

Northpointe Bancshares, Inc.
Q3 2026 Earnings Call
October 21, 2026

Presenters

Brad Howes - Executive VP & CFO

Chuck Williams - Founder, Chairman & CEO

Kevin Comps - President & Secretary

Q&A Participants

Crispin Love - Piper Sandler

Damon Del Monte - KBW

Christopher Marinac - Brean Capital

Operator

Greetings and welcome to the Northpointe Bank Shares Inc. Q3 2026 Earnings Conference Call. At this time, all participants are in listen-only mode. A question-and-answer session will follow the formal presentation. You may be placed in the question queue at any time by pressing star, one on your telephone keypad. As a reminder, this conference is being recorded. If anyone would require operator assistance, please press star, zero on your telephone keypad.

It's now my pleasure to turn the call over to Brad Howes, CFO. Please go ahead, sir.

Brad Howes

Good morning, and welcome to Northpointe's third quarter 2026 earnings call. My name is Brad Howes, and I'm the Chief Financial Officer. With me today are Chuck Williams, our Chairman and CEO, and Kevin Comps, our President. Additional earnings materials, including the presentation slides that we will refer to on today's call, are available on Northpointe's investor relations website, ir.northpointe.com.

As a reminder, during today's call, we may make forward-looking statements which are subject to risks and uncertainties and are intended to be covered by the Safe Harbor provisions of federal securities law. For a list of factors that may cause actual results to differ materially from expectations, please refer to the disclosures contained within our SEC filings. We will also reference non-GAAP financial measures and encourage you to review the non-GAAP reconciliations provided in both our earnings release and presentation slides. The agenda for today's call will include prepared remarks followed by a question and answer session.

With that, I'll turn the call over to Chuck.

Chuck Williams

Thank you, Brad. Good morning, everyone, and thank you for joining. This quarter was an important one for Northpointe and marks a significant step in the continued evolution of our business model. Last night, we announced that we are entering into a non-binding letter of intent with CMG Financial and its affiliates to sell the distributed, retail, and consumer direct mortgage origination channels.

This decision was not a reflection of the management or supporting teams in the residential lending division, which has helped contribute to Northpointe's success over the years. But with today's economic and operating headwinds and with the continued evolution of mortgage distribution channels, we have reached an inflection point that no longer made the business channel viable. Because of this, management and the board have made the difficult strategic decision to sell the channels. This allows us to refocus our strategic priorities towards businesses where we believe Northpointe has the strongest competitive advantage and the greatest opportunity to create sustained long-term growth and sustainable franchise value for all stakeholders.

We have built a unique national platform that combines specialty finance and relationship-based banking across a broad mortgage ecosystem. As we evaluated the opportunities available across the franchise, it became increasingly clear that our greatest opportunities lie in expanding our MPP and specialty finance capabilities, deepening client relationships, growing relationship-based deposits, and generating attractive portfolio assets in a more efficient manner.

Importantly, we remain committed to the mortgage banking industry, and we will continue to be a growth-oriented and customer-centric banking franchise, serving clients and communities across our national footprint.

While the mortgage industry remains very challenging, we continue to take market share and demonstrate strong growth in our mortgage purchase program or MPP business. We've increased total MPP balances by \$2.5 billion from the end of 2024, and we believe our program remains an attractive alternative to traditional warehouse lending. Brad will cover the financial projections on this transaction and the current period results in more detail.

For the third quarter, we earned \$13.9 million or \$0.39 per diluted share. We have three significant fair value assets, which in aggregate move up or down based on movement in long-term interest rates. Our results this quarter included a combined decrease in fair value of \$4.3 million for those three assets based on the significant rate movements during the quarter. In addition, we had a \$3.1 million operational loss related to an isolated external deposit fraud incident within our retail banking center, which we promptly addressed through strengthening procedures and additional controls.

As we look ahead, our vision is clear. Northpointe's future is centered on MPP specialty finance through strategic asset generation, relationship-driven banking, and deposit growth and

specialty servicing. As we focus resources on the businesses where we are most differentiated, we believe we can expand client relationships and generate a more robust and stable earnings profile.

I'd like to turn the call over to Kevin to provide more details on our business lines.

