

04 - 24 - 2026

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

CORPORATE SPEAKERS:

Corey Chambas

First Business Financial Services, Inc.; Chief Executive Officer

David Seiler

First Business Financial Services, Inc.; President and Chief Operating Officer

Brian Spielmann

First Business Financial Services, Inc.; Chief Financial Officer

PARTICIPANTS:

Daniel Tamayo

Raymond James; Analyst

Jeff Rulis

D.A. Davidson & Co.; Analyst

Nathan Race

Piper Sandler; Analyst

Damon DelMonte

KBW; Analyst

Brian Martin

Brean Capital LLC; Analyst

PRESENTATION:

Operator^ Good afternoon. Welcome to the First Business Financial Services First Quarter 2026 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. (Operator instructions) Please note that this event is being recorded. I would now like to turn the conference over to First Business Financial Services, Inc. CEO, Corey Chambas. Please go ahead.

Corey Chambas^ Good afternoon, everyone, and thank you for joining us. We appreciate your time and your interest in First Business Bank. Joining me today is our President and Chief Operating Officer, Dave Seiler, and our CFO, Brian Spielmann.

Today we'll discuss our financial performance, followed by a Q&A session. I'd like to direct you to our first quarter earnings release and supplemental earnings call slides, which are available through our website at ir.firstbusiness.bank.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

We encourage you to review these along with our other investor materials. Before we begin, please note this call may include forward-looking statements, and the company's actual results may differ materially from those indicated in any forward-looking statements.

Important factors that could cause actual results to differ materially from those indicated in the forward-looking statements are listed in the earnings release and the company's most recent annual report, Form 10-K, and as may be supplemented from time to time in the company's other filings with the SEC, all of which are expressly incorporated herein by reference.

There, you can also find information related to any non-GAAP financial measures we discuss on today's call, including reconciliations of such measures.

We are very pleased with our strong start to 2026.

Our team's execution was exceptional.

We won new relationships in a highly competitive environment, growing loans and deposits at a pace that well exceeded our expectations.

We grew fee income by nearly 16% year over year with strong contributions from multiple sources.

I'll highlight our private wealth business, which again produced record revenues and provides annuity-like support for our revenue growth and diversification goals.

Asset quality remained stable in our core performing portfolio, and we were pleased to see some swift progress toward resolving our largest non-performing asset, which was downgraded last quarter.

At the bottom line, we grew net income and earnings per share by more than 9% over last year's first quarter, even as our margin returned to a more normalized level after being elevated in early 2025, which was residual from the period of rapid Fed tightening.

And perhaps most importantly, our strong earnings and disciplined capital deployment drove 14% year over year growth in tangible book value per share.

This success reflects our commitment to four key objectives, prioritizing high-quality relationship-based growth, diversifying our revenue streams, maintaining long-term positive operating leverage, and preserving a culture that attracts and keeps the highest quality talent.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

We are very pleased with the momentum of our first quarter results, which Dave will discuss more now. Dave?

David Seiler^ Thank you, Corey.

Our outstanding first quarter growth positions us well to achieve our long-term goals.

As you know, we aim for 10% loan and core deposit growth on an annual basis. In the first quarter, we grew loans by \$126 million, or 15%, far outpacing our plan. Growth came from across our markets, led by Madison, Milwaukee, and Kansas City, as well as from asset-based lending, which is generating some great momentum under the new leader we brought on a year ago.

The growth occurred late in the quarter, with \$90 million, or 72%, coming on in March. That had margin implications, which Brian will cover, and it included some pull forward of growth we had forecasted for the second quarter. After an extremely strong first quarter, our pipelines are lighter going into Q2, and we will have some known payoffs in the second quarter.

Therefore, we expect the second quarter to be lighter on growth than Q1, with normalization in the second half of the year, placing us on track to achieve our 10% annual growth goal for 2026.

Our 10% growth expectations are driven by continued positive trends in our businesses and the banking industry.

Our largest markets in southern Wisconsin continue to benefit from a strong regional economy.

Our clients in the manufacturing and distribution space are doing well. Commercial real estate occupancies have remained strong, particularly in multifamily properties.

We are also seeing signs that new development is picking up after a slight slowdown in 2024 and 2025.

Additionally, we continue to expect the 2026 changes to federal tax policy should be a tailwind for our business clients and C&I portfolio.

