Bank OZK

Transcript of the First Quarter 2021 Conference Call

April 23, 2021, 10:00 am

Note: Administrative communications of the operator and other greetings and social exchanges of no substantial import have been omitted from this transcript.

Good morning, I am Tim Hicks, Chief Credit & Administrative Officer for Bank OZK. Thank you for joining our call this morning and participating in our question and answer session. In today's Q&A session, we may make forward-looking statements about our expectations, estimates, and outlook for the future. Please refer to our earnings release, management comments and other public filings for more information on the various factors and risks that may cause actual results or outcomes to vary from those projected in, or implied by, such forward-looking statements.

Joining me on the call to take your questions are:

- George Gleason, Chairman and CEO;
- Greg McKinney, Chief Financial Officer; and
- Brannon Hamblen, President & COO of our Real Estate Specialties Group.

To make the most efficient use of the time we have for this call, we'd ask that you please limit your questions to one or two at a time, and then re-enter the queue for any follow-up questions, if needed. We will now open up the lines for your questions. Let me now ask our operator, Joelle, to remind our listeners how to cue in for questions.

Ken Zerbe - *Morgan Stanley*

I was hoping you could actually talk a little bit about what drove the increase in non-purchased loan yields this quarter? Certainly, it was good to see those trending a little bit higher. And how sustainable is that increase?

Tim Hicks

We did mention in our management comments some additional recognition of fees from our PPP loans. There was about $3.6 million of that, from the forgiveness of certain loans, about $160 million of loans that were forgiven through the PPP process that dropped $3.6 million of previously unaccreted net deferred fees into income. That was about 8 basis points contribution to our yield on non-purchased loans. We'll obviously have that for a couple more quarters.

We have about $5.2 million remaining from PPP1 loans that have not accreted those fees, not accreted into income fully yet. And then we've got the PPP 2 program that obviously started this year. We've got a little over $100 million of loans that have been approved through that process. And that's got just under $5 million of fees related to that -- $4.6 million at March 31. So both of those will contribute some in the second quarter and future quarters as those get forgiven over their time periods.

Ken Zerbe
And then maybe just a little bit of a broader question. So in terms of competition from the nonbanks in the RESG portfolio, we've certainly gone through a period where the nonbank lenders should have pulled back on lending, given the increased credit risks and uncertainty in the market. But now that they're actually coming out of that period and things do look to be getting a little bit better, should we assume that competition from the nonbanks really starts to pick up again from here? And what does that imply as you're thinking about growing the RESG portfolio going forward?

Brannon Hamblen
I think we're all very aware of how much liquidity there is in the marketplace right now, and your assumption or understanding is correct that there is sort of the reawakening coming out of the COVID-19 pandemic. But I would say that, that's not unlike other periods that we've been in, in the past. We have faced significant competition -- late '17, early '18 was certainly a very competitive time period. And we have continued to be able to, in the face of doubling or tripling of the debt funds out there, continue to produce really good volume. So yes, there are going to be more folks out there. But oftentimes, not groups that have the depth of experience and history with a lot of the sponsors that we do. So we expect a competitive environment but expect to compete very well.

Brock Vandervliet - *UBS*
We could maybe shift over to deposit trends. I thought figure 48 was great in terms of the disclosure. But if you could just speak to that in terms of the consumer commercial areas down, brokered public funds still heading up, what should that look like? What do you like that to look like in the coming quarters?

George Gleason
Brock, we've been working very hard over the last couple of years and really improving the quality and diversity of our deposit base. And our top 10 depositors now account for something roughly in the range of 7% of total deposits, where they use to be high teens or even higher at one point. So we have a very diverse deposit base. We have no aversion to using brokered deposits or public funds deposits, but we certainly want to keep those levels at a manageable level.

And we're seeing really good acquisition on consumer and commercial business accounts and expect that to continue. And that is our primary focus to just build a greater and greater core nucleus of customers on the consumer small business side, established more connections to those customers by having more product connections and delivering to them services that make them more sticky and more dependent upon us to provide services to them.

And Cindy Wolfe, our Chief Banking Officer; Carmen McClennon, our Chief Retail Banking Officer; and Ottie Kerley, our Chief Deposit Officer, have just been doing a marvelous job with their respective teams -- and continuing to improve those initiatives – mobile and online banking are big parts of that. We've had several upgrades in our mobile and online banking technologies and products over the last year or so, that has really been a big part of our story and will continue to be an important focus for us. So we are very pleased with the way things are going on the deposit front. And we know that it's not a one and done, or five and done, or 10 and done sort of deal. It's a continuous focus that you've got to maintain -- and the guys are trying to improve it every day, and I think are really doing a good job.

