UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended - September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to

Commission File Number: 001-36192

Civista Bancshares, Inc.
(Exact name of registrant as specified in its charter)

Ohio **(State or other jurisdiction of incorporation or organization)**	**34-1558688** **(I.R.S. Employer Identification No.)**
100 East Water Street, Sandusky, Ohio **(Address of principal executive offices)**	**44870** **(Zip Code)**

Registrant's telephone number, including area code: (419) 625-4121

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common	CIVB	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Shares, no par value, outstanding at November 7, 2024—15,736,528 shares

CIVISTA BANCSHARES, INC.
Index

Part I – Financial Information

ITEM 1. Financial Statements

CIVISTA BANCSHARES, INC.
Consolidated Balance Sheets
(In thousands, except share data)

	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Cash and due from financial institutions	$ 74,662	$ 60,406
Investments in time deposits	1,450	1,225
Securities available-for-sale	626,788	618,272
Equity securities	2,325	2,169
Loans held for sale	8,299	1,725
Loans, net of allowance for credit losses of $41,268 and $37,160	3,002,678	2,824,568
Other securities	32,633	29,998
Premises and equipment, net	49,967	56,769
Accrued interest receivable	13,614	12,819
Goodwill	125,520	125,520
Other intangible assets, net	8,309	9,508
Bank owned life insurance	62,912	61,335
Swap assets	8,196	12,481
Deferred taxes	17,659	18,357
Other assets	26,411	26,266
Total assets	$ 4,061,423	$ 3,861,418
LIABILITIES		
Deposits		
Noninterest-bearing	$ 686,316	$ 771,699
Interest-bearing	2,537,416	2,213,329
Total deposits	3,223,732	2,985,028
Short-term Federal Home Loan Bank advances	287,047	338,000
Long-term Federal Home Loan Bank advances	1,598	2,392
Subordinated debentures	104,067	103,943
Other borrowings	6,319	9,859
Swap liabilities	8,196	12,481
Accrued expenses and other liabilities	36,026	37,713
Total liabilities	3,666,985	3,489,416
SHAREHOLDERS' EQUITY		
Common shares, no par value, 40,000,000 shares authorized, 19,338,734 shares issued at September 30, 2024 and 19,288,674 shares issued at December 31, 2023, including Treasury shares	311,901	311,166
Retained earnings	198,034	183,788
Treasury shares, 3,602,206 common shares at September 30, 2024 and 3,593,250 common shares at December 31, 2023, at cost	(75,586)	(75,422)
Accumulated other comprehensive loss	(39,911)	(47,530)
Total shareholders' equity	394,438	372,002
Total liabilities and shareholders' equity	$ 4,061,423	$ 3,861,418

See notes to interim unaudited consolidated financial statements

CIVISTA BANCSHARES, INC.
Consolidated Statements of Operations (Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Interest and dividend income				
Loans, including fees	$ 46,898	$ 40,547	$ 136,328	$ 117,583
Taxable securities	3,258	2,999	9,262	8,817
Tax-exempt securities	2,369	2,336	7,116	6,917
Deposits in other banks	216	719	756	818
Total interest and dividend income	52,741	46,601	153,462	134,135
Interest expense				
Deposits	16,926	9,584	48,418	20,350
Federal Home Loan Bank advances	5,338	3,261	15,956	10,668
Subordinated debentures	1,244	1,239	3,732	3,606
Securities sold under agreements to repurchase and other	—	1,013	—	4,067
Total interest expense	23,508	15,097	68,106	38,691
Net interest income	29,233	31,504	85,356	95,444
Provision for credit losses - loans	1,346	630	5,188	2,111
Provision for (recovery of) credit losses - off-balance sheet credit exposures	(325)	130	(520)	595
Net interest income after provision	28,212	30,744	80,688	92,738
Noninterest income				
Service charges	1,595	1,853	4,523	5,457
Net gain (loss) on equity securities	223	69	156	(169)
Net gain on sale of loans and leases	1,427	787	3,179	2,033
ATM/Interchange fees	1,402	1,424	4,201	4,227
Wealth management fees	1,443	1,197	4,055	3,570
Lease revenue and residual income	2,428	1,913	7,630	6,160
Bank owned life insurance	717	266	1,434	830
Tax refund processing fees	—	—	—	2,375
Swap fees	43	21	165	198
Other	408	595	3,390	3,661
Total noninterest income	9,686	8,125	28,733	28,342
Noninterest expense				
Compensation expense	15,726	14,054	46,922	44,137
Net occupancy expense	1,293	1,368	3,959	4,096
Contracted data processing	636	651	1,740	1,730
Taxes and assessments	1,040	1,028	3,036	2,985
Professional services	1,134	1,010	3,532	3,804
Equipment expense/depreciation	2,345	2,687	7,313	8,213
ATM/Interchange expense	616	619	1,873	1,814
Marketing	716	497	1,640	1,542
Sponsorships	39	381	1,300	1,102
Communications	354	384	1,069	1,283
Insurance Expense	634	635	1,902	1,853
Software maintenance expense	1,203	1,052	3,568	2,989
Other operating expenses	2,245	2,256	6,371	6,155
Total noninterest expense	27,981	26,622	84,225	81,703
Income before taxes	9,917	12,247	25,196	39,377
Income tax expense	1,551	1,860	3,406	6,068
Net Income	$ 8,366	$ 10,387	$ 21,790	$ 33,309
Earnings per common share, basic	$ 0.53	$ 0.66	$ 1.39	$ 2.12
Earnings per common share, diluted	$ 0.53	$ 0.66	$ 1.39	$ 2.12

See notes to interim unaudited consolidated financial statements

CIVISTA BANCSHARES, INC.
Consolidated Statements of Comprehensive Income (Unaudited)
(In thousands)

	Three Months Ended September 30,				Nine Months Ended September 30,			
		2024		2023		2024		2023
Net income	$	8,366	$	10,387	$	21,790	$	33,309
Other comprehensive income (loss):								
Unrealized holding gains (losses) on available-for-sale securities		18,354		(30,058)		9,743		(27,217)
Tax effect		(3,932)		6,366		(2,124)		5,800
Reclassification of gains recognized in net income		—		—		—		—
Tax effect		—		—		—		—
Pension liability adjustment		—		—		—		—
Tax effect		—		—		—		—
Total other comprehensive income (loss)		14,422		(23,692)		7,619		(21,417)
Comprehensive income	$	22,788	$	(13,305)	$	29,409	$	11,892

See notes to interim unaudited consolidated financial statements

CIVISTA BANCSHARES, INC.
Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
(In thousands, except share data)

	Common Shares				Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Outstanding Shares	Amount	Retained Earnings	Treasury Shares		
Balance, June 30, 2024	15,737,222	$ 311,529	$ 192,186	$ (75,574)	$ (54,333)	$ 373,808
Net Income	—	—	8,366	—	—	8,366
Other comprehensive income	—	—	—	—	14,422	14,422
Stock-based compensation	—	372	—	—	—	372
Common stock dividends ($0.16 per share)	—	—	(2,518)	—	—	(2,518)
Purchase of common stock	(694)	—	—	(12)	—	(12)
Balance, September 30, 2024	15,736,528	$ 311,901	$ 198,034	$ (75,586)	$ (39,911)	$ 394,438

	Common Shares				Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Outstanding Shares	Amount	Retained Earnings	Treasury Shares		
Balance, June 30, 2023	15,780,227	$ 310,784	$ 168,777	$ (73,915)	$ (55,770)	$ 349,876
Net Income	—	—	10,387	—	—	10,387
Other comprehensive loss	—	—	—	—	(23,692)	(23,692)
Stock-based compensation	(84,230)	191	—	—	—	191
Common stock dividends ($0.15 per share)	—	—	(2,520)	—	—	(2,520)
Purchase of common stock	—	—	—	(1,497)	—	(1,497)
Balance, September 30, 2023	15,695,997	$ 310,975	$ 176,644	$ (75,412)	$ (79,462)	$ 332,745

See notes to interim unaudited consolidated financial statements

CIVISTA BANCSHARES, INC.
Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
(In thousands, except share data)

	Common Shares				Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Outstanding Shares	Amount	Retained Earnings	Treasury Shares		
Balance, December 31, 2023	15,695,424	$ 311,166	$ 183,788	$ (75,422)	$ (47,530)	$ 372,002
Net Income	—	—	21,790	—	—	21,790
Other comprehensive income	—	—	—	—	7,619	7,619
Stock-based compensation	50,060	735	—	—	—	735
Common stock dividends ($0.48 per share)	—	—	(7,544)	—	—	(7,544)
Purchase of common stock	(8,956)	—	—	(164)	—	(164)
Balance, September 30, 2024	15,736,528	$ 311,901	$ 198,034	$ (75,586)	$ (39,911)	$ 394,438

	Common Shares				Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Outstanding Shares	Amount	Retained Earnings	Treasury Shares		
Balance, December 31, 2022	15,728,234	$ 310,182	$ 156,492	$ (73,794)	$ (58,045)	$ 334,835
Cumulative-effect adjustment for adoption of ASC 326	—	—	$ (6,069)	—	—	$ (6,069)
Balance January 1, 2023	15,728,234	$ 310,182	$ 150,423	$ (73,794)	$ (58,045)	$ 328,766
Net Income	—	—	33,309	—	—	33,309
Other comprehensive loss	—	—	—	—	(21,417)	(21,417)
Stock-based compensation	57,613	793	—	—	—	793
Common stock dividends ($0.45 per share)	—	—	(7,088)	—	—	(7,088)
Purchase of common stock	(89,850)	—	—	(1,618)	—	(1,618)
Balance, September 30, 2023	15,695,997	$ 310,975	$ 176,644	$ (75,412)	$ (79,462)	$ 332,745

See notes to interim unaudited consolidated financial statements

CIVISTA BANCSHARES, INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net cash provided by operating activities	$ 25,625	$ 60,593
Cash flows used for investing activities:		
Maturities, paydowns and calls of securities, available-for-sale	16,264	7,907
Purchases of securities, available-for-sale	(15,965)	(13,241)
Purchase of other securities	(9,584)	(27,890)
Redemption of other securities	6,949	27,251
Purchase of bank owned life insurance	(1,315)	—
Net change in loans	(183,334)	(208,689)
Purchases of premises and equipment	(93)	(2,164)
Net cash used for investing activities	(187,078)	(216,826)
Cash flows from financing activities:		
Repayment of long-term FHLB advances	(794)	(1,005)
Net change in short-term FHLB advances	(50,953)	37,800
Repayment of other borrowings	(3,540)	(15,516)
Increase in deposits	238,704	175,758
Decrease in securities sold under repurchase agreements	—	(25,143)
Purchase of treasury shares	(164)	(1,618)
Common dividends paid	(7,544)	(7,088)
Net cash provided by financing activities	175,709	163,188
Increase in cash and cash equivalents	14,256	6,955
Cash and cash equivalents at beginning of period	60,406	43,361
Cash and cash equivalents at end of period	$ 74,662	$ 50,316
Cash paid during the period for:		
Interest	$ 61,808	$ 26,393
Income taxes	4,865	7,333
Supplemental cash flow information:		
Change in fair value of swap asset	4,285	(3,205)
Change in fair value of swap liability	(4,285)	3,205
Securities purchased not settled	—	1,753

See notes to interim unaudited consolidated financial statements

(1) Consolidated Financial Statements

Nature of Operations and Principles of Consolidation: Civista Bancshares, Inc. ("CBI") is an Ohio corporation and a registered financial holding company. The Consolidated Financial Statements include the accounts of CBI and its wholly-owned direct and indirect subsidiaries: Civista Bank ("Civista"), First Citizens Insurance Agency, Inc. ("FCIA"), Water Street Properties, Inc. ("WSP"), CIVB Risk Management, Inc. ("CRMI") and First Citizens Investments, Inc. ("FCI").

Civista provides financial services through its offices in the Ohio counties of Erie, Crawford, Champaign, Cuyahoga, Franklin, Logan, Summit, Huron, Ottawa, Madison, Montgomery, Henry, Wood, and Richland, in the Indiana counties of Dearborn and Ripley, and in the Kentucky county of Kenton. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, our customers' ability to repay their loans is dependent on the real estate and general economic conditions in the area. Other financial instruments that potentially represent concentrations of credit risk include deposit accounts in other financial institutions.

Vision Financial Group, Inc. ("VFG") was acquired in the fourth quarter of 2022 as a wholly owned subsidiary of Civista. As of August 31, 2023, VFG was merged into Civista and now operates as a full-service equipment leasing and financing division of Civista and has been rebranded as Civista Leasing and Finance ("CLF"). The operations of CLF are headquartered in Pittsburgh, Pennsylvania.

FCIA is wholly-owned by CBI and was formed to allow the CBI and its subsidiaries to participate in commission revenue generated through CBI's third-party insurance agreement. WSP is wholly-owned by CBI and was formed to hold properties repossessed by CBI subsidiaries. CRMI is a captive insurance company that is wholly-owned by CBI and allows CBI and its subsidiaries to insure against certain risks unique to their operations. The operations of CRMI are located in Wilmington, Delaware. FCI is wholly-owned by Civista and holds and manages its securities portfolio. The operations of FCI are located in Wilmington, Delaware.

The above companies together are referred to as the "Company." Intercompany balances and transactions are eliminated in consolidation. Management considers the Company to operate primarily in one reportable segment, banking.

The accompanying Unaudited Consolidated Financial Statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the Company's financial position as of September 30, 2024 and its results of operations and changes in cash flows for the periods ended September 30, 2024 and 2023 have been made. The results of operations for the three- and nine-month periods ended September 30, 2024 are not necessarily indicative of the operating results for the full year. Reference is made to the accounting policies of the Company described in the notes to the audited consolidated financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The Company has consistently followed these policies in preparing this Quarterly Report on Form 10-Q.

(2) Significant Accounting Policies

Allowance for Credit Losses: On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 introduces a new credit loss methodology, Current Expected Credit Losses ("CECL"), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. ASU 2016-13 amends guidance on reporting credit losses for financial assets held at amortized cost basis and available for sale debt securities. ASU 2016-13 eliminates the probable initial recognition threshold previously required under U.S. generally accepted accounting principles ("GAAP") and instead, requires an entity to reflect its current estimate of all expected credit losses based on historical experience, current conditions and reasonable and supportable forecasts. The allowance for credit losses ("ACL") is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the reserve for credit losses. In addition, entities need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination.

The Company adopted Accounting Standards Codification ("ASC") 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures. Results for the periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company adopted ASC 326 using the prospective transition approach for purchased credit deteriorated ("PCD") financial assets that were previously classified as purchased credit impaired ("PCI") and accounted for under ASC 310-30. In accordance with ASC 326, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. On January 1, 2023, the amortized cost basis of the PCD assets was adjusted to reflect the addition of $1.7 million to the allowance for credit losses. The remaining noncredit discount (based on the adjusted amortized cost basis) will be accreted into interest income at the effective interest rate as of January 1, 2023. The adoption of CECL resulted in an increase to our total allowance for credit losses on loans held for investment of $4.3 million, an increase in our allowance for credit losses on unfunded loan commitments of $3.4 million, a reclassification of PCI discount from loans to the allowance for credit losses of $1.7 million, and an increase in deferred tax asset of $1.6 million. The Company also recorded a net reduction of retained earnings of $6.1 million upon adoption.

The allowance for credit losses is evaluated on a regular basis and established through charges to earnings in the form of a provision for credit losses. When a loan or portion of a loan is determined to be uncollectible, the portion deemed uncollectible is charged against the allowance and subsequent recoveries, if any, are credited to the allowance. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Portfolio Segmentation (“Pooled Loans”)

Portfolio segmentation is defined as the pooling of loans based upon similar risk characteristics such that quantitative methodologies and qualitative adjustment factors for estimating the allowance for credit losses are constructed for each segment. The Company has identified nine portfolio segments of loans: Commercial & Agriculture, Commercial Real Estate – Owner Occupied, Commercial Real Estate – Non-Owner Occupied, Residential Real Estate, Real Estate Construction, Farm Real Estate, Lease Financing Receivable and Consumer and Other Loans.

The allowance for credit losses for Pooled Loans is estimated based upon periodic review of the collectability of the loans quantitatively correlating historical loan experience with reasonable and supportable forecasts using forward looking information. The Company utilizes a discounted cash flow ("DCF") method to estimate the quantitative portion of the allowance for credit losses for loans evaluated on a collective pooled basis. For each segment, a loss driver analysis ("LDA") is performed in order to identify appropriate loss drivers and create a regression model for use in forecasting cash flows. The LDA utilizes the Company’s own Federal Financial Institutions Examination Council’s (“FFIEC”) Call Report data for all segments except indirect auto and all new and unknown values. Peer data is incorporated into the analysis for all segments except indirect auto and all new and unknown values. The Company uses regression analysis to determine suitable loss drivers to utilize when modeling lifetime probability of default and loss given default for the changes in the economic factors for the loss driver segments. The identified loss drivers for all segments as of September 30, 2024 were national unemployment rate and national gross domestic product growth. Peer data is utilized in our model as more statistically supportable data. The Company uses actual loss data for the lease portfolio due to a lack of appropriate peer leasing data to forecast loss drivers.

