FIRST BUSINESS FINANCIAL SERVICES, INC.
FIRST BUSINESS BANK
OPERATIONAL RISK COMMITTEE CHARTER

Approved: December 12, 2025

COMMITTEE PURPOSE

The Operational Risk Committee (the "Committee") is appointed by First Business Financial Services, Inc. and First Business Bank (the "Company") to assist the Boards of Directors (the "Board") in assessing and managing certain of the Company's risks, which include: (1) credit, (2) regulatory compliance, (3) operational, (4) information security/cybersecurity, (5) investment, liquidity and market, and (6) reputation risks ("Delegated Risks") so that the Board may effectively meet their fiduciary obligations to shareholders and the Company.

COMMITTEE AUTHORITY

The Committee shall have the power and authority to conduct or authorize studies and investigations into any matter of interest or concern within the scope of its duties that the Committee deems appropriate and shall have the authority, in its sole discretion, to retain independent legal, financial or other advisors to assist in the conduct of any such study or investigation, including the authority to approve fees payable to such advisors and any other terms of retention. The Operational Risk Committee has primary responsibility for:

- Assuring the Company's enterprise risk management ("ERM") program is operating effectively
- Approving and monitoring compliance with the Company's Risk Appetite Statement of Policy
- Evaluating, monitoring, and assessing key risks via quarterly updates from senior management related to credit risk; information security/cybersecurity risk; regulatory and compliance risk; operational risk; investment, liquidity and market risk and reputation risk

COMMITTEE COMPOSITION AND MEETINGS

The Committee shall consist of members of the Company's Board, a majority of which should be independent as defined in the Company's Corporate Governance Guidelines.

The Committee Chair and the members of the Committee shall be appointed by the Board annually or as necessary to fill vacancies on the recommendation of the Company's Corporate Governance and Nominating Committee. Each member shall serve until their successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

Notwithstanding the foregoing, the Board has delegated authority to the FBFS Board Chair to appoint an alternate independent "Non-Employee Director" to the Committee for purposes including but not limited to filling a vacancy on the Committee until the next Board meeting, at which time the full Board shall fill the vacancy and/or appoint the Committee member. The alternate Committee member appointed by the Board Chair will count toward a quorum and will have the same responsibilities and voting rights as the Board-appointed Committee members. The Board has further delegated the

authority and discretion to the FBFS Board Chair to designate an alternate member of the Committee to serve as the Chair of the Committee if the Committee Chair is unable to attend a Committee meeting.

The Committee shall meet as frequently as circumstances dictate. The Committee Chair will chair all meetings and will prepare and/or approve an agenda in advance of each meeting. The Committee may invite to its meetings any officer, employee or director of the Company and such other persons as it deems appropriate in order to carry out its duties. At the Committee's discretion, members may meet in executive session at any meeting of the Committee. The Committee may also meet in management session with any invited officer, employee or director of the Company and such other persons as it deems appropriate to carry out its responsibilities.

A majority of the Committee members shall constitute a quorum for the transaction of business. The action of the majority of the Committee members at a meeting at which a quorum is present shall be the act of the Committee.

The Committee shall maintain minutes of meetings and report regularly to the Board: (1) following meetings of the Committee, (2) with respect to such other matters as are relevant to the Committee's discharge of its duties and (3) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Committee's Chair or any other member of the Committee designated by the Committee to make such report.

COMMITTEE RESPONSIBILITIES AND DUTIES

To accomplish its purpose, the Committee shall have primary oversight of the following Delegated Risks along with the corresponding authority as delegated by the Board. The Committee shall fulfill the following responsibilities and duties:

<u>Credit Risk</u>

1. Review management's assessment of asset quality and asset quality trends, credit quality administration, the effectiveness of portfolio credit risk management systems and processes to enable management to monitor and mitigate credit risk.

2. Receive credit litigation risk updates as appropriate.

3. Review and approve lending and credit policies.

<u>Information Security/Cybersecurity Risk</u>

1. Review risks related to information security and cybersecurity and actions taken by management to assess and mitigate such risks.

2. Review the Company's information security program including the cybersecurity plan and information technology strategic plan.

3. Review significant information security matters and management's actions to assess and mitigate information security risks.

