County Bancorp, Inc.

Q1 Earnings Release Conference Call

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CORPORATE PARTICIPANTS

Timothy Schneider - *President and Chief Executive Officer*

Glen Stiteley - *Chief Financial Officer and Treasurer*

John Fillingim - *Chief Credit Officer*

Dave Coggins - *Chief Banking Officer*

PRESENTATION

Operator
Good morning, and welcome to the County Bancorp, Inc. First Quarter 2020 Earnings Release Conference Call. All participants are in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then one on your touchtone phone. To withdraw your question, please press star, then two. Please note, this event is being recorded.

I would now like to turn the conference over to Timothy Schneider, President of County Bancorp Inc. Please go ahead.

Timothy Schneider
Thank you. Welcome, everyone, to our earnings call for the first quarter of 2020. As a reminder, we have our disclaimer on the use of forward-looking statements on Slide 2 of our presentation.

Quarter 1, 2020 overview, moving to Slide 3, as a result of the swift and decisive actions we took in response to COVID-19 pandemic, there were several pushes and pulls to our financials this quarter, which resulted in a net loss of $5.2 million. Those included a goodwill impairment of $5 million as a result of the uncertainty related to COVID-19 and its potential impact on future bank valuations. The addition of approximately $2 million in provisions for loan losses related to COVID-19 qualitative factor, increased margin compression driven by actions taken by the Federal Reserve in response to the pandemic, and a $1.4 million write-down on one OREO property due to an updated appraised value.

We were pleased to see our adverse asset coverage ratio decreased for the third consecutive quarter improving to 32.84% during the first quarter. This was due to several Ag relationship upgrades.

COVID-19 organizational preparedness, moving to Slide 4. I am so proud of how our team came together and continue to safely and effectively serve our clients. As we spoke about last quarter, one of our key priorities for 2020 was to make investments and improvements in technology and data.

Our team expedited several of our initiatives to improve our technology. For example, we had budgeted for the bulk purchases of laptops in 2020. Our Head of IT, Michael Hostak, became very concerned about news coming out of China and the potential disruption in IT supply chains. So, we practically began ordering laptops in February of 2020, to ensure almost all of our employees had a laptop and could work remotely, when needed. These quick decisions were crucial in the successful implementation of our pandemic disaster recovery plan. I'm proud to say approximately 90% of our staff has been working remotely since mid-March. A big thank you to Michael and his staff for helping folks transition so quickly to a remote work environment.

We also made IT investments in video conferencing during 2019, which now allows us to stay connected and communicate remotely with customers. We also form several task force, which are meeting daily in many instances. We temporarily closed all of our lobbies, and are now serving our clients through our drive-thrus, as well as our many digital platforms.

Moving ahead to Slide 5. I want to thank our Head of Human Resources, Brooke Sprang, for her focus and attention to the well-being of our employees during this crisis. We have a strong culture of supporting our employees, which we think is evidenced by the various programs we have introduced to ensure we provide safety and support to our employees and their families. I also want to thank Matt Lemke, our Head of Banking Services for working to keep our branch staff safe during this time.

Moving to Slide 6, after ensuring the safety of our employees, we shifted to supporting our customers. Dave Coggins, our Chief Banking Officer; Cyrene Wilke, our Head of Operations; and our entire banking and credit staff have worked tirelessly to ensure we had as seamless as possible application process for the SBA's PPP program for our clients.

I'm pleased to note that we have had $104 million in applications processed, $97 million in loans funded through April 29. Our team continues to go the extra mile to support our customers, especially in these challenging times. We continue to have ongoing conversations with our customers and are working one-on-one with many of them to work through individual financial concerns and various relief options.

As you'll see on Slide 7, the extra care and attention we have provided our clients continue to resonate with them. I want to thank our Head of Marketing, Laura Wiegert, for the communication plan we have used for our employees and our customers.

