



CAPSTAR™

FINANCIAL HOLDINGS, INC.

Nasdaq: CSTR

**Creating a High Performing Tennessee Banking Franchise:
CapStar Financial Holdings Partnership with Athens Bancshares Corporation**



June 11, 2018

Disclaimer

Terminology

The terms “we,” “our,” “us,” “the Company,” “CSTR” and “CapStar” that appear in this presentation refer to CapStar Financial Holdings, Inc. and its wholly-owned subsidiary, CapStar Bank. The terms “CapStar Bank,” “the bank” and “our bank” that appear in this presentation refer to CapStar Bank.

Contents of Presentation

Except as is otherwise expressly stated in this presentation, the contents of this presentation are presented as of the date on the front cover of this presentation.

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Important Additional Information and Where to Find It

In connection with the proposed merger, CapStar will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of CapStar and Athens and a prospectus of CapStar, as well as other relevant documents concerning the proposed transaction. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **SHAREHOLDERS OF CAPSTAR AND ATHENS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** When filed, this document and other documents relating to the merger filed by CapStar with the SEC can be obtained free of charge from the SEC’s website at www.sec.gov. These documents also can be obtained free of charge by accessing CapStar’s website at <https://ir.capstarbank.com/> under the tab “Financials & Filings.” Alternatively, these documents, when available, can be obtained free of charge from CapStar upon written request to CapStar Financials Holding, Inc., 1201 Demonbreun Street, Suite 700, Nashville, Tennessee 37203, Attention: Investor Relations or by calling (615) 732-6455.

Participants in the Solicitation

CapStar, Athens, and certain of their respective directors, executive officers and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding CapStar’s directors and executive officers is available in its definitive proxy statement, which was filed with the SEC on March 19, 2018, and certain of its Current Reports on Form 8-K. Information about the directors and executive officers of Athens will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials filed with the SEC. Free copies of this document may be obtained as described in the preceding paragraph.

Transaction Rationale

Key Themes

- ❖ Combines two strong and growing institutions with a common vision
- ❖ Brings together seasoned bank operators with talented, motivated workforces, and compatible corporate cultures

Strategic Rationale

- ❖ Athens represents an attractive low beta deposit franchise with excess liquidity and capital to support growth
- ❖ Creates a leading Tennessee banking franchise – scale, growth, asset sensitive profile
- ❖ Bolsters presence with full service banking in highly attractive Eastern TN corridor
- ❖ Enhances lending expertise with complementary product sets

Financially Attractive

- ❖ Projected double digit EPS accretion in 2020 with fully-phased in cost savings
- ❖ Reasonable tangible book value per share dilution with earnback of less than 4 years
- ❖ Internal rate of return in excess of 20%
- ❖ Accretive pro forma risk-based capital ratios
- ❖ Accelerates achievement of near-term growth and profitability targets

Low-risk Transaction

- ❖ High level of management continuity and buy-in throughout the combined organization
- ❖ Athens' senior management will continue in key leadership positions
- ❖ Proven, strong credit risk management practices at both institutions

Delivering on Stated M&A Objectives

Cultural Fit

- ❖ Strong conviction in the ability of management and highly skilled workforce to collaborate and achieve long-term strategic / financial goals
- ❖ Both Athens and CapStar are focused on employees, customers, communities and shareholders – we share a vision to build a high-performing financial institution

Strengthened Funding Profile

- ❖ Significantly improves deposit composition, stability, market share, and cost of funds
- ❖ Adds to balance sheet liquidity and capacity to fund future growth

Adjacent Markets

- ❖ A natural extension – Athens maintains a community banking franchise in the attractive Eastern Tennessee corridor; complementary to the commercial banking expertise and Mid-Tennessee concentration of CapStar

New Product Capabilities

- ❖ Athens has developed multiple businesses that further enhance the combination:
 - Investment & Retirement Services
 - Consumer Finance
 - Real Estate Settlement

Financially Compelling

- ❖ Attractive financial impact and return profile as measured across EPS, tangible book value per share, IRR and pro forma return on assets and equity

