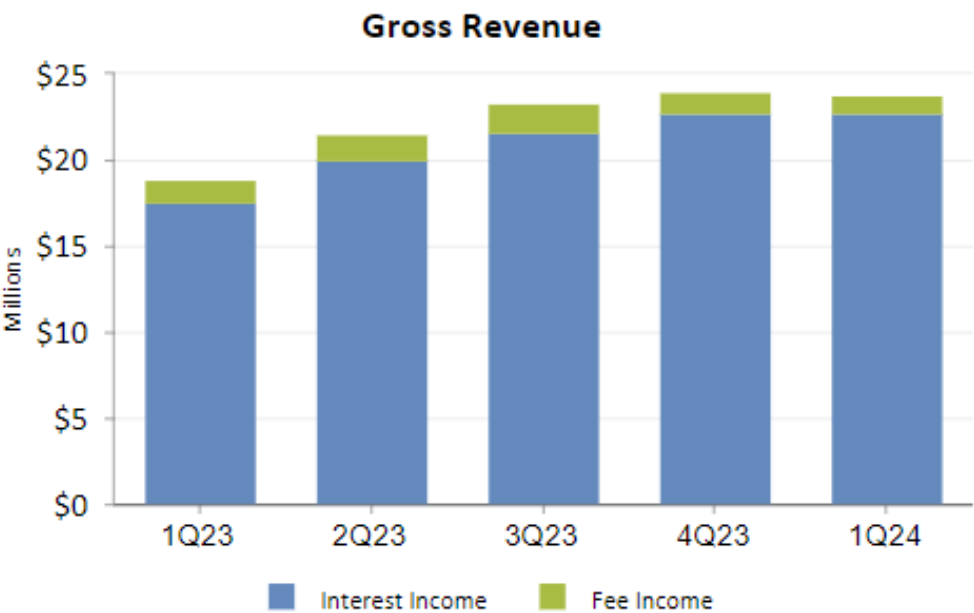
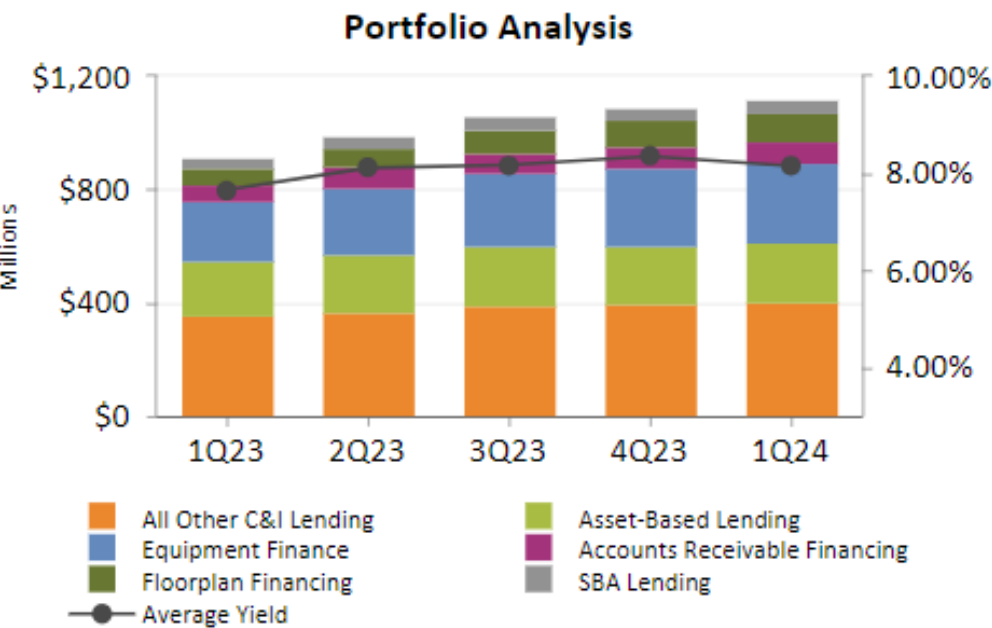
Diversified commercial product offerings target companies nationwide

## Product Profile

- Target small and medium companies in a variety of industries
- Financings range from \$250,000 to \$10 million

## Technology Initiatives

- Deploying client portal that enables easy and secure communications and document exchanges



Note: Loan balances represent quarterly average data.



