



## Investor Presentation Third Quarter 2018

*Dennis G. Shaffer - President & Chief Executive Officer*

*Richard J. Dutton - Senior Vice President, Chief Operating Officer*

**NASDAQ: CIVB**



**Forward-Looking Statements.** This presentation may contain forward-looking statements within the meaning of such term in federal securities law. Forward-looking statements express management’s current expectations, forecasts of future events or long-term goals, and may be based upon beliefs, expectations and assumptions of the Company’s management are generally identifiable by the use of words such as “believe,” “expect,” “anticipate,” “plan,” “intend,” “estimate,” “may,” “will,” “would,” “could,” “should” or other similar expressions. All statements in this material speak only as of the date they are made, and we undertake no obligation to update any statement. A number of factor, many of which are beyond the ability of the Company to control or predict, could cause the actual results to differ materially from those in its forward-looking statements. Additional information regarding such risks can be found in public documents on file with the SEC, including those risks identified in “Item 1A. Risk Factors” of Part I of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

**Use of Non-GAAP Financial Measures.** This presentation contains certain financial information determined by methods other than in accordance with accounting principals generally accepted in the United States (“GAAP”). These non-GAAP financial measures include “Adjusted Noninterest Income”, “Adjusted Noninterest Expense”, “Adjusted Net Income”, “Adjusted Net Income Available to Common Shareholders”, “Adjusted Diluted Earnings per Common Share”, “Adjusted Return on Average Assets”, “Adjusted Return on Average Equity”, “Adjusted Efficiency ratio”, “Tangible Book Value per Share” and “Tangible Common Equity to Tangible Assets”. The Company believes that these non-GAAP financial measures provide both management and investors a more complete understanding of the Company’s profitability. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP Measures. Not all companies use the same calculation of these measures; therefore this presentation may not be comparable to other similarly titled measures as presented by other companies. Reconciliations of these non-GAAP measures are provided in the Appendix section of this presentation.

- **Civista Bancshares, Inc.’s common shares are traded on the NASDAQ Capital Market under the symbol “CIVB.” The Company’s depository shares, each representing 1/40<sup>th</sup> ownership interest in a Series B Preferred Share, are traded on the NASDAQ Capital Market under the symbol “CIVBP.”**
  
- Additional information can be found at:
  - **[www.civb.com](http://www.civb.com)**
  
  - Dennis G Shaffer
  - *President & Chief Executive Officer*
    - [dgshaffer@civb.com](mailto:dgshaffer@civb.com)
    - Telephone: 888.645.4121

## Corporate Overview

- Bank originally founded in 1884
- 11<sup>th</sup> Largest Publicly Traded Commercial Bank Headquartered in Ohio
- Community Banking Focused Operations in 12 Ohio, 2 Indiana and 1 Kentucky Counties
  - 35 Branches & 3 Loan Production Offices
- Operations in the 5 largest Ohio MSAs
- Franchise Poised for Acquisitions and Organic Growth
  - Closed and converted the UCB transaction 9/14/18. Recognized integration and acquisition expenses of \$12.0 million
- Full-Service Banking Organization with Diversified Revenue Streams
  - Commercial Banking
  - Retail Banking
  - Wealth Management
  - Mortgage Banking
  - Tax Refund Processing



# Experienced Management Team

**Dennis G. Shaffer**



- CEO & President
- President, Civista Bank
- 33 years of banking experience
- Joined in 2009

**Charles A. Parcher**



- SVP & Chief Lending Officer
- 30 years of banking experience
- Joined in 2016

**Richard J. Dutton**



- SVP & Chief Operating Officer
- 32 years of banking experience
- Joined in 2007

**John A. Betts**



- SVP & Chief Risk Officer
- 22 years of banking experience
- Joined in 2013

**James E. McGooley**



- SVP & General Counsel
- 16 years of banking experience
- Joined in 2002

**Paul J. Stark**



- SVP & Chief Credit Officer
- 33 years of banking experience
- Joined in 2010

**Todd A. Michel**



- SVP & Controller
- 30 years of banking experience
- Joined in 1988

**Donna M. Jaskolski**



- SVP & Customer Experience Officer
- 16 years of banking experience
- Joined in 2017

**Sandusky / Akron / Cleveland, Ohio**

- \$747 million in loans
- \$644 million in deposits
- 12 locations
- #1 deposit market share in Sandusky, Ohio with ~50% market share

**North Central Ohio**

- \$78 million in loans
- \$178 million in deposits
- 7 locations
- ~ 36% deposit share in our markets