Kevin Comps

Thanks, Chuck, and good morning, everyone. Let's start with the MPP business on Slide 7. Compared to the prior quarter, period ending MPP balances increased by \$262.7 million, and average balances increased by \$237.2 million, resulting in \$3.7 million quarterly increase in interest income within the channel.

Let me break down the third quarter 2026 growth a bit further. First, we brought in four new clients, which totaled \$185 million in additional capacity. Second, we increased facility size for three existing clients, which totaled \$100 million in additional capacity. And third, the overall utilization of our existing clients remains strong, averaging 58% from the third quarter.

As discussed on prior calls, our MPP balances are net of any balances that we have participated out. At September 30, 2026, we have participated \$368.3 million to our partner banks. which is down from \$489.1 million at June 30, 2026, as we continue to optimize the balance sheet within our existing capital framework.

Average MPP yields were 6.27% and fee adjusted yields were 6.49% during the third quarter of 2026. The quarterly decrease in average yield continues to reflect competitive pricing within the industry, especially with larger mortgage originators. Also, keep in mind that our yields in our MPP business reprice at a one month lag, so the benefit from the increase in SOFR is not reflected in our third quarter results.

Turning now to retail banking on Slide 8, I'd like to highlight the results of the businesses within that segment. With the increase in mortgage rates, total residential mortgage originations decreased by 26% from the prior quarter level, and we saw a similar decline in locks and application volume. Gain on sale margins are also tightening, given the competition for volume across the industry.

In the middle of Slide 8, we highlight our digital deposit banking channel, where we feature our direct to customer platform and competitive product suite. We ended the third quarter with \$5.4 billion in total deposits, an increase of \$210.4 million from the prior quarter. The breakout of these deposits is detailed in the appendix on slide 14.

During the quarter, we saw a nice increase in non-interest bearing demand deposits along with higher interest bearing demand deposits driven by normal seasonality and our custodial deposit balances. These were partially offset by lower time and savings in money market deposits as we intentionally let some balances run down in favor of more attractive brokered and FHLB funding

sources. Over the last year and a half, we've been successful in adding new funding partner relationships to help bolster core deposits and fund our planned growth. We have similar smaller relationships in the pipeline, and we'll continue to look for more of these types of omnibus accounts.

On the right side of Slide 8, we highlight our specialty mortgage servicing channel, where we focus on servicing first lien home equity lines tied seamlessly to demand deposit sweep accounts, including what we commonly refer to as AIO loans. Excluding the adjustment for the change in fair value of MSRs, we earned \$2.6 million in loan servicing fees for Q3, up from the prior quarter. Including loans we outsourced to a subservicer, we serviced 17,400 loans for others with a total UPB of \$6.0 billion as of the third quarter 2026, both up from the prior quarter level.

With the planned sale of our residential lending mortgage origination channels, we will no longer be capitalizing new MSRs for our own balance sheet. We've had success adding new specialty servicing relationships and increased the portfolio over the past year, and that will remain our strategic focus.

Turning lastly to asset quality on Slide 9, net charge-off decreased slightly to \$429,000 in the third quarter of 2026. This represents an annualized net charge-off ratio to average loan of two basis points, remaining well below long-term historical averages. Nonperforming assets increased by \$8.9 million from the prior quarter, of which over half was from two borrowers, which we do not expect to incur any material losses on. Early-stage delinquent loans improved, with loans past due 31 to 89 days down \$5.7 million from the prior quarter level.

I'd like to now turn the call over to Brad to cover the financials.

Brad Howes

All right, thanks, Kevin. I'd like to make two important points today before I begin. First, as I go through today's live presentation, I will be incorporating full year 2026 and 2027 guidance into my commentary. And second, my guidance for both 2026 and 2027 includes the projected financial impact of the proposed sale of the distributed retail and consumer direct mortgage origination channels. The arrangement is primarily for the sale and transition of those teams and does not involve the sale or transfer of loans, servicing rights, or other material assets.

Let's start with the income statement on Slide 10. For the third quarter of 2026, we had net income to common stockholders of \$13.9 million or \$0.39 per diluted share. This compares to \$21.3 million or \$0.60 per diluted share for the second quarter of 2026. Our results in the third quarter included two notable items Chuck discussed, which had total pre-tax negative impact of \$7.5 million.

