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First Business Financial Services, Inc.

Earnings Conference Call - Fourth Quarter 2024

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CORPORATE SPEAKERS:

Corey Chambas
First Business Financial Services; Chief Executive Officer
David Seiler
First Business Financial Services; President and Chief Operating Officer
Brian Spielmann
First Business Financial Services; Chief Financial Officer

PARTICIPANTS:

Daniel Tamayo
Raymond James; Analyst
Jeff Rulis
D.A. Davidson; Analyst
Damon Del Monte
KBW; Analyst
Nathan Race
Piper Sandler; Analyst

PRESENTATION:

Operator^ Good afternoon. Welcome to the First Business Financial Services fourth quarter 2024 Earnings Conference Call. (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, sir.

Corey Chambas^ Good afternoon, everyone. 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, along with some operational highlights followed by a Q&A session.

I'd like to direct you to our fourth quarter earnings release and investor presentation, which are available through our website at ir.firstbusiness.bank. We encourage you to review these alongside our other investor materials.

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Before we begin, please note, this call may include forward-looking statements. 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 on 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 pleased to report an outstanding quarter.

You'll see that we had some unusual items, which boosted our reported earnings by about $0.28. Even stripping that away our earnings were excellent, up 15% from the third quarter and 24% from Q4 2023.

Our operating model continued to do what it's built to do. It produced strong loan growth, a strong and consistent net interest margin and thus strong revenue growth as well as positive operating leverage.

As a result, we posted record earnings on both a pretax preprovision basis, in addition to the bottom line.

Our priority is always to grow shareholder value, and we saw continued growth in tangible book value per share, which was up 23% annualized from the third quarter.

Our efficiency ratio improved to its lowest level since fourth quarter of 2013. These results capped off a solid year. And at the end of the call I'll cover how we performed overall for the first full year of our current five-year plan.

Now I'd like to pass it over to Dave to walk you through some of the business activity that drove our strong fourth quarter results. Dave?

David Seiler^ Thanks, Corey. You saw in our press release that our loan and deposit growth was strong. Loan balances grew $264 million over the same period last year. That's up approximately 10%, which is our long-term growth goal. Total deposits grew $310 million or 11% from last year's fourth quarter.

That included moderate growth of $57 million in core deposits which was supplemented by our continued use of wholesale deposits to execute our match funding strategy.

The period-end core deposit numbers are a point-in-time reflection so you can expect to see some variance there as clients move money around as part of their business activity such as paying out year-end bonuses or buying real estate and equipment. This is not unusual activity for our clients, especially at year-end.

We have a consistent, sticky base of core client deposits.

Because we are a business-only bank, our account balances are larger than average. The strength and stability of these relationships is reflected in our Net Promoter Score. Updated scores were recently released and First Business Bank earned a score of 70 from our clients, which is nearly 3x the average score of 24 we reported for the banking industry.

This reflects our outstanding team and our recent employee engagement metrics validate this. This ability to attract and retain engaged employees who develop deep client relationships is critically important to our proven ability to achieve our growth goals.

For the reasons I just stated, we managed to average core deposits for a period rather than ending balances.

On average, our core deposits were up 13% year-over-year.

Over the last five years, deposits have grown at a 12% compound annual rate.

Over the past few quarters, we further increased our focus on deposit relationship generation, enhancing how we incent our bankers and adding new treasury management experts in our Southeast and South Central markets, and we’re seeing great results.

Slide 19 in our investor presentation shows 11% year-over-year growth in treasury management fees, which is an indicator that we are adding new commercial relationships, and we continue to expect 10% growth on an annual basis.

Our pricing initiatives and commitment to high-quality growth have supported our goal to maintain a stable net interest margin in the range of 360 to 365 basis points, and we continue to view this as an appropriate range looking ahead.

As we look into 2025, we see opportunities for strong growth in several areas.

Our Southeast Wisconsin and Kansas City markets should see continued improvement as we have grown our teams in both of these markets.

Our floor plan finance team continues to show nice demand and extremely high client satisfaction results.

Additionally, our accounts receivable finance team has the strongest pipelines it has seen in several years.

Our SBA Lending team is showing solid traction under its new leadership.

In 2023, we hired a new leader for this team.