Brock Vandervliet

And as a follow-up on RESG, just if you could talk about the guidance going forward. It sounds like we should expect a ramp-up, at least on originations later in the year.

Brannon Hamblen

Yes, Brock. I think we've laid out for you what we expect on the pay down side, and we're still expecting to have significant impact there, at least in Q2, and, hopefully, that levels out. But in terms of originations that we can fight that battle with, we're pleased with the pipeline that we're seeing today. We're already in Q2 here. We've already closed 8 loans. It's one of the stronger starts a quarter I've seen in a while.

So as I said before, the guys are fighting hard and not being deterred by the fact that they're having to work on some smaller loans and getting all of those that they can. And I would say that we noted that a large part of the difference between Q1 2021 and Q1 2020 was just not as many of the large mixed use deals and some of the bigger metropolitan markets that we typically have a lot of business in.

We're available. We are starting to see that trend reverse as the country comes out of its COVID-19 induced stupor. And as that has been occurring, the guys are starting to see some of those that they've been tracking and expecting to come to the market, start to do that. So quarter to quarter, the world can change, but we see the trend as positive and would hope that towards the back half, a lot of these deals that are coming to market today or back half of 2021, or early 2022 deals, but we're encouraged at what we're seeing there.

Timur Braziler - ***Wells Fargo Securities***
Following up on some of the commentary on RESG. I understand the record level of payoff activity as some of that pent-up demand from last year is accelerating in the first half of this year. But I wanted to talk again on your comments on the heightened competition and some of the headwinds that is producing. I guess as you're looking at the competitive landscape, are you seeing those pressures on the pricing side? Are you seeing those pressures on the structure side? And as you get into the back end of the year, is it really the pipeline that you're seeing today that's giving you optimism that you can outgrow some of those competitive pressures? Or should we expect to see the competition ramp up as the reopening more broadly continues to take place?

George Gleason
Since Brannon already answered it, let me answer it and provide reinforcement, I think, to what Brannon said. And #1 is, as Brannon observed, we're always in a very competitive environment except for times when everybody else pulls back from the market as we saw in the late first quarter and second quarter and early third quarters last year when everyone else sort of disappeared. For the most part, we were still out there, and very reminiscent of the experiences in the Great Recession when everyone disappeared from the space, except us pretty much.

So barring those exceptional times where all the visitors leave and we who are in the space all the time are still out there, we see a lot of competition. And this comes and goes, and it's from different competitors, from different angles of attack, at different times. So the competition is nothing new. And as Brannon pointed out, our guys are doing a great job of finding transactions that meet our standards as evidenced from the fact we closed about twice as many loans in RESG in Q1 of this year than we did in Q1 of last year. They were just 60% smaller, more or less, than the loans we closed on average last year. So the guys are doing a really good job. Competition is part of our business. And as Brannon said, our expertise and ability to execute are always the distinguishing attributes that seem to win the business for us.

And certainly, we're going to be leaning heavily on those relationships. Our proven track record of being reliable and executing well and having expertise in the space to win business going forward. And those distinguished characteristics have been invaluable to us in the past in winning business, and we think they will be in the future.

We do see a healthy pipeline emerging for the second half of this year and next year. And that is the source of our optimism and our experience in the space. And you asked the question, was it competition based on credit, or is it competition based on pricing? And I would say yes and yes to that. What we've said this multiple times over many years is we will not give on credit, we'll not sacrifice our credit quality to get business. That's absolutely non-negotiable. We will negotiate some on pricing as long as it achieves our minimum return standards. So yes, we are seeing some pricing pressure, and we're certainly not getting as good a yield on loans originated this year. And in the quarter we're in now, as we probably did on loans originated in the second quarter of last year when everyone was absent from the space. But they're still going to meet our return standards. And if they don't, we're not going to do them.

Timur Braziler

And then my follow-up, just looking at the community bank, and the optimism for that to grow in the back-end of the year. Can you just maybe talk about where that growth is coming from? I know you referenced that you brought on a new ABL team, and that's going to start contributing. I'm just wondering how much of that growth is going to be from reengagement in the Indirect RV and Marine space and then also to the ABL point, how much of that should be contributing in the back end of the year?

