People's Utah Bancorp

Q2 2019 Earnings Conference Call

Friday, July 26, 2019, 12:00 P.M. Eastern

CORPORATE PARTICIPANTS

Mark Olson – *Executive Vice President and Chief Financial Officer*

Len Williams – *President and Chief Executive Officer*

PRESENTATION

Operator
Good morning, and welcome to the People's Utah Bancorp 2019 second quarter earnings conference call. All participants will be in a 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 a question. To ask a question, you may press star (*), and then one (1) on your telephone keypad. To withdraw your question, please press star (*), and then two (2). Please note this event is being recorded.

I would now like to turn the conference over to Mr. Mark Olson, Executive Vice President and Chief Financial Officer. Please go ahead.

Mark Olson
Thank you and good morning. Thank you for joining us today to review our second quarter 2019 financial results. Joining me this morning on the call is Len Williams, President and Chief Executive Officer for People's Utah Bancorp. Our comments today will refer to the financial results included in our earnings announcement released last night. To obtain a copy of our earnings release, please visit our website at www.peoplesutah.com.

Our earnings release contains forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and beyond the control of the company. We caution readers that a number of important factors could cause actual results to differ materially from those expressed in or implied or projected by such forward-looking statements. These forward-looking statements are intended to be covered by the Safe Harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements speak only as of the date they are made, and we assume no duty to update such statements. I will now turn the call over to Len Williams. Len?

Len Williams
Thank you, Mark. Good morning and thank you for joining us on the call today. People's Utah Bancorp achieved strong financial performance in the second quarter of 2019, even as we continue to position, strengthen, and fortify our balance sheet. We realized a return on equity of 14.3% for the second quarter after building our average equity to assets from 12.4% a year ago to 13.7% for the second quarter of 2019, while we also increased our allowance for loan losses from 1.3% a year ago to 1.7% at quarter end. While the economy in Utah continues to be strong, we believe there are beginnings to be signs of a general economic slowdown, including the flattening of the Treasury yield curve and comments from the Federal Reserve Chairman suggesting that they may lower interest rates at their next meeting. Fed Funds futures indicate an extremely high probability that the Federal Reserve will lower interest rate by 25 basis points at their next meeting.

We believe it is prudent for us to prepare for an economic slowdown. So, we are able to take advantage of market conditions to expand our market share, either organically or through acquisitions. Loans held for investment was essentially flat at the June 30th compared with the end of the year and down 1.1% compared with a year ago. This decline is primarily the result of declines in the acquisition, development, and construction loan portfolio of 17.1 million, or 5.26% from June 30, 2019, to December 31, 2018 and 66.4 million, or 17.6% from a year ago, as we manage loan concentration levels and have become more selective with the type and size of construction projects that we are willing to finance, given our perspective on the economy.

We have reduced our acquisition, development, and construction portfolio to a total capital concentration ratio from a high of 149% of capital at the end of the first quarter of 2018 to 100% of capital at the end of the second quarter 2019. We achieved strong deposit growth of $200 million, or 11.2% to $1.98 billion at June 30, 2019, compared with $1.78 billion a year ago. Our retail branches and commercial treasury management team have been successful in focusing on raising commercial deposits, both from existing clients as well as the acquisition of new client relationships. We recently signed a contract for a new treasury management platform that we believe will help us continue to grow our commercial deposit base and improve on fee income. We anticipate rolling this new platform out by the end of 2019.

Our cost of interest-bearing deposits increased 34 basis points to 0.74% for the second quarter of 2019 compared with 0.4% for the same period a year ago. Our total cost of deposits increased 11 basis points to 0.49% for the second quarter of 2019 compared with 0.38% for the same period a year earlier. With the flat yield curve and the Fed suggesting that they will lower interest rates at the end of the month, we expect our deposit costs to remain flat near term.

As mentioned earlier, we continue to focus on diversifying our loan portfolio, in particular, growing our C&I portfolio. Currently, we have operating two commercial banking centers that are located in Salt Lake County and we are in the process of building out a team to open a commercial banking center in Utah County. We expected to have the team in place by the end of the second quarter, but we are still evaluating talent in potential team members. We anticipate having the center open this quarter.

