



## Investor Presentation Second Quarter 2019

*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, 2018. 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 “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
- 10<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 \$12.7 million during 2018
- 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
- 31 years of banking experience
- Joined in 2016

**Richard J. Dutton**



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

**John A. Betts**



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

**Lance A. Morrison**



- SVP & General Counsel
- 16 years of banking experience
- Joined in 2018

**Paul J. Stark**



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

**Todd A. Michel**



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

**Donna M. Jaskolski**



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

**Sandusky / Akron / Cleveland, Ohio**

- \$798 million in loans
- \$719 million in deposits
- 12 locations
- #1 deposit market share in Sandusky, Ohio with ~49% market share

**North Central Ohio**

- \$68 million in loans
- \$172 million in deposits
- 7 locations
- ~ 35% deposit share in our markets

**Southeastern Indiana/Cincinnati**

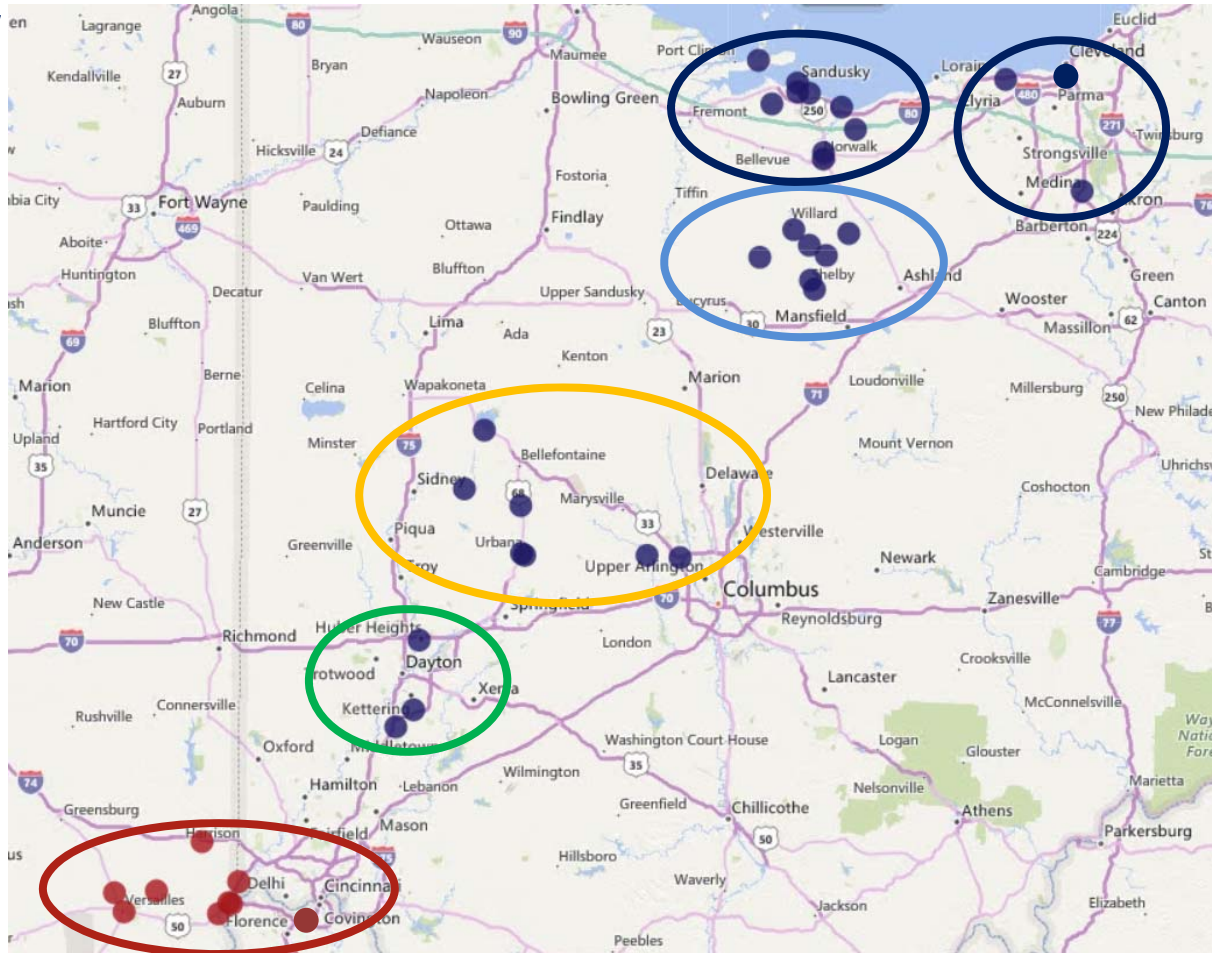
- \$316 million in loans
- \$461 million in deposits
- 44% of deposit share in our markets
- #1 deposit market share in Dearborn County (IN) & #4 in Ripley County (IN)

**West Central Ohio**

- \$305 million in loans
- \$206 million in deposits
- 7 locations
- 21% deposit market share in the rural markets