George Gleason

When we refer to our Community Bank, we're not referring to our Corporate Business Specialty Group for ABL or indirect groups. The corporate and business specialty group and ABL group that we're building, those report under Brannon Hamblen. The Indirect RV & Marine group reports to Alan Jessup, who is over our Community Bank Group as well, but we really consider that a separate unit from the Community Bank group.

So we are hopeful to see an increase in growth, and we've got a good pipeline of transactions we're working on in Brannon's world. On the Corporate and Business Specialty Group side, that's an area we think we get some growth over the back half of this year, really, and into next year. We're excited about this new ABL business and the leadership that we've hired for that. And then our Community Bank team under Alan Jessup -- those guys seem to have some growing momentum. Now they had net payoffs, obviously in Q1. And they'll have another challenge with payoffs in the second quarter. But their pipelines seems to be getting better, and they seem to be getting more optimistic about their ability to win business out there. So we are encouraged about prospects across the board for growth in the back half of the year and in 2022.

Matt Olney - *Stephens Inc.*

I want to go back to the discussion around RESG. And you noted that you're closing more loans today than a year ago, albeit smaller deals. I would like to understand how much more capacity the current RESG team has and with the current staff? I appreciate your deals are complicated and take a while to originate and close, but just curious about the capacity issue.

Brannon Hamblen

It's a trend that's been developing over time. We've been watching it. We have always been very on top of sort of the metrics around who can handle what and what we can produce with the team that we have. And as a result of that, we have been adding some folks in RESG, predominantly on the closing side, where the sort of the sausage is made, if you will, but we're adding some spots on the origination side as well. So we're on top of that, ahead of it. We're staffed up for it and have capacity to run there.

Matt Olney

I was wondering if you could speak to one of your RESG loans that's received some press recently, the project in Arizona with Ritz-Carlton. I think the media reports have highlighted some property liens and lawsuits and project delays. I was wondering if you could address this project from the bank side? And looking at your disclosures this morning, it looks like that loan is not substandard. Help us understand how the bank grades a loan like that, that appears to be behind schedule?

Brannon Hamblen

First of all, I'd say we're -- we don't have any significant concern about that loan. This is a situation that's not an everyday occurrence, but it's not all that uncommon. That project is an expansive and complicated project that covers 100 acres and involves a 200 key Ritz-Carlton hotel and 80 Ritz branded villas, retail space and additional pads. It's spread out over a large area, involves a lot of folks, involves a lot of off-site, on-site work, and just a lot to get done there.

And that's the kind of project that very well suits our expertise and the way we underwrite and close and manage these deals. So we're very well aware of what's going on out there. And in a market that's tight labor, tight materials and a very high-quality project -- and some of those circumstances can lead to a situation where ultimately, the sponsor developer doesn't feel like the GC is getting their work done in the way that they should or in the time period that they should, and sometimes conclude that the solution is to go a different direction. It happens out there.

But that's why we stay on top of these loans like we do and monitor and watch what's going on. And why we structure a loan like this. It's got a very capable sponsor. And behind him, a world-class mezzanine lender. And developing a great product that's proven itself in as much as they've had tremendous presales on the villas that they have out there. And we structured that loan at -- I think we're at 36% LTC and 34% LTV. We've got partial repayment guarantees from the sponsor that are backstopped by the mezz. And we're in a very good position on that loan.

So you ask how we grade it and how we think about it -- we have a very strong position and in front of us, great sponsorship and great mezzanine lender, who are ultimately responsible for figuring out when these things come up. And we're in a position to have the opportunity to take advantage or stay with the project in the capacity we're in or more or less because of where we are. But they're responsible for resolving it. We fully expect they will. So it's a time impact. And of course, time is money in these projects, but those are all those issues we're watching and taking care of and making sure that when it moves forward, it moves forward in the right manner with the right folks. The GC and new GC will probably be engaged and we'll move forward, again, with phenomenal presales on the product that they produced. So again, in short, we don't have any significant concern about that loan.

Brian Martin - *Janney Montgomery Scott*
Just wondering if you guys could comment a little bit about the deployment of excess capital. I'm just kind of talking about, I think you mentioned in prepared remarks about a buyback and M&A. Just kind of how you're thinking about those two as you go forward here?