We are continuing our efforts to automate and digitize our commercial loan origination processes through the implementation of an online commercial lending application, and we have begun the building phase of nCino, which is an industry leading leader in the commercial banking loan operating system space. The goal of this project is to ensure that we continue to provide the high touch and unparalleled responsiveness to our clients that we currently offer and be able to offer the same client service that we do today as we continue to grow in size and complexity. We expect to have the first phase of this project completed in the fourth quarter 2019.

On the retail banking front, we mentioned on our last call our plan to have a new business-oriented branch in the fast growing Pleasant Grove area, where a number of technology firms have recently built new corporate offices. The branch will focus predominantly on small- to medium-sized commercial clients. The branch has been opened and we look forward to building additional business relationships in the area. We have also begun the demolition of our Alpine branch, with an expected completion date of the new branch, its replacement, sometime in the fourth quarter of 2019. The Alpine branch is one of our oldest branches with over $120 million in deposits.

Also, as I mentioned on our last call, we hired an outside marketing research firm to evaluate our overall brand strategy. The research firm provided us with enlightening information about our organization. The research indicated that our existing clients are extremely satisfied with their relationship with us and are loyal to our people and style of business. Our clients believe we provide excellent service, deliver customized financial solutions, are responsive to their needs, and are quick to complete financial transactions. This confirmed our belief and direction.

We also discovered that non-clients are not highly aware of us, or if they are aware, they believe that we are too small to meet their banking needs, given our brand names.

The use of multiple brands is causing confusion, both internally and externally in diluting our brand awareness. As a result, we decided to simplify our branding strategy and come together in all respects as one unified community bank. We hired a new community marketing director and retained a new outside marketing agency. We made significant progress in formally defining our brand promise, have made good progress in identifying a single name for our bank. We have also begun the work of designing a new logo, a more contemporary look for our marketing materials. We expect to roll out our single brand around the end of the year. We have had some ongoing expenses associated with this brand realignment for the past year and expect those costs to increase over the next couple of quarters from marketing design costs and rollout of the brand.

We are fortunate to be operating in one of the strongest economic markets in the country. Thus far, we have not seen any significant slowdown in the economy and in the markets we serve. We continue to actively evaluate potential acquisition opportunities, both in Utah and in states contiguous to Utah, particularly along the I-15 corridor.

I am also pleased to announce that the Board of Directors declared an increase in the quarterly dividend to $0.13 per common share. The dividend will be payable on August 12, 2019, to shareholders of record on August 5, 2019.

I will now turn the call back over to Mark to discuss our financial performance. Mark?

Mark Olson
Thank you, Len. Net income was $11 million, or $0.58 per diluted common share for the second quarter of 2019, compared with $10.5 million, or $0.55 per diluted common share for the first quarter of 2019, and $10.5 million, or $0.55 per diluted common share for the second quarter a year ago. As a result of strong financial performance, our return on average assets improved to 1.96% for the second quarter of 2019 compared with 1.93% a year ago. For the second quarter of 2019, net interest income grew 2.8%, or $0.7 million to $27.7 million, compared with $27 million for the same period a year earlier. The increase is primarily the result of average interest earning assets growing 3.1%, or $64.8 million and yields on interest-earning assets increasing 8 basis points to 5.68% for the same comparable periods. High yields on interest-earning assets was primarily the result of yields on loans increasing 23 basis points to 6.57% for the same comparable periods offset by a 1.5%, or 25.8 million decline in average loan balances, and by the percentage of total loans to interest earning assets decreasing to 79.5% for the second quarter 2019, compared with 83.2% for the second quarter of 2018, as we have more cash due to strong loan deposit growth during the same respective periods.

For the second quarter 2019, total cost of interest-bearing liabilities increased 17 basis points to 0.74% compared to the same period a year ago and is the result of cost of interest-bearing deposits increasing 34 basis points to 0.74% for the same comparable periods, while the company had no short-term borrowings for the second quarter of 2019 compared with $128 million of short-term borrowings in the second quarter a year earlier. As a result, our net interest margin narrowed 2 basis points to 5.24% for the second quarter 2019 compared to 5.26% for the same period a year earlier.

For the linked quarters, net interest margin declined 5 basis points, as yields on interest-earning assets declined 5 basis points, which is primarily the result of the percentage of loans to total interest earning assets declining to 79.5% for the second quarter 2019 compared with 81.2% for the linked first quarter.

Acquisition accounting adjustments, including the accretion of loan discounts and amortization of certificate of deposit premium, added 7 basis points to our net interest margin for the second quarter of 2019, compared with 11 basis points in the first quarter of 2019 and 16 basis points in the second quarter a year earlier. The positive impact of acquisition accounting adjustments will continue to decline going forward.

