Civista Bancshares, Inc.

Third Quarter 2025 Earnings Call

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PRESENTATION

Operator

Before we begin, I would like to remind you that this conference call may contain forward-looking statements with respect to the future performance and financial condition of Civista Bancshares, Inc. that involves risks and uncertainties. Various factors could cause actual results to be materially different from any future results expressed or implied by such forward-looking statements. These factors are discussed in the Company's SEC filings, which are available on the Company's website. The Company disclaims any obligation to update any forward-looking statements made during the call. Additionally, the management may refer to non-GAAP measures, which are intended to supplement but not substitute the most directly comparable GAAP measures.

The press release, also available on the Company's website, contains the financial and other quantitative information to be discussed today as well as the reconciliation of the GAAP to non-GAAP measures.

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

At the conclusion of Mr. Shaffer's remarks, he and the Civista management team will take any questions you may have.

Now I will turn the call over to Mr. Shaffer.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Thank you. Good afternoon. This is Dennis Shaffer, President and CEO of Civista Bancshares, and I would like to thank you for joining us for our Third Quarter 2025 Earnings Call. I'm joined today by Chuck Parcher, EVP of the Company and President of the Bank; Rich Dutton, SVP of the Company and Chief Operating Officer of the Bank; Ian Whinnem, SVP of the Company and Chief Financial Officer of the Bank ,and other members of our executive team.

This morning, we reported net income for the third quarter of $12.8 million or $0.68 per diluted share, which represents a $4.4 million or 53 percent increase over the third quarter in 2024 and a $1.8 million or 16 percent increase over our linked quarter. This also represents an increase in pre-provision net revenue of $4.9 million or 45 percent over our third quarter in 2024 and a $1.9 million or a 14 percent increase over our linked quarter.

Net interest income for the quarter totalled $34.5 million, which is in line with the linked quarter. As a reminder, last quarter included a one-time $1.6 million adjustment stemming from the conversion of our core lease accounting system. This nonrecurring item boosted net interest income and contributed to our second quarter reported margin of 3.64 percent. As a result, our net interest margin declined by 6 basis points to 3.58 percent. However, excluding the prior quarter's adjustment, our margin would have been 3.47 percent, resulting in an 11 basis point expansion in our margin.

Our funding cost for the quarter declined by 5 basis points to 2.27 percent, which is 34 basis points lower than previous year's third quarter.

In July, we successfully completed our follow-on common stock offering, issuing approximately 3.78 million new shares and raising $80.5 million of new capital. This additional capital will allow us to

continue growing our franchise by accelerating organic growth, investing in technology, people and infrastructure. More immediately, we used our new capital to reduce overnight borrowings and to strengthen our tangible common equity that we thought might have weighed on our stock.

Earlier this month, we also announced that we have received regulatory approval from both the Federal Reserve and the Ohio Department of Financial Institutions to complete our previously announced merger of Farmers Savings Bank into our bank. Farmers will hold their shareholder meeting to formally approve the merger agreement on November 4, and we plan to close the transaction shortly thereafter. Our teams have already begun preparations for a successful system conversion in early February of 2026. We look forward to welcoming Farmers employees and customers into the Civista family.

Earlier this week, we announced a quarterly dividend of $0.17 per share, which is consistent with the prior quarter. Based on September 30 closing market price of $20.31, this represents a 3.3 percent yield and a dividend payout ratio of nearly 25 percent.

During the quarter, noninterest income increased $3 million or 46.2 percent over the linked quarter and was consistent with the third quarter of 2024. The primary driver of the increase from our linked quarter was a $1.4 million increase in fees related to leasing operations. This increase was attributable to a $1 million reduction in fee income resulting from a nonrecurring adjustment in the second quarter of 2025 related to the Civista Leasing and Finance core system conversion coupled with increased leasing activity in the third quarter of 2025, resulting in a $300,000 increase in revenues.

Noninterest income for the quarter was $9.6 million, which was consistent with the prior year's third quarter. We did experience a $494,000 decline in leasing fees on fewer originations. However, this decline was offset by increases in nearly every other noninterest income category.

We continue to focus on controlling expenses. For the quarter, noninterest expense was $28.3 million, which represents an increase of $845,000 or 3.1 percent over the linked quarter. However, the primary driver of the increase was $700,000 in nonrecurring acquisition expenses related to the merger with Farmers Savings.