Tim Hicks
As we said in the management comments, obviously, our strong earnings profile and robust capital gives us a lot of optionality. I mean, we've got a full playbook open to us. As we've always said our #1 priority is organic growth. So you've heard us talk about all the things that we're doing to continue to focus on that and look for some positive momentum coming in the back half of this year and into next year.

We have certainly mentioned that with the new ABL business line, and we'll be looking for other business lines that we can add as well. We've had a strong track record of increasing our dividend quarter-over-quarter, year-over-year. What we did not mention here is we certainly have the option and had some conversation around a special dividend. We can do a special dividend if we wanted to as well. Obviously, M&A has been talked a lot about in the industry. We're seeing a lot of deals that have come up recently. We have spent more time probably in the last couple of months than we have in the last couple of years analyzing and looking at that market and spending time on M&A. We would be open to doing a cash deal or some combination of cash to -- and stock obviously. It's been four or five years since we've closed a transaction there. So thinking about the size of a transaction we do is probably going to be on the moderate end of the scale that we could do for cash or some combination of cash and stock and use some of our capital to do that.

And then we've also mentioned share repurchases. Obviously, it's not our first choice, but as we look at our earnings profile and look at our growth profile for the near term, there is certainly a lot of conversations being had at management level and with the Board around that as well. So we've got the full playbook open. We're looking at all the options, and we'll continue to monitor that. But I think we're in a very good position to -- for the future.

Brian Martin

And just the geography or -- I guess you talked a little bit about the size, but just geography or what you would look for in a potential target on the M&A side. I guess, are there priorities there as far as where the focus would be?

Tim Hicks

No. I would also say the full M&A playbook is open. When we did the 15 acquisitions from 2010 to 2016, we obviously looked within our footprint, but we expanded our footprint, certainly within the Southeast. But we also did a transaction that was headquartered in New York that had branches in Florida. So we did a couple of transactions that had great deposit bases that were 100-year-old deposit franchises, but also some that had newer deposit franchises.

So we will look at a lot of different things. We always have that -- and we've got the flexibility with our capital and our management team to do that. Obviously, RESG operates in a lot of different markets across the U.S. We've got a lot of good intel in a lot of top markets across the U.S. So I think we would keep that playbook open as well.

Brian Martin

And just one follow-up, and I don't know for whom, but just the new initiatives you talked about, both the ABL and the bit more focus on the subscription finance business -- could you just talk a little bit about kind of growth expectations over time? Or just how things are going to progress there?

Brannon Hamblen

I'd start with the ABL side, and we're very excited about that opportunity, and finding an individual to lead that group that really has the same sort of credit DNA and thought processes around how to originate and close and manage those credits that really mirror the way we think in RESG. So we're excited about that opportunity. It will take time to ramp that up. We'll hopefully have some wins here in 2021, but I would expect that it will be the following year before we see material moves there.

And the CBSG Group that are, in particular, the subscription facilities -- they're ahead of the game there and moving. They had a positive year last year, but we think we'll be beat last year in 2021 and continue to go from there. And I think that some of the synergies that we're going to start to realize with bringing in these different specialty verticals, will -- they'll be cross-selling across those that we expect to benefit from. Certainly, that's the case at some level already with CBSG and RESG, but when we bring this ABL lender in and get that started, we expect to see more of that. So hopefully, the sum of the parts is -- or the whole is greater than sum of the parts in that case.

Michael Rose - *Raymond James & Associates*
I just wanted to go back to the hotel credit that moved up on the LTV bubble chart. Can you just give some color there? And then just related to that, the CEO of a large hotel group basically came out and said the other day that there might be some more need for some of their properties. What are you guys seeing in terms of opportunities for the hotel book as we move forward?

Brannon Hamblen
I'll kind of start from the back and come back around. On the opportunities, we continue to see hotel opportunities, not as many as there were obviously pre-COVID. But in some of the mixed use projects that we've talked about, there are some opportunities there. So I think the trends are extremely positive there. Everyone is still obviously down relative to 2019, but moving in the right direction. So we will continue to look for good hotel lending opportunities that meet the standards that we've held to through the cycles and expect that hospitality lending will always be a part of what we do.