Key inputs into the DCF model include loan-level detail, including the amortized cost basis of individual loans, payment structure, loss history, and forecasted loss drivers. The Company uses the central tendency midpoint seasonally adjusted forecasts from the Federal Open Market Committee ("FOMC"). Other key assumptions include the probability of default ("PD"), loss given default ("LGD"), and prepayment/curtailment rates. When possible, the Company utilizes its own PDs for the reasonable and supportable forecast period. When it is not possible to use the Company’s own PDs, the LDA is utilized to determine PDs based on the forecasted economic factors. In all cases, the LDA is then utilized to determine the long-term historical average, which is reached over the reversion period. When possible, the Company utilizes its own LGDs for the reasonable and supportable forecast period. When it is not possible to use the Company’s own LGDs, the LGD is derived using a method referred to as Frye Jacobs. The Frye Jacobs method is a mathematical formula that traces the relationship between LGD and PD over time and projects the LGD based on the level of PD forecasted. In all cases, the Frye Jacobs method is utilized to calculate LGDs during the reversion period and long-term historical average. Prepayment and curtailment rates were calculated based on the Company’s own data utilizing a one-year average. When the discounted cash flow method is used to determine the allowance for credit losses, management incorporates expected prepayments to determine the effective interest rate utilized to discount expected cash flow.

Adjustments to the quantitative evaluation may be made to account for differences in current or expected qualitative risk characteristics such as changes in: (i) lending policies and procedures; (ii) experience and depth of lending and management staff; (iii) quality of credit review system; (iv) nature and volume of portfolio; (v) past due, classified and non accrual loans; (vi) economic and business conditions; (vii) competition or legal and regulatory requirements; (viii) concentrations within the portfolio; and (ix) underlying collateral for collateral dependent loans.

Purchased Credit Deteriorated (PCD) Loans

The Company has purchased loans, some of which have shown evidence of credit deterioration since origination. Upon adoption of ASC 326, the Company elected to maintain pools of loans that were previously accounted for under ASC 310-30 and will continue to account for these pools as a unit of account. Loans are only removed from the existing pools if they are written off, paid off, or sold. Upon adoption of ASC 326, the allowance for credit losses was determined for each pool and added to the pool's carrying amount to establish a new amortized cost basis. The difference between the unpaid principal balance of the pool and the new amortized cost basis is the noncredit premium or discount which will be amortized into interest income over the remaining life of the pool. Changes to the allowance for credit losses after adoption are recorded through provision expense.

Individually Evaluated Loans

The Company establishes a specific reserve for individually evaluated loans which do not share similar risk characteristics with the loans included in the forecasted allowance for credit losses. These individually evaluated loans are removed from the pooling approach discussed above for the forecasted allowance for credit losses, and include nonaccrual loans, loan and lease modifications experiencing financial difficulty, and other loans deemed appropriate by management.

Available for Sale (“AFS”) Debt Securities

For AFS debt securities in an unrealized loss position, the Company first assesses whether (i) the Company intends to sell, or (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either case is affirmative, any previously recognized allowances are charged-off and the security's amortized cost is written down to fair value through income. If neither case is affirmative, the security is evaluated to determine whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Adjustments to the allowance are reported in our income statement as a component of Provision for Credit Losses. AFS debt securities are charged-off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible by management or when either of the aforementioned criteria regarding intent or requirement to sell is met.

Accrued Interest Receivable

Upon adoption of ASU 2016-13 and its related amendments on January 1, 2023, the Company made the following elections regarding accrued interest receivable:

- Presenting accrued interest receivable balances separately within another line item on the statement of financial condition.
- Excluding accrued interest receivable that is included in the amortized cost of financing receivables and debt securities from related disclosure requirements.
- Continuing our policy to write off accrued interest receivable by reversing interest income. For both commercial and consumer loans, the write off typically occurs upon becoming 90 days past due. Historically, the Company has not experienced uncollectible accrued interest receivable on its investment securities. However, the Company would generally write off accrued interest receivable by reversing interest income if the Company does not reasonably expect to receive payments. Due to the timely manner in which accrued interest receivables are written off, the amounts of such write offs are immaterial.
- Not measuring an allowance for credit losses for accrued interest receivable due to the Company’s policy of writing off uncollectible accrued interest receivable balances in a timely manner, as described above.

Reserve for Unfunded Commitments

The reserve for unfunded commitments (the “Unfunded Reserve”) represents the expected credit losses on off-balance sheet commitments such as unfunded commitments to extend credit and standby letters of credit. No allowance is recognized if the Company has the unconditional right to cancel the obligation. The Company is defining "unconditionally cancelable" in its literal sense, meaning that a commitment may be cancelled by the Company for any, or for no reason whatsoever. However, the Company in its business dealings, has no practical history of unconditionally canceling commitments. Commitments are not typically cancelled until a default or a defined condition occurs. Being that its historical practice has been to not cancel credit commitments unconditionally, the Company has made the decision to reserve for unfunded commitments. The Unfunded Reserve is recognized as a liability (included within other liabilities in the Consolidated Balance Sheets), with adjustments to the reserve recognized as provision in the Consolidated Statements of Operations. The Unfunded Reserve is determined by estimating expected future fundings, under each segment, and applying the expected loss rates. Expected future fundings over the estimated life of commitments are based on historical averages of funding rates (i.e., the likelihood of draws taken). To estimate future fundings on unfunded balances, current funding rates are compared to historical funding rates. Estimate of credit losses are determined using the same loss rates as funded loans.

Revisions: Interest income and interest expense increased $815 in the Consolidated Statement of Operations as of and for the three-months ended September 30, 2023 and $3,475 as of and for the nine-months ended September 30, 2023 for certain loan participations sold that were deemed to not qualify for sales accounting under ASC 860. This revision did not have a significant impact on the consolidated financial statement line items impacted and had no effect on net income.

Use of Estimates: To prepare financial statements in conformity with GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in financial statements and the disclosures provided, and future results could differ. The allowance for credit losses, valuation of goodwill, fair values of financial instruments, and swap assets/liabilities are particularly subject to change.

Adoption of New Accounting Standards:

In June 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). The ASU introduces a new credit loss methodology, CECL, which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods under prior GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk.

On January 1, 2023, the Company adopted the guidance prospectively with a cumulative adjustment to retained earnings.

(Amounts in thousands, except share data)

At adoption, the Company recognized an incremental allowance for credit losses on its loans to customers of $4.3 million, a liability for off-balance sheet unfunded commitments of $3.4 million, and a reclassification of the discount on PCI loans to the ACL of $1.7 million. Additionally, the Company recorded a $6.1 million after tax decrease in retained earnings associated with the increased estimated credit losses. The “Day 1” impact of CECL adoption is summarized below:

CECL Adoption

	December 31, 2022	CECL Adoption Impact	Impact of Adopting ASC 326 - PCD Loans	January 1, 2023
Allowance for Credit Losses:				
Commercial & Agriculture	$ 3,011	$ 429	$ 390	$ 3,830
Commercial Real Estate:				
Owner Occupied	4,565	1,075	179	5,819
Non-Owner Occupied	14,138	(2,847)	—	11,291
Residential Real Estate	3,145	2,762	386	6,293
Real Estate Construction	2,293	1,502	—	3,795
Farm Real Estate	291	(28)	—	263
Lease Financing Receivables	429	1,743	635	2,807
Consumer and Other	98	201	78	377
Unallocated	541	(541)	—	—
Total Allowance for Credit Losses	$ 28,511	$ 4,296	$ 1,668	$ 34,475
Reserve for Unfunded Commitments	—	3,386	—	3,386
Total Reserve for Credit Losses	$ 28,511	$ 7,682	$ 1,668	$ 37,861

Retained Earnings				
Total Pre-tax Impact		$ (7,682)		
Tax Effect		1,613		
Decrease to Retained Earnings		$ (6,069)		

The Company did not record an allowance for available-for-sale securities on Day 1 as the investment portfolio consisted primarily of debt securities explicitly or implicitly backed by the U.S. Government for which credit risk was deemed minimal. The impact going forward will depend on the composition, characteristics, and credit quality of the securities portfolio as well as the economic conditions at future reporting periods.

On January 1, 2023, the Company adopted ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. To simplify the subsequent measurement of goodwill, the FASB eliminated Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. A public business entity that is a Securities and Exchange Commission ("SEC") filer, such as the Company, was to adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. In November 2019, however, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*, which deferred the effective date for ASC 350, *Intangibles – Goodwill and Other*, for SEC filers that were eligible to be smaller reporting companies as of November 15, 2019, such as the Company, to fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The adoption of the ASU provisions did not have a material impact on the Company's Consolidated Financial Statements.

On January 1, 2023, the Company adopted ASU 2022-02, Financial Instruments - *Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures ("*ASU 2022-02*")*. ASU 2022-02 eliminates the recognition and measurement guidance for troubled debt restructurings and requires enhanced disclosures about loan modifications for borrowers experiencing financial difficulty. This ASU also requires enhanced disclosure for loans that have been charged off. The adoption of ASU 2022-02 did not have a material impact on the Company's Consolidated Financial Statements.

Effect of Newly Issued but Not Yet Effective Accounting Standards:

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The Update is designed to provide relief from the accounting analysis and impacts that may otherwise be required for modifications to agreements necessitated by reference rate reform. The Update also provides optional expedients to enable companies to continue to apply hedge accounting to certain hedging relationships impacted by reference rate reform. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022; however, a deferral of the implementation of reference rate reform was issued in December of 2022, which extends the implementation to December 31, 2024. The Company has implemented a replacement for the reference rate using the Secured Overnight Financing Rate ("SOFR") or the Prime Rate and has determined that the changes to the reference rate are not expected to have a material impact on our financial condition, results of operations or cash flows.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* The amendments in this ASU apply to all public entities that are required to report segment information in accordance with FASB ASC Topic 280, *Segment Reporting*. The amendments in this ASU are intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss. Public entities are required to disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. In addition, public entities must provide all annual disclosures about a reportable segment's profit or loss and assets currently required by FASB ASC Topic 280, *Segment Reporting*, in interim periods. The amendments clarify that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. However, at least one of the reported segment profit or loss measures (or the single reported measure, if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the public entity's consolidated financial statements. The amendments require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. Finally, the amendments require that a public entity that has a single reportable segment provide all the disclosures required by the amendments in the ASU and all existing segment disclosures in ASC Topic 280. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the potential impacts related to the adoption of ASU 2023-07.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* The amendments in this ASU require that public business entities on an annual basis (a) disclose specific categories in the rate reconciliation and (b) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). The amendments in this ASU also require that all entities disclose on an annual basis the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes, and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). The amendments require that all entities disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied on a prospective basis. Retrospective application is permitted. The Company does not intend to adopt early. The Company does not anticipate a material impact to the Company's Consolidated Financial Statements.

In March 2024, the FASB issued ASU 2024-01, *Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards.* The amendments clarify how an entity determines whether a profits interest or similar award is (i) within scope of Compensation - Stock Compensation (Topic 718) or (ii) not a share-based payment arrangements and therefore within the scope of other guidance. The amendments are effective for fiscal years beginning after December 15, 2024. The Company does not anticipate these amendments to have a material impact to the Company's Consolidated Financial Statements.

(Amounts in thousands, except share data)

(3) Securities

The amortized cost and fair market value of available-for-sale securities and the related gross unrealized gains and losses recognized were as follows:

September 30, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. government agencies	$ 71,255	$ 457	$ (2,514)	$ 69,198
Obligations of states and political subdivisions	356,332	2,162	(20,689)	337,805
Mortgage-backed securities in government sponsored entities	244,078	297	(24,590)	219,785
Total debt securities (1)	$ 671,665	$ 2,916	$ (47,793)	$ 626,788

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. government agencies	$ 71,418	$ 315	$ (4,075)	$ 67,658
Obligations of states and political subdivisions	359,452	2,725	(23,578)	338,599
Mortgage-backed securities in government sponsored entities	242,022	19	(30,026)	212,015
Total debt securities (1)	$ 672,892	$ 3,059	$ (57,679)	$ 618,272

(1) Excludes accrued interest securities receivable of $3,726 and $4,392 at September 30, 2024 and December 31, 2023, respectively, that is recorded in other assets on the consolidated balance sheets.

The amortized cost and fair value of debt securities at September 30, 2024, by contractual maturity, is shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Securities not due at a single maturity date, primarily mortgage-backed securities, are shown separately.

Available for sale	Amortized Cost	Fair Value
Due in one year or less	$ 5,975	$ 5,972
Due after one year through five years	89,919	85,907
Due after five years through ten years	43,180	42,988
Due after ten years	288,513	272,136
Mortgage-backed securities	244,078	219,785
Total securities available-for-sale	$ 671,665	$ 626,788

There were no proceeds from sales of debt securities available-for-sale, gross realized gains or gross realized losses as of September 30, 2024 or September 30, 2023.

Securities are pledged by the Company from time to time to secure public deposits, other deposits and liabilities as required by law. The carrying value of pledged securities was approximately $210,563 and $211,616 as of September 30, 2024 and December 31, 2023, respectively.

(Amounts in thousands, except share data)

The following tables show gross unrealized losses and fair value, aggregated by investment category, and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2024 and December 31, 2023:

September 30, 2024	**12 Months or less**		**More than 12 months**		**Total**	
Description of Securities	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
U.S. Treasury securities and obligations of U.S. government agencies	$ —	$ —	$ 55,627	$ (2,514)	$ 55,627	$ (2,514)
Obligations of states and political subdivisions	21,290	(67)	175,189	(20,622)	196,479	(20,689)
Mortgage-backed securities in gov't sponsored entities	—	—	197,991	(24,590)	197,991	(24,590)
Total	$ 21,290	$ (67)	$ 428,807	$ (47,726)	$ 450,097	$ (47,793)

December 31, 2023	**12 Months or less**		**More than 12 months**		**Total**	
Description of Securities	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
U.S. Treasury securities and obligations of U.S. government agencies	$ 224	$ (1)	$ 56,760	$ (4,074)	$ 56,984	$ (4,075)
Obligations of states and political subdivisions	19,168	(78)	162,291	(23,500)	181,459	(23,578)
Mortgage-backed securities in gov't sponsored entities	20,112	(522)	189,319	(29,504)	209,431	(30,026)
Total	$ 39,504	$ (601)	$ 408,370	$ (57,078)	$ 447,874	$ (57,679)

At September 30, 2024, there were a total of 387 securities in the portfolio with unrealized losses mainly due to higher current market rates when compared to the time of purchase. At December 31, 2023, the Company owned 394 securities that were in an unrealized loss position. The unrealized losses on securities have not been recognized into income because the issuers' securities are of high credit quality, management has the intent and ability to hold these securities for the foreseeable future, and the decline in fair value is largely due to currently higher market rates when compared to the time of purchase. The fair value is expected to recover as the securities approach their maturity date or reset date. The Company does not intend to sell until recovery and does not believe selling will be required before recovery.

Each quarter, we perform an analysis to determine if any of the unrealized losses on securities available-for-sale are comprised of credit losses as compared to unrealized losses due to market interest rate adjustments. Our assessment includes a review of the unrealized loss for each security issuance held; the financial condition and near-term prospects of the issuer, including external credit ratings and recent downgrades; and our ability and intent to hold the security for a period of time sufficient for a recovery in value. We also consider the extent to which the securities are issued by the federal government or its agencies, and any guarantee of issued amounts by those agencies. The portfolio continues to consist of a mix of fixed and floating-rate, high quality securities, largely rated AA (or better), displaying an overall effective duration of approximately 3.0 years. No credit losses were determined to be present as of September 30, 2024, as there was no credit quality deterioration noted. Therefore, no provision for credit losses on securities was recognized for the third quarter of 2024.

The following table presents the net gains and losses on equity investments recognized in earnings for the three and nine months ended September 30, 2024 and 2023 and the portion of unrealized gains and losses for the period that relates to equity investments held at September 30, 2024 and 2023:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2024	**2023**	**2024**	**2023**
Net gains (losses) recognized on equity securities during the period	$ 223	$ 69	$ 156	$ (169)
Less: Net gains (losses) realized on the sale of equity securities during the period	—	—	—	—
Unrealized gains (losses) recognized on equity securities held at reporting date	$ 223	$ 69	$ 156	$ (169)

(Amounts in thousands, except share data)

Equity securities consisting of investments in other financial institutions totaled $2.3 million and $2.2 million as of September 30, 2024 and December 31, 2023, respectively.