We continue to see tangible benefits from talent acquisitions as well.

We recently hired a new president for our private wealth business.

We are also seeing positive results from producers in asset-based lending who were hired in the second half of 2025.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Obviously, we are looking at the same wild cards as everyone else and will continue to monitor for any impact of oil prices and geopolitical uncertainty.

So far, it's been business as usual.

I also want to highlight our exceptional double-digit growth in core deposits this quarter. First quarter balances were up 18% from the linked quarter and up 14% year over year. That's not an easy feat in this environment.

Our focus on hiring the best treasury management talent and maintaining a disciplined approach to business development continues to pay off.

We are pleased to see this core deposit growth coming from multiple bank markets and our private wealth group.

Our strength is in taking market share, as you saw this quarter, so we are confident in our team's ability to not only maintain existing client relationships, but also to continue bringing in new deposit balances.

As with loans, we continue to target 10% growth on an annual basis.

Another highlight was our strong non-interest income, which grew 16% compared to last year's first quarter. Private wealth produced record revenue of \$3.9 million, up 11% year over year. This business consistently generates more than 40% of our total quarterly fee income. Strong deposit growth contributed to service charges increasing more than 26% year over year, displaying our team's impressive success in adding and expanding full business banking relationships.

Our other fee income sources, which tend to be variable from quarter to quarter, posted favorable results for the quarter.

Moving to credit. We saw some rapid progress on our largest non-performing asset. Recall that we downgraded \$20.4 million in CRE loans from a single Southeast Wisconsin-based client relationship to non-accrual status last quarter.

In Q1, \$3.4 million of land development loans in this portfolio were sold at par. You can see the benefit of this to our non-performing asset ratio on slide 12 of the earnings supplement. Appraisals exceed carrying values on the land in the remaining \$17 million of loans, with no specific reserves recorded.

We expect ongoing resolution, but the timing will be variable.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Based on current activity, we don't anticipate additional progress to occur before the second half of 2026. The remainder of our portfolio is stable, and you can see our favorable trends on slide 11. Before I hand it off to Brian, I'll note that this is Corey's last call before his retirement next week.

I want to thank Corey for his leadership and service to First Business Bank. It's difficult to summarize his many contributions to our company, so I'll leave you with this. During Corey's tenure as CEO, First Business Bank has produced cumulative shareholder returns of nearly 700%, outperforming bank and regional bank indices by a multiple of more than 3x and the Russell 2000 by more than 200 percentage points.

This is no coincidence. Corey is a visionary, and we are grateful for his leadership and friendship.

We are also very happy that Corey will be continuing to serve on our board. Now I'll hand it off to Brian.

Brian Spielmann^ Well said, Dave. Thanks. First quarter net interest margin increased three basis points to 356, and there is some noise in both the first and linked quarters.

You can see a breakdown of this on slide six of our earnings supplement. First quarter NIM included the five-basis point impact of fewer accrual days in the quarter. Excluding this impact, first quarter NIM was 361, which would be in line with our internal budget expectations.

As a reminder, fourth quarter NIM included 10 basis points of compression from the nonaccrual interest reversal on the downgraded CRE NPL. Excluding this, fourth quarter NIM would have measured 363. There was no nonaccrual interest reversal activity in Q1.

The two-basis point difference in these adjusted NIM measurements primarily reflects the late quarter timing of loan growth.

As Dave mentioned, the bulk of our significant loan growth came late in the quarter. Two-thirds of the growth was from our C&I portfolios, which are higher yielding than CRE, and we expect this to benefit our net interest margin going forward.

You can see the historical trend of this yield differential on slide five of the earnings supplement. Looking out at the year, we think the early momentum of C&I loan growth in Q1 positions us well to operate within or toward the lower to middle portion of our targeted 360 to 365 range for the year.

Our outlook assumes a stable to modestly changing interest rate environment.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Margin performance is expected to be driven primarily by balance sheet mix and our targeted annual 10% loan and core deposit growth rather than additional rate tailwinds.

On the funding side, ongoing core deposit growth has improved our funding mix over time, and we continue to manage deposit pricing with discipline in a competitive environment. Where needed, we supplement with wholesale funding to match-fund fixed rate loans and maintain NIM stability.