In looking at our noninterest expense compared to the prior year's third quarter, while some of the line items fluctuated, total noninterest expense was virtually unchanged. The main category fluctuations for the third quarter comparisons were compensation expense decreased $700,000 for the third quarter of 2025 compared to the prior year's third quarter due to an increase in the deferral of salaries and wages related to the loan originations in 2025. Marketing expense decreased $300,000 for the third quarter of 2025 compared to the prior year's third quarter, mainly due to a shift to lower cost digital marketing and lower promotional expenses related to advertising and product marketing. These decreases were offset by the aforementioned acquisition expenses that increased noninterest expense by $700,000.

Our efficiency ratio for the quarter improved to 61.5 percent compared to 64.5 percent for the linked quarter and 70.5 percent for the prior year third quarter. Our effective tax rate was 18.5 percent for the quarter and 16.2 percent year-to-date.

Turning our focus to the balance sheet, for the quarter, total loans and leases declined by $55.1 million. Loan demand remained strong across our footprint, however, we experienced over $120 million of payoffs during the quarter. Most of these payoffs were the result of businesses being sold and real estate projects leasing up and moving on to the CMBS permanent market. While we view most of these payoffs as good due to their successful nature, it does present some headwinds when a significant number of loan payoffs pay off in one quarter.

While loans were flat or declined in nearly every category, our most significant declines were a $36 million decline in commercial and ag loans and a $48 million decline in nonowner-occupied CRE. Both were primarily the result of the previously mentioned payoffs.

We did have a $27 million increase in residential loans. The loans we originate for our portfolio continue to be virtually all adjustable rate and our leases all have maturities of five years or less.

Year-to-date, we have grown our loan portfolio by $14 million. As we have shared on previous calls, we've been pricing commercial and ag opportunities aggressively and had been more conservative in how we priced commercial real estate opportunities, attempting to manage our concentration in the CRE portfolio.

Post capital raise, we have become more aggressive in pricing CRE opportunities, which has contributed to substantially increasing our pipelines going into the fourth quarter. That said, we are mindful of making sure we have the funding and capital to support our CRE growth. At September 30, our CRE to risk-based capital ratio was 288 percent. We have established an internal CRE limit of approximately 325 percent of our risk-based capital going forward.

During the quarter, new and renewed commercial loans were originated at an average rate of 7.25 percent, residential real estate loans were originated at 6.59 percent, and loans and leases originated by our Leasing division were at an average rate of 9.36 percent.

Loans secured by office buildings make up 4.8 percent of our total loan portfolio. As we have stated previously, these loans are not secured by high-rise metro office buildings; rather they are predominantly secured by single or 2-storey offices located outside of our central business districts.

Along with year-to-date loan production, our pipelines are strong and our undrawn construction lines were $173 million at September 30. This should allow our organic loan growth to return to an annualized mid-single-digit range for the fourth quarter and increase into the mid to high single digits in 2026, as we leverage Farmers' excess deposits and our loan pipelines continue to build.

On the funding side, total deposits grew by $33.4 million, which is meaningful given that we were able to reduce our dependence on broker deposits by $23 million during the quarter. This represents a $56.4 million increase in core deposit funding during the quarter as we continue to focus on our deposit-generating initiatives. This helped us lower our overall cost of funding by 5 basis points during the quarter to 2.27 percent.

We continue to see migration from interest-bearing demand accounts into higher rate deposit accounts during the quarter, which caused our cost of funds to increase 15 basis points. However, as we previously mentioned, our total funding costs declined by 5 basis points as we executed the funding approach that we messaged on last quarter's call.

We continue to focus on growing core funding. In July, we launched our new digital deposit account opening platform. We started slowly limiting online account opening to CDs and markets near our current branch locations where we felt we had some name recognition. We plan to begin offering checking and money market accounts during the fourth quarter. We are also preparing to roll out our deposit product redesign initiative during the fourth quarter. The goal of this initiative will be to streamline deposit accounts that we acquire through various acquisitions and align our product set with our new digital channels.

Our deposit base continues to be fairly granular with our average deposit account, excluding CDs, approximately $27,500.

