
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

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

Date of Report (Date of earliest event reported): February 19, 2019

CAPSTAR FINANCIAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Tennessee
(State or other jurisdiction
of incorporation)

001-37886
(Commission
File Number)

81-1527911
(IRS Employer
Identification No.)

**1201 Demonbreun Street
Suite 700
Nashville, Tennessee**
(Address of principal executive offices)

37203
(Zip Code)

Registrant's telephone number, including area code (615) 732-6400

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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.

Section 7 – Regulation FD

Item 7.01. Regulation FD Disclosure.

Representatives of CapStar Financial Holdings, Inc. will be conducting meetings with investors on February 20, 2019 and February 21, 2019. A copy of the presentation that will be used in the investor meetings is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Presentation by CapStar Financial Holdings, Inc.

SIGNATURES

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 hereunto duly authorized.

CAPSTAR FINANCIAL HOLDINGS, INC.

By: /s/ Robert B. Anderson

Robert B. Anderson
Chief Financial Officer and
Chief Administrative Officer

Date: February 19, 2019



CAPSTAR™

FINANCIAL HOLDINGS, INC.

Nasdaq: CSTR

**Investor Presentation
February 20-21, 2019**

**Claire W. Tucker, President and Chief Executive Officer
Rob Anderson, Chief Financial Officer and Chief Administrative Officer
Christopher Tietz, Chief Credit Officer**

Disclaimers

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.

Market Data

Market data used in this presentation has been obtained from government and independent industry sources and publications available to the public, sometimes with a subscription fee, as well as from research reports prepared for other purposes. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. CSTR did not commission the preparation of any of the sources or publications referred to in this presentation. CSTR has not independently verified the data obtained from these sources, and, although CSTR believes such data to be reliable as of the dates presented, it could prove to be inaccurate. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this presentation.

Non-GAAP Disclaimer

This presentation includes the following financial measures that have been prepared other than in accordance with generally accepted accounting principles in the United States (“non-GAAP financial measures”): pre-tax, pre-provision net income, pre-tax, pre-provision return on average assets, tangible equity, tangible common equity, tangible assets, return on average tangible equity, return on average tangible common equity, book value per share (as adjusted), tangible book value per share (as reported and as adjusted), tangible equity to tangible assets, tangible common equity to tangible assets and adjusted shares outstanding at the end of the period. CSTR non-GAAP financial measures (i) provide useful information to management and investors that is supplementary to its financial condition, results of operations and cash flows computed in accordance with GAAP, (ii) enable a more complete understanding of factors and trends affecting CSTR’s business, and (iii) allow investors to evaluate CSTR’s performance in a manner similar to management, the financial services industry, bank stock analysts and bank regulators; however, CSTR acknowledges that its non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. See the Appendix to this presentation for a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

Safe Harbor Statements

Certain statements in this presentation are forward-looking statements that reflect our current views with respect to, among other things, future events and our financial and operational performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “aspire,” “estimate,” “intend,” “plan,” “project,” “projection,” “forecast,” “roadmap,” “goal,” “target,” “guidance,” “would,” and “outlook,” or the negative version of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. The inclusion of these forward-looking statements should not be regarded as a representation by us or any other person that such expectations, estimates and projections will be achieved. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

The acceptance by customers of Athens of the Company’s products and services; the ability of the Company to meet expectations regarding the benefits, costs, synergies, and financial and operational impact of the Athens merger; the possibility that any of the anticipated benefits, costs, synergies and financial and operational improvements of the Athens merger will not be realized or will not be realized as expected; the possibility that the Athens merger integration may be more expensive or take more time to complete than anticipated; the opportunities to enhance market share in certain markets and market acceptance of the Company generally in new markets; economic conditions (including interest rate environment, government economic and monetary policies, the strength of global financial markets and inflation and deflation) that impact the financial services industry as a whole and/or our business; the concentration of our business in the Nashville metropolitan statistical area (“MSA”) and the effect of changes in the economic, political and environmental conditions on this market; increased competition in the financial services industry, locally, regionally or nationally, which may adversely affect pricing and the other terms offered to our clients; an increase in the cost of deposits, loss of deposits or a change in the deposit mix, which could increase our cost of funding; an increase in the costs of capital, which could negatively affect our ability to borrow funds, successfully raise additional capital or participate in strategic acquisition opportunities; our dependence on our management team and board of directors and changes in our management and board composition; our reputation in the community; our ability to execute our strategy and to achieve our loan ROAA and efficiency ratio goals, hire seasoned bankers, loan and deposit growth through organic growth and strategic acquisitions; credit risks related to the size of our borrowers and our ability to adequately identify, assess and limit our credit risk; our concentration of large loans to a small number of borrowers; the significant portion of our loan portfolio that originated during the past two years and therefore may less reliably predict future collectability than older loans; the adequacy of reserves (including our allowance for loan and lease losses) and the appropriateness of our methodology for calculating such reserve; non-performing loans and leases; non-performing assets; charge-offs, non-accruals, troubled debt restructurings, impairments and other credit-related issues; adverse trends in the healthcare service industry, which is an integral component of our market’s economy; our management of risks inherent in our commercial real estate loan portfolio, and the risk of a prolonged downturn in the real estate market, which could impair the value of our collateral and our ability to sell collateral upon any foreclosure; governmental legislation and regulation, including changes in the nature and timing of the adoption and effectiveness of new requirements under the Dodd-Frank Act of 2010, as amended, Basel guidelines, capital requirements, accounting regulation or standards and other applicable laws and regulations; the impact of the Tax Cuts and Job Act of 2017 on the Company and its financial performance and results of operations; the loss of large depositor relationships, which could force us to fund our business through more expensive and less stable sources; operational and liquidity risks associated with our business, including liquidity risks inherent in correspondent banking; volatility in interest rates and our overall management of interest rate risk, including managing the sensitivity of our interest-earning assets and interest-bearing liabilities to interest rates, and the impact to our earnings from a change in interest rates; the potential for our bank’s regulatory lending limits and other factors related to our size to restrict our growth and prevent us from effectively implementing our business strategy; strategic acquisitions we may undertake to achieve our goals; the sufficiency of our capital, including sources of capital and the extent to which we may be required to raise additional capital to meet our goals; fluctuations in the fair value of our investment securities that are beyond our control; deterioration in the fiscal position of the U.S. government and downgrades in Treasury and federal agency securities; potential exposure to fraud, negligence, computer theft and cyber-crime; the adequacy of our risk management framework; our dependence on our information technology and telecommunications systems and the potential for any systems failures or interruptions; our dependence upon outside third parties for the processing and handling of our records and data; our ability to adapt to technological change; the financial soundness of other financial institutions; our exposure to environmental liability risk associated with our lending activities; our engagement in derivative transactions; our involvement from time to time in legal proceedings and examinations and remedial actions by regulators; the susceptibility of our market to natural disasters and acts of God; and the effectiveness of our internal controls over financial reporting and our ability to remediate any future material weakness in our internal controls over financial reporting.

The foregoing factors should not be construed as exhaustive and should be read in conjunction with those factors that are detailed from time to time in the Company’s periodic and current reports filed with the Securities and Exchange Commission, including those factors included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 under the headings “Item 1A. Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” and in the Company’s Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this presentation, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for us to predict their occurrence or how they will affect us.

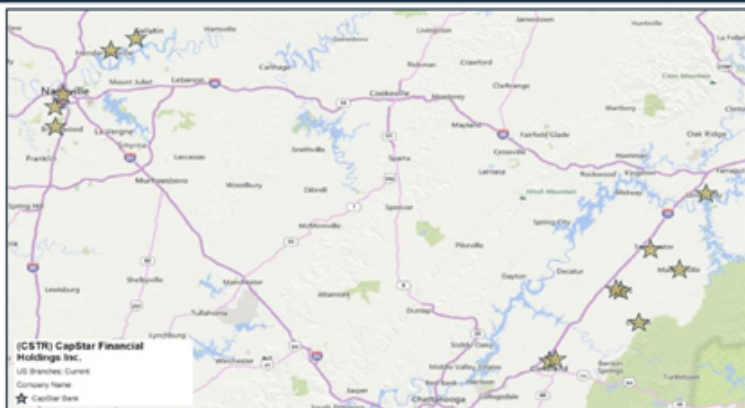
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- CapStar Overview and Nashville
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- 4Q18 Financials

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- **CapStar Overview and Nashville**
- Athens Merger Update
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Overview of CapStar Financial Holdings, Inc.