On non-interest income and expense, I'll remind you that quarterly comparisons are impacted by last quarter's accounting classification change related to limited partnership investments.

Specifically, last quarter we reclassified \$904,000 out of our other non-interest expense and into other non-interest income to net against the related revenue. This expense represented the bank's share of costs for the first nine months of 2025 related to our latest round of limited partnership investments.

Our strong first quarter fee income supports our expectation of 10% growth for the full year compared to 2025, and we view first quarter as a good starting point for quarterly fee income in 2026.

Looking at expenses, we saw typical first quarter increases related to compensation. Compensation expense increased by about \$1.4 million in Q4, mainly due to first quarter resets for payroll taxes and 401k match contributions, along with annual merit increases and higher average FTEs, which were up about 5.7% from a year ago.

Looking ahead, payroll taxes will come down throughout the year, but new FTE adds will go up. Professional fees were also higher in Q1, increasing by about \$445,000 in Q4. Elevated recruiting costs and seasonal legal fees related to the Company's annual 10-K and proxy filings drove the increase.

We typically base our full year expense forecast on first quarter actuals, which remain an appropriate run rate for 2026. I'll reiterate that our primary expense management objective is achieving annual positive operating leverage. That is, annual expense growth at some level modestly below our targeted level of 10% annual revenue growth.

The effective tax rate was 15.2% for the first quarter.

Our effective tax rate varies modestly quarter to quarter, in part due to the timing of tax benefits received from our investment in limited partnerships and the timing of stock compensation vesting activity.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

We continue to expect our effective tax rate will be within our expected annual range of 16 to 18% for 2026.

Finally, our strong earnings have continued to generate excess capital to facilitate organic growth.

We continue to believe reinvestment in the growth of the company provides the best return for our shareholders.

We do, of course, evaluate all capital management tools at our disposal to maximize shareholder returns. And now I'll hand it back over to Corey.

Corey Chambas^ Thank you, Brian and Dave. Dave was the architect of our current five-year strategic plan, and you can see our outstanding progress toward achieving the goals of this plan on slide 15. I believe nothing has been more instrumental to achieving this success than our culture.

So I'll take a final opportunity to bang the drum on this.

Our culture defines us, and it is our secret sauce. It is in the DNA of First Business Bank to be passionate about our people and obsessed with our strategic plan.

And it's foundational to our mission to be an entrepreneurial partner to our clients, investors, and communities. This intense cultural focus has been fundamental in achieving our superior long-term shareholder returns. It has been my North Star of sorts, and I'm confident Dave's leadership will bring continued success.

We have the right team in place to continue achieving both strong earnings and above-industry growth, and I'm excited for the future of First Business Bank. Thank you for taking time to join us today. We're happy to take your questions now.

Q & A

Operator^ (Operator instructions) Your first question comes from the line of Daniel Tamayo of Raymond James. Your line is open.

Daniel Tamayo^ Thank you. Good afternoon, everybody. First, I just wanted to say congratulations on your retirement, Corey.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

It's been a pleasure working with you over the last few years, and obviously good luck to Dave. I guess on the heels of that, I'll throw out a longer-term question here for you, Dave, as you look to the future.

Looking at slide 15 with your goals and progress on it, 2024 to 2028 goals, from a profitability perspective, you guys obviously have talked about this 10% growth, and I think that certainly holds. But just curious how you think about from a profitability perspective, if it's efficiency or return on tangible common equity, do you anticipate changing any of these long-term goals and progress, the slide or anything like that, as you think about your leadership?

And if not, what's the plan over the next few years to get or keep these numbers at these levels?

David Seiler^ Yes, good question.

Our strategic plan is a five-year strategic plan. We're a little over two years into it.

Every quarter or more often, we look at all of these metrics and evaluate if they're still the right metrics for us to be looking at.

I would say right now, you look at our efficiency ratio, for example, that blipped up a little bit this quarter for reasons that I think we've outlined in some of our comments already. We expect that to return to where we want it to be over the balance of the year and in the upcoming quarters.

At this point, we still think these are good metrics for us to be working on. We've identified five strategies from our strategic plan, and we have teams of leaders working on each of the strategies. At this point, we think these are the right targets for us.

Daniel Tamayo^ All right. Good start, Dave.

David Seiler^ I'm not official yet, Danny.