Transaction Summary

Buyer

- ❖ CapStar Financial Holdings, Inc. (“CapStar” or “CSTR”)

Seller

- ❖ Athens Bancshares Corporation (“Athens” or “AFCB”)

Consideration

- ❖ 100% stock consideration; fixed exchange ratio
- ❖ 2.864 shares of CSTR common stock for each share of AFCB common stock

Transaction Value ⁽¹⁾

- ❖ Calculated deal price per share of \$57.54
- ❖ Calculated aggregate transaction value of \$113.5 million ⁽²⁾

Pro Forma Ownership

- ❖ CapStar: 69.3%
- ❖ Athens: 30.7%

Board Representation

- ❖ CapStar Financial Holdings to add two Athens directors to its Board

Foundation Contribution

- ❖ CSTR to make a \$1.5 million cash contribution to the Athens Federal Foundation over a 4-year period

Required Approvals

- ❖ Customary regulatory approvals
- ❖ Shareholder approval for both CapStar and Athens

Expected Closing

- ❖ Anticipated closing in the 4th quarter of 2018

(1) Assumes the CSTR closing price per share of \$20.09 as of June 11, 2018

(2) Inclusive of the value of rolled AFCB stock options

Overview of Athens Bancshares Corporation

Company Overview (1Q2018)

Company Detail

- ❖ Established in 1934
- ❖ Headquartered in Athens, TN
- ❖ 10 branches across eastern Tennessee

Balance Sheet Position (EOP)

- ❖ Total Assets: \$482 million
- ❖ Net Loans: \$331 million
- ❖ Total Deposits: \$422 million
- ❖ Gross Loans / Deposits: 79.0%