- ❖ Chartered in 2008 and led by an **experienced management team** with strong ties to the local community
- ❖ **Growth** since inception **organically** and through acquisitions
- ❖ Client-centric mentality **committed** to serving local small and medium sized businesses and high net worth individuals in the Middle Tennessee market
- ❖ **Tailored** client solutions by remaining **nimble** in our footprint
- ❖ Focused on **Soundness, Profitability, and Growth**
- ❖ We have inside ownership of 21.4% and institutional ownership of 22.5% and are focused on creating **Shareholder value**

Balance Sheet (EOP Q4-2018)

Total Assets	\$ 1,964
Total Loans	\$ 1,487
Deposits	\$ 1,570
Tangible Equity ⁽³⁾	\$ 208

Growth Since 2011

Asset CAGR	15.6%
Loan CAGR	19.4%
Deposit CAGR	14.2%

Profitability (QTD Q4-2018)⁽²⁾

ROAA	1.27%
ROATE	12.36%

Capital (EOP Q4-2018)

Tang. Equity / Tangible Assets ⁽³⁾	10.86%
Tier 1 Leverage Ratio	11.06%

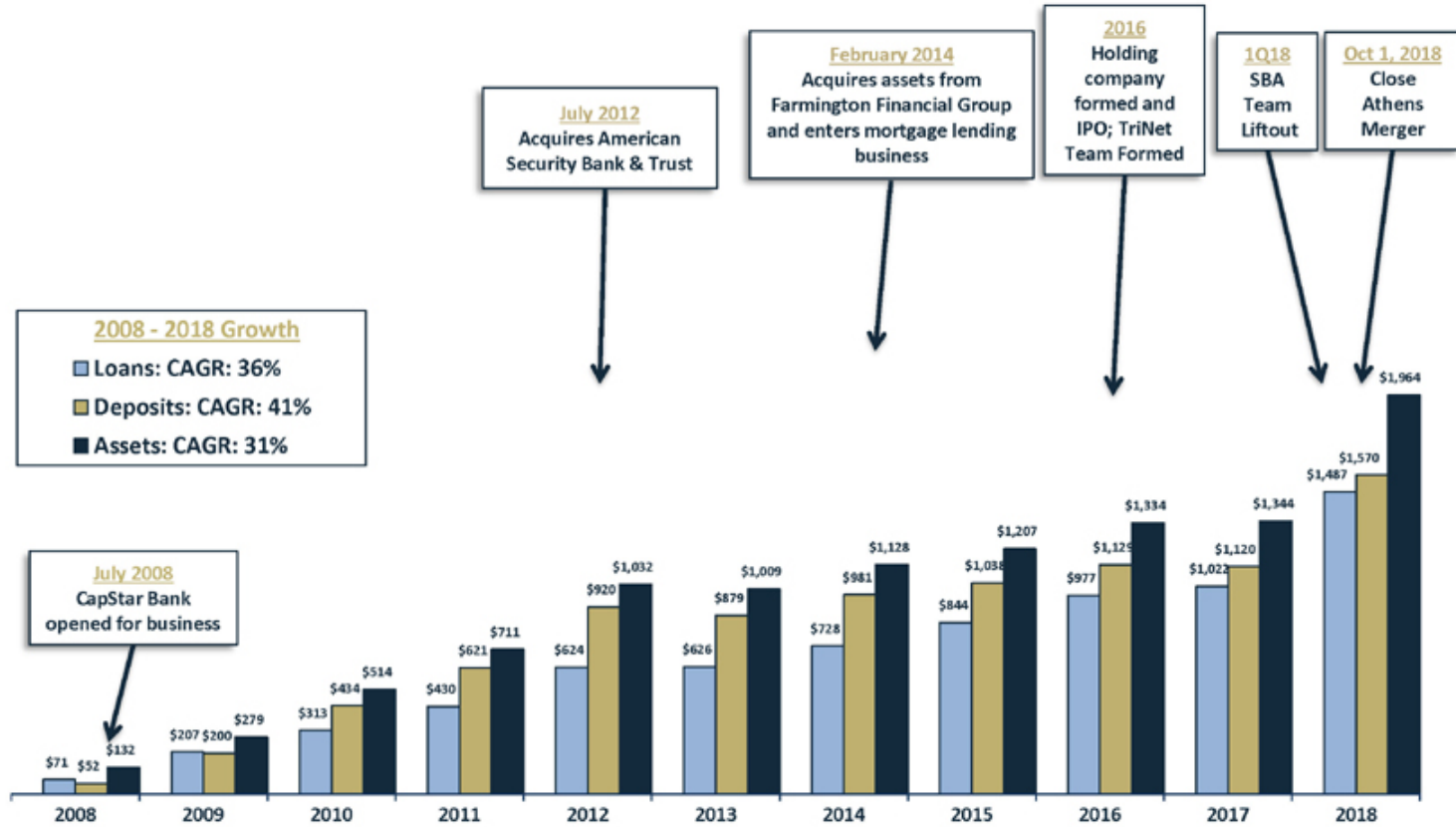
Asset Quality (EOP Q4-2018)

NPAs / Loans + OREO	0.21%
NCOs / Avg Loans (YTD)	0.39%
Reserves / Loans	0.85%

Dollars in millions; Data as of or for the twelve months ended 12/31/18
 Note: loan data inclusive of loans held for sale
 Inside ownership as of 12/31/18
 Institutional ownership based on recently filed schedule 13F with the SEC

(1) Excludes Farmington mortgage origination offices
 (2) Adjusted results are non-GAAP financial measures that adjust GAAP reported net income and other metrics for certain income and expense items as outlined in the non-GAAP reconciliation calculations, using a blended statutory income tax rate of 26.14% excluding one-time merger related items.
 (3) Reconciliation provided in non-GAAP tables

Our Growth has Predominantly Been Organic



Dollars in millions
Data as of 12/31 for each respective year
Note: loans inclusive of loans held for sale

Our Culture

- ❖ Experienced bankers with extensive industry knowledge
- ❖ Product expertise in a range of business sectors
- ❖ Strong credit quality
- ❖ Tailored client solutions
- ❖ Funding focus on core deposits
- ❖ Organic and acquisitive growth

Strategy



Experienced Management Team

Claire W. Tucker

*President and Chief Executive Officer
CapStar Financial Holdings, Inc. and
Chief Executive Officer - CapStar Bank*



- Played an instrumental role in founding CapStar
- Over 40 years of banking experience, including former Senior Executive Vice President in charge of commercial banking for AmSouth Bancorporation
- Elected to the Federal Reserve Bank of Atlanta Board of Directors

Rob Anderson

*Chief Financial Officer
Chief Administrative Officer
CapStar Financial Holdings, Inc. &
CapStar Bank*



- Brings more than two decades of leadership experience in the financial sector
- Held multiple finance roles at Bank of America Corporation, including serving as CFO of the Business Banking segment
- CFO for Capital One's Commercial Bank
- Mr. Anderson is a CPA (inactive)

Christopher Tietz

*Chief Credit Officer
CapStar Bank*



- Joined CapStar in March of 2016
- Over 31 years of banking experience, rising to Executive Vice President and Senior Credit Officer for First American's West Tennessee Region
- Subsequently, served in various Chief Credit Officer roles at banks in the Midwest and notably at FSG bank in Chattanooga, Tennessee