Daniel Tamayo^ All right. Fair enough. I think I get what you guys are saying on the margin. I'm assuming this is going to be an annual thing. It's just the math of the fewer days in the first quarter.

But as we think about modeling the margin, we should think about modeling that down a bit in the first quarter going forward and then popping back up in the second quarter remaining in the targeted range. Brian?

Brian Spielmann^ Yes, that's a fair statement. I would say we always will have the first quarter accrual mechanics issue, right?

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

But for us specifically for this quarter, to me, it was more of a timing difference on when our funding came in versus when we deployed that funding in the quarter.

That to me is more the driver on why the NIM was reported outside of our range. If we would have had the loan growth align with that funding growth earlier in the quarter, the NIM would have been within our range.

So that's more of it.

But I think your point is valid, though, in terms of the quarterly first quarter estimates that there's going to be that day basis impact.

Daniel Tamayo^ Okay. And as it relates to that dynamic with the late in the quarter loan growth, you're thinking basically the margin comes back up into the range in the second quarter and then relatively stable from there.

Brian Spielmann^ Yes.

Daniel Tamayo^ All right. I will step back. Thanks, guys. Appreciate it.

Operator^ Your next question comes from Jeff Rulis of DA Davidson. Your line is open.

Jeff Rulis^ Thanks. Good afternoon. I wanted to check on the expenses. Brian, got your comments there. I just seemed a little high. I mean maybe I'm just still updating the model on the reclass a little bit.

But if I heard that right, that this level, it kind of flatlines for the year. I guess if I just annualize it and then run it off across full year 25, something in the high single digits, is that kind of where we should be thinking?

Brian Spielmann^ Exactly. Yep. Spot on.

Jeff Rulis^ Okay. While I got you, Brian, do you have the margin for the month of March just to try to jump off point?

Brian Spielmann^ We don't have that. It would be influenced by the late growth. That's kind of the point behind the late growth commentary is that the reported Q1 margin of 356 being impacted by that. So, it's going to be pushing us back into our range based on that March activity.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Jeff Rulis^ Okay. Fair enough. You were pretty clear about the resuming back into that range.

So I'll stick with that. Just was curious. Maybe just the last one on the growth.

Dave, I think you've alluded to the geography, but maybe do you have a breakout of maybe the mix of that growth?

Pretty strong.

But was it the mix of existing customers versus new?

I think you've mentioned maybe that was a 60-40 split last quarter or something, but just trying to get a sense for market share gains or existing customers.

David Seiler^ Yes. Well we don't have a mix between existing clients and new clients. I think it was, as we stated before, it was really across all of our southern Wisconsin bank markets and Kansas City as well as the asset-based lending.

I would say within those groups, it really wasn't concentrated in any particular area. It was spread fairly evenly.

Corey Chambas^ And I would say always our growth is going to be driven by new.

We do more loans to existing clients over time, but the driver of our growth is always going to be new client relationships.

David Seiler^ Well I think one of the things you can look at that reinforces that is the growth in our service fee income. We've had very rapid growth in our service fee income, and you don't get that without adding new clients.

Corey Chambas^ Service charges.

David Seiler^ Yes.

Jeff Rulis^ Okay. Thanks for the color. And Corey, thanks for the conversations over the years. All the best and appreciate what you've done. And Dave, look forward to catching up in Nashville in a couple of weeks.

So thanks.

David Seiler^ Thanks, Jeff.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Corey Chambas^ Thanks, Jeff.

Operator^ Your next question comes from Nathan Race of Piper Sandler. Your line is open.

Nathan Race^ Hi, guys. Good afternoon. Thanks for your comments earlier. Congratulations, Corey and Dave. It's been great.

Corey Chambas^ Thanks.

Nathan Race^ I wanted to check in on just the fee income outlook. Brian, I think you mentioned kind of a stable outlook. Just curious kind of what momentum you're seeing on the SBA front. Obviously, wealth management is showing some nice growth year-over-year as well.

So just curious how you're thinking about kind of the overall year-over-year trajectory.

Brian Spielmann^ I can speak to the total broader fee income piece, and then maybe, Dave, a couple of comments on SBA.

But the total fee income line, I think is consistent with the prior messaging around 10% year-over-year growth expectations with Q1 being a good starting point for that.

