MidWestOne

MOFG 2015 Q2 Earnings Release

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CORPORATE PARTICIPANTS

Charles Funk - *President and CEO*

Gary Ortale - *Executive Vice President and CFO*

Kent Jehle - *Executive Vice President and CCO*

PRESENTATION

Operator
Good day, and welcome to the MidWestOne Financial Group, Inc. 2015 Second Quarter Earnings Release Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star (*) key followed by zero (0). After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star (*) then one (1) on your touchtone phone, and to withdraw your question, please pres star (*) then two (2). Please also note today's event is being recorded. I would now like to turn the conference over to Mr. Charles Funk, President and CEO. Please go ahead, sir.

Charles Funk
Thank you very much, Rocco, and thank you for joining us on the call this morning. As I always do, let me begin by saying and reminding you this presentation contains forward-looking statements relating to the financial condition, results of operations and business of MidWestOne Financial Group. Forward-looking statements generally include words such as believes, expects, anticipates and other similar expressions. Actual results could differ materially from those indicated. Among the important factors that could cause actual results to differ materially are interest rates, changes in the mix of the Company's business, competitive pressures, general economic conditions and the risk factors detailed in the Company's periodic reports and registration statements filed with the SEC. MOFG undertakes no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances after the date of this presentation.

And with that out of the way, I guess I would begin by saying it's very obvious, there's a lot going on at our company right now and I have to say the broad overview is that most of it is very positive. It's no surprise our numbers are full of one-time items. And I'll try to, at the end of my remarks, prepared remarks, give you a few metrics that take out as much of the noise as we've been able to take out to give you an idea of what we think the run rate was in the, actually in May and June, it wasn't even for the full quarter.

General remarks, at the top my list is that I think it's very obvious, and not only at MidWestOne, but as I talked to others around the country, deposits are becoming much more precious today. Certainly in both of our banks, deposits were down a little bit in June and we're certainly directing more attention to this aspect of our business. I think it's fair to say that in the Central Bank culture there hasn't been a lot of emphasis in the past on deposits, so we think there's a lot of potential there as we change focus, but certainly, in Iowa there is a, excuse me, there is a lot of competition for deposit dollars. Resultingly, our loan-to-deposit ratio has moved into the high 80s, which has been good for the margin, been good for our earnings, but it's something that we are keeping an eye on.

During the quarter, loans were essentially flat in the Iowa footprint. If you look at year-to-date growth, it's still on the 4.5% to, maybe 4.5% to 5% range. In the Twin Cities, loan growth continues at a brisk pace. You have to remember, when you look at Central Bank, that they are getting large pay-downs from the FDIC covered loans, so when they can put loan growth in the 6% to 7% to 8% range, that really, that's a net number and reflects very, very robust business conditions in the Twin Cities. Competition has ramped up in both states. It's, I think, may be a little bit more notable in Minnesota and, but even then, we've been able to grow the bank pretty well. During the summer months, it's typical for loan growth to slow in that footprint, but I think there's still a lit bit of growth yet to be had in the Twin Cities part of our footprint. There is a consistent theme, and the consistent theme is that pricing pressure has ramped up. I think that maybe pricing pressure has come a little later in the Twin Cities, but it's definitely there, and we're also seeing some relaxation of credit, but I wouldn't say that the relaxation of credit is with every competitor. But there certainly continues to be some competition that is due to relaxation of credit standards.

Just a couple of other comments about our Company, even though it's a small part of the Company now, wealth management in Iowa continues to be very strong. Even though our trust department is running a little bit behind last year, I think we'll be a head of last year by the end of the third quarter. Our investment services are doing well, and our insurance division is on record to have, or is on target to have a record year in 2015. One thing that I should talk about on the call, briefly, is that we wound up not purchasing Central Insurance and we had announced, when the deal was announced that we were going to buy Central Insurance. But at the end of the day, I think, we found that it would be best for all parties if we didn't consummate that transaction and so that particular agency went in a different direction. I think it will be good for everybody with that result.