Jeffrey Cunningham

*Executive Vice President
Strategic Mergers & Acquisitions
CapStar Bank*



- Former Director, President and Chief Executive Officer of Athens Bancshares Corp.
- Joined Athens Federal Community Bank as the Chief Operating Officer in 1999 and served as its President since 2000
- He is a licensed Attorney with significant experience in real estate and probate law as well as general corporate and commercial practice

Attractive Market of Operation: Nashville MSA

Nashville Highlights

- Nashville MSA ranked **#1 fastest-growing large MSA** based on total employment growth—*U.S. Bureau of Labor Statistics, 2017*
- “Amazon select Nashville for operations hub, will bring 5,000 jobs, \$230 million in investment; largest job creation in Tennessee history” —*The Tennessean, November 13, 2018*
- “AllianceBernstein, New York-based global investment management firm, announces plans to re-locate to Nashville, bringing 1,050 jobs” — *The Tennessean, May 2, 2018*
- “Ernst & Young announces new \$22 million Nashville office to bring 600 jobs” —*The Tennessean, November 13, 2018*
- Williamson County (within Nashville MSA) ranked **#1 county for job growth in entire U.S.**, one of 20 wealthiest in entire U.S., fastest-growing County in Tennessee—*Nashville Business Journal, 2016*

Notable Companies Operating In and Around Nashville



CapStar recognized by Greenwich Associates

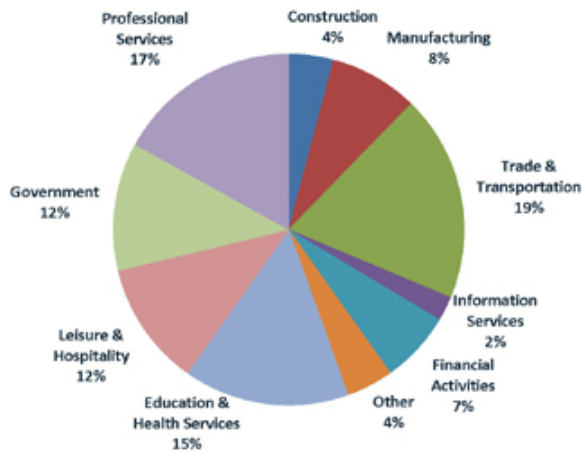
- CapStar is a 2018 Greenwich CX Leader in U.S. Commercial Small Business Banking recognizing leadership in the increasingly important field of customer experience.



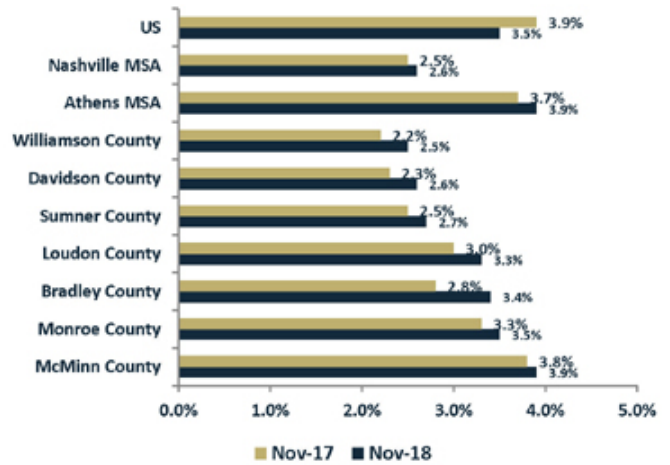
Nashville: Regional, National, and Global Business Hub

- ❖ From May 2017 to May 2018, Nashville had the highest job growth rate among Southeast metro areas with greater than one million residents at 4%.
- ❖ 50% of the U.S. population lives within 650 miles of Nashville.
- ❖ Nashville is home to a diverse set of industries and had an unemployment rate of 2.6% as of November 2018, below the national average of 3.5%.

Nashville Area Employment by Sector



Unemployment Rate (%)



Source: Bureau of Labor Statistics as of 9/30/18; S&P Global Market Intelligence, Nashville Area Chamber of Commerce

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Delivering on Stated M&A Objectives

Cultural Fit	<ul style="list-style-type: none">❖ Strong confidence in the ability of management and highly skilled bankers to collaborate and achieve long-term strategic / financial goals❖ Both Athens and CapStar are focused on customers, employees, shareholders and communities – we share a vision to build a high-performing financial institution
Strengthened Funding Profile	<ul style="list-style-type: none">❖ Significantly improves deposit composition, stability, market share, and cost of funds❖ Adds to balance sheet liquidity and capacity to fund future growth through enhanced capital base
Adjacent Markets	<ul style="list-style-type: none">❖ A natural extension – Athens maintains a community banking franchise in the attractive Eastern Tennessee corridor; complementary to the commercial banking model and Mid-Tennessee concentration of CapStar
New Product Capabilities	<ul style="list-style-type: none">❖ Athens developed multiple businesses that further enhance the combination:<ul style="list-style-type: none">• Athens Federal Investment & Retirement Services• SouthLand Finance, Inc. (Consumer Finance Subsidiary)• Valley Title Services, LLC – specializing in real estate settlement
Financially Compelling	<ul style="list-style-type: none">❖ Attractive financial impact and return profile as measured by proforma EPS accretion and acceptable tangible book value earnback. The proforma return on assets and return on equity are consistent with our previously stated guidance.

Athens Merger update

CapStar continues to move forward with the integration of Athens

- Key Milestones
 - June 11, 2018 – Announcement of transaction
 - August 29, 2018 – Shareholder approvals obtained
 - September 12, 2018 – Regulatory approvals obtained
 - October 1, 2018 – Merger closed

 - 2Q19 – Core operating systems conversion scheduled
 - 3Q19 – Expected Synergies realized

Athens Federal Merger Update

Merger Highlights

- Closed acquisition effective October 1, 2018, adding \$349 million in loans and \$404 million in deposits.
- Transaction rationale consistent with stated M&A objectives
 - Cultural fit
 - Strengthened funding profile
 - Complementary markets
 - Expanded product capabilities
 - Financially compelling

Merger Economics

Metric	Announced	Results to Date
IRR	> 20%	On Track
TBV Impact	(6.8%)	See table below
TBV Earnback	< 4 years	On Track or better
Cost Saves	25%	On Track for 2019
Merger Charges	\$11.5MM	\$9.8MM

Capital Impact (Equity and Shares)

\$'s in millions

	Total Equity	Intangibles	Tangible Equity	Common and Preferred Shares Issued	Tangible Book Value per Share, Adjusted ⁽¹⁾
September 30, 2018 Equity	\$ 157,510	\$ (6,219)	\$ 151,291	\$ 13,003	\$11.64
Impact of Athens to TBV	\$ 92,918	\$ (40,271)	\$ 52,647	\$ 5,182	\$10.16
4Q18 Net Income (Loss)	(708)		(708)		
4Q18 Common Dividends	(695)		(695)		
4Q18 Other (Stock Comp Transactions & Change in AOCI)	5,354	442	5,796	418	
December 31, 2018 Equity	\$ 254,379	\$ (46,048)	\$ 208,331	\$ 18,603	\$11.20

(1) Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

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- **4Q18 Financials**

4Q18 Highlights

Key Financial Highlights

- Fully Diluted GAAP EPS of (\$0.04).
- Operating Fully Diluted EPS⁽¹⁾ of \$0.33 an 18% increase over prior year.
- Operating Return on Average Assets⁽¹⁾ of 1.27% an 0.18% increase over prior year.
- Deposit costs decreased 10 bps from the prior quarter to 1.12% reflecting the lower deposit costs with Athens.
- Expansion of our net interest margin of 54 bps from the prior quarter to 3.89%.
- Improved operating efficiency ratio to 61.83%.

