(CIVB) Civista Bancshares, Inc.,
Q2 2024 Earnings Call
July 29, 2024, 1:00 PM ET.

Officers and Speakers
Dennis Shaffer, President and Chief Executive Officer
Richard Dutton, SVP and Chief Operating Officer
Charles Parcher, SVP and Chief Lending Officer
Ian Whinnem, SVP and Chief Financial Officer
Michael Mulford, SVP and Chief Credit Officer

Analysts
Justin Crowley, Piper Sandler
Brendan Nosal, Hovde Group
Terry McEvoy, Stephens
Tim Switzer, Keefe, Bruyette & Woods
Manuel Navas, D.A. Davidson

Presentation

Operator: Before we begin, I would like to remind you that this conference call may contain forward-looking statements with respect to the future performance and financial condition of Civista Bancshares, Inc., that involves risks and uncertainties. Various factors could cause actual results to be materially different from any future results expressed or implied by such forward-looking statements. These factors are discussed in the company's SEC filings, which are available on the company's website. The company disclaims any obligation to update any forward-looking statements made during the call.

Additionally, management may refer to non-GAAP measures, which are intended to supplement, but not substitute, the most directly comparable GAAP measures. The press release, also available on the company's website, contains the financial and other quantitative information to be discussed today, as well as the reconciliation of the GAAP to non-GAAP measures.

This call will be recorded and made available on Civista Bancshares' website at www.civb.com.

At the conclusion of Mr. Shaffer's remarks, he and the Civista management will take any questions you may have. Now I will turn the call over to Mr. Shaffer.

Dennis Shaffer: Good afternoon. This is Dennis Shaffer, President and CEO of Civista Bancshares, Inc. And I would like to thank you for joining us for our second quarter 2024 earnings call. I'm joined today by Rich Dutton, SVP of the company and Chief Operating Officer

of the bank; Chuck Parcher, SVP of the company and Chief Lending Officer of the bank; Ian Whinnem, SVP of the company and Chief Financial Officer of the bank, and other members of our executive team.

This morning, we reported net income for the second quarter of $7.1 million, or $0.45 per diluted share, which represents a $700,000 or 10% increase over the first quarter of 2024, and a $3 million decline from our second quarter in 2023.

Overall, I was pleased with our quarterly results. As I mentioned during our first quarter call, this is a year of transition for Civista, as we look to replace the revenue and noninterest-bearing funding from the exited relationship with our income tax refund processor. As a result of exiting this relationship and continued strong loan demand, our overnight borrowings and broker deposits are higher than we would like. This higher cost of funding continues to put pressure on our net interest margin.

To mitigate some of this pressure, we are undertaking a number of deposit initiatives focused on deepening relationships and attracting newer, low-cost deposits. This all takes time, but these initiatives will help reduce our dependency on higher interest funding sources and overall funding cost.

I was also encouraged by the disciplined approach we took in pricing our deposits. This approach, in a still extremely competitive environment, helped us reduce our cost of deposits by 4 basis points to 210 basis points during the quarter. Our ability to stay disciplined is even more impressive, as we continue to see a shift from noninterest-bearing deposit products into interest-bearing money market and time deposits.

We continue to have strong loan demand across our footprint. Our loan and lease portfolio grew at an annualized rate of 16% during the quarter. This was organic growth, and we believe it is indicative of the continued strength of our markets and our organization. We continued our focus on holding loan rates at higher levels to ensure an appropriate return for the use of our liquidity and capital.

During the quarter, our overall cost of funding increased by 6 basis points and 2.61%, while our yield on earning assets decreased by 7 basis points to 5.58%, as we retained more residential mortgages and relied more on wholesale funding. This resulted in our margin contracting by 13 basis points compared to the first quarter of 2024, coming in at 3.09% for the quarter.

For the quarter, we also experienced an increase in our allowance for credit losses, which was primarily attributable to the strong loan growth.

There was a $500,000 charge-off associated with a discrete fraud-related event that one of our clients experienced.

Earlier, we also announced a quarterly dividend of $0.16 per share, no change from the prior quarter. Based on our July 26 share price of $18.98, this represents a 3.37% yield, and a dividend payout ratio of 35.6% for the second quarter.

During the quarter, noninterest income increased $2 million or 24% from the first quarter, and $1.3 million or 15% from the second quarter of 2023. The primary drivers of the increase from our linked quarter were $1.7 million in fees related to leasing operations that Civista Leasing and Finance partially offset by declines in service charges due to changes made last year in how we process overdrafts. The primary drivers for the increase from the prior year second quarter were $1.3 million in fees related to leasing operations, along with increased wealth management fees. Our increases overcame the $475,000 in lost income related to the tax refund processing fees.