**Greater Dayton, Ohio**

- \$112 million in loans
- \$75 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 (45 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 0.49% as of 6/30/2019
- **Noninterest income enhanced by unique tax refund processing platform**
  - **Continued strong returns in 2019**
  - ROAA: 1.65% - actual
  - ROAE: 11.98% -actual
  - FTE NIM 4.47%
- **Member Russell 2000 index**

## Financial Highlights

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

		June 30, 2019	June 30, 2018	% Change
<b>Balance Sheet</b>				
	UCB Impact			
Assets	\$578,435	\$2,202,995	\$1,548,454	42.27%
Gross Loans	298,876	1,598,770	1,180,032	35.49%
Deposits	475,944	1,632,720	1,146,172	42.45%
<b>Performance Analysis</b>				
Net Income Available to Common		\$8,497	\$9,401	(9.62%)
ROAA		1.65%	1.26%	30.95%
ROAE		11.98%	10.82%	10.72%
<b>Market Data</b>				
Market Capitalization (\$mm)		\$350,962	\$261,523	
Price / Tangible Book Value <sup>1</sup>		152.1%	175.5%	
Price/LTM diluted EPS		18.4x	17.3x	

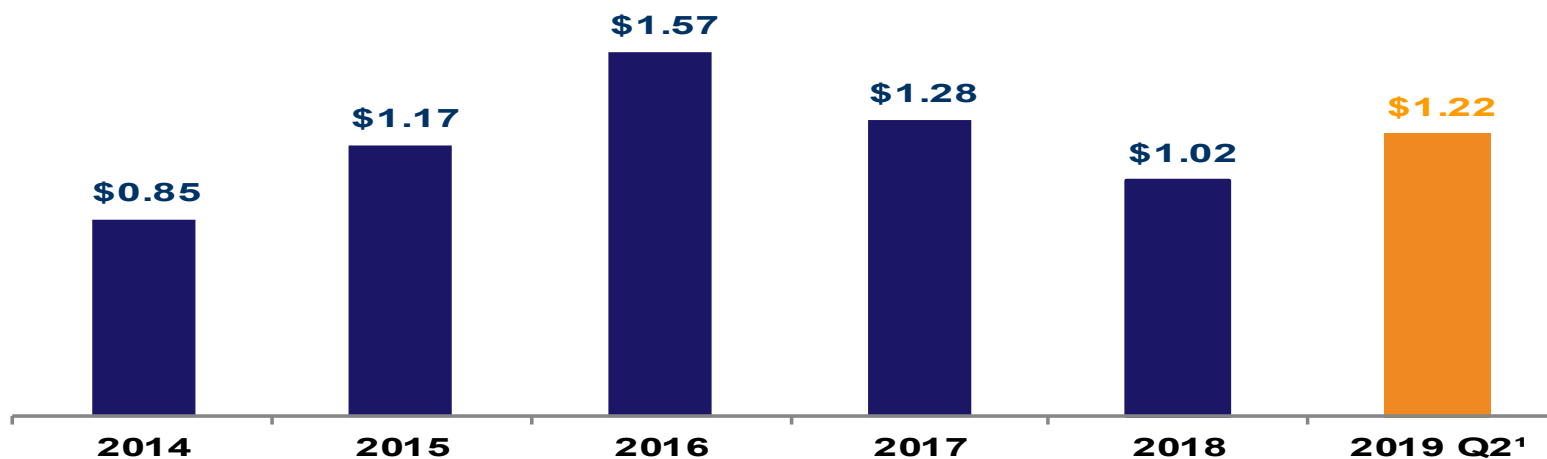


# Increasing Shareholder Value

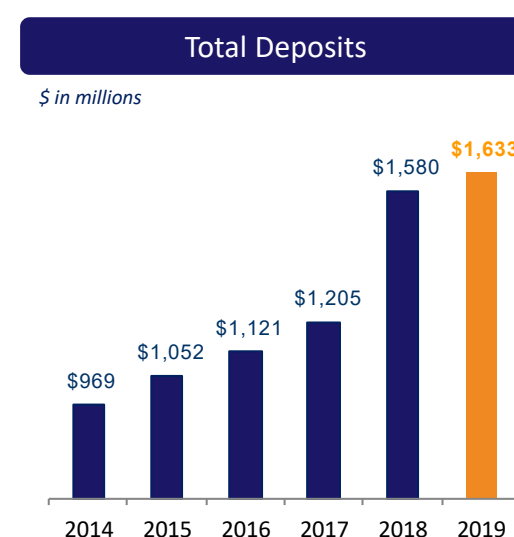
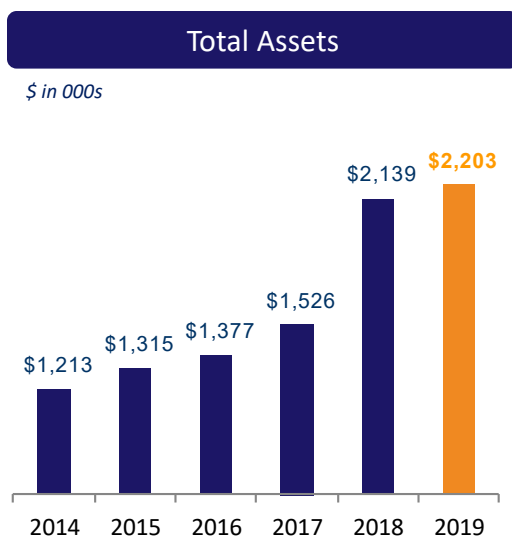
## Tangible Book Value per Share<sup>2</sup>