Moving to Slide 8, we take our responsibility to our communities very seriously and have focused on supporting those that have been impacted greatly by this crisis, whether it be donations to area food pantries or support to our local farmers through the Wisconsin Hunger Task Force.

Moving to Slide 9, on March 22, our regulatory interagency statement on loan modifications and reporting was released. The statement provides guidance on handling payment modification requests for impacted borrowers without triggering TDR classifications, by allowing up to six months of payment deferrals or interest only to assist our customers at this time. Today we have processed 93 customer payment modification requests for $112 million. We anticipate receiving additional requests.

I want to now turn it over to Dave Coggins, our Chief Banking Officer, to give us an update on our agricultural portfolio. Dave?

Dave Coggins

Thanks, Tim. And moving to Slide 10. 2020 began with optimism over milk prices as they were at highs not seen in over five years, but conditions quickly deteriorated in mid-March in reaction to the COVID crisis. Class III milk price futures dropped dramatically by over 30% for the nearby months, as uncertainty arose with the closing of restaurants, schools, and exports of dairy products. The effect of those price decreases will begin to be felt in earnest in May, as there is a one-month lag between Class III settled price and when the dairy operation is paid for its milk.

Looking forward at Class III futures prices, the market is not indicating that prices will return to more sustainable levels until September, October of 2020. And even then, those Class III futures prices are below the breakeven prices for many producers.

I'd like to now focus on a number of issues impacting current conditions and the future outlook for dairy producers, and there's the list of positive and negative issues. So, starting with the negative the potential there, number 1, the global supply of milk and milk products had been building before COVID-19 hit. This was creating some potential headwinds, and March was a record high month for U.S. dairy production caused by both herd expansion and increased production per cow.

Strong outlook for 2020 was fueling that herd expansion. Stay-at-home orders have really hurt cheese consumption, as food service is a big user of cheese. And dairy plants have been starting to initiate caps on production leading to milk dumping in some cases. Depending on the products being produced they can't use or sell the milk coming into their plants or use all of it.

And while consumption of fluid milk has spiked, converting production from one product to another isn't easy, and there was even a shortage of plastic bottles to put fluid milk in, and that's been an issue at times.

Normally, lower prices lead to more aggressive culling of the herd. However, slaughter plant closures due to COVID outbreaks and supply chain disruptions in that side of the economy has made this difficult and not always economically viable.

On the plus side, there's some potential positives as well, and an important one is many producers have utilized risk management tools like dairy revenue protection, dairy livestock gross margin insurance, dairy margin coverage, options and hedging, to protect their margins. And there have been opportunities in the past six months to lock-in prices that could make 2020 a strong year in spite of COVID-19 impacts on the industry, and this is a really big deal for a lot of our dairies.

Feed prices have softened, due primarily to ethanol and energy price collapses and export disruptions. So, one of the primary ingredients in most dairy diets is corn, corn silage, things like that. It's impacted by some of those things going on, on the corn side. Expectations are for China starting to become a more active buyer due to the opening up of their economy and their commitments to purchase more Ag products in the recent trade agreement.

Energy prices drive a lot of costs on the expense portion of the farm income statement, and this is having a positive impact on input costs as well. Recently, USDA has announced a $19 billion assistance package for dairy that should start paying out in May or June. That's a combination of direct payments to farmers for $16 billion of that $19 billion and $3 billion in purchase of commodities.

The SBA PPP program has assisted many of our farm customers, and the USMCA has been ratified by all countries. It was Mexico earlier, and finally here recently by Canada. Unfortunately, Mexico's economy has really been hurt recently, and the peso has collapsed, and that's affecting their ability to buy some of our products.

And now I'd like to turn it over to John Fillingim, Chief Credit Officer, for credit update on the remainder of our loan for portfolio. John?

John Fillingim
Thank you, Dave, and good morning, everyone. Moving to Slide 11, I want to highlight some of our key credit metrics. Our adverse classified ratio decreased for the third consecutive quarter to 32.35%. This was largely due to four substandard dairy relationships, totaling $13.6 million that were upgraded to watch. We did have one dairy relationship totaling $2 million that was downgraded to substandard, impaired, and it resulted in a $222,000 impairment. Of our watch and worse rated loans over $271 million of those are related to our Ag credits.