Expense management is something that we're very focused on, and you're probably going to hear the same thing for the next few calls, it's a work in progress, but there is definite progress. When I compare this to 2008, there's no comparison. We're well ahead of 2008. We plan to merge the banks, the two banks together in early April. And I think it's fair to say that we see expense opportunities in, expense savings opportunities in both banks, not just the Central Bank, but also we see some opportunity at MidWestOne, as well. I also, it's fair to say that with any merger of this magnitude, getting buy-in is a process, and we're moving forward there. And when I compare the amount of buy-in that we have today compared to what we had in the last merger, we're well ahead. There's still work to do there, but I see a lot of progress and I see no reason that we can't get to where we need to get in terms of our non-interest expense.

As far as credit quality, I think it's pretty much what you've seen in prior periods with the Iowa bank and, of course, we marked the Central loan portfolio to market and mergers. So what you see there is a result of that. We know we need to build the loan loss reserve and we did put $450,000.00, and I believe the number was in the loan loss reserve at Central Bank in June and so that will be a process going forward. We know we need to rebuild the loan loss reserve, because, as you know, with the mark, it starts out a zero. In the Iowa bank, we continue to run in the 140 to 145 range, as a percent of total loans. And as I've said, in Iowa, the credit quality is not much different than what you've seen in prior periods.

Purchase accounting adjustments, again, they've moved things around a lot and there's been a lot of discussion around that over the last 60 days. Clearly, we thought our tangible common equity based on our estimates would be in the 760 to 770 range, and we actually came in at lower than that at just over 720. I think, as I talked to others, that's just the nature of the game whenever you do purchase accounting, because when you try to model out the transaction, you're just estimating and the actual marks were a little bit different than we had expected. Of course, those of you who followed our Company for any period of time know that our strategic goal is to be in the 8% to 8.5% range for tangible common equity and I think we can get there in short order with just normal earnings accretion. I will say the regulatory ratios in terms of capital are just fine in both banks. We don't anticipate any issues there. Hindsight is always 20/20, but looking back, I am very pleased and happy and glad that we did raise a small amount of equity earlier in the quarter.

As for the income statement, I just would say and perhaps emphasize very, very strongly that it's very hard to say with great certainty where we are now with the income statement. So, when you look at the last two months, and we try to take the one-time items out, we think we know what the run rate is, but we're not going to say this is the run rate with any degree of certainty, because I just think you have to let things shake out and everyone has to get a better comfort level with that. With that said, let me give you a few items. First of all, obviously, we have accretion and amortization from purchase accounting that, in this particular quarter, helped our margin, and I think the reported number was 405. We think it was closer to 370 without all of those adjustments. And then, when you take the one-time expenses out, we estimate that the return on assets for the quarter was 106 and for the half-year was 112. We estimate that the return on average tangible equity was just over 16% for the quarter, and just over 13.75 for the six months. And that's versus the reported number for the quarter of 11.21. So we like those numbers, but again, let's let this thing play out for a couple of quarters before we, and get a comfort level before we say that for sure that that's the run rate. Efficiency ratio we reported 65%. We think it was just over 60% and that seems a little bit on the low side to me, but that's what we came up with and so if that's helpful, that's where we think we wound up absent one-time items.

So in summary, I would say that we believe in what we're doing, and we think that we're making lots of progress. I've been very, very pleased with the leadership and we've talked for several years that we've worked really hard to develop strong leadership at MidWestOne and I think a number of people have stepped up and are really contributing in big ways. And there are also a couple that have come from the Central Bank side that are also stepping up and showing strong leadership and are really adding to the Company. So I think, people-wise and from a senior management point-of-view, that we sit in a very, very good spot right now. We believe in our formula. We think that if we can keep our loan-to-deposit ratio in the 80s, and right now it's in the high 80s, continue to grow our non-interest income and, over time, bring the efficiency ratio of our bank back down into the 50s, we think that that's a very, very good formula to have success in the future. We acknowledge that all of this is going to take some time but for right now, we like where we stand and we know that there is a lot of work in front of us and we're anxious to get there.

So, Rocco, with that, those would be my comments and we'd be happy to answer any, entertain any questions that you might have.

QUESTIONS AND ANSWERS

Operator
Thank you, sir. We will now begin the question and answer session. To ask a question, you may press star (*) then one (1) on your touchtone phone. If you are using a speakerphone, we ask that you please pick up you handset before pressing the keys. If, at any time your question has been addressed and you would like to withdraw your question, please press star (*) then two (2). Our first question comes from Jeff Rulis of D.A. Davidson. Please go ahead.

Jeff Rulis
Thanks, good morning.

Charles Funk
Good morning.

Gary Ortale
Good morning.