Financial Results

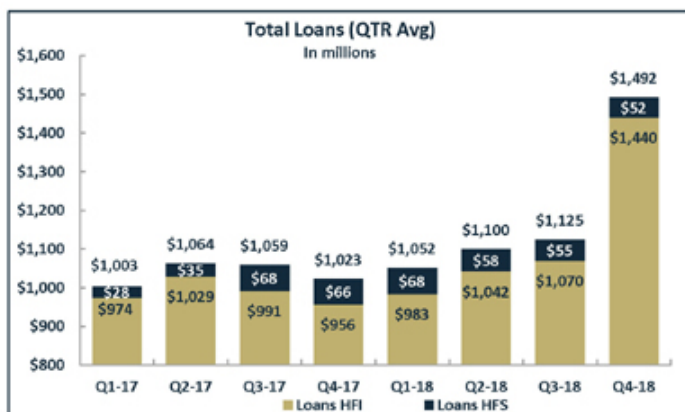
	Q4-18		Q4-17
	GAAP	Non-GAAP Operating ⁽¹⁾	Non-GAAP Operating ⁽¹⁾
Fully Diluted EPS	(\$0.04)	\$0.33	\$0.28
ROAA	(0.14%)	1.27%	1.09%
ROATE	(1.40%)	12.36%	10.25%
Efficiency Ratio	98.88%	61.83%	65.63%
Net Interest Margin	3.89%	3.89%	3.30%

(1) Operating results are non-GAAP financial measures that adjust GAAP reported net income and other metrics for certain income and expense items as outlined in the non-GAAP reconciliation calculations included in the Appendix at the end of this presentation using a blended statutory income tax rate of 26.14% excluding deductible one-time merger related items.

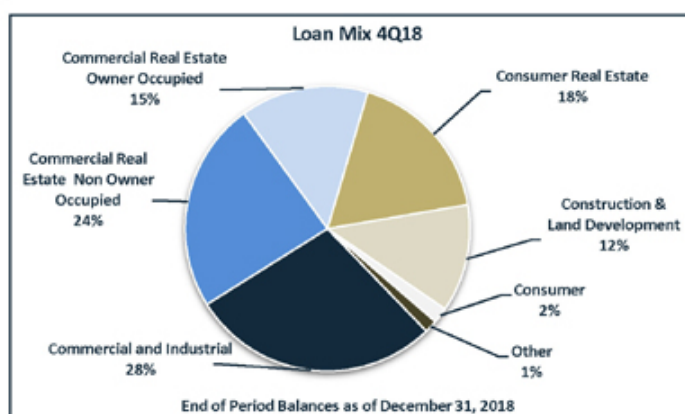
(2) Calculated on a tax equivalent basis.

(3) U.S Small Business Administration Lender Ranking Report at December 31, 2018.

Loan Growth

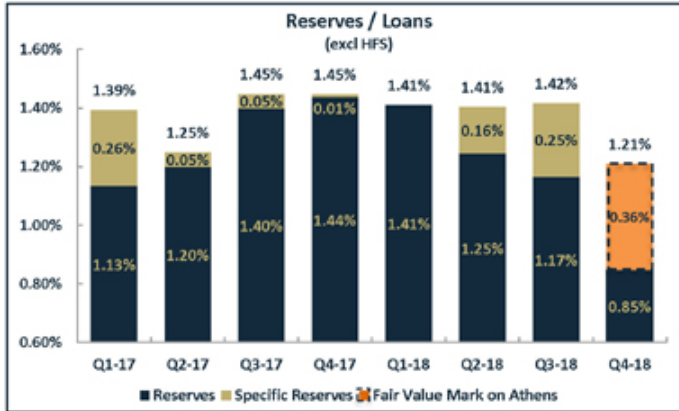


- Excluding Athens loans, EOP Loans increased 13.9% from 4Q17.
- Athens added \$349MM in loans on day 1 and provides further granularity and diversification to our loan portfolio.
- Athens portfolio has an average loan size of \$106K.

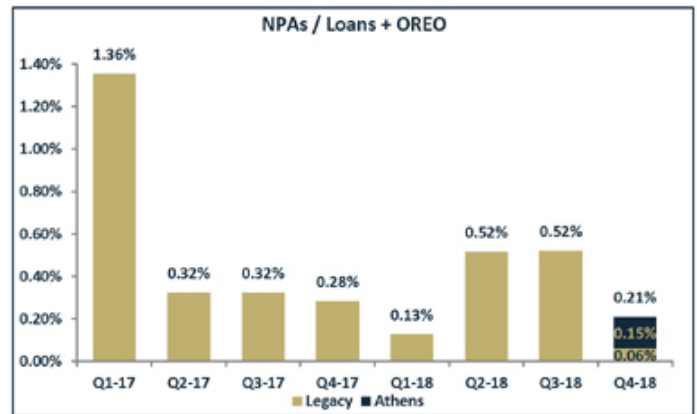
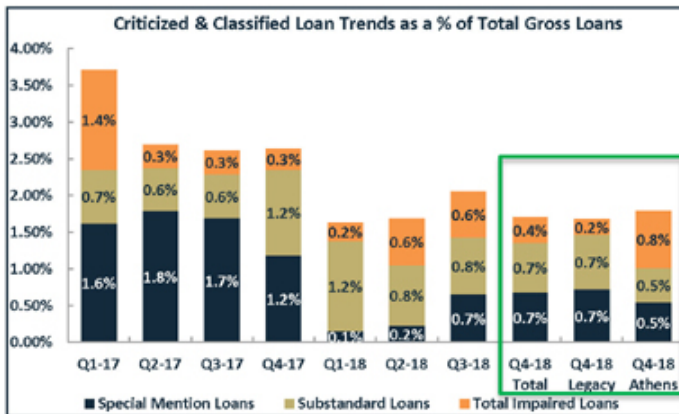


\$ in millions	Q4-18	Change Vs. Q3-18		Change Vs. Q4-17	
	\$	\$	%	\$	%
Balance Sheet (EOP Balances)					
Commercial and Industrial	\$ 405	\$ 6	1%	\$ 31	8%
Commercial Real Estate	550	146	36%	200	57%
Consumer Real Estate	254	141	124%	151	147%
Construction and Land Development	175	45	35%	92	112%
Consumer	26	17	210%	19	273%
Other	21	1	7%	(11)	-34%
Total Loans HFI	\$ 1,430	\$ 356	33%	\$ 482	51%

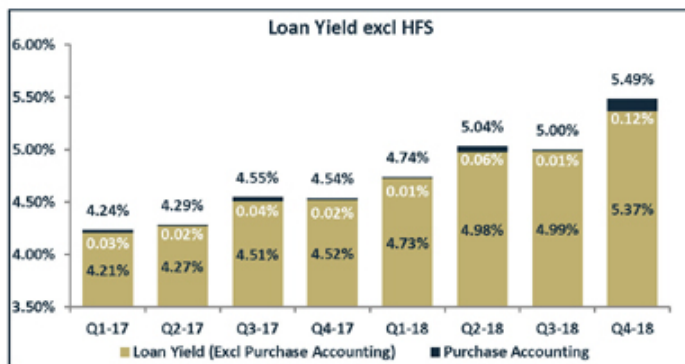
Credit Quality



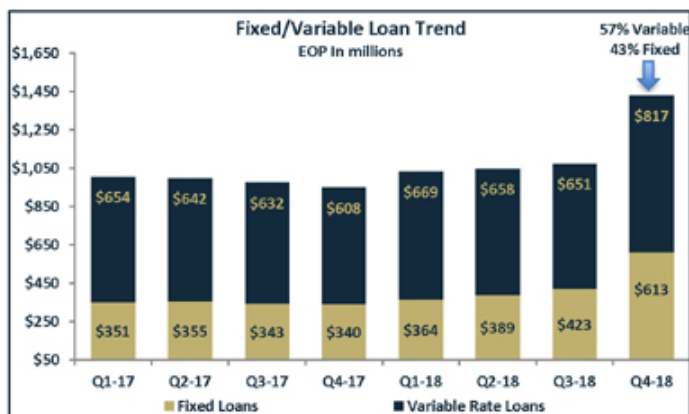
- The current reserve of \$12.1MM plus the \$5.2MM fair value mark on acquired loans would equate to a 1.21% reserve/loans.
- The reserve is directionally aligned with the improvement in credit quality and attributes of our criticized and classified loans.
- Current NPAs/Loans + OREO are at a low level.