Moving on to Slide 12, as of Q1, 2020, there were $25.5 million in construction loans outstanding; $10.5 million of the total outstanding are on two multifamily residential properties. Both projects are supported by well capitalized owners and one property is 100% complete, while the other is 66% complete. The owners of the project at 66% complete have injected previously over 57% of the cost to the project in the form of cash. At this time, we do not anticipate issues with any of the projects not being completed.

If we move to Slide 13, you can see that our commercial and owner-occupied commercial real estate portfolio is well diversified, based on the breakdown you see on the left-hand side of the slide. On the commercial side of our portfolio, many businesses were forced to close, given the safer-at-home order from the governor of Wisconsin, which is causing stress on our commercial customers. The original safer-at-home order for Wisconsin was originally scheduled to end on April the 24th, but it's since been extended to May the 26th. Given the impact of the COVID crisis, we've taken a deep dive into our perceived high-risk industries. As you can see on the right-hand side of the slide, we've identified certain industries, which we consider more exposed to risk, because of COVID-19. We have 11 customers who either fully or partially occupy retail shopping properties that they own. These loans have a weighted average loan-to-value of 66.38% and a weighted average credit rating of 3.89%.

We also have approximately $12 million in limited service restaurants, most of which are Culver’s restaurants that have been structured using the SBA 504 program. And you can see the breakdown on loan-to-value and credit rating on the slide.

If we move to Slide 14, you'll see that breakdown of investor commercial real estate by industry as well as those industries we have identified as high risk. As you can see, we do have some exposure to Big Box retailers, which we classify as those with over 25,000 square feet, as well as some strip malls, hotels, and assisted living and nursing homes. However, it's important to note that we have comfortable levels of loan-to-value and credit ratings on these credits.

At this time, I'd like to turn it over to Glen.

Glen Stiteley
Thanks, John. Moving on to Slide 15. You'll see we have updated our capital stress testing done by Invictus. We did that as at December 31, 2019. We've made improvements to the stress test this year, we were able to provide Invictus with loan level collateral data for loan relationships greater than a $1 million. Based on the severe adverse case scenario, we have $83.2 million in excess capital using an 8.6% Tier 1 leverage and 11.5% total risk-based capital guideline. The stress test assumes and the excess capital assumes no loan growth and dividends. We just wrap this up so we will be continued to evaluate this and the stress centers as COVID-19 as that progresses.

Moving to Slide 16, based on our current capital levels, and credit quality metrics, we plan to continue with our common stock repurchase plan that we announced in January of this year, but we'll conservatively focus on the daily limits we were able to purchase, which is approximately 2,000 shares per day.

We purchased 256,000 shares at a weighted average price of $22.84 in the first quarter, leaving us with 417,000 shares left on our authorization as at the end of the first quarter. We currently have no plans for a change in our dividend per share payout. We have no plans for a common equity waste, based on our strong capital levels, but you'll see an update to our shelf registration, which is which is expiring soon. We will look at that type of raises, the backstop or adverse classified ratio or for offensive capital purposes, whether it be buybacks or acquisitions down the road. As always, management or the Board will adjust our capital plans as we know more about the credit impacts of COVID-19.

Turning to Slide 17, you'll see the breakout of allowance for loan losses is made up as of the end of the first quarter, as well as the changes from the prior quarter. As Tim mentioned, we added $2 million in qualitative reserves related to COVID-19 during the first quarter of 2020. We do anticipate additional provisions to loan losses to the remainder of 2020, as we evaluate the impacts of COVID-19 on our loan portfolio.