**Southeastern Indiana/Cincinnati**

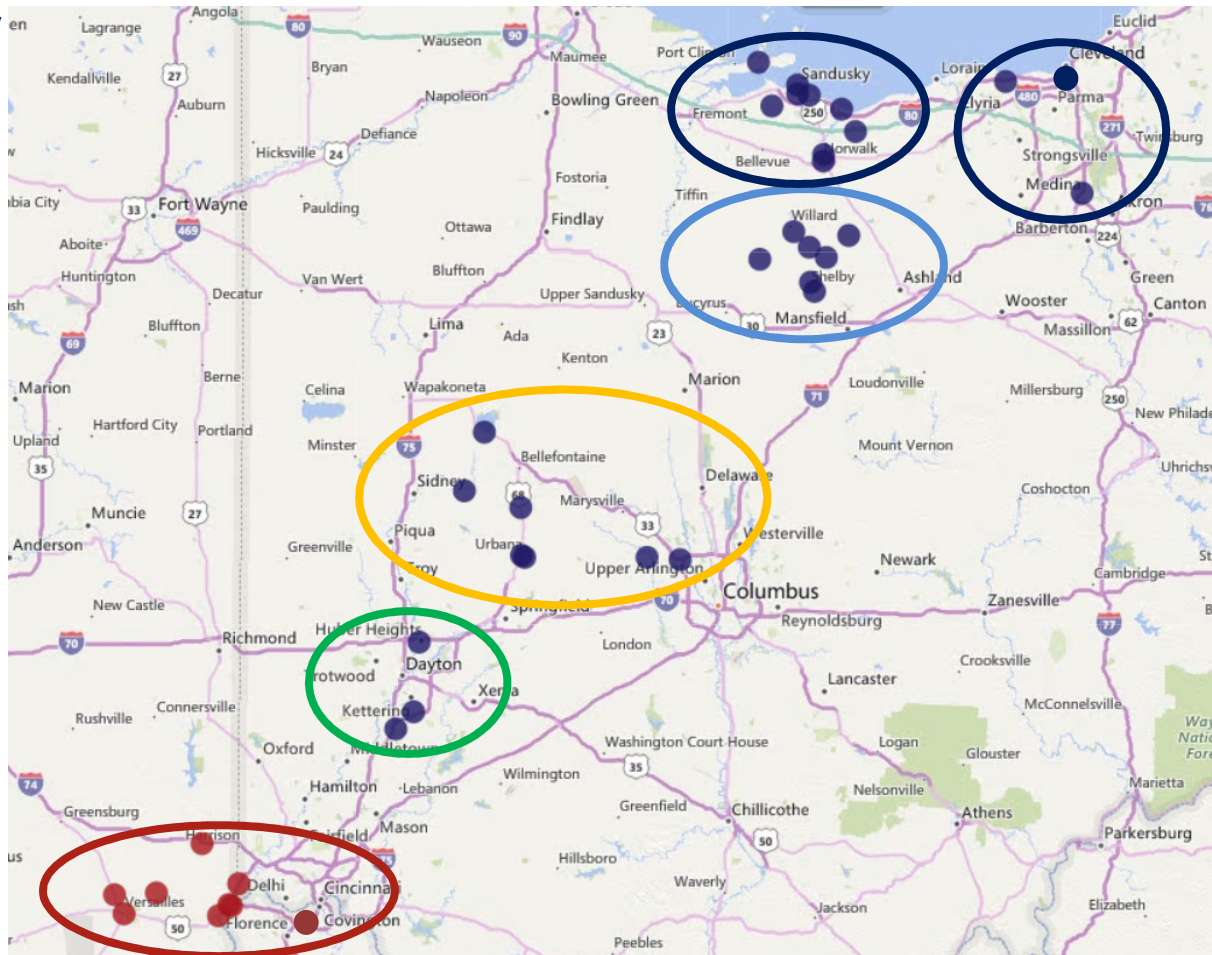
- \$299 million in loans
- \$469 million in deposits
- 81% of deposits within Cincinnati MSA
- #1 deposit market share in Dearborn County (IN) & #4 in Ripley County (IN)

**West Central Ohio**

- \$294 million in loans
- \$202 million in deposits
- 7 locations
- 19% deposit market share in the rural markets

**Greater Dayton, Ohio**

- \$98 million in loans
- \$85 million in deposits
- 3 locations
- ~ 4% deposit share in our markets



- **Experienced management team with a deep bench**
- **Community bank franchise in growth markets with an established operating model**
  - Gather attractive low-cost rural deposits (22 bps total cost of deposits)
  - Generate loans in select growing urban markets (operations in the 5 largest MSAs in Ohio)
- **Use of LPOs to extend our reach**
  - Two Loan Production Offices in Cleveland MSA (Westlake and Mayfield Heights)
  - One Loan Production Office in Cincinnati MSA (Fort Mitchell, KY)
- **Disciplined underwriting verified with strong credit quality metrics**
  - Nonaccrual and 90 days Past Due (excluding PCI<sup>1</sup>) to Gross Loans of 0.55% as of 09/30/2018
- **Noninterest income enhanced by unique tax refund processing platform**
  - **Continued strong year-to-date returns in 2018**
  - ROAA: 0.54% - actual                      1.45% - adjusted <sup>2</sup>
  - ROAE: 4.55% -actual                      12.18% - adjusted <sup>2</sup>
  - FTE NIM 4.14%
- **Added to Russell 2000 index in June 2017**

**Financial Highlights**
*(\$s in thousands, except per share data)*

		September 30, 2018	September 30, 2017	% Change
<b>Balance Sheet</b>				
	UCB Impact			
Assets	\$578,435	\$2,085,535	\$1,496,088	39.40%
Gross Loans	298,876	1,515,644	1,141,992	32.72%
Deposits	475,944	1,577,755	1,201,289	31.34%
<b>Performance Analysis</b>		Adjusted		
Net Income Available to Common	\$16,630	\$5,776	\$10,956	(47.28%)
ROAA <sup>1</sup>	1.45%	0.54%	1.04%	(48.08%)
ROAE <sup>1</sup>	12.18%	4.55%	9.38%	(51.49%)
<b>Market Data</b>				
Market Capitalization (\$mm)		\$370,867	\$227,219	
Price / Tangible Book Value <sup>2</sup>		190.9%	166.2%	
Price/LTM diluted EPS		28.3x	17.1x	

Source: Company Management and SNL Financial.

<sup>1</sup> Pages 21 - 24 show 2018 ratios adjusted for merger related expense    <sup>2</sup> Non-GAAP reconciliation on page 25.