# Treasury Management

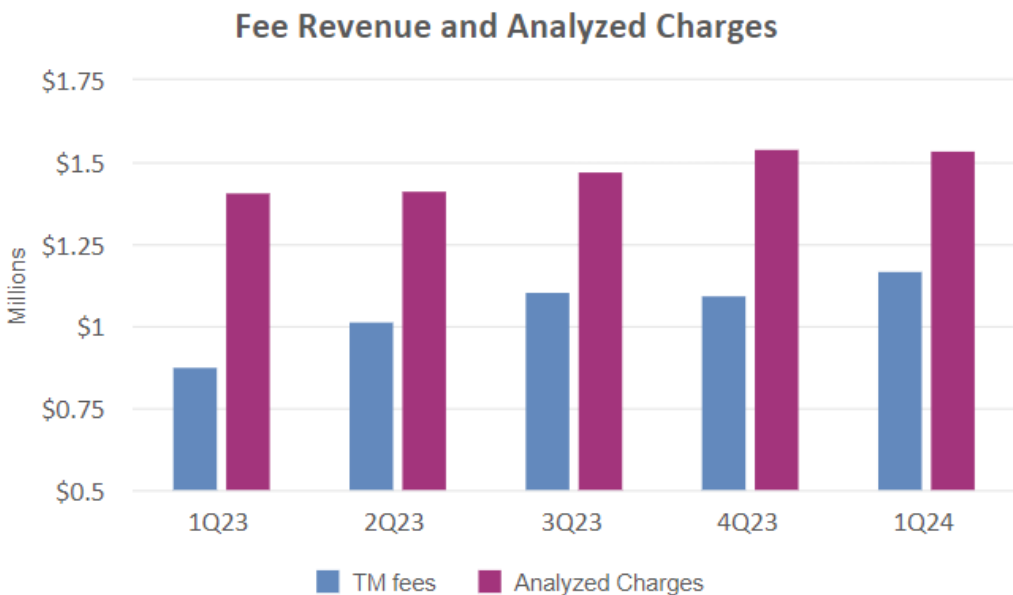
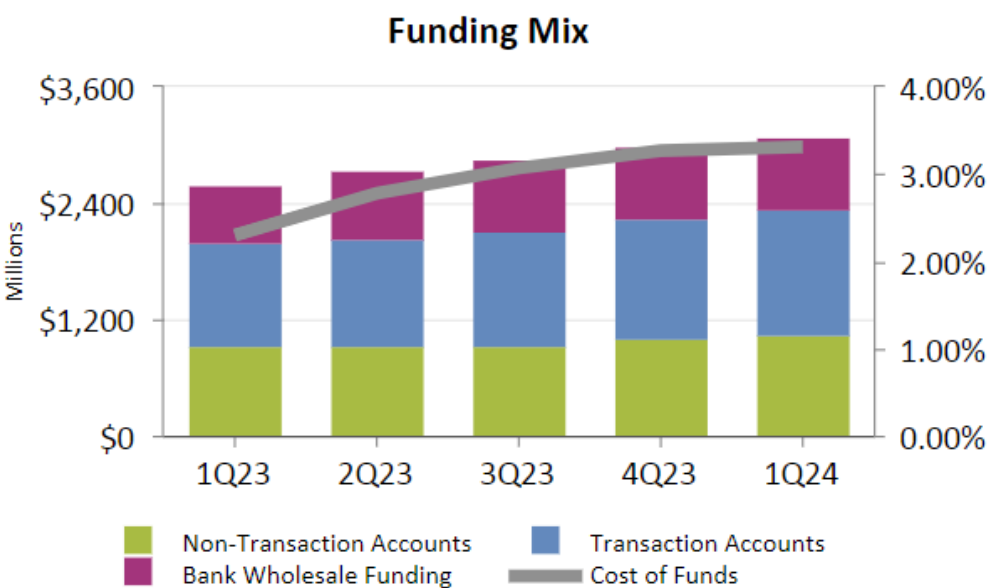
Superior Talent with Business Expertise Building Relationships in Midwest Geographic Footprint

## Product Profile

- Target small to medium-sized companies in our Wisconsin, Kansas, and Missouri markets
- Comprehensive services for commercial clients to manage their cash and liquidity, including lockbox, accounts receivable collection services, electronic payment solutions, fraud protection, information reporting, reconciliation, and data integration solutions

## Technology Initiative

- Implemented a solution that auto-archives treasury management documentation which has immediately generated labor savings



Note: Funding mix represents quarterly average balance data. Transaction Accounts include interest-bearing DDA, non-interest-bearing DDA and NOW accounts. Bank Wholesale Funding includes brokered deposits, deposits gathered through internet listing services and FHLB advances. Non-Transaction Accounts includes core CDs and money market accounts. "Cost of Funds" is a non-GAAP measure. See appendix for non-GAAP reconciliation schedules.