Federal Home Loan Bank of Chicago (“FHLBC”), Federal Reserve Bank of Cleveland (“FRBC”), United Bankers' Bancorp, Farmer Mac and Norwalk Community Development Corp stock are considered Other securities. FHLBC stock was recorded at $20.8 million at September 30, 2024 and $18.2 million at December 31, 2023. FRBC stock was recorded at $11.5 million at September 30, 2024 and December 31, 2023. United Bankers' Bancorp stock was recorded at $225 at September 30, 2024 and December 31, 2023. Farmer Mac stock was recorded at $42 at September 30, 2024 and December 31, 2023. Norwalk Community Development Corp stock was recorded at $2 at September 30, 2024 and December 31, 2023. Other securities are carried at cost, classified as restricted securities, and periodically evaluated for impairment based on ultimate recovery of par value.

(4) Loans

Loan balances were as follows:

	September 30, 2024	December 31, 2023
Commercial & Agriculture	$ 304,639	$ 304,793
Commercial Real Estate- Owner Occupied	375,751	377,321
Commercial Real Estate- Non-Owner Occupied	1,205,453	1,161,894
Residential Real Estate	751,825	659,841
Real Estate Construction	318,063	260,409
Farm Real Estate	24,122	24,771
Lease Financing Receivables	49,453	54,642
Consumer and Other	14,640	18,057
Total loans	3,043,946	2,861,728
Allowance for credit losses	(41,268)	(37,160)
Net loans	$ 3,002,678	$ 2,824,568

Included in Commercial & Agriculture loans above are $214 and $326 of Paycheck Protection Program (“PPP”) loans as of September 30, 2024 and December 31, 2023, respectively.

Included in total loans above are net deferred loan fees of $2,704 and $2,743 at September 30, 2024 and December 31, 2023, respectively.

The Company elected to exclude accrued interest receivable from the amortized cost basis of loans disclosed in this Note 4 and Note 5 (Allowance for Credit Losses). As of September 30, 2024 and December 31, 2023, accrued interest loan receivable totaled $9,688 and $8,414, respectively, and is included in the Accrued interest receivable line item on the Company's Consolidated Balance Sheet.

(Amounts in thousands, except share data)

(5) Allowance for Credit Losses

The following table presents, by portfolio segment, the changes in the ACL for the three and nine months ended September 30, 2024 and 2023.

Allowance for credit losses:

For the three months ended September 30, 2024	Beginning balance	Charge-offs	Recoveries	Provision	Ending Balance
Commercial & Agriculture	$ 5,348	$ —	$ 15	$ (284)	$ 5,079
Commercial Real Estate:					
Owner Occupied	4,328	—	—	37	4,365
Non-Owner Occupied	14,421	—	—	126	14,547
Residential Real Estate	9,416	(1)	19	1,288	10,722
Real Estate Construction	3,647	—	—	69	3,716
Farm Real Estate	261	—	—	(40)	221
Lease Financing Receivables	2,210	(15)	—	166	2,361
Consumer and Other	268	(26)	11	2	255
Unallocated	20	—	—	(18)	2
Total	$ 39,919	$ (42)	$ 45	$ 1,346	$ 41,268

For the three months ended September 30, 2024, the Company provided $1,346 to the allowance for credit losses, as compared to a provision of $630 for the three months ended September 30, 2023. The Company experienced an increase in the allowance for credit losses as our CECL model required higher provisions, primarily attributable to quantitative factors representing an increase in the forecasted unemployment rate as well as loan growth during the period.

For the three months ended September 30, 2023	Beginning balance	Charge-offs	Recoveries	Provision	Ending Balance
Commercial & Agriculture	$ 5,540	$ (614)	$ 84	$ 146	$ 5,156
Commercial Real Estate:					
Owner Occupied	5,531	—	—	(50)	5,481
Non-Owner Occupied	11,646	—	9	(100)	11,555
Residential Real Estate	6,515	(1)	64	253	6,831
Real Estate Construction	3,447	—	4	288	3,739
Farm Real Estate	243	—	—	(16)	227
Lease Financing Receivables	1,947	—	—	(115)	1,832
Consumer and Other	272	(51)	6	21	248
Unallocated	8	—	—	203	211
Total	$ 35,149	$ (666)	$ 167	$ 630	$ 35,280

(Amounts in thousands, except share data)

Allowance for credit losses:

For the nine months ended September 30, 2024	Beginning balance	Charge-offs	Recoveries	Provision	Ending Balance
Commercial & Agriculture	$ 7,587	$ (1,079)	$ 263	$ (1,692)	$ 5,079
Commercial Real Estate:					
Owner Occupied	4,723	—	—	(358)	4,365
Non-Owner Occupied	12,056	(174)	12	2,653	14,547
Residential Real Estate	8,489	(67)	178	2,122	10,722
Real Estate Construction	3,388	—	12	316	3,716
Farm Real Estate	260	—	—	(39)	221
Lease Financing Receivables	297	(186)	1	2,249	2,361
Consumer and Other	341	(74)	34	(46)	255
Unallocated	19	—	—	(17)	2
Total	$ 37,160	$ (1,580)	$ 500	$ 5,188	$ 41,268

For the nine months ended September 30, 2024, the Company provided $5,188 to the allowance for credit losses, as compared to a provision of $2,111 for the nine months ended September 30, 2023. The increase in the provision was principally related to loan growth during the period.

For the nine months ended September 30, 2023	Beginning balance	CECL Adoption Day 1 Impact	Impact of Adopting ASC 326 - PCD Loans [1]	Charge-offs	Recoveries	Provision	Ending Balance
Commercial & Agriculture	$ 3,011	$ 429	$ —	$ (754)	$ 131	$ 2,339	$ 5,156
Commercial Real Estate:							
Owner Occupied	4,565	1,075	19	—	0	(178)	5,481
Non-Owner Occupied	14,138	(2,847)	—	—	25	239	11,555
Residential Real Estate	3,145	2,762	166	(12)	118	652	6,831
Real Estate Construction	2,293	1,502	0	—	13	(69)	3,739
Farm Real Estate	291	(28)	0	—	—	(36)	227
Lease Financing Receivables	429	1,743	635	—	—	(975)	1,832
Consumer and Other	98	201	77	(89)	33	(72)	248
Unallocated	541	(541)	—	—	—	211	211
Total	$ 28,511	$ 4,296	$ 897	$ (855)	$ 320	$ 2,111	$ 35,280

The following tables present credit exposures by internally assigned risk grades as of September 30, 2024 and December 31, 2023. The risk rating analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or at all. The Company's internal credit risk grading system is based on experiences with similarly graded loans.

The Company's internally assigned risk grades are as follows:

- *Pass* – loans which are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral.
- *Special Mention* – loans where a potential weakness or risk exists, which could cause a more serious problem if not corrected.
- *Substandard* – loans that have a well-defined weakness based on objective evidence and are characterized by the distinct possibility that Civista will sustain some loss if the deficiencies are not corrected.
- *Doubtful* – loans classified as doubtful have all the weaknesses inherent in a substandard asset. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.
- *Loss* – loans classified as a loss are considered uncollectible, or of such value that continuance as an asset is not warranted.

(Amounts in thousands, except share data)

Based on the most recent analysis performed, the risk category of loans, by type and year of originations, at September 30, 2024, was as follows:

	Term Loans Amortized Cost Basis by Origination Year								
September 30, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial & Agriculture									
Pass	$ 55,290	$ 55,531	$ 39,824	$ 35,954	$ 8,736	$ 15,305	$ 84,456	$ —	$ 295,096
Special Mention	274	679	560	36	1,296	—	2,775	—	5,620
Substandard	—	283	84	71	24	332	578	—	1,372
Doubtful	980	—	—	—	60	—	1,511	—	2,551
Total Commercial & Agriculture	$ 56,544	$ 56,493	$ 40,468	$ 36,061	$ 10,116	$ 15,637	$ 89,320	$ —	$ 304,639
Commercial & Agriculture:									
Current-period gross charge-offs	$ 555	$ 274	$ 177	$ 40	$ —	$ 33	$ —	$ —	$ 1,079
Commercial Real Estate - Owner Occupied									
Pass	$ 19,566	$ 41,967	$ 75,716	$ 63,573	$ 53,884	$ 102,915	$ 7,729	$ —	$ 365,350
Special Mention	—	2,158	3,122	722	388	369	192	—	6,951
Substandard	—	—	—	—	—	3,216	234	—	3,450
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate - Owner Occupied	$ 19,566	$ 44,125	$ 78,838	$ 64,295	$ 54,272	$ 106,500	$ 8,155	$ —	$ 375,751
Commercial Real Estate - Owner Occupied:									
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate - Non-Owner Occupied									
Pass	$ 39,452	$ 209,690	$ 290,972	$ 167,461	$ 126,972	$ 297,066	$ 28,842	$ —	$ 1,160,455
Special Mention	—	576	7,222	6,000	—	10,548	43	—	24,389
Substandard	—	—	—	8,000	—	12,609	—	—	20,609
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate - Non-Owner Occupied	$ 39,452	$ 210,266	$ 298,194	$ 181,461	$ 126,972	$ 320,223	$ 28,885	$ —	$ 1,205,453
Commercial Real Estate - Non-Owner Occupied:									
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 174	$ —	$ —	$ 174
Residential Real Estate									
Pass	$ 82,841	$ 119,802	$ 121,126	$ 91,845	$ 66,000	$ 96,691	$ 164,888	$ —	$ 743,193
Special Mention	—	286	—	211	93	407	75	—	1,072
Substandard	—	319	867	871	573	2,753	1,025	—	6,408
Doubtful	1,152	—	—	—	—	—	—	—	1,152
Total Residential Real Estate	$ 83,993	$ 120,407	$ 121,993	$ 92,927	$ 66,666	$ 99,851	$ 165,988	$ —	$ 751,825
Residential Real Estate:									
Current-period gross charge-offs	$ 2	$ —	$ —	$ 3	$ —	$ 62	$ —	$ —	$ 67

(Amounts in thousands, except share data)

September 30, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Real Estate Construction									
Pass	$ 74,486	$ 142,893	$ 69,044	$ 10,400	$ 7,533	$ 4,301	$ 9,251	$ —	$ 317,908
Special Mention	—	—	—	155	—	—	—	—	155
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total Real Estate Construction	$ 74,486	$ 142,893	$ 69,044	$ 10,555	$ 7,533	$ 4,301	$ 9,251	$ —	$ 318,063
Real Estate Construction:									
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Farm Real Estate									
Pass	$ 572	$ 2,310	$ 501	$ 2,144	$ 4,246	$ 11,942	$ 1,676	$ —	$ 23,391
Special Mention	—	—	409	—	—	172	150	—	731
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total Farm Real Estate	$ 572	$ 2,310	$ 910	$ 2,144	$ 4,246	$ 12,114	$ 1,826	$ —	$ 24,122
Farm Real Estate:									
Current-period charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Lease Financing Receivables									
Pass	$ 14,981	$ 19,244	$ 8,283	$ 2,297	$ 700	$ 3,644	$ —	$ —	49,149
Special Mention	—	—	59	—	—	—	—	—	59
Substandard	—	245	—	—	—	—	—	—	245
Doubtful	—	—	-	—	—	—	—	—	—
Total Lease Financing Receivables	$ 14,981	$ 19,489	$ 8,342	$ 2,297	$ 700	$ 3,644	$ —	$ —	$ 49,453
Lease Financing Receivables:									
Current-period charge-offs	$ —	$ —	$ 111	$ 12	$ 63	$ —	$ —	$ —	$ 186
Consumer and Other									
Pass	$ 2,920	$ 4,068	$ 2,678	$ 2,389	$ 859	$ 267	$ 1,432	$ —	$ 14,613
Special Mention	—	—	—	—	—	—	3	—	3
Substandard	—	7	3	13	1	—	—	—	24
Doubtful	—	—	—	—	—	—	—	—	—
Total Consumer and Other	$ 2,920	$ 4,075	$ 2,681	$ 2,402	$ 860	$ 267	$ 1,435	$ —	$ 14,640
Consumer and Other:									
Current-period charge-offs	$ 25	$ 4	$ 18	$ 5	$ 4	$ 18	$ —	$ —	$ 74
Total Loans	$ 292,514	$ 600,058	$ 620,470	$ 392,142	$ 271,365	$ 562,537	$ 304,860	$ —	$ 3,043,946
Total Loans:									
Current-period charge-offs	$ 582	$ 278	$ 306	$ 60	$ 67	$ 287	$ —	$ —	$ 1,580

(Amounts in thousands, except share data)

The risk category of loans, by type and year of originations, at December 31, 2023, was as follows:

	Term Loans Amortized Cost Basis by Origination Year								
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial & Agriculture									
Pass	$ 56,359	$ 64,250	$ 52,258	$ 17,622	$ 9,516	$ 14,088	$ 82,982	$ —	$ 297,075
Special Mention	774	—	287	1,690	—	106	169	—	3,026
Substandard	396	86	67	131	271	73	3,668	—	4,692
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial & Agriculture	$ 57,529	$ 64,336	$ 52,612	$ 19,443	$ 9,787	$ 14,267	$ 86,819	$ —	$ 304,793
Commercial & Agriculture:									
Gross charge-offs	$ —	$ 673	$ 532	$ —	$ —	$ 95	$ —	$ —	$ 1,300
Commercial Real Estate - Owner Occupied									
Pass	$ 36,030	$ 82,502	$ 67,904	$ 56,069	$ 29,784	$ 92,750	$ 5,844	$ —	$ 370,883
Special Mention	526	217	739	517	-	188	—	—	2,187
Substandard	—	231	—	—	3,098	922	—	—	4,251
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate - Owner Occupied	$ 36,556	$ 82,950	$ 68,643	$ 56,586	$ 32,882	$ 93,860	$ 5,844	$ —	$ 377,321
Commercial Real Estate - Owner Occupied:									
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate - Non-Owner Occupied									
Pass	$ 183,439	$ 269,334	$ 198,832	$ 136,031	$ 120,659	$ 206,267	$ 23,016	$ —	$ 1,137,578
Special Mention	—	5,774	6,171	—	-	8,688	277	—	20,910
Substandard	—	—	—	—	122	3,284	—	—	3,406
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate - Non-Owner Occupied	$ 183,439	$ 275,108	$ 205,003	$ 136,031	$ 120,781	$ 218,239	$ 23,293	$ —	$ 1,161,894
Commercial Real Estate - Non-Owner Occupied:									
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential Real Estate									
Pass	$ 90,770	$ 124,695	$ 97,661	$ 71,379	$ 33,534	$ 78,894	$ 157,083	$ —	$ 654,016
Special Mention	—	—	221	97	—	245	—	—	563
Substandard	186	342	684	82	582	2,063	1,323	—	5,262
Doubtful	—	—	—	—	—	—	—	—	—
Total Residential Real Estate	$ 90,956	$ 125,037	$ 98,566	$ 71,558	$ 34,116	$ 81,202	$ 158,406	$ —	$ 659,841
Residential Real Estate:									
Gross charge-offs	$ —	$ 6	$ —	$ —	$ —	$ 11	$ —	$ —	$ 17

(Amounts in thousands, except share data)

December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Real Estate Construction									
Pass	$ 108,606	$ 105,222	$ 20,960	$ 6,739	$ 2,699	$ 2,635	$ 9,335	$ —	$ 256,196
Special Mention	—	1,226	926	2,019	—	—	—	—	4,171
Substandard	—	—	42	—	—	—	—	—	42
Doubtful	—	—	—	—	—	—	—	—	—
Total Real Estate Construction	$ 108,606	$ 106,448	$ 21,928	$ 8,758	$ 2,699	$ 2,635	$ 9,335	$ —	$ 260,409
Real Estate Construction:									
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Farm Real Estate									
Pass	$ 2,207	$ 967	$ 2,256	$ 4,462	$ 789	$ 12,528	$ 1,292	$ —	$ 24,501
Special Mention	—	—	—	—	—	20	—	—	20
Substandard	—	—	—	—	—	250	—	—	250
Doubtful	—	—	—	—	—	—	—	—	—
Total Farm Real Estate	$ 2,207	$ 967	$ 2,256	$ 4,462	$ 789	$ 12,798	$ 1,292	$ —	$ 24,771
Farm Real Estate:									
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Lease Financing Receivables									
Pass	$ 28,177	$ 13,924	$ 6,620	$ 3,678	$ 1,725	$ 1	$ —	$ —	$ 54,125
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	8	38	61	231	17	—	—	355
Doubtful	—	139	—	15	8	—	—	—	162
Total Lease Financing Receivables	$ 28,177	$ 14,071	$ 6,658	$ 3,754	$ 1,964	$ 18	$ —	$ —	$ 54,642
Lease Financing Receivables:									
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer and Other									
Pass	$ 6,510	$ 4,135	$ 3,615	$ 1,578	$ 509	$ 248	$ 1,425	$ —	$ 18,020
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	2	14	15	—	6	—	—	37
Doubtful	—	—	—	—	—	—	—	—	—
Total Consumer and Other	$ 6,510	$ 4,137	$ 3,629	$ 1,593	$ 509	$ 254	$ 1,425	$ —	$ 18,057
Consumer and Other:									
Gross charge-offs	$ 6	$ 40	$ 40	$ 7	$ 13	$ 3	$ 5	$ —	$ 114
Total Loans	$ 513,980	$ 673,054	$ 459,295	$ 302,185	$ 203,527	$ 423,273	$ 286,414	$ —	$ 2,861,728
Total Loans:									
Total gross charge-offs	$ 6	$ 719	$ 572	$ 7	$ 13	$ 109	$ 5	$ —	$ 1,431

(Amounts in thousands, except share data)

The following tables include an aging analysis of the recorded investment of past due loans outstanding as of September 30, 2024 and December 31, 2023.