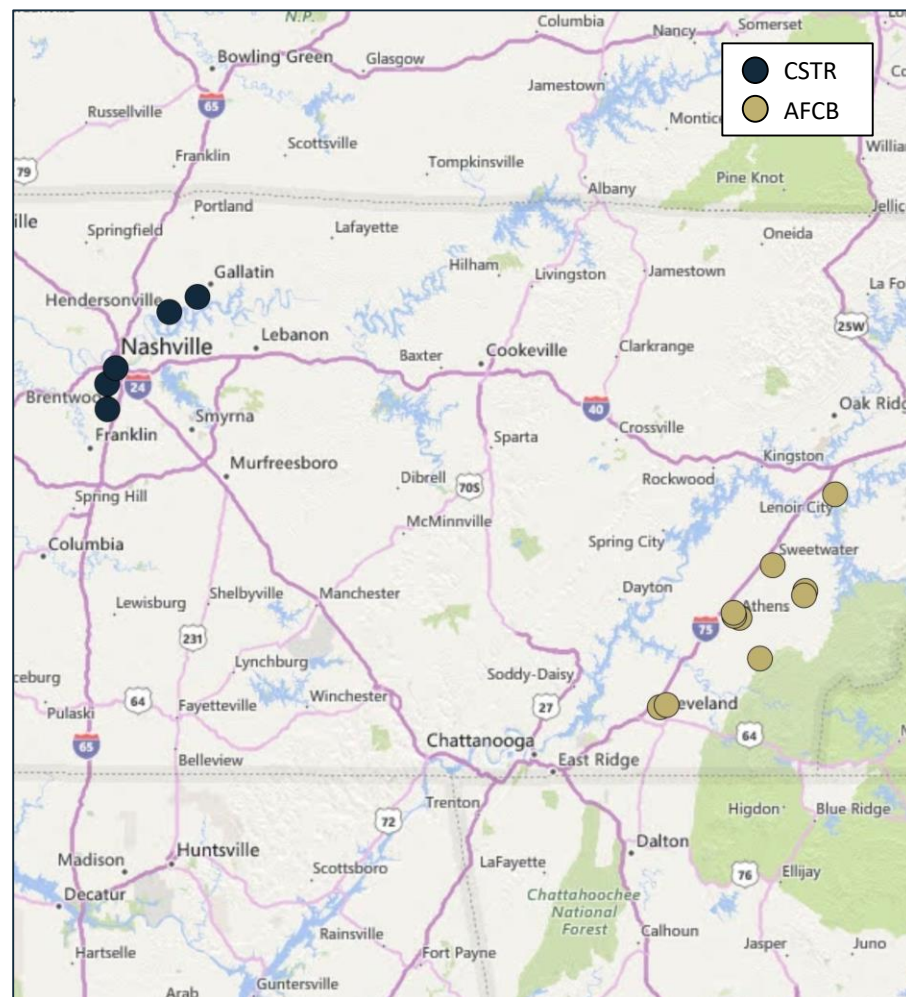
Capital and Credit

- ❖ Tangible Common Equity / Tangible Assets: 10.44%
- ❖ NPAs / Assets ⁽¹⁾: 0.38%
- ❖ NCOs / Average Loans: 0.02%

Annualized Profitability Metrics

- ❖ ROAA: 1.29%
- ❖ ROAE: 11.60%
- ❖ Efficiency Ratio: 65.2%
- ❖ Net Interest Margin: 4.18%
- ❖ Cost of Deposits: 0.43%

Pro Forma Branch Footprint



(1) NPAs / Assets defined as (Nonaccrual Loans + OREO) / Total Assets
Source for map: S&P Global Market Intelligence

Meaningful Presence in Key Tennessee Markets

The proposed transaction will create a \$2.0 billion asset pro forma financial services franchise with top quartile profitability and well capitalized to support future organic and acquisitive growth

Deposit Market Share - Tennessee

Rank	Institution	Branch Count	June 2017	
			Total Deposits (\$'000)	Market Share (%)
1	First Horizon National Corp. (TN)	194	22,901,189	15.52
2	Regions Financial Corp. (AL)	222	18,658,605	12.64
3	SunTrust Banks Inc. (GA)	120	13,651,410	9.25
4	Bank of America Corp. (NC)	59	11,459,481	7.77
5	Pinnacle Financial Partners (TN)	47	9,659,039	6.55
6	FB Financial Corp. (TN)	60	3,567,411	2.42
7	U.S. Bancorp (MN)	103	3,221,333	2.18
8	Franklin Financial Network Inc (TN)	15	2,878,087	1.95
9	BB&T Corp. (NC)	42	2,712,809	1.84
10	Wilson Bank Holding Co. (TN)	27	2,022,447	1.37
11	Simmons First National Corp. (AR)	45	1,999,349	1.35
12	Wells Fargo & Co. (CA)	19	1,877,961	1.27
13	Fifth Third Bancorp (OH)	36	1,763,640	1.20
14	Home Federal Bank of Tennessee (TN)	23	1,734,035	1.18
	Pro Forma CapStar	15	1,535,612	1.04
15	Renasant Corp. (MS)	19	1,521,725	1.03
21	CapStar Financial Hlgs Inc. (TN)	5	1,133,845	0.77
52	Athens Bancshares Corporation (TN)	10	401,767	0.27
Total For Institutions in Market		2,084	\$147,559,915	100.00%

Pro Forma Market Position ⁽¹⁾

Rank	Ticker	Company	Headquarter City	Total Assets (\$mm)	TE / TA (%)	MRQ ROAA (%)
1	FBK	FB Financial Corp.	Nashville	4,725	10.05	1.69
2	FSB	Franklin Financial Network Inc	Franklin	4,084	7.24	1.01
3	--	Educational Svcs of Am Inc.	Farragut	3,119	12.19	0.43
4	WBHC	Wilson Bank Holding Co.	Lebanon	2,401	11.07	1.28
5	--	Home Federal Bank of Tennessee	Knoxville	2,166	18.01	0.59
6	CSTR	Pro Forma CapStar	Nashville	~2,000	~10.40%	~1.25%
7	SMBK	SmartFinancial Inc.	Knoxville	1,760	9.26	0.79
8	FIZN	First Citizens Bancshares Inc.	Dyersburg	1,636	8.92	1.17
9	RBNC	Reliant Bancorp Inc.	Brentwood	1,612	9.53	0.81
10	FFMH	First Farmers Merchants Corp.	Columbia	1,372	8.30	0.92
11	--	BancTenn Corp. (2)	Kingsport	1,283	9.28	0.89
12	--	Robertson Holding Co. L.P.	Harrogate	1,210	2.80	1.03
13	--	F&M Financial Corp.	Clarksville	1,049	8.59	0.72
14	--	CNB Bancshares Inc. (2)	Sevierville	1,013	10.66	1.17