With the expanded team he's put in place, we are seeing our pipelines improve. You can see the flow-through to gains on SBA loan sales and fee income, which more than doubled compared to the third quarter and was up over 3x from the fourth quarter of 2023.

Since we've shifted our mix towards loans with a construction component, a greater portion of SBA loans in our pipeline need to complete construction and fully fund before they are eligible for sale. This can create variability in terms of the amount of loans available for sale in a given quarter.

Additionally, our sell versus hold strategy for SBA loans, which is largely dependent on premium levels, may also impact our gains in a given quarter. However on an annual basis, we expect 2025 to be stronger for production and gain on sale volume.

That's a nice segue to total revenue. Revenue growth is a real highlight this quarter and fee income, in particular, which was up 13% compared to both last quarter and the prior year quarter. You can see the growth in fee income contribution over time on Slide 12 of the investor presentation.

We see this strong momentum as an outcome of our team's solid execution of our strategic plan that is focused on revenue diversification and 10% annual revenue growth.

In the fourth quarter, we saw meaningful pickups in SBA gains and deposit service charges, as I just mentioned. Private wealth fees, which now comprise 43% of our fee income and represent an ever-growing annuity stream for our bank, continue to expand due to our private wealth team's consistent growth. Swap fees were strong as clients utilized swaps to lower their interest rate risk.

Income earned from SBIC fund investments continue to reflect the value of these relationships as well as the inherent variability in the timing of income recognition. Given the historically strong returns from these investments, we plan to continue investing in SBIC funds, fully investing our 5% of total capital allowed over time.

The diversification we've built into our revenue profile provides a buffer against reliance on any one source.

I'd like to talk briefly on asset quality.

As we said last quarter, we are pleased with how our portfolios are performing and have no areas of particular concern. The tick up in NPAs reflects what we believe to be a normalization from the unusually low level in recent years.

We do continue to see isolated weakness in the transportation sector of the equipment finance portfolio. At December 31st, we had $41 million of transportation loans in the portfolio, down from $61 million at the start of the year.

As a reminder, we stopped lending to the transportation sector in the first quarter of 2023.

The remaining transportation loans in the portfolio have an average remaining life of only 34 months.

Based on what we are seeing today with continued low spot rates for trucking and depressed equipment values, we expect the credit impact of this portfolio to be in line with the past several quarters for this foreseeable future.

The non-transportation portion of the equipment finance portfolio has performed better than our expectations.

Of course we're always looking closely at the migration in the portfolio.

Our weighted average risk rating has barely moved.

We continue to wait out the bankruptcy proceedings process for the $6.2 million ABL credit mentioned in previous quarters.

We continue to expect full repayment on this credit, but unfortunately, it continues to inflate our otherwise healthy level of NPAs.

We have one $6.9 million loan to a borrower in the equipment wholesale business that we moved to nonperforming status during the quarter. This is a specific business situation and is not indicative of any trend.

Looking at our accruing past due loans, there is a modest uptick related to one client whose payment was delayed and was paid in full in January but missed the 12-31 reporting date.

Our asset quality measures continue to reflect the diversified and solid risk profile of our portfolio in 2024.

I'll wrap up and reiterate that our bankers are hard at work executing our strategic initiatives.

We see opportunity across our franchise and are executing to earn that business.

We always say that the best team wins and our team is delivering. Now I'll hand it off to Brian.

Brian Spielmann^ Thanks, Dave. I'll go a little deeper into our financial highlights for the fourth quarter. To start, let's cover the tax and recourse benefits that boosted our reported net income. The first is the update to our SBA recourse reserve estimate, which was large for the quarter, but basically nets to zero for the full year.

The fourth quarter change in estimate amounted to about $686,000 or $0.07 on EPS.

As of year-end, the SBA recourse reserve outstanding was $645,000. This onetime change is not indicative of future expectations, and we believe the recourse provision run rate will remain consistent with the past several quarters going forward.

The bigger item is the income tax adjustment resulting from the semiannual review of our state deferred tax asset valuation allowance related to the 2023 Wisconsin Commercial Loan Income Exemption. This rule, which significantly reduces FBB state income tax allows financial institutions to exclude from their income any interest fees and penalties from commercial loans of $5 million or less provided to Wisconsin residents for business or agricultural purposes.