# Private Wealth Management

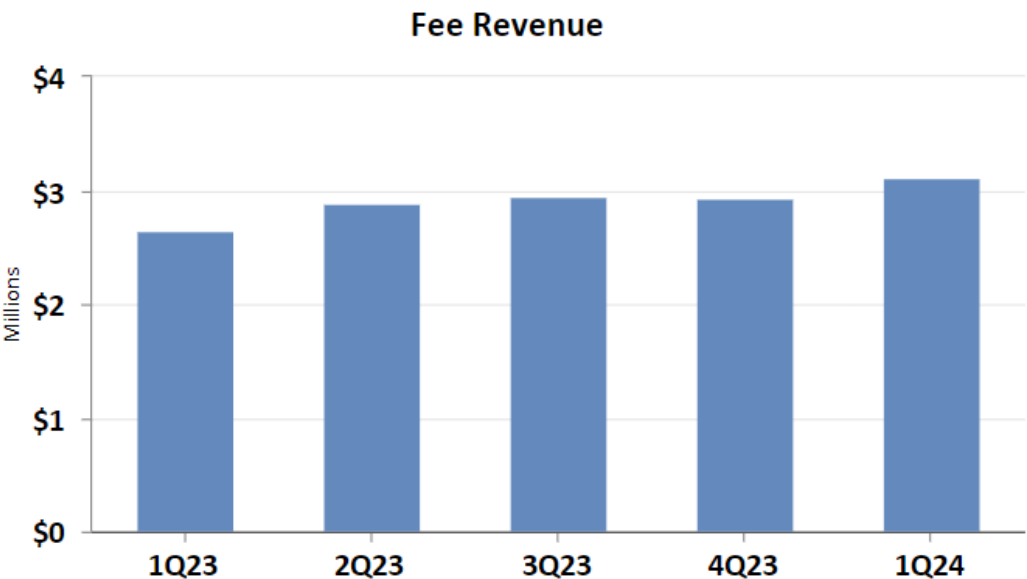
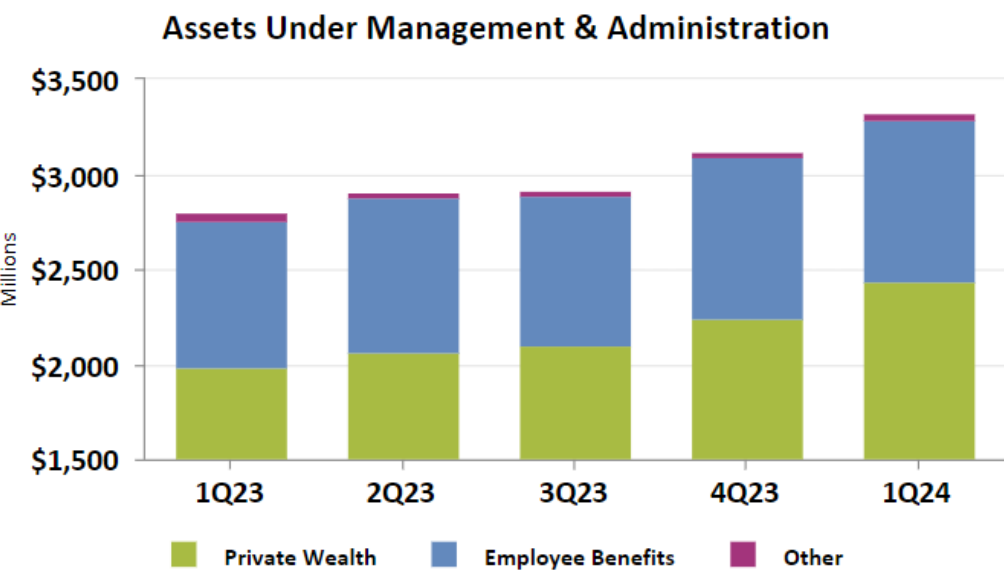
Wealth Management Services for Businesses, Executives, and High Net Worth Individuals

## Product Profile

- Fiduciary and investment manager for individual and corporate clients, creating and executing asset allocation strategies tailored to each client’s unique situation
- Holds full fiduciary powers and offers trust, estate, financial planning, and investment services, acting in a trustee or agent capacity as well as Employee Benefit/Retirement Plan services
- Also includes brokerage and custody-only services, for which we administer and safeguard assets but do not provide investment advice

## Technology Initiative

- Implementing client portal for new client onboarding



Note: Total Assets Under Management & Administration represent period-end balances.

