#### **EARNINGS RELEASE**

**CONTACT** 

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# CapStar Financial Holdings, Inc. Reports Second Quarter 2020 Results

Strong Pre-tax Pre-provision Income led by Record Mortgage Results

NASHVILLE, TN, July 23, 2020 GlobeNewswire -- CapStar Financial Holdings, Inc. ("CapStar")

(NASDAQ:CSTR) today reported second quarter net income of \$6.2 million and pre-tax pre-provision income of \$9.6 million. Diluted earnings per share were \$0.34, an increase of \$0.03 from the second quarter of 2019. Excluding merger-related charges, diluted operating<sup>(1)</sup> earnings per share were \$0.36, a decline of \$0.02 from the second quarter of 2019. Return on average assets and return on average equity for the second quarter of 2020 were 1.06% and 8.83%, respectively. On an operating basis, return on average assets was 1.11% and return on average tangible common equity was 11.02%. Net income for the quarter included provision for loan losses of \$1.6 million, severance expense of \$1.4 million, and merger related expenses of \$448,000.

"I am proud of the CapStar team for their remarkable dedication during an extremely challenging operating environment," said Timothy K. Schools, CapStar's president and CEO. "In keeping with our vision, mission and values, we have been unwavering in our commitment to support our employees, clients and communities through the public health crisis. Our non-financial center work force mobilized to working 100% remotely and continues to provide outstanding service. Importantly, we prioritized client assistance by offering loan deferrals and took a leadership position in facilitating PPP loans to protect all local business – both clients and non-clients – as they navigate the challenges presented by COVID-19. Our inclusive and response-driven approach is supporting our communities and presents the prospect for many new and expanded relationships."

"In the second quarter, we delivered solid financial results with strong pre-tax pre-provision revenue led by our mortgage and Tri-Net divisions," continued Schools. "During the quarter, we saw a significant rise in both loans related to PPP and in deposits which will bring short-term compression to our net interest margin and we continued to actively monitor our portfolio to identify potential weaknesses. On July 1, we completed our merger with The Bank of Waynesboro and The First National Bank of Manchester, creating an approximately \$3 billion financial institution which will enhance our funding profile, diversify our loan portfolio, expand our geographic reach, and improve our net interest margin, efficiency ratio, and return on assets."

#### **Soundness**

- Allowance for loan losses to total loans was 1.32% at June 30, 2020 compared to 0.90% at June 30, 2019.
- Annualized net charge-offs to average loans were 0.18% for the three months ended June 30, 2020 compared to 0.02% for the same period in 2019.
- Non-performing assets to total loans and OREO were 0.20% at June 30, 2020 compared to 0.16% at June 30, 2019
- The leverage ratio was 10.08% at June 30, 2020 compared to 11.01% at June 30, 2019.
- The total risk based capital ratio was 16.76% at June 30, 2020 compared to 13.29% at June 30, 2019.

### **Profitability**

- Operating annualized return on average assets for the three months ended June 30, 2020 was 1.11% compared to 1.40% for the same period in 2019.
- Operating annualized return on average tangible equity for the three months ended June 30, 2020 was 11.02% compared to 13.05% for the same period in 2019.
- Net interest margin for the three months ended June 30, 2020 was 3.23% compared to 3.68% for the same period in 2019; approximately 17 bps of the decline is attributed to the impact of PPP loans and an increase in cash due to significant deposit growth during the quarter.
- The operating efficiency ratio for the three months ended June 30, 2020 was 64.87% compared to 61.39% for the same period in 2019.
- Operating annualized pre-tax pre-provision income to average assets for the three months ended June 30, 2020 was 1.71% compared to 1.86% for the same period in 2019.

#### Growth

- Average deposits for the quarter ended June 30, 2020 increased 21.1% to \$2.03 billion, compared to \$1.68 billion for the same period in 2019.
- Average gross loans for the quarter ended June 30, 2020 increased 6.3% to \$1.56 billion, compared to \$1.47 billion for the same period in 2019.
- Pre-tax pre-provision earnings for the quarter ended June 30, 2020 increased 26.3% to \$9.6 million, compared to \$7.6 million for the quarter ended June 30, 2019.
- Tangible book value per share for the quarter ended June 30, 2020 increased 9.7% to \$13.02, compared to \$11.87 for the quarter ended June 30, 2019.

#### **Dividend**

On July 23, 2020, the board of directors of CapStar approved a quarterly dividend of \$0.05 per common share that will be paid on August 27, 2020 to shareholders of record of CapStar's common stock as of the close of business on August 13, 2020.