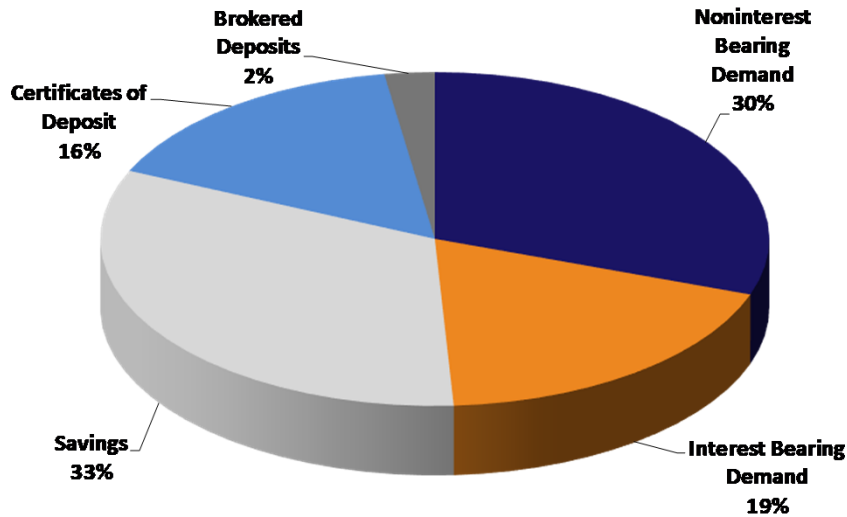


## Diluted EPS



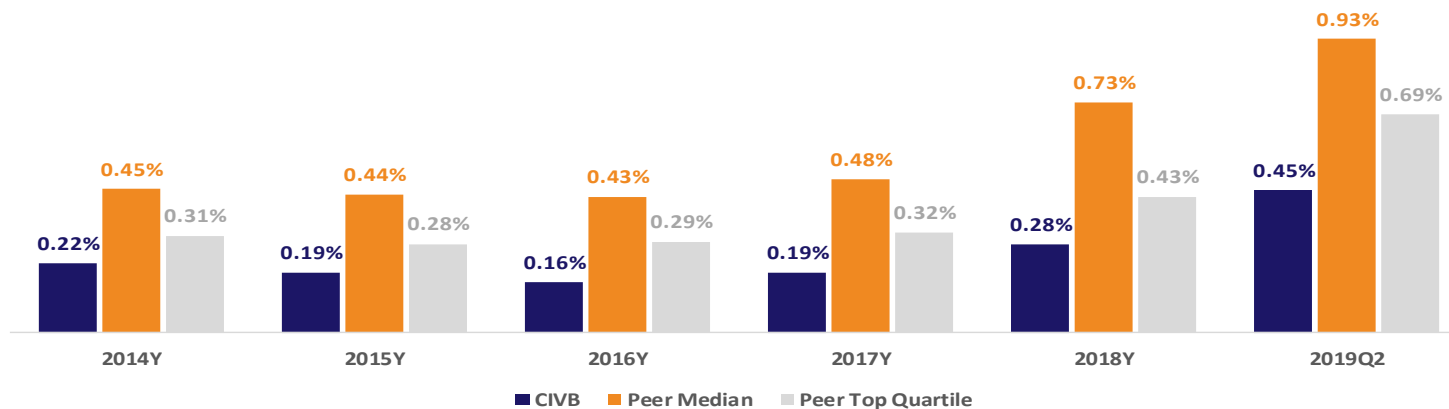
- Completed 8 acquisitions since the formation of the holding company in 1987, including the acquisition of United Community Bancorp, which closed in September 14, 2018
- Expanded commercial loan growth in Columbus, Cleveland, Akron and Dayton markets, and added the Cincinnati market
  - Since year-end 2013, loan portfolios in these markets have increased from \$276 million to \$682 million through Q2 2019
- Maintains a low cost, locally generated deposit base, primarily in rural markets



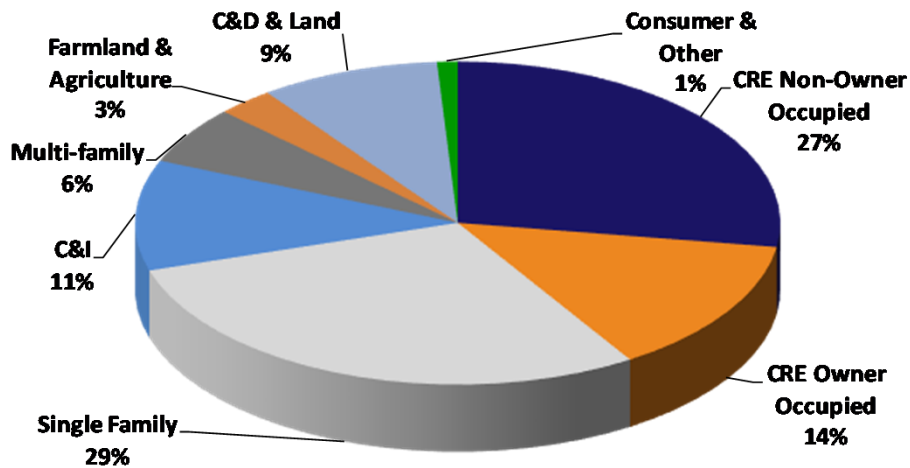


- Total Deposits: \$1.6 billion
- 2019 Total Cost of Deposits: 0.45%
- 30% Noninterest Bearing Demand Deposits
  - Split between Commercial (62%) and Retail (38%)
- 2019 Loan/Deposit Ratio: 98%

