Third Quarter 2018 Earnings Call Transcript

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PRESENTATION

Operator:

Good afternoon, ladies and gentlemen, and welcome to the Amalgamated Bank Third Quarter 2018 Earnings Conference Call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be open for questions with instructions to follow at that time. As a reminder, this conference call is being recorded.

I would now like to turn the conference over to Mr. Drew LaBenne, Chief Financial Officer. Please go ahead, sir.

Drew LaBenne:
Thank you, Operator, and good afternoon everyone. We appreciate your participation today in our Third Quarter 2018 Earnings Call. With me here today is Keith Mestrich, President and Chief Executive Officer. As a reminder, a telephonic replay of this call will be available on the Investor section of our website through 11:59 P.M. Eastern time on November 5, 2018.

Before we begin, let me remind everyone that this call may contain certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We caution Investors that actual results may differ from the expectations indicated or implied by any such forward-looking information or statements. Investors should refer to our final offering circular dated August 8, 2018 and our other periodic reports that we file from time-to-time with the FDIC for a list of risk factors that could cause actual results to differ materially from those indicated or implied by such statements.

Additionally, during today's call, we will discuss certain non-GAAP measures, which we believe are useful in evaluating our performance. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with U.S. GAAP. A reconciliation of these non-GAAP measures to the most comparable GAAP measure can be found in our earnings release as well as on our website.

At this point, I'll turn the call over to Keith.

Keith Mestrich:

Thank you, Drew, and good afternoon everyone. Before I get started, I'd like to take a moment to thank all of those people who helped us through our initial public offering, which culminated in our first day of trading on the NASDAQ on August 9. The many months of hard work of our employees and advisors, and the loyal support of our customers and partners, contributed to the success of our offering. Importantly, our public listing provides Amalgamated with the additional flexibility to take full advantage of the numerous growth opportunities that lie ahead, whether that is expanding our geographic presence into new markets that align with our business strategy, developing new products for our targeted customer base, or taking advantage of growth opportunities in our existing markets of New York City, Washington DC, and San Francisco.

I'd like to start by providing a brief overview of Amalgamated and our mission to grow the bank for those Investors who were not able to hear our story during the IPO Roadshow. I'll then briefly review the highlights of our third quarter performance, and then turn the call to Drew for a more detailed discussion of our results. We will then open the call for your question.

Amalgamated Bank has a strong heritage, having been founded nearly 100 years ago by a union, the Amalgamated Clothing Workers of America in New York City. Since our founding in 1923, we've had a commitment to the greater good, which has shaped our business model and our values. We believe that a financial institution's mission should include using its resources, money, and influence to help move its customers, its community and society forward. As a result, thousands of forward-thinking companies, organizations, unions and individuals have chosen to bank with us because we not only share and support their financial goals, but because we support their mission and values.

Moreover, we believe that our mission to be America's socially responsible bank allows the Company to benefit from an ongoing paradigm shift in the United States, a shift in which consumer, stockholders, and workforces are not only prioritizing their financial growth, but are also increasingly holding companies to higher levels of social responsibility and requiring companies to focus on contributions to society over and above simply delivering profit and value for Shareholders.

Importantly, we believe that our business model is uniquely positioned for this paradigm shift as it is designed for growth and tailored to values-based institutions. Our model is supported by a differentiated marketing strategy and unique relationship-based personalized services from our bankers, who have deep knowledge of their industry segment. Additionally, our target customer base typically has specific banking needs, which we are well suited to address based on our extensive experience, servicing this niche customer segment.

From a competitive perspective, our target customer base has historically been underserved by the traditional banking community, which presents Amalgamated with an opportunity for continued market share gain. We estimate that this market is in excess of $90 billion and we have only a small sliver, which leaves much room for continued growth.

Servicing our target customers and expanding our market share should allow us to generate stable source of low-cost deposit, as evidenced by the 14% compound annual core deposit growth that we have achieved from 2015 through the end of 2017. For the first nine months of 2018, deposits grew by 25% compared to December 31, 2017. This strong core deposit growth has yielded what we believe to be a highly competitive cost of funds, 25 basis points in the third quarter, an increase of just 1 basis point from the second quarter.

Our low-cost funding strategy is designed to allow us to be conservative on the asset side of the balance sheet, while generating a competitive net interest margin. Amalgamated also boasts a core competency

of disciplined credit risk management with a fundamentally low risk business model. Our comprehensive credit risk management is demonstrated by the strong credit performance of loans originated under our team.

