Civista Bancshares, Inc.
Q4 and Full Year 2021 Earnings Call
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Executives
Dennis Shaffer, President and Chief Executive Officer
Rich Dutton, Senior Vice President and Chief Operating Officer
Chuck Parcher, Senior Vice President and Chief Lending Officer

Analysts
Terry McEvoy, Stephens
Bryce Rowe, Hovde Group
Tim Switzer, KBW
Russell Gunther, D.A. Davidson
Daniel Cardenas, Boenning & Scattergood

Presentation

Operator: Good day and welcome to the Civista Bancshares Inc. 2021 Earnings Call. (Operator Instructions). After today's presentation, there will be an opportunity to ask questions. Please note that this event is being recorded.

I'd now like to turn the conference over to Dennis Shaffer, CEO and President. Please go ahead.

Dennis Shaffer: Good afternoon. This is Dennis Shaffer, CEO and President of Civista Bancshares. And I would like to thank you for joining us for our fourth quarter and full year 2021 earnings call. I'm joined remotely by Rich Dutton, Senior Vice President of the Company and Chief Operating Officer of the Bank; Chuck Parcher, Senior Vice President of the Company and Chief Lending Officer of the Bank; and other members of our executive team.

Before we begin, I would like to remind you that this conference call contains 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 available on our website contains the financial and other quantitative information to be discussed today, as

well as the reconciliation of the GAAP and non-GAAP measures. We will record this call and make it available on Civista Bancshares' website at civb.com.

Again, welcome to Civista Bancshares' fourth quarter and full year 2021 earnings call. I would like to begin by discussing our results, which were issued this morning. At the conclusion of my remarks, we will take any questions you may have.

Let me start by noting several significant accomplishments and transactions that occurred during the fourth quarter. This morning, we reported earnings for the fourth quarter 2021 of nearly $11 million or $0.73 per diluted share, which represents an 8% increase over the prior-year's fourth quarter. Net income totaled $40.5 million or $2.63 per diluted share for the full year ending December 31, 2021, which is an increase of $8.4 million or 26% compared to 2020.

Our pretax pre-provision earnings for 2021 were $48.4 million compared to $47.2 million for 2020, and represented the highest pretax pre-provision earnings our company has ever achieved.

Our return on average assets was 1.47% for the quarter and 1.34% for the year, while our return on average equity was 12.49% for the quarter and 11.61% for the year.

During the final quarter of 2021, our net loans exclusive of PPP grew by $33.1 million, or at an annualized growth rate of 6.9%. This gave us $114.5 million in net loan growth, exclusive of PPP for the year and an annual growth rate of 6.2%.

In November, we announced the completion of a private placement of $75 million of 3.25% subordinated notes due in 2031 with the proceeds being used for general corporate purposes. We did push a portion of the proceeds down to the bank, and we anticipate using some of these proceeds to fund the cash portion of our recently-announced transaction with Comunibanc Corp.

We were pleased to announce the recent signing of a definitive agreement to purchase Comunibanc Corp. and its subsidiary, the Henry County Bank. We view this as a low-risk transaction with a significant upside that will open the door to business in Northwest Ohio and the Toledo MSA. And we look forward to welcoming our new employees and customers into the Civista family.

We continued to be active in repurchasing common shares. During the fourth quarter, we repurchased 73,541 shares at an average price of $23.83 per share. During the year, we repurchased 983,400 shares or approximately 6.2% of the outstanding shares at December 31, 2020, at an average price of $22.59 per share. We view share repurchases as an integral part of our capital management strategy.

As of December 31, we have $9.3 million available from our repurchase authorization, which was approved by our Board of Directors last August. While we ceased repurchases since announcing the transaction with Comunibanc Corp, we expect to resume our repurchase program now that we have announced earnings.

Now, let's turn our attention to our performance for the quarter and for the year. As I stated, we were extremely pleased with our loan growth for the quarter and the year. Excluding the impact of PPP loans, our loan portfolio grew by an annualized rate of 6.9% for the quarter and 6.2% for

the year, despite having $93.8 million in loan payoffs during the quarter and $236.3 million in loan payoffs during the year. At year-end, 43.2 million in PPP loans remained. All first-round loans have been processed and all but 7 of those loans totaling $622,900 were forgiven.

Additionally, 67% of our second-round loans have been forgiven. We have $1.8 million in PPP fees remaining at year-end, and we anticipate the forgiveness process to be essentially completed by the end of the second quarter.