Noninterest expense for the quarter was $28.6 million, and represents an $866,000 or a 3.1% increase over the first quarter. This increase is primarily attributable to increases in compensation related to annual merit increases, which take into effect in April each year. The decrease in equipment expense is primarily due to the reduction of depreciation related to operating leases as they mature.

Compared to the prior year's first quarter, noninterest expense increased $906,000 or 3.3%. The increase is attributable to our normal annual merit increases, which take place each April, and software expenses related to our digital banking platform.

Our efficiency ratio for the quarter was 73.4%, which remains elevated due to the compression of our net interest income and expenses associated with leasing depreciation and our investments in digital banking. Our effective tax rate was 12.6%.

Turning our focus to the balance sheet. For the quarter, total loans and leases grew by $116.9 million. This represents an annualized growth rate of 16%. While we experienced increases in nearly every loan category, our most significant increases were in non-owner-occupied CRE loans, residential real estate loans and real estate construction loans. The loans we are originating for our portfolio continue to be virtually all adjustable rate, and our leases all have maturities of 5 years or less.

During the quarter, new and renewed commercial loans were originated at an average rate of 8.20%. Residential real estate loans were originated at 6.64%, and loans and leases originated by our leasing division were at an average rate of 9.75%.

Loans secured by office buildings make up 5.1% of our total loan portfolio. As we have stated previously, these loans are not secured by high-rise metro office buildings; rather, they are predominantly secured by single or two-story offices located outside of central business districts.

Along with year-to-date loan production, our pipelines are fairly strong, and our undrawn construction lines were $273 million at June 30. Again, we anticipate loan growth to be in the low-single-digit range for the balance of 2024.

On the funding side, total deposits were mostly flat, declining just $3 million for the quarter. As I mentioned, we do have a number of initiatives in progress aimed at gathering core funding. One of those initiatives is leveraging a new program for the State of Ohio, which announced its Ohio Homebuyers Plus Program to encourage Ohioans to save for the purchase of a home in Ohio, by offering tax incentives to the depositors and subsidizing participating banks. As part of the program, the state will deposit up to $100 million in low-cost funds at a current rate of 86 basis points into participating banks.

At the end of the quarter, we had opened 411 of these accounts on our way to the maximum of 1,000 accounts, and we have made additional progress since then.

Another example of an initiative is that we have historically maintained the cash balances for our wealth management clients and other financial institutions. However, we are currently taking steps that will allow us to hold the cash deposits of our wealth management clients at our bank. We expect the rate paid on these deposits will approximate [fed funds] less 20 or 25 basis points. Based on the current cash positions, we anticipate being able to move $75 million of those funds into the bank by the end of the third quarter.

We continue our measured approach to decreasing rates paid on some of our higher-tiered demand deposit accounts and CD specials. The result of lowering these rates are cost of interest-bearing deposits decreased by 5 basis points to 2.75% during the quarter.

Our deposit base continues to be fairly granular, with our average deposit accounts, excluding CDs, approximately $18,000.

Noninterest-bearing deposit and business operating accounts continue to be a focus. Noninterest-bearing deposits and interest-bearing demand made up 37% of total deposits at June 30.

With respect to FDIC-insured deposits, excluding Civista's own deposit accounts and those related to the tax program, 11.8% or $352 million of our deposits were in excess of the FDIC limit at quarter-end. Our cash and unpledged securities at June 30 were $456.8 million, which more than covered these uninsured deposits.

Other than $404.6 million of public funds with various municipalities across our footprint, we had no deposit concentrations at June 30.

At the end of the quarter, our loan-to-deposit ratio remained elevated. Our commercial lenders, our treasury management officers and private bankers continue to secure additional deposits and compensating balances from both business and personal customers. This success is attributed to ongoing initiatives, and we are exploring new tools to provide to our sales teams to further support these efforts. We believe our low-cost deposit franchise is one of Civista's most valuable characteristics, contributing significantly to our solid net interest margin and our overall profitability.

The interest rate environment continues to put pressure on bond portfolios. At June 30, all of our securities were classified as available for sale, and had $63.2 million of unrealized losses associated with them. This represented an increase in unrealized losses of $8.6 million since December 31, 2023, and is consistent with our linked quarter. At June 30, our security portfolio was $612 million, which represented 15% of our balance sheet, and when combined with cash balances is 22.5% of our deposits.