Turning to Slide 18, we did have some pay downs of loans during the first quarter so our loan growth was lower than expected. We do expect on balance sheet growth to slow for the remainder of 2020 and into ’21. We will remain focus on funding any on balance sheet loan growth with customer deposits. We do anticipate growth of loan sold and serviced for the remainder of 2020, but we believe that they'll be lower than anticipated as well. We did have decreases in customer deposits during the first quarter of 2020, due to seasonality. Similar last quarter, we started to lengthen wholesale funding maturities to mitigate our liquidity risk and take advantage of the lower overall interest rate environment. As you can see, we did have quite a bit of client time deposits and wholesale funding maturities during 2020.

Turning to Slide 19. As Tim noted earlier, we have started to experience compression in our margin as loan re-priced lower and quicker than our funding side. We are slightly asset sensitive, as you will know, with our rate shocks that we show here on the slide as of December 31, 2019. I would expect a lower double-digit reduction in net interest income dollars, due to the Fed actions that took place during the first quarter. We continue to put floors on loan and originations, so, that will help somewhat with the compression going forward. We were able to offset some of our margin depression during the first quarter of 2020 with our shift from cash to investments.

Turning to Slide 20. Loans sold and service decreased $4.2 million during the quarter but was offset by a 2-basis point improvement in loan servicing spread. Our loan sold originations were lower than expected during the quarter, but our loan servicing rights origination income was higher than we expect, due to the increase in servicing spread, as well as a shift of fair value accounting during the quarter. We should see some increase in loan fee income due to the $104 million in expected PPP originations during the second and third quarter of this year. We plan to fund those loans in the PPP program with the Federal Reserve PPPLP program at 35 basis points.

Turning to Slide 21. As Tim mentioned earlier, we wrote-off $5 million in goodwill related to our 2016 acquisition due to the overall impacts of COVID-19. The uncertainty of our future earnings projections as well as bank valuations being down across the Board. We also had a $1.4 million OREO write-down from an updated appraisal on a big vacant shopping center property.

Salaries and benefits increased this quarter, due to an increase in headcount during the quarter. While we move forward with a few of our planned technology investments for this year, we've decided to postpone a few projects we talked about during our last earnings call, such as our investment in a new CRM system. As a result, we expect some leveling of expenses for the remainder of 2020, including a reduction in incentive compensation expense for the remainder of 2020.

As Tim mentioned, we're extremely proud of our team's ability to react quickly to this ever-changing environment, while continuing to serve the needs of our customers and communities. That marks the end of our prepared remarks. So at this time, I'd like to open up for questions.

QUESTIONS AND ANSWERS

Operator
We will now begin the question-and-answer session. To ask a question, you can press star, then one on your touchtone phone. If you are using speakerphone, we ask that you pick up your handset before pressing the keys. To withdraw your question, you can press star, then two.

Our first question will come from Brendan Nosal with Piper Sandler.

Brendan Nosal
Hi, good morning, guys. How are you?

Timothy Schneider
Good, Brendon. How are you?

Brendan Nosal
Good, thanks. Just wanted to start-off here on kind of the state of the dairy environment compared to where it was in late 2018 and 2019. Just curious, what do you guys feel about the same as you did back then about the outlook or perhaps marginally worse, given where milk prices are? And then also just wanted to make sure I understand that the risk rating improvements we saw this quarter did not contemplate what milk prices did in April. Correct?

Timothy Schneider
Correct. And I'll start and respond to your first question and I may have Dave Coggins chime in but, we've begun to move through the review process from 2019 financial information for our dairy farms. And I think as we stated in our earlier calls, we did see stronger milk pricing the last quarter of 2019 and into early 2020, and our review processes, again, based on 2019 information heavily weighted on a three-year debt service coverage average.

We are looking at projections, as Dave alluded to, looking at milk hedging and other insurance products that they might be able to use to lock-in some pricing. At this point, it's really hard to predict where things are headed, how much impact the USDA payments that the customers will receive will benefit them and help them bridge this gap. So, it's really difficult to tell how the portfolio will continue to perform moving forward. But, as we've said in the past, the vast majority of our relationships do have FSA guarantees in place, and that is a helpful risk mitigant for us for sure from a loss perspective.