Jeff Rulis
Charlie, you mentioned kind of backing in or taking some time to flush some of this noise out, but I guess on the expense side, if you've got $2.7 million in one-time costs netted against kind of the Central acquisition for a full quarter, what does that profile look like in Q3, even if it's a broad range?

Charles Funk
Yeah, I'm going to turn that one over to Gary. Before I do, I will say one thing, that we had a surprise, and in the one-time items there was a $950,000.00 item that we originally had not thought we would have to recognize in this manner, but we did. So that was an unfortunate surprise but beyond that for quarter three, I don't know, Gary, what do you think?

Gary Ortale
Yeah, Jeff, I would say most of the larger dollar one-time items are behind us. So a $300,000.00 to $500,000.00 run rate going forward, which would be mostly, I would think professional fees oriented. But that may even be at the high range, I guess.

Charles Funk
And there will be some severance, too.

Gary Ortale
Yeah, there will be.

Jeff Rulis
Okay, so the $300,000.00 to $500,000.00 is the additional off of the core, which is the Q2 level less the one-time items?

Gary Ortale
That's correct.

Jeff Rulis
Okay, fair enough. And then on the margin or, yeah, it's, you've got some noise there. But also with the private placement, I guess, is that, you mentioned some debt retirement within that. Any thoughts on how the margin shakes out, and I guess, expected direction there?

Gary Ortale
Yeah, I think the 405 that we had for this quarter is certainly at the high end and clearly, the purchase accounting adjustments were the biggest contributor to that number. Most of the purchase accounting marks, the loan mark, and even the CD mark were accretable to earnings and will come off probably at a more rapid pace than those that are on the amortizable side, which are down in the non-interest expense category. So I think for several quarters here, you're going to see a higher than normal margin just because of those purchase accounting marks, and then also, factored in there is the covered loans and the collections on those certainly factors into the margin, as well. I think in the narrative, we mentioned that there was a $1.4 million mark, and that was [unintelligible] very favorable to the margin this quarter.

Jeff Rulis
Okay, so you might have some semi-artificial boost to the margin. But I guess on the core basis, do you expect improvement from the debt retirement, or has that already been retired, or portions of that?

Charles Funk
It's been retired.

Gary Ortale
It's been retired. And I think, just because Central brought a lot of low cost deposits to the bank combined with the fact that we've obviously changed the mix of loans and bonds that are impacting our margin, certainly more loans than bonds in the past. But I know, our bond portfolio yield has increased, effectively increased while we were selling off some bonds to raise cash for the deal. But you combine that higher bond portfolio mix with the higher, or yield with the higher loan over bond mix; I think we should see a higher core. And I think if the 370 was any indication of the margin without the one-time, without the purchase accounting marks, I think we're at 362 in the comparable quarter. So you can see there's a slight increase there and I think it's just, again, attributed to the loan/bond mix and the cheaper funds coming in from Central plus the payoff of the debt.

Jeff Rulis
That's great, thanks, Gary, that's helpful.

Gary Ortale
Yes.

Jeff Rulis
And maybe one last one, if I could, just the thoughts on loan growth in organic basis, I kind of got into an organic loan growth of about 5.5% annualized. Is that correct? And then the second part of that is just kind of expectations for the second half of the year?

Kent Jehle
Yeah, Jeff, this is Kent, and I'll answer that. The 5.5% organic growth rate is net of the acquired loan runoff, and that is what Charlie was alluding to. As you look forward to the second half of the year, and I think, again, we analyze it from a net standpoint, we will see, anticipate loan growth rate annualized in the 6% to 7% range.

Jeff Rulis
Gotcha. Okay, thanks, I'll step back.

Operator
And as a reminder, ladies and gentlemen, if you have a question, please press star (*) then one (1). Our next question comes from Andrew Liesch of Sandler O'Neill. Please go ahead.

Andrew Liesch
Hey, guys, congrats on getting the deal closed.

Charles Funk
Yeah, thank you.

Gary Ortale
Thank you.

Andrew Liesch
Just wondering if I drill down on these, the one-time expense items a little closer, you said the

2.7, most of it was in the professional fees line item. Just kind of curious like how much was there and were there any chunks in some other line items?

Gary Ortale
Yeah, about $1.5 million of the $2.7 million was in the professional fees category, and a little over a million was in the other operating expense, and certainly the majority of that was the $950,000.00 item that Charlie had mentioned, and there is probably another $150,000.00 or so in the salary costs area.