We ended the quarter with our tier-1 leverage ratio at 8.59%, which is deemed well capitalized for regulatory purposes. Our tangible common equity ratio was 6.18% at June 30, down slightly from 6.28% at March 31, 2024.

Civista's earnings continue to create capital, and our overall goal remains to maintain adequate capital to support organic growth and potential acquisitions. Although we did not repurchase any shares during the quarter, we continue to believe our stock is a value. While our capital levels remain strong, we recognize our tangible common equity ratio screens low. Our previous guidance remains that we would like to rebuild our TCE ratio back to between 7% and 7.5%. To that end, we will continue to focus on earnings, and will balance any repurchases and the payment of dividends with building capital to support growth.

Despite the uncertainties associated with the economy and the expense pressures our borrowers face, our credit quality remains strong and our credit metrics remain stable. As I previously mentioned, we did make a $1.7 million provision during the quarter, which was primarily attributable to funding loan growth and a charge-off associated with a discrete fraud event related to a commercial borrower that suffered internal fraud.

Our ratio of our allowance for credit losses to total loans is 1.32% at June 30, up 2 basis points from 1.30% at December 31, 2023. This change is due to the loan mix of new production and the quarterly updating of factors within our model.

In addition, our allowance for credit losses to nonperforming loans is 225% at June 30, 2024 compared to 247% at March 31, 2024, and 246% at December 31, 2023. $1.5 million of the increase in nonperforming loans was attributable to the previously-mentioned fraud-related event that one of our clients experienced during the quarter.

In summary, we are pleased that our margin compression slowed during the quarter, and our margin remains strong as the steps we take are taking to generate more lower-cost funding are beginning to generate results. We anticipate that our loan growth should remain at a low-single-digit pace for the balance of 2024, as we temper our growth with lower-cost funding. While we have experienced some isolated credit issues, we have seen no systemic deterioration in our credit quality.

Overall, Civista continues to generate solid earnings, and our focus continues to be on creating shareholder value and serving our customers and communities. Thank you for your attention this afternoon and your investment.

And now we will be happy to address any questions that you may have.

Questions and Answers

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions). Justin Crowley with Piper Sandler.

Justin Crowley: I wanted to start off on the leasing business -- obviously, a pretty impressive quarter here. And I think you guys have warned in the past, results here could be a bit lumpy. I wanted to see if you could unpack what drove some of the strength this quarter, if there's

anything about pull-forward in revenues, or how you're thinking about that business going forward here?

Dennis Shaffer: Can you repeat the question again, Justin?

Justin Crowley: Just on the leasing business, just given the strong results for the quarter, I'm just curious if any of that revenue was pulled forward from later in the year, or what the best way to think about run rate there is?

Dennis Shaffer: Well, I think we'll continue to see continued success within that division. The residual and the renewal revenue that you see, I think, in leasing is lumpy, as we continue to learn about that business. It's just right now, I think it's hard to predict that revenue as it can be inconsistent. And quarter-to-quarter, usually the second half of the year is a little bit stronger, but we're really happy with Civista Leasing and Finance Group.

Richard Dutton: And Justin, this is Rich. The residual income is the thing that just makes it lumpy, like Dennis said. We don't know when somebody is going to buy out the equipment at the end of a lease. I think traditionally, we've been pretty conservative on how we price it and carry it, so generally, there's a gain. We don't see many losses there. But I've talked to lots of other bankers that own leasing companies, and that just -- I don't know how you project or forecast that piece of the revenue.

Justin Crowley: Okay. But in terms of like maybe a reasonable expectation for the back half of the year, in light of -- or in spite of back half usually being seasonally stronger, would it seem that what we saw this quarter was sort of an anomaly, and not necessarily what you'd expect going forward? Again, I realize it could be tough to predict, but perhaps fees --

Richard Dutton: (Inaudible) --

Justin Crowley: Let's say a million dollars.

Richard Dutton: Yes, if you took out the residual piece, I would say, yes, that's probably -- and it could be indicative of what you'd see going forward. And I don't even have in front of me what the residual piece was for the quarter. I can get it for you.

Justin Crowley: Okay. Got you. That would be helpful. And then I guess just on the expense side of things, nothing seems to jump out as far as the quarter goes. But just thinking about run rate here, what we saw in the quarter, are you making any investments anywhere, or what's the best way to think about costs moving ahead?