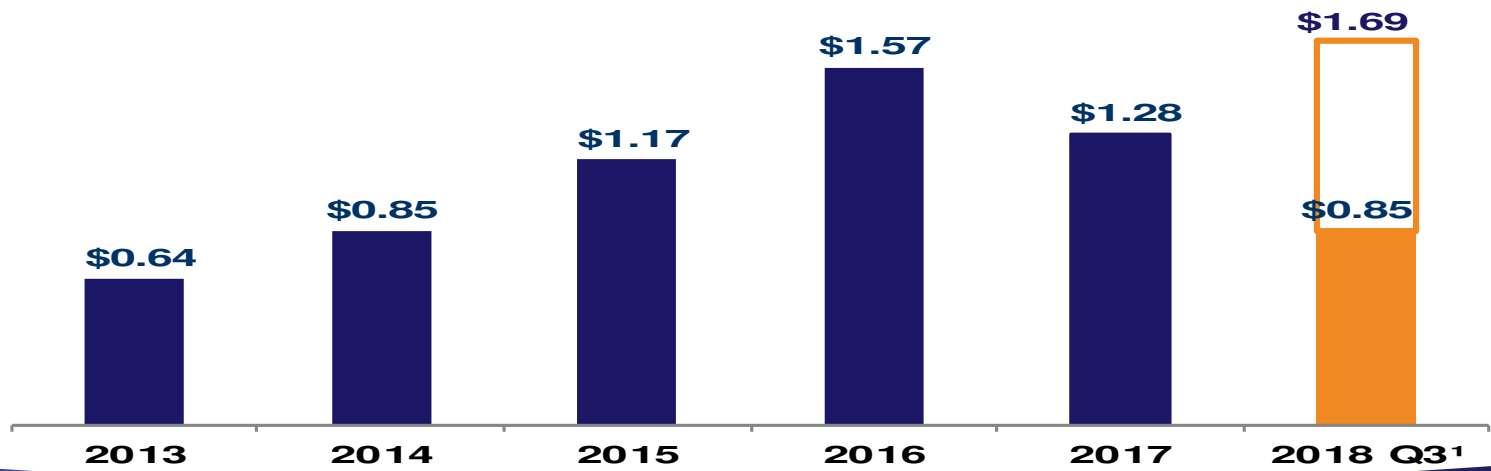


# Increasing Shareholder Value

## Tangible Book Value per Share<sup>2</sup>



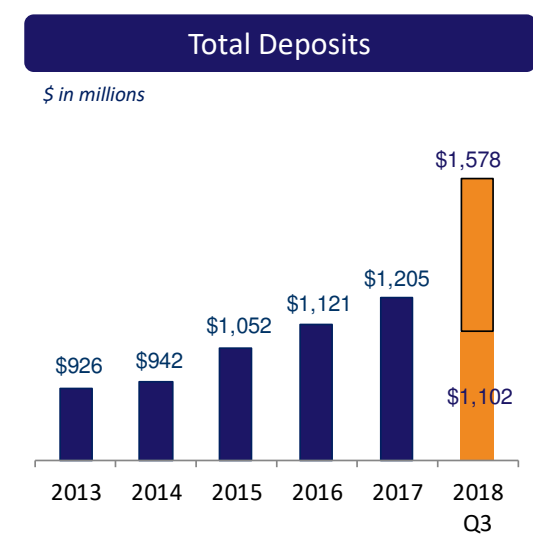
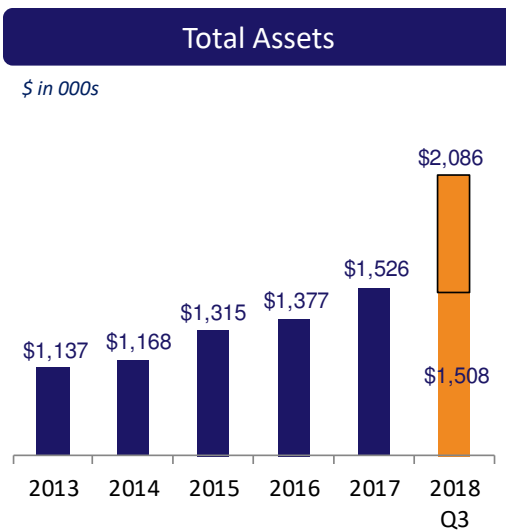
## Diluted EPS<sup>3</sup>

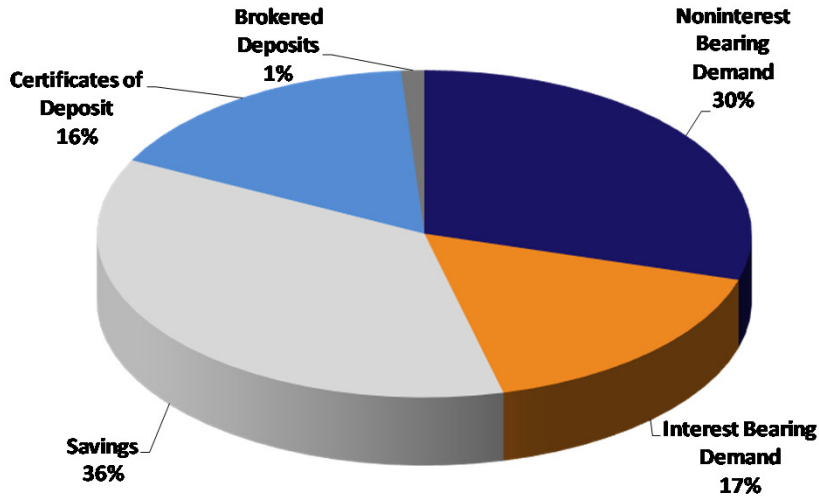


Source: Company management and SNL Financial.

<sup>1</sup> LTM basis <sup>2</sup> Non-GAAP reconciliation on page 25 <sup>3</sup> Pages 21 - 24 show 2018 ratios adjusted for merger related expense

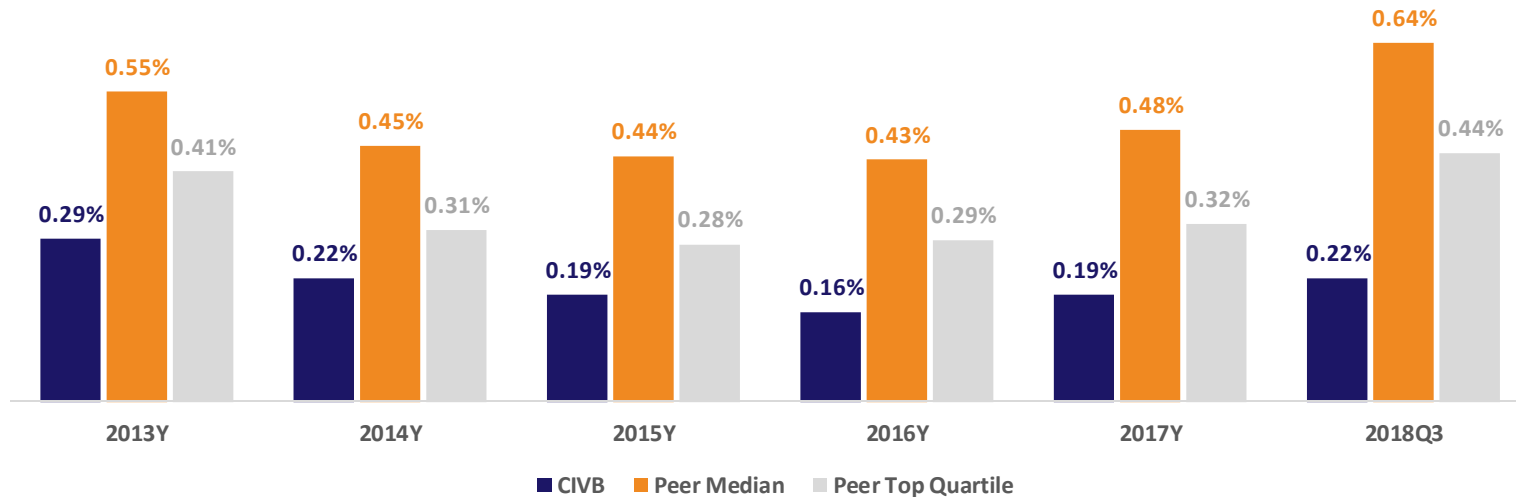
- Completed 7 acquisitions since the formation of the holding company in 1987, including the acquisition of United Community Bancorp, which closed in September 14, 2018
- Expanded commercial loan growth in Columbus, Cleveland, Akron and Dayton markets, and added the Cincinnati market
  - Since year-end 2012, loan portfolios in these markets have increased from \$228 million to \$623 million through Q3 2018
- Maintains a low cost, locally generated deposit base, primarily in rural markets