Loan Yields



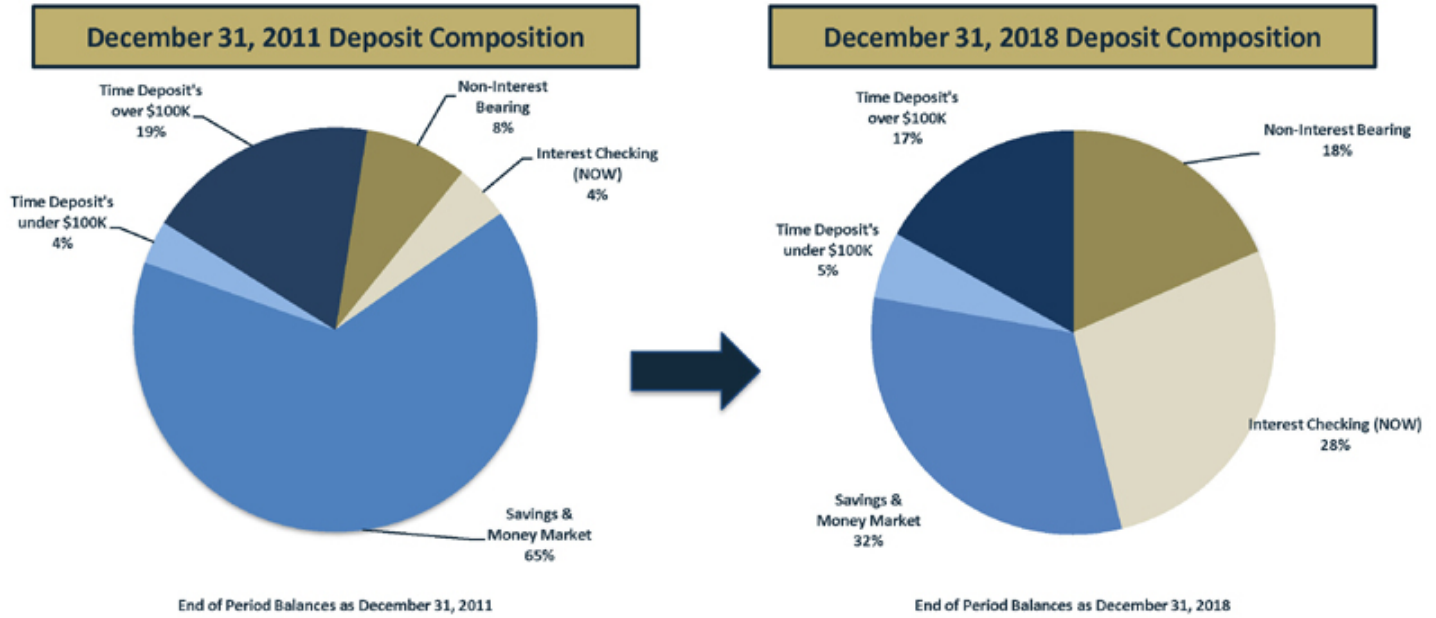
- The loan yield for the quarter was 5.49% and up 49bps from Q3.
- The yield on new loan production in 4Q was 5.74%.
- 57% of loan portfolio is variable rate and overall balance sheet remains asset sensitive.



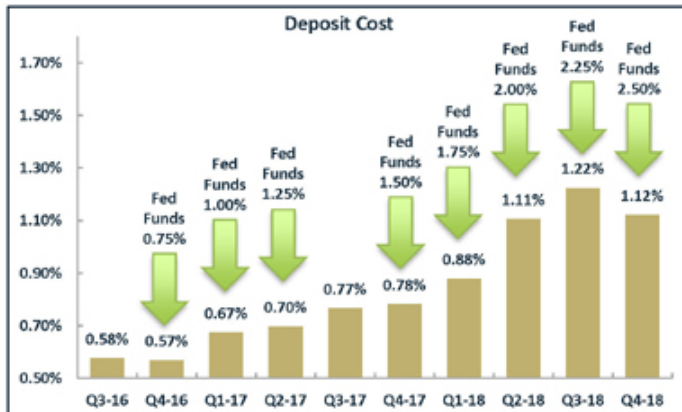
Q3-18 (Avg)	5.00%
New Loan Production	0.02%
Repricing of Variable Rate Loans	0.08%
Loan Volume/Mix/Athens	0.17%
Increase in Loan Fees	0.06%
Purchase Accounting	0.12%
Loan Returning to Accrual	0.04%
Q4-18 (Avg)	5.49%

Deposit Composition

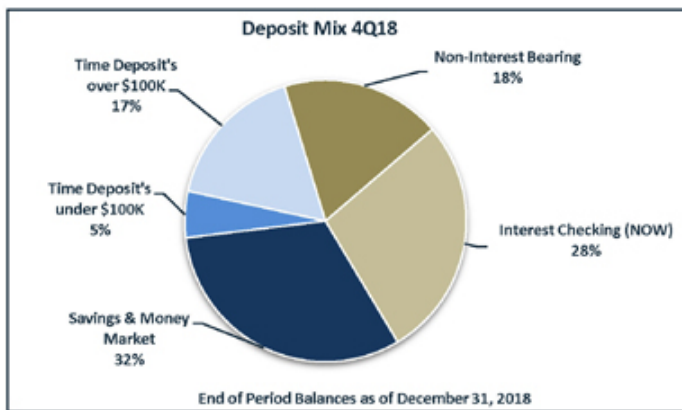
- ❖ Since 2011, demand deposits and NOW accounts have grown from 12% of the total deposit portfolio to 46%



Deposit Growth and Costs

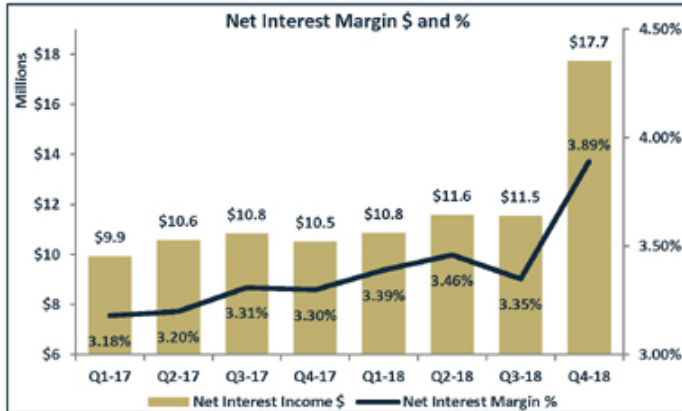


- Excluding Athens deposits, EOP Deposits grew 4.1% from 4Q17.
- Athens added \$404MM in deposits on day 1 and provides CSTR with a low cost, sticky deposit base.
- Deposit costs decreased 10 bps to 1.12% reflecting lower deposit costs in the Athens deposit base.
- 46% of all deposits are in a checking account (DDA and NOW).