Richard Dutton: So I think we got into $28.4 million last time; we came pretty close. And I would think that a good run rate for the rest of the year, the way we model it out, is $28.3 million, so just about where we've been, maybe a little bit better. But I don't think we've envisioned any significant investments in any software or hardware, or anything else for the balance of this year.

Justin Crowley: Okay. I appreciate that. And then just stepping back here for a second, acquisitions have certainly played a role over the years. And you've been pretty clear that M&A

will be a part of the growth plan going forward. Curious as we sit here today, after some signs of life across the industry, what's your updated thinking on acquisitions, including what hurdles may still exist from a Civista standpoint, capital levels, etc., or whatever else do you look at?

Dennis Shaffer: Well, we'll continue to look for opportunities, as we've said really since the second half of last year and this first half of this year. We've really been focused on building capital up, and so it's been tough to do any type of M&A activities. But I think with the recent movement in stock prices, particularly for publicly-traded companies, the banks, we've seen a nice lift over the last 3 or 4 weeks in our stock price.

Banks, privately-held banks, banks basically under maybe $2 billion in assets, they haven't seen that same lift. So that's something I think we can point to as we continue to have dialogue with some of our targets and say, look, we're starting to see some lift and hopefully, that continues. But I think that may spur a little bit more conversations anyways. The math, up to this point, has been very tough to do, but we're just going to continue to be opportunistic. And if we see something that's the right fit for Civista, we're not going to shy away from that.

Justin Crowley: Understood. I’ll leave it there. Thanks for taking the questions.

Operator: Brendan Nosal with Hovde Group.

Brendan Nosal: I just want to start off here just on the Ohio banking environment. Obviously, a pretty big deal announced in your neck in the woods on Friday. I know that it's early days following that, but just wondering what the initial playbook is for Civista to potentially capture talent and clients; and then specifically on talent adds, where in the bank you'd most like to take advantage of that dislocation.

Dennis Shaffer: Yes, I think obviously, disruption is always our friend. So we do know that Premier had a pretty good size presence in Northwest Ohio, and as you know, we acquired a bank in Northwest Ohio roughly 2 years ago. So we think that disruption could benefit us in the Northwest Ohio area, in particular, and there may be some talent could come available there. So that's one area that really jumps out to us is that area right there in Northwest Ohio because they have such a strong presence, particularly around the Defiance area and Bowling Green and Toledo areas. So we think there's going to be some opportunity there.

And there'll be some other opportunities in some of the other markets that we compete in, but they didn't have a huge presence and they were in Youngstown. But their Cleveland office presence anyways, its branch presence, was not super-significant in that market. But we do think it will create some opportunities for us there, yes, with people and customers.

Brendan Nosal: Got it. Got it. Thanks for the color there. One more for me before I step back. Just kind of curious what drove the decline in loan and overall earning asset yields this quarter versus the prior quarter? And then I guess, more broadly on the margin as that filters through, what trend are you expecting to see in the margin in the back half of the year?

Dennis Shaffer: Well, we think it starts to stabilize a little bit. I think we're seeing some of that. The earning asset decline was somewhat -- we put more portfolio residential loans on our balance sheet that we had originated in the second quarter. Put a pretty good number of those on

our balance sheet. We did that for a couple of reasons. One, with the anticipated rates bounce-down, and mortgage rates also followed suit and they bounced down, if they go down about 0.5% or so, we think we're going to be able to refinance some of those mortgages into fixed-rate salable products, and have a gain on those loans that will help our income.

In addition, most of those loans that we did put on what we portfolio'ed, were portfolio'ed because they're construction, they're residential construction loans, and there's not really a saleable product for that. So we have to portfolio, and we've been targeting a number of physicians and high-net-worth borrowers because we think by going their mortgage loan, we're gathering their deposit business, their primary deposit business. We think we'll flip the loan if rates bounce down off of our balance sheet, but we'll still be able to keep; they'll call us their primary bank because we got their primary deposits. So that was some of our thinking in that.

We're going to try to slow that a little bit, I think, because it does put pressure on some of our borrowings and things like that to fund those. And it has impacted the earning asset yield, but we do think as we move forward, the margin does start to stabilize going forward.

Brendan Nosal: Okay, very good. Thank you for taking the question. Appreciate it.

Operator: Terry McEvoy with Stephens.

Terry McEvoy: I'm wondering if you could talk about what you're seeing in the non-owner-occupied CRE portfolio in terms of underlying credit trends. Clearly, a lot of concerns across the industry there, and the company overall just had 10 basis points of charge-offs, so really not much for us to see externally.