# Adjusted Net Interest Margin

## Non-GAAP Reconciliation

“Adjusted Net Interest Margin” is a non-GAAP measure representing net interest income excluding the fees in lieu of interest and other recurring, but volatile, components of net interest margin divided by average interest-earning assets excluding other recurring, but volatile, components of average interest-earning assets. Fees in lieu of interest are defined as prepayment fees, asset-based loan fees, non-accrual interest, and loan fee amortization. In the judgment of the Company’s management, the adjustments made to net interest income allow investors and analysts to better assess the Company’s net interest income in relation to its core client-facing loan and deposit rate changes by removing the volatility that is associated with these recurring but volatile components. The information provided below reconciles the net interest margin to its most comparable GAAP measure.

(Dollars in Thousands)	For the Three Months Ended				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Interest income	\$ 42,064	\$ 47,161	\$ 50,941	\$ 54,762	\$ 55,783
Interest expense	15,359	19,414	22,345	25,222	26,272
Net interest income <sup>(a)</sup>	26,705	27,747	28,596	29,540	29,511
Less fees in lieu of interest	651	936	582	1,075	793
Less FRB interest income and FHLB dividend income	656	1,064	870	1,466	1,436
Adjusted net interest income <sup>(b)</sup>	\$ 25,398	\$ 25,747	\$ 27,144	\$ 26,999	\$ 27,282
Average interest-earning assets <sup>(c)</sup>	\$ 2,765,087	\$ 2,913,751	\$ 3,038,776	\$ 3,199,485	\$ 3,294,717
Less Average FRB cash and FHLB stock	45,150	76,678	54,677	99,118	97,036
Less Average non-accrual loans and leases	3,536	3,781	15,775	18,602	20,540
Adjusted average interest-earning assets <sup>(d)</sup>	\$ 2,716,401	\$ 2,833,292	\$ 2,968,324	\$ 3,081,765	\$ 3,177,141
Net interest margin <sup>(a / c)</sup>	3.86 %	3.81 %	3.76 %	3.69 %	3.58 %
Adjusted net interest margin <sup>(b / d)</sup>	3.74 %	3.63 %	3.66 %	3.50 %	3.43 %

# Pure Net Interest Income

## Non-GAAP Reconciliation

"Pure Net Interest Income" is defined as net interest income less fees in lieu of interest. "Fees in Lieu of Interest" is defined as prepayment fees, asset-based loan fees, non-accrual interest, and loan fee amortization. We believe that this measure is important to many investors in the marketplace who are interested in the trends in our net interest margin. In compliance with applicable rules of the SEC, this non-GAAP measure is reconciled to net interest income, which is the most directly comparable GAAP financial measure.

(Dollars in Thousands)	For the Year Ended					Trailing 12 Months
	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	Q1 2024
Net interest income	\$ 69,855	\$ 77,071	\$ 84,662	\$ 98,422	\$ 112,588	\$ 115,394
Less fees in lieu of interest	6,479	9,300	11,160	5,283	3,244	3,386
Pure net interest income (non-GAAP)	<u>\$ 63,376</u>	<u>\$ 67,771</u>	<u>\$ 73,502</u>	<u>\$ 93,139</u>	<u>\$ 109,344</u>	<u>\$ 112,008</u>

# Net Operating Income

## Non-GAAP Reconciliation

"Net Operating Income" is a non-GAAP financial measure. We believe net operating income allows investors to better assess the Company's operating expenses in relation to its top line revenue by removing the volatility that is associated with certain one-time and other discrete items. In compliance with applicable rules of the SEC, this non-GAAP measure is reconciled to net income, which is the most directly comparable GAAP financial measure.