Net interest income for the quarter declined by $1.1 million or 4.5% compared to our linked quarter and was consistent with the prior year.

Our margin for the quarter contracted 20 basis points from our linked quarter, primarily on less PPP fee accretion.

Net interest income for the year increased $5.7 million or 6.4% compared to our prior year.

The margin for the year contracted 23 basis points to 3.47% compared to the prior year. As we have shared on previous calls, the increased liquidity we experienced as a result of the federal government stimulus program and our tax processing program, both continue to have a negative impact on our year-to-date margin.

Our noninterest income remains strong, increasing $385,000 over the linked quarter. While the quarter included $187,400 gain from life insurance proceeds related to a policy acquired through one of our acquisitions, increases in service charges and increases in wealth management fees more than compensated for a decline in our gains on the sale of mortgage loans. We continue to be pleased with the strength and diversity of our noninterest income streams.

Similarly, if we back out the impact of the $1.8 million gain on the sale of our VISA B stock that occurred in the second quarter, our noninterest income still increased $1.5 million or 5.3% year-over-year, as we experience increases in all 9 interest income categories, except for anticipated declines in our gain on sale of mortgage loans and swap fees.

Fourth quarter gains on the sale of mortgage loans totaled $1.5 million or 9% less than the linked quarter, and $1.6 million or 52.1% less than the fourth quarter of the previous year. Although production has slowed, mortgage banking was our largest driver of noninterest income during the year. The year-to-date gain a on the sale of mortgage loans was $8 million compared to $8.6 million the previous year.

During the quarter, we sold $54.8 million in residential mortgage loans at an average premium of 268 basis points compared to $56.9 million in the linked quarter and $91.8 million in the prior year. Year-to-date, we sold $260.3 million in mortgages compared to $304 million in the previous year. As we head into 2022, our mortgage pipelines remain solid.

Service charges continue to be a strong contributor to income, increasing $294,000 compared to the linked quarter and $617,000 over 2020. Interchange revenue remained consistent with our linked quarter and increased $866,000 or 21.8% compared to the prior year, as consumers seem to be maintaining their cashless buying habits that began during the economic shutdown.

Our Wealth Management group continues its strong contribution to noninterest income. While Wealth Management fees were consistent with the linked quarter, they increased $876,000 or 22% when compared to the prior year. We continue to bring in new accounts and benefited from strong financial markets, ending the year with $683 million in assets under management on our trust and brokerage platforms combined.

As we discussed during our call last quarter, the year-over-year reduction in swap fees is the result of our decision earlier this year to book select 5 and 7-year fixed rate commercial loans on our balance sheet.

Noninterest expense declined $2.3 million or 11.7% in comparison to the linked quarter. Our compensation expense was down $1.3 million on lower commissions as mortgage production declined. After adjusting for the $3.8 million Federal Home Loan Bank prepayment penalty we incurred during the second quarter, noninterest expense would've increased $4.1 million or 5.8% year-over-year. The increase is primarily attributable to a $2.2 million or 5.2% increase in compensation expense, and a $922,000 increase in software maintenance, which was primarily the result of the digital banking platform we implemented earlier this year.

Our efficiency ratio for the year was a very respectable 59% after adjusting for the prepayment penalty compared to 59.1% for the prior year.

Turning our focus to the balance sheet, year-to-date, our total loans declined by $59.6 million. However, excluding the impact of PPP loans, our loan portfolio increased $33.1 million during the fourth quarter and $114.5 million for the year. That equates to an annualized growth rate of 6.9% and 6.2%, respectfully. We are pleased with our loan production, which occurred in every market across our footprint. Our loan pipelines remain solid, and we have $108.7 million in approved undrawn construction loans at December 31. While we continue to battle loan payoffs on completed projects, reduced outstandings on operating lines of credit and increase liquidity of our customers, we continue to expect that we will grow our loan portfolio at a similar pace in 2022.

On the funding side, we experienced growth in every category except time deposits. Total deposits increased $227.3 million or 10.4% since the beginning of the year. Noninterest bearing demand accounts, which made up 32.6% of our total deposits at December 31, grew by $68.1 million compared to December 31, 2020. $36.3 million of this growth came from the noninterest bearing business accounts and $23.6 million from public entities.

We also experienced $127.4 million increase in our interest-bearing demand accounts driven by a $60.1 million increase in consumer savings and $28.2 million in consumer MMDAs.