Noninterest-bearing deposit and business operating accounts continue to be a focus. In addition to those already mentioned, we have several initiatives underway to gather these type of deposits, including monthly marketing blitzes and marketing to low- to no-deposit balance loan customers, which are yielding some success.

At quarter end, our loan-to-deposit ratio was 95.8 percent, which is down from the linked quarter. We anticipate further reducing this ratio into our targeted range of 90 percent to 95 percent once the Farmers acquisition closes.

Other than the $509.5 million of public funds with various municipalities across our footprint, we had no deposit concentrations at September 30.

We believe our low-cost deposit franchise is one of Civista's most valuable characteristics, contributing significantly to our solid net interest margin and overall profitability and look forward to adding Farmers' low-cost deposit base to our franchise.

The declining interest rate environment reduced some of the pressure on bond portfolios. At September 30, our securities were all classified as available for sale and had $44.5 million of unrealized losses associated with them. This represented a reduction in unrealized losses of $8.9 million since December 31, 2024.

At September 30, our security portfolio was $657 million which represented 16 percent of our balance sheet, and when combined with cash balances it represents 22.3 percent of our deposits.

We ended the quarter with our Tier 1 leverage ratio at 11 percent, which is deemed well capitalized for regulatory purposes.

Our tangible common equity ratio increased from 6.7 percent at June 30 to 9.21 percent at September 30 on our strong earnings and successful capital raise. However, post closing on our Farmers acquisition, we anticipate our tangible common equity ratio declining to 8.6 percent, which we feel gives us capital to support organic growth, invest in technology, people and infrastructure.

Civista’s earnings continue to create capital and our overall goal remains to maintain adequate capital to support organic growth and prudent investment into our company. We will continue to focus on earnings and will balance the payment of dividends and any repurchases with building capital to support our growth.

Although we did not repurchase any shares during the quarter, we continue to believe our stock is a value. Despite comments made during some of the large bank earning calls, the economy across our footprint continues to show no real signs of concern. For the most part, our borrowers plan for and continue to successfully navigate tariff and other economic issues specific to their industries.

Our credit quality remains strong and our credit metrics remain stable. Civista, like most community banks, has no exposure to shared national credits, nor do we have significant exposure to floor plans, indirect auto lending or loans to non-depository financial institutions, which seems to be the types of credit that have caused much of the recent concern.

For the quarter, criticized credits were virtually unchanged at $93.3 million. The continued strong performance of our credits, coupled with significant loan payoffs resulted in a minimal $200,000 provision for the quarter. Our ratio of our allowance for credit losses to loans is 1.30 percent at September 30, which is consistent with the 1.29 percent at December 31, 2024. In addition, our allowance for credit losses to nonperforming loans is 177 percent at September 30, an improvement when compared to 122 percent at December 31, 2024.

In summary, it's been a very busy and productive quarter. We reported strong earnings that were 53 percent higher than the previous year's quarter. We grew pre-provision net revenue by 45 percent over the previous year's quarter. After adjusting for one-time items, we expanded our margin by 11 basis points over our linked quarter. We continue to gather new customers, increasing core deposits by $87 million year-to-date. We had a very successful capital raise and our teams are working toward the successful integration of our new Farmers team members and customers. That's a pretty productive

quarter and one that I believe sets us up for a strong finish to the year and one that should get us off to a strong start in 2026. I could not be more bullish for Civista and our shareholders.

Thank you for your attention this afternoon and your investment. Now we will be happy to address any questions you may have.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. To ask a question you may press star, then one on your touch-tone phone. If you are using a speaker phone, please pick up your handset before pressing the keys. To withdraw your question, please press the pound key. We will pause for a moment to compile the Q&A roster.

Our first question comes from the line of Ryan Payne from D.A. Davidson. Your line is open.

Ryan Payne – Analyst, D.A. Davidson & Co.

Hey, good afternoon, guys.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Hello, Ryan.

Ryan Payne – Analyst, D.A. Davidson & Co.

Maybe starting with the margin, how do you see that shaking out on a rate sensitivity basis, if we do see a few more cuts before the end of the year? Any expected impact from further cuts if we kind of think into 2026?