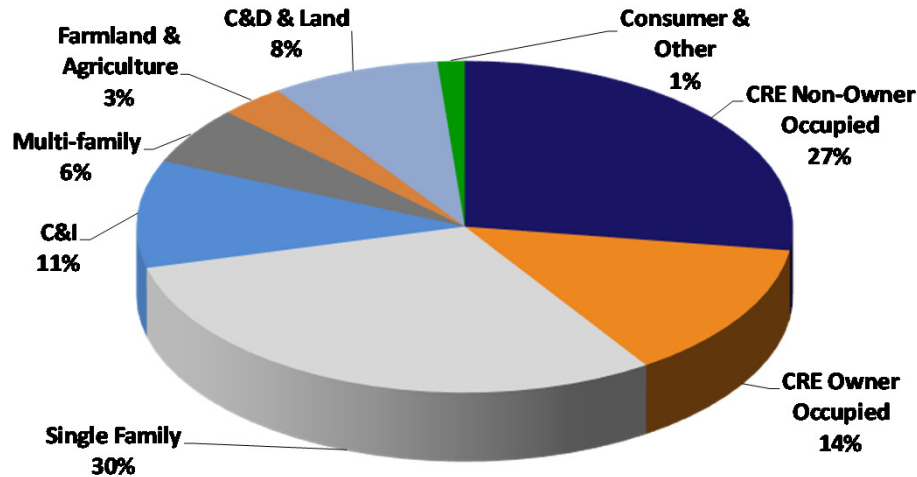


- Total Deposits: \$1.6 billion
- 2018 Total Cost of Deposits: 0.22%
- 30% Noninterest Bearing Demand Deposits
- Q3 2018 Loan/Deposit Ratio: 96%

## Total Cost of Deposits (%)

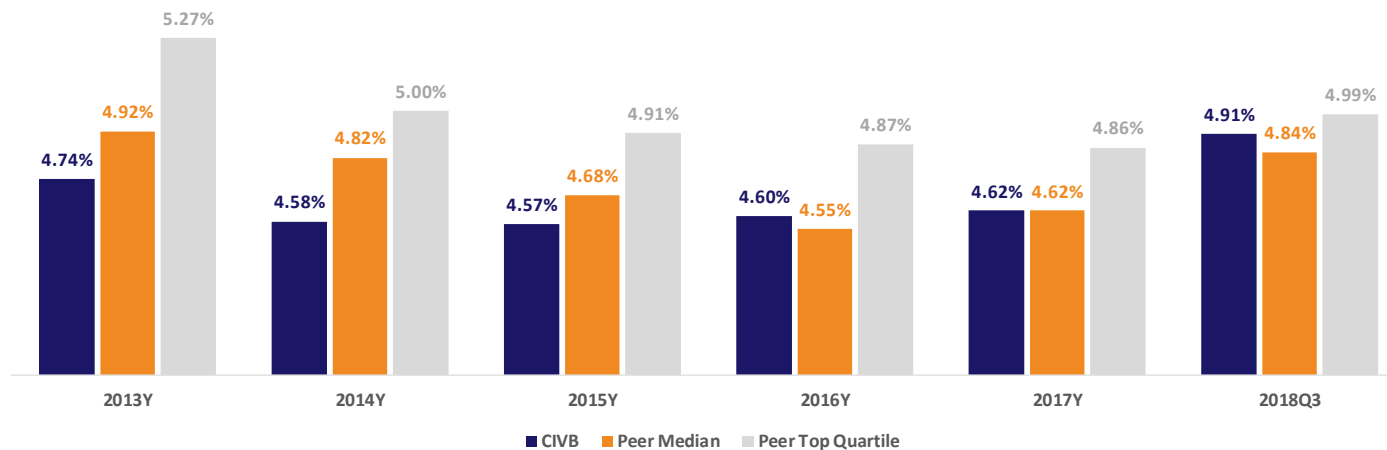


Source: Company Management and SNL Financial.  
 2018 Peer data as of 9/30/2018, or the latest available date.  
 Note: Comparable peers include public banks +/- 20% CIVB's asset size in Ohio and contiguous states.