We believe our robust approach to risk management will enable us to grow our loan portfolio without compromising credit quality. One aspect of our focus on relationship banking is that it brings deposits, but it doesn't always bring enough lending. As a result, we invest our excess liquidity into conservatively underwritten residential real estate, commercial real estate, and multi-family loan. We then look to high quality securities to further invest excess liquidity.

Importantly, our markets are strategically based on our customers, serving a large and growing population of values driven and socially responsible businesses and individuals. Today we operate in New York City, Washington D.C., and have recently expanded to San Francisco through our acquisition of New Resource Bank, which I'll touch on in a moment. Our core markets present us with a significant runway to continue to drive healthy deposit and loan growth. As an example, we have organically built a nearly $1 billion deposit base in D.C. since our entry into that market in 2012 and currently see a significantly larger opportunity, given D.C.'s large non-profit political and union community.

Beyond our core geographies, we see other densely populated progressive oriented markets that are underserved and represent an opportunity for expansion, markets such as Boston, Chicago, Denver, Los Angeles, Portland, and Seattle. We will evaluate both organic expansion as well as opportunistic M&A, and are aware of a number of institutions that share similar missions, values, and reputations.

Our recently completed acquisition of New Resource is an example of the type of institution that fits our criteria. New Resource had a strong environmental and socially responsible mission and customer base, which aligns very well with Amalgamated while adding a West Coast footprint. Additionally, New Resource's strength in lending to socially responsible businesses and non-profits is expected to complement Amalgamated's commercial lending business.

Looking forward, we remain confident in achieving our targeted operational synergies and expect to complete the system and brand conversion in the fourth quarter. As we hope is evident, Amalgamated has a differentiated business model that we believe addresses a historically underserved market. We generate low cost deposits and reinvest them in lower risk loans and securities to generate peer average (phon) profitability in return. Our model is sustainable, as can be seen in our third quarter results which—where we delivered strong deposit growth while maintaining a stable low cost of funds. Our stable cost of funds combined with our asset sensitivity contributed to the third quarter's net interest margin expansion of nine basis points from the second quarter and strong year-over-year earnings growth.

Looking forward, we believe that we have a firm handle on the multiple levers of our business which support continued growth for our bank and value creation for all stakeholders. This value creation is open ended giving our large number of potential markets that can support organic growth the opportunity to expand our reach through online mobile and digital platforms outside of our branch footprint and the potential for accretive acquisitions, all while maintaining a strict focus on cost discipline.
I'd now like to turn the call over to Drew for a more detailed review of our financial results.

Drew LaBenne:

Thank you, Keith. I will begin by reviewing the highlights of the third quarter results before turning the line back over to the Operator to open for questions. For the third quarter we delivered net income of $9.4 million or $0.29 per diluted share, as compared to $4.6 million or $0.16 per diluted share for the same quarter in 2017. Core earnings for the quarter were $12.1 million or $0.38 per share, as compared to $4.9 million or $0.17 per share in the third quarter of 2017.

Core earnings excluded $3.4 million of costs related to our IPO and $148,000 of cost attributable to the integration of New Resource. Given the more onetime nature of these costs, we see core earnings as a better indicator of the success that we achieved in the quarter.

As Keith touched on, we believe that our business model is uniquely positioned for growth as we work to service the needs of value-based institutions and strive to live up to our mantra of America's socially responsible bank. In the third quarter deposits increased $70.4 million or 7.1% annualized to $4.0 billion from the second quarter of 2018. Importantly average non-interest-bearing deposits grew 33.1% annualized from the prior quarter and now represent 44.2% of average deposits, which contributed to our stable cost of deposits at 25 basis points. Of note, our deposit beta in the quarter was negligible, and demonstrates the value of our deposit franchise.

Deposits from politically active customers such as campaigns, PAX (phon), and state and national party committees, which we refer to simply as political deposits, decreased $18.5 million from $416.3 million in June 30, 2018 to $397.8 million at September 30, 2018. With the midterm elections fast approaching, we expect political deposits to continue to decrease through the fourth quarter. If history holds, political deposits would then turn back to growth in 2019 and continue to increase in the run up to 2020 Presidential election.

During the third quarter, we delivered loan growth of $78.8 million or 10.1% annualized compared to the second quarter of 2018 and ended September 30, 2018 at $3.2 billion of total loans. Loan growth was driven primarily by residential and multifamily lending and the purchase of loans offset by a decline of $41.8 million of indirect C&I loans.

