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SFNC.OQ - Q3 2023 Simmons First National Corp Earnings Call

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PRESENTATION

Operator

Good day, and welcome to the Simmons First National Corporation Third Quarter 2023 Earnings Conference Call. (Operator Instructions) Please note this event is being recorded. I would now like to turn the conference over to Ed Bilek. Please go ahead.

Edward J. Bilek - *Simmons First National Corporation - Executive VP & Director of IR*

Good morning, and welcome to Simmons First National Corporation's Third Quarter 2023 Earnings Call. Joining me today are several members of our executive management team, including our Executive Chairman, George Makris; CEO, Bob Fehlman; and President and CFO, Jay Brogdon.

Before we begin the Q&A, I would like to remind you that our third quarter earnings materials, including the press release and presentation deck are available on our website at simmonsbank.com under the Investor Relations tab. During today's call, we will make forward-looking statements about our future plans, goals, expectations, estimates, projections and outlook, including, among others, our outlook regarding future economic conditions, interest rates, lending and deposit activity, credit quality, liquidity and net interest margin.

These statements involve risks and uncertainties, and you should, therefore, not place undue reliance on any forward-looking statement as actual results could differ materially from those expressed in or implied by the forward-looking statements due to a variety of factors.

Additional information concerning some of these factors is contained in our earnings release and investor presentation furnished with our Form 8-K today, our Form 10-Q for the quarter ended March 31, 2023, and our Form 10-K for the year ended December 31, 2022, including the risk factors contained in that Form 10-K. These forward-looking statements speak only as of the date they are made, and Simmons assumes no obligation to update or revise any forward-looking statements or other information.

Finally, in this presentation, we will discuss certain non-GAAP financial metrics we believe provide useful information to investors. Additional disclosures regarding non-GAAP metrics, including the reconciliations of these non-GAAP metrics to GAAP are contained in our earnings release and investor presentation which are also included as exhibits to the Form 8-K we filed this morning with the SEC and are also available on the Investor Relations page of our website, simmonsbank.com.

Operator, we're ready to begin the Q&A session.

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QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Brady Gailey with KBW.

Brady Matthew Gailey - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

Maybe if we can just start with credit quality. Your credit was still pretty clean, but there was a little bit of noise. You had a new $8 billion commercial NPL and then the $10 million net charge-off from the nursing extended care loan. Maybe just a little extra color on what's happening with those 2 loans?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Brady. It's Jay. I'll jump in and let me kind of step back for a moment and describe some of the work we've done and our feelings around credit, and then I'll kind of home in on the credits you've asked about. But first, I'd just say that we continue to feel very good about our overall credit picture. We -- if you even go back to Q2, we did a deep dive on our office portfolio, no major changes coming out of that deep dive. And we continue to rotate through our portfolios, stressing for interest rates, stressing for any other type of activity that we see on a macro level or on a micro level with our own customers. And I'd say the results overall, when we look at any leading indicators or any of just our overall credit metrics continue to feel good to us, and we have confidence in the quality of the portfolio.

We've talked a lot in Q3 about the deep dive on the nursing and extended care portfolio. That's a sector that has had some difficulties going back to COVID ramifications, inflationary pressures, longer periods of time to reach stabilization, et cetera. It's not a huge portfolio for us. It's about a $300 million portfolio. But we wanted to get in there in the third quarter again and kind of deep dive that portfolio. The results of that bottom line at the end of the quarter, we have 0 nonperformers in that portfolio, but we did go through the portfolio, identify 1 borrower, 1 project in particular that was not cash flowing for all the reasons I mentioned earlier.

And we worked with the borrower, worked through some modifications that resulted in a $10 million or so charge-off for us on that credit. That borrower, that project is now cash flowing. We feel very good about the modifications we've made to that loan. And again, overall, as it relates to that portfolio and the broader portfolio, I guess 1 more metric I'd give you on the nursing and extended care piece, in particular, at the conclusion of that deep dive, when we get to 9/30, we've got about a 4.9% reserve level on that portfolio. So again, I feel like we were incredibly conservative which is true to our form, but very conservative in how we got in there and addressed that portfolio and feel good about it.