Net interest income increased by \$1.2 million from the prior quarter, reflecting an increase in average interest earning assets of \$157 million and a one basis point decrease in net interest margin. The linked quarter decrease in margin was primarily driven by higher average deposit

costs, partially offset by higher average yields on loans and an improvement in the funding mix. The 25 basis point increase in the federal funds rate occurred in mid-September, so we only received a limited yield benefit in the third quarter. Our two growth portfolios, MPP and AIO, both repriced on the short end of the yield curve. However, MPP facilities do so on a one-month lag, as Kevin highlighted.

Brokered CD rates tend to reprice in advance of potential rate movements, which is what we saw this quarter. So we experienced higher funding costs with limited yield benefit from the Federal Reserve rate increase. Absent any additional rate changes, I'd expect to see a larger portion of the net interest margin benefit in the fourth quarter.

Our third quarter net interest margin was 2.32%, and year-to-date 2026 was 2.36%. I expect full year 2026 net interest margin to remain in the range of 2.3% to 2.4%, no change from my prior guidance.

For full year 2027, I expect net interest margin to improve to between 2.4% and 2.6% net. My guidance assumes continued improvement in the mix of loans within the held for investment portfolio and no significant changes to the current mix of deposits. I also assume one additional 25 basis point Fed funds rate increase early in 2027.

Turning to the loan portfolio, average interest earning assets increased nicely over the prior quarter level. That was driven by continued success and growth in NPP facilities, along with the purchase of \$85.4 million in seasoned AIO loans, which closed on September 30, 2026. We purchased these loans at a discount, resulting in net balances of \$69.9 million on balance sheet. Loans were originated between 2005 and 2008, so they carry very low LTVs and extremely limited credit risk. The average coupon yield is around 5%, but when you factor in the baseline expected monthly discount accretion, that yield increases to around 7.5%.

With the sale of the mortgage origination channels, we now shift our focus on generating attractive portfolio assets through existing client relationships and select opportunistic purchases. The seasoned AIO pool is a great example of this. By shifting away from heavy fixed cost infrastructure, we believe we can generate loans with similar yields and credit risk at a lower overall cost.

For 2026 loan guidance, I'd expect MPP balances to remain in the range of \$4.1 billion to \$4.3 billion by year end, although at the higher end of the range, as we have additional capital to leverage with the loans available for sale portfolio winding down. I'd also expect period-ending AIO and other consumer loan balances to remain in the range of \$900 million to \$1.0 billion by year end. I'd expect the remainder of the loan portfolio to continue to decrease, in the range of \$1.7 billion to \$1.8 billion by year end. This category includes loans held for sale balances, which should be insignificant by end of year.

For 2027 loan growth guidance, I'd expect MPP balances in the range of \$4.7 to \$5.0 billion by year end. This estimate is net of any balances we participate out, which remains an important part of our overall balance sheet and capital optimization strategy. I'd expect period ending AIO and other consumer loan balances in the range of \$1.3 to \$1.5 billion by year end. And I'd expect the remainder of the loan portfolio to continue to decrease through normal amortization in the range of \$1.5 billion to \$1.7 billion by year end.

Kevin provided details on our asset quality trends this quarter, which remained stable. We had total provision expense of \$845,000 in the third quarter. This reflected net charge-offs of \$429,000 and an increase in the allowance for credit losses, which was primarily attributable to higher forecasted loss rates resulting from an update to the credit models, partially offset by lower allowance from an improvement in qualitative factors. I'd expect total provision expense in the range of \$1.1 million to \$2 million for 2026. For 2027, I'd expect total provision expense in the range of \$5 million to \$6 million, reflecting additional provisions related to stronger AIO and consumer loan growth.

Additional provision expense or benefit related to credit migration trends, changes in the economic forecast or other changes to the credit models are not part of my guidance.

Non-interest income decreased by \$9.6 million from the prior quarter and includes the impact from our three fair value assets. On the top of Slide 15, we break out those three assets and their associated quarterly increases or decreases in fair value. As a reminder, these tend to move up or down with interest rates and are not part of my revenue guidance each quarter.