#### **Conference Call and Webcast Information**

CapStar will host a conference call and webcast at 9:00 a.m. Central Time on Friday, July 24, 2020. During the call, management will review the second quarter results and operational highlights. Interested parties may listen to the call by dialing (844) 412-1002. The conference ID number is 4376815. A simultaneous webcast may be accessed on CapStar's website at ir.capstarbank.com by clicking on "News & Events." An archived version of the webcast will be available in the same location shortly after the live call has ended.

#### About CapStar Financial Holdings, Inc.

CapStar Financial Holdings, Inc. is a bank holding company headquartered in Nashville, Tennessee and operates primarily through its wholly owned subsidiary, CapStar Bank, a Tennessee-chartered state bank. CapStar Bank is a commercial bank that seeks to establish and maintain comprehensive relationships with its clients by delivering customized and creative banking solutions and superior client service. As of June 30, 2020, on a consolidated basis, CapStar had total assets of \$2.45 billion, gross loans of \$1.59 billion, total deposits of \$2.10 billion, and shareholders' equity of \$282.0 million. Visit www.capstarbank.com for more information.

#### FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements, as defined by federal securities laws, including statements about CapStar and its financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of our operations and future financial performance. Our operations and such performance involves risks and uncertainties, including but in no way limited to the effect of the COVID-19 pandemic, that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to CapStar's filings with the Securities and Exchange Commission, including its 2019 Annual Report on Form 10-K under the sections entitled "Forward-Looking Statements" and "Item 1A Risk Factors." Forward-looking statements speak only as of the date they are made, and except as otherwise required by applicable law, we undertake no obligation to update or revise forward-looking statements.

#### **NON-GAAP MEASURES**

This release includes financial information determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). This financial information includes certain operating performance measures, which exclude merger-related and other charges that are not considered part of recurring operations. Such measures include: "Efficiency ratio – operating," "Expenses – operating," "Earnings per share – operating," "Diluted earnings per share – operating," "Tangible book value per share," "Return on common equity – operating," "Return on tangible common equity – operating," "Return on assets – operating," and "Tangible common equity to tangible assets."

Management has included these non-GAAP measures because it believes these measures may provide useful supplemental information for evaluating CapStar's underlying performance trends. Further, management uses these measures in managing and evaluating CapStar's business and intends to refer to them in discussions about our operations and performance. Operating performance measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP measures that may be presented by other companies. To the extent applicable, reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the 'Non-GAAP Reconciliation Tables' included in the exhibits to this presentation.

# CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Consolidated Statements of Income (unaudited) (dollars in thousands, except share data) Second quarter 2020 Earnings Release

			nths E				ths Ene e 30,	
Interest income:		2020		2019		2020		2019
Loans, including fees	\$	19,086	\$	20,999	\$	38,823	\$	41,591
Securities:	Ψ	19,000	Ψ	20,999	Ψ	30,023	Ψ	41,391
Taxable		1,096		1,165		2,272		2,512
Tax-exempt		312		363		633		739
Federal funds sold		312		6		033		25
Restricted equity securities		140		214		282		401
Interest-bearing deposits in financial institutions		107		411		469		857
Total interest income		20,741		23,158		42,479	_	46,125
Interest expense:		20,741		23,136	_	42,479		40,123
Interest-bearing deposits		831		1,827		2,732		3,420
Savings and money market accounts		731		1,782		2,732		3,500
Time deposits		1,416		2,217		2,283		4,030
Federal funds purchased		1,410		2,217		2,071		4,030
Securities sold under agreements to repurchase		<del>_</del>		_		<del>-</del>		5
Federal Home Loan Bank advances		88		324		231		
	_						_	1,156
Total interest expense		3,066		6,150		8,143		12,115
Net interest income		17,675		17,008		34,336		34,010
Provision for loan losses		1,624		17.000		9,177		886
Net interest income after provision for loan losses	_	16,051		17,008		25,159		33,124
Noninterest income:		<b>CO1</b>		012		1 466		1 (11
Treasury management and other deposit service charges		691		813		1,466		1,611
Net gain (loss) on sale of securities		13		(121)		40		(108)
Tri-Net fees		1,260		1,024		1,860		1,664
Mortgage banking income		7,123		3,087		9,376		4,472
Wealth management fees		374		334		781		639
Interchange and debit card transaction fees		729		991		1,454		1,569
Other noninterest income		633		904		1,720		1,920
Total noninterest income		10,823		7,032		16,697		11,767
Noninterest expense:								
Salaries and employee benefits		12,305		8,563		20,307		16,995
Data processing and software		2,100		1,862		3,964		3,336
Professional fees		581		501		1,216		1,043
Occupancy		797		809		1,616		1,692
Equipment		680		1,026		1,431		1,878
Regulatory fees		333		272		496		546
Merger related expenses		448		1,711		738		2,305
Amortization of intangibles		375		419		761		850
Other operating		1,315		1,307		2,616		2,551
Total noninterest expense		18,934		16,470		33,145		31,196
Income before income taxes		7,940		7,570		8,711		13,695
Income tax expense		1,759		1,814		1,184		3,160
Net income	\$	6,181	\$	5,756	\$	7,527	\$	10,535
Per share information:								
Basic net income per share of common stock	\$	0.34	\$	0.33	\$	0.41	\$	0.59
Diluted net income per share of common stock	\$	0.34	\$	0.31	\$	0.41	\$	0.56
•	Ψ	0.54	φ	0.51	Ψ	0.41	Ψ	0.50
Weighted average shares outstanding:		10 207 002		7.662.002	- 4	0.240.000	- 1	7 702 006
Basic		18,307,083		7,663,992		18,349,998		7,723,286
Diluted		18,320,006	1	8,650,706	1	18,381,866	1	8,740,322