Switching to your question around the credit, the bubble that you saw rise on the chart, that was the result of a recent new appraisal and is in a situation where the market was obviously very impacted by COVID, but we expect to see that turn around. And a little more detail, the sponsor on that particular project, we actually have three other hospitality loans with. And that one stands out at 81%. But across the four that we have with them, the average is more mid-60s. And we have full repayment guarantees on all of those. And we're exploring the possibility of crossing all those loans, so that effectively, you've got an average LTV, as I said, in the mid-60s. So at this point, we definitely want to see operations improve and ramp up there, but we have a lot of confidence in that sponsor. He's contributed a lot of capital to that and other projects. So we're cautiously optimistic that all will end well on that and his other projects.

Michael Rose
As a follow-up, you guys have been able to hold expenses here relatively flat. You talked about some of the new initiatives, new ABL team, et cetera. Can you just talk about the outlook for expenses as you balance cost reduction efforts like branch closes, as you mentioned, in the document versus reinvestment opportunities and what that should mean for expense growth moving forward?

Greg McKinney
As we look at expenses and look at kind of where we've come from and moving through COVID and hopefully, post-COVID here over the next few months or few quarters, our current thoughts are, we would expect while we had some noise in our Q1 expenses, we would expect that to be a pretty good indication of where we would think our expense run rate would be for the second quarter. As we've talked about before, we are continuing to evaluate positions, evaluate branches and really make sure we've got the right combination of people and branches and products as we continue to grow our bank and move forward into the future.

We're also continuing to hire more talent, better talent. Really trying to increase the ability to serve our customers, both on the loan side and the deposit side as we move forward. So certainly, the timing of some of that could have some variation from a quarter-to-quarter standpoint. But we really think that as we look at the next quarter or two that we would expect expenses to be relatively flat, possibly down slightly or even up slightly. But really, I think Q1 is a pretty good indication of where we'd expect that run rate to be for the next quarter or two.

Michael Rose
And that would be excluding some of the one-timers this quarter, just to be clear, right?

Greg McKinney
Well, I think that those -- I think if you look at it in totality, I think there will also be -- we've talked about a couple of branch closures in either Q2 or Q3. There will be a little bit of noise from that as well in those quarters. So I think if you just look at it from a GAAP standpoint, I would expect it to be relatively flat from a GAAP standpoint, Michael.

Jennifer Demba - *Truist Securities*

I have a question on RESG. Can you just give us your thoughts, George and Brannon on the New York City market? What you're seeing changing there in terms of demand or asset quality on your current loans there?

Brannon Hamblen

I would say that, generally speaking, I feel pretty positive about New York. It depends on which property type you want to focus on and some are coming back more quickly than others, but that's totally to be expected. We've had a really strong result in our condo portfolio there. And we've talked in our comments about how our New York concentration has been sort of steadily coming down.

And I would tell you, based on what we're seeing, that will continue to be the case just from the standpoint of projects successfully completing and really strong condo sales activity occurring in that market and other properties as well. We've noted before that our office projects there have experienced historically good leasing and we've seen some leasing in the last quarter there as well. In that particular product, there's a lot more time to really understand what the long-term impact is. But in terms of our credit quality there and our assets that we finance, we're pleased with what we've seen.

In hospitality, our portfolio has come down over time there. But we've -- interestingly enough, while there aren't as many visitors and as many beds being reserved, we've seen capital flow into the hospitality space there on a couple of our projects where outside parties have come in and invested material amounts of capital in existing projects. So we're very pleased to see that.

In the multifamily space, we’ve seen a good return of leasing velocity. So that market had a very severe reaction a year ago, and it's going to take a while for it to come back, but we have a very positive long-term view of New York. It may -- the numbers may have the potential to confuse you on that because we're -- just due to the natural maturation of the portfolio that we originated over the last two, three, four years, you're going to see though, that concentration come down probably over the next couple of quarters. It doesn't mean we don't have the long-term faith in that market.

We are looking at opportunities in the market. But it will -- the velocity of paydowns there on really successful projects will outstrip our originations volume there for the foreseeable future. But we're pro New York. We're going to be looking for opportunities to fill back some of that space that we're creating here this year.

George Gleason

And Jennifer, let me just put a fine point on a comment Brannon made. You could look at our peak portfolio of total commitments in New York in RESG was back in of Q4 of '18 or Q1 of '19 at $6.95 billion. And we're at $4.87 billion. So we're down over $2 billion from our peak commitment there. That is not an intentional strategy really to run from New York. It just reflects the fact that we're a construction and development lender, there was a lot of really quality construction and development projects that were available in that '17, '18, early '19 time frame in New York, so we were originating a lot of business then. And in the natural cycle of things, as Brannon said, that's paying off now.