Andrew Liesch
Okay, that's helpful. And then on the, maybe I was being too optimistic, but that the fee income came in a little bit less than I was looking for. I'm just curious how is the fee income going at Central and how was that in the second quarter, I guess, at MidWestOne, relative to your expectations?

Charles Funk
I would say that we really haven't focused a lot on fee income at Central right now, other than to say I think there is some opportunity there over the next six months to do some things maybe that they're not doing right now to improve the fee income. They, one of the things they're doing really well and will help our Company is they're much better than, Central Bank is much better than the Iowa bank in terms of one-to-four-family mortgage origination and our results have been disappointing in Iowa, very, very disappointing in that particular realm. And I think Central brings a lot of expertise to the table, and over time, we will see, we will benefit in Iowa from what they bring to the table. But in terms of the Iowa bank, I would say that the service charges continue to run a little bit below our budget, and I think that's a nation-wide trend. I don't think that's unique to us, but as I said, the wealth management area is really doing well, and we expect another good quarter from them. With the increased size of our Company, however, that has less impact than it would have whenever we were the old MidWestOne Bank. So I didn't answer your question directly, but I gave you the components. And I think there is some potential over a six month period to have a little bit better run rate.

Andrew Liesch
Gotcha, that's definitely helpful. And then, could you just refresh us on the asset sensitivity nature of the balance sheet? I believe it's shifted slightly asset sensitive, but just want to confirm that.

Charles Funk
Yes. That's what Jim Cantrell tells us and that's what the model shows. I think a lot of the reason for that is the large amount of non-interest bearing deposits that they have at Central Bank. That's by far the biggest driver of that, and we think that we're in a slightly asset sensitive position right now.

Andrew Liesch
Great, thanks for taking my questions. I'll step back.

Charles Funk
Yep, thank you.

Operator
And ladies and gentlemen, as a final reminder, if you would like to ask a question, please press star (*) then one (1) at this time. Our next question comes from Brian Martin of FIG Partners.

Please go ahead.

Brian Martin
Hi, guys.

Charles Funk
Hello, Brian.

Gary Ortale
Hey, Brian.

Brian Martin
Hey, Gary, maybe can you just elaborate on the earlier question on the expenses? Maybe I just missed what you're saying, but the 300 to 500 number you are mentioning, I guess, what, maybe I'm just confused by what you were referring to there. I mean, I guess, was that the add to expenses, core expenses for the additional days next quarter that the Central will be in the numbers, or is that more non-recurring stuff?

Gary Ortale
Yeah, it's the add to expenses. It would be a combination of additional professional fees and severance pay that's going to be, that is taking place, I guess. For the most part, those will be the two major items.

Brian Martin
Okay, and that will just be a third quarter event or that's, and that or beyond?

Gary Ortale
I would think, as we move beyond the third quarter, the professional will continue to decrease, but the severance will hold steady there for a little while.

Brian Martin
Okay, all right, and maybe can you just reconcile, if you start at 405 margin you reported this quarter, to the, I think you said in the prepared remarks, or Charlie did, that, 370 might be more of a core number this quarter. Can you just give us some reconciliation, what you pull out to kind of get to the 370 in basis points terms?

Gary Ortale
Yeah, the numbers I pulled out were the positive impact that accreting the purchase accounting marks on the loans and on the CD interest expense had on the margin. Those were both very positive impact items. And so basically, we had a few that, marks on the debt that affected the interest expense in a negative way, but they were so small in comparison that, again, the two major numbers were the loan mark accretion, discount accretion number and the CD interest expense.

Brian Martin
And do you have what those numbers were, I mean, how much were they, Gary, in the [multiple voices}

Gary Ortale
Yeah, the loan was in the $1.4 million range and the CDs in the $0.6 million range.

Brian Martin
Okay, so $600,000.00, okay, and you had said your thoughts on the margin, going forward, that 370 core number, ought to be a reasonable place to think about the core, and then the additional, when you look at the loan mark going forward, the benefit there in this $1.4 million, that's only a partial quarter. I guess could that number go higher for a full quarter in the third and fourth quarter and then begin to tail-off in 2016, is that how we should be thinking about it?