Fourth quarter review included adjustments to our 10-year state taxable income forecast based on the 2023 actual tax return as well as updates on other variables.

As a result of this analysis, we reversed about half of the DTA valuation allowance that was established in 2023 when the law change was enacted.

As you saw in the release, this amounted to about $0.21 of EPS for the quarter.

As Dave mentioned, our ability to produce net interest margin that is strong and stable compared to peers contributed to our solid performance. Fourth quarter margin of 3.77% benefited from higher fees earned in lieu of interest that grew $1.4 million from the linked quarter.

Fees in lieu of interest refers to the significant and recurring but variable amount of interest income we earn for items like prepayment fees and asset-based loan fees. They contributed 27

basis points to the reported margin for the fourth quarter compared to 12 basis points in the third quarter and 14 basis points in the fourth quarter of 2023, which are more typical levels.

Excluding these fees, our adjusted NIM was 3.48% for the fourth quarter compared to 3.50% in the linked quarter. Margin remained strong and consistent due to our successful management of rates on both sides of the balance sheet before and after the Fed's rate cuts in the third and fourth quarters.

We continue to see our differentiated match funding strategy and relatively neutral balance sheet sensitivity set us apart in the industry.

Dave covered fee income and the great activity that we're seeing there. Just a few additional notes.

Ongoing variability in swap fees and returns on SBIC funds are expected.

Our swap fee income will continue to vary quarterly based on the CRE activity, the rate environment and client preference. SBIC fee income is driven by interest income in the portfolio and unrealized and realized gains.

While we experienced a strong year in 2023 for realized gains, 2024 was slower and more reliant on interest income only as the funds continued to invest in new companies.

We saw an uptick in Q4 and expect realized gains will pick up again in 2025 as existing funds mature.

Our expenses had some moving parts this quarter. Total expenses were up modestly, about $45,000 compared to the third quarter. This includes two offsetting items, the $687,000 SBA recourse reserve release and about $500,000 in costs related to a change in credit card vendors.

We don't expect any additional future expenses related to this conversion.

We believe compensation expense for Q4 is a decent starting point for looking at a 2025 run rate. From that starting point, we expect we'll see a pickup due to vacancies for existing positions we expect to fill throughout the year, anticipated new hires, the new year reset on social security, and merit increases of approximately 3.5%, which is lower than the previous two years.

When we think about expenses, our primary objective is achieving annual positive operating leverage, expense growth at some level below revenue growth, which is targeted at 10% or above.

We're able to pull levers to manage this on a long-term basis.

On Slide 15 of the investor presentation, you can see our historic success not only achieving this goal, but far outperforming our peers.

Next, taxes.

As I mentioned, the fourth quarter saw a significant change in estimated state taxes, which brought our effective tax rate down to 5.8%. Excluding the valuation allowance adjustment, our effective tax rate would have been 16.7% for the quarter, compared to 18.3% in the linked quarter.

Looking ahead, we expect to continue utilizing federal tax credit projects to improve the communities we serve and to maintain a lower overall effective tax rate over time.

We believe our effective tax rate will be between 16% and 18% in 2025. Finally, we feel good about our capital levels and our strong earnings are generating capital to facilitate our expected organic growth.

With CET1 above 9% as of year-end, we will balance asset growth with the potential use of our share buyback program to optimize long-term shareholder return. And now I'll hand it back over to Corey.

Corey Chambas^ Thank you, Brian. I want to provide a brief update on our progress against our strategic plan for 2024 through 2028, which is now one full year in.

As you know we kicked off our current five-year plan last January, and we're very happy with our results to date. You can see our strategies and the goals we use to measure the success on Slide Seven and Eight of our investor presentation.

We are far exceeding our 10% plus target on tangible book value growth.

Our full year 2024 return on average tangible common equity was strong at 15.4%. It was 14.6% after excluding the effect of this quarter's unusual items, marching toward our goal of 15% plus.

Total revenue growth for 2024 was 6.6%. This reflected strong growth in net interest income of 10.3%, which was offset by lower levels of SBIC and swap fee income throughout the year.