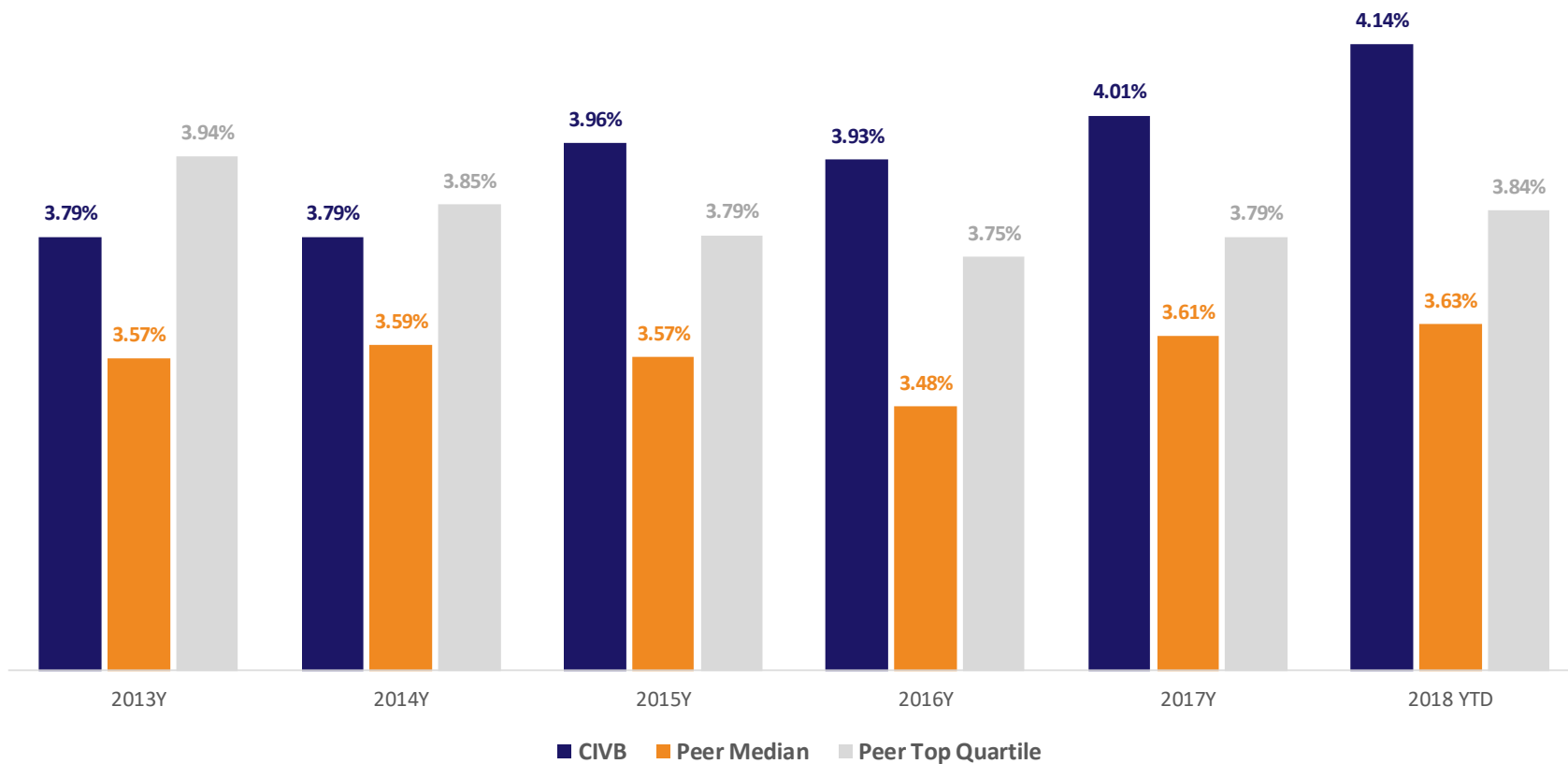
- Total Gross Loans: \$1.5 billion
- 2018 Loan Yield: 4.91%
- CRE to RBC ratio: 272.5%

## Yield on Loans (%)



Source: Company Management and SNL Financial.  
 2018 Peer data as of 9/30/2018, or the latest available date.  
 Note: Comparable peers include public banks +/- 20% CIVB's asset size in Ohio and contiguous states.

# Peer Leading FTE Net Interest Margin



Source: SNL Financial.  
 2018 Peer data as of 9/30/2018, or the latest available date.  
 Note: Comparable peers include public banks +/- 20% CIVB's asset size in Ohio and contiguous states.

### Assets

- **Asset duration of less than two years**
- Encourage variable-rate commercial lending or swap into variable, if appropriate
- Generally limit fixed-rate terms to five years
- Sell fixed-rate mortgages

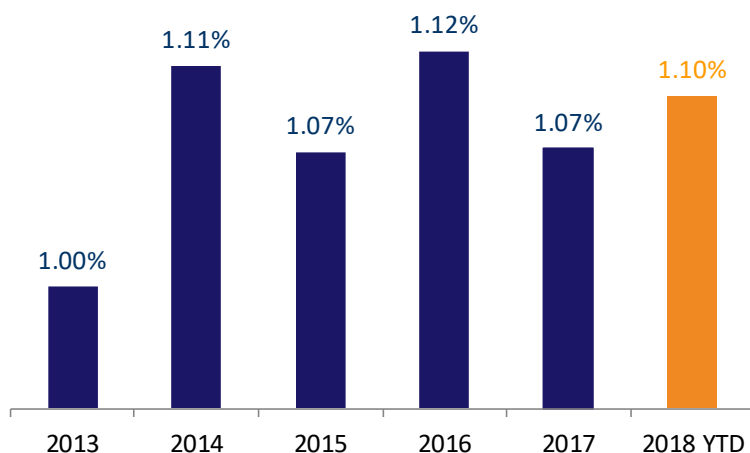
### Liabilities

- **Liability duration greater than three years**
- Focus on low-cost “sticky” demand deposits
- Non-maturing interest-bearing deposits
  - 30% of deposits are in non-interest bearing accounts
- Cost of interest –bearing deposits increased:
  - 7 basis points during the quarter
  - 12 basis points over the LTM

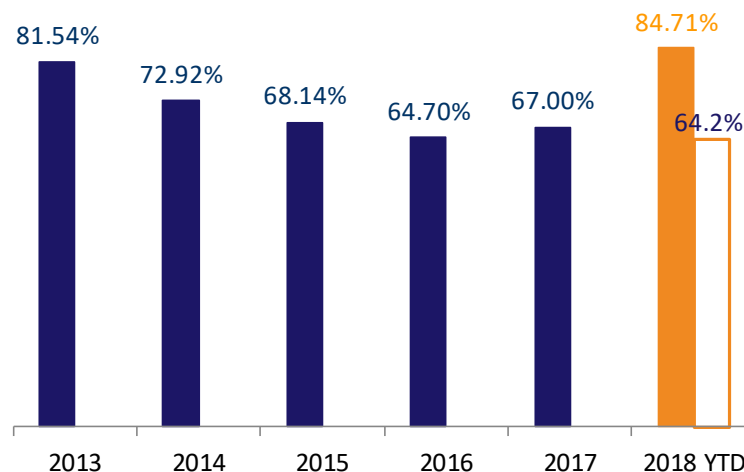
# Fee Income / Operating Efficiencies

- Fee income platform
  - YTD Service charges on deposit accounts were \$3.7 million and \$3.6 million for 2018 and 2017, respectively
- Mortgage Banking
  - YTD Gain on sale of loans, primarily mortgage loans, was \$1.2 million for both 2018 and 2017
- Securities repositioning
  - ~\$392 thousand loss on sale of securities
  - Improved the structure and increased future yield
- Acquisition and integration expense
  - ~\$8.8 million in the third quarter
  - ~\$12.0 million year-to-date
- Continued focus on: improving efficiency; operating leverage and branch network opportunities