4. Review the Information Technology Disaster Recovery ("DR") Plan and DR Test Results.

5. Review reports from external providers of cybersecurity penetration testing and other related services.

6. Review and approve information security/cybersecurity risk policies.

Regulatory and Compliance Risk

1. Monitor and oversee the Company's compliance with regulatory requirements, including, but not limited to activities related to the Bank Secrecy Act, Anti-Money Laundering Act, Countering the Financing of Terrorism, and the Office of Foreign Assets Control, and compliance with other legal and regulatory obligations.

2. Review the Business Continuity Plan.

3. Review and approve compliance and regulatory risk policies.

Operational Risk

1. Appoint, approve the compensation of, and oversee the work of any employee or third party that provides loan review functions for internal control effectiveness.

2. The Board has delegated the review of all internal audits and loan review reports to the Committee, except those internal audits relating to the effectiveness of internal control over the financial reporting process which are delegated to the Audit Committee.

3. Review and approve operational risk policies.

Investment, Liquidity and Market Risk

1. Review quarterly reports on the Company's asset/liability management and funding, liquidity measurements, and liquidity contingency plan stress test results and continency plan scenarios.

2. Oversee Bank Owned Life Insurance ("BOLI") investments and conduct annual BOLI reviews.

3. Oversee and approve equity investments, including investments in tax credits, Small Business Investment Company ("SBIC") funds, and other special purpose equity investments in which the Company has a limited partnership.

4. Review semi-annual reports of the Company's BOLI and equity investments, consisting of changes in balances and activities, performance, regulatory compliance and capacity.

5. Review and approve recommendations from management to invest in new BOLI and equity investments.

6. Review minutes of the Asset/Liability Management Committee ("ALCO").

7. Review and approve liquidity and market risk policies.

Reputation Risk

1. Review quarterly reports in assessing and managing Delegated Risks, which include: credit, regulatory compliance, operational, information security/cybersecurity, and investment, liquidity and market risks and the associated potential impact of the realization of any such risks to the Company's reputation.

2. Review the Client Complaint Report and Suspicious Activity Report.

3. Review Senior Management Risk Committee Minutes.

4. Review the Risk Tolerance Dashboard and Top and Emerging Risk Heatmap.

Environmental, Social and Governance

1. The Board, acting as a whole and through its committees, is responsible for approval and oversight of the execution of the Company's environmental, social, and governance ("ESG") strategic framework. The Board has expressly delegated to the Company's Corporate Governance and Nominating Committee oversight of the Company's overall ESG program. Board committees, which meet regularly and report back to the Board, are responsible for the monitoring of certain ESG framework components to ensure alignment with the Company's ESG principles.

2. To ensure alignment with the Company's ESG principles, as appropriate, the Committee shall review risks and opportunities related to:

    a. ERM program risk oversight; and

    b. Information Security/Cybersecurity; and

    c. Delegated key risks, including those related to ESG matters as outlined under "Risk Management", below.

Risk Management

1. The Board, acting as a whole and through its committees, is responsible for oversight of the Company's enterprise-wide risk management. The Board has expressly delegated to the Committee responsibility for assuring the Company's overall risk management program is operating effectively. Board committees, which meet regularly and report back to the Board, provide oversight of the monitoring of certain key risks as delegated by the Board and oversee effective risk remediation when and as appropriate.

2. The Committee shall oversee management of key risks as delegated by the Board from time to time including risk relating to credit; information security/cybersecurity risk; regulatory, compliance and legal; operational; investment, liquidity and market; and reputation risks. The Committee shall additionally oversee the Company's enterprise risk management processes and programs including periodically reviewing the effectiveness of the risk management governance structure; advising the Board on its delegation of risk related responsibilities to various committees; ensuring appropriate Board level risk reporting and serving as a liaison to management on execution of the risk management program.

Corporate Policies:

Approve corporate policies related to Delegated Risks as designated by the Board from time to time including, but not limited to, the policies set forth on the Corporate Governance Policy Schedule, as amended and updated from time to time, within the scope of the Committee's responsibilities and duties as described in this Charter.

Other Duties:

1. The Committee shall perform any other activities under this Charter, the Company's By-laws or governing law as the Committee or the Board deems appropriate.

2. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Company's Corporate Governance and Nominating Committee, which will conduct a final review of the proposed changes and recommend to the Board for approval.

3. The Committee shall periodically perform an assessment of the Committee's performance annually or biennially as recommended by the Company's Corporate Governance and Nominating Committee.