I know we had some noise in Q4, but really strong performance from those more consistent annuity streams for us, private wealth, service charges, and other, which now includes starting to build more of our SBIC investment product there that will start kicking out more returns as well over time.

But that's really the primary drivers of that fee income, which, again we believe is a 10% growth in total for us throughout '26.

Nathan Race^ Dave?

David Seiler^ And on the SBA side, we actually expected that to be a little bit higher this quarter after the shutdown late last year.

But I think as we look at pipelines we expect it to be relatively flat going forward.

Nathan Race^ Okay. Got it. And, Dave, I think you mentioned earlier you're expecting some softer growth in the second quarter, just giving maybe some pull-through and some expected payoffs this quarter.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

So is it fair to expect maybe like mid to low single-digit growth in the second quarter and then getting back up to that kind of high to low double -- high single-digit to low double-digit trajectory in the back half of the year?

David Seiler^ Yes. I think that's probably reasonable for Q2, Nate. A little bit depends on payoffs, and those aren't -- you know, some of those are in flux right now, so we can't predict them 100%.

But I think that's a reasonable point, and we still expect to be at 10% for the year.

Nathan Race^ Okay.

Then maybe one last one. Any color that you could shed on the charge-offs in the quarter and just how you're budgeting or thinking about charge-offs over the balance of this year?

It doesn't sound like there's been much movement on that ABL credit that we've talked about, which again shouldn't really result in any loss content.

But -- and within that context, it also seems like the southeast properties are still slated to sell that part, similar to what we saw this quarter.

So we're just hoping to get any color along those lines, please.

David Seiler^ So I can talk about the southeast properties and the asset-based lending credit that we have.

So on the southeast properties, last quarter, we talked about how we're going to work this -- work out of this over time.

We started that with a little over \$3 million in payoffs with no losses in the past quarter.

Right now, we are pursuing foreclosure on the rest of the properties in that non-performing portfolio.

So, we shouldn't really expect any resolution in Q2. That's probably more of the back half of the year, based on how long those proceedings take in Wisconsin.

And again, as it relates to the asset-based lending credit, that's going to be an end-of-the-year type event, most likely.

But we've had no negative news there. It's just moving through the court system very, very slowly.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

But we're being told that's what we should expect in this case.

Nathan Race^ Okay. That's helpful. I appreciate the color.

Brian Spielmann^ Nate, on the broader charge-off question, I would say for Q1, nothing kind of unusual to report. Kind of a broad mix of charge-offs coming from SBA, C&I. I will say that EF-Equipment Finance - improved from a charge-off perspective from Q4 to Q1, so that's a good indication that we're improving and working through that portfolio.

I think we had about 25 basis points of charge-offs in the quarter, little higher than we would think. We tend to think around 20 basis points on average for the year.

So, but nothing that's alarming to us by any means.

David Seiler^ Just to add to that, Nate, that transportation segment of that equipment finance portfolio, which started out at about \$61 million, is down to \$18.1 million or \$18.2 million, something like that.

So, we're making nice progress on that.

Nathan Race^ Gotcha.

Okay. Very helpful. I appreciate all the color. Thanks, guys. Hope you have a great weekend.

Operator^ Your next question comes from the line of Damon DelMonte of KBW. Your line is open.

Damon DelMonte^ Hi. Good afternoon, guys. First off, Corey, congratulations on the retirement. I think I've covered you guys for probably close to 12 years, so it's been an enjoyable run. And Dave, look forward to working with you in your new role.

So, congrats.

David Seiler^ Thanks, Damon.

Damon DelMonte^ Sure.

So, with that, I guess most of my questions have been asked and answered, but Brian, I may have missed this, but do you know what the fees in lieu of interest were included in the margin this quarter?

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Brian Spielmann^ They were about \$2.2 million.

So, that's more in line with kind of a run rate, a little bit higher than the run rates, that's up from the prior quarter.

But remember, the prior quarter had the nonaccrual interest reversal in Q4.

Damon DelMonte^ Right. Right. That's right.

Okay. Thanks.

Then kind of along the lines of credit and trying to figure out provisioning going forward - the reserve, do you expect to kind of maintain this reserve level?

And then if you kind of have average net charge off of 20 basis points, kind of just back into the provision that way?

Is that a good way to think about it?