For the second quarter 2019, provision for loan losses was $2.2 million, compared with $1.5 million for the same period a year earlier. The increase in provision for loan losses in the second quarter 2019 is due primarily to setting aside $3.3 million in specific reserves, of which $2.2 million were reserved for the unguaranteed portion of four government-guaranteed loans acquired in the Town & Country purchase.

For the second quarter of 2019, the company incurred net charge-offs of $34,000, compared with net recoveries of $0.1 million for the same period a year ago. Looking at our asset quality metrics, non-performing assets were $5.1 million, or 0.22% of total assets at June 30, 2019, compared with $8.6 million, or 0.4% a year ago. Our annualized net charge-offs for the second quarter of 2019 was 0.01%, compared to with 0.21% for the first quarter of 2019, and net recoveries of 0.02% for the second quarter of 2018.

For the six months ended June 30, 2019, annualized net charge-offs were 0.11%, compared with net recoveries of 0.06% for the same period a year earlier. The allowance for loan losses increased $5.7 million, or 26% at June 30, 2019, compared with the same period a year ago. The percentage of allowance to loans held for investment increased to 1.68% at the end of June 30, 2019, compared with 1.55% at March 30, 2019, and 1.32% a year earlier.

In addition to our allowance for loan losses, we have $6.7 million in both non-accretable and accretable credit discounts, remaining on our acquired loan portfolios. Allowance for loan losses plus total credit discounts to loans held for investment was 2.08% at June 30, 2019. We believe that it is prudent for us to continue to build our overall allowance for credit losses, given that we believe we are nearing the end of an overall economic cycle.

For the second quarter 2019, non-interest income was $3.6 million, compared with $4.1 million for the same period a year ago. The decrease was primarily due to a one-time gain on sale of securities of $0.3 million for the second quarter 2018 and $0.2 million loss on the disposal of assets in the second quarter of 2019.

For the second quarter 2019, non-interest expense was $14.7 million, compared with $15.8 million for the same period a year earlier. And the decline is primarily a result of $0.7 million in lower salary and employee benefits, $0.3 million in lower other non-interest expense, primarily related to lower legal fees, and $0.2 million in lower FDIC premiums and $0.1 million in lower marketing costs. As Len mentioned, we are in the middle of our rebranding initiative, we have discontinued many of our current marketing and advertising campaigns as we prepare to roll out the new brand later in the year. We anticipate higher marketing and advertising costs over the next couple of quarters, resulting from the rollout of our new brand.

For the second quarter 2019, the company's efficiency ratio was 46.9% compared with 51% for the same period a year ago. Non-interest expense to average assets was 2.6% for the second quarter 2019 compared with 2.9% for the same period a year earlier.

For the second quarter 2019, income tax expense was $3.5 million, compared with $3.3 million for the same period a year ago. The effective tax rate was 24.1% compared with 23.9% for the same respective periods. I will now turn the call back over to Len.

Len Williams
Thank you, Mark. We are pleased with our financial performance for the second quarter of 2019, particularly regarding our deposit momentum and expense management. We continue to focus on taking advantage of the outstanding economic prospects in the market we serve. We believe we can continue to grow our business organically, diversify our loan portfolio and expand our low-cost core deposit base. We are passionate and enthusiastic about our prospects to expand our commercial and industrial lending to small and medium sized businesses with our commercial banking centers and increase our emphasis on growing our commercial deposits with the expansion of our treasury management service team and through improving the products and services we offer.

As I mentioned earlier, we continue to actively pursue potential acquisition opportunities throughout the Intermountain West, which we believe is a crucial component to our business strategy and shareholder value creation model going forward.

In closing, we had a strong earnings quarter, and new technology initiatives and cost controls are on target. Current priorities include loan growth, fee income initiatives, along with a smooth well-orchestrated brand transition.

Thank you all for joining us today. And at this point, I would like to open the lines for questions.

QUESTIONS AND ANSWERS

Operator
Thank you. We will now begin the question-and-answer session. To ask a question, you may press star (*) and then one (1) on your telephone keypad. If you are using a speaker phone, please pick up your handset before pressing the keys. To withdraw your question, please press star (*) and then two (2).

Our first question today will come from Andrew Liesch with Sandler O'Neill and Partners.