On the bottom of Slide 15 and in the earnings release tables, we provide further details on the components of our net gain on sale of loans. As you can see from the chart, third quarter net gain on the sale of loans included a \$7.7 million decrease in fair value of the loans held for investment and a \$1.6 million decrease in fair value on the lender risk account with the Federal Home Loan Bank. Excluding these items, net gain on the sale of loans would have been \$11.5 million, which is down from \$16.4 million on a comparable basis in the prior quarter. This decrease was driven primarily by lower saleable mortgage origination volume during the quarter. With the sale of the mortgage origination channels, there will be significantly lower gain on sale revenue in the fourth quarter of 2026 and virtually no revenue in 2027.

I'd expect MPP fees in the range of \$8 million to \$9 million for the full year 2026. This is down slightly from prior guidance as we plan to add more balance sheet in the fourth quarter, resulting in lower participation balances and associated fees. For 2027, I'd expect MPP fees in the range of \$8 million to \$10 million for the full year.

Excluding MSR fair value changes, loan servicing fees were \$2.6 million for the quarter, up from the prior quarter. I'd expect loan servicing fees in the range of \$9 million to \$11 million for 2026, decreasing to \$8 million to \$10 million in 2027. Noninterest expense was up \$0.8 million from the prior quarter.

Third quarter 2026 expense included \$3.2 million related to the deposit fraud in our retail banking center. This was partially offset by lower salaries and benefits, primarily from lower variable compensation on mortgage production, along with lower bonus and incentive compensation. For full year 2026, I'd expect total non-interest expense in the range of \$140 million to \$146 million. This includes the projected \$6 million to \$7 million in restructuring charges related to the sale of the mortgage origination channels predominantly comprised of severance and other employee related expenses, along with an impairment charge of approximately \$800,000 on the remaining intangible asset associated with the previous mortgage team acquisition. I project these restructuring charges will be partially offset by lower variable mortgage commission and bonus and incentive compensation expense.

Turning to the expense guidance for 2027, we expect to complete the proposed transaction with CMG during the fourth quarter of 2026 and anticipate meaningful reductions to the expense base and improved operating leverage going forward. I'd expect annualized expense savings in the range of \$50 million to 55 million, with the bulk of which comprised of commissions, salaries, and benefits. The remainder would be made-up of occupancy, technology, professional fees, marketing, and other expenses.

For full year 2027, I'd expect total non-interest expense in the range of \$80 million to \$95 million, a significant decrease from 2026 levels, as we realize the majority of the expected expense savings from the sale of the mortgage origination channels.

Turning to the balance sheet on Slide 11, total assets increased to \$7.7 billion at September 30, 2026, based on the growth in NPP and AIO balances during the quarter. Our wholesale funding ratio was 63.94% at September 30, 2026, up slightly from the prior quarter. I expect we will continue to fund the planned balance sheet growth through a combination of brokered CDs, retail deposits, and other sources of non-brokered deposits where possible.

Our effective tax rate was 24.43% for the third quarter of 2026, down from the prior quarter level. During the quarter, we purchased \$7.6 million in investment tax credits, which helped reduce our overall effective rate by roughly \$600,000 in the quarter. That was mostly offset by higher estimated state taxes. We plan to buy additional tax credits in the fourth quarter of 2026 and in 2027, which should help lower the overall effective tax rate in both periods.

Lastly, on Slide 12, we outline our regulatory capital ratios, which are estimates pending completion of regulatory reports. The board of directors increased the regular quarterly cash dividend to \$0.03 per share from 2.5 cents per share in the prior quarter.

Looking forward, we have a significant opportunity to add new assets at a very attractive point in the yield curve. I'd expect we will continue to leverage any additional capital generated through retained earnings to grow our held for investment loan portfolio.

With that, we're happy to now take questions. Kevin, please open the line for Q&A.

Operator

Certainly. We'll now be conducting a question and answer session. If you'd like to be placed into question queue, 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'd like to move your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing star, one. One moment please while we poll for questions.

Our first question today is coming from Crispin Love from Piper Sandler. Your line is now live.

Crispin Love

Thank you. Good morning, everyone. First, I hear you on focusing on other areas where you have competitive advantages, but just on the consumer mortgage sale, can you share why you believe right now is the right time to sell the business? It could be at the trough or near the trough of the mortgage environment. And then also just what you gain from selling today?