Brian Spielmann^ Yes, that's how I think about it, Damon. I think the macro piece of this equation, we subscribe to Moody's, right?

So that's the wild card with the geopolitical, but I think all else equal, you're provisioning for growth off this reserve level with the 20 basis points. I think that's appropriate.

We saw for example, this quarter, a million dollars of that provision was due to loan growth of that 2.9 in the quarter. So that'll come back down. Obviously, we talked about with Q2 growth coming back down, but yes, with the uncertainty around the macro, to me, no change is a reasonable place to be.

Damon DelMonte^ Got it.

Brian Spielmann^ On reserve.

Damon DelMonte^ Okay. Great. Well great. That pretty much covered everything else.

So, thanks for taking my questions and take care. All right.

Brian Spielmann^ Thanks, Damon.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Operator^ And your next question comes from the line of Brian Martin of Brean. Your line is open.

Brian Martin^ Hi. Good afternoon, guys.

Brian Spielmann^ Hi, Brian.

Brian Martin^ Say just maybe one for me on the loan growth front. Can you talk a little bit about where you're, just the growth this year?

So just kind of big picture, kind of where you're optimistic?

I know this quarter you had, you talked about having really strong growth on the specialty side.

But just wondering where you're seeing the growth by component or just kind of where you're most optimistic going into the year and maybe areas that aren't really optimistic about in terms of delivering the targeted growth this year.

Dave Seiler^ Sure. Well, I mean I think if you look for where it's going to come from for the rest of the year, I think we're going to continue to see nice growth in our ABL, from our ABL team, also from our accounts receivable finance team. Kansas City is looking really good, and we continue to add talent in Kansas City.

And our, particularly our southern Wisconsin markets are still strong.

We have good teams in both of those markets.

So, we should continue to see growth there.

Brian Martin^ Okay.

In terms of the build-out it sounds like you're still adding some folks in Kansas City. Is that primarily complete at this point?

So you've got a full team, or there's just more things, more areas you're adding down there?

Dave Seiler^ I don't think we'll have a lot more adds down there, Brian, but we could have another add. And in order for us to continue to grow at 10%, we have to continue to add folks really across our markets.

So, I think we will likely have another add in Kansas City this year.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Brian Martin^ Got you.

Okay.

Then maybe just jumping to the, just the fee income for a second, and I appreciate the color you guys have already given, and your comments, Brian. Just in terms of the lumpiness that kind of is, seems within this portfolio, do you still expect some lumpiness kind of throughout the year?

I know the move you made to reclass and stuff, just kind of trying to think about the quarterly movement or progression. Is it, do you expect a little bit more consistency?

Is it still going to be a little bit lumpy as we go along?

Brian Spielmann^ I would say yes is the answer. There's still going to be lumpiness, but that's something we're working on and trying to improve, right?

We talked about the success of our private wealth and our service charges.

Those are becoming more and more consistent and annuity-like, more so than they had before.

I also just really kind of briefly talked about our investments in small business investment company funds. You know, we're deploying more capital there.

There's a 5% limit, right, for regulatory capital, but we're doing that over time to add a more stable level of fee income to the quarterly run rates.

So, that'll take some time, but that's another part of our process to smooth those earnings out on a quarterly basis.

But it's just the nature of swap fees and SBA gains. It's just going to be lumpy still, but that's why we're really focused on that 10% year-over-year growth.

Brian Martin^ Yes.

Okay.

Okay. That covers my -- Damon got the credit part.

So, other than that, I'm good. And just the same comment that both guys have made.

First Business Financial Services, Inc.

Earnings Conference Call - First Quarter 2026

Corey, it's been great working with you over the years, Corey, and I wish you the best in retirement. And Dave, it's been good getting to know you and continue to work going forward.

So, congrats on everything, and thanks for taking the question.

David Seiler^ Thanks, Brian.

Corey Chambas^ Thanks, Brian.

Operator^ That concludes our Q&A session. We'll now turn the conference over back to CEO Corey Chambas for closing remarks.

Corey Chambas^ Thanks. First, I'd just like to say I appreciate all the relationships I've built with all of you over the years.

So, I will definitely miss that and miss you all.

Overall, I just want to say thanks, everybody, for your interest in First Business Bank, joining us today and hope everybody has a great weekend.

Operator^ This concludes today's conference call. You may now disconnect.