I don't know, Dave, anything else you want to add?

Dave Coggins
No, just a couple of things. First of all, keep in mind that in the Ag world, the debt service coverage metrics are a three-year average, and so as we go on into the future, the liquidity concerns that individual farmers have, that we might have to help them stop gap, we're doing some interest only that's COVID-related, things like that. But the outlook as we looked at the futures, while there's likely to be a 2020 challenge there, as things hopefully come back, then we look out further on the futures' market, which at this time is really hard to predict.

But, right now, we're looking at what kind of liquidity do they have to weather this storm and what are the things, the tools that we can provide that that will help them with that? And then, as Tim indicated, the really important difference maker for a lot of these farms is how well they took advantage of some of the pricing opportunities that they had and some of the tools that are available to them. So that's going to be a big difference maker for a lot of these farms.

Brendan Nosal
Got it, thanks. That's helpful color. And then one more from me. Just curious how Wisconsin Farmland values are holding up. I guess based on data from the Chicago Fed, it looks like they're flat to down just a percent or two year-over-year as of year-end, but I'm just curious what you guys are seeing in real time.

Timothy Schneider

I think we've seen that same impact. We've had a couple of OREO auctions here recently and farm auctions that I think would support that it's either flat or down slightly. So, we haven't seen really complete impact of this whole COVID situation, relative to land values and uncertain as to how that's going to impact land values moving forward at this point.

Brendan Nosal
Great. Thank you for taking my question.

Operator
Your next question comes from Terry McEvoy with Stephens.

Terry McEvoy
Good morning, guys.

Timothy Schneider
Good morning, Terry.

Terry McEvoy
Glen, maybe start with a question for you. You'd mentioned a double-digit decline in net interest income in the second quarter. I'm just wondering, is that off the first quarter of 2020? And within that outlook, can you just talk about deposit re-pricing assumptions and opportunities you see, and ultimately any sense for net interest margin forecast.

Glen Stiteley
Yes, Terry, when I said double-digit reduction, it's really based-off of where our balance sheet was in the rate shocks that we do as at December 31, 2019. So, the double-digit is really based on the dollars, not necessarily the margin in the second quarter. From looking at, just based on kind of the overall dollars, it looks like it's down about $4 million just roughly, based on the cuts that did happen in the first quarter, so.

Terry McEvoy
And any comments on the deposit pricing, you were successful in lowering them last quarter. Do you continue to see opportunities, both CDs and non-time deposits?

Glen Stiteley
Yes, we've, we try to be as aggressive as we can be, unfortunately do have some less disciplined competitors in the market. But, we try to cut as far as we can. I mean, the good news is we're starting to see some opportunities from the PPP program, honestly, that we think are going to have some nice benefits, less reliance on time deposits, maybe more reliance on, again, transaction accounts, which is really what we've been driving for, so.

Terry McEvoy
And a question for Tim, in the press release, you said recently updated our capital stress testing, and then within the presentation, it's referencing 12/31 data. I just want to make sure the timing around that last stress test was at the end of the year and the end of the year data, or at the end of the first quarter.

Timothy Schneider
Glen, you want to answer to that.

Glen Stiteley
Yes, Terry it's Glen. So the last time we did this was 9/30 of '18, and then we've updated to 12/31 '19 data.

Terry McEvoy
Okay. And then just last question, and thanks for all the loan disclosure and data very helpful. Are Culver's drive thru open in the State of Wisconsin during this time period?

Timothy Schneider
Yes, they are. And from what we've heard from our franchise owners, they're seeing 60% to 70% of normal revenues. There's a drive thru not far from the bank here that's busy all the time. So, they're actually seeing some pretty solid business, relative to the environment we're in and obviously don't have some of the overhead costs from a people perspective to manage. So, I think they are going to weather this storm fairly well at this point.

Terry McEvoy
Perfect. Thank you both.