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Hey Ryan, it's Ian. The way that we're really looking at it right now is just a cut in October, another cut in December, and then we're still working through kind of that 2026 guidance. At least from a baseline of—if there's a cut in October and December, also with the addition of Farmers coming in, we are anticipating the margin to expand about another 5 basis points in the fourth quarter from where the third quarter was.

Ryan Payne – Analyst, D.A. Davidson & Co.

Got it. Helpful. Moving to capital, on capital priorities post close of Farmers, it sounds like that will be reserved for organic growth and you will remain opportunistic on repurchases. But maybe on M&A and how conversations are going, has the deal kind of brought in more inbounds or interest?

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

No, I wouldn't say it has. I think really, we're really focused right now on growing organically, first off, and we want to increase our tangible book value, and we want to continue to see our earnings per share grow. M&A can be tough at times. For instance, last year, we took a look at six deals and we passed

on all six of those deals because they just didn't meet our criteria. So we feel we're pretty disciplined when we evaluate an M&A transaction and we're going to continue to stay disciplined as opportunities present themselves.

The Farmers deal checked a lot of boxes for us and gave us some much-needed liquidity, so that's why we went ahead and did that deal. There's been other deals announced here even this week in Ohio. That certainly probably does spur some interest. But really, the main reason we raised the capital was to help support our organic growth and to allow us to make the necessary investments, like I mentioned, in technology and people and infrastructure.

Our real focus is really on deepening our relationships and growing fee income, expanding our digital services and bringing new products and verticals because we want to gain just a greater share of our customers wallet and we want to focus on attracting new customers to the bank.

Our data tells us that customers with strong relationships we had about four times the revenue compared to other customers, so in order to deepen those relationships and bring in those customers we have to make capital investments in things like artificial intelligence and profitability tools. I think these investments will enable us to precisely target our best opportunities, improve the effectiveness of our cross-selling efforts, improve retention and just optimize profitability by putting these pricing tools in the hands of our sales team. That's just one example of how we plan to use the capital.

I think another example that we've talked about on previous calls is how we've been using it to make investments in the robotic process automation. We'll continue to focus on just leveraging that type of automation to help us grow the Bank while just improving our operating leverage. We've had some

success with that and we're going to continue to make improvements because I think that just makes us a more efficient organization.

So again, we will look at M&A if it meets our criteria, but our main focus really is to organically grow the Bank and just increase our earnings. There's just a lot of disruption right now in our market, and we feel there's really a lot of organic opportunity for us as we continue to make the necessary capital investments to take advantage of those opportunities.

Ryan Payne – Analyst, D.A. Davidson & Co.

Great. Got it. Last one for me, just a housekeeping item. The effective tax rate coming in higher than historical, anything impacting that this quarter? Would you expect to stay in kind of this range going forward?

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Yes, we ended up increasing our expected earnings for the remainder of the year, so to balance that out it did increase in the third quarter.

On a year-to-date basis, we're at that 16 percent to 16.5 percent range. We anticipate that for the fourth quarter.

Ryan Payne – Analyst, D.A. Davidson & Co.

Got it. Thanks for the detail, guys. I'll step back.

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Thanks, Ryan.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Thank you.

Operator

Our next question comes from the line of Brendan Nosal from Hovde Group. Your line is open.

Brendan Nosal – Analyst, Hovde Group

Hey, good morning, folks. Hope you're doing well. (Cross-talking).

Maybe just starting off here on the outlook for loan growth, (inaudible) loud and clear on the mid-single-digit pace for the fourth quarter and then mid- to high across 2026. Can you just kind of talk about your confidence in achieving that, given that year-to-date loan balances are pretty flat, so that's a pretty meaningful ramp. Just talk about why you have confidence in your ability to achieve that?

Charles Parcher – Executive Vice President and Director, Civista Bancshares, Inc. / President, Civista Bank

Sure, Brendan. This is Chuck. If you look historically, we've always been a great loan-generating operation. With where our real estate concentrations were earlier in the year, we really weren't—I don't want to say weren't competitive, but we weren't very aggressive in trying to bring new business into the Bank and it kind of caught up with us a little bit here in the third quarter where we had a bunch of expected

payoffs. As Dennis mentioned, most of them what I would call good payoffs; a couple of companies selling and a few projects going off to the permanent market.