## Total Cost of Deposits (%)

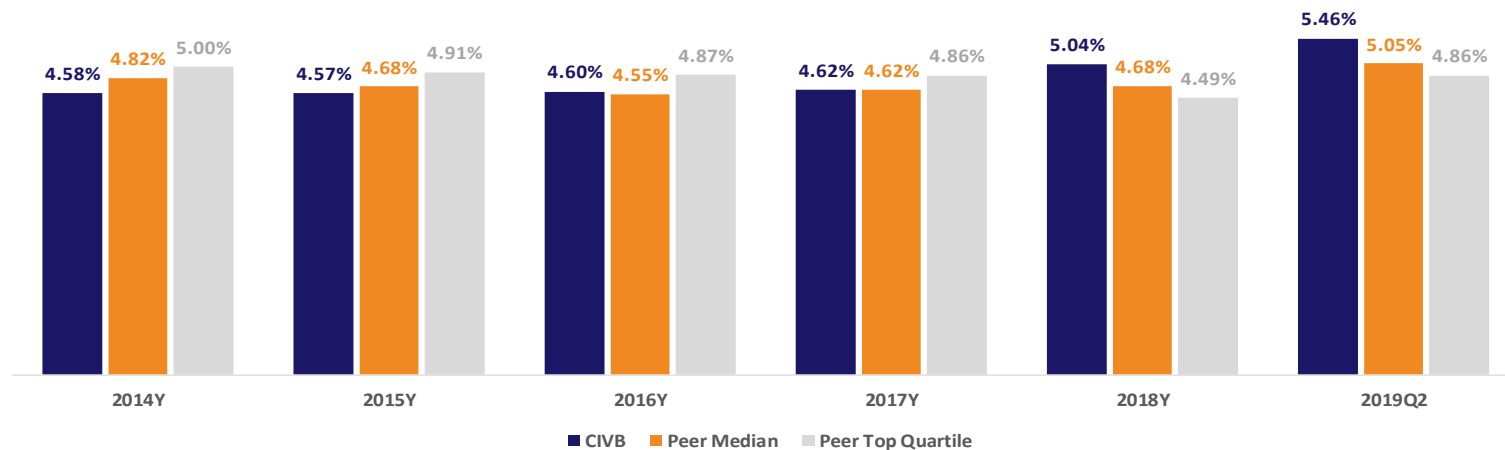


Source: Company Management and SNL Financial.  
 2019 Peer data as of 6/30/2019, or the latest available date.  
 Note: Comparable peers include public banks \$1-\$4B in Ohio and +/- 40% CIVB's asset size in contiguous states.