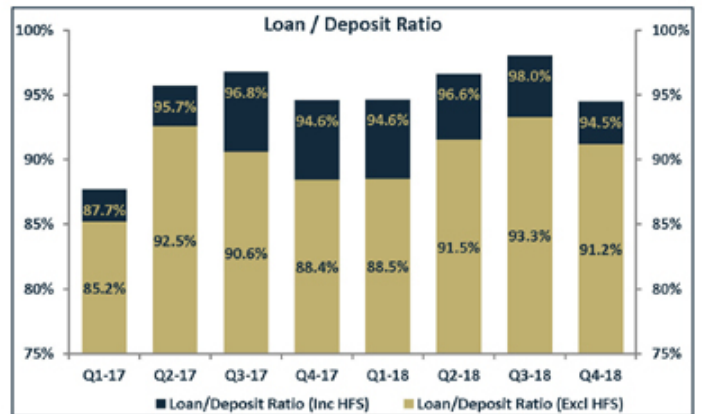
\$ in millions	Q4-18			Change Vs. Q3-18		Change Vs. Q4-17	
	\$	\$	%	\$	%	\$	%
Balance Sheet (EOP Balances)							
Non-Interest Bearing	\$ 290	\$ 50	21%	\$ (12)	-4%		
Interest Checking (NOW)	435	128	42%	160	58%		
Savings & Money Market	497	120	32%	130	35%		
Time Deposit's under \$100K	84	45	117%	47	128%		
Time Deposit's over \$100K	265	101	62%	125	90%		
Deposits	\$ 1,570	\$ 444	39%	\$ 450	40%		

Net Interest Margin⁽¹⁾



- Our NIM was 3.89% and increased 54 bps due to:
 - Addition of Athens balance sheet, increase in loan volumes and pricing with rate increases contributed 27 bps.
 - Increase of 4 bps in loan fees (C&I and CRE).
 - Lower deposit costs from Athens deposits base contributed 9 bps.
- EOP loan to deposit ratio at 94.5% (incl HFS).

Net Interest Margin	
3Q-18 (Avg)	3.35%
Loan Volumes/Pricing/Athens	0.27%
Increase in Loan Fees	0.04%
Purchase Accounting Impact	0.09%
Decrease in Deposit Costs	0.09%
Investment & Cash Mix	0.05%
4Q-18 (Avg)	3.89%

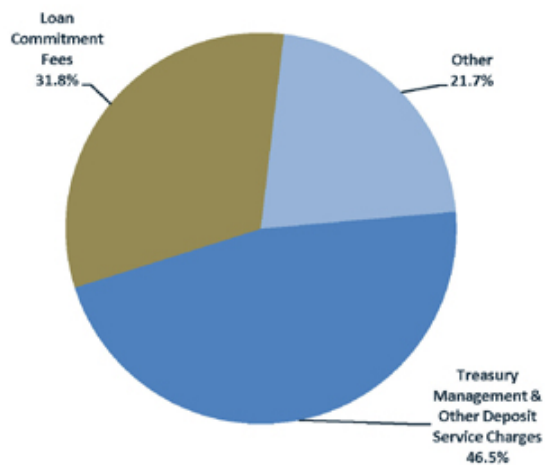


(1) Calculated on a tax equivalent basis

Non-Interest Income

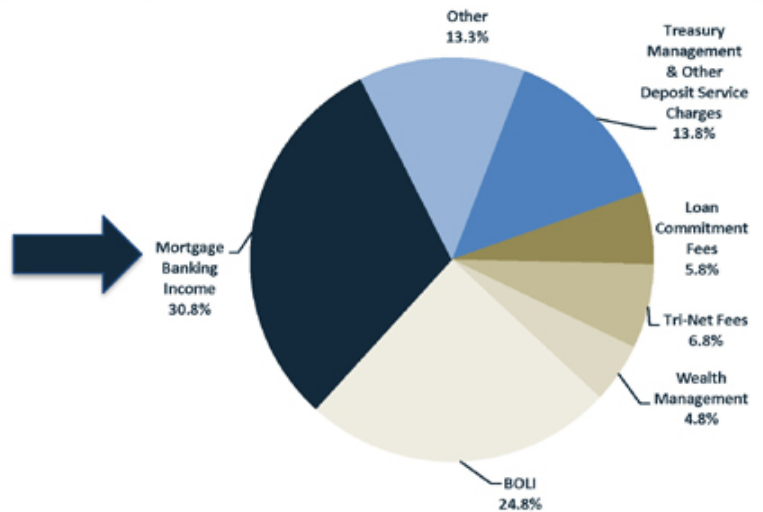
- ❖ Since 2011, we have expanded our fee income sources with the addition of Mortgage, Wealth, Tri-Net and BOLI

2011 Non-Interest Income Composition



NIR/Avg Assets = 0.14%

2018 YTD Non-Interest Income Composition



NIR/Avg Assets = 0.88%*

Data as of or for the twelve months ended 12/31/11 and 12/31/18
 *Excludes BOLI proceeds for death of executive

Capital

- Post acquisition, our capital ratios increased from the third quarter and are above regulatory guidelines.

<u>Capital Ratios</u>	Q4-18	Q3-18	Q2-18	Q1-18	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	10.86%	10.72%	10.53%	10.35%	NA
Tangible Common Equity / Tangible Assets*	10.39%	10.09%	9.89%	9.70%	NA
Tier 1 Leverage Ratio	11.06%	11.02%	10.87%	10.91%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	12.13%	11.49%	11.41%	11.11%	≥ 8.00%
Total Risk Based Capital Ratio	12.84%	12.62%	12.53%	12.22%	≥ 10.00%

- Announced \$8MM share repurchase on December 21, 2018.
- Declared quarterly dividend of \$0.04 per common shareholders of record as of February 5, 2019.

*Reconciliation provided in non-GAAP tables in the Appendix at the end of this presentation.

2019 Guidance

- Based on the combination with Athens and synergies we expect to realize, our near term guidance includes the following:

Metric	Proforma
Net Interest Margin	3.70% - 3.90%
Efficiency Ratio	Mid/Low 60's% near term
Non-Interest Income/Average Assets	0.80% - 1.10%
ROAA	1.15% - 1.35%
Loan/Deposit Ratio	90% – 100%
Loan Growth	High Single to Low Double Digits
Net Charge Off Ratio	<25 bps
Purchase Accounting Accretion	~\$1MM (2019)
CDI	\$1.7MM (2019)
Effective Tax Rate	~23%

Key Takeaways*

- CapStar's strategy remains one of sound, profitable growth.
- Focused on Athens integration and capturing expected synergies.
- Focused on increasing primary bank status with more clients.
- Organic growth opportunities through market share takeaway.
- Continue to explore strategic and opportunistic M&A.

*Refer to "Safe Harbor Statements" on slide 3

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Appendix: Non-GAAP Tables

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,				
	2018	2017	2018	2017	2016	2015	2014
STATEMENT OF INCOME DATA							
Interest Income	\$ 22,901	\$ 13,124	\$ 67,781	\$ 51,515	\$ 45,395	\$ 40,504	\$ 38,287
Interest Expense	5,184	2,606	16,088	9,651	6,932	5,731	5,871
Net Interest Income	17,716	10,518	51,692	41,863	38,463	34,773	32,416
Provision for Loan and Lease Losses	1,514	(30)	2,842	12,870	2,829	1,651	3,869
Non-Interest Income	6,387	2,736	15,459	10,908	11,084	8,884	7,419
Non-Interest Expense	23,832	8,699	53,487	33,765	33,129	30,977	28,562
Income before Income Taxes	(1,244)	4,585	10,821	6,136	13,590	11,029	7,404
Income Tax Expense	(535)	4,494	1,167	4,635	4,493	3,470	2,412
Net Income	(708)	91	9,655	1,501	9,097	7,559	4,992
Pre-Tax Pre-Provision Net Income*	271	4,556	13,663	19,006	16,419	12,680	11,273

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

	Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2018	2017	2016	2015	2014
BALANCE SHEET (AT PERIOD END)					
Cash & Due From Banks	\$ 105,443	\$ 82,797	\$ 80,111	\$ 100,185	\$ 73,934
Investment Securities	259,580	205,186	235,250	221,890	285,514
Loans Held for Sale	57,618	74,093	42,111	35,729	15,386
Gross Loans and Leases (Net of Unearned Income)	1,429,794	947,537	935,251	808,396	713,077
Total Intangibles	46,048	6,242	6,290	6,344	6,398
Total Assets	1,963,883	1,344,429	1,333,675	1,206,800	1,128,395
Deposits	1,570,008	1,119,866	1,128,722	1,038,460	981,057
Borrowings and Repurchase Agreements	126,509	70,000	55,000	48,755	34,837
Total Liabilities	1,709,504	1,197,483	1,194,468	1,098,214	1,025,744
Common Equity	245,379	137,946	130,207	92,086	86,151
Preferred Equity	9,000	9,000	9,000	16,500	16,500
Total Shareholders' Equity	254,379	146,946	139,207	108,586	102,651
Total Liabilities and Shareholders' Equity	1,963,883	1,344,429	1,333,675	1,206,800	1,128,395