Charles Parcher: This is Chuck, Terry. So knock on wood, asset quality has been pretty strong. We continue to slice and dice that portfolio looking for anything that would kind of stand out from an interest rate increase or some occupancy stuff. And we've been -- I have to say, look, it has been good, I guess, from that perspective, as far as it being very stable. I guess I'll let Mike Mulford comment as well, our Chief Credit Officer, but not seeing a whole lot of deterioration.

Michael Mulford: Yes, this is Mike. Thanks, Chuck. No, we've not seen any real significant issues, systemic issues, anywhere in any of the portfolios, whether geographic or industry-type portfolio still remains very strong.

Dennis Shaffer: Yes, and then actually, delinquencies bounced down pretty significantly for the quarter, and criticized were up a little bit. But they were related to those isolated instances that we really identified late in the fourth quarter and early in the first quarter of this year. So credit quality is really holding in there nicely.

Terry McEvoy: That's great to hear and good color, thank you. And just as a follow-up, the other expense line had kind of SBA SEDARs and then also additional ATM debit card losses, which I didn't see in the prior press release. So could you shed a little bit of light on particularly the ATM and debit card losses last quarter?

Ian Whinnem: Yes, Terry, this is Ian. Nothing significant or out of the ordinary is the change in author of how we wrote that out of capturing it. But in terms of the run rate of those ATM allows us to -- in line.

Terry McEvoy: Okay, great. Thanks for taking my questions.

Operator: Tim Switzer with KBW.

Tim Switzer: You guys have talked over about wanting to build the TCE ratio to about 7%, 7.5%. Do you have a timeline for when you want to achieve this, or when you think you will? And like does it preclude you from doing buybacks at all, or are you kind of balancing the capital level of (inaudible) evaluate something like that?

Dennis Shaffer: It doesn't preclude us from doing any buybacks, but right now, we're not really -- our earnings have been down some from the previous year, so we're really focused on building capital. We do think our stocks are value, but right now, buybacks are not part of that formula right now. We think it's a great way to manage our capital, but right now, we do want to build that. And as earnings, we think will -- as our margin troughs here, we think our earnings are going to start heading back up in the right direction, Obviously, then that will help us retain a little bit more of those earnings to help our capital.

And then interest rates, if we get some bounce-down in interest rates, that's going to correct itself to some degree. So I'm kind of anxious to see if they do lower rates in September, what effect that's going to have. So no, we'd like to see it obviously sooner than later, but we don't have an exact timetable on that.

Tim Switzer: Yes, okay. And do you guys have any projections or what do your models say of the impact of a fed rate cut initially? Is the immediate impact that you see some lagging deposit repricing, so that maybe there's some doubt on that it recovers, or how are you guys modeling that?

Richard Dutton: Right now -- Tim, this is Rich -- the model really, it doesn't change much; 25-basis rate cut, and our model is a basis point at most. It's just not a lot of improvement up or down at 25 or even 50-basis point movement.

Richard Dutton: Yes, we'd love to see that yield curve become uninverted, I guess, from that perspective, that would help us quite a bit. But if we do get a blip down in the treasuries, in the longer-end treasuries, we do feel like we've got a nice refinance opportunity in the mortgage loan area.

Tim Switzer: Yes, that was going to be another follow-up. Do you think the rates would maybe help the loan growth side here?

Richard Dutton: Well, I guess the -- I don't know if it will help the growth. To be honest with you, we're kind of hoping that we do see the long end look down just for at least for a short period of time. We'd love to take some of those mortgage loans off the balance sheet, sell and get the gain on sale. It'll probably bring our loan balances down a touch. And then long term, obviously, we've been holding rates higher probably than our competition across most of our

product lines, especially in commercial. If we get a better yield curve slope where the borrowings makes a little bit more sense with the new productions, we can increase that a little bit more at any time.

Dennis Shaffer: So Jim, just to give you a little color, we have about $700 million, $750 million or so that loans that would be immediately impacted; those are loans that are tied to prime or SOFR that would adjust downward. We have $500 million of borrowings at the end of the third quarter that we would benefit from. So now you're talking $200 million, $250 million of loans.

And I think we have broker deposits that will also reprice down. So when those come soon, those will come -- we have about $0.5 million or $0.5 billion of broker deposits, and those would reprice down too. So as Rich said, I think it's going to be fairly neutral just given those few factors.

Tim Switzer: No, that makes sense, appreciate that. Those numbers are helpful. Thank you, guys.