As Dave and Brian laid out, we believe the momentum we saw in the fourth quarter positions us nicely to achieve our targeted 10% revenue growth in 2025. While not a specific target, we aim for positive operating leverage on an annual basis. It allows us to achieve our efficiency goals.

For full year 2024, we reported an efficiency ratio of 60.61%, very nearly approaching our five-year plan target of less than 60% by 2028. Finally, Dave mentioned our updated Net Promoter Score and employee engagement metrics.

It bears repeating that we are very proud of this. More importantly, the relative measure compared to our banking industry peers shows that we are an outlier by a long shot and in the right way. This is a testament to our culture and our team.

We can't say it enough, the best team wins.

I beat this drum quarter after quarter.

Our strategic plan goes hand in hand with maintaining our entrepreneurial culture and it matters. The strategies we put in place to achieve our financial goals are working and we will continue to execute regardless of what the economy brings us in 2025 and beyond.

We believe this will deliver on our ultimate goal to generate top-tier total shareholder returns, a goal we've overachieved on again in 2024. I want to thank you for taking time to join us today. We're happy to take your questions now.

Operator^ (Operator Instructions) First, we will hear from Daniel Tamayo of Raymond James.

Daniel Tamayo^ Maybe starting on the loan growth.

So I think I heard you guys reiterate the 10% annual loan growth guidance. Just kind of within that, I'm looking at the C&I bucket, which was down a bit in the fourth quarter.

So maybe you could give a little color around that.

Then your thoughts on within that 10% growth next year, where C&I fits and kind of what the mix you're looking at or you're expecting is next year -- this year?

Brian Spielmann^ Yes. Danny, I would say next year, we think C&I will be the bigger portion CRE is still a little slower as it has been.

We continue to fund up some things this last year that were projects -- multifamily projects, things like that, that were in the construction phase.

That still flowed through to last year, but that's -- that activity slowed throughout the year.

So I think that's going to continue to be the case, given the rate environment and cost environment, and we would expect that C&I would have a higher percentage of the growth -- faster growth rate.

Daniel Tamayo^ Okay. And any color on the fourth quarter decline?

Brian Spielmann^ Well we had -- in the fourth quarter, we had some asset-based lending loans pay off.

So we went down a little bit there. That's probably the only unusual or atypical item that I can think of off the top of my head.

Daniel Tamayo^ Got it.

Okay.

So just a little bit of volatility.

Then maybe on the other side, on the funding side, just you talked about your ability to continue to grow core deposits and then kind of fill the gap with the wholesale, but curious where you see opportunities to grow core deposits and where maybe in your mind that wholesale versus core mix ends up longer term?

Corey Chambas^ Why don't I start on the -- I'll start on the mix and then Dave can to talk about growing the core. I would say on the mix, it's really dependent on the other side of our balance sheet because we're going to use wholesale to match fund.

So that's always going to be a part of what we do because as you know we don't like taking interest rate risk.

We like a match-funded balance sheet.

So we'll always be using some of that probably in the same proportion that we've been doing over the last several years where it's 70% to 80% of our funding is in-market deposits and 20% to 30% is wholesale so that we can match on the balance sheet. Dave, why don't you talk about initiatives relative to that?

David Seiler^ Right. Well it's a little bit in terms of growing our core deposits. It's really doing what we have been doing over the last five years.

I mean if you look over the last five years, we've grown our core deposits at a 12% annual rate.

We do that by having treasury management folks that are outbound and they're far more sales-oriented, I think, than you'll find in other organizations, and it's just adding new relationships.

And one of the things we look at when we kind of check to see that we're adding new relationships is our treasury management fee income. That grew 11% for us in 2024 and nearly 11% annual rate over the last five years.

So I mean we just feel confident that we just stay focused on it and add the people we need.

We've also, in the company, put the right incentives around deposits.

So it's very attractive for our bankers to bring in deposits.

Corey Chambas^ And Danny, we've added salespeople on that side on the treasury management side.

We also did something I think is pretty unusual in banking, which is to take a really successful commercial lender and that person flipped over to the treasury management side to lead one of our treasury management teams and is focused on TM.

As you know most banks treat treasury as more like order takers, and they don't have sales-oriented people with the same kind of new business development goals and activities, expectations that they do on the lending side, but we do.

So it's just -- we just have a different mindset about it.