While we were talking about deposits, I would like to note that we successfully implemented online account opening through our digital banking service in December. This was the next in a series of initiatives we set out to accomplish when we introduced our new digital banking platform earlier this year. These initiatives are focused on improving efficiency and ultimately, to provide a better customer experience for our retail and business customers.

During the pandemic, we automatically downgraded commercial loans that requested concessions beyond the initial 90-day modification period. Our total criticized loan portfolio,

which includes all classified and substandard loans, declined from $148.1 million at December 31, 2020, to $78 million at December 31, 2021.

The segment with the largest number of criticized loans remains hotels and lodging, totaling $49.2 million at the end of the year. Many of these operators have experienced increased occupancy from leisure travel during 2021. Despite the lingering effects of Covid on travel, we anticipate increased demand going forward, resulting in further reduction in our criticized portfolio.

While uncertainties continue to be associated with the economy, there is improvement throughout our footprint in our customers' financial positions. In addition, we realized $782,000 in net recoveries during 2021. As a result, it was not necessary to record a provision during the quarter.

The ratio of our allowance for loan losses to loans increased to 1.33% at year-end 2021 from 1.22% at year-end 2020. Exclusive of the PPP loans, the 2021 ratio would have been 1.36%. Our allowance for loan losses to nonperforming loans also increased to 496.1% at the end of the year from 343.05% at the end of 2020.

As a reminder, we did meet the guidelines for the delayed implementation of CECL, and will not be required to adopt it until 2023.

We ended the quarter with a tangible common equity ratio of 9.33% compared to 9.98% at December 31, 2020.

We successfully completed the private placement of $75 million in 3.25% subordinated notes that will be due in November, 2031. We pushed $50 million of the proceeds down to the bank, which lowered our CRE to risk-based capital ratio to 291.5% at December 31, 2021.

In addition to raising sub-debt, we continue to create capital through earnings. Our overall goal is to have adequate capital to support our organic growth and potential acquisitions. Two important parts of our capital management strategy continue to be dividend payments and share repurchases. We continue to believe our stock is a value, and remained active in repurchasing our shares until just prior to announcing the transaction with Comunibanc Corp.

Now that we have announced earnings, we will be free to resume our repurchase program. During the quarter, we repurchased 73,541 shares of our stock at an average price of $23.83 per share. Year-to-date, we repurchased 983,400 shares at an average price of $22.59 per share. This represented the repurchase of 6.2% of the shares that were outstanding at December 31, 2020. We have approximately $9.3 million remaining to be off repurchased under the current repurchase program.

We have shared our desire to grow through acquisition on past calls. And we were pleased to announce the definitive agreement with Comunibanc Corp., the parent company of Henry County Bank headquartered in Napoleon, Ohio. At September 30, Comunibanc had total assets of $329 million with total loans of $165 million and $276 million in low-cost deposits. The transaction will add 7 branches in Henry and Wood Counties in Northwest Ohio. The acquisition

significantly accelerates our presence in Northwest Ohio, and will put us well on our way to have a significant in presence in each of Ohio's time top-5 MSAs.

Their strong core customer base fits well with our relationship banking philosophy, and their nearly 60% loan to deposit ratio will provide liquidity to accelerate our loan growth throughout Northwest Ohio and the greater Toledo area. We anticipate closing the transaction during the second quarter and converting their core banking systems during the fourth quarter.

In summary, we are pleased with another quarter and year-end of solid earnings, continued loan growth and solid credit quality. While the economy improved during 2021, labor shortages, supply chain issues and inflationary pressures are affecting many of our customers. Despite these challenges, we remain optimistic. Our loan pipelines are solid and we are looking forward to the successful integration of the Henry County Bank into the Civista family.

Thank you for your attention this afternoon and now, we'll be happy to address any questions that you may have.

Questions and Answers

Operator: We will now begin the question-and-answer session. (Operator Instructions). Terry McEvoy from Stephens.

Terry McEvoy: There was a step-down in operating expenses in the fourth quarter, which I think you addressed in the press release. Anything beyond what was said there? And then maybe looking ahead, could you help us maybe understand what your thoughts are about expense growth, given inflation and all the things we're hearing on that topic?

Dennis Shaffer: I'll ask Rich Dutton to elaborate. Rich, do you want to elaborate on that?

Rich Dutton: Yes, and Terry, I think like we talked about in the earnings release, primary reduction in noninterest expense was a compensation expense related to commissions on mortgage banking. I think there was also an accrual adjustment related to health insurance that reduced our health insurance expense in the fourth quarter. So now we're starting a new year in the first quarter, so we're going to ramp up the accrual again for health insurance.