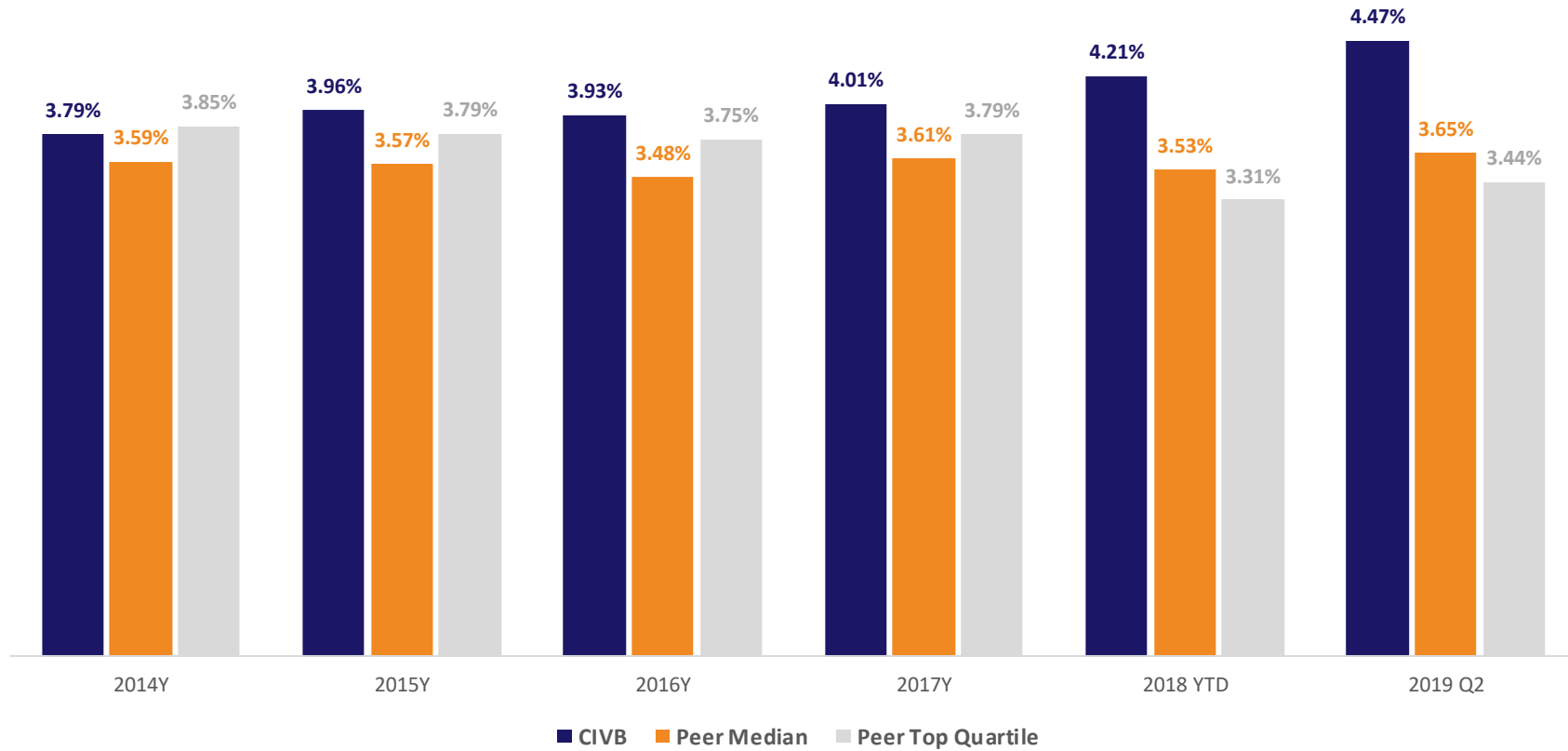
- Total Gross Loans: \$1.6 billion
- 2019 Loan Yield: 5.46%
- CRE to RBC ratio: 271.5%

## Yield on Loans (%)



Source: Company Management and SNL Financial.  
 2019 Peer data as of 6/30/2019, or the latest available date.  
 Note: Comparable peers include public banks \$1-\$4B in Ohio and +/- 40% CIVB's asset size in contiguous states.

# Peer Leading FTE Net Interest Margin



Source: SNL Financial.

2019 Peer data as of 6/30/2019, or the latest available date.

Note: Comparable peers include public banks \$1-\$4B in Ohio and +/- 40% CIVB's asset size in 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**
  - Sold 62% of mortgage loans originated in 2019

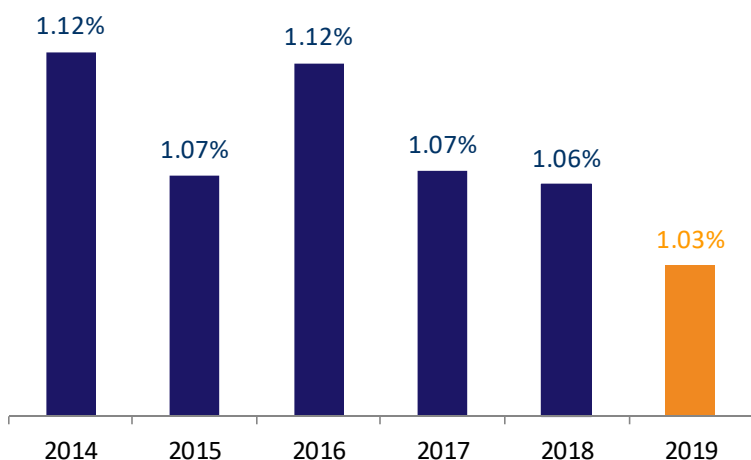
### Liabilities

- **Liability duration greater than three years**
- Focus on low-cost “sticky” demand deposits
- Non-maturing interest-bearing deposits
  - 30% of deposits are non-interest bearing accounts
- **Cost of interest-bearing deposits increased:**
  - 1 basis point during the quarter

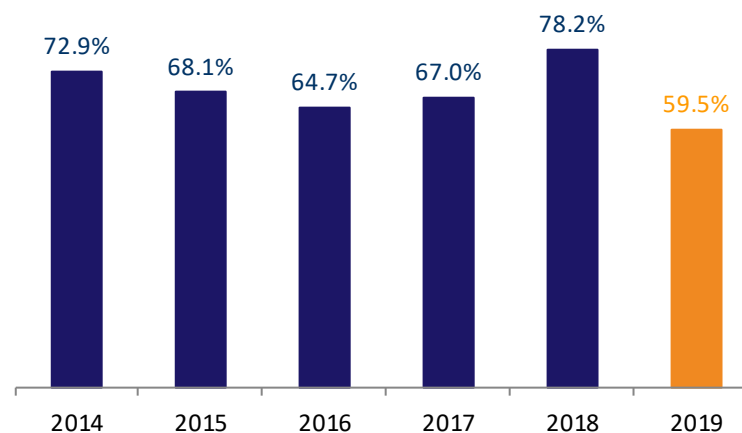
# Fee Income / Operating Efficiencies

- Fee income platform
  - YTD Service charges on deposit accounts were \$3.0 million and \$2.5 million for 2019 and 2018, respectively
- Mortgage Banking
  - YTD Gain on sale of loans, primarily mortgage loans, was \$886 thousand and \$807 thousand for 2019 and 2018, respectively
- Continued focus on: improving efficiency; operating leverage and branch network opportunities
- Tax Refund Processing Platform
  - Generated \$2.8 million YTD 2019 and YTD 2018