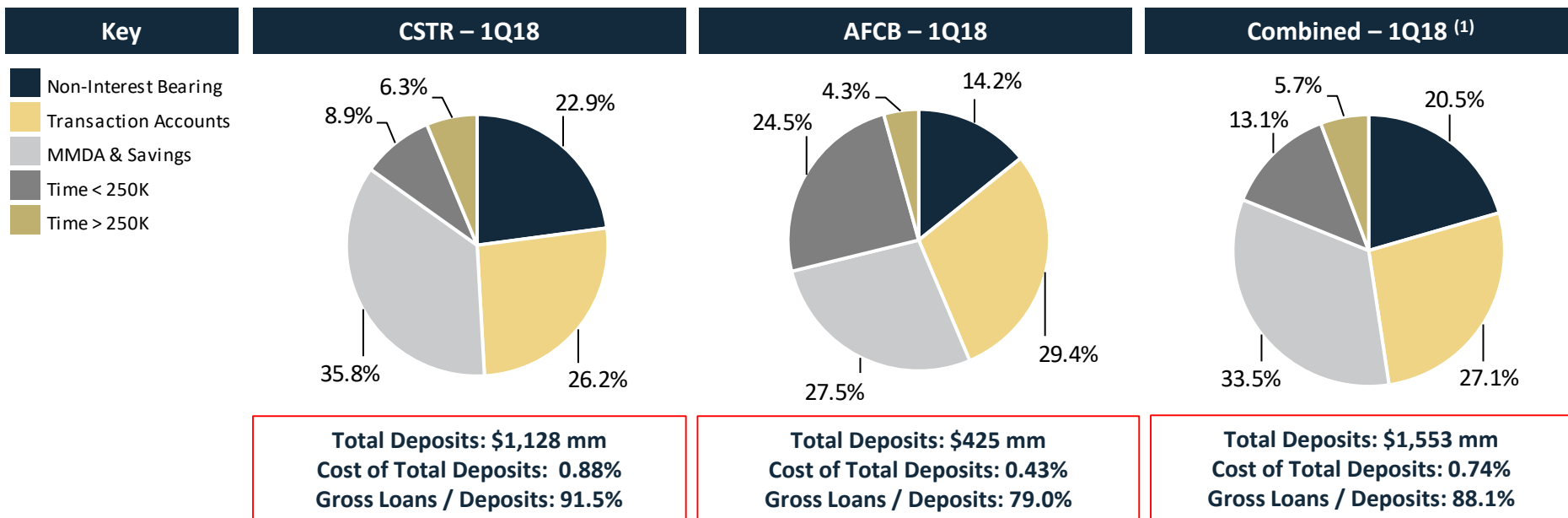
(1) Banks and thrifts headquartered in Tennessee with total assets \$1 billion - \$10 billion; financial data as of or for the twelve months ended March 31, 2018

(2) Profitability metrics adjusted by a 21% tax rate to account for s-corporation status

Source: S&P Global Market Intelligence; Deposit data as of June 30, 2017 presented pro forma for pending or recently completed transactions

Attractive Funding Profile

- ❖ High quality deposit franchise with a 45 bps lower cost of deposits on an MRQ basis
 - Partnership improves CapStar’s cost of deposits 14 bps on a combined basis
- ❖ Enhances overall deposit mix and reliance on non-core funding
- ❖ Provides liquidity to continue to fund loan growth
 - Decreases CapStar’s loan / deposit ratio by ~340 bps
- ❖ Diversifies deposit footprint into desirable eastern Tennessee corridor