You'll recall, we don't give merit increases for, well, I'll say on Saturday until April 1. So when we look at Q1 noninterest expense, probably that $19.6 million number is a good number. And then post that, it’s probably a $20.7 million or $20.8 million noninterest expense number is what we've modeled for the rest of the year. I don't know in terms of inflation. Again, I think kind of modeling what we think is going to happen for merit increases and whatnot. But I suppose the farther we get into the year, the less confident I am in those numbers for that.

Terry McEvoy: Great. Thank you, Rich. And then as a follow-up, there's a lot of buzz on the new Intel factory outside of Columbus. Maybe just remind me what's your kind of current footprint in

and around Columbus? And do you think you can capitalize on what that factory could do to the economy down there?

Dennis Shaffer: Sure. I think our -- in fact, we had right before that announcement, actually bought a branch from the credit union, that's about a mile and a half from the site that they'll be developing. It's 3,200 acres that they're developing and bringing 3,000 initial jobs, pretty well-paying jobs. The average salary is going to be somewhere around $138,000. But there's 7,000 construction jobs; there's talk that they may build additional plants and it could be close to 10,000 employees that they'll be bringing. I think the opportunity's going to be great.

Our boutique banking model fits in very well. We have a presence in Dublin, Ohio; we also have a presence right outside of Dublin, Ohio, in Plain City, and then we'll have this branch there. But I think it'll also benefit the entire state, Terry. I think there are 150 Intel suppliers in the State of Ohio. And there's talk that some of those suppliers are already seeing increased sales, and that's really throughout our footprint because our footprint covers most of Ohio. So we think that there's going to be tremendous opportunity to capitalize on that investment into Central Ohio for the -- and that I think we'll capitalize for the whole state.

Terry McEvoy: Good stuff. Thanks. Thanks, Dennis.

Operator: Bryce Rowe from Hovde Group.

Bryce Rowe: Maybe just a quick cleanup question there from Terry's questioning. Rich, the $20.7 million, $20.8 million guide, so to speak, for the second quarter, does that include the -- is that a standalone basis, or does that also include what you're kind of expecting with Henry County?

Rich Dutton: That's standalone. Yes, we've not modeled any Henry County stuff I guess into that number yet. That's a good cleanup question.

Bryce Rowe: All right, good. All right. That's helpful. And then maybe you guys could speak to how you're thinking about the rate picture, maybe just some background around your asset sensitivity at this point. And then what kind of deposit betas you're baking into the asset sensitivity analysis that you project in your Qs in case.

Dennis Shaffer: Rich, I'll have you go ahead, and if you want to answer that.

Rich Dutton: I'll answer it in reverse order and that probably means I'll forget the first question you asked. But I guess we've modeled two rate increases, again back-end loaded in 2022, 25 basis points each, which I think is party standard with what I've heard everybody else doing. Again, we're very asset sensitive, like you pointed out so rate increases help us.

The deposit beta that we're using is blended, so all non-maturing accounts, the beta is 12 basis points, and that's held pretty steady, gosh, for the last 2 cycles, anyway. It's not changed much. If you recall, we're -- 33% of our deposits are non-bearing at all, so that's not even in that number. And I'm not sure what other questions you asked? I answered two or three. What did I miss?

Bryce Rowe: No, you nailed them. I appreciate it. I think I'll just step back --

Dennis Shaffer: Hey, Bryce, I would add, a third of our deposits reprice every 30 days so -- and then another 6% reprices within 1 year. So 39% of our portfolio will reprice within a year, but a third of it basically reprices every 30 days.

Rich Dutton: And Dennis, you meant to say loans, right?

Bryce Rowe: He said "deposits," I think he meant loans.

Rich Dutton: Yes, he meant to say loans.

Dennis Shaffer: Loans, loans, yes, loans.

Bryce Rowe: All right. Okay. All right. I'll step back out and let somebody else take it away.

Operator: Tim Switzer from KBW.

Tim Switzer: I'm on for Mike [Perito]. You guys mentioned in your press release, you had about $100 million of excess liquidity you wanted to redeploy into the investment portfolio. I was curious how much of that you already did in Q4? And that was kind of an NII run rate; and then what you expect for Q1? And then I guess how much excess liquidity you'll still have after that, if any, once factoring in the bank deal.

Dennis Shaffer: Rich, you want answer that?

Rich Dutton: Yes, and forgive me, was it Tim, is that right?

Tim Switzer: Yes, Tim.

