

First Business Financial Services, Inc. (NASDAQ: FBIZ) Closes Offering of \$15.0 million Fixed-to-Floating Rate Subordinated Notes due 2024

Sandler O'Neill served as sole placement agent for this offering by First Business Financial Services, Inc.

About the Offering:

On August 26, 2014, First Business Financial Services, Inc. (the "Company") completed the sale of \$15.0 million of subordinated notes (the "Notes") with three accredited investors. The Notes have a maturity date of September 1, 2024 and will bear interest at a fixed rate of 6.50% for the first five years of the instrument. From September 1, 2019 to the maturity date, the interest rate resets quarterly equal to three month LIBOR rate plus 470 basis points. The Company may, at its option, redeem the Notes, in whole or in part at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest beginning September 1, 2019.

The Company intends to pay approximately \$13.5 million of the net proceeds as the cash portion of the merger consideration in the previously announced acquisition of Aslin Group, Inc. and its subsidiary, Alterra Bank. The Company also plans to retain a portion of the net proceeds to increase its regulatory capital and for general corporate purposes.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

First Business Financial Services, Inc. is engaged in the commercial banking business through its two wholly-owned bank subsidiaries, First Business Bank, headquartered in Madison, Wisconsin, and First Business Bank-Milwaukee, headquartered in Brookfield, Wisconsin. The Banks operate as business banks focusing on delivering a full line of commercial banking products tailored to meet the specific needs of small- and medium-sized businesses, business owners, executives, professionals and high net worth individuals.

August 26, 2014

Fixed-to-Floating
Subordinated Notes
due 2024

\$15.0 Million

Sole Placement Agent

SANDLER O'NEILL + PARTNERS**Financial Highlights as of June 30, 2014 ¹**

(\$ in thousands)

Total assets	\$1,321,211
Total gross loans	1,007,736
Total deposits	1,166,697
Shareholders' equity	115,356

Tier 1 leverage ratio	9.68%
Tier 1 risk-based capital ratio	10.86
Total risk-based capital ratio	14.09
Tangible common equity to tangible assets	8.73

¹ Shown pro forma for \$15mm subordinated notes**Sandler O'Neill Contacts:**

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