Aaron Deer
Good morning everyone. This is actually Aaron Deer on for Andrew this morning.

Len Williams
Good morning Aaron.

Aaron Deer
I want to start--I was interested to hear some of your commentary surrounding the economic outlook. You sounded a more, I guess, cautious tone than what I am hearing from a lot of other banks. I am just curious if there is anything specific within your markets that you can point to that are indicative of a real slowing.

Len Williams

Nothing specific, the market has had just minor, minor downward movement in a couple of construction areas. The residential inventory has increased slightly, just minor changes, they have gone from almost unbelievable to really good.

Aaron Deer
Okay, I like that.

Len Williams
We also know it would not last forever. So, we continue to be conservative on how we manage the credit portfolio and what we bring on.

Aaron Deer
Okay. And I guess then, maybe related to that, you mentioned, among your three top priorities is loan growth? Where does the pipeline stand today and what are you thinking about in terms of loan growth for the back half of the year?

Len Williams
Yes, that is a great question. One of our biggest issues has been the history of a heavy construction lending organization. With that comes the duration of a portfolio that is much less than most banks. Our average duration is 1.2 years. So, the productivity to stay level is incredible. So, that production continues to go. Where we plan to expand that is more measurable, consistent commercial banking-type activity to supplement the real estate business that we do. Thus, we are adding some people in some locations to beef up that sector. We still have a very low market share, particularly in Salt Lake County, that even if we are in a depression, we have got people to call on and business to do. So, our focus is making sure the balance sheet is strong enough, the capital base is strong enough. And that regardless where the economy goes, we are in position to have the doors open for business.

Aaron Deer
Okay, so it sounds like, just maybe, as you let that construction book pay down more, there is just kind of a headwind that you are fighting on the growth front.

Mark Olson
Yes, the market is still strong, which makes competition a little bit more, how can I put it, a little more open to be outside of some of the standard underwriting that we are not comfortable in going all the way there?

Aaron Deer
Okay, got it. And then on the expense side, maybe just to the extent you can provide some guidance on the costs surrounding the rebranding and particularly as the marketing launches related to that, both specific to that line, and then maybe to just kind of, if you can provide any numbers surrounding your overall non-interest expense expectations through the back half of the year and maybe even heading into next year, as those costs really hit their full run rate?

Mark Olson
Right. Sure, we have a position that we do not provide forward guidance, with respect to four periods. But what I would say, as we mentioned, we do anticipate an increase in our overall marketing costs. If you look at what we spend in marketing a year ago, we would anticipate that we would have a similar dollar amount by the end of the year. With costs overall, on the mortgage lending front, we have seen some good activity going on there. And as a result, we anticipate that the salary and employee benefits would go up, as we pay additional commissions

for that volume that we are seeing as rates have declined. So, we would expect expenses to go up in short term, just given some of the initiatives that we have going on.

In addition to that, Len mentioned some technology projects that we are working on, both nCino and the treasury management system and those additional costs will be coming in, in line as well or online, as we implement those applications. So, we feel like we have done a good job in cost containment, but, there are things that we have to do to be able to develop the infrastructure necessary to go to the next level as an organization, and so there will be additional costs going forward.

Aaron Deer
Okay. That is helpful. I appreciate additional color. Thanks for taking my questions.

Mark Olson
Thank you, Aaron.

Len Williams
Thank you, Aaron.

Operator
The next question will come from Jeff Rulis with D.A. Davidson. Please go ahead.

Len Williams
Good morning, you're coming in pretty faintly. Barely hear you.

Jeff Pusich
Good morning guys. This is actually Jeff Pusich on for Jeff this morning.

Mark Olson
Good morning, you are coming in pretty faintly. I barely hear you.

Jeff Pusich
Hi, can you hear me better now.

Mark Olson
Yes Jeff. This is good.

Jeff Pusich
All right. This is Jeff Pusich on for Jeff Rulis this morning. First question I wanted to touch on was just in regards to margin, your margin outlook, with the probability of Fed easing, being more likely, just kind of walking through some different rate cut scenarios, what you guys have kind of laid out for that, in regards to margin for the back half of the year?