Outside of that credit, when we look at other migrations within classifieds or nonperformers, there's really nothing significant that I would call out. There's some puts and takes in there. We've had good results in working out some credits in there. We've got a few flowing in, but really nothing stands out other than just sort of normal course activity.

Brady Matthew Gailey - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

All right. That's helpful. And then moving on to expenses. I know you guys have achieved the $50 million cost reduction plan. So if you look at core expenses in the quarter, they were around $130 million. So should we now think of expenses as flattish into the fourth quarter and into 2024? Or will there be some creep? How do we think about the forward expense run rate?

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James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes. I'll take another shot at that one as well, Brady. So I'd say we outlined some accrual cleanups again here in the third quarter. So I do think you've got to adjust for that from a run rate perspective. I think it's fair to think that fourth quarter noninterest expense run rate is kind of in that mid-130s range, which significantly exceeds what we had hoped to achieve through the Better Bank Initiative goals that we had outlined earlier in the year.

I think as we look into next year run rate, that's kind of the launching point. However, again, you won't have any of those sort of incentive run rate adjustments coming into those numbers. And as we continue to say, we're going to remain very focused on the expense discipline side of things, but we'll also continue to evaluate some opportunities or investment opportunities we have. So I think our guide that we've given previously is what I'd still stand by today. And we'll -- as we continue to evaluate the opportunities that are out there, there are other goals or initiatives that we want to lay out, we would got them or announce them at a later date.

Brady Matthew Gailey - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

Okay. And finally for me, just on the net interest margin. I know in the fourth quarter, we should have the benefit of the hedge gains starting to flow through, but your NIM is still kind of slipping on a core basis. So you have a positive coming and maybe a little more NIM slippage. So how should we think about the NIM next quarter and into '24?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes. I think you just set it up perfectly. I've talked about it historically or in past conversations, kind of underlying NIM, meaning sort of the net interest margin, absent the positive impact of the swap. There will continue to be some pressure there, although I think that we see that pressure moderating for sure. I think we're experiencing at this point, sort of the natural lag effect at this point with the Fed kind of in the late innings it seems on interest rate hikes. We've got some lagging that will occur over the fourth quarter and maybe into the first quarter. A great example of that would just be CD maturities that will take place in the quarter and so in the fourth quarter and in the first quarter. So we'll have some repricing there.

But again, I think the pressure on the cost side will slow down through the fourth quarter and the first quarter. Bottom line result of all of that is as we move through fourth quarter and first quarter, I think NIM is kind of in a band. What you saw in Q3, we're probably close to the band of where I think our overall net interest margin will be. I think we've probably inflected here in the third and fourth quarter. And then as we move into -- move through next year, subject to whatever happens with the Fed or in the market more broadly, we're going to have a lot more assets repricing than deposits repricing. And that's how I would think about the margin going forward here.

Operator

Our next question comes from David Feaster with Raymond James.

David Pipkin Feaster - *Raymond James & Associates, Inc., Research Division - VP & Research Analyst*

I was hoping maybe we could just touch on some of the trends that you're seeing on the core funding side. We're obviously seeing some of the migration in new client utilization of excess cash. But I'm just curious, maybe some of the underlying trends that you're seeing and where are you seeing the most opportunity to drive core deposit growth? How core deposit balances are trending early in the fourth quarter, maybe how new deposit pricing is for both core deposits as well as your CDs?

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James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes, David, I'll jump in there on that one as well. I'd tell you that really, it's kind of a continuation of the same trends we've seen. Deposits were down for the quarter on a period end basis. But one thing I'd point out is that both loans and deposits were up on an average basis for the quarter. And we were really kind of flat on the broker side. We were down on the borrowing side. So we were able to see good ability to hold the line again, on an average basis, even kind of grow the core deposit book in the quarter. It's the migration piece that you continue to see the experience in -- that has the higher cost associated with it. So continue to see that even into October.

I'd like to think that we're seeing and we saw it at different points in the third quarter that the trends would slow down and speed up. So there's kind of some sputtering in how we think about that migration and what we're observing in the portfolio, but you still see some pressure on NIBs and lower-cost IB transaction accounts. We're not losing a lot of accounts at all. It's really more just dollars migrating out of those lower cost buckets and primarily into CD promo type activity.