This information is preliminary and based on CapStar data available at the time of this earnings release.

## CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY Selected Quarterly Financial Data (unaudited) (dollars in thousands, except share data) Second quarter 2020 Earnings Release

No.					Five	Qι	ıarter Compar	ison				
Net interest income			6/30/20						9/30/19		6/30/19	
Provision for loan losses	ncome Statement Data:											
Net interest income after provision for loan losses   1,055   9,108   16,581   17,281   17,00   1775   788   88   180   176   1775   178	Net interest income	\$		\$		\$	16,581	\$		\$	17,008	
Tensury management and other deposit service charges   691   775   736   788   88   180	Provision for loan losses						<u> </u>			_	_	
Net gain (loss) on sale of securities	Net interest income after provision for loan losses		16,051		9,108	_	16,581		17,281		17,008	
Tr. Net fees	Treasury management and other deposit service charges		691		775		736		788		813	
Mortgage banking income         7,123         2,253         2,316         2,679         3,08           Wealth management fees         374         407         407         379         3           Interchange and debit card transaction fees         729         724         928         754         99           Other noninterest income         10,823         5,874         5,719         6,788         7,02           Stalaris and employee benefits         12,305         8,002         9,318         9,229         8,58           Occupancy         797         8,00         9,318         1,929         1,88           Professional fees         581         636         531         528         58           Occupancy         797         820         795         888         8           Regulatory fees         333         163         28         1,10         1           Regulatory fees         348         290         163         187         1           Regulatory fees         333         163         28         1,18         2           Regulatory fees         448         290         163         187         1,7           Amort zated expenses         448	Net gain (loss) on sale of securities		13		27		9		_		(12)	
Wath management fees         374         407         407         379         374         98         754         98         754         98         754         98         754         98         754         98         754         98         754         98         754         98         754         98         754         98         754         98         756         98         757         98         758         758         758         758         758         758         758         758         758         758         858         88	Tri-Net fees		1,260		599		274		847		1,024	
Interchange and debit card transaction fees	Mortgage banking income		7,123		2,253		2,316		2,679		3,08	
Other nominterest income         633         1,089         1,049         1,341         99           Total nominterest income         10,823         5,874         5,719         6,788         7,00           Salaries and employee benefits         12,305         8,002         9,318         9,229         8,56           Data processing and software         2,100         1,864         1,835         1,790         1,88           Professional fees         581         660         751         834         1,012         1,00           Occupancy         797         820         795         858         88           Equipment         680         751         834         1,012         1,00           Regulatory fees         333         163         28         18         2.7           Merger related expenses         448         290         163         187         1,7           Merger related expenses         379         1435         1,299         1,365         1,501         1,33           Merger related expenses         7,940         771         7,506         1,531         1,64           Otta repeating         1,359         1,759         1,531         1,532         1,64 <td>Wealth management fees</td> <td></td> <td>374</td> <td></td> <td>407</td> <td></td> <td>407</td> <td></td> <td>379</td> <td></td> <td>33</td>	Wealth management fees		374		407		407		379		33	
Total noninterest income   10,823   5,874   5,719   6,788   7,05   Salaries and employee benefits   12,305   8,002   9,318   9,229   8,56   Data processing and software   2,100   1,864   1,855   1,790   1,86   Professional fees   581   636   531   528   55   Cocupancy   797   820   795   858   88   Equipment   680   751   834   1,012   1,00   Regulatory fees   333   163   28   18   2   Merger related expenses   448   290   163   187   1,7   Amortization of intangibles   375   386   397   408   44   Other operating   1,315   1,299   1,365   1,501   1,36   Other operating   1,315   1,340   5,421   5,646   5,57   Other operating   1,315   1,346   5,421   5,646   5,57   Other operating shares - diluted   1,320,003   1,349,301   1,349,401   1,340	Interchange and debit card transaction fees		729		724		928		754		99	