Mark Olson
Yes, as we look at net interest margins, all banks are going to be negatively impacted by a declining interest rate. I mean, it is just a function of our business. But, as Len mentioned, our construction portfolio, one of the positive things with that is that that portfolio churns about 3.5 to 4 times a year. And with that, any origination fees that we get associated with those projects are fully amortized over that time period. So, that helps negate a decline in the overall yields. So, that is a positive thing for our balance sheet overall. But we do have a short duration and an asset sensitive balance sheet. So, we anticipate that that is going to have some impact on us

going forward. We are going to be aggressive in lowering deposit costs, as rates go down, which will somewhat negate the negative effects of lower interest rates overall.

And then one of the other things we are looking at is, again, a 1.2-year effective duration is pretty short. So, we feel good that we could go out and grow in some of the term financing and extend the duration a little bit, so that we could lock in some additional rates. We are looking at our owner-occupied real estate portfolio, for example. And while it is very competitive, we think that we could grow that a bit to extend the duration overall, but yes, declining interest rates are not good for banks.

Jeff Pusich
Awesome, yes, great color. Moving on from there, just kind of wanted to touch on the loan loss provision in the quarter. You guys had mentioned that a majority of that was from the Town & Country government guaranteed loans. I just wanted to kind of, with some little run off, loan run off and MPAs flat, no net charge-offs, could we have anticipated that being closer to zero outside of the Town & Country government loans?

Mark Olson
As far as the provisions?

Jeff Pusich
Yes. As far as the provision?

Mark Olson
Yes, I mean, as we mentioned, our views on the economy is that we are at the end of a credit cycle, and so with that, our overall general reserves have built over the last year, and we will continue to evaluate that over time. So, I would say that our intent is to reassess loan reserves every quarter and look at the economic conditions overall and decide where we should be.

Len Williams
Jeff, this is Len. It is an area, the credit management scenario, we are pretty conservative in, and we have brought in a new Chief Credit Officer who is going through the complete portfolio, doing a phenomenal job identifying the more conservative approach. We also hired a new loan review manager recently that is on top of the portfolio. If you will notice, and I know it is not mentioned in here, but will show up in the quarterly. I mean, delinquencies are at all-time lows. NPAs are still solid. Charge-offs are low. But yes, we are seeing the way we classify things are a little more strict than maybe we have been historically. That is just part of the conservative credit culture. We have taken reserves and as you will notice on these deals, I think Mark mentioned in the release, that we have charged off 100% of the non-guaranteed portion, historically, had we lost 100%, that has not been the case, but we take a pretty conservative approach. So, we will continue to operate like that.

Mark Olson
And just to clarify, we did not charge it off. We did just set aside specific reserves on that portfolio.

Jeff Pusich
Awesome, thanks. And then just one last one for me. Kind of just broad-based capital plans moving forward? I mean, you guys have a TCE ratio in the mid-12% range? Can you kind of just give any color of what you guys have been discussing, any chatter you are having on that front?

Mark Olson
Yes, you bet. So, I guess the first thing I would say, yes, it is higher than most banks. But I would also say that getting a 14.3% ROE on that higher capital is a pretty good return for our shareholders and I think they should be pleased with that. We are holding capital, one of the things is we would like to be able to use some of that powder with an acquisition. And so, we continue to look for those opportunities. So certainly, that is something we are looking at, but yes, if that continues to grow, we are going to have to make a determination of what we are going to do. We increased the dividend this quarter, and we will evaluate that going forward. Our stock price is pretty high. But we have had discussions about maybe repurchasing shares, and we will continue to evaluate that, given where our stock price is right now.

Jeff Pusich
Awesome. Are there any particular markets you guys are looking into or have been considering outside of your core markets?

Mark Olson
Yes, we continue to look at the contiguous states to Utah with a particular focus at the I-15 corridor. Not a ton of banks throughout that area and the markets have been pretty good. And that is why we want to make sure we are in strong capital shape and earning shape and credit quality shape. When things do turn, I think that will put us in a nice position.

Jeff Pusich
Thank you, guys so much. I will step back.

Mark Olson
Thank you.

Len Williams
Thank you.

Operator
Our next question comes from John Rodis with Janney Montgomery. Please go ahead.

John Rodis
Good morning guys. Just I guess I want to make sure I understand this right. So just back to the provision. So you said in the press release, you set aside 3.3 million in specific reserves this quarter, is that correct?

Mark Olson
That is correct.

John Rodis
Okay, so--but then, so the actual provision of 2.1 million or 2.2 million, so does that imply without that specific reserve, you would have had a negative provision?

Mark Olson
That is correct. Yes.