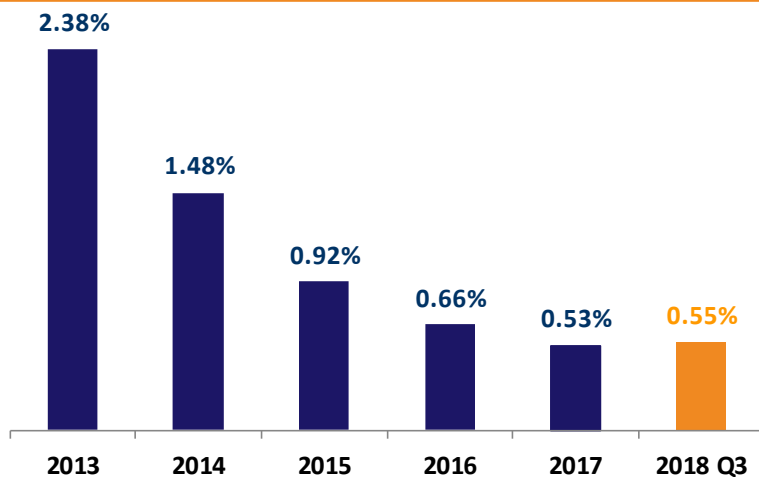
## Noninterest Income / Average Assets



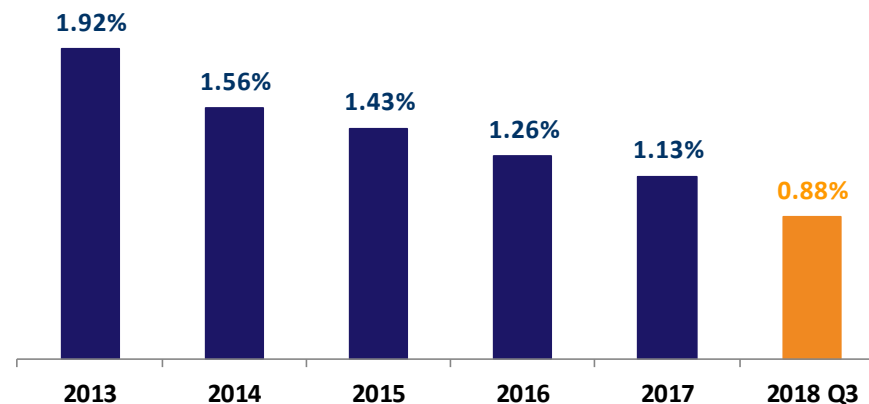
## Efficiency Ratio <sup>1</sup>



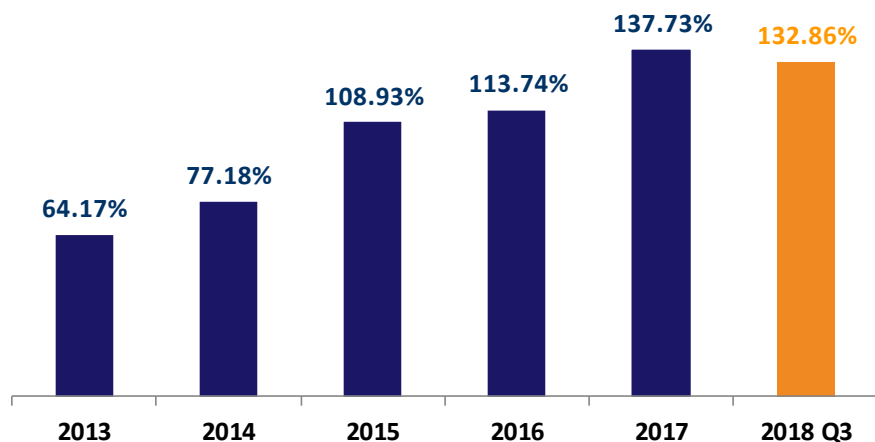
## Nonaccrual & 90 days Past Due<sup>2</sup> / Gross Loans



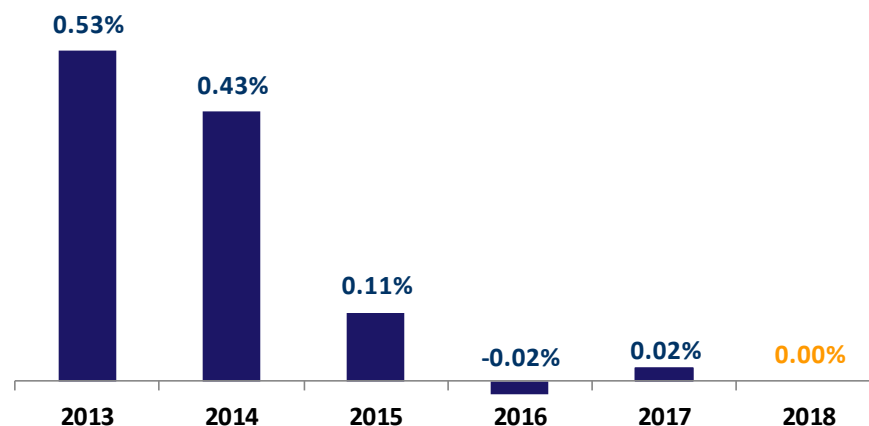
## Loan Loss Reserves / Gross Loans



## Reserves / NPLs



## NCOs<sup>1</sup> / Average Loans



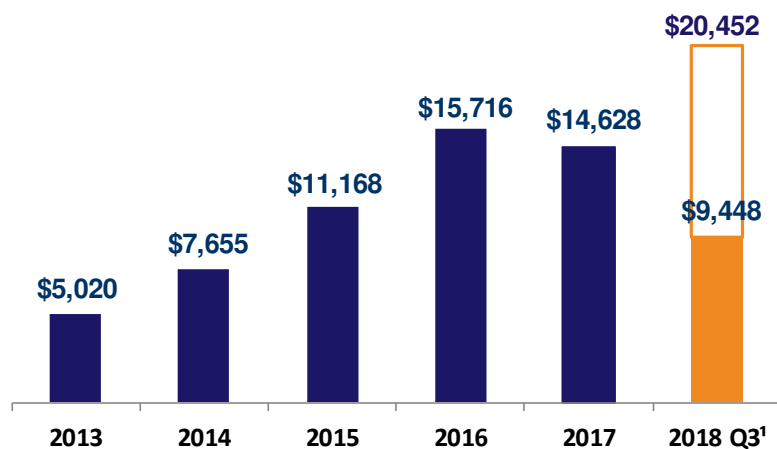
Source: Company Management and SNL Financial.

<sup>1</sup> LTM basis <sup>2</sup> Excluding PCI (purchased credit impaired loans).