September 30, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans	Past Due 90 Days and Accruing
Commercial & Agriculture	$ 1,547	$ 150	$ 1,340	$ 3,037	$ 301,602	$ 304,639	$ —
Commercial Real Estate:							
Owner Occupied	—	—	—	—	375,751	375,751	—
Non-Owner Occupied	190	—	3,012	3,202	1,202,251	1,205,453	—
Residential Real Estate	901	1,081	1,583	3,565	748,260	751,825	—
Real Estate Construction	—	—	—	—	318,063	318,063	—
Farm Real Estate	—	—	—	—	24,122	24,122	—
Lease Financing Receivables	1,502	282	1,565	3,349	46,104	49,453	—
Consumer and Other	36	19	7	62	14,578	14,640	—
Total	$ 4,176	$ 1,532	$ 7,507	$ 13,215	$ 3,030,731	$ 3,043,946	$ —

December 31, 2023	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans	Past Due 90 Days and Accruing
Commercial & Agriculture	$ 1,228	$ 471	$ 1,999	$ 3,698	$ 301,095	$ 304,793	$ 73
Commercial Real Estate:							
Owner Occupied	4	—	123	127	377,194	377,321	—
Non-Owner Occupied	—	—	—	—	1,161,894	1,161,894	—
Residential Real Estate	4,581	1,180	1,642	7,403	652,438	659,841	—
Real Estate Construction	—	—	—	—	260,409	260,409	—
Farm Real Estate	—	—	—	—	24,771	24,771	—
Lease Financing Receivables	950	410	373	1,733	52,909	54,642	—
Consumer and Other	172	23	2	197	17,860	18,057	—
Total	$ 6,935	$ 2,084	$ 4,139	$ 13,158	$ 2,848,570	$ 2,861,728	$ 73

The following table presents loans on nonaccrual status as of September 30, 2024.

September 30, 2024	Nonaccrual loans with a related ACL	Nonaccrual loans without a related ACL	Total Nonaccrual loans
Commercial & Agriculture	$ 1,903	$ 2,296	$ 4,199
Commercial Real Estate:			
Owner Occupied	129	—	129
Non-Owner Occupied	3,012	—	3,012
Residential Real Estate	4,942	2,046	6,988
Real Estate Construction	—	—	—
Farm Real Estate	—	—	—
Lease Financing Receivables	1,495	104	1,599
Consumer and Other	27	—	27
Total	$ 11,508	$ 4,446	$ 15,954

(Amounts in thousands, except share data)

The following table presents loans on nonaccrual status as of December 31, 2023.

December 31, 2023	**Nonaccrual loans with a related ACL**	**Nonaccrual loans without a related ACL**	**Total Nonaccrual loans**
Commercial & Agriculture	$ 914	$ 4,891	$ 5,805
Commercial Real Estate:			
Owner Occupied	269	3	272
Non-Owner Occupied	—	1,167	1,167
Residential Real Estate	—	4,633	4,633
Real Estate Construction	—	41	41
Farm Real Estate	—	—	—
Lease Financing Receivables	15	492	507
Consumer and Other	—	42	42
Total	$ 1,198	$ 11,269	$ 12,467

Nonaccrual Loans: Loans are considered for nonaccrual status upon reaching 90 days delinquency, unless the loan is well secured and in the process of collection, although the Company may be receiving partial payments of interest and partial repayments of principal on such loans. When a loan is placed on nonaccrual status, previously accrued but unpaid interest is deducted from interest income. Payments received on nonaccrual loans are applied to the unpaid principal balance. A loan may be returned to accruing status only if one of two conditions are met: the loan is well-secured and none of the principal and interest has been past due for a minimum of 90 days or the principal and interest payments are reasonably assured and a sustained period of performance has occurred, generally six months.

Modifications to Borrowers Experiencing Financial Difficulty: From time to time, the Company may modify certain loans to borrowers who are experiencing financial difficulty. In some cases, these modifications result in new loans. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, interest rate reduction, term extension, other-than-significant payment delay or a combination thereof, among other things. During the three and nine months ended September 30, 2024 and September 30, 2023, there were no modifications of loans to borrowers experiencing financial difficulty.

Individually Evaluated Loans: Larger (greater than $350) Commercial & Agricultural and Commercial Real Estate loan relationships, and Residential Real Estate and Consumer loans that are part of a larger relationship, are tested for impairment on a quarterly basis. These loans are analyzed to determine if it is probable that all amounts will not be collected according to the contractual terms of the loan agreement. If management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance. The Company’s policy for recognizing interest income on impaired loans does not differ from its overall policy for interest recognition.

The following table presents the amortized cost basis of collateral dependent loans, which are individually evaluated to determine expected credit losses, and the related allowance for credit losses allocated to these loans as of September 30, 2024 and December 31, 2023.

September 30, 2024	Real Estate	Other	Allowance for Credit Losses
Commercial & Agriculture	$ —	$ 4,530	$ 1,756
Commercial Real Estate:			
Owner Occupied	8,000	—	—
Non-Owner Occupied	3,013	—	1,059
Residential Real Estate	2,045	—	—
Real Estate Construction	—	—	—
Farm Real Estate	—	—	—
Lease Financing Receivables	—	665	165
Consumer and Other	—	—	—
Total	$ 13,058	$ 5,195	$ 2,980

(Amounts in thousands, except share data)

December 31, 2023	Real Estate	Other	Allowance for Credit Losses
Commercial & Agriculture	$ —	$ 4,674	$ 945
Commercial Real Estate:			
Owner Occupied	308	—	37
Non-Owner Occupied	1,167	—	268
Residential Real Estate	149	—	—
Real Estate Construction	—	—	—
Farm Real Estate	—	—	—
Lease Financing Receivables	—	61	15
Consumer and Other	—	—	—
Total	$ 1,624	$ 4,735	$ 1,265

Collateral-dependent loans consist primarily of Residential Real Estate, Commercial Real Estate and Commercial & Agricultural loans. These loans are individually evaluated when foreclosure is probable or when the repayment of the loan is expected to be provided substantially through the operation or sale of the underlying collateral. In the case of Commercial & Agricultural loans secured by equipment, the fair value of the collateral is estimated by third-party valuation experts. Loan balances are charged down to the underlying collateral value when they are deemed uncollectible. Note that the Company did not elect to use the collateral maintenance agreement practical expedient available under CECL.

Foreclosed Assets Held For Sale

Foreclosed assets acquired in settlement of loans are carried at fair value less estimated costs to sell and are included in Other assets on the Consolidated Balance Sheet. As of September 30, 2024 and December 31, 2023, there were no foreclosed assets included in Other assets.

Allowance for Credit Losses on Off-Balance-Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk from a contractual obligation to extend credit. The allowance for credit losses on off-balance-sheet credit exposures is adjusted as a provision for credit loss expense recognized within provision for credit losses on the Consolidated Statements of Operations. The estimated credit loss includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The estimate of expected credit loss is based on the historical loss rate for the loan class in which the loan commitments would be classified as if funded.

The following table lists the allowance for credit losses on off-balance sheet credit exposures as of September 30, 2024 and September 30, 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning of Period	$ 3,706	3,851	$ 3,901	—
CECL adoption adjustments	—	—	—	3,386
Provision for (recovery of)	(325)	130	(520)	595
End of Period	$ 3,381	$ 3,981	$ 3,381	3,981

(Amounts in thousands, except share data)

(6) Accumulated Other Comprehensive Income (Loss)

The following tables present the changes in each component of accumulated other comprehensive income (loss), net of tax for the three- and nine-month periods ended September 30, 2024 and September 30, 2023.

	For the Three-Month Period Ended September 30, 2024(a)			For the Three-Month Period Ended September 30, 2023(a)		
	Unrealized Gains and (Losses) on Available-for-Sale Securities (a)	Defined Benefit Pension Items (a)	Total (a)	Unrealized Gains and (Losses) on Available-for-Sale Securities (a)	Defined Benefit Pension Items (a)	Total (a)
Beginning balance	$ (49,827)	$ (4,506)	$ (54,333)	$ (50,496)	$ (5,274)	$ (55,770)
Other comprehensive income (loss) before reclassifications	14,422	—	14,422	(23,692)	—	(23,692)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—	—	—
Net current-period other comprehensive income (loss)	14,422	—	14,422	(23,692)	—	(23,692)
Ending balance	$ (35,405)	$ (4,506)	$ (39,911)	$ (74,188)	$ (5,274)	$ (79,462)

	For the Nine-Month Period Ended September 30, 2024(a)			For the Nine-Month Period Ended September 30, 2023(a)		
	Unrealized Gains and (Losses) on Available-for-Sale Securities (a)	Defined Benefit Pension Items (a)	Total (a)	Unrealized Gains and (Losses) on Available-for-Sale Securities (a)	Defined Benefit Pension Items (a)	Total (a)
Beginning balance	$ (43,024)	$ (4,506)	$ (47,530)	$ (52,771)	$ (5,274)	$ (58,045)
Other comprehensive income (loss) before reclassifications	7,619	—	7,619	(21,417)	—	(21,417)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—	—	—
Net current-period other comprehensive income (loss)	7,619	—	7,619	(21,417)	—	(21,417)
Ending balance	$ (35,405)	$ (4,506)	$ (39,911)	$ (74,188)	$ (5,274)	$ (79,462)

(a)Amounts in parentheses indicate debits on the Consolidated Balance Sheets.

There were no amounts reclassified out of each component of accumulated other comprehensive income (loss) for the three- and nine-month periods ended September 30, 2024 and September 30, 2023.

(Amounts in thousands, except share data)

(7) Goodwill and Intangible Assets

The carrying amount of goodwill was $125,520 at September 30, 2024 and December 31, 2023.

Acquired intangible assets, other than goodwill, as of September 30, 2024 and December 31, 2023 were as follows:

	September 30, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:						
Core deposit intangibles	$ 12,668	$ 7,298	$ 5,370	12,668	6,178	$ 6,490
Total amortized intangible assets	$ 12,668	$ 7,298	$ 5,370	$ 12,668	$ 6,178	$ 6,490

Aggregate core deposit intangible amortization expense was $363 and $398, for the three months ended September 30, 2024 and 2023, respectively. Aggregate core deposit intangible amortization expense was $1,121 and $1,195 for the nine months ended September 30, 2024 and 2023, respectively.

Activity for mortgage servicing rights ("MSRs") for the three and nine months ended September 30, 2024 and September 30, 2023 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Mortgage Servicing Rights:				
Balance at Beginning of Period	$ 2,974	$ 3,056	$ 3,018	$ 2,689
Additions	90	76	199	600
Additions from acquisition	—	—	—	—
Disposals	—	—	—	—
Amortized to expense	(125)	(86)	(278)	(243)
Other charges	—	—	—	—
Change in valuation allowance	—	—	—	—
Balance at End of Period	$ 2,939	$ 3,046	$ 2,939	$ 3,046

There was no valuation allowance for the three and nine months ended September 30, 2024 and September 30, 2023.

Estimated amortization expense for each of the next five years and thereafter is as follows:

	MSRs	Core deposit intangibles	Total
2024 (1)	$ 125	$ 358	$ 483
2025	166	1,312	1,478
2026	163	1,193	1,356
2027	157	1,071	1,228
2028	153	782	935
Thereafter	2,175	654	2,829
	$ 2,939	$ 5,370	$ 8,309

(1) 2024 includes 3 months of amortization expense consisting for October, November, and December 2024.

(Amounts in thousands, except share data)

(8) Short-Term and Other Borrowings

Short-term and other borrowings, which consist of federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings, are summarized as follows:

	September 30, 2024 Short-term Borrowings	December 31, 2023 Short-term Borrowings
FHLB Advances:		
Single maturity fixed rate advances	$ 47	$ 41
Interest rate on balance	1.18 %	1.25 %
Overnight advances	$ 287,000	$ 338,000
Interest rate on balance	4.88 %	5.41 %
Total Short-term FHLB Advances	$ 287,047	$ 338,041

The following table summarizes the Company's subordinated debentures at September 30, 2024 and December 31, 2023.

	September 30, 2024 Subordinated Debentures	December 31, 2023 Subordinated Debentures
Subordinated Debentures:		
First Citizens Statutory Trust II	$ 7,732	$ 7,732
First Citizens Statutory Trust III	12,887	12,887
First Citizens Statutory Trust IV	5,082	5,082
Futura TPF Trust I	2,578	2,578
Futura TPF Trust II	2,070	2,070
Long-Term Subordinated Debentures	73,718	73,594
Total Subordinated Debentures	$ 104,067	$ 103,943

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	Short-term Borrowings	Short-term Borrowings	Short-term Borrowings	Short-term Borrowings
Maximum indebtedness	$ 497,500	$ 431,500	$ 501,500	$ 540,000
Average balance	388,022	233,547	385,801	282,214
Average rate paid	5.35 %	5.51 %	5.42 %	5.03 %

Average balance during the period represents daily averages. Average rate paid represents interest expense divided by the related average balances.

(9) Earnings per Common Share

The Company has granted restricted stock awards with non-forfeitable rights (with respect to dividends), which are considered participating securities. Accordingly, earnings per common share is computed using the two-class method as required by ASC 260-10-45. Basic earnings per common share are computed as net income available to common shareholders divided by the weighted average number of common shares outstanding during the period, which excludes the participating securities. Diluted earnings per common share include the dilutive effect, if any, of additional potential common shares issuable under the Company's equity incentive plan, computed using the treasury stock method. The Company had no dilutive securities for the three and nine months ended September 30, 2024 and September 30, 2023.

(Amounts in thousands, except share data)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Basic				
Net income	$ 8,366	$ 10,387	$ 21,790	$ 33,309
Less allocation of earnings and dividends to participating securities	177	388	455	1,220
Net income available to common shareholders—basic	$ 8,189	$ 9,999	$ 21,335	$ 32,089
Weighted average common shares outstanding	15,736,966	15,735,007	15,720,714	15,747,648
Less average participating securities	332,531	588,715	328,447	576,902
Weighted average number of shares outstanding used in the calculation of basic earnings per common share	15,404,435	15,146,292	15,392,267	15,170,746
Earnings per common share:				
Basic	$ 0.53	$ 0.66	$ 1.39	$ 2.12
Diluted	0.53	0.66	1.39	2.12

(10) Commitments, Contingencies and Off-Balance Sheet Risk

Some financial instruments, such as loan commitments, credit lines, letters of credit and overdraft protection, are issued to meet customers' financing needs. These are agreements to provide credit or to support the credit of others, as long as the conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk of credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of commitment. The contractual amounts of financial instruments with off-balance-sheet risk were as follows at September 30, 2024 and December 31, 2023:

	Contract Amount			
	September 30, 2024		December 31, 2023	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitment to extend credit:				
Lines of credit and construction loans	$ 36,191	$ 687,926	$ 58,318	$ 668,893
Overdraft protection	10	58,243	10	59,489
Letters of credit	802	223	821	273
Total	$ 37,003	$ 746,392	$ 59,149	$ 728,655

Commitments to make loans are generally made for a period of one year or less. Fixed rate loan commitments included in the table above had interest rates ranging from 3.10% to 8.75% at September 30, 2024 and from 3.50% to 8.50% at December 31, 2023. Maturities extend up to 30 years.

Civista is required to maintain certain reserve balances on hand in accordance with the Federal Reserve Board requirements. No reserve balance was maintained, or required to be maintained, in accordance with such requirements at September 30, 2024 and December 31, 2023.

(11) Pension Information

The Company sponsors a pension plan which is a noncontributory defined benefit retirement plan. Annual payments, subject to the maximum amount deductible for federal income tax purposes, are made to a pension trust fund. In 2006, the Company amended the pension plan to provide that no employee could be added as a participant to the pension plan after December 31, 2006. In 2014, the Company amended the pension plan again to provide that no additional benefits would accrue beyond April 30, 2014.