John Rodis
Okay, I just wanted to make sure I was looking at that right.

Mark Olson
You are correct.

John Rodis
And I guess the reason for the negative provision would be NPA trends, your comments on delinquencies, and basically, no net charge-offs and so forth, correct?

Mark Olson
Right. Like a loan growth, yes, for sure. And then, if you look at our overall concentrations, they certainly have declined. And we have always been more conservative on the construction side of things. So, we evaluate the reserves overall.

John Rodis
So, Len, I know, you sort of answered the question on loan growth going forward. But, so year-to-date the loan balances are down slightly. I mean, would you expect to see some net growth in the second half of the year?

Len Williams
Well, the fourth quarter is always a little tougher. Third quarter, we have got four or five internal initiatives underway right now. That is the hope and that is what we are driving for. We are also looking at business lines. I do not want to go into detail at this point, but we are looking at streamlining some of the operations. We are also looking at operations we do not have that would fit into our organization and our delivery platform well. So, we have got four or five initiatives underway, all of them with the singular focus of driving, more loan activity, more consistent quality, profitable versus [unintelligible].

John Rodis
Mark, did I hear you correctly, when you were going through your commentary, did you say there was a--was it about a $200,000 loss on this disposal of assets? I guess, was that probably? Was that in other non-interest income?

Mark Olson
That is right. Yes.

John Rodis
Okay. Can you just elaborate on what that was?

Mark Olson
Oh, you bet. So, as we mentioned, we have demolished the Alpine branch, and we are rebuilding it. So, we wrote off any fixed assets associated with the demolition of the branch. We also had some property that was located next to a branch that we sold and took a loss on that as well. So, nothing major. But that is where it came from.

John Rodis
Okay. And then, so maybe just one other question. And just back to expenses, and I realize you do not give guidance, but so you have been able to keep operating expenses below $15 million for the last, what, two, three quarters? And it looks like this quarter, correct me if I am wrong, but, looks like a pretty clean quarter, hit $14.7 million. And, all things equal, taking into account your new initiatives, marketing and so forth, do you sort of think you can keep expenses below $15 million going forward or is that going to be a challenge on a quarterly basis?

Mark Olson
We do not really provide the guidance, but that is going to be a tough number to hit in the third quarter.

John Rodis
Keeping below $15 million?

Mark Olson
Yes.

John Rodis
Just, I just wanted to make sure directionally I was thinking.

Mark Olson
Yes. I understand you are working on the model.

John Rodis
Okay. Good. Thank you, guys.

Mark Olson
Thanks.

Operator
As a reminder, if you have a question, you may press star (*) and then one (1).

Our next question comes from Don Worthington with Raymond James.

Don Worthington
Thank you, Good morning.

Mark Olson
Good Morning Don.

Len Williams
Good Morning Don.

Don Worthington
On mortgage banking, looks like you had a fairly good quarter, relative to last quarter anyway, where do you think that is going in the second half?

Len Williams
That business has been pretty robust of late. I mean, I guess one benefit from the declining long-term yields. So that activity continues to be pretty strong for us. So we are hoping to continue to see momentum, at least through the third quarter on that.

Don Worthington
Okay. Okay. And then, during this quarter, you mentioned the kind of the turn in the construction portfolio, but do you have any other elevated payoffs that maybe you were not expecting?

Len Williams

They were basically all out of that portfolio.

Don Worthington
Okay, so nothing on the, say, commercial real estate or whatever there?

Len Williams
No, the construction and the some of the non-owner-occupied real estate that we had many perms on that was coming to maturity of the Mini, they have taken them to institutional investors. We have lost a couple of that way, but they were planned.

Don Worthington
Okay, all right, and then I guess, lastly, any change in the tax rate going forward, or pretty much where it was this quarter?

Mark Olson
Yes, where it is this quarter is what we would expect in future quarters.

Don Worthington
All right. Thank you.

Mark Olson
Thanks Don.

Len Williams
Thanks Don.

Operator
This concludes our question-and-answer session. I would now like to turn the conference back over to Len Williams for any closing remarks.

CONCLUSION

Len Williams
Great, thank you so much and thank you all for joining us today. We appreciate the support in the organization. I would also add if you have any direct questions, do not hesitate to give either Mark or myself a call. We would love to entertain your calls. Thank you and have a great day and great weekend.

Operator
The conference has now concluded. Thank you for attending today's presentation and you may now disconnect.