As a reminder, we no longer originate indirect C&I loans given our more conservative outlook and are allowing it to run off over time. This highlights the strong loan growth we experienced in the quarter and was partially a result of the addition of our new West Coast lending team.

The yield on average earning assets was 3.93% for the third quarter, an increase of 21 basis points as compared to the same period of 2017, driven by the increasing yields on all asset classes due to the increase in the Fed funds rate. The yield on our total loans remained constant at 4.33%. Our net interest margin posted a strong increase of nine basis points in the quarter to 3.65% as compared to the linked quarter result of 3.56% and a 35 basis point increase as compared to the same quarter in 2017. The accretion of the loan mark (phon) from the loans acquired with the New Resource Bank acquisition was 6 basis points on net interest margin in the third quarter compared to 3 basis points in the second quarter.

Net interest income for the third quarter of 2018 was $40.0 million, which compares to $36.7 million in the linked quarter and an $8 million increase compared to $32.0 million in the same quarter of 2017. The increase from the linked quarter was largely the result of higher yields on floating rate assets, the full quarters impact of—from the New Resource acquisition and lower funding costs due to lower borrowing.

Now on to non-interest income and expense, non-interest income for the third quarter of 2018 was $7.5 million, an increase of $1.3 million, compared to the linked quarter and a $246,000 increase compared to the third quarter of 2017. The linked quarter increase was due to higher service charges on deposit accounts and the absence of losses on the sale of indirect C&I loans in foreclosed residential real estate. Non-interest expense for the third quarter of 2018 was $34.1 million versus $30.1 million in the second quarter of 2018 and $31.0 million in the third quarter of 2017. As previously mentioned, the year-over-year increase was largely due to expenses related to our IPO.

To conclude, our return on equity was 8.96% during the quarter and on a core basis, excluding the expense of the IPO, our return on tangible equity was 12.17%. This core return compares to 13.08% for the second quarter of 2018 and 5.71% for the comparable period in 2017. The decrease in core return on tangible equity in the linked quarter was due to a release of provision in the second quarter in 2018 due to the higher level of indirect C&I run-off net quarter.

Lastly, we remain well capitalized to support future growth. For the fourth quarter of 2018, we're watching the changes in our political deposits closely. With less than two weeks until the election, we've seen our political deposits decline to $295 million. Also, we expect to incur expenses of $1.9 million—$2.0 (phon) million in the fourth quarter of 2018 related to the integration of NRB, which includes contract breakage fees, core system conversion costs, and severance and retention payments to employees. These expenses will all be treated as non-core items.

We look forward to updating everyone on our fourth quarter results beginning in 2019. With that, I'd like to ask the Operator to open up the line for any questions. Operator?

Operator:

Thank you. At this time, we will conduct a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star key. Once again that's star, one at this time. One moment while we poll for our first question.

Our first question comes from Steven Alexopoulos with JPMorgan. Please proceed with your question.

Steven Alexopoulos:

Hi, everybody.

Drew LaBenne:

Hey, Steve.

Steven Alexopoulos:

Hi. I wanted to start on the deposit side. If we look at the cost of deposit, it was very stable in the quarter. Can you talk about were there any pressures you saw from customers in terms of them either asking for a higher yield or any migration out of non-interest bearing into the interest bearing, particularly New York City banks been very aggressive with time deposit promotions here.

Keith Mestrich:

Steve, that's a great question, and obviously we're quite pleased with where our deposit beta was for the quarter and really for the year-to-date. We think it gives us a real competitive advantage. As you may remember from when we were on the roadshow and chatting with folks, a big piece of our business was in competition with the largest financial institutions, the big money center banks like your own and the big regionals. If you look our pricing on interest-bearing deposits, we're very much in line with where those larger financial institutions are.

From what we're seeing it's really the community banks that are having to increase their pricing on commercial deposits. When our customers are looking at their competitive marketplace, they're seeing big money center banks and regional banks who have very similar pricing from an interest-bearing perspective. Having said that, there are—some of our customers are asking in terms of what the interest rate environment might be looking like on a go-forward basis. We're not feeling significant pressure to increase rates, a little bit to earn some new business. We are seeing a little bit of rate pressure.

We're seeing a little bit of shifting around from either non-interest-bearing instruments into interest bearing instruments and a little bit sometimes into some of our trust product that's got a little bit better opportunity for some yield for our customers. By the end of the day, our differentiated model is much on our mission,

our service model, what our bankers are able to offer from an understanding of our clients' business perspective, and that continues to be the reason new customers continue to come to the bank.