(Amounts in thousands, except share data)

Net periodic pension cost was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost	$ —	$ —	$ —	$ —
Interest cost	95	125	286	376
Expected return on plan assets	(138)	(132)	(413)	(397)
Other components	—	—	—	—
Net periodic pension cost	$ (43)	$ (7)	$ (127)	$ (21)

The Company does not expect to make any contribution to its pension plan in 2024. The Company made no contribution to its pension plan in 2023.

(12) Equity Incentive Plan

At the Company's 2014 annual meeting, the shareholders adopted the Company's 2014 Incentive Plan ("2014 Incentive Plan"). The 2014 Incentive Plan authorized the Company to grant options, stock awards, stock units and other awards for up to 375,000 common shares of the Company. The 2014 Incentive Plan expired in accordance with its terms on April 16, 2024, and no further awards may be granted under the 2014 Incentive Plan after April 16, 2024. On February 20, 2024, the Company's Board of Director's adopted the Civista Bancshares, Inc. 2024 Incentive Plan (the "2024 Incentive Plan"), which was subsequently approved by the shareholders of the Company at the Annual Meeting of Shareholders held on April 16, 2024. The 2024 Incentive Plan authorizes the Company to grant options, stock awards, stock units and other awards for up to 450,000 common shares of the Company.

No options were granted under the 2014 Incentive Plan or the 2024 Incentive Plan during the three and nine months ended September 30, 2024 and September 30, 2023.

In each of the past several years, the Board of Directors has awarded restricted common shares to senior officers of the Company. The restricted shares vest ratably over a three-year or five-year period following the grant date. The product of the number of restricted shares granted and the grant date market price of the Company's common shares determines the fair value of restricted shares awarded under the Company's incentive plans. Management recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period for the entire award.

The Company classifies share-based compensation for employees with "Compensation expense" in the Consolidated Statements of Operations.

The following is a summary of the Company's outstanding restricted common shares and changes therein for the three and nine months ended September 30, 2024:

	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
	Number of Restricted Shares	Weighted Average Grant Date Fair Value	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	91,419	$ 19.21	85,670	$ 21.88
Granted	—	—	51,578	15.03
Vested	(15,756)	19.60	(60,067)	19.81
Forfeited	—	—	(1,518)	21.41
Nonvested at end of period	75,663	$ 19.13	75,663	$ 19.13

(Amounts in thousands, except share data)

The following is a summary of the status of the Company's outstanding restricted common shares as of September 30, 2024:

At September 30, 2024			
Date of Award	Shares	Remaining Expense	Remaining Vesting Period (Years)
March 14, 2020	1,933	9	0.25
March 3, 2021	4,693	51	1.25
March 3, 2022	6,586	112	2.25
March 3, 2022	3,481	21	0.25
March 14, 2023	12,702	206	3.25
March 14, 2023	11,757	161	1.25
March 12, 2024	25,223	311	4.25
March 12, 2024	9,288	111	2.25
	75,663	$ 982	2.72

The Company recorded $372 and $191 of share-based compensation expense during the three months ended September 30, 2024 and 2023, respectively. The Company recorded $735 and $793 of share-based compensation expense during the nine months ended September 30, 2024 and 2023, respectively. At September 30, 2024, the total compensation cost related to unvested awards not yet recognized was $982, which was expected to be recognized over the weighted average remaining life of the grants of 2.72 years.

(13) Fair Value Measurement

The Company uses a fair value hierarchy to measure fair value. This hierarchy describes three levels of inputs that may be used to measure fair value: Level 1: Quoted prices for identical assets in active markets that are identifiable on the measurement date; Level 2: Significant other observable inputs, such as quoted prices for similar assets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data; and Level 3: Significant unobservable inputs that reflect the Company's own view about the assumptions that market participants would use in pricing an asset.

Debt securities: The fair values of securities available-for-sale are determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Equity securities: The Company's equity securities are not actively traded in an open market. The fair value of these equity securities available-for-sale not actively traded in an open market is determined by using market data inputs for similar securities that are observable (Level 2 inputs).

The fair value of the swap asset/liability: The fair value of the swap asset and liability is based on an external derivative model using data inputs based on similar transactions as of the valuation date and classified Level 2. The changes in fair value of these assets/liabilities had no impact on net income or comprehensive income.

(Amounts in thousands, except share data)

Assets and liabilities measured at fair value are summarized in the tables below.

	Fair Value Measurements at September 30, 2024 Using:		
	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:			
Securities available-for-sale			
U.S. Treasury securities and obligations of U.S. Government agencies	$ —	$ 69,198	$ —
Obligations of states and political subdivisions		337,805	
Mortgage-backed securities in government sponsored entities	—	219,785	—
Total securities available-for-sale	—	$ 626,788	—
Equity securities	—	2,325	—
Swap asset	—	8,196	—
Liabilities measured at fair value on a recurring basis:			
Swap liability	$ —	$ 8,196	$ —

	Fair Value Measurements at December 31, 2023 Using:		
	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:			
Securities available-for-sale			
U.S. Treasury securities and obligations of U.S. Government agencies	$ —	$ 67,658	$ —
Obligations of states and political subdivisions	—	338,599	—
Mortgage-backed securities in government sponsored entities	—	212,015	—
Total securities available-for-sale	—	618,272	—
Equity securities	—	2,169	—
Swap asset	—	12,481	—
Liabilities measured at fair value on a recurring basis:			
Swap liability	$ —	$ 12,481	$ —

(Amounts in thousands, except share data)

The carrying amount and fair values of financial instruments not measured at fair value on a recurring or nonrecurring basis at September 30, 2024 were as follows:

September 30, 2024	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Financial Assets:					
Cash and due from financial institutions	$ 74,662	$ 74,662	$ 74,662	$ —	$ —
Investments in time deposits	1,450	1,455	—	1,455	—
Other securities	32,633	32,633	32,633	—	—
Loans, held for sale	8,299	8,299	8,299	—	—
Loans, net of allowance	3,002,678	2,897,584	—	—	2,897,584
Accrued interest receivable	13,614	13,614	13,614	—	—
Mortgage Servicing Rights	2,939	2,939			2,939
Financial Liabilities:					
Nonmaturing deposits	2,218,420	2,218,420	2,218,420	—	—
Time deposits	1,005,312	1,006,317	—	—	1,006,317
Short-term FHLB advances	287,047	287,046	287,046	—	—
Long-term FHLB advances	1,598	1,544	—	—	1,544
Subordinated debentures	104,067	98,694	—	—	98,694
Other borrowings	6,319	6,319	—	—	6,319
Accrued interest payable	15,163	15,163	15,163	—	—

The carrying amount and fair values of financial instruments not measured at fair value on a recurring or nonrecurring basis at December 31, 2023 were as follows:

December 31, 2023	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Financial Assets:					
Cash and due from financial institutions	$ 60,406	$ 60,406	$ 60,406	$ —	$ —
Investments in time deposits	$ 1,225	1,215	—	1,215	—
Other securities	29,998	29,998	29,998	—	—
Loans, held for sale	1,725	1,725	1,725	—	—
Loans, net of allowance	2,824,568	2,679,988	—	—	2,679,988
Accrued interest receivable	12,819	12,819	12,819	—	—
Mortgage Servicing Rights	3,018	3,018	—	—	3,018
Financial Liabilities:					
Nonmaturing deposits	2,084,216	2,084,216	2,084,216	—	—
Time deposits	900,812	899,443	—	—	899,443
Short-term FHLB advances	338,000	337,267	337,267	—	—
Long-term FHLB advances	2,392	2,419	—	—	2,419
Subordinated debentures	103,943	101,563	—	—	101,563
Other borrowings	9,859	9,859	—	—	9,859
Accrued interest payable	9,525	9,525	9,525	—	—

(14) Derivatives

To accommodate customer need and to support the Company’s asset/liability positioning, on occasion the Company enters into interest rate swaps with a customer and a bank counterparty. The interest rate swaps are free-standing derivatives and are recorded at fair value. The Company enters into a floating rate loan and a fixed rate swap with our customer. Simultaneously, the Company enters into an offsetting fixed rate swap with a bank counterparty. In connection with each swap transaction, the Company agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on the same notional amount at a fixed interest rate. At the same time, the Company agrees to pay a bank counterparty the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. These transactions allow the Company’s customer to effectively convert variable rate loans to fixed rate loans. Since the Company acts as an intermediary for its customer, changes in the fair value of the underlying derivative contracts offset each other and do not significantly impact the Company’s results of operations. None of the Company’s derivatives are designated as hedging instruments.

(Amounts in thousands, except share data)

The Company presents derivative positions net on the balance sheet for customers and financial institution counterparty positions subject to master netting arrangements. The following table reflects the derivatives recorded on the balance sheet:

	September 30, 2024		December 31, 2023	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in swap assets:				
Interest rate swaps with loan customers in an asset position	$ 78,808	$ 3,128	$ 44,773	$ 2,114
Counterparty positions with financial institutions in an asset position	227,671	5,068	228,873	10,367
Total included in other assets		$ 8,196		$ 12,481
Included in swap liabilities:				
Interest rate swaps with loan customers in a liability position	$ 148,863	$ 8,196	$ 184,100	$ 12,481
Counterparty positions with financial institutions in a liability position	—	—	—	—
Total included in accrued expenses and other liabilities		$ 8,196		$ 12,481
Gross notional positions with customers	$ 227,671		$ 228,873	
Gross notional positions with financial institution counterparties	$ 227,671		$ 228,873	

The effect of swap fair value changes on the Consolidated Statement of Operations are as follows:

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivatives September 30, 2024	September 30, 2023
Interest rate swaps related to customer loans	Other income	$ —	$ —
Total		$ —	$ —

The Company monitors and controls all derivative products with a comprehensive Board of Director approved commercial loan swap policy. All interest rate swap transactions must be approved in advance by the Lenders Loan Committee of the Board of Directors. The Company classifies changes in fair value of derivatives in Other noninterest income in the Consolidated Statements of Operation.

At September 30, 2024 and December 31, 2023, the Company did not have any cash or securities pledged for collateral on its interest rate swaps with third party financial institutions. Cash pledged for collateral on interest rate swaps is classified as restricted cash on the Consolidated Balance Sheet.

(15) Qualified Affordable Housing Project Investments

The Company invests in certain qualified affordable housing projects. At September 30, 2024 and December 31, 2023, the balance of the Company's investments in qualified affordable housing projects was $14,188 and $15,122, respectively. These balances are reflected in the Other assets line on the Consolidated Balance Sheet. The unfunded commitments related to the investments in qualified affordable housing projects totaled $4,161 and $5,722 at September 30, 2024 and December 31, 2023, respectively. These balances are reflected in the Accrued expenses and other liabilities line on the Consolidated Balance Sheet.

During the three months ended September 30, 2024 and 2023, the Company recognized amortization expense with respect to its investments in qualified affordable housing projects of $312 and $252, respectively, offset by tax credits and other benefits from its investments in affordable housing tax credits of $461 and $428, respectively. During the nine months ended September 30, 2024 and 2023, the Company recognized amortization expense with respect to its investments in qualified affordable housing projects of $935 and $760, respectively, offset by tax credits and other benefits from its in affordable housing tax credits of $1,382 and $1,285, respectively. During the three and nine months ended September 30, 2024 and 2023, the Company did not incur any impairment losses related to its investments in qualified affordable housing projects.

(16) Revenue Recognition

The Company accounts for revenues from contracts with customers under ASC 606, *Revenue from Contracts with Customers*. Revenue associated with financial instruments, including revenue from loans and securities, are outside the scope of ASC 606 and accounted for under other existing GAAP. In addition, certain noninterest income streams such as fees associated with mortgage servicing rights, financial guarantees, derivatives, and certain credit card fees are also not in scope of the guidance. Noninterest revenue streams in-scope of ASC 606 are discussed below.

Service Charges

Service charges consist of account analysis fees (i.e., net fees earned on analyzed business and public checking accounts), monthly service fees, and other deposit account related fees. The Company’s performance obligation for account analysis fees and monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided. Other deposit account related fees are largely transactional based, and therefore, the Company’s performance obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers’ accounts.

ATM/Interchange Fees

Fees, exchange, and other service charges are primarily comprised of debit and credit card income, ATM fees and other service charges. Debit and credit card income is primarily comprised of interchange fees earned whenever the Company’s debit and credit cards are processed through card payment networks such as Mastercard. ATM fees are primarily generated when a Company cardholder uses a non-Company ATM or a non-Company cardholder uses a Company ATM. The Company’s performance obligation for fees, exchange, and other service charges are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

Wealth Management Fees

Wealth management fees are primarily comprised of fees earned from the management and administration of trusts and other customer assets. The Company’s performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally received in the following month through a direct charge to customers’ accounts. The Company does not earn performance-based incentives. The Company’s performance obligation for these transactional-based services is generally satisfied, and related revenue recognized, at a point in time (i.e., as incurred). Payment is received shortly after services are rendered.

Tax Refund Processing Fees

The Company previously participated in a tax refund processing program pursuant to which the Company facilitated the payment of federal and state income tax refunds with a third-party payment processor. Refund Transfers (“RTs”) were fee-based products whereby a tax refund was issued to the taxpayer after the Company received the refund from the federal or state government. As part of this agreement the Company earned fee income, the majority of which was received in the first quarter of the year. The Company’s fee income revenue was recognized based on the estimated percent of business completed by each date. Beginning in 2024, the Company discontinued participation in the tax refund processing program.

Other

Other noninterest income consists of other recurring revenue streams such as check order fees, wire transfer fees, safety deposit box rental fees, item processing fees and other miscellaneous revenue streams. Check order income mainly represents fees charged to customers for checks. Wire transfer fees represent revenue from processing wire transfers. Safe deposit box rental fees are charged to the customer on an annual basis and recognized upon receipt of payment. The Company determined that since rentals and renewals occur fairly consistently over time, revenue is recognized on a basis consistent with the duration of the performance obligation. Item processing fee income represents fees charged to other financial institutions for processing their transactions. Payment is typically received in the following month.

(Amounts in thousands, except share data)

The following presents noninterest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the three and nine months ended September 30, 2024 and 2023.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Noninterest Income				
In-scope of Topic 606:				
Service charges	$ 1,595	$ 1,853	$ 4,523	$ 5,457
ATM/Interchange fees	1,402	1,424	4,201	4,227
Wealth management fees	1,443	1,197	4,055	3,570
Tax refund processing fees	—	—	—	2,375
Other	754	646	3,875	3,500
Noninterest Income (in-scope of Topic 606)	5,194	5,120	16,654	19,129
Noninterest Income (out-of-scope of Topic 606)	4,492	3,005	12,079	9,213
Total Noninterest Income	$ 9,686	$ 8,125	$ 28,733	$ 28,342

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion focuses on the consolidated financial condition of the Company at September 30, 2024 compared to December 31, 2023, and the consolidated results of operations for the three- and nine-month periods ended September 30, 2024, compared to the same periods in 2023. This discussion should be read in conjunction with the unaudited consolidated financial statements and notes included in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), relating to such matters as the Company's financial condition, anticipated operating results, cash flows, business line results, credit quality expectations, prospects for new lines of business, economic trends (including interest rates) and similar matters. Forward-looking statements reflect our expectations, estimates or projections concerning future results or events. These statements are generally identified by the use of forward-looking words or phrases such as "believe," "belief," "expect," "anticipate," "may," "could," "intend," "intent," "estimate," "plan," "foresee," "likely," "will," "should" or other similar words or phrases. Forward-looking statements are not guarantees of performance and are inherently subject to known and unknown risks, uncertainties and assumptions that are difficult to predict and could cause our actual results, performance or achievements to differ materially from those expressed in or implied by the forward-looking statements. Factors that could cause actual results, performance or achievements to differ from those discussed in the forward-looking statements include, but are not limited to:

- current and future economic and financial market conditions, including the effects of inflation, recession, unemployment, changes in interest rates, fiscal and monetary policy, an increasing federal government budget deficit, the failure of the federal government to raise the federal debt ceiling and/or possible future U.S. government shutdowns over budget disagreements, uncertainties surrounding the November 2024 U.S. Presidential election and potential changes in the U.S. Senate and House of Representatives, slowing gross domestic product, tariffs, a U.S. withdrawal from or renegotiation of trade agreements, trade wars, and other factors beyond our control, any of which may result in adverse impacts on our deposit levels and composition, the quality of investment securities available for purchase, demand for loans, the ability of our borrowers to repay their loans, and the value of the collateral securing loans made by Civista;
- recent and future bank failures may reduce customer confidence, affect sources of funding and liquidity, increase regulatory requirements and costs, adversely affect financial markets and/or have a negative reputational impact on the banking industry as a whole, any of which could adversely affect the Company's business, financial condition and results of operations;
- adverse changes in the real estate market, which could cause increases in delinquencies and non-performing assets, including additional loan charge-offs, and could depress our income, earnings and capital;
- changes in interest rates resulting from national and local economic conditions and the policies of regulatory authorities, including monetary policies of the Board of Governors of the Federal Reserve System, which may adversely affect interest rates, interest margins, loan demand and interest rate sensitivity;
- operational risks, reputational risks, legal and compliance risks, and other risks related to potential fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, or failures, disruptions or breaches in security of our systems, including those resulting from computer viruses or cyber-attacks;
- our ability to secure sensitive or confidential client information against unauthorized disclosure or access through computer systems and telecommunication networks, including those of our third-party vendors and other service providers, which may prove inadequate;
- a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors and other service providers, resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems, including as a result of cyber-attacks;
- competitive pressures and factors among financial services organizations could increase significantly, including product and pricing pressures, changes to third-party relationships and our ability to recruit and retain qualified management and banking personnel;
- unexpected losses of services of our key management personnel, or the inability to recruit and retain qualified personnel in the future;
- risks inherent in pursuing strategic growth initiatives, including integration and other risks involved in past, pending and possible future acquisitions;
- uncertainty regarding the nature, timing, cost and effect of legislative or regulatory changes in the banking industry or otherwise affecting the Company, including major reform of the regulatory oversight structure of the financial services industry and

changes in laws and regulations concerning taxes, FDIC insurance premium levels, pensions, bankruptcy, consumer protection, rent regulation and housing, financial accounting and reporting, environmental protection, insurance, bank products and services, bank and bank holding company capital and liquidity standards, fiduciary standards, securities and other aspects of the financial services industry;

- changes in federal, state and/or local tax laws;
- the effect of changes in accounting policies and practices, as may be adopted by the Financial Accounting Standards Board (FASB), the SEC, the Public Company Accounting Oversight Board and other regulatory agencies, may adversely affect our reported financial condition or results of operations;
- litigation and regulatory compliance exposure, including the costs and effects of any adverse developments in legal proceedings or other claims and the costs and effects of unfavorable resolution of regulatory and other governmental examinations or inquiries;
- continued availability of earnings and dividends from Civista and excess capital sufficient for us to service our debt and pay dividends to our shareholders in compliance with applicable legal and regulatory requirements;
- our ability to raise additional capital in the future if and when needed and/or on terms acceptable to us;
- our ability to conform and comply with regulatory requirements and increasing scrutiny and evolving expectations from customers, regulatory authorities, shareholders, investors and other stakeholders with regard to our environmental, social and governance (ESG) policies and practices, which could affect our reputation and business and operating results;
- our ability to anticipate and successfully keep pace with technological changes affecting the financial services industry; and
- other risks identified from time-to-time in the Company's other 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, 2023.

The Company does not undertake, and specifically disclaims, any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except as required by law.

Financial Condition

Total assets of the Company at September 30, 2024 were $4,061,423 compared to $3,861,418 at December 31, 2023, an increase of $200,005, or 5.2%. The increase in total assets was due to increases in net loans of $178,110, cash and cash equivalents of $14,256, securities available for sale of $8,516, loans held for sale of $6,574, . These increases were partially offset by decreases in premises and equipment of $6,802 and swap assets of $4,285. Total liabilities at September 30, 2024 were $3,666,985 compared to $3,489,416 at December 31, 2023, an increase of $177,569, or 5.1%. The increase in total liabilities was primarily attributable to an increase in total deposits of $238,704, partially offset by a decrease in short-term FHLB advances of $50,953.

(Amounts in thousands, except share data)

Loans outstanding as of September 30, 2024 and December 31, 2023 were as follows:

	September 30, 2024	December 31, 2023	$ Change	% Change
Commercial & Agriculture	$ 304,639	$ 304,793	$ (154)	-0.1%
Commercial Real Estate—Owner Occupied	375,751	377,321	(1,570)	-0.4%
Commercial Real Estate—Non-Owner Occupied	1,205,453	1,161,894	43,559	3.7%
Residential Real Estate	751,825	659,841	91,984	13.9%
Real Estate Construction	318,063	260,409	57,654	22.1%
Farm Real Estate	24,122	24,771	(649)	-2.6%
Lease Financing Receivables	49,453	54,642	(5,189)	-9.5%
Consumer and Other	14,640	18,057	(3,417)	-18.9%
Total loans	3,043,946	2,861,728	182,218	6.4%
Allowance for credit losses	(41,268)	(37,160)	(4,108)	11.1%
Net loans	$ 3,002,678	$ 2,824,568	$ 178,110	6.3%

Included in Commercial & Agriculture loans above were $214 of PPP loans as of September 30, 2024 and $326 of PPP loans as of December 31, 2023.

Loans held for sale increased $6,574, or 381.1%, since December 31, 2023. The increase was due to increases in both the number of loans and average loan balances held for sale. At September 30, 2024, thirty-five loans totaling $8,299 were held for sale as compared to nine loans totaling $1,725 at December 31, 2023.

Net loans have increased $178,110, or 6.3%, since December 31, 2023. The increase at September 30, 2024 can be attributed to increases in many categories, primarily Commercial Real Estate – Non-Owner Occupied, Residential Real Estate, and Real Estate Construction, offset by decreases in Commercial Real Estate – Owner Occupied, Lease Financing Receivables, and Consumer and Other. At September 30, 2024, the net loan to deposit ratio was 93.1% compared to 94.6% at December 31, 2023. The decrease in the net loan to deposit ratio is primarily the result of an increase in deposits.

During the first nine months of 2024, provisions made to the allowances for credit losses and off-balance sheet credit exposures totaled $4,668, compared to a provision of $2,706 during the same period in 2023. The increase in the provision was principally related to loan growth during the first nine months of 2024. On a quarterly basis, changes in economic conditions will require CECL model assumption inputs to change and management will determine if, any, further refinements will be necessary to the estimation process.

Net charge-offs for the first nine months of 2024 totaled $1,080, compared to net charge-offs of $535 for the first nine months of 2023. For the first nine months of 2024, the Company charged off a total of 38 loans. Twelve Commercial & Agriculture loans totaling $1,079, three Lease Financing Receivables totaling $186, four Residential Real Estate loan totaling $67, one Commercial Real Estate – Non-Owner Occupied loan for $174, and eighteen Consumer and Other loans totaling $74 were charged off in the first nine months of the year. In addition, during the first nine months of 2024, the Company had recoveries on previously charged-off Commercial & Agriculture loans of $263, Commercial Real Estate – Non-Owner Occupied loans of $12, Residential Real Estate loans of $178, Real Estate Construction loans of $12, Leasing Finance Receivables of $1 and Consumer and Other loans of $34. For each loan category, as well as in total, the percentage of net charge-offs to loans was less than one percent. Each of these factors was considered by management as part of the examination of both the level and mix of the allowance by loan type as well as the overall level of the allowance.

Management specifically evaluates loans that do not share common risk characteristics for estimates of loss. To evaluate the adequacy of the allowance for credit losses to cover probable losses in the loan portfolio, management considers specific reserve allocations for identified portfolio loans, reserves for delinquencies and historical reserve allocations. Loss migration rates are calculated over a three-year period for all portfolio segments. Management also considers certain economic factors for trends that management uses to account for the qualitative and environmental changes in risk, which affects the level of the reserve.

(Amounts in thousands, except share data)

Management analyzes each individually evaluated Commercial & Agriculture and Commercial Real Estate loan relationship with a balance of $350 or larger, on an individual basis and designates a loan as individually evaluated when it is in nonaccrual status or when an analysis of the borrower's operating results and financial condition indicates that underlying cash flows are not adequate to meet its debt service requirements. Loans held for sale are excluded from consideration as impaired. Loans are generally moved to nonaccrual status when 90 days or more past due. Loans, or portions thereof, are charged-off when deemed uncollectible. The allowance for credit losses as a percent of total loans was 1.36% at September 30, 2024 and 1.30% at December 31, 2023.

The available-for-sale securities portfolio increased by $8,516, from $618,272 at December 31, 2023 to $626,788 at September 30, 2024. Management continually evaluates our securities portfolio in response to established asset/liability management objectives, changing market conditions that could affect profitability, and the level of interest rate risk to which the Company is exposed. These evaluations may cause the Company to change the level of funds it deploys into investment securities and change the composition of its investment securities portfolio. As of September 30, 2024, the Company was in compliance with all pledging requirements.

Premises and equipment, net, decreased $6,802 from December 31, 2023 to September 30, 2024. The decrease was the result of depreciation of $6,895 and disposals of $501, partially offset by purchases of $594. The decrease in depreciation was mainly attributable to leasing operations as operating leases mature. New leases in 2024 are primarily finance leases which are recorded in loans on the balance sheet.

Bank owned life insurance ("BOLI") increased $1,577 from December 31, 2023 to September 30, 2024. The increase was the result of the purchase of a new insurance policy as well as increases in the cash surrender value of the underlying insurance policies.

Swap assets decreased $4,285 from December 31, 2023 to September 30, 2024. The decrease was primarily the result of a decline in market value.

Total deposits as of September 30, 2024 and December 31, 2023 were as follows:

	September 30, 2024	December 31, 2023	$ Change	% Change
Noninterest-bearing demand	$ 686,316	$ 771,699	$ (85,383)	-11.1%
Interest-bearing demand	420,333	449,449	(29,116)	-6.5%
Savings and money market	1,111,771	863,067	248,704	28.8%
Time deposits	1,005,312	900,813	104,499	11.6%
Total Deposits	$ 3,223,732	$ 2,985,028	$ 238,704	8.0%

The Company had approximately $497,852 and $499,429 of uninsured deposits as of September 30, 2024 and December 31, 2023, respectively. Uninsured deposit amounts are estimated based on the portions of customer account balances that exceed the FDIC insurance limit of $250.

Total deposits at September 30, 2024 increased $238,704 from year-end 2023. Noninterest-bearing deposits decreased $85,383 from year-end 2023, while interest-bearing deposits, including savings and time deposits, increased $324,087 from December 31, 2023. The decrease in noninterest-bearing deposits was primarily due to a $32,000 decrease in noninterest-bearing business accounts as customers migrated to interest-bearing accounts, and a $36,800 decrease in noninterest-bearing accounts related to the former tax refund processing program. The decrease in interest-bearing demand deposits was primarily due to a decrease of $14,600 in interest-bearing personal accounts, a $7,500 decrease in Jumbo NOW accounts, a $3,700 decrease in interest-bearing business accounts, and a $966 decrease in interest-bearing public fund accounts. The $248,704 increase in savings and money market accounts was primarily due to a $115,000 increase in brokered money market accounts, $87,500 in a new Trust money market account and a $61,000 increase in business money market accounts, which increases were; partially offset by a $18,400 decrease in statement savings and a $5,100 decrease in business savings accounts. Total increase in time deposits of $104,500 is due to increase of $22,700 in jumbo deposits, and $45,400 in all other certificate categories. The year-to-date average balance of total deposits increased $222,092, compared to the average balance for the same period in 2023, mainly due to a $429,848 increase in the average balance of time deposits, somewhat offset by a $239,146 decrease in noninterest-bearing deposits.

Short-term FHLB advances decreased $50,953 from December 31, 2023 to September 30, 2024. The decrease was due to paying down borrowings.

Swap liabilities decreased $4,285 from December 31, 2023 to September 30, 2024. The decrease was the result of a decrease in fair value of swap liabilities.

Accrued expenses and other liabilities decreased $1,687 from December 31, 2023 to September 30, 2024. The decrease was primarily due to a decrease in unfunded commitments related to the investments in qualified affordable housing projects of $1,500.

Shareholders' equity at September 30, 2024 was $394,438, or 9.7% of total assets, compared to $372,002, or 9.6% of total assets, at December 31, 2023. The increase was as a result of net income of $21,790 and an increase in the fair value of securities, net of tax, of $7,619, partially offset by dividends on common shares of $7,544.

Total outstanding common shares at September 30, 2024 were 15,736,528 which increased from 15,695,424 common shares outstanding at December 31, 2023. Common shares outstanding increased due to the grant of 51,578 restricted common shares to certain officers under the Company's 2014 Incentive Plan, offset by 8,956 common shares surrendered by officers to the Company to pay taxes upon vesting of restricted shares and 1,518 restricted common shares forfeited.

Results of Operations

Three Months Ended September 30, 2024 and 2023

The Company had net income of $8,366 for the three months ended September 30, 2024, a decrease of $2,021 from net income of $10,387 for the same three months of 2023. Basic and diluted earnings per common share were $0.53 for the quarter ended September 30, 2024, compared to $0.66 for the same period in 2023. The primary reasons for the changes in net income are explained below.

Net interest income for the three months ended September 30, 2024 was $29,233, a decrease of $2,271 from $31,504 for the same three months of 2023. This decrease was a result of an increase of $9,226 in interest expense, partially offset by an increase of $6,955 in total interest income. Interest-earning assets averaged $3,705,866 during the three months ended September 30, 2024, an increase of $325,697 from $3,380,169 for the same period of 2023. The Company's average interest-bearing liabilities increased from $2,315,118 during the three months ended September 30, 2023 to $2,898,978 during the three months ended September 30, 2024. The Company's fully tax equivalent net interest margin for the three months ended September 30, 2024 and 2023 was 3.16% and 3.63%, respectively.

Total interest and dividend income was $52,741 for the three months ended September 30, 2024, an increase of $6,955 from $45,786 for the same period in 2023. The increase in interest and dividend income is attributable to a $7,166 increase in interest and fees on loans, a $259 increase in interest income on taxable securities and a $33 increase in interest income on tax-exempt securities. The $7,166 increase in interest and fees on loans is attributable to increases in both average balances and loan yield. The average balance of loans increased by $352,205 or 13.1%, to $3,031,884 for the three months ended September 30, 2024, as compared to $2,679,679 for the same period in 2023. The loan yield increased to 6.15% for the three months ended September 30, 2024, from 5.87% for the same period in 2023.

Interest on taxable securities increased $259 to $3,258 for the three months ended September 30, 2024, compared to $2,999 for the same period in 2023. The average balance of taxable securities increased $4,430 to $363,584 for the three months ended September 30, 2024, as compared to $359,154 for the same period in 2023. The yield on taxable securities increased 29 basis points to 3.24% for the three months ended September 30, 2024, compared to 2.95% for the same period in 2023. Interest on tax-exempt securities increased $33 to $2,369 for the three months ended September 30, 2024, compared to $2,336 for the same period in 2023. The average balance of tax-exempt securities increased $5,206 to $291,254 for the three months ended September 30, 2024, as compared to $286,048 for the same period in 2023. The yield on tax-exempt securities increased 6 basis points to 3.83% for the three months ended September 30, 2024, compared to 3.77% for the same period in 2023.

Total interest expense increased $9,226, or 64.6%, to $23,508 for the three months ended September 30, 2024, compared with $14,282 for the same period in 2023. The change in interest expense can be attributed to increases in rates, accompanied by an increase in the average balance of interest-bearing liabilities. For the three months ended September 30, 2024, the average balance of interest-bearing liabilities increased $583,860 to $2,898,978, as compared to $2,315,118 for the same period in 2023. Interest incurred on deposits increased by $7,342 to $16,926 for the three months ended September 30, 2024, compared to $9,584 for the same period in 2023. The average balance of interest-bearing deposits increased by $439,205 to $2,405,219 for the three months ended September 30, 2024, as compared to the same period in 2023, accompanied by an increase in the rate paid on time deposits from 4.64% in 2023 to 5.37% in

(Amounts in thousands, except share data)

2024. Interest expense incurred on short-term FHLB advances increased because of the average balances increasing $154,475 for the three months ended September 30, 2024, as compared to the same period in 2023.

The following table presents the condensed average balance sheets for the three months ended September 30, 2024 and 2023. The daily average loan amounts outstanding are net of unearned income and include loans held for sale and nonaccrual loans. The average balance of securities is computed using the carrying value of securities. Rates are annualized and taxable equivalent yields are computed using a 21% tax rate for tax-exempt interest income. The average yield has been computed using the historical amortized cost average balance for available-for-sale securities.