Source: S&P Global Market Intelligence; Financial data as of March 31, 2018

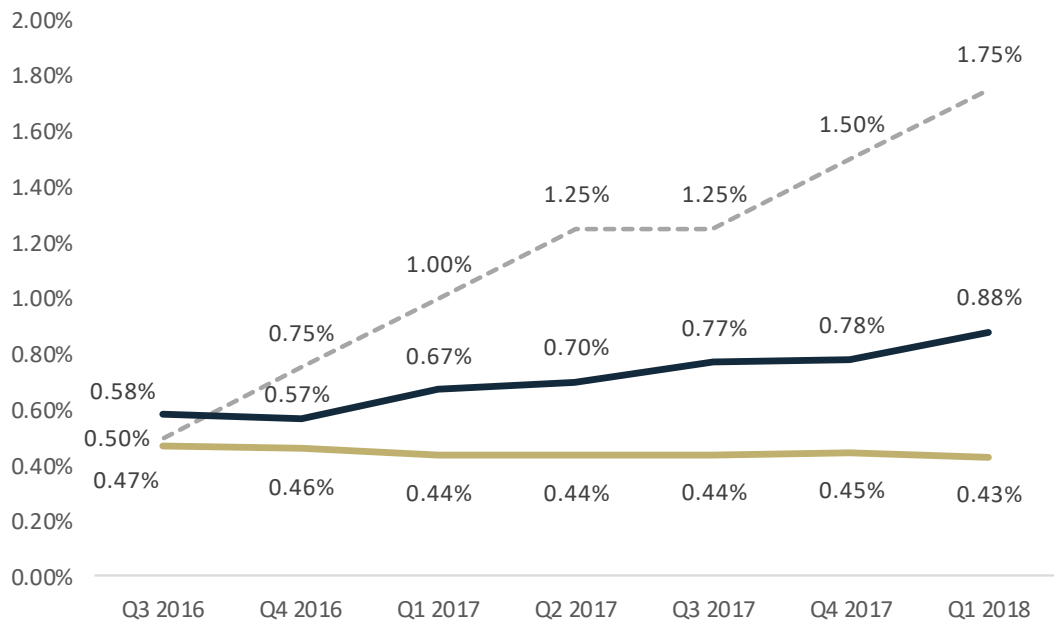
Note: Athens bank level data

(1) Simple summation; excludes any potential purchase accounting adjustments

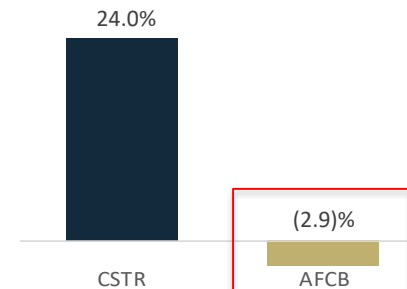
Stable Source of Core Funding

- ❖ AFCB's cost of total deposits has trended downward in the increasing rate environment
 - 4 bps decrease in cost of total deposits despite a 125 bps increase in the fed funds rate, resulting in a negative deposit beta
 - Overall deposit portfolio growth of 16% over the same time period

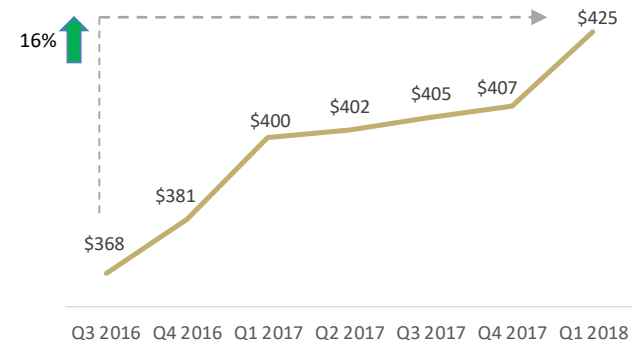
Cost of Total Deposits vs. Fed Funds



Deposit Beta ⁽¹⁾



Deposit Growth



Fed Funds Rate ——— CSTR Cost of Total Deposits ——— AFCB Cost of Total Deposits ———