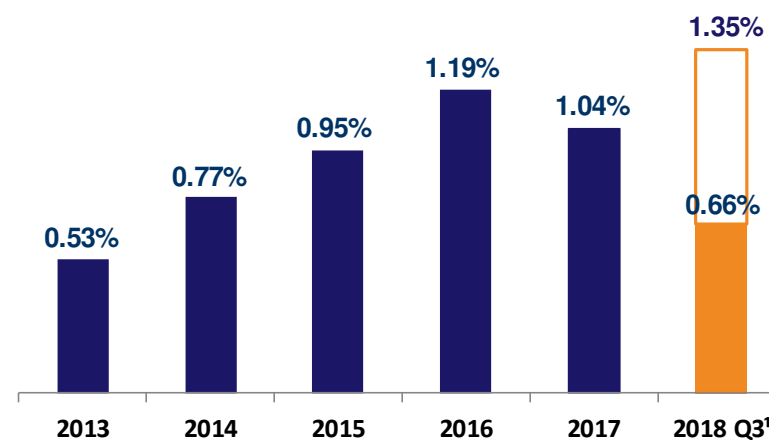


# Profitability & Returns Analysis

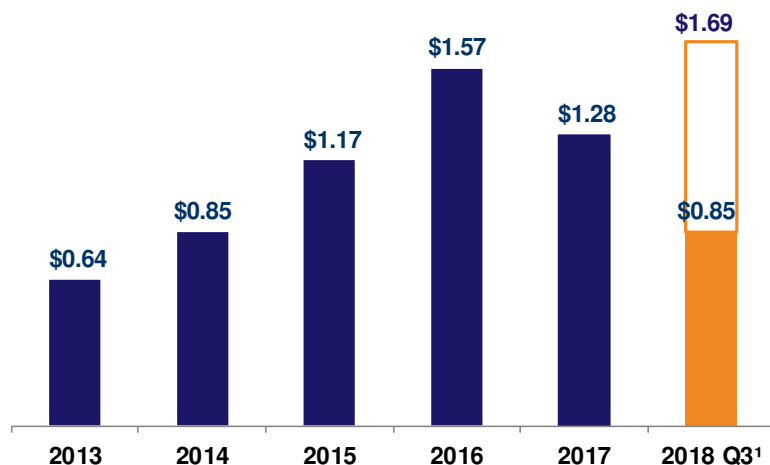
## Net Income Available to Common Shareholders <sup>2</sup>



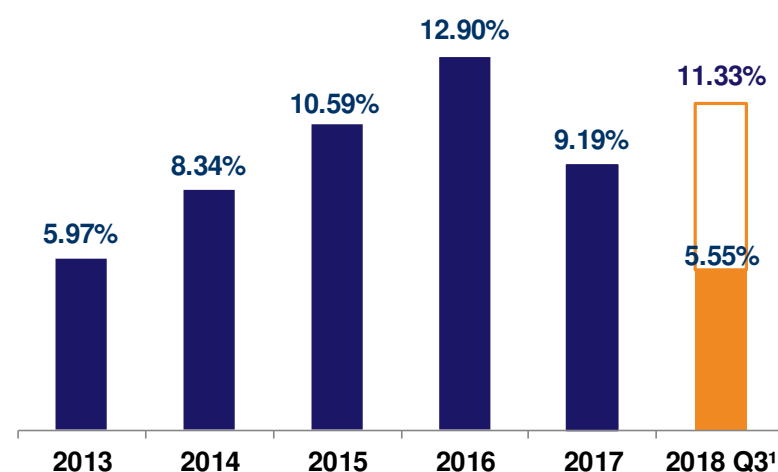
## ROAA <sup>2</sup>



## Diluted Earnings per Share <sup>2</sup>



## ROE <sup>2</sup>



Source: Company Management and SNL Financial.

<sup>1</sup> LTM <sup>2</sup> Pages 21 - 24 show 2018 ratios adjusted for merger related expense

(\$s in thousands, except per share data)

	For the Years Ended December 31,					2018 Q3	As Converted <sup>1</sup>
	2013	2014	2015	2016	2017		
Total Equity	\$128,376	\$115,909	\$125,173	\$137,616	\$184,461	\$289,388	\$289,388
Preferred Equity	\$46,316	\$23,132	\$22,273	\$18,950	\$17,358	\$10,878	\$0
Common Equity	\$82,060	\$92,777	\$102,900	\$118,666	\$167,103	\$278,510	\$289,388
TCE / TA <sup>2</sup>	5.08%	5.80%	5.71%	6.70%	9.31%	9.71%	10.25%
Tier 1 Leverage Ratio	11.64%	10.70%	9.96%	10.55%	12.70%	15.38%	15.38%
Tier 1 Risk-based Capital Ratio	15.82%	13.44%	12.70%	12.98%	15.47%	15.44%	15.44%
Total Risk-based Capital Ratio	17.08%	14.70%	13.96%	14.20%	16.55%	16.30%	16.30%

- ◆ Successfully raised \$32.8 million of capital (issued 1,610,000 shares) in February 2017.
- ◆ Additional \$104.7 million of capital (issued 4,277,430 shares) related to UCB merger in September 2018.

<sup>1</sup> Illustrates CIVB's capital position if all of the convertible preferred equity issued on 12/19/2013 (coupon: 6.5%, initial conversion price: \$7.82) was converted into common equity.

<sup>2</sup> TCE Non-GAAP reconciliation on page 24.

(\$s in thousands, except per share data)

	For the Years Ended December 31,					LTM Q3
	2013	2014	2015	2016	2017	2018
Net Interest Income	\$39,974	\$41,866	\$47,392	\$50,259	\$54,502	\$59,925
Provision for Loan Losses	1,100	1,500	1,200	(1,300)	0	390
Noninterest Income	12,062	13,874	14,278	16,132	16,334	16,924
Noninterest Expense	43,384	41,550	42,944	43,855	48,604	62,675
Net Income/(Loss)	6,179	9,528	12,745	17,217	15,872	10,551
Net Income Available to Common Shareholders	\$5,020	\$7,655	\$11,168	\$15,716	\$14,628	\$9,448
Diluted Earnings/(Loss) per Common Share	\$0.64	\$0.85	\$1.17	\$1.57	\$1.28	\$0.85
<i>Return on Average Assets (ROAA)</i>	<i>0.53%</i>	<i>0.77%</i>	<i>0.95%</i>	<i>1.19%</i>	<i>1.04%</i>	<i>0.66%</i>
<i>Return on Average Equity (ROAE)</i>	<i>5.97</i>	<i>8.34</i>	<i>10.59</i>	<i>12.90</i>	<i>9.19</i>	<i>5.55%</i>