Noninterest Income / Average Assets

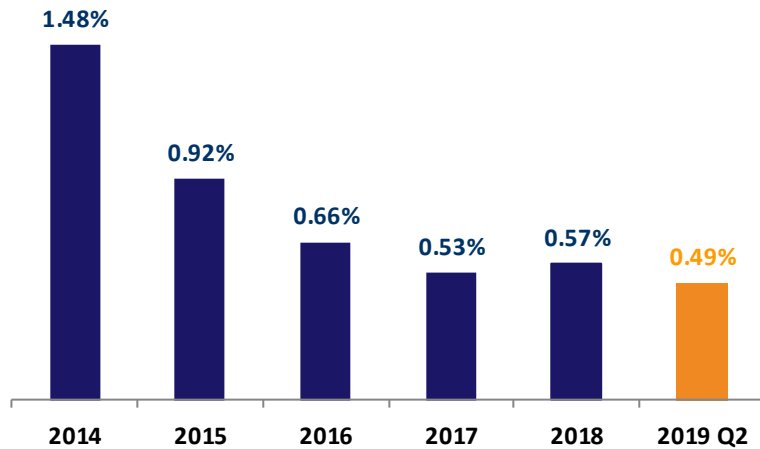


Efficiency Ratio

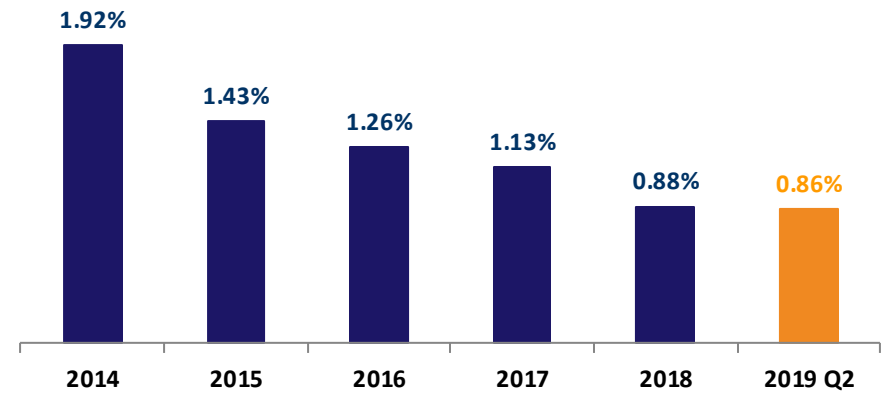




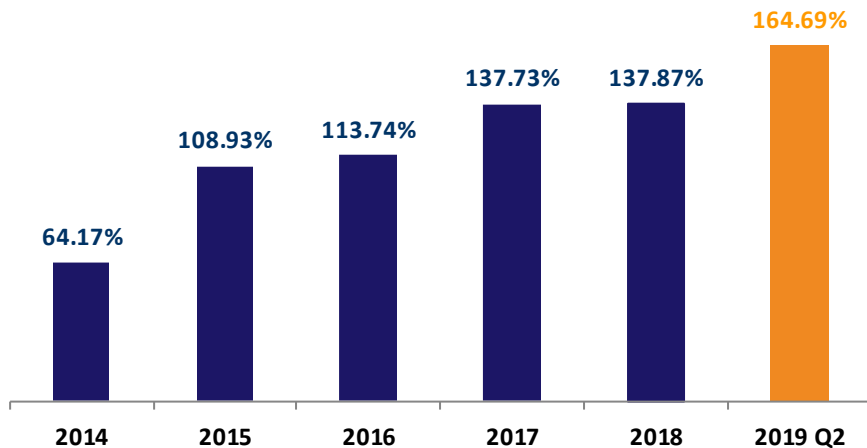
## Nonaccrual & 90 days Past Due<sup>2</sup> / Gross Loans