	Three Months Ended September 30,					
	2024			2023		
Assets:	Average balance	Interest	Yield/ rate*	Average balance	Interest	Yield/ rate*
Interest-earning assets:						
Loans, including fees**	$ 3,031,884	$ 46,898	6.15%	$ 2,742,739	$ 40,547	5.87%
Taxable securities	363,584	3,258	3.24%	359,154	2,999	2.95%
Tax-exempt securities	291,254	2,999	3.83%	286,048	2,957	3.77%
Interest-bearing deposits in other banks	19,144	216	4.47%	55,288	719	5.16%
Total interest-earning assets	$ 3,705,866	$ 53,371	5.64%	$ 3,443,229	$ 47,222	5.33%
Noninterest-earning assets:						
Cash and due from financial institutions	36,868			22,542		
Premises and equipment, net	51,342			50,999		
Accrued interest receivable	13,802			11,673		
Intangible assets	134,083			128,215		
Bank owned life insurance	63,190			53,879		
Other assets	57,856			64,008		
Less allowance for loan losses	(40,068)			(34,283)		
Total Assets	$ 4,022,939			$ 3,740,262		
Liabilities and Shareholders Equity:						
Interest-bearing liabilities:						
Demand and savings	$ 1,452,850	$ 4,074	1.12%	$ 1,333,903	$ 2,189	0.65%
Time	953,369	12,852	5.37%	632,111	7,395	4.64%
Short-term FHLB advances	388,022	5,328	5.46%	233,547	3,246	5.51%
Long-term FHLB advances	1,697	10	2.34%	2,644	15	2.25%
Other borrowings	—	—	0.00%	71,086	1,013	5.66%
Subordinated debentures	104,040	1,244	4.75%	103,894	1,239	4.73%
Repurchase Agreements	—	—	0.00%	993	-	0.00%
Total interest-bearing liabilities	$ 2,899,978	$ 23,508	3.23%	$ 2,378,178	$ 15,097	2.52%
Noninterest-bearing deposits	687,364			980,835		
Other liabilities	55,205			33,040		
Shareholders' Equity	381,392			348,209		
Total Liabilities and Shareholders' Equity	$ 4,023,939			$ 3,740,262		
Net interest income and interest rate spread(1)		$ 29,863	2.41%		$ 32,125	2.81%
Net interest margin(2)			3.16%			3.63%

(1) Net interest spread represents the difference between the yield on average interest-earning assets and the cost of interest-bearing liabilities.
(2) Net interest margin represents net interest income divided by average interest-earning assets.
* Average yields are presented on a tax equivalent basis. The tax equivalent effect associated with loans and investments, included in the yields above, was $630 and $621 for the periods ended September 30, 2024 and 2023, respectively.
** Average balance includes nonaccrual loans.

Net interest income may also be analyzed by comparing the volume and rate components of interest income and interest expense. The following table provides an analysis of the changes in interest income and expense between the three months ended September 30, 2024 and 2023.

	Increase (decrease) due to:		
	Volume (1)	Rate (1)	Net
	(Dollars in thousands)		
Interest income:			
Loans, including fees	$ 4,412	$ 1,939	$ 6,351
Taxable securities	90	169	259
Tax-exempt securities	66	(24)	42
Interest-bearing deposits in other banks	(418)	(85)	(503)
Total interest income	$ 4,150	$ 1,999	$ 6,149
Interest expense:			
Demand and savings	$ 211	$ 1,674	$ 1,885
Time	4,199	1,259	5,458
Short-term FHLB advances	2,122	(40)	2,082
Long-term FHLB advances	(6)	1	(5)
Other borrowings	(1,013)	—	(1,013)
Subordinated debentures	2	2	4
Repurchase agreements	—	—	—
Total interest expense	$ 5,515	$ 2,896	$ 8,411
Net interest income	$ (1,365)	$ (897)	$ (2,262)

(1)The change in interest income and interest expense due to changes in both volume and rate, which cannot be segregated, has been allocated proportionately to the change due to volume and the change due to rate.

The Company provides for loan losses through regular provisions to the allowance for credit losses. During the three months ended September 30, 2024 the Company recorded a provision for credit losses of $1,346, an increase of $716, from $630 during the three months ended September 30, 2023. The increase in the provisions was mainly related to the loan growth during the quarter.

Noninterest income for the three-month periods ended September 30, 2024 and 2023 was as follows:

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Service charges	$ 1,595	$ 1,853	$ (258)	-13.9%
Net gain (loss) on equity securities	223	69	154	223.2%
Net gain on sale of loans and leases	1,427	787	640	81.3%
ATM/Interchange fees	1,402	1,424	(22)	-1.5%
Wealth management fees	1,443	1,197	246	20.6%
Lease revenue and residual income	2,428	1,913	515	26.9%
Bank owned life insurance	717	266	451	169.5%
Swap fees	43	21	22	104.8%
Other	408	595	(187)	-31.4%
Total noninterest income	$ 9,686	$ 8,125	$ 1,561	19.2%

Total noninterest income for the three months ended September 30, 2024 was $9,686, an increase of $1,561, or 19.2%, from $8,125 for the same period of 2023. Service charges decreased $258 as the Company eliminated its representment fee and reduced overdraft charges, the effect of which was partially offset by an increase in other service fees. Lease revenue and residual income increased $515 due to an increase in income from leasing operations. Net gain (loss) on equity securities increased as a result of market value increases. Bank owned life insurance increased $451 due to a death benefit paid in the third quarter of 2024. Net gain on sale of loans increased primarily as a result of an increase in volume of loans sold. During the three months ended September 30, 2024, 150 loans were sold, totaling $37,905. During the three months ended September 30, 2023, 101 loans were sold, totaling $16,300.

(Amounts in thousands, except share data)

Noninterest expense for the three month periods ended September 30, 2024 and 2023 was as follows:

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Compensation expense	$ 15,726	$ 14,054	$ 1,672	11.9%
Net occupancy expense	1,293	$ 1,368	(75)	-5.5%
Contracted data processing	636	$ 651	(15)	-2.3%
Taxes and assessments	1,040	$ 1,028	12	1.2%
Professional services	1,134	$ 1,010	124	12.3%
Equipment expense	2,345	$ 2,687	(342)	-12.7%
ATM/Interchange expense	616	$ 619	(3)	-0.5%
Marketing	716	$ 497	219	44.1%
Sponsorships	39	$ 381	(342)	-89.8%
Communications	354	$ 384	(30)	-7.8%
Insurance expense	634	$ 635	(1)	-0.2%
Software maintenance expense	1,203	$ 1,052	151	14.4%
Other	2,245	$ 2,256	(11)	-0.5%
Total noninterest expense	$ 27,981	$ 26,622	$ 1,359	5.1%

Total noninterest expense for the three months ended September 30, 2024 was $27,981, an increase of $1,359, or 5.1%, from $26,622 reported for the same period of 2023. The increase in total noninterest expense was primarily due to an increase in compensation expense, partially offset by a decrease in equipment expense. The increase in compensation expense was due to annual merit increases, employee insurance, and other payroll related expenses. The average full time equivalent (FTE) employees were 526 at September 30, 2024, an increase of two FTEs over the same period of 2023. The decrease in equipment expense was primarily related to a decrease in equipment depreciation from leasing operations as operating leases mature.

Income tax expense for the three months ended September 30, 2024 totaled $1,551, down $309 compared to the same period in 2023. The effective tax rates for the three-month period ended September 30, 2024 and 2023 were 15.6% and 15.2%, respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate is the permanent tax differences, primarily consisting of tax-exempt interest income from municipal investments and loans, low-income housing tax credits, tax-deductible captive insurance premiums and bank owned life insurance income.

Nine Months Ended September 30, 2024 and 2023

The Company had net income of $21,790 for the nine months ended September 30, 2024, a decrease of $11,519 from net income of $33,309 for the same nine months of 2023. Basic and diluted earnings per common share were $1.39 for the nine-month period ended September 30, 2024, compared to $2.12 for the same period in 2023. The primary reasons for the changes in net income are explained below.

Net interest income for the nine months ended September 30, 2024 was $85,356, a decrease of $10,088 from $95,444 for the same nine months of 2023. This decrease was a result of an increase of $30,230 in total interest expense, partially offset by an increase in total interest and dividend income of $20,142. Interest-earning assets averaged $3,626,368 during the nine months ended September 30, 2024, an increase of $342,158 from $3,284,210 for the same period of 2023. The Company's average interest-bearing liabilities increased to $2,811,188 for the first nine months of 2024 from $2,270,844 for the same period in 2023. The Company's fully tax equivalent net interest margin for the nine months ended September 30, 2024 and 2023 was 3.16% and 3.77%, respectively.

Total interest and dividend income increased $20,142 to $153,462 for the nine-month period ended September 30, 2024. This change was the result of an increase in the average balance of loans, accompanied by a higher yield on the portfolio. The average balance of loans increased by $351,399, or 13.5%, to $2,959,031 for the nine-month period ended September 30, 2024, as compared to $2,607,632 for the nine-month period ended September 30, 2023. The loan yield increased to 6.15% for 2024, from 5.81% in 2023.

Interest on taxable securities increased $445 to $9,262 for the nine-month period ended September 30, 2024, compared to $8,817 for the same period in 2023. The average balance of taxable securities decreased $12,617 to $355,329 for the nine-month period ended September 30, 2024, as compared to $367,946 for the nine-month period ended September 30, 2023. The yield on taxable securities increased 23 basis points to 3.12% for 2024, compared to 2.89% for 2023. Interest on tax-exempt securities increased $199 to $7,116 for the nine-month period ended September 30, 2024, compared to $6,917 for the same period in 2023. The average balance of tax-exempt securities increased $6,339 to $291,589 for the nine-month period ended September 30, 2024, as compared to $285,250 for the nine-month period ended September 30, 2023. The yield on tax-exempt securities increased 6 basis points to 3.85% for 2024, compared to 3.79% for 2023.

Interest on interest-bearing deposits in other banks decreased $64 to $754 for the nine-month period ended September 30, 2024, compared to $818 for the same period in 2023. The average balance of interest-bearing deposits in other banks decreased $2,963 to $20,419 for the nine-month period ended September 30, 2024, as compared to $23,382 for the nine-month period ended September 30, 2023. The yield on interest-bearing deposits in other banks increased 26 basis points to 4.93% for 2024, compared to 4.67% for 2023.

Total interest expense increased $30,230, or 79.8%, to $68,106 for the nine-month period ended September 30, 2024, compared to $37,876 for the same period in 2023. The change in interest expense can be attributed to an increase in rate and an increase in the average balance of interest-bearing liabilities. For the nine-month period ended September 30, 2024, the average balance of interest-bearing liabilities increased $540,344 to $2,811,188, compared to $2,270,844 for the nine-month period ended September 30, 2023. Interest incurred on deposits increased $28,068 to $48,418 for the nine-month period ended September 30, 2024, compared to $20,350 for the same period in 2023. The average balance of interest-bearing deposits increased by $461,238 for the nine-month period ended September 30, 2024, as compared to the same period in 2023, and the rate paid on demand and savings accounts increased from 0.47% in 2023 to 1.07% in 2024. The rate paid on time deposits increased from 4.17% in 2023 to 5.37% in 2024. For the nine-month period ended September 30, 2024, the average balance of short-term FHLB balances increased $103,587 to $385,801 from $282,214 compared to the same period in 2023.

The following table presents the condensed average balance sheets for the nine months ended September 30, 2024 and 2023. The daily average loan amounts outstanding are net of unearned income and include loans held for sale and nonaccrual loans. The average balance of securities is computed using the carrying value of securities. Rates are annualized and taxable equivalent yields are computed using a 21% tax rate for tax-exempt interest income. The average yield has been computed using the historical amortized cost average balance for available-for-sale securities.

(Amounts in thousands, except share data)

	Nine Months Ended September 30,					
	2024			2023		
Assets:	**Average balance**	**Interest**	**Yield/ rate***	**Average balance**	**Interest**	**Yield/ rate***
Interest-earning assets:						
Loans, including fees**	$ 2,959,031	$ 136,328	6.15 %	2,706,442	117,583	5.81 %
Taxable securities	355,329	9,262	3.12 %	367,946	8,817	2.89 %
Tax-exempt securities	291,589	9,008	3.85 %	285,250	8,756	3.79 %
Interest-bearing deposits in other banks	20,419	756	4.93 %	23,382	818	4.67 %
Total interest-earning assets	$ 3,626,368	$ 155,354	5.61 %	$ 3,383,020	$ 135,974	5.27 %
Noninterest-earning assets:						
Cash and due from financial institutions	34,807			33,918		
Premises and equipment, net	53,318			58,338		
Accrued interest receivable	13,254			11,176		
Intangible assets	134,474			133,154		
Bank owned life insurance	62,176			53,796		
Other assets	61,225			61,669		
Less allowance for loan losses	(38,876)			(33,138)		
Total Assets	$ 3,946,746			$ 3,701,933		
Liabilities and Shareholders Equity:						
Interest-bearing liabilities:						
Demand and savings	$ 1,392,082	$ 11,113	1.07 %	$ 1,360,692	$ 4,818	0.47 %
Time	927,306	37,305	5.37 %	497,458	15,532	4.17 %
Short-term FHLB advance	385,801	15,921	5.51 %	282,214	10,617	5.03 %
Long-term FHLB advance	2,000	35	2.34 %	3,062	51	2.23 %
Other borrowings	—	—	0.00 %	110,763	4,063	4.90 %
Subordinated debentures	103,999	3,732	4.79 %	103,854	3,606	4.67 %
Repurchase Agreements	—	—	—	11,611	4	0.05 %
Total interest-bearing liabilities	$ 2,811,188	$ 68,106	3.24 %	$ 2,369,654	$ 38,691	2.18 %
Noninterest-bearing deposits	702,696			941,842		
Other liabilities	60,282			44,739		
Shareholders' Equity	372,580			345,698		
Total Liabilities and Shareholders' Equity	$ 3,946,746			$ 3,701,933		
Net interest income and interest rate spread(1)		$ 87,248	2.37 %		$ 97,283	3.09 %
Net interest margin(2)			3.16 %			3.77 %

(1) Net interest spread represents the difference between the yield on average interest-earning assets and the cost of interest-bearing liabilities.
(2) Net interest margin represents net interest income divided by average interest-earning assets.
* Average yields are presented on a tax equivalent basis. The tax equivalent effect associated with loans and investments, included in the yields above, was $1.9 million and $1.8 million for the periods ended September 30, 2024 and 2023, respectively.
** Average balance includes nonaccrual loans.

Net interest income may also be analyzed by comparing the volume and rate components of interest income and interest expense. The following table provides an analysis of the changes in interest income and expense between the nine months ended September 30, 2024 and 2023. The table is presented on a fully tax-equivalent basis.

	Increase (decrease) due to:		
	Volume (1)	Rate (1)	Net
	(Dollars in thousands)		
Interest income:			
Loans, including fees	$ 11,376	$ 7,369	$ 18,745
Taxable securities	(176)	621	445
Tax-exempt securities	120	132	252
Interest-bearing deposits in other banks	(108)	46	(62)
Total interest income	$ 11,212	$ 8,168	$ 19,380
Interest expense:			
Demand and savings	$ 114	$ 6,181	$ 6,295
Time	16,324	5,449	21,773
Short-term FHLB advance	4,196	1,108	5,304
Long-term FHLB advance	(18)	2	(16)
Other borrowings	(4,063)	—	(4,063)
Subordinated debentures	5	121	126
Repurchase agreements	(4)	—	(4)
Total interest expense	$ 16,554	$ 12,861	$ 29,415
Net interest income	$ (5,342)	$ (4,693)	$ (10,035)

(1)The change in interest income and interest expense due to changes in both volume and rate, which cannot be segregated, has been allocated proportionately to the change due to volume and the change due to rate.

The Company provides for loan losses through regular provisions to the allowance for credit losses. Upon adoption of CECL on January 1, 2023, the Company recorded an increase in the allowance for credit losses of $4,296. During the nine months ended September 30, 2024, the Company recorded a provision for credit losses of $5,188, an increase of $3,077, from $2,111 during the nine months ended September 30, 2023. The increase in the provision was principally related to loan growth during the year. As time progresses, the results of economic conditions will require CECL model assumption inputs to change and further refinements to the estimation process may also be identified.

The components of noninterest income for the nine-month periods ended September 30, 2024 and 2023 were as follows:

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Service charges	$ 4,523	$ 5,457	$ (934)	-17.1 %
Net gain (loss) on equity securities	156	(169)	325	192.3 %
Net gain on sale of loans and leases	3,179	2,033	1,146	56.4 %
ATM/Interchange fees	4,201	4,227	(26)	-0.6 %
Wealth management fees	4,055	3,570	485	13.6 %
Lease revenue and residual income	7,630	6,160	1,470	23.9 %
Bank owned life insurance	1,434	830	604	72.8 %
Tax refund processing fees	—	2,375	(2,375)	-100.0 %
Swap fees	165	198	(33)	-16.7 %
Other	3,390	3,661	(271)	-7.4 %
Total noninterest income	$ 28,733	$ 28,342	$ 391	1.4 %

(Amounts in thousands, except share data)

Total noninterest income for the nine months ended September 30, 2024 was $28,733, an increase of $391, or 1.4%, from $28,342 for the same period of 2023. Tax refund processing fee income decreased to $0 from $2,375 for the nine months ended September 30, 2023, as the Company exited its relationship with a third-party processor that was in the tax refund processing business. Service charges decreased $934, as the Company eliminated its representment fee and reduced overdraft charges. The net gain (loss) on equity securities increase was the result of market valuation adjustments. Net gain on sale of loans increased primarily as a result of an increase in volume of loans sold. During the nine months ended September 30, 2024, 374 loans were sold, totaling $83,656. During the nine months ended September 30, 2023, 267 loans were sold, totaling $42,533.