So I think we'll continue to experience that, although to a slower degree again going forward. I think the bigger factor will, again, just kind of be repricing of lower-cost CDs as those mature over the next 3 and 6 months. And then just in terms of trying to drive core deposit growth, look, it's an incredibly competitive environment out there, and we look market by market at price sensitivity on a daily basis. We look at our own fund flows. We have done a great job targeting deposits that have flowed out and bringing those back in as well as just through our promo campaigns, whether it's on the money market or the CD side and continue to have good success there, but you're just always balancing between the front book and the back book as you evaluate those opportunities.

Robert A. Fehlman - *Simmons First National Corporation - CEO*

And David, I'd add on to that. In addition of the migration from noninterest-bearing to interest-bearing, we're also seeing lower balances per account. The consumers have less cash in their pocket than they did a year ago. And you continue to still feel some of that. And as Jay said, we haven't seen a decline in number of accounts, our customers, but we have seen balances whether it's migration because of rate or less balances in their account due to inflation and higher interest rates. And all of that people have less cash in their accounts than they did 6 months ago, a year ago.

David Pipkin Feaster - *Raymond James & Associates, Inc., Research Division - VP & Research Analyst*

That's a good point. Maybe on the other side of the coin, it's great to see the increase in the loans ready to close. And the rate 843 basis points is terrific. I'm just curious, what are you seeing that drove the uptick in that pipeline quarter-over-quarter? Where are you seeing opportunities that bring good risk-adjusted returns at these higher rates? Are there any segments or geographies that are presenting better returns? And just kind of how you think about loan growth going forward?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes. I'd say that, again, I want to mention loans were up on an average basis for the quarter. We mentioned in the slides when you look at sort of our loan balance waterfall on Page 19. We talk about the fact that we had a handful of credits that we really worked throughout the quarter, very focused efforts either because of lower rates and/or candidly, risk ratings that we didn't love where we saw opportunities to get those credits out of the bank, and we're able to do that successfully right at the end of the quarter.

So I want to emphasize that we're continuing to focus on growing loans on a good risk-adjusted returns basis, and we're seeing success with that. And our pipeline is a great indication of that. As you point out, David, in addition to the pipeline sort of inflecting this quarter and being up, I'd really draw your attention actually just even that ready-to-close portion of the pipeline is the portion that's up most significantly on a quarter-over-quarter basis. The rates that we're seeing in there are very attractive. And I'd just say that it's a broad-based effort.

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I mean we're seeing it all across the footprint. I wouldn't really call out any geography as particularly better than the other, nor really any category. It's more opportunistic. There are situations in this environment where I think incumbent banks are, for whatever reasons, having to do some either something irrational or have their eye off the ball, and we have had some really good opportunities with customers where we've been maybe a secondary provider to come in and really grow to a full relationship and bring some things into the pipeline that we're pretty excited about.

Robert A. Fehlman - *Simmons First National Corporation - CEO*

And David, in addition to the pricing on the risk side is the push to bring that full relationship in. You bring the deposits in, you bring treasury management in. We've been pushing that for a long time, but really the focus today is when loans coming on is what are the deposits, what are the relationships and no concessions unless there's a full relationship out there. That brings to that total profitability of that customer.

David Pipkin Feaster - *Raymond James & Associates, Inc., Research Division - VP & Research Analyst*

That's a really good point. And maybe last one for me. Just touching on capital priorities. Regulatory capital is continuing to grow. You've been active repurchasing stock. I'm just curious how you think about capital priorities and then just any thoughts on monetizing the swap? Is there any appetite to do that and utilize that capital for any type of balance sheet optimization or restructuring or anything?

Robert A. Fehlman - *Simmons First National Corporation - CEO*

David, I'd say right now, we're still staying the course. We evaluate each quarter whether we're going to be in stock buyback or not. One thing we have committed to is we wouldn't buy back more shares than our earnings less cash dividends. So we'll evaluate this quarter, not saying we'll be in it, not saying we'll be out of it, but it would be a measured approach like we have if we do continue in it.