Rich Dutton: Yes, Tim. So I think what we had done at the end of the year was about -- I think we had another $20 million of that $100 million to redeploy yet. And I'm not sure where we're at in that process even as of today. At the end of the year, we still had a fair number of -- the munies that we were looking for, we hadn't purchased those yet.

What was the rest of your question? Forgive me.

Tim Switzer: Okay. Well, if you've already purchased, I guess $80 million of that, you only have $20 million left. Looking at your end of period balance sheet, you still have quite a bit of excess cash. So I'm curious on what your strategy will be with that, with the rate purchase or with the rate increases coming, what is the pace of purchases you want to maintain on the securities portfolio?

Rich Dutton: I think we'll catch our breath. As you pointed out, we redeployed all that liquidity and we ended up, I think, with more cash at the end of the year than we did at the beginning of the fourth quarter. And also, I guess, I'd point out that we're coming into our tax season and so sometime probably mid-to-late February, we'll again start to process income tax refunds and we'll generate on average, I think about $300 million in extra cash that'll be on the balance sheet for the first half of the year. So that's another kind of pressure on the margin. It doesn't impact our net interest income, but it does kind of play a little havoc with our margin.

To answer your question, if we get more aggressive in redeployment of liquid assets, I think we'll probably kind of sit and wait. We were pretty aggressive early last year. I think we benefited from moving maybe sooner than some of our other bank brothers did. But again, I think we kind of like where we're at; we'd love to make more loans and it looks like maybe we're going to start making some loans, more loans this year than we did last year -- I'll let Chuck talk to that -- but that's where we would rather deploy it as opposed to securities.

Tim Switzer: Okay. Thank you. And along with the excess capital that you guys have right now, even with the Comunibanc deal once that closes, you still have pretty solid capital ratios. Do you have a target TCE ratio or anything like that? That would kind of help us give a -- put some parameters around what kind of share buyback we could see for 2022.

Dennis Shaffer: Yes, we always kind of target somewhere in that 9% to 9.25% range. We think we're creating excess capital, so we think that we'll continue. The repurchase program is a great way to deploy some of that excess capital, but I would say that's where we -- that [9.25] TCE ratio is probably a good target.

Tim Switzer: All right, awesome. Thank you, guys.

Operator: (Operator Instructions). Russell Gunther from D.A. Davidson.

Russell Gunther: I want to follow-up on the margin discussion if I could, maybe get a sense for where you expect the margin to trend near term, given some of the balance sheet dynamics just discussed. And then if you could help size-up for us how you're thinking about what each 25-basis point move can fed funds means to you guys.

Dennis Shaffer: Rich, you want tackle that one as well?

Rich Dutton: I got to get a drink of water, I'm answering too many questions. [Laughter]. So Russell, the way we modeled it was, I think for each 25-basis point increase in fed funds, we think that's probably 7 basis points of expansion in our margin.

And help me remember, what was the first part of your question?

Russell Gunther: No, that's really good. I just -- prior to the fed beginning to raise, whatever that may be, how you would expect your margin to trend given the step-down this quarter, but also some of the dynamics we discussed around excess liquidity, deployment, the seasonality around the tax business.

Rich Dutton: And the tax business certainly put some downward pressure on it. And I guess the counter to that is, we've only got about $1.5 million PPP fees left to accrete that we -- at least for this year, kind of bolstered the margin. So I suppose maybe it floats along a few basis points up or down from there. But I think again, like everybody else, we're waiting; very assets-sensitive, waiting for the fed to make whatever moves they're going to make. And again, those will be helpful to us.

Russell Gunther: Understood. That's very helpful, guys. And then just my last question would go back to the loan growth discussion. You guys put out an order of magnitude similar to what you

were able to do this year on a core basis. And it would just be helpful to get a sense in terms of what you think the drivers of that'll be from a mix or asset class perspective; as well as the growth this year you called out as being very broad-based geographically. Just wonder if that would sustain well or any pockets of strength there?

Dennis Shaffer: I'll ask Chuck Parcher to answer that question, Russell.

Chuck Parcher: Russell, we feel like that projection of the mid to high-single-digits looking forward is pretty good. Kind of one of the secrets behind the sauce of this year, I guess, was we grew $117 million, but at the bank, we track payoff -- loan payoffs over $75,000 for the year. And in 2021, we had $236 million of payoffs in that category. To give you an idea where that stands, as compared to the 3 previous years averaged $119 million in payoffs. So we felt like we had a really successful year against those headwinds of all those payoffs.