Steven Alexopoulos:

Keith, would it be reasonable for us to assume only a modest increase in deposit cost again here in the fourth quarter?

Keith Mestrich:

I can't see any significant pressure on rates. Of course, I can't predict the future entirely, and we certainly have been watching what other banks have been reporting and seeing some banks—see some unanticipated increases. But based on what I know today, Steve, I think your proposition is correct.

Steven Alexopoulos:

Thank you, and then just quick on M&A. now that you have a public currency, have the conversations increased with potential targets? Are you still trading at a pretty low (phon) multiple on tangible book? How do you think about a tolerable range for earn-back here? Thanks.

Keith Mestrich:

Yes, we've always emphasized wanting to do our acquisitions as we venture into this area on a sequential basis. We're still in the full digestion phase of New Resource Bank. We'll do a full integration on New Resource from a core perspective and a brand integration perspective next weekend. I think so far that's going very well.

Our focus in terms of acquisition opportunities has remained the same. We know what cities we'd like to be in. We know we have a handful—couple of dozen banks that we think about on there as we think about what an acquisition pipeline might look like. We're constantly in the market talking to potential acquisition targets. They all were very aware of what happened with us going into the public markets and having a liquid currency. I think they are very inquisitive of trying to want to find out what that might mean from our standpoint of wanting to be an acquirer. There is nothing on the horizon immediately that we would that we could talk about, but we are seeing people wanting to have a chat with us about what our future might look like.

Steven Alexopoulos:

Would you describe seller expectations as rational?

Keith Mestrich:

Everybody plays their cards pretty close to the vest in early conversations. I think that people have seen the increase in bank valuations. But there is a lot of frothiness in the market as well, that I think people's expectations are moving around a little bit.

Steven Alexopoulos:

Okay. Thanks for taking my questions.

Keith Mestrich:

Sure, thanks, Steve.

Operator:

Thank you. Our next question comes from Matthew Keating with Barclays. Please proceed with your question.

Matthew Keating:

Great. Thanks very much. Maybe start with Drew in terms of quantifying the loan growth in the quarter. I think you called out there were some loan purchases in the quarter. Just how large were those, and are those going to be a consistent part of the Company strategy going forward? Thanks.

Drew LaBenne:

Hi, Matthew. Yes, we did two loan purchases in Q3. The first was a $20 million student loan pool purchase, in line with the previous purchases we've done in that space. Just as we had some of that portfolio naturally to write-off (phon), we've just built it back up, maybe a little higher than our top levels before.

Then the other is a continuation of a purchased pool strategy that New Resource had on residential solar, that, as we examined it, we liked the characteristics of it, both from a yield perspective and a credit perspective. We did another purchase of those pools for $15 million in Q3. I do expect we will do at least one more purchase of residential solar in the future, in the near future and then beyond that, I think we will kind of analyze our loan investment portfolio and determine what makes sense for 2019.

Matthew Keating:

That makes sense, and did you give us an update on where that period end balance of the indirect C&I portfolio stood at the end of the quarter?

Keith Mestrich:

Yes. For indirect C&I, we ran off another about 50 million in Q3 with LIBOR—with spreads at about a little over LIBOR plus three. So that should bring our total runoff to about $265 million, which leaves about $330 million left in the portfolio, $337 million to be exact. Then in Q4 we are looking at, I would say at least another $50 million in planned runoff of that portfolio.

Matthew Keating:

Okay, great. Drew, you did call out the political deposits, they typically run down seasonally at this point with the midterm elections coming up. I assume then you'll go to FHLB to balance that out in the quarter, and so what sort of NIM impact might that have in Q4, that dynamic, is it pretty manageable? Maybe just speak to that. Thanks.

Drew LaBenne:

Yes, absolutely. So, as I said before we were at $295 million in political deposits as of last week. We're not sure where we will end, there's less than two weeks left in the election. But the spending will probably pick up as well. We estimate that for $100 million, and I'm not saying this is the number that it will be, but for $100 million average decrease in political deposits, it's a 4 basis point NIM impact on the quarter, assuming it's replaced with FHLB.

Matthew Keating:

Okay, great. Then the tax rate this quarter; maybe could you talk just a little bit in terms of what you think is a normalized tax rate. It was up a bit versus 2Q. So, what do you think is the right number here?

Anything unusual in this quarter? I know you had the IPO cost, but maybe you could just talk about what your normalized expectations would be from a tax rate perspective? Thanks.