Our capital, we're comfortable, especially the regulatory side right now. I think a little bit of decline in TCE was expected with where the 10-year has moved. Other than that, I think our TCE would have been up. So we're comfortable in the range we're, and we think we're doing a balance approach on stock buyback. Again, we'll evaluate this quarter and determine where we're -- and we all like to say, I mean, given the environment where bank stocks are trading, we'd love to buy back as much as we can, but we think the prudent amount today is really to decide if you're in or not and if you're in to do it in a balanced with, again, your earnings less your cash dividends.

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes. And David, I'll just jump in on the swap and the analytics around that. I mean that is also similar to what Bob described, analysis that we do all day, every day ongoing throughout every quarter. We'll continue to do that. And if we think that we find something that's advantageous given the market dynamics, particularly as it relates to that swap, then we would take advantage of it. But I'd say, thus far, we've been more than happy to have set path there.

Operator

Our next question comes from Matt Olney with Stephens.

Matthew Covington Olney - *Stephens Inc., Research Division - MD & Analyst*

On the credit front, you mentioned that deeper review of some extended care nursings in the third quarter that followed the office deep dive in 2Q. As we kind of look forward into 4Q and next year, is there any kind of other deeper dive focused within any specific portfolio? And then I guess part 2 of that, it sounds like maybe as a result of what you looked at recently, you worked some credits out of the bank that you didn't line up with

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your process. I'm curious what your thoughts are about the potential of seeing similar events in the future where you proactively work out some still performing credits out of the bank?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes, Matt, I'd say that we don't have any sector specific portfolios that are due up in terms of the deep dive coming into the balance of the year here this year. We'll probably prioritize those going into next year and determine what, if anything, we'd want to dig into further. I'd say the one maybe stepping away and just -- from sector-specific or we're looking at different buckets within the portfolio and just more broadly, we do continue throughout the year, and we'll continue to stress our customers, our borrowers at higher rates, higher for longer rates, et cetera.

And again, we've done that all through the year this year and continue to feel good about the results of that. We're not seeing any kind of broad-based stress from that. But that's kind of the flow of our loan review and where we sit right now around those portfolios.

As it relates to working out credits, as you asked there at the end, I think that's something we'll continue to be opportunistic around. I mean, we're really doing that, again, all across the portfolio. There's a number of factors that we think about. Again, one is just the rate that we have the loans at, maybe the biggest factor is the relationships that we have or the relationship opportunity that we believe we have. Now is the time where, as Bob mentioned a while ago, we're very, very focused on full relationships. The stuff we're bringing into the pipeline is relationship heavy. The stuff we have on the books, if it's relationship light, it is getting a lot of scrutiny, particularly at renewal dates. But even if there are opportunities that we see to move those out, we're willing to do that.

So I don't think any of that really looks like necessarily big portfolio sales or anything like that as it relates broadly to the portfolio, but more opportunistic and more kind of a granular level of analysis.

Robert A. Fehlman - *Simmons First National Corporation - CEO*

Yes. And just a little bit of expansion on that, $160 million payoff. Most of that happened right at the end of the quarter. So there was little impact to margin during the quarter. Most -- as we said, some of those loans were lower rate. So we're kind of glad to see them go off the books for the spread that we had on them and the risk wasn't worth it. A few others had some elevated, the risk rating was moving up, wasn't in the nonperforming or concerned area. But when you looked at it and the change, we were glad to see those move especially where their pricing was for the risk rating.

So we'll continue to look for those opportunities. And if we can help them out the door. If not, we'll continue to work through them. But I agree with Jay, we've done several deep dives, and we haven't seen any other areas that we have that concern.

Matthew Covington Olney - *Stephens Inc., Research Division - MD & Analyst*

Okay. And just as a follow-up to that and kind of on Bob's point around some of the fixed asset repricing opportunity. Any more color you can give us there as some of these loans come up for renewal and you look to reprice those higher? Any kind of color or any commentary on that?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

I'll mention a few things and I'd point everyone to Slide 16 for some information around interest rate and interest rate sensitivity. But I already mentioned in my remarks earlier on the funding side that I think Q4 and Q1, again, subject to sort of moves in the market, it would be unexpected. I think Q4 and Q1 will be kind of the biggest periods of repricing that we have left to go here on the liability side. But on a go-forward basis, we continue to see a lot of really good opportunities, both in terms of repricing and in terms of pipeline opportunity on the asset side, and we gave you some statistics there on 16.