Historical Financials

	Three Months Ended December 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2018	2017	2018	2017	2016	2015	2014
SELECTED PERFORMANCE RATIOS							
Return on Average Assets (ROAA)	(0.14%)	0.03%	0.63%	0.11%	0.72%	0.66%	0.47%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) ⁽¹⁾	0.06%	1.36%	0.89%	1.40%	1.30%	1.11%	1.06%
Return on Average Equity (ROAE)	(1.14%)	0.25%	5.50%	1.05%	7.57%	7.08%	4.94%
Return on Average Tangible Equity (ROATE) ⁽¹⁾	(1.40%)	0.26%	6.05%	1.09%	7.99%	7.53%	5.30%
Return on Average Tangible Common Equity (ROATCE) ⁽¹⁾	(1.47%)	0.27%	6.41%	1.17%	9.16%	9.01%	6.43%
Net Interest Margin ⁽²⁾ (tax equivalent basis)	3.89%	3.30%	3.55%	3.25%	3.22%	3.24%	3.25%
Efficiency Ratio ⁽³⁾	98.88%	65.63%	79.65%	63.98%	66.86%	70.96%	71.70%
Non-Interest Income / Average Assets	1.31%	0.82%	1.01%	0.80%	0.88%	0.78%	0.70%
Non-Interest Expense / Average Assets	4.87%	2.60%	3.50%	2.49%	2.62%	2.72%	2.68%
Loan and Lease Yield	5.49%	4.54%	5.11%	4.41%	4.33%	4.53%	4.74%
Deposit Cost	1.12%	0.78%	1.09%	0.73%	0.59%	0.56%	0.62%

(1) Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

(2) Calculated on a tax equivalent basis

(3) Efficiency ratio is non-interest expense divided by the sum of net interest income and non-interest income.

Historical Financials

	Three Months Ended December 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2018	2017	2018	2017	2016	2015	2014
PER SHARE OUSTANDING DATA							
Basic Net Earnings per Share	(\$0.04)	\$0.01	\$0.73	\$0.13	\$0.98	\$0.90	\$0.59
Diluted Net Earnings per Share	(\$0.04)	\$0.01	\$0.67	\$0.12	\$0.81	\$0.73	\$0.49
Book Value Per Share, Reported	\$13.84	\$11.91	\$13.84	\$11.91	\$11.62	\$10.74	\$10.17
Tangible Book Value Per Share, Reported*	\$11.25	\$11.37	\$11.25	\$11.37	\$11.06	\$10.00	\$9.41
Shares of Common Stock Outstanding at End of Period	17,724,721	11,582,026	17,724,721	11,582,026	11,204,515	8,577,051	8,471,516
CAPITAL RATIOS (AT PERIOD END)							
Tier 1 Leverage Ratio	11.06%	10.77%	11.06%	10.77%	10.46%	9.33%	8.56%
Common Equity Tier 1 Capital (Cet1)	11.61%	10.70%	11.61%	10.70%	10.90%	8.89%	-
Tier 1 Risk-Based Capital	12.13%	11.41%	12.13%	11.41%	11.61%	10.41%	10.32%
Total Risk-Based Capital Ratio	12.84%	12.52%	12.84%	12.52%	12.60%	11.42%	11.54%
Total Shareholders' Equity to Total Assets Ratio	12.95%	10.93%	12.95%	10.93%	10.44%	9.00%	9.10%
Tangible Equity to Tangible Assets*	10.81%	10.51%	10.81%	10.51%	10.01%	8.52%	8.58%

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

	Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2018	2017	2016	2015	2014
NON-PERFORMING ASSETS (NPA)					
Non-Performing Loans	\$ 2,078	\$ 2,695	\$ 3,619	\$ 2,689	\$ 7,738
Troubled Debt Restructurings	2,947	1,206	1,272	125	2,618
Other Real Estate and Repossessed Assets	988	-	-	216	575
Non-Performing Assets	3,066	2,695	3,619	2,905	8,313
ASSET QUALITY RATIOS					
Non-Performing Assets / Assets	0.16%	0.20%	0.27%	0.24%	0.74%
Non-Performing Loans / Loans	0.15%	0.28%	0.39%	0.33%	1.09%
Non-Performing Assets / Loans + OREO	0.21%	0.28%	0.39%	0.36%	1.16%
Net Charge-Offs to Average Loans (Periods Annualized)	0.39%	1.09%	0.15%	0.38%	0.15%
Allowance for Loan Losses to Total Loans and Leases	0.85%	1.45%	1.24%	1.25%	1.58%
Allowance for Loan to Non-Performing Loans	582.8%	509.1%	321.4%	376.8%	145.8%

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

	As of December 31,				
(Dollars in thousands, except per share information)	2018	2017	2016	2015	2014
COMPOSITION OF LOANS HELD FOR INVESTMENT					
Commercial Real Estate	\$ 550,446	\$ 350,622	\$ 302,322	\$ 251,196	\$ 219,793
Consumer Real Estate	253,562	102,581	97,015	93,785	77,688
Construction and Land Development	174,670	82,586	94,491	52,522	46,193
Commercial and Industrial	404,600	373,248	379,620	353,442	332,914
Consumer	25,615	6,862	5,974	8,668	7,910
Other Loans	20,902	31,638	55,829	48,782	28,578
DEPOSIT COMPOSITION					
Non-Interest Bearing	289,552	301,742	197,788	190,580	157,355
Interest Checking	434,921	274,681	299,621	189,983	115,915
Savings & Money Market	497,108	367,245	447,686	437,214	484,600
Time Deposits	348,427	176,197	183,628	220,683	223,187

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,				
	2018	2017	2018	2017	2016	2015	2014
REAL ESTATE - COMMERCIAL AND CONSTRUCTION CONCENTRATIONS							
Construction and Development	\$ 174,670	\$ 82,586	\$ 174,670	\$ 82,586	\$ 94,491	\$ 52,522	\$ 46,193
Commercial Real Estate and Construction	608,529	382,300	608,529	382,300	282,513	198,285	172,803
Construction and Development to Total Risk Based Capital (Reg. 100%)	78.7%	52.9%	78.7%	52.9%	63.2%	45.3%	42.8%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	274.1%	244.8%	274.1%	244.8%	188.8%	170.9%	160.0%
MORTGAGE METRICS							
Total Origination Volume	\$ 90,682	\$ 116,592	\$ 406,751	\$ 440,132	\$ 522,037	\$ 422,323	\$ 253,099
Total Mortgage Loans Sold	84,918	113,277	407,795	462,506	523,031	407,941	245,891
Purchase Volume as a % of Originations	74%	70%	81%	77%	67%	72%	76%
Mortgage Fees/Gain on Sale of Loans	1,324	1,621	5,653	6,238	7,375	5,962	4,067
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.56%	1.43%	1.39%	1.35%	1.41%	1.46%	1.65%
Mortgage Fees/Gain on Sale as a % of Total Revenue	5.5%	12.2%	8.4%	11.8%	14.9%	13.7%	10.2%

Non-GAAP Financial Measures

	Three Months Ended December 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2018	2017	2018	2017	2016	2015	2014
PRE-TAX PRE-PROVISION INCOME							
Pre-Tax Income	\$ (1,244)	\$ 4,585	\$ 10,821	\$ 6,136	\$ 13,590	\$ 11,029	\$ 7,404
Add: Provision for Loan Losses	1,514	(30)	2,842	12,870	2,829	1,651	3,869
Pre-Tax Pre-Provision Income	271	4,556	13,663	19,006	16,419	12,680	11,273
PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS							
Total Average Assets	\$ 1,940,991	\$ 1,329,621	\$ 1,528,915	\$ 1,357,794	\$ 1,262,763	\$ 1,140,760	\$ 1,064,705
Pre-Tax Pre-Provision Income	271	4,556	13,663	19,006	16,419	12,680	11,273
Pre-Tax Pre-Provision Return on Average Assets	0.06%	1.36%	0.89%	1.40%	1.30%	1.11%	1.06%