Operator: (Operator Instructions). Manuel Navas with D.A. Davidson.

Manuel Navas: I just want to clarify on loan growth, you said low-single-digits pace from here, or for the whole back half of the year, low-single-digits from now?

Dennis Shaffer: Yes, for the back half of the year, we're projecting -- we're trying to slow that, so some of that growth that we had this quarter was because of those residential construction loans and some of those portfolio loans that we put off. We are now going to try to slow that by bumping those rates, which will probably slow that some. Our commercial rates have been elevated for some time, and we're starting to see a little bit of slow there, but we're being much more selective right now. And until we can start seeing a little bit more movement with our overnight borrowings and things like that, we want to try to slow loan growth and hopefully, start improving the margin.

Manuel Navas: So I was going to -- that's where I was headed to next. Would the funding be the wild card that would allow you to potentially increase loan growth again? And can I just -- I'll wait for that. Just is that kind of like a --

Dennis Shaffer: Yes, absolutely, it's all contingent upon the funding, Manuel. And the other thing that we didn't mention in the call, deposits were relatively flat; they were down about $3 million. But there's some noise in there that things that are happening because we are growing some core deposits. But we still have a little tax money in this first half of the year. Remember, we exited the program in November; we still had tax money on the balance sheet and that will -- that is flowing out.

So that loss, when we say deposits were flat, some of that's because we lost $50 million of tax deposits or so during that timeframe. And we still have a little bit more chunk to lose, so I always talk about this being a transition year. Part of it is because there's some noise in some of these categories.

Manuel Navas: I'd just like to clarify on the deposits, you have those two initiatives that should add $175 million in balances in the third quarter. Have you gotten some of that already? I know

you had accounts open up, but how much balances of that $175 million have you already added to your deposit base?

Dennis Shaffer: At the end of the second quarter it was $44 million or so.

Manuel Navas: Okay. And is that $175 million still the rough target?

Dennis Shaffer: I would -- and on those two initiatives, we also have several other initiatives that are just kicking off that we think will bring some other deposits in. And we hope to share some of that with you in the third quarter with our third quarter results because some of them have kicked off, and we're gaining some traction in those.

Manuel Navas: Could that get you to the point where you have a better NIM and could potentially have a little bit increased loan growth into 2025 from current levels?

Dennis Shaffer: Sure, sure, and it's not only getting those deposits in, so we're exploring other things. We get a bounce-down in rates, and there's probably -- there could be loans that we refinance off that also helped that funding. There's several other initiatives that we're exploring in that regard, so it's not just deposit gathering. It's also things that we can do on the loans on the -- with some of our other assets.

Richard Dutton: Yes, Manuel, I was just going to add, what we're really doing is balancing to make sure that we make an appropriate return on the liquidity and the capital that we're investing out there to make sure that we get the appropriate return. So it's easier to go get some deposits that are really high priced. We just think that would make our margins suffer.

Manuel Navas: Do you feel like you've hit like peak deposit costs, now that you've started to come back down, linked quarter, or could that fluctuate from here just based on (inaudible) --

Dennis Shaffer: No, we think whether that has peaked, and we did lower deposit costs, in the second quarter, we think we have room to decrease and lower those costs here in the third as we move forward.

Manuel Navas: That's great. And just shifting gears for a second, I'd love for that leasing residual number, when you guys get it, that would be helpful on the fee side. And then --

Dennis Shaffer: (Inaudible) --

Manual Navas: I think actually, what was the loan yields on the resi real estate added this quarter? I think you went through some of the commercial yields being really high, like 8%-plus. I'm sure resi is a little bit lower. I understand that it's a lower-yielding asset. but I might have missed it before.

Dennis Shaffer: I believe it was [660 or 665]%. Looking for that number right now.

Unidentified Company Representative: Year-to-date 2024, 663.

Manuel Navas: Okay. Thank you. I'll step back into the queue. I really appreciate the commentary.

Operator: There are no further questions at this time. I will now turn the call over to Dennis Shaffer for closing remarks.

Dennis Shaffer: Well, in closing, I just want to thank everyone for joining and those that participated on today's call. Again, this quarter's results were due in large part to the hard work and the discipline of our team. We will continue to focus on growing Civista and growing it the right way.

And again, this is a transition year for us, and I believe our focus on improving our strong core deposit franchise and our disciplined approach to retake the pricing loans and deposits and managing the company, does position us well for future success. So I look forward to talking to you all again in a few months to share our third quarter results. Thank you for your time today.

Operator: Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.