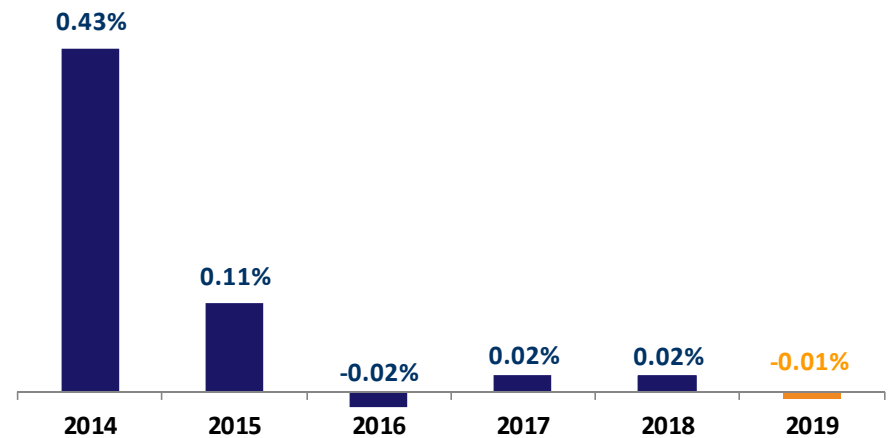
## Loan Loss Reserves / Gross Loans



## Reserves / NPLs



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

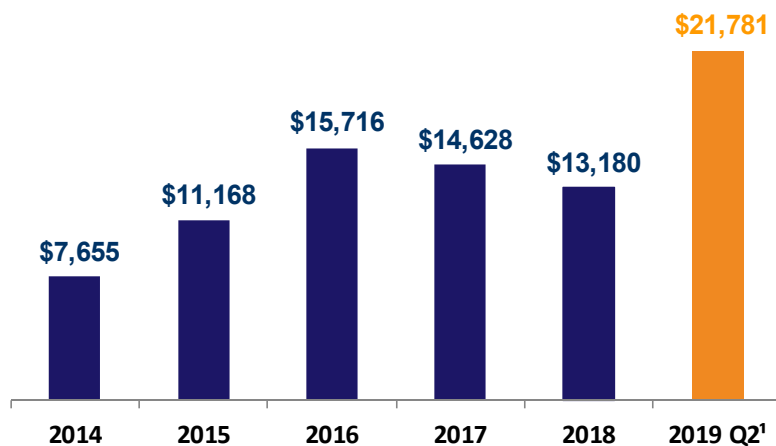


Source: Company Management and SNL Financial.

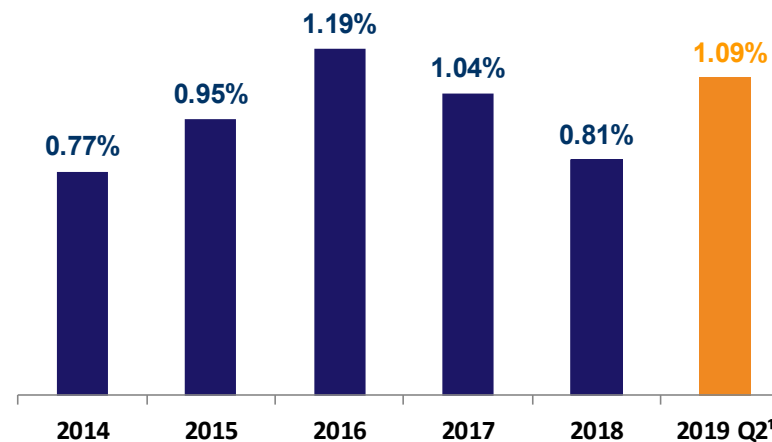
<sup>1</sup> LTM basis <sup>2</sup> Excluding PCI (purchased credit impaired loans).

# Profitability & Returns Analysis

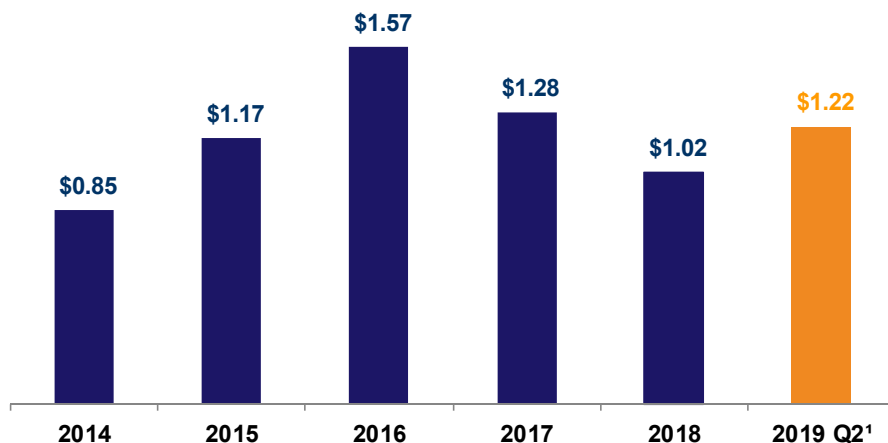
## Net Income Available to Common Shareholders



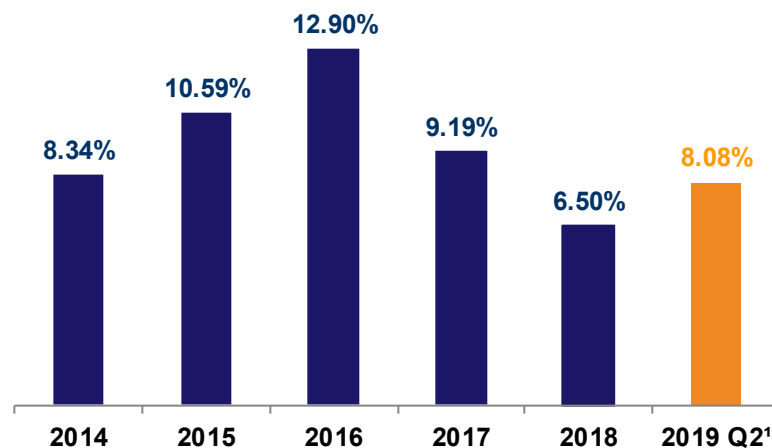
## ROAA



## Diluted Earnings per Share



## ROAE



(\$ in thousands, except per share data)