Keith Mestrich:

Yes, it's a little tricky because a lot of it depends on the permanent differences, and the DTA and the trued provision (phon). I think we were—we went from 24.7 in Q1 to 25.3 and then 26.1 ETR this quarter. I think the answer is probably in between 25 and 26, but it will depend on kind of where income comes out, maybe a little north of 26 like we were this quarter.

Matthew Keating:

Okay, and finally—awesome, the accretion from New Resources Bank obviously added a bit more to the NIM this quarter. As you think about just the schedule decreasing component of that, what's that likely to look like over the next few quarters, if you can provide any clarity there? Thanks.

Drew LaBenne:

It's a little—so this quarter is the first quarter we had the full impact of it, just because it's the first quarter we had New Resource fully integrated for the full three months. The accretion is going to depend on what happens to the loan balances that we acquired. I think staying with six basis points is probably not a bad assumption, but it will be dependent on really what happens with the portfolio.

Matthew Keating:

Understood, thanks very much.

Keith Mestrich:

Thanks, Matt.
Operator:

Our next question comes from Alex Twerdahl with Sandler O'Neill. Please proceed with your question.

Alex Twerdahl:

Hey, good afternoon.

Keith Mestrich:

Hi, Alex.

Drew LaBenne:

How you’re doing, Alex?

Alex Twerdahl:

I just wanted to drill down a little bit on the DDA account growth that you had sequentially $135.5 million. Is a lot of that political driven or is there something else working that we should be aware of?

Drew LaBenne:

That was—you're talking about the average deposits correct, 133 million. So, yes, actually, no, I don't—I mean the balance has decreased from Q2 to Q3, so the average pickup was not really politically driven. It was more the—some of that probably was politically driven as well. But it was also—we had pretty good DDA growth outside of political in Q2 as well, which helped drive that average growth.

Keith Mestrich:

Yes, and that growth really came across all three of our regions, both our New York, Washington and our San Francisco region, and just as a reminder with our emphasis on non-profit clients and their reliance on operational accounts is often times their only account. Our commercial bankers are able to bring in non-interest-bearing deposits by new customer acquisition on a general basis.

Alex Twerdahl:

Okay, and then can you just talk a little bit about the yield. I think you said the run-off on the indirect C&I was LIBOR plus three. Can you just talk a little bit about what the yields look like on some of the loans that you're putting on, either the student loans, the residential loans, just so we can kind of compare the two?

Drew LaBenne:

Yes, so the student loans are coming on a bit over four. I think they're about 4.20 or so that they came on books, 4.30 (phon). The purchased solar loans are actually higher. They're about close to 6% yield in terms of what's going on and those are purchased at a discount as well. So, prepayments obviously helped with accretion as much of those happened.

Then the—obviously the investment portfolio growth is coming on at a lower spread, but those are floaters, both fixed and floaters that we're putting on as well. Then multifamily and residential are coming in and kind of the four residential be kind of 4 to 4.70, multifamily is more like 4.20 to 4.80 for new originations that we've been putting on.

Keith Mestrich:

Yes, this is Keith, I would just add, one of the big questions that we had coming out of the IPO, as we executed our run-off of our indirect C&I strategy, what would we be replacing yields with. I think the loans that we see coming out of the specialty lending business that we got as a result of the New Resource transaction, we are very pleased with, that these are loans coming in at a comparable rate what we're running C&I loans off at. I think what we're just trying to see is can we get some upsize in the size of those facilities as we take advantage of a bigger balance sheet.

Alex Twerdahl:

Can you share with us some of the early successes with that effort?

Keith Mestrich:

Yes. I'd give you a couple of examples without going into any details on names. But one of the nice things that we've seen is in the solar space and the renewable space in particular, the ability to transform our relationship with some of our lenders, from talking about $1 million and $2 million sequential deals to actually talking about $50 million and $60 million tranches of loans that we get to put on with fixed handles on the front of them, (inaudible), which we really like a lot, well-structured deals with nice off-takers and in some instances nice government guarantees from the State of California.

So, there are some nice deals for us to structure out there that we like a lot and that are bigger for us with our more substantial balance sheet.

Alex Twerdahl:

Great and then just my final question. You talked a little bit about M&A and sort of the appetite, and I think I heard you correctly that the integration of New Resource will come first, obviously, and that's coming in the next couple of weeks. But, sort of, what's the timeframe in which we could realistically see you get more—or realistically see you announce another deal?