	For the Year Ended					Trailing 12 Months
(Dollars in thousands)	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	Q1 2024
Net income	\$ 23,324	\$ 16,978	\$ 35,755	\$ 40,858	\$ 37,027	\$ 36,896
Less income tax expense	(1,175)	(1,327)	(11,275)	(11,386)	(10,112)	(9,056)
Less provision for credit losses	(2,085)	(16,808)	5,803	3,868	(8,182)	(8,947)
Income before taxes and provision for credit losses (non-GAAP)	26,584	35,113	41,227	48,376	55,321	54,899
Less non-operating income						
Net gain on sale of state tax credits	—	275	—	—	—	—
BOLI death benefit	—	—	—	809	—	—
Net (loss) gain on sale of securities	(46)	(4)	29	—	(45)	(53)
Total non-operating income (non-GAAP)	(46)	271	29	809	(45)	(53)
Less non-operating expense						
Net loss on repossessed assets	224	383	15	49	12	92
Amortization of other intangible assets	40	35	25	—	—	—
Contribution to First Business Charitable Foundation	—	—	—	809	—	—
SBA recourse (benefit) provision	188	(278)	(76)	(188)	775	919
Tax credit investment impairment (recovery)	4,094	2,395	—	(351)	—	—
Loss on early extinguishment of debt	—	744	—	—	—	—
Total non-operating expense (non-GAAP)	4,546	3,279	(36)	319	787	1,011
Add net tax credit benefit (non-GAAP)	1,352	969	—	338	1,206	1,505
Net operating income	\$ 32,528	\$ 39,090	\$ 41,162	\$ 48,224	\$ 57,359	\$ 57,468

# Adjusted PTPP ROAA

## Non-GAAP Reconciliation

“Pre-tax, pre-provision adjusted return on average assets” is defined as operating revenue less operating expense divided by average total assets. In the judgment of the Company’s management, the adjustments made to non-interest expense and non-interest income allow investors and analysts to better assess the Company’s operating expenses in relation to its core operating revenue by removing the volatility that is associated with certain one-time items and other discrete items.

(Unaudited)	For the Three Months Ended				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
(Dollars in thousands)					
Total non-interest expense	\$ 21,767	\$ 22,031	\$ 23,189	\$ 21,588	\$ 23,342
Less:					
Net loss (gain) on repossessed assets	6	(2)	4	4	86
SBA recourse provision (benefit)	(18)	341	242	210	126
Contribution to First Business Charitable Foundation	—	—	—	—	—
Total operating expense <sup>(a)</sup>	\$ 21,779	\$ 21,692	\$ 22,943	\$ 21,374	\$ 23,130
Net interest income	\$ 26,705	\$ 27,747	\$ 28,596	\$ 29,540	\$ 29,511
Total non-interest income	8,410	7,374	8,430	7,094	6,757
Less:					
Bank-owned life insurance claim	—	—	—	—	—
Net loss on sale of securities	—	(45)	—	—	(8)
Adjusted non-interest income	8,410	7,419	8,430	7,094	6,765
Total operating revenue <sup>(b)</sup>	\$ 35,115	\$ 35,166	\$ 37,026	\$ 36,634	\$ 36,276
Pre-tax, pre-provision adjusted earnings <sup>(b - a)</sup>	\$ 13,336	\$ 13,474	\$ 14,083	\$ 15,260	\$ 13,146
Average total assets	\$ 2,984,600	\$ 3,127,234	\$ 3,276,240	\$ 3,454,652	\$ 3,527,941
Pre-tax, pre-provision adjusted return on average assets	1.79 %	1.72 %	1.72 %	1.77 %	1.49 %

# Cost of Funds

## Non-GAAP Reconciliation

“Cost of Funds” is defined as total interest expense on deposits and FHLB advances, divided by the sum of total average deposits and average FHLB advances. We believe that this measure is important to many investors in the marketplace who are interested in the trends in our bank funding costs. The information provided below reconciles the cost of funds to its most comparable GAAP measure.

(Dollars in thousands)	For the Three Months Ended				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Interest expense on total interest-bearing deposits	\$ 12,430	\$ 16,541	\$ 19,803	\$ 22,644	\$ 23,837
Interest expense on FHLB advances	2,461	2,452	2,117	1,851	1,717
Total interest expense on deposits, FHLB advances, and Federal Reserve PPPLF	<u>\$ 14,891</u>	<u>\$ 18,993</u>	<u>\$ 21,920</u>	<u>\$ 24,495</u>	<u>\$ 25,554</u>
Average interest-bearing deposits	\$ 1,690,616	\$ 1,932,687	\$ 2,081,880	\$ 2,249,701	\$ 2,360,573
Average non-interest-bearing deposits	497,770	435,556	434,330	448,818	443,416
Average FHLB advances	398,109	367,129	342,117	301,773	287,307
Total average deposits, total average FHLB advances, and total average Federal Reserve PPPLF	<u>\$ 2,586,495</u>	<u>\$ 2,735,372</u>	<u>\$ 2,858,327</u>	<u>\$ 3,000,292</u>	<u>\$ 3,091,296</u>
Cost of funds	2.30 %	2.78 %	3.07 %	3.27 %	3.31 %



**FirstBusiness.Bank**