But our pipeline right now is sitting higher than it was last year, significantly higher than it was earlier in the year. So we feel good with the momentum going into the fourth quarter. We've got a few more payoffs we're kind of staring at in the fourth quarter, but not to the same level that we had in the third. So we feel good about looking out to that mid-single-digit growth going forward.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Brendan, I would mention that I think it's important to note on the payoffs that we had several of our business clients that we were really successful in maintaining some of those deposits, both at the Bank and at the Wealth Management level and other areas of the bank. So even though we lost some of the interest income for the payoffs of the loan, we maintained that relationship and we're making money in other areas of the Bank. I think that's important to note. I sat in our Wealth and Trust Wealth meeting yesterday and a couple of those loan payoffs, we've got significant—Wealth is now managing that money that the business owner received. So we are making some money from that. I just think it's important to note that we didn't include that in our earlier comments.

Brendan Nosal – Analyst, Hovde Group

Yes. Got it. That's helpful color. I appreciate it.

Maybe moving over to the fee income, gain on sale of loans was up significantly for the quarter. Can you just kind of decompose that into (inaudible) family gains versus lease gain on sale and how we should think about that line item going forward?

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Yes, absolutely. In the third quarter, roughly $1.1 million gain on sale is about $850,000 in this mortgage, $300,000 of it was CLF for our leasing side of things. Plus, there was an additional $300,000 on that for gain on disposal of equipment on the leasing side. That's kind of a lumpy stuff that we end up seeing as opposed to the more traditional gain on sale.

Charles Parcher – Executive Vice President and Director, Civista Bancshares, Inc. / President, Civista Bank

And Brendon, I will say I think probably like almost every other community bank in the country, we really do feel like we'll see a major uptick in gain on sale, if we see the 30-year mortgage refinance rates go under 6 percent. I think we've got a backlog what we would consider a lot of refinance opportunity if we do see those rates dip down for a while.

Brendan Nosal – Analyst, Hovde Group

Okay. Okay. Good. Then while I have you, just maybe on fee income overall, I know that it tends to be volatile quarter-to-quarter and this felt like a particularly strong quarter versus earlier in the year. Any thoughts on the overall level of fee income to wrap up the year?

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Yes. So if we take that $9.6 million that we had in the third quarter, if we back out the BOLI and the security gains, getting us down to about $9 million, we anticipate being about $9.2 million in the fourth quarter, and that would include about $50,000 from Farmers.

Brendan Nosal – Analyst, Hovde Group

Fantastic. Thanks for taking the questions.

Operator

Your next question comes from the line of Terry McEvoy from Stephens. Your line is open.

Terry McEvoy – Analyst, Stephens Inc.

Hi. Good afternoon everybody.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Hi Terry.

Terry McEvoy – Analyst, Stephens Inc.

Maybe a question on the decline in loan yields in the third quarter relative to the second quarter. Could you just talk about, is that just a mix shift? You were building the residential portfolio, some pricing competition, and then looking out into the fourth quarter, do you see an opportunity to expand loan yields kind of on a core basis before the merger, just on some fixed asset repricing?

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Yes. Just a reminder, Terry—this is Ian. In the second quarter, we had that nonrecurring item that was in the interest income, which is about $1 million. If that gets excluded, then we end up being much more normalized on the yields on loans.

Charles Parcher – Executive Vice President and Director, Civista Bancshares, Inc. / President, Civista Bank

And Terry, to your point, it just got the 9/30 report. We're watching very closely the amount of loans that will reprice over the next 12 months and we've got about $225 million that will reprice here over the next 12 months and an adjustable rate; most of them buy the three-year mortgages, so we do feel we'll see a pickup in yield on that $225 million as we fight a little bit of probably floating rate stuff going down during the same time period.

Terry McEvoy – Analyst, Stephens Inc.

Great. Thanks for the reminder and the update there. Much appreciated.

I believe you said the systems conversion, early February. Could you maybe talk about the timing of the cost saves? In the back half of next year, do you expect that to be fully in the run rate?

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Yes. So we anticipate. As you mentioned, the system conversion occurring, that reduces a lot of the contract expenses we're processing as well as some of the staffing reductions will take place following that, too.

Terry McEvoy – Analyst, Stephens Inc.

Great. Thanks for taking my questions.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Thanks, Terry.