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One in particular that I'd call out, we've got $1 billion in fixed rate next 12 months, $1 billion dollar in fixed rate loans at a weighted average rate of 5.78%. So I think there'll be quite a few good opportunities to have some significant repricing in that portfolio or that portion of our portfolio. And again, we see a lot more opportunity in terms of asset repricing over the quarters to come than we do risk in terms of the liability side.

Matthew Covington Olney - *Stephens Inc., Research Division - MD & Analyst*

Okay. And Jay, following up on that, you mentioned $1 billion in the fixed rate loans. Any color on the new and renewed loan pricing more recently?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

It's really similar to what you're seeing in the pipeline statistic there. So our renewal rates are just right on top of our pipeline opportunity rates.

Matthew Covington Olney - *Stephens Inc., Research Division - MD & Analyst*

Got it. Okay. That's helpful.

Operator

Our next question comes from Graham Dick with Piper Sandler.

Graham Conrad Dick - *Piper Sandler & Co., Research Division - VP & Research Analyst*

I just wanted to circle back quickly to NIM to make sure I heard that correctly. It sounds like it's going to be sort of range down from here. Was that ex the swap impact? Or is that inclusive of that swap impact here in 4Q?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

It's inclusive in the fourth quarter. I think basically, the way to look at it, Graham, is the pressure we'll see on that underlying NIM, particularly around, again, CD repricing and maturities in the fourth quarter and first quarter as well as some level of likely migration. We think that migration is slowing within the portfolio. But I think those factors will probably drive that underlying NIM down a bit and largely be offset with the benefit of the swap.

So I think really, I see that inflection point being kind of real time in Q3, Q4, Q1, when I look at the overall NIM. I think we'll be kind of in the band that you saw us in, in Q3 over the next 6 or so months.

Graham Conrad Dick - *Piper Sandler & Co., Research Division - VP & Research Analyst*

Okay. Great. That's very helpful. And then I just had just a couple of more. On the increase in modified loans to about $34 million, was that all due to that, I guess, nursing home credit, you said you modified? Or is that just a couple of loans in there, I guess, that drove that increase?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

I'm not 100% sure of the answer to that, Graham, but I think -- I'm sure the majority of it would have been related to the one that I've mentioned.

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Graham Conrad Dick - *Piper Sandler & Co., Research Division - VP & Research Analyst*

Okay. All right. And then I guess, just lastly, as it relates to the securities portfolio, I saw it was $140 million to $180 million of maturities per quarter. I assume that means across 2024. Is it the same into 2025? Or is there any difference in the maturity schedule as we look out to that year?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

I think it's probably going to be similar. But again, you got me there. I don't have a great answer to that. I hadn't looked too far past 2024 in those, but I'm not -- nothing comes to my mind, Graham, that would make me think it'd be dramatically different.

Graham Conrad Dick - *Piper Sandler & Co., Research Division - VP & Research Analyst*

Okay. That's perfect. No problem at all. All right. I appreciate it.

Operator

Our next question comes from Gary Tenner with D.A. Davidson.

Gary Peter Tenner - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Just following up on that question a little bit in terms of balance sheet management. Obviously, a few quarters in a row of runoff in the portfolio, just as -- obviously, there's some pressure on the funding side, et cetera. With rates where they are, is there any change to the thought process around how to utilize the runoff from that portfolio? Or should we just assume that, that runoff continues? And then the flip side of that, as you mentioned, the repricing and maturities of the CDs. In addition to the retail CDs, you've got about $1.3 billion of brokered CDs that mature here in the fourth quarter as well. Should we assume that those just roll?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes. And I want to go back to the first part of your question there and make sure I understand it. When you're talking about runoff in the portfolio, you're referring to the securities portfolio?

Gary Peter Tenner - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Correct.

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes. Yes. So then, I'd say that, obviously, there are some very attractive rates out there from an investment securities point of view. But our strategy will continue to be -- to the extent we have what we believe are good risk-adjusted returns in the loan portfolio and cash flows coming off of our balance sheet sufficient to invest in that. That's where our investment priority would be on the loan side. So that's what our experience has been so far. And that's what I think our -- generally our strategy would be here into the intermediate future. So that's a long way of saying to your question that I think that you could expect continued securities portfolio runoff and reinvestment into the loan portfolio.