Chuck Williams

Yeah, I can answer that. This is Chuck. Yeah, it's hard to predict whether we're in the trough or not. We've been at this business since the end of COVID, which some could argue has been in a trough for four years. And our team has been incredibly efficient over the last four years in making the business work in a very tough environment. And at the point in the third quarter of this year, again, as I said in my opening statement, it's just an inflection point to where the volumes could no longer carry the infrastructure overhead. And I've said on many calls that we've been tremendously efficient over the last four years in the unit remaining profitable. But we could no longer see a path forward for the profitability on the base overhead that it takes to run an efficient distributed retail operation [inaudible]--

Crispin Love

--Great. Okay, no, that -- so do you think this is going to have a positive long-term impact to the earnings power of the full company from the sale?

Brad Howes

Hey, Crispin, this is Brad. Yeah, when you run the numbers that I just provided on my guidance, we do believe there's a positive financial benefit. We have -- we kind of talk through the revenue items that will go away as well as the expense savings, and the expense savings will be greater than the revenue losses. So that will result in a net overall P&L benefit. And as Chuck mentioned, refocusing capital and resources on other divisions that really have the scale and leverage go a long way, I think, longer term in generating additional shareholder value and capital and earnings.

Crispin Love

Okay, great. Appreciate that, Brad. And then just one quick one for me - on the deposit front, can you share how many customers were impacted here and then just confidence in getting that 3 plus million back?

Kevin Comps

Yes, this is Kevin. We can't say too much on this topic, Crispin. We do have law enforcement involved, including the FBI, researching this. And we also have a pending insurance claim. So we really can't say more than what we put in our release and said during our prepared remarks.

Crispin Love

Okay, I get that. I appreciate you taking my questions. Thank you.

Chuck Williams

Thanks, Crispin.

Operator

Thank you. Next question is coming from Damon Del Monte from KBW. Your line is now live.

Damon Del Monte

Hey, good morning, guys. Thanks for taking my questions. Just hoping to kind of pull out a little bit more color around some of the strategic efforts to replace the lost income kind of over time. It sounds like you feel good about the MPP kind of line of sight going forward and that continuing to grow. Kind of curious on the AIO loans. I think those are generated from the retail division. And I know you did a purchase this quarter. So does that book of business grow more from opportunistic purchases or is that something that you can still originate from the ongoing operations?

Brad Howes

Yeah. Thanks, Damon. This is Brad. So what I'd say, we step back, we have the lost volume of the AIO business, which did generate from our retail channel to replace. We've also got capital associated with the loans held for sale portfolio. So our goal for 2026 and what is included in my prepared remarks and guidance is that we will replace both of those and potentially more. We're still very bullish on the asset class.

I think the question really gets to the point of where are we going to source these? And I point back to my remarks. We have relationships with a lot of mortgage lenders through our existing pipeline in MPP and relationships we've built through the years of being in the mortgage business. We've got a big Rolodex of places where we could source assets. And I think it'll turn to -- our focus will be on exactly what you mentioned, sourcing deals through existing client relationships as well as opportunistic acquisitions of loans or portfolios like you saw with the AIO purchase that we did.

So it'll be through a combination of both of them. And we believe, over time, this is a very cost-effective way to source very similar credit risk and yield profile and, again, low interest rate risk assets similar to the way we do it today.

Damon Del Monte

Got it. That's helpful. Thank you. And then you kind of touched on capital associated with the held for sale portfolio. So can you maybe just give us a broader thought on capital management? I mean, is the excess capital going to continue to be allocated to supporting the MPP business, or kind of would you consider doing a buyback, kind of given where valuation is on the stock below tangible book value? Kind of curious on your thoughts around that.

Brad Howes

Yeah, I'll take this. Damon, this is Brad. So we look at all potential uses of capital when we evaluate these kinds of decisions. We have growth, dividends and repurchases. And what I'd point out is our projections and where we sit today, we leverage most of that capital for growth. We don't have a ton of excess capital we're sitting on, but we do run internal models and we look at what's the best use of the overall capital.

And depending on where we trade, with the stock as a percentage of tangible book, the model could suggest one or the other is the route to go. So we evaluate all those, and what I'll tell you is that we do not have a share repurchase plan today, but we are in the process of putting one together, and we look forward to sharing more information on that over the coming periods.

Damon Del Monte

Great. Okay, helpful. And then I guess last question, you noted that you guys did purchase some tax credits this quarter and it sounds like you might be doing more of that in the fourth quarter and in '27. Just wondering if we can get a little guidance on what you think a reasonable effective tax rate would be as we look out in the coming quarters.