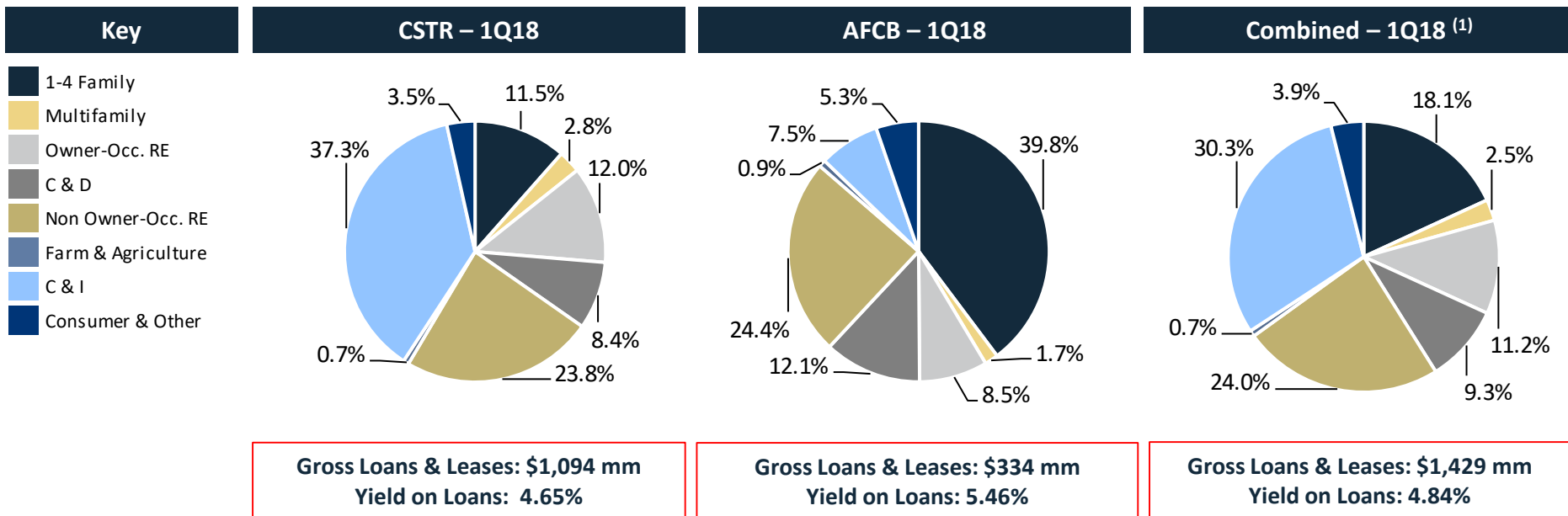
Source: S&P Global Market Intelligence; Financial data as of March 31, 2018

Note: Athens bank level data

(1) Cumulative deposit beta from Q3 2016 – Q1 2018

A Strong, High Performing Banking Franchise

- ❖ Complementary business mix
- ❖ Diversifies concentrations across industry and geography
- ❖ Broadens product set and introduces new services to better meet customer needs across combined bank
- ❖ Increased ability to be positioned as the lead banking relationship as a \$2bn+ asset institution
- ❖ Lending operations will be supported by improved funding profile
- ❖ Greater scale will help drive further improvements in efficiency and profitability



(1) Simple summation; excludes any potential purchase accounting adjustments
 Source: S&P Global Market Intelligence; Financial data as of March 31, 2018
 Note: Athens bank level data

Transaction Multiples and Key Assumptions

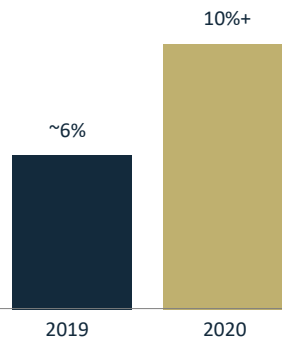
Transaction Multiples ⁽¹⁾	<ul style="list-style-type: none"> ❖ 17.3x LQA EPS ❖ 2.09x TBVPS ❖ Core deposit premium of 15.7% ⁽²⁾
Cost Savings	<ul style="list-style-type: none"> ❖ Pre-tax cost savings of approximately 25% of Athens' non-interest expense ❖ Phased-in at approximately 60% in 2019; 100% thereafter
One-time Transaction Costs	<ul style="list-style-type: none"> ❖ \$11.5 million of total pre-tax costs ❖ Fully-included in all transaction metrics at closing
Purchase Accounting / Fair Value Marks	<ul style="list-style-type: none"> ❖ Gross credit mark on loans and ORE of (\$4.2) million (non-accreted) ❖ Other purchase accounting fair value adjustments equate to a net write-up of \$5.5 million
Core Deposit Intangible	<ul style="list-style-type: none"> ❖ 1.50% core deposit intangible on non-time deposits ❖ Amortized sum-of-years digits over 10 years
Other Transaction Assumptions	<ul style="list-style-type: none"> ❖ Revenue synergies identified, but not included in the modeling ❖ 21% effective tax rate on transaction adjustments
Dividend	<ul style="list-style-type: none"> ❖ In view of CapStar's strong financial performance and anticipated performance of the combined company, CapStar will be instituting a \$0.04 quarterly dividend (\$0.16 per share annually) payable in Q3'18