The components of noninterest expense for the nine-month periods ended September 30, 2024 and 2023 are as follows:

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Compensation expense	$ 46,922	$ 44,137	$ 2,785	6.3%
Net occupancy expense	3,959	4,096	(137)	-3.3%
Contracted data processing	1,740	1,730	10	0.6%
Taxes and assessments	3,036	2,985	51	1.7%
Professional services	3,532	3,804	(272)	-7.2%
Equipment expense	7,313	8,213	(900)	-11.0%
ATM/Interchange expense	1,873	1,814	59	3.3%
Marketing	1,640	1,542	98	6.4%
Sponsorships	1,300	1,102	198	18.0%
Communications	1,069	1,283	(214)	-16.7%
Insurance expense	1,902	1,853	49	2.6%
Software maintenance expense	3,568	2,989	579	19.4%
Other	6,371	6,155	216	3.5%
Total noninterest expense	$ 84,225	$ 81,703	$ 2,522	3.1%

Total noninterest expense for the nine months ended September 30, 2024 was $84,225, an increase of $2,522, or 3.1%, from $81,703 for the same period of 2023. The increase was primarily attributable to increases in compensation expense and software maintenance expense partially offset by decreases in equipment expense and professional services. The increase in compensation expense was primarily due to annual merit increases, employee insurance and other payroll related expenses. The year-to-date average full time equivalent ("FTE") employees were 534 on September 30, 2024, an increase of three FTEs over the same period in 2023. The increase in software maintenance expense for the nine months ended September 30, 2024 was due to an increase in software maintenance contracts, including new digital banking software investments. The decreases in equipment expense for the nine months ended September 30, 2024 was primarily due to a decrease in equipment depreciation from leasing operations as operating leases mature. Professional services for the nine months ended September 30, 2024 decreased primarily due to advisory fees in 2023 for the Company's MasterCard contract.

Income tax expense for the nine months ended September 30, 2024 totaled $3,406, down $2,662 compared to the same period in 2023. The effective tax rate for the nine months ended September 30, 2024 decreased 1.9% to 13.5% from 15.4% for the same period in 2023. The difference between the statutory federal income tax rate and the Company's effective tax rate is the permanent tax differences, primarily consisting of tax-exempt interest income from municipal investments and loans, low-income housing tax credits, tax-deductible captive insurance premiums and bank owned life insurance income.

Capital Resources

Shareholders' equity totaled $394,438 at September 30, 2024, compared to $372,002 at December 31, 2023. Shareholders' equity increased during the first nine months of 2024 as a result of net income of $21,790 and an increase in the fair value of securities available-for-sale, net of tax, of $7,619, partially offset by dividends on common shares of $7,544.

(Amounts in thousands, except share data)

All of the Company's capital ratios exceeded the regulatory minimum guidelines as of September 30, 2024 and December 31, 2023 as identified in the following table:

	Total Risk Based Capital	Tier I Risk Based Capital	CET1 Risk Based Capital	Leverage Ratio
Company Ratios—September 30, 2024	13.8%	10.3%	9.4%	8.5%
Company Ratios—December 31, 2023	14.4%	10.7%	9.7%	8.8%
For Capital Adequacy Purposes	8.0%	6.0%	4.5%	4.0%
To Be Well Capitalized Under Prompt Corrective Action Provisions	10.0%	8.0%	6.5%	5.0%

Liquidity

The Company maintains a conservative liquidity position. All securities, with the exception of equity securities, are classified as available-for-sale. Securities, with maturities of one year or less, totaled $5,975, or 0.89% of the total security portfolio, at September 30, 2024. The available-for-sale securities portfolio helps to provide the Company with the ability to meet its funding needs. The Condensed Consolidated Statements of Cash Flows (Unaudited) contained in the Consolidated Financial Statements detail the Company's cash flows from operating activities resulting from net earnings.

As reported in the Condensed Consolidated Statements of Cash Flows (Unaudited), our cash flows are classified for financial reporting purposes as operating, investing or financing cash flows. Net cash provided by operating activities was $25,625 and $60,593 for the nine months ended September 30, 2024 and 2023, respectively. The primary additions to cash from operating activities are from proceeds from the sale of loans. The primary use of cash from operating activities is from loans originated for sale. Net cash used by investing activities was $187,078 and $216,826 for the nine months ended September 30, 2024 and 2023, respectively, principally reflecting our loan and investment security activities. Cash provided by and used for deposits and purchase of treasury shares comprised most of our financing activities, which resulted in net cash provided by of $175,709 and $163,188 for the nine months ended September 30, 2024 and 2023, respectively.

Future loan demand of Civista may be funded by increases in deposit accounts, proceeds from payments on existing loans, the maturity of securities, and the sale of securities classified as available-for-sale. Additional sources of funds may also come from borrowing in the Federal Funds market and/or borrowing from the FHLB. Through its correspondent banks, Civista maintains federal funds borrowing lines totaling $50,000. As of September 30, 2024, Civista had total credit availability with the FHLB of $829,545 with standby letters of credit totaling $128,400 and a remaining borrowing capacity of approximately $412,499. In addition, CBI maintains a credit line with a third party lender totaling $10,000. No borrowings were outstanding by CBI under this credit line as of September 30, 2024.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is interest-rate risk and, to a lesser extent, liquidity risk. All of the Company's transactions are denominated in U.S. dollars with no specific foreign exchange exposure.

Interest-rate risk is the exposure of a banking organization's financial condition to adverse movements in interest rates. Accepting this risk can be an important source of profitability and shareholder value. However, excessive levels of interest-rate risk can pose a significant threat to the Company's earnings and capital base. Accordingly, effective risk management that maintains interest-rate risk at prudent levels is essential to the Company's safety and soundness.

Evaluating a financial institution's exposure to changes in interest rates includes assessing both the adequacy of the management process used to control interest-rate risk and the organization's quantitative level of exposure. When assessing the interest-rate risk management process, the Company seeks to ensure that appropriate policies, procedures, management information systems and internal controls are in place to maintain interest-rate risk at prudent levels with consistency and continuity. Evaluating the quantitative level of interest rate risk exposure requires the Company to assess the existing and potential future effects of changes in interest rates on its consolidated financial condition, including capital adequacy, earnings, liquidity and, where appropriate, asset quality.

The Federal Reserve Board, together with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, issue policy statements and guidance on sound practices for managing interest-rate risk, which form the basis for ongoing evaluation of the adequacy of interest-rate risk management at supervised institutions. The guidance also outlines fundamental elements of sound management and discusses the importance of these elements in the context of managing interest-rate risk. The guidance emphasizes the need for active board of director and senior management oversight and a comprehensive risk-management process that effectively identifies, measures, and controls interest-rate risk.

Financial institutions derive their income primarily from the excess of interest collected over interest paid. The rates of interest an institution earns on its assets and owes on its liabilities generally are established contractually for a period of time. Since market interest rates change over time, an institution is exposed to lower profit margins (or losses) if it cannot adapt to interest-rate changes. For example, assume that an institution's assets carry intermediate- or long-term fixed rates and that those assets were funded with short-term liabilities. If market interest rates rise by the time the short-term liabilities must be refinanced, the increase in the institution's interest expense on its liabilities may not be sufficiently offset if assets continue to earn at the long-term fixed rates. Accordingly, an institution's profits could decrease on existing assets because the institution will have either lower net interest income or, possibly, net interest expense. Similar risks exist when assets are subject to contractual interest-rate ceilings, or rate sensitive assets are funded by longer-term, fixed-rate liabilities in a decreasing-rate environment.

Several techniques may be used by an institution to minimize interest-rate risk. One approach used by the Company is to periodically analyze its assets and liabilities and make future financing and investment decisions based on payment streams, interest rates, contractual maturities, and estimated sensitivity to actual or potential changes in market interest rates. Such activities fall under the broad definition of asset/liability management. The Company's primary asset/liability management technique is the measurement of the Company's asset/liability gap, that is, the difference between the cash flow amounts of interest sensitive assets and liabilities that will be refinanced (or repriced) during a given period. For example, if the asset amount to be repriced exceeds the corresponding liability amount for a certain day, month, year, or longer period, the institution is in an asset sensitive gap position. In this situation, net interest income would increase if market interest rates rose or decrease if market interest rates fell. If, alternatively, more liabilities than assets will reprice, the institution is in a liability sensitive position. Accordingly, net interest income would decline when rates rose and increase when rates fell. Also, these examples assume that interest rate changes for assets and liabilities are of the same magnitude, whereas actual interest rate changes generally differ in magnitude for assets and liabilities.

(Amounts in thousands, except share data)

Several ways an institution can manage interest-rate risk include selling existing assets or repaying certain liabilities; matching repricing periods for new assets and liabilities, for example, by shortening terms of new loans or securities; and hedging existing assets, liabilities, or anticipated transactions. An institution might also invest in more complex financial instruments intended to hedge or otherwise change interest-rate risk. Interest rate swaps, futures contracts, options on futures, and other such derivative financial instruments often are used for this purpose. Because these instruments are sensitive to interest rate changes, they require management expertise to be effective. The Company has not purchased derivative financial instruments to hedge interest rate risk in the past and does not currently intend to purchase such instruments in the near future. Financial institutions are also subject to prepayment risk in falling rate environments. For example, mortgage loans and other financial assets may be prepaid by a debtor so that the debtor may refinance its obligations at new, lower rates. Prepayments of assets carrying higher rates reduce the Company’s interest income and overall asset yields. A large portion of an institution’s liabilities may be short-term or due on demand, while most of its assets may be invested in long-term loans or securities. Accordingly, the Company seeks to have in place sources of cash to meet short-term demands. These funds can be obtained by increasing deposits, borrowing, or selling assets. FHLB advances and wholesale borrowings may also be used as important sources of liquidity for the Company.

The following table provides information about the Company’s financial instruments that were sensitive to changes in interest rates as of December 31, 2023 and September 30, 2024, based on certain prepayment and account decay assumptions that management believes are reasonable. The table shows the changes in the Company’s net portfolio value (in amount and percent) that would result from hypothetical interest rate increases of 200 basis points and 100 basis points and interest rate decreases of 100 basis points and 200 basis points at September 30, 2024 and December 31, 2023.

	Net Portfolio Value					
	September 30, 2024			December 31, 2023		
Change in Rates	Dollar Amount	Dollar Change	Percent Change	Dollar Amount	Dollar Change	Percent Change
+400bp	627,206	29,933	5%	592,847	(14,886)	(2)%
+300bp	622,004	24,731	4%	598,468	(9,265)	(2)%
+200bp	616,357	19,084	3%	603,656	(4,077)	(1)%
+100bp	610,316	13,043	2%	608,399	666	0%
Base	597,273	—	0%	607,733	—	0%
-100bp	587,885	(9,388)	(2)%	605,047	(2,686)	(0)%
-200bp	565,196	(32,077)	(5)%	591,305	(16,428)	(3)%
-300bp	607,770	10,497	2%	583,229	(24,504)	(4)%
-400bp	693,623	96,350	16%	653,870	46,137	8%

The change in net portfolio value from December 31, 2023 to September 30, 2024, can be attributed to a couple of factors. The yield remains inverted but has shifted upward since the end of the year. Additionally, the volume of assets and funding sources has changed, but the asset mix remains centered on loans. The volume of loans and certificates of deposit has increased, while the volume of other borrowings and non-maturing deposits has decreased. The volume shifts from the end of the year contributed to a decrease in the base net portfolio value. Beyond the change in the base level of net portfolio value, projected movements in rates, up or down, would also lead to changes in market values. The change in the rates up scenarios for the 100, 200, 300 and 400 basis point movements would lead to a slightly larger decrease in the market value of liabilities than assets. Accordingly, the Company sees an increase in the net portfolio value. The change in the rates down scenarios for the 100, 200, 300 and 400 basis point movements would lead to a larger increase in the market value of liabilities than in assets, leading to a decrease in the net portfolio value.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive and our principal financial officers, the Company evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures as of September 30, 2024, were effective.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

In the ordinary course of their respective businesses, CBI or Civista or their respective properties may be named or otherwise subject as a plaintiff, defendant or other party to various pending and threatened legal proceedings and various actual and potential claims. In view of the inherent difficulty of predicting the outcome of such matters, the Company cannot state what the eventual outcome of any such matters will be. However, based on current knowledge and after consultation with legal counsel, management believes these proceedings will not have a material adverse effect on the consolidated financial position, results of operations or liquidity of CBI or Civista.

Item 1A. Risk Factors

There were no material changes during the current period to the risk factors disclosed in "Item 1A. Risk Factors" of Part 1 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

The following table details repurchases by the Company and purchases by "affiliated purchasers" as defined in Rule 10b-18(a)(3) under the Exchange Act of the Company's common shares during the third quarter ended September 30, 2024.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (Units) that May Yet Be Purchased Under the Plans or Programs
July 1, 2024 - July 31, 2024	—	$ —	—	$ —
August 1, 2024 - August 31, 2024	694	$ 17.51	—	$ 12,003,223
September 1, 2024 - September 30, 2024	—	$ —	—	$ —
Total	694	$ 17.51	—	$ 12,003,223

On April 18, 2023, the Company announced a new common share repurchase program pursuant to which the Company is authorized to repurchase a maximum aggregate value of $13.5 million of its outstanding common shares through April 25, 2025. As of September 30, 2024, no common shares had been repurchased under this repurchase program.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit	Description	Location
2.1	Agreement and Plan of Merger, dated January 10, 2022, by and between Civista Bancshares, Inc. and Comunibanc Corp.	Filed as Exhibit 2.1 to Civista Bancshares, Inc.'s Current Report on Form 8-K dated and filed on January 10, 2022 and incorporated herein by reference. (File No. 001-36192)
2.2	Stock Purchase Agreement, dated as of September 29, 2022, by and among Civista Bancshares, Inc., Civista Bank, Vision Financial Group, Inc. and Frederick Summers	Filed as Exhibit 2.1 to Civista Bancshares, Inc.'s Current Report on Form 8-K filed on September 30, 2022 and incorporated herein by reference. (File No. 001-36192)
3.1	Second Amended and Restated Articles of Incorporation of Civista Bancshares, Inc., as filed with the Ohio Secretary of State on November 15, 2018.	Filed as Exhibit 3.1 to Civista Bancshares, Inc.'s Current Report on Form 8-K, filed on November 16, 2018 and incorporated herein by reference. (File No. 001-36192)
3.2	Amended and Restated Code of Regulations of Civista Bancshares, Inc. (adopted April 15, 2008)	Filed as Exhibit 3.2 to Civista Bancshares, Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2017, filed on November 8, 2017 and incorporated herein by reference. (File No. 001-36192)
31.1	Rule 13a-14(a)/15-d-14(a) Certification of Chief Executive Officer.	Included herewith
31.2	Rule 13a-14(a)/15-d-14(a) Certification of Principal Accounting Officer.	Included herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Included herewith
32.2	Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Included herewith
101.INS	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document	Included herewith
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents	Included herewith
104	Cover page formatted in Inline Extensible Business Reporting Language.	Included herewith

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Civista Bancshares, Inc.

/s/ Dennis G. Shaffer	November 12, 2024
Dennis G. Shaffer	Date
Chief Executive Officer and President	
/s/ Ian Whinnem	November 12, 2024
Ian Whinnem	Date
Senior Vice President and Chief Financial Officer	

Section 302 Certification
For Principal Executive Officer

Exhibit 31.1

I, Dennis G. Shaffer, certify that:

1.I have reviewed this quarterly report on Form 10-Q of Civista Bancshares, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Signature and Title:	/s/ Dennis G. Shaffer, Chief Executive Officer, President	Date:	November 12, 2024

Section 302 Certification
For Principal Accounting Officer

Exhibit 31.2

I, Ian Whinnem, certify that:

1.I have reviewed this quarterly report on Form 10-Q of Civista Bancshares, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Signature and Title:	/s/ Ian Whinnem, Senior Vice President and Chief Financial Officer	Date:	November 12, 2024

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Civista Bancshares, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2024 as filed with the Securities and Exchange Commission on the date of this certification (the “Report”), I, Dennis G. Shaffer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dennis G. Shaffer

Dennis G. Shaffer
Chief Executive Officer and President
November 12, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Civista Bancshares, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2024 as filed with the Securities and Exchange Commission on the date of this certification (the “Report”), I, Ian Whinnem, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ian Whinnem

Ian Whinnem
Senior Vice President and Chief Financial Officer
November 12, 2024