Keith Mestrich:

Yes, I've always thought there would be—I mean, look, we've got to make sure the deal economics work for us, right, that these questions earlier we've always had a three-year earn-back period in our mind, as sort of the bottom line of what we would do on a well-structured deal that we would look at. But we've always thought that we would do deals sequentially. Our appetite has been on the magnitude of a deal a year that was something we could think of doing that.

So, we haven't changed our outlook on that. I think we're starting to survey the potential universe of deals and build that acquisition pipeline. But it takes two to tango, as you know. We've got to make sure that the deal economics work out the right way. We'll be very disciplined in that regard.

Alex Twerdahl:

Great. Thank you for taking my questions.

Keith Mestrich:
Thanks, Alex.

Operator:

Once again, ladies and gentlemen, to ask a question at this time, please press star, one on your telephone keypad. Our next question comes from Chris O'Connell with KBW. Please proceed with your question.

Chris O'Connell:

Good evening. I just wanted to touch on the operating expenses this quarter. I may have missed it, but could you actually provide of the breakdown of what the one-time merger and IPO cost, what lines those are coming through?

Drew LaBenne:

Yes. The vast majority of the IPO costs are going to come through the professional fees line. You can see that went up $2.4 million in the second quarter to $5.2 million in the third quarter. So that's going to be your legal, your audit, those types of costs that end up in there as well. Little bit was in the marketing cost as well, in terms of kind of the marketing—advertising and promotion that went around that as well—little bit in other costs.

Then for NRB there is two types of costs for NRB. The first is just the integration cost, which is—that was a pretty small number and it's mixed into couple of categories. Then there was the pickup of run rate NRB go-forward costs and having a full quarter of that in our numbers as well. So that's going to be occupancy, depreciation, some data processing, which will come down after we complete the integration and shutdown the other core system. Those are the main benefits—salary benefits. Yes.

Chris O'Connell:

Great, and then just kind of going along with expenses for the conversion. Could you just remind us the timing of that, and what the cost is, and kind of clean run rate afterwards might look like?

Drew LaBenne:

Yes, so a lot of the synergies from NRB have already been achieved because a lot of them were related to senior Management and other types of marketing and promotional costs, things like that, mostly around the senior Management team. So, a lot of the synergies have already been in the run rate and you can see that in the improved efficiency ratio and the improved return that the bank is experiencing.

As Keith mentioned before, this weekend, we will have the integration and then—I'm sorry next weekend, and there'll be some—there'll be—I'm sure, be a little bit of cleanup around that, but all the $1.9 million to $2 million that we have in the guidance for Q4 is related to the termination fee and the core conversion, the cost of actually doing the conversion, and then any remaining really retention payments for the NRB associates that have stayed around to help with the conversion.

Then coming out of that we'll have the full cost synergies rolled in, which should be in Q1 at that point going forward.

Chris O'Connell:

Got it, and then finally, just touching back on kind of the non-interest-bearing accounts and political deposits, could you just maybe provide, not an exact number, just kind of a general ballpark over the end of period non-interest-bearing deposit for this quarter. Just so—understand the political deposit run down in the fourth quarter, but just to kind of get an idea of where that average balance might be?

Drew LaBenne:

You mean, are you're asking for the end of period for Q3?

Chris O'Connell:

Yes.

Drew LaBenne:

Well, I guess we're giving you the total deposit rundown in the press release, not the average. Then we're breaking down the average. So, yes, so I can give you that. So non-interest-bearing deposits were $1.8 billion, now (phon) deposits were under $93 million, money markets were $1.2 billion, $1.238 billion, savings accounts were $332 million, and CDs were $455 million. Then the call report actually gets filed tomorrow, although the classifications are a little different there when they hit the call report, but that will be available in there as well.

Chris O'Connell:

Great. Thank you. (Inaudible). Thanks.

Keith Mestrich:

Thanks, Chris.

Operator:

Thank you. At this time, I would like to turn the call back over Keith Mestrich for closing comments.

Keith Mestrich:

Well, we were pretty pleased with our Q3 as our first full quarter out of the box as a public Company, felt like it hit on a lot of the things that we thought it would hit on, and feel like we performed pretty well in the quarter. We want to thank all of you for taking a little bit of time on to be with us this afternoon. We look forward to answering any other questions that you have in the days ahead. Thank you all. Thanks, Operator.

Operator:

Thank you. This does conclude today's teleconference. You may disconnect your lines this time, and thank you for your participation.