Brad Howes

Yeah, so I'll take that one, Damon. Again, Brad. We did purchase 7.6 million this quarter, which I commented in my remarks, helped lower the overall effective rate. That was -- the value of that was about \$600,000. That got offset by some increases in state taxes as we finished returns for last year.

Going forward, I'd say I would expect, in the fourth quarter, we'll look at a similar level, if not more, of tax credits. And I don't believe there should be any material offsets to that. So don't have an exact guidance for you, but if you look at the number we did in the third quarter and you take that and apply a little bit of an additional purchase on there, that should get you to kind of a 22%, 23% effective tax rate. I think that's what we can provide today. And as we look out into next year, we'll evaluate the potential earnings that we have in 2027 along with any possible carrybacks that we want to do.

And I'll provide more guidance on that I think in the coming quarters. But we'll continue to do this, and we find it -- it's a very efficient use of liquidity. There's no capital use and something we'll continue to look at.

Damon Del Monte

Great. Appreciate you taking and answering my questions. Thank you.

Chuck Williams

Thanks, Damon.

Operator

Thank you. As a reminder that star, one to be placed into question queue.

Our next question is coming from Christopher Marinac from Brean Capital. Your line is now live.

Christopher Marinac

Hey, thanks. Good morning. Just want to continue the capital question one more round. What does capital look like at the end of fourth quarter with the transaction completed? And I presume that you'll still incrementally grow just because of retained earnings, as well?

Brad Howes

Correct. Yeah, we'll continue to grow through retained earnings. Really the only capital impact from the transaction that we discussed would be the wind down of the loans held for sale portfolio, which is sitting somewhere in the couple hundred million dollar range. That'll wind down ratably over the quarter as we stop taking locks midway through. I expect it to be insignificant at year end. So we would generate that additional capital that we plan to leverage through could be any part of our balance sheet. But we do plan to redeploy that capital into MPP or other existing assets that we can grow by year-end.

Christopher Marinac

Of course, we use the capital ratios that are in the slides as a guidepost. Can you run the business at a lower capital ratio because the risk is changing and because you're changing the structure of the company? Is that something that you're considering, or kind of how should we think about that?

Brad Howes

So I'd say we reevaluate our capital plan every year. That will be something we look at. Whether it translates to additional -- it's not a very risky -- the loans held for sale portfolio is a very small piece of the overall balance sheet. So I don't expect any material changes to what capital levels we can operate at. I'd expect us to continue to operate at similar levels to where you see us at today. There's not a ton of additional room. We leverage most of the capital that we have allocated to growth, and that's what I'd expect in 2026 and in 2027 next year.

Christopher Marinac

Okay, great. That's helpful. Thank you for that. And then just back to the fraud issue, when you take this one issue out, how often do you have small operational losses that are small frauds that you just deal with under normal course of business, and kind of is that number changing as we go forward?

Kevin Comps

Yeah. So the industry always has some small level of operational losses. It's been insignificant historically, and I would expect it to be insignificant going forward is the simple answer.

Chrisopher Marinac

Okay, very well. And would you imagine that we'll get clarification on your insurance carriers in a couple quarters, or would it take longer than that, do you think?

Kevin Comps

I can't anticipate the timeline there, but I would think it's reasonable to say we'd have that within a couple quarters.

Christopher Marinac

Great. And then back to selling the production arms, if we look out a couple of years and interest rates are different and perhaps the refinance opportunities come back, do you revisit this decision at a future date? Just, Chuck, curious, on from a strategic standpoint, would you circle back once again?

Chuck Williams

Yeah, one can never say never. But the plan would be -- I mean, this has been a very, very difficult decision and a lot of thought has gone into this. But it -- we're looking at turning our capital efforts and everything into a growing model, and that is in the MPP specialty servicing areas where we traditionally have -- were growth areas for us. So I would say that we wouldn't anticipate being in distributed retail in the future.

Christopher Marinac

Great, Chuck. Thank you for that. I appreciate it, and thanks for hosting us this morning.

Chuck Williams

Thanks, Chris.

Operator

Thank you. We've reached the end of our question and answer session. And ladies and gentlemen, that does conclude today's teleconference and webcast. You may disconnect your lines at this time and have a wonderful day. We thank you for your participation today.