Now we are doing a little -- as we get bigger, we are doing bigger deals and doing a lot of development deals. But we feel like that one of the things that's going to help is that payoff number will fall back we believe here in 2022. And for I guess a little bit more clarification, those payoffs are not bad payoffs. They're just the -- they're the result of very successful projects being completed and moving on to the perm market.

You had a secondary question. I can't remember what it was though, Russell.

Russell Gunther: No, that's a great guidepost. I guess the other follow-up would be the mix of the -- the kind of mid to high-single-digits. And if you think that's going to be a similar composition to what you got done this year? And whether there are any --

Chuck Parcher: I would tell you it is probably going to be somewhat similar. But obviously, we're heavily a commercial real estate bank, but I do believe we've hired some more C&I people with some C&I focus. And I do think that we've got to focus on trying to move that C&I portion of the book larger, obviously.

And with the investment that Dennis has alluded to in his speech, the Q2 investment, it really ramped up our treasury capabilities for commercial customers. And once -- now that we've got that ramped up, we really feel like we've got all the products and services necessary to bring those middle-market companies on board.

Russell Gunther: That's great. Well, that's it for me, guys. Thanks for taking my questions.

Dennis Shaffer: I would just add as we grow the bank, we constantly look at our lending limits and things, and growth does help us make larger loans and stuff. So that'll help us deploy some of the excess liquidity on the balance sheet as well.

Operator: Daniel Cardenas from Boenning & Scattergood.

Daniel Cardenas: Just a couple of housekeeping questions here. How should we be thinking about your tax rate on a go-forward basis? A little bit lower than what I was looking for for the quarter. But can you give us maybe a little bit of directional guidance as to how we should be looking at it?

Dennis Shaffer: We've been --

Rich Dutton: I'm sorry, I jumped again. Yes, we've been bouncing around at about 15%, I think, an effective rate. And that -- I don't see anything that's changed in the tax preference items that we have, or the makeup of the balance sheet that's going to change that, at least over the next number of quarters, Daniel. So I think that's a good -- would be a good number. Kind of what we've done is what I would use going forward.

Daniel Cardenas: Okay, great. And then on the fee income side, absent contributions from the tax business, what's kind of a -- $6.8 million that we saw this quarter, is that kind of a good run rate to build off of?

Rich Dutton: Am I answering that one, Dennis, or are you?

Dennis Shaffer: Yes, go ahead, Rich.

Rich Dutton: I would say yes. And again, I think we've kind of modeled it all. Chuck, maybe a little slowdown in mortgage fee income. But I think we also -- like Dennis said, I think during his comments or maybe Chuck said it earlier -- we anticipate a little pickup in the loan swap fee income to kind of offset that. And certainly that the momentum that our treasury management folks have gained over the past year, I won't see that slowing down. So that ought to be again another kind of bright spot for us. And as long as the markets hold, wealth management was a strong generator of fee income for us.

Again like, I like Dennis said during his comments, we're kind of hitting on all cylinders. And I would guess again, ex the tax business, it'll be very similar to what we saw last year. We feel pretty good. I would think that the fourth quarter would be a decent proxy for the first quarter in terms of noninterest income with the addition of the tax money too.

Dennis Shaffer: And the tax money comes in what months, Rich? Would come some in the first quarter, some in the second?

Rich Dutton: Exactly. I would model the exact same cash flows that we had last year, this year. And I'll bet you'll be pretty accurate.

Daniel Cardenas: Good, thank you. And then just quickly, what was your CRE to total risk-based capital ratio at the end of the year?

Dennis Shaffer: It was 291.5%. We pushed down about $50 million of that $75 million we raised to the bank. And then we had a little bit of growth and ended up at the 291% and 291.5%.

Daniel Cardenas: And the acquisition is supposed to hopefully bring that number down a little bit?

Dennis Shaffer: The Comunibanc acquisition will just slightly move that. It won't bring it down a whole lot, but it will go down maybe -- without any growth, would go down some. Just looking at the number today, if we added them, might go down just slightly, but not significantly.

Daniel Cardenas: All right. I'll step back for right now. Thank you, guys.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Dennis Shaffer for any closing remarks.

Dennis Shaffer: Well, in closing, I just want to thank everyone for listening and thank those that participated on the call. Again, while we are pleased with the results of our fourth quarter and the year, we think that 2022 will be full of new challenges for us. So we look forward to meeting those challenges and look forward to talking to you all again in a few months to share our first quarter results. So thank you for your time today.

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