With the pandemic and the fact that New York got really a little overbuilt in a lot of product types following that wave, there have not been as many new products to finance in 2019 and particularly 2020 -- very little new construction in 2020. So the fact that our portfolio is coming down -- is probably going to go down further -- probably going to go down below $4 billion in total commitments in New York, I would guess.

The fact that, that's happening is not a reflection of our view of New York. It's a huge market and an important market. And there's only one New York really, and it's unique in a lot of respects. But it just simply reflects the cadence of originations and payoffs. And when construction and development opportunities resume in New York in meaningful ways, we're going to be there looking for the same quality projects to originate going forward that we've originated there in the past.

Arren Cyganovich - *Citi*

In the pipeline that you have now or the opportunities you're seeing with developers, where are you seeing this from in terms of property type and geography? It sounds like New York is not quite coming back, not surprisingly as quickly. Are there any parts of the business that are really kind of showing some little bit faster green shoots there?

Brannon Hamblen

The answer is going to be similar to what it has been, and I would say, in the last quarter or two in terms of geographic activity. The Southeast and Southwest have sort of dominated our originations in the past, I'd say, two quarters for sure. And when we look at the pipeline and what's in it today, that continues to be the case.

Although, outside of New York there's a lot of activity going in our Northeast region. So we've done well there, as we've alluded to, in markets outside of New York. So those trends have been pretty steady for a bit. And I would say with respect to property type as well, the closing activity has been predominantly in the sort of the multifamily space. We've had in different markets outside of New York some more condo activity. Our Miami condo portfolio has performed well in the past, and we're looking for more business there. There are not as many deals there as perhaps in past cycles, but you're starting to see those come back, and we're very active there.

And as I said before, on the mixed use side, we are starting to see that come back. When I look forward to what may be coming there, I'd say we hope to start seeing more of those. And they tend to be larger, so it doesn't have to be that many by number of opportunities, but dollar volume can get there pretty quickly. So that sort of rounds out where we're seeing the most activity. I mean, office is still an active market, especially in some of the suburbs and not core markets.

George Gleason

I would add a little color to that, too. I think the fact that the big urban markets that are -- such as New York -- that are really heavily dependent upon mass transit and density, which have been really slowed by the pandemic -- a side effect of that is our guys in their quest to continue to find adequate volumes of business for us have been much more active in other markets. Brannon mentioned, we hadn't originated a deal, I don't know, in a couple of quarters or more in New York. But we've had really strong growth in Boston and DC and Philly there.

And in our other markets, you've seen a greater diversification of the portfolio in Chicago or L.A. or whatever may have been, San Francisco may have been less active. You've seen other suburban markets begin to play an important part in our mix. And this is highlighted in figure 35 of our management comments document, where we show every MSA that we've got an active loan in. And the increased diversification and number of markets represented there, I think, is a real strength for our RESG portfolio.

The diversification is good, but also our ability to grow this portfolio and get above this kind of $20 billion - $22 billion area, where we've been for a while to get to $25 million or $30 billion to $35 billion in RESG over the next several years. To do that, we're going to have to tap more MSAs. And that's a good byproduct, a good side effect of the adjustments we've made in that business over the last year, 18 months, we've been doing a lot more stuff in other markets, and I'm excited about that. I think it has good long-term implications for us.

Timur Braziler

I know you said the PPP income that was accelerated with $3.6 million. Do you mind telling the total PPP revenue for the quarter?

Tim Hicks

No. Timur, I don't have that off hand. You're talking about with the normal accretion?

Timur Braziler

Yes.

Tim Hicks

Those were typically yielding around 2.8% just on a normalized basis. So maybe you can back into it with that. I just don't have that at my fingertips. So the $3.6 million was in addition to kind of that normal 2.8% yield.

Timur Braziler

Okay. Maybe the average PPP balance for the quarter? Do you have that, or no?

Tim Hicks

I don't have that either, although we did have about $160 million that was forgiven throughout the quarter. So you could probably use that as coming through on a pro rata basis throughout the months and may have been slightly weighted towards March, but I think that should get you close. And we ended the quarter, let's see, we ended the quarter with about $280 million for PPP1 and about $110 million for PPP2.

George Gleason

Thank you so much for joining the call today. We appreciate it. We're glad to report our results. We look forward to talking with you in about three months. So thanks. Have a great day. That concludes our call.