If there are any -- we've talked a lot about balance sheet optimization. It continues to be a theme. If there are opportunities to shrink the balance sheet a bit either through -- and we saw, again, some opportunities to do this in the third quarter, but opportunities to reduce the levels of other borrowings or brokered, we'll absolutely do that and replace it with core funding even if that funding is on the core CD side or higher rate money

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market side. But to the extent that there are shortfalls there or needs for any of that wholesale borrowing, we're happy to do it, particularly if it's cheaper and less expensive. And that's kind of how we try to play around those funding sources that are out there.

It's really just purely to try to take advantage of the opportunities at the lowest cost that are out there. So as we see those repricing both on the core CD book and the brokered CD book, I think you'd see more of the same there over the coming months.

Gary Peter Tenner - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Okay. I appreciate that. And I apologize to you if I missed it and it's in your presentation, but can you tell us the deposit spot rates? I don't think I caught them as I was going through.

James M. Brogdon - *Simmons First National Corporation - President & CFO*

I don't have the deposit spot rates. We don't have those published in there. But I'd say on the promo side, you're seeing 5 handles for the most part in our CD top promo campaigns. Again, very delicate balance that we're working through in terms of trying to balance our front book and our back book all across the -- all across the portfolio. And that's how we think about both our standard rates, spot rates as well as any promos and the markets that we're seeking to penetrate with those promotional opportunities.

Operator

Our next question comes from Matt Olney with Stephens.

Matthew Covington Olney - *Stephens Inc., Research Division - MD & Analyst*

Yes. I apologize if you mentioned this. But as far as the loan growth outlook from here, you mentioned lots of puts and takes from the paydowns on the way, but improving loan pipeline. What would you point us towards or with respect to the loan growth over the next few quarters? Is that mid-single-digit loan growth still reasonable?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

I think the mid-single digit with our outlook for the year this year, and we were above that early in the year, and we're kind of stepping into that as we balance it in the back part of the year here this year. I think it'd be -- that would be perhaps more in the range, but on the optimistic side of the range as I look over the coming quarters here. I think that in light of our focus on relationship banking, in light of our focus on working out either lower cost or lower risk rating credits where we find opportunities et cetera, you're going to see a much lower kind of single-digit expectation in loan growth going forward than even kind of that mid-single-digit number.

Robert A. Fehlman - *Simmons First National Corporation - CEO*

Yes. And Matt, I'd say, given the macro environment we're all going through right now, we feel very comfortable with low to mid-single digit in this environment.

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Agree.

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Matthew Covington Olney - *Stephens Inc., Research Division - MD & Analyst*

Yes. Okay. That's helpful. And then just to clarify, I think in the past, you've given some commentary around deposit betas for the cycle. Any -- I know the cycle is getting a little bit more exiting here than we initially thought. But any updated thoughts around deposit betas from here?

James M. Brogdon - *Simmons First National Corporation - President & CFO*

Yes. I mean I think we're probably cumulative mid-40s. Is that what we have there? Yes. So we're sort of mid-40s. I mean, when I look at CDs maturing in particular over the next few months, when I look at the tougher one to predict, which is just the level of migration over the next handful of months, I'd say that there's a good chance that creeps into the 50s as we look forward. But that's, again, all of it like everything else, Matt, is very much subject to what does the Fed do from here, but that would be my best handicap as I sit here today.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to George Makris for any closing remarks.

George A. Makris - *Simmons First National Corporation - Executive Chairman*

Well, thanks to all of you for joining us today. This is hard for me to say, but I think the real key for the next year or so is going to be patience, of which I have very little. But there are still so many external factors affecting the banking industry today that we really can't guess what that needs to be. And our focus needs to be on good fundamental management of the bank. I'm really pleased with the results of our Better Bank Initiative. I'm optimistic that there is more benefit to come. You can see that in our repricing opportunities, in our securities portfolio and our fixed rate loan portfolio, we have some upside potential that we're excited about.

And most importantly, we're still in business. We have a lot of capacity left to help our customers grow in the market as they see that opportunity. So I'm very optimistic about what 2024 holds for our bank. And we appreciate your support and your participation today. Have a great day.

Operator

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

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