We continue to work on adding talent because it's all about the people and the talent.

Daniel Tamayo^ Great.

But it sounds like you guys are set up for another good year.

Operator^ Next question will be from Jeff Rulis at D.A. Davidson.

Jeff Rulis^ I wanted to ask you about your outlook on the kind of loan yields repricing some headwinds there. I want to -- if you think about kind of maturities and what's sort of upcoming you get back to sort of neutral by quarter or maybe new production begins to lift that average loan yield. Any thoughts there?

Brian Spielmann^ We'd like to think about it more in our 3.60% to 3.65% margin.

But specific to the earned asset yield, I would say we have some reinvestment opportunity left to improve that as long -- as well as with our C&I lending mix improving too. That came down a little bit.

We talked about the ABL payoffs and amortization there.

We think that mix of C&I business improves as well in '25, driving those yields higher and offsetting any remaining downward pressure from the short-term market rates on the floating side of the balance sheet.

Corey Chambas^ And just jumping in there, Jeff. And again anything that's going to be fixed rate that's maturing, we're going to be match funding it again.

So those yields correlate and will -- they're moving together.

So the repricing there would be repricing down the fixed rates on the deposit side, match funded deposit side, if we have some something ballooning and we're rewriting that.

Jeff Rulis^ Got it.

So if we kind of slam that together in the 3.48% core, your expectations ahead. I appreciate the 3.60%, 3.65% guide and I guess if the fees in lieu are 10 to 15.

I guess the expectation is that pretty stable margin?

Or are you optimistic that maybe you can -- you've been through some of the rate cut impact and I guess the expectation on the core margin relative to 348, what would that be?

Brian Spielmann^ Yes.

We like stable, we think stable is possible in any rate environment we strive for.

So we think it's a good place to be, and that's where we're operating towards. Along with your point around the fees in lieu of interest on average, we've historically on average had about 15 basis points of contribution from the fees in lieu of interest. Those were elevated, obviously in Q4, but we expect that to continue.

Jeff Rulis^ Okay. And Brian, while I have you, just confirming the -- you said the tax rate was 16, 1-6, to 18 or one sixth [ph]?

Brian Spielmann^ 1-6, yes. 16.7.

Jeff Rulis^ Then if we're thinking about kind of your guidance of loan growth and asset growth and operating leverage, still safe to say the expense implied rate is kind of high single-digit mid to high, just some margin of improvement there. Is that fair?

Brian Spielmann^ Correct. That's fair.

Jeff Rulis^ Okay. Last one, if I could squeeze it in there. Just the nonaccrual increase in quarter outside of the one loan you identified, could you just review that again with the pieces that came in the fourth quarter?

Brian Spielmann^ Yes. The largest one was a single C&I relationship in the wholesale equipment industry that we've evaluated and reserved for, we think appropriately a specific reserve for that, and that was the biggest chunk of the increase with that one C&I loan in the wholesale equipment industry.

Jeff Rulis^ And the remainder -- so you got the balance of that with the remainder of the increase in -- it was other equipment finance or -- just trying to get what else...

Brian Spielmann^ Yes.

Some small ticket, under small ticket. Yes, correct.

Operator^ Next question will be from Damon DelMonte at KBW.

Damon Del Monte^ Just to kind of follow up on the last questions on credit. Just curious as to how you guys are looking at the reserve level right now.

Is there any concern that the -- what were the remaining maturities in -- sorry, the remaining maturities in the transportation book that there could be a need to build reserve levels a little bit.

So just kind of curious, kind of back into kind of the outlook for the provision given potential charge-off volatility that would require maybe some additional reserving?

Brian Spielmann^ Yes.

As of 12-31, we think we're adequately reserved, in particular, in the small ticket space, where we have a more of a methodical process around past dues, where the charge-offs we are having on a quarterly basis, we are reserved for. There's a kind of in and out within the reserves as we're going through that process.

And so we think that the run rates you're seeing on the equipment finance side are going to continue as we keep working through that portfolio.

But the reserve is built appropriately to absorb those as we go forward.

So the rate that we're at right now around that 120 all in including the unfunded the pickup there from the prior quarter was more towards that specific reserve on the one C&I loan that we added this quarter.