(1) Assumes the CSTR closing price per share of \$20.09 as of June 11, 2018

(2) Core deposits defined as total deposits less time deposits > \$250,000

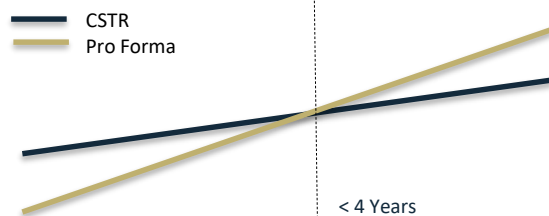
Estimated Pro Forma Financial Impact

EPS Accretion (1)

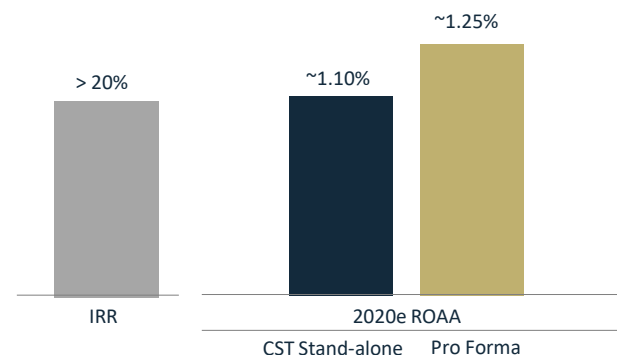


Tangible Book Value per Share

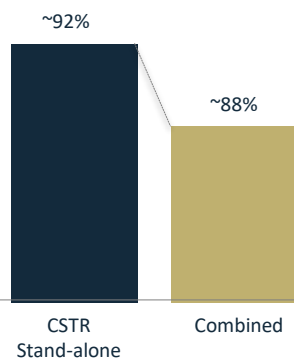
- ❖ ~6.8% TBVPS dilution at close
 - Fully accounts for one-time deal costs
- ❖ < 4 yr earnback using the cross-over method



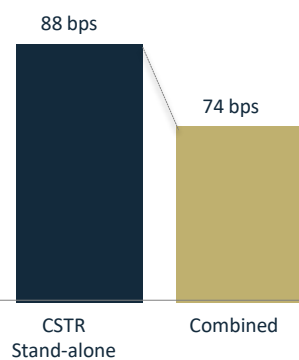
Returns



Loan / Deposit Ratio



Cost of Deposits



TE/TA



(1) Accretion based upon analyst consensus estimates as of June 11, 2018; Excludes one-time merger related transaction expenses
Source: S&P Global Market Intelligence; FACTSET

Summary

- ❖ Combines two institutions built on a common vision of creating a high performing financial institution across the State of Tennessee
- ❖ Significantly accretive to CapStar's deposit base and overall funding needs
- ❖ Financially compelling transaction, resulting in double digit earnings accretion, manageable tangible book value dilution, and an enhanced pro forma capital position
- ❖ Adds diversity – industry, business mix and geography
- ❖ Athens is an established and highly profitable community bank with dominant deposit market share in its primary market
- ❖ Combination will create a strong financial institution with an expanded product set, attractive funding profile and enhanced scale to drive efficiency



C A P S T A R™

FINANCIAL HOLDINGS, INC.