Operator
Our next question comes from Jeff Rulis with D.A. Davidson.

Jeff Rulis
Thanks good morning.

Timothy Schneider
Good morning, Jeff.

Jeff Rulis
Just wanted to clarify, so that spread income, Glen, the spread income, double-digit decline, that is off of '19 whole totals versus projections for 2020. Am I hearing that right?

Glen Stiteley
Yes, I would say we were projected probably around $41 million in net interest income for the year. At the start of the year, now with the drop in rates that's probably down 10%, and I'm referring to the bank level, the net interest income. So, that doesn't factor in the debt expense of the holding company.

Jeff Rulis
That's helpful. Thanks. And just remind us what the percent of loans currently, of course, you reference it in the slide, but they're being added. What does that figure currently?

Glen Stiteley
No, I don't know the—

Timothy Schneider
I'm not sure. I'm not sure, if we have that data, unless, Dave, do you have that information?

Dave Coggins
I do not have that available right now.

Timothy Schneider
Sorry Jeff, we will follow up with that.

Glen Stiteley
Yes, Jeff, it's being modeled into our rate shocks.

Jeff Rulis
Okay, great. And then just wanted to touch on the expense run rate. So, moving pieces, you talked about potentially postponing some projects. If we get into a high 8 quarterly expense run rate, is that in the ballpark? Just trying to reorient the model a bit, the changes.

Dave Coggins
I think everybody's trying to guess as to what expenses could look like. We could say had some unexpected, OREO costs and legal costs and whatnot, but just based on what we have right now, what we've modeled in, Jeff, is part of arranging in the kind of, what I would say, probably the $8 million to $8.5 million and probably an average of about $8.25 million a quarter.

Jeff Rulis
Great. Okay. And maybe one last one, Tim, just you guys referenced, you're running the capital stress and you talked about the maintenance of the dividend. I guess, when you take a goodwill impairment and you revisit a few things, just wanted to kind of see the hardiness of that dividend, maintaining their current level and thoughts around the inputs on that decision.

Timothy Schneider
Well, we'll continue to evaluate it, and I think this decision will have to be made over the next 30-to-45 days as we're anticipating the next dividend period coming up. A lot of factors to consider and we'll continue to evaluate the stresses in our loan portfolio and what we're seeing from a risk standpoint. No certainty at this point, but we'll continue to have some dialogue as to the continuation of that.

Jeff Rulis
Okay, thank you.

Operator
Our next question comes from Feddie Strickland with FIG Partners.

Feddie Strickland
Actually, I was impressed with the numbers on the PPP loans. Do you guys have what kind of the weighted average fee was on those? Were those mostly on the smaller range or bigger range? Just how should we think about that?

Timothy Schneider
First tranche, and just to give you a little background there, first round, we clearly committed that we were going to work with our existing customers and a few key prospects that we knew were moving business to us. And I think we estimated in that 3.5% to 4% range was the fee on those that round and the average loan size was a fair amount bigger than the second round. Second round we're down to about, I think the final numbers I saw this morning, we had 151 new applications in round two, and loan size was probably about half, I think, on average of what we saw round one. Not exactly sure what the fee income generation there's going to be yet, but it should be fairly healthy, and it was definitely a boost for us. And, as Glen alluded to, what's nice about the second round is we are helping a number of commercial customers in particular, that maybe didn't get served by their existing banks. We're getting the opportunity to move their business relationships, especially on the deposit side, over to our institution. So, nice opportunity there.

Feddie Strickland
That's great. And just to make sure I got that, it will be above 3% for that weighted average feed then?

Timothy Schneider
I believe so, it should be when it all shakes out. We should be above 3%.

Feddie Strickland
Okay, perfect. Appreciate it. Thanks for taking my question, guys.

Timothy Schneider
Yes.

Operator
Our next question is a follow up from Brendan Nosal with Piper Sandler.