	For the Years Ended December 31,					2019 Q2	As Converted <sup>1</sup>
	2014	2015	2016	2017	2018		
Total Equity	\$115,909	\$125,173	\$137,616	\$184,461	\$298,898	\$324,212	\$324,212
Preferred Equity	\$23,132	\$22,273	\$18,950	\$17,358	\$9,364	\$9,364	\$0
Common Equity	\$92,777	\$102,900	\$118,666	\$167,103	\$289,534	\$314,848	\$324,212
TCE / TA <sup>2</sup>	5.80%	5.71%	6.70%	9.31%	9.98%	10.89%	11.33%
Tier 1 Leverage Ratio	10.70%	9.96%	10.55%	12.70%	12.22%	12.44%	12.44%
Tier 1 Risk-based Capital Ratio	13.44%	12.70%	12.98%	15.47%	15.30%	15.94%	15.94%
Total Risk-based Capital Ratio	14.70%	13.96%	14.20%	16.55%	16.15%	16.78%	16.78%

- ◆ 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. Note: these shares may be converted to common shares on or after 12/19/19. <sup>2</sup>TCE Non-GAAP reconciliation on page 21.

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

	For the Years Ended December 31,					LTM Q2
	2014	2015	2016	2017	2018	2019
Net Interest Income	\$41,866	\$47,392	\$50,259	\$54,502	\$66,107	\$80,030
Provision for Loan Losses	1,500	1,200	(1,300)	0	780	780
Noninterest Income	13,874	14,278	16,132	16,334	18,131	19,514
Noninterest Expense	41,550	42,944	43,855	48,604	66,679	71,635
Net Income/(Loss)	9,528	12,745	17,217	15,872	14,139	22,466
Net Income Available to Common Shareholders	\$7,655	\$11,168	\$15,716	\$14,628	\$13,180	\$21,781
Diluted Earnings/(Loss) per Common Share	\$0.85	\$1.17	\$1.57	\$1.28	\$1.02	\$1.22
<i>Return on Average Assets (ROAA)</i>	<i>0.77%</i>	<i>0.95%</i>	<i>1.19%</i>	<i>1.04%</i>	<i>0.81%</i>	<i>1.09%</i>
<i>Return on Average Equity (ROAE)</i>	<i>8.34%</i>	<i>10.59%</i>	<i>12.90%</i>	<i>9.19%</i>	<i>6.50%</i>	<i>8.08%</i>

- Strong asset quality
- Proven acquirer
  - Completed 8 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 – 48 bps lower than peer at June 30, 2019
  - High yield loan portfolio – 41 bps higher than peer at June 30, 2019
- Experienced management team with an average of 27 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 2014 to Q2 2019
  - Net Income CAGR: 26.4%
  - TBV / Share CAGR: 11.6%
  - EPS CAGR: 8.4%

## Tangible Common Equity and Tangible Assets

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

	As of and for the Years Ended December 31,					
	2014	2015	2016	2017	2018	Q2 2019
<b>Tangible Common Equity</b>						
Total Shareholder's Equity - GAAP	\$ 115,909	\$ 125,173	\$ 137,616	\$ 184,461	\$ 298,898	\$ 324,212
Less: Preferred Equity	23,132	22,273	18,950	17,358	9,364	9,364
Less: Goodwill and intangible assets	<u>23,243</u>	<u>28,916</u>	<u>28,218</u>	<u>27,631</u>	<u>84,540</u>	<u>84,043</u>
<i>Tangible common equity</i>	\$ 69,534	\$ 73,984	\$ 90,448	\$ 139,472	\$ 204,994	\$ 230,805
Total Shares Outstanding	7,707,917	7,843,578	8,343,509	10,198,475	15,603,499	15,633,059
<i>Tangible book value per share</i>	\$ 9.02	\$ 9.43	\$ 10.84	\$ 13.68	\$ 13.14	\$ 14.76
<b>Tangible Assets</b>						
Total Assets - GAAP	\$ 1,213,191	\$ 1,315,041	\$ 1,377,263	\$ 1,525,857	\$ 2,138,954	\$ 2,202,995
Less: Goodwill and intangible assets	<u>23,243</u>	<u>28,916</u>	<u>28,218</u>	<u>27,631</u>	<u>84,540</u>	<u>84,043</u>
<i>Tangible assets</i>	\$ 1,189,948	\$ 1,286,125	\$ 1,349,045	\$ 1,498,226	\$ 2,054,414	\$ 2,118,952
<i>Tangible common equity to tangible assets</i>	5.84%	5.75%	6.70%	9.31%	9.98%	10.89%



**Thank You**