- Strong asset quality
- Proven acquirer
  - Completed 7 acquisitions since the formation of the holding company in 1987, including the acquisition of United Community Bancorp, which closed on September 14, 2018
- Peer leading NIM
  - Low cost deposits – 42 bps lower than peers
  - High yield loan portfolio – 7 bps higher than peers
- Experienced management team with an average of 26 years in banking
- Strategically positioned in attractive Ohio lending markets funded by low cost deposits
  - Two Loan Production Offices in Cleveland MSA (Westlake and Mayfield Heights)
  - One Loan Production Office in Cincinnati MSA (Fort Mitchell, KY)
- Continued profitability improvement from 2013 to Q3 2018
  - Net Income CAGR: 15.1%
  - TBV / Share CAGR: 11.5%
  - EPS CAGR: 5.9%

## Non-GAAP Information

*(\$s in thousands, except per share data)*

	Actual Q3 2018	Merger and one-time items	Adjusted Q3 2018	Q3 2017
Net Interest Income	\$15,824	\$0	\$15,824	\$13,680
Provision for Loan Losses	390	0	390	0
Noninterest Income	3,288	392	3,680	3,465
Noninterest Expense	22,156	(8,801)	13,355	12,167
Net Income/(Loss)	(3,433)	8,371	4,938	3,660
Net Income Available to Common Shareholders	(\$3,625)	\$8,371	\$4,746	\$3,352
Diluted Earnings/(Loss) per Common Share	(\$0.31)	\$0.63	\$0.37	\$0.29
<i>Return on Average Assets (ROAA)</i>	<i>(0.83%)</i>	<i>2.01%</i>	<i>1.19%</i>	<i>0.98%</i>
<i>Return on Average Equity (ROAE)</i>	<i>(6.62%)</i>	<i>16.15%</i>	<i>9.53%</i>	<i>8.07%</i>

## Non-GAAP Information

*(\$s in thousands, except per share data)*

	Actual YTD 2018	Merger and one-time items	Adjusted YTD 2018	YTD 2017
Net Interest Income	\$45,362	\$0	\$45,362	\$39,939
Provision for Loan Losses	390	0	390	0
Noninterest Income	13,293	392	13,685	12,704
Noninterest Expense	50,288	(11,952)	38,336	36,217
Net Income/(Loss)	6,570	11,004	17,574	11,892
Net Income Available to Common Shareholders	\$5,776	\$11,004	\$16,780	\$10,956
Diluted Earnings/(Loss) per Common Share	\$0.51	\$0.86	\$1.37	\$0.97
<i>Return on Average Assets (ROAA)</i>	<i>0.54%</i>	<i>0.91%</i>	<i>1.45%</i>	<i>1.04%</i>
<i>Return on Average Equity (ROAE)</i>	<i>4.55%</i>	<i>7.63%</i>	<i>12.18%</i>	<i>9.38%</i>

## Non-GAAP Information

(\$s in thousands, except per share data)

	Actual LTM Q3 2018	Merger and one-time items	Adjusted LTM Q3 2018	LTM Q3 2017
Net Interest Income	\$59,925	\$0	\$59,925	\$52,947
Provision for Loan Losses	390	0	390	0
Noninterest Income	16,924	392	17,316	15,847
Noninterest Expense	62,676	(11,952)	50,724	46,920
Net Income/(Loss)	10,550	11,004	21,554	15,522
Net Income Available to Common Shareholders	\$9,448	\$11,004	\$20,452	\$14,242
Diluted Earnings/(Loss) per Common Share	\$0.85	\$0.84	\$1.69	\$1.31
<i>Return on Average Assets (ROAA)</i>	<i>0.66%</i>	<i>0.70%</i>	<i>1.36%</i>	<i>1.04%</i>
<i>Return on Average Equity (ROAE)</i>	<i>5.55%</i>	<i>5.78%</i>	<i>11.33%</i>	<i>9.61%</i>

## Non-GAAP Information

(\$s in thousands)

	Q3 YTD 2017	Q3 YTD 2018
<b>Adjusted Efficiency ratio</b>		
Noninterest expense (GAAP)	\$ 36,217	\$ 50,288
Acquisition and integration expense	-	(11,952)
Adjusted noninterest expense	36,217	38,336
Net interest income (GAAP)	39,939	45,362
Effect of tax-exempt income	1,187	712
Adjusted net interest income	41,126	46,074
Noninterest Income - GAAP	12,704	13,293
Loss(gain) on sales of investment securities, net	-	392
Adjusted Non-interest Income	12,704	13,685
Adjusted total revenue	\$ 53,830	\$ 59,759
<b>Adjusted Efficiency ratio</b>	67.3%	64.2%



(\$s in thousands, except per share data)

	As of and for the Years Ended December 31,					
	2013	2014	2015	2016	2017	Q3 2018
<b>Tangible Common Equity</b>						
Total Equity	\$ 128,376	\$ 115,909	\$ 125,173	\$ 137,616	\$ 184,461	\$ 289,388
Less: Preferred Equity	46,316	23,132	22,273	18,950	17,358	10,878
Less: Goodwill and intangible assets	<u>24,013</u>	<u>23,243</u>	<u>28,916</u>	<u>28,218</u>	<u>27,631</u>	<u>84,286</u>
<i>Tangible common equity</i>	\$ 58,047	\$ 69,534	\$ 73,984	\$ 90,448	\$ 139,472	\$ 194,224
Total Shares Outstanding	7,707,917	7,707,917	7,843,578	8,343,509	10,198,475	15,395,064
<i>Tangible book value per share</i>	\$ 7.53	\$ 9.02	\$ 9.43	\$ 10.84	\$ 13.68	\$ 12.62
<b>Tangible Assets</b>						
Total Assets	\$ 1,167,546	\$ 1,213,191	\$ 1,315,041	\$ 1,377,263	\$ 1,525,857	\$ 2,085,535
Less: Goodwill and intangible assets	<u>24,013</u>	<u>23,243</u>	<u>28,916</u>	<u>28,218</u>	<u>27,631</u>	<u>84,286</u>
<i>Tangible assets</i>	\$ 1,143,533	\$ 1,189,948	\$ 1,286,125	\$ 1,349,045	\$ 1,498,226	\$ 2,001,249
<i>Tangible common equity to tangible assets</i>	5.08%	5.84%	5.75%	6.70%	9.31%	9.71%



**Thank You**