Brendan Nosal
Hi, just another one for me. Heading into the year, I think I called it, you guys were targeting 4% loan growth. Obviously, you did some more de-risking of the of the loan portfolio this quarter. From here on out for the year is your expectation for flat balances, or are you thinking that the loan book could continue to shrink throughout the year?

Timothy Schneider
Glen?

Glen Stiteley
Yes, Brendan, growth is probably pretty tough for us to predict right now, but I think we'll see a slight amount of loan growth. But again, it's going to be very difficult. And as always, it's going to be governed by our client deposit growth. So, we are certainly very focused on getting things off balance sheet and getting the servicing income and de-risking the balance sheet. So definitely won't be in the 4% range, might be closer to maybe the 2% range, but again, it's going to be difficult to judge.

Timothy Schneider
And as all banks are probably reporting, it's a little noisy right now, or will be this next quarter with the PPP loans that will potentially be remaining on the balance sheet, short-term anyway, the majority of them. So, a little difficult to predict moving forward, but as Glen alluded to, we continue to look for opportunities to lock-in long-term fixed rates for our customers and utilize our participation network on the Ag side in particular, which will drive potentially more off-balance sheet.

Brendan Nosal
Got it. I just wanted to make sure there wasn't a plan for another 10% reduction this year like there was last year. So, thank you very much.

Operator
As a reminder, if you would like to ask a question, you can press star, one.

Our next question comes from Howard Henick with ScurlyDog Capital.

Howard Henick
Good morning, guys.

Timothy Schneider

Good morning, Howard.

Howard Henick
Quick question, I think I heard you say that you're reconsidering the dividend. I just want to know if that's correct. I heard it correctly. And if so, what would drive that decision. And I saw it in the press release, it even said you're still considering buybacks, which if you're reconsidering the dividend, I wonder where things stand with buybacks. Thank you.

Timothy Schneider
Yes, at this point, and maybe I misspoke, I would say we're committed to continuing the dividend. But, obviously with all the noise in the economy right now, over the next month or 45 days, when we have to make that decision with our Board, we'll have to factor that in and see where our portfolio looks and how the bank is performing. But, from a dividend perspective at this stage, we're still committed to continuing to pay the dividend. And the stock buyback, as Glen alluded to, we will at this point, we're continuing to do the daily average of about 2,000 shares in buybacks and not any blocks.

Howard Henick
And so you expect that to continue at the given time?

Timothy Schneider
Yes.

Howard Henick
Okay, thank you.

Operator
Our next question is a follow up from Jeff Rulis with D.A. Davidson.

Jeff Rulis
Thanks. Just a quick follow up for Glen more on the housekeeping side. The loan breakout in the portfolio there looks like the commercial real estate, well, commercial loans are now lumped into commercial and commercial real estate, just in one category there. Is that as C&I has shrunk that you can combine it to a total there or did something changed on that disclosure?

Glen Stiteley
Jeff, I'm sorry, I didn't—where are you pointing to when you're referring to that?

Jeff Rulis
Yes, the loan portfolio, is there breakout on the commercial real estate in the release?

Glen Stiteley
There should be further in the deck, Jeff.

Jeff Rulis
In the deck, okay.

Glen Stiteley
Yes.

Jeff Rulis
I was just trying to see if there's something changed on the formal release. But—

Glen Stiteley
Slide 31.

Jeff Rulis
Out of the deck. Yes, I just I don't know if that's been disclosed in the press release before but we'll, just pull it out of the deck. Thanks.

Glen Stiteley
Yes, it's on—slide 31 had some breakdown on the commercial portfolio.

CONCLUSION

Operator
This concludes our question-and-answer session. And I would like to turn the call back over to Timothy Schneider for any closing remarks.

Timothy Schneider
Appreciate all of you joining us. Obviously a noisy quarter, and we'll continue to monitor things as we move forward and provide updates next quarter. And, again, first and foremost, I'm very proud of our team and how we've responded to this and taken care of our clients, which has always been our number one focus, and if we continue to do that, I think we'll continue to be successful. So, thank you for joining us.

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