Non-GAAP Financial Measures

	As of December 31,				
(Dollars in thousands, except per share information)	2018	2017	2016	2015	2014
TANGIBLE EQUITY					
Total Shareholders' Equity	\$ 254,379	\$ 146,946	\$ 139,207	\$ 108,586	\$ 102,651
Less: Intangible Assets	46,048	6,242	6,290	6,344	6,398
Tangible Equity	208,331	140,704	132,918	102,242	96,253
TANGIBLE COMMON EQUITY					
Tangible Equity	\$ 208,331	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253
Less: Preferred Equity	9,000	9,000	9,000	16,500	16,500
Tangible Common Equity	199,331	131,704	123,918	85,742	79,753
TANGIBLE EQUITY TO TANGIBLE ASSETS					
Tangible Equity	\$ 208,331	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253
Total Assets	1,963,883	1,344,429	1,333,675	1,206,800	1,128,395
Less: Intangible Assets	46,048	6,242	6,290	6,344	6,398
Tangible Assets	1,917,835	1,338,188	1,327,385	1,200,456	1,121,997
Tangible Equity to Tangible Assets	10.86%	10.51%	10.01%	8.52%	8.58%
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS					
Tangible Common Equity	\$ 199,331	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753
Tangible Assets	1,917,835	1,338,188	1,327,385	1,200,456	1,121,997
Tangible Common Equity to Tangible Assets	10.39%	9.84%	9.34%	7.14%	7.11%

Non-GAAP Financial Measures

	Three Months Ended December 31,		Twelve Months Ended December 31,				
	2018	2017	2018	2017	2016	2015	2014
(Dollars in thousands, except per share information)							
RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)							
Total Average Shareholder's Equity	\$ 245,811	\$ 147,667	\$ 175,686	\$ 143,402	\$ 120,123	\$ 106,727	\$ 101,030
Less: Average Intangible Assets	45,687	6,248	16,174	6,265	6,318	6,371	6,855
Average Tangible Equity	200,124	141,419	159,512	137,137	113,805	100,356	94,175
Net Income to Shareholders	(708)	91	9,655	1,501	9,097	7,559	4,992
Return on Average Tangible Equity (ROATE)	(1.40%)	0.26%	6.05%	1.09%	7.99%	7.53%	5.30%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)							
Average Tangible Equity	\$ 200,124	\$ 141,419	\$ 59,512	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175
Less: Preferred Equity	9,000	9,000	9,000	9,000	14,533	16,500	16,500
Average Tangible Common Equity	191,124	132,419	150,512	128,137	99,273	83,856	77,675
Net Income to Shareholders	(708)	91	9,655	1,501	9,097	7,559	4,992
Return on Average Tangible Common Equity (ROATCE)	(1.47%)	0.27%	6.41%	1.17%	9.16%	9.01%	6.43%

Non-GAAP Financial Measures

	As of December 31,				
(Dollars in thousands, except per share information)	2018	2017	2016	2015	2014
TANGIBLE BOOK VALUE PER SHARE, REPORTED					
Tangible Common Equity	\$ 199,331	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753
Shares of Common Stock Outstanding	17,724,721	11,582,026	11,204,515	8,577,051	8,471,516
Tangible Book Value Per Share, Reported	\$11.25	\$11.37	\$11.06	\$10.00	\$9.41
SHARES OUTSTANDING AT END OF PERIOD					
Shares of Common Stock Outstanding	17,724,721	11,582,026	11,204,515	8,577,051	8,471,516
Shares of Preferred Stock Outstanding	878,048	878,049	878,049	1,609,756	1,609,756
Total Shares Outstanding at End of Period	18,602,769	12,460,075	12,082,564	10,186,807	10,081,272
TANGIBLE BOOK VALUE PER SHARE, ADJUSTED					
Tangible Equity	\$ 208,331	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253
Total Shares Outstanding at End of Period	18,602,769	12,460,075	12,082,564	10,186,807	10,081,272
Tangible Book Value Per Share, Adjusted	\$11.20	\$11.29	\$11.00	\$10.04	\$9.55

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,				
	2018	2017	2018	2017	2016	2015	2014
OPERATING NET INCOME							
Net Income	\$ (708)	\$ 91	\$ 9,655	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Add: Merger-Related Expense	8,929	-	9,803	-	-	-	-
Less: Income Tax Impact	(1,985)	-	(2,213)	-	-	-	-
Less: Impact of Tax Reform		(3,562)		(3,562)			
Operating Net Income	6,236	3,653	17,245	5,063	9,097	7,559	4,992
OPERATING DILUTED NET INCOME PER SHARE							
Operating Net Income	\$ 6,236	\$ 3,653	\$ 17,245	\$ 5,063	\$ 9,097	\$ 7,559	\$ 4,992
Average Diluted Shares Outstanding	18,716,562	12,938,288	14,480,347	12,803,511	12,803,511	11,212,026	10,425,039
Operating Diluted Net Income per Share	\$ 0.33	\$ 0.28	\$ 1.19	\$ 0.40	\$ 0.71	\$ 0.67	\$ 0.48
OPERATING RETURN ON AVERAGE ASSETS (ROAA)							
Operating Net Income	\$ 6,236	\$ 3,653	\$ 17,245	\$ 5,063	\$ 9,097	\$ 7,559	\$ 4,992
Total Average Assets	1,940,991	1,329,621	1,528,915	1,357,794	1,262,763	1,140,760	1,064,705
Operating Return on Average Assets (ROAA)	1.27%	1.09%	1.13%	0.37%	0.72%	0.66%	0.47%
OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)							
Average Tangible Equity	\$ 200,124	\$ 141,419	\$ 159,512	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175
Operating Net Income	6,236	3,653	17,245	5,063	9,097	7,559	4,992
Operating Return on Average Tangible Equity (ROATE)	12.36%	0.26%	10.81%	3.69%	7.99%	7.53%	5.30%

The operating non-GAAP amounts and ratios above have excluded the impact of the merger-related items and the impact of the Tax Cuts and Jobs Act of 2017.

Non-GAAP Financial Measures

	Three Months Ended December 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2018	2017	2018	2017	2016	2015	2014
OPERATING NON-INTEREST EXPENSE							
Non-Interest Expense	\$ 23,832	\$ 8,699	\$ 53,487	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Less: Merger-Related Expense	(8,929)	-	(9,803)	-	-	-	-
Operating Non-Interest Expense	14,903	8,699	43,684	33,765	33,129	30,977	28,562
OPERATING NON-INTEREST EXPENSE / AVERAGE ASSETS							
Operating Non-Interest Expense	\$ 14,903	\$ 8,699	\$ 43,684	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Total Average Assets	1,940,991	1,329,621	1,528,915	1,357,794	1,262,763	1,140,760	1,064,705
Operating Non-Interest Income / Average Assets	3.05%	2.60%	2.86%	2.49%	2.62%	2.72%	2.68%
OPERATING EFFICIENCY RATIO							
Operating Non-Interest Expense	\$ 14,903	\$ 8,699	\$ 43,684	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Net Interest Income	17,716	10,518	51,692	41,863	38,463	34,773	32,416
Non Interest Income	6,387	2,736	15,459	10,908	11,084	8,884	7,419
Total Revenues	24,103	13,254	67,151	52,771	49,548	43,657	39,835
Operating Efficiency Ratio	61.83%	65.63%	65.05%	63.98%	66.86%	70.96%	71.70%

The operating non-GAAP amounts and ratios above have excluded the impact of the merger-related items.



CAPSTAR™

FINANCIAL HOLDINGS, INC.