Gary Ortale
Yeah, I think the, it's pretty easy to answer the CD interest portion of that. But the loan portion of that's a little bit more difficult to answer. Both of those marks are being amortized on a sum of the year's digits, so obviously, it front loads the accretion items or the accretion amount. The one piece that's a little bit of the unknown is that portion of the loan number that relates to the collection on the covered loans. And, obviously, as the collections on those increase over expectations, there's going to be higher mark. And that's the one that's a little bit of a bogey for us each quarter. The rate mark on both the loans and the CDs are a little easier to project forward for you and, again, given that we're using the sum of year's digit methodology for that, those numbers will come down over time. But again, the one bogey is the collection on the covered loans, which is going to be, it's not unlike the loan pools, when we weren't sure what numbers were going to be on a quarter-to-quarter basis. We're going to have that same issue for a little while with the covered loans.

Brian Martin
Okay, but the full quarter impact wouldn't surprise you to see that number be higher on the $1.4 million loan mark for a third and fourth quarter, potentially.

Gary Ortale
Yeah, it could be, but as I'm looking at the schedule now, it's, for the three months versus the two months, it will certainly be a little bit higher.

Brian Martin
Yeah, okay, all right, and then, that's helpful, and then can you just maybe give a little thought, maybe it's yourself or Charlie, just on the tangible common equity and being a little bit lower than you thought. It looks like maybe there's a piece of the goodwill in CDI on the balance sheet that's not being deducted. Maybe it's an impact of the tax liability as far as when you calculate in the TCE. But just maybe any commentary on that and then, secondarily, as far as kind of getting to the 8% type of level, maybe a timing issue or, and if that does involve any balance sheet shrinkage at all as a result of the transaction.

Charles Funk
Well, I'll let Gary talk about the calculation and it's a good question, Brian. As far as the 8%, yes, there could be some balance sheet shrinkage. If we do any of that, it will be strategic in nature. But I think that when we've modeled this, we're thinking, and certainly in the next 12 to 18 months through regular earnings accretion, we should be able to get into the 8% range. We didn't plan on it being 720, but at the end of the day, we don't regard that as a, we don't regard it as a big deal one, way or the other. It was more of a surprise. One thing that I didn't mention in my opening remarks, when we start talking about risk-based capital, the sale of the loan pools, we think, removes quite a bit of risk, even though they were relatively small, when you start talking about risk-based capital, that was a big component in the calculation. So the fact that they were gone at a very modest cost, we think is very, very positive. But anyway, I'll let Gary speak to the calculation.

Gary Ortale
Yeah, Brian, there were two main marks that came in much lower than we expected. The loan mark or certainly the interest rate mark on the loans and actually the mark on the premises and equipment, both came in at much lower levels than we anticipated. And then the tax effect of that, so the deferred tax is certainly an issue, as well. But those two things, while they worked against us from the point of view of coming in lower than we expected and therefore the equity number not being as high as we expected, the positive side of that is that, as we accrete those numbers back into earnings, there will be a more beneficial effect there. So we should be able to accrete back much more quickly than we thought, as well. So.

Brian Martin
Okay.

Gary Ortale
I hope that helps [technical difficulty]

Brian Martin
Yeah, it's helpful, I guess, then, Charlie, just as far as the balance sheet goes, I mean, in the next quarter or two, you talked about Iowa being, some seasonality in the Twin Cities area and the normal maybe for the Iowa market. I guess, with the dynamics of the balance sheet, I mean, would you expect the balance sheet to be a bit smaller in the second, in the third quarter here, just as you kind of go through this portfolio and kind of get things together or not necessarily?

Charles Funk
Not necessarily. I think that the loan growth may lag a little bit during the summer months but I think, as Kent indicated, there will still be loan growth. It would not surprise me at all if our loan-to-deposit ratio, companywide, creeped into the low 90s. And I would remind those of you who've been around for a while, it was close to a 100 after the 2008 merger. But over time, we certainly expect that to settle in the 80s, because one of our strategic drivers is to have a loan-to-deposit ratio in the 80s, and have relatively less leverage than our many of our peers. We just think there's a better way to run our particular business. But, yeah, there will still be a little of growth, Brian, loan growth, but in terms of balance sheet growth, I wouldn't look for a lot of balance sheet growth, but I think there will still be some loan growth.