Damon Del Monte^ Got it.

Okay.

Okay. Great.

Then maybe help us think a little bit about fee income. I think the commentary was that gains from the SBIC investments were lower this year, but you would expect to pick up here in '25.

So can you give a ballpark on what you might expect for that benefit to fee income going forward?

Brian Spielmann^ Yes.

So kind of sticking with the 10% mantra, we think that 10% holds true for all parts of revenue since fee income already is down this year.

We think that Q4 place up about $8 million is a good place to start in '25.

We like the components that are going into that total $8 million, and there'll be puts and takes throughout the year. That's a great place to be.

We think year-over-year, we can grow that 10% along with our other revenue items.

Operator^ (Operator Instructions) Next, we will hear from Nathan Race at Piper Sandler.

Nathan Race^ You obviously had a nice funding betas in the quarter. I think you kind of shook out around 32% when I look at your total cost of interest bearing liabilities. Just curious if the Fed remains on hold over the course of this year, kind of where you see your funding betas shaking out over the next few quarters here?

David Seiler^ Well I think on the variable side of the balance sheet, we have a good opportunity, and we are relatively matched in terms of what we think about our SOFR products and our prime asset products.

We also then have our SOFR indexed liability accounts. The remaining nonmanaged deposits, we feel our ability to maintain those where our betas are consistent on the liability side with the asset side, and that gets back to our kind of message of adjusted (net) interest margin neutrality.

Nathan Race^ Okay. Got it.

Then just curious in terms of how you guys are thinking about capital deployment this year. Corey, you mentioned share repurchases may be an ongoing consideration.

But just curious if it's just mostly going to be kind of orientated towards organic growth, if you see room or opportunities to increase the common going forward as well.

Corey Chambas^ Sure. Yes, first and foremost, for us is always toward growth.

We think if we can do our 10% balance sheet growth, deploying the capital in that regard, that's going to be the best return for our shareholders is growing loans in the balance sheet and using the capital for that.

We always look at our dividends. We've had dividend increases for a lot of years since we -- 12 years, I think since the great financial crisis, where we held it steady through the -- we didn't cut.

We held it steady and then have grown consistently since on an annual basis.

So that's been our pattern.

I think over the last five years, the CAGR on dividend growth is double digits as well.

We're the double-digit people, I guess.

So that's something we'll always look at.

Then if we keep doing really well like we did this last quarter, then we'll be generating capital in addition to those needs beyond growth beyond the dividend and then we could be opportunistic on buybacks, should that be -- should that make sense.

You might recollect that we put a buyback in place about a year ago.

And on that one, we -- that's perpetual.

So it's not one that is rolling off on an annual basis. That's what we had done in the past.

So it's always out there for us and we'll constantly be monitoring it.

Nathan Race^ Okay. That's very helpful. If I could just ask one more. I mean you're tracking kind of ahead of your target plan on the efficiency ratio coming out of the fourth quarter.

You guys have always been kind of forward thinkers and early adopters on some technology front.

So just curious, based on some of those technology investments, kind of where you see the efficiency ratio trend over the next couple of years, just given the strong operating leverage outlook that we've already discussed?

Corey Chambas^ Yes. I would say it's a march downward.

We had our Board meeting this morning, and that's a graph that we have in there, and it's been a pretty steady march downward because we've had positive operating leverage for the last six years in a row.

So if you keep generating positive operating leverage, you're going to keep driving that down incrementally. We're always going to be investing in technology, people, et cetera, as a growth company, but that's a key thing we keep our eye on in terms of management is positive operating leverage.

So yes, that's going to continue to grind down. I don't think given who we are and what we do as our growth orientation. We're never going to be super low on efficiency ratio.

But the math just makes -- causes it to go down if you have positive operating leverage every year.

Operator^ And at this time gentlemen, we have no other questions registered. Please proceed.

Corey Chambas^ Thanks for joining the call today.

We appreciate everyone taking the time to get an update on the company, how we're doing, and we're looking forward to speaking to you again next quarter as we move forward in 2025. Thank you.

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Operator^ Thank you, sir. Ladies and gentlemen, this does conclude your conference call for today.

Once again thank you for attending. At this time we ask you to please disconnect your lines. Have yourselves a good weekend.