Operator

Our next question comes from the line of Tim Switzer from KBW. Your line is open.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Hey, good afternoon. Thanks for taking my question.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Hi Tim.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Most of mine have been answered already, but are you able to tie down at all when in November you guys are expecting to close Farmers? Is it the beginning of the quarter? Towards the end? Just to kind of help us with the modeling.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Yes. We hope—they have their shareholders' meeting on November 4, and we hope to close it shortly thereafter, definitely probably before the middle of the month. So if you're modeling, you're going to have at least 45 days for the quarter (inaudible) those banks together. That would probably be fairly conservative. We hope to be a few days ahead of that, but to be safe on your modeling.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Got you. Okay. Then the NIM guidance has been very helpful. Are you able to quantify at all what maybe the purchase accounting impact is on the NIM and what you guys expect on like a full quarter basis?

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Yes. Let me see if I have that handy.

I do not have that in front of me actually.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

We'll shoot that out to all of the analysts on the call today.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Okay. I was wondering what you guys are seeing in terms of loan competition on pricing in your markets. Any kind of changes there recently?

Charles Parcher – Executive Vice President and Director, Civista Bancshares, Inc. / President, Civista Bank

I think everybody has gotten a little bit more aggressive. We're seeing that the rates kind of fall down below that 6.5 percent level, probably somewhere between the 6 percent and 6.5 percent level on the better deals. It's pretty competitive across. I wouldn't tell you there's any one market here in Ohio or Indiana is any less or more competitive; they're all very competitive right now, both on the deposit and on the loan side.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

And I would say, Tim, the disruption in the marketplace is obviously, I think, going to help us. You've got some of the bigger players like Huntington and Fifth Third who have announced some deals out of state and their focus is probably—their attention is elsewhere. And then we still—the Premier WesBanco thing is less than a year old, and we just saw the Middlefield announcement yesterday. All of that disruption really helps us in that change. We think that will benefit us both from a loan and deposit standpoint.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Okay. Yes, that's helpful. Outside of the disruption that you mentioned, do you have a sense for the loan pricing specifically? How much of that the competition is being driven by either slowing demand from borrowers versus simply the lower rates from the Fed?

Charles Parcher – Executive Vice President and Director, Civista Bancshares, Inc. / President, Civista Bank

I think the demand has been pretty consistent. I mean, as I said earlier, we weren't quite as aggressive in the first half of the year just based on where we were sitting at on the balance sheet. But I

would tell you demand has been pretty consistent in Ohio all year. And knock on wood, the economy here, especially in the 3Cs in Ohio has been really good and we don't see that changing anytime soon.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Yes. We feel the economy and our customers have really adapted to some of the conditions as I stated in my earlier comments. I think it's probably more driven by rate than anything else, the lower rates by the Fed and stuff. That's going to hopefully spur a little bit more activity as well.

Charles Parcher – Executive Vice President and Director, Civista Bancshares, Inc. / President, Civista Bank

I do think, especially some of our competition, I think there's a lot more confidence around commercial real estate than there was 12 to 18 months ago. I think everybody was a little bit leery of it, which helped us keep rates up on certain things. But now I think that’s started to subside, obviously, and rates are starting to shoot back down.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Got you. Very helpful. Thank you, guys.

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Hey Tim, this is Ian. On the accretion question that you had, it would be about $150,000 in the fourth quarter.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Okay. Then when we get into the full quarter in Q1, that would be $300 million.

Ian Whinnem – Senior Vice President and Chief Financial Officer, Civista Bancshares, Inc.

Yes, in that range. Maybe $280 million.

Tim Switzer – Analyst, Keefe, Bruyette, & Woods, Inc.

Perfect. All right, thank you so much.

Operator

There are no further questions at this time. I would now like to turn the conference back to Mr. Shaffer. Please go ahead.

Dennis Shaffer – President, Chief Executive Officer & Chairman, Civista Bancshares, Inc.

Thank you. In closing, I just want to thank everyone for joining us for today's call and for your investment in Civista. I remain really confident that this quarter's list of accomplishments and strong financial results, and just our disciplined approach to managing the Company positions us really well for long-term future success. I look forward to talking to you all again in a few months to share our year-end results. Thank you for your time today.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.