Brian Martin
Okay, and I guess, maybe the other question was just the expenses. It sounds like the, some of these nonrecurring stick around for a little bit. I mean, when do you expect to see a clean quarter from an expense standpoint, more reflective of the anticipated cost savings?

Charles Funk
It may be a while. It may be a few quarters.

Brian Martin
Okay, so maybe, and I guess, when is the integration or the merger?

Charles Funk
April 2nd, we've got it scheduled for April 2nd.

Brian Martin
Okay, so it could be not until the second quarter of next year, you really see, start to see a kind

of a cleaner run rate on expenses?

Gary Ortale
Yeah, I would agree with that, Brian, and it may even be a little bit later, but it's hard to tell, as you know, so.

Brian Martin
Okay, perfect, and then maybe just the last thing, I mean, how comfortable, given so much uncertainty in the next couple of quarters with the initial thoughts as far as the accretion, the EPS accretion, the deal would bring in maybe the 20% range in 2016. Is that still feel like a comfortable target as far as what's achievable based on kind of what you guys see today?

Charles Funk
I would answer that and say that, I haven't focused on that in the last month or two, that specific metric, but based on what I'm seeing right now, I'd say that we're very pleased with what we see. I mean, the numbers I gave to you, when you take the one-time out, those certainly are better than we had expected to see. But, again, I caution you, Brian, and everybody else that it's only two months and let's see where we run in the next couple of quarters. But overall, I think we're ahead of what we had anticipated.

Brian Martin
Okay, so, I mean, I guess realistically the, that bogey or better, it could be the case. I mean, minimum, I guess, it seems like you're, if things are tracking better today, no reason to back off the initial thoughts right now. So. [multiple voices]

Charles Funk
There's no reason to back off of them, but let's check back in 90 days, see where we are.

Brian Martin
Okay, and then just the last thing for Kent and that is with the renewal of this, the Central loan portfolio, I mean, the provisioning was up this quarter just reflective of that, I guess, the current run rate on the provisioning or a touch higher, depending on the adds here, does that seem like a new kind of run rate type for the provision looking forward?

Kent Jehle
Brian, yes, I would agree with that. The only thing I would qualify would be new organic growth in Central Bank we will be providing for. So if that is greater than what we anticipate, we will be providing more than what you saw in the second quarter. But from the MidWestOne standpoint, I would anticipate it being in the range that you saw in the second quarter.

Brian Martin
Yeah, okay. All right, I'll just step back. Thanks, guys.

Gary Ortale
Thank you.

Operator
And our next question comes from Daniel Cardenas of Raymond James. Please go ahead.

Daniel Cardenas
Good morning, everybody.

Gary Ortale
Good morning, Dan.

Charles Funk
Hello, Dan.

Daniel Cardenas
I think most of my questions have been asked. Just, maybe, if you could give me a little bit of color on the increases in the OREO balances, as well as the loans 30 to 89 days past-due?

Kent Jehle
Yeah, the increase on the OREO was driven by bringing the Central Bank numbers together. And the number of property you saw was north of 60 and that, on the surface, it looks like quite a bit, Dan, but actually 30, little over 30 of those are zero balance properties that we're going to let go to a tax sale, we just have to work through the process because assessed value is up, the assessments on those are much greater than the value of the property. So that skewed the numbers. So the number of properties would be about half of that. I will tell you that we're comfortable with the marks that were done as part of the process that we will continue to see those head south as we move forward. We actually have, roughly, seven properties that are sold or under contract that we're anticipating closing this quarter and the pipeline in both banks aren't as great as we have anticipated for closing. So at this point in time, we see that number moving south in other real estate. As far as 30 to 89-day, the lift on that was from, again, bringing the banks together. The MidWestOne portion was comparable to what we've seen in the past. At Central Bank, we did have one loan that was just at 30 days that skewed those numbers a little bit that is now current. So, again, I didn't see anything of concern when we reviewed the 30 to 89 days.

Daniel Cardenas
All right, good, that'll do it for me for right now. Thanks, guys.

Operator
And this concludes our question and answer session. I'd like to turn it back over to management team for any final remarks.

CONCLUSION

Charles Funk
Thank you, everybody, for being on the call this morning and as you have further questions, don't hesitate to pick up the phone and call either Kent, Gary, or myself. Thanks for being on the call.

Operator
And thank you, sir. Today's conference has now concluded. We thank you all for your participation. You may disconnect your lines and have a great day.