Salaries and employee benefits         12,305         8,002         9,318         9,229         8,55           Data processing and software         2,100         1,864         1,835         1,790         1,88           Professional fees         581         636         531         528         5           Occupancy         797         820         795         858         8           Equipment         680         751         834         1,012         1,00           Regulatory fees         333         163         28         18         2           Mortization of intangibles         375         386         397         408         4           Other operating         1,315         1,299         1,365         1,501         1,31           Total noninterest expense         1,315         1,299         1,365         1,501         1,64           Net income before income tax expense         7,940         771         7,034         8,538         7,51           Income tax (benefit) expense         1,759         (575)         1,613         2,072         1,8           Net income per share, absic         18,307,083         18,329,13         18,350,994         17,741,778         17,663,99 <td>Other noninterest income</td> <td></td> <td>633</td> <td></td> <td>1,089</td> <td></td> <td>1,049</td> <td></td> <td>1,341</td> <td></td> <td>90</td>	Other noninterest income		633		1,089		1,049		1,341		90	
Date processing and software         2,100         1,864         1,355         1,790         1,88           Professional fees         581         636         531         528         58           Occupancy         797         820         795         885         8           Equipment         680         751         834         1,012         1.00           Regulatory fees         333         163         28         18         2.2           Merger related expenses         448         290         163         187         1,77           Amortization of intangibles         375         386         397         408         4           Other operating         1,315         1,299         1,365         1,511         1,31           Other operating         1,8934         14,211         1,526         1,531         1,64           Net income before income tax expense         7,940         771         7,034         8,538         7,55           Income tax (benefit) expense         1,759         1,313         1,346         5,541         8,646         5,77           Weighted average shares - basic         18,307,083         18,392,13         18,359,994         1,774,1,77         1,76	Total noninterest income		10,823		5,874		5,719		6,788		7,03	
Professional fees	Salaries and employee benefits		12,305		8,002	_	9,318		9,229		8,56	
Professional fees	Data processing and software		2,100		1,864		1,835		1,790		1,86	
Equipment         680         751         834         1,012         1,00           Regulatory fees         333         163         28         18         22           Merger related expenses         448         290         163         187         1,7           Amortization of intangibles         375         386         397         408         24           Other operating         13,15         1,299         1,365         15,511         16,31           Ottal noninterest expense         7,940         771         7,034         8,538         7,57           Net income before income tax expense         7,940         771         7,034         8,538         7,57           Net income before income tax expense         7,940         771         7,034         8,538         7,57           Net income per skare, besic         18,307,083         18,329,13         18,350,994         1,774,1778         17,663,99           Weighted average shares - shaic         18,307,083         18,329,31         18,350,994         17,741,778         17,663,99           Weighted average shares - distited         18,307,083         18,329,31         18,352,479         18,650,70           Weighted average shares - distited         18,200,00         10	Professional fees		581		636		531		528		50	
Equipment         680         751         834         1,012         1,000           Regulatory fees         333         163         2.8         18         2.2           Merger related expenses         448         290         163         187         1,7           Amortization of intangibles         375         386         397         408         24           Other operating         1315         1,299         1,365         1,501         1,30           Ottal noninterest expense         7,940         771         7,034         8,538         7,57           Net income before income tax expense         7,940         771         7,034         8,538         7,57           Net income before income tax expense         7,940         771         7,034         8,538         7,57           Net income per share, diverse         18,307,083         18,329,193         18,350,994         1,774,1778         17,639           Weighted average shares - shaic         18,307,083         8,309         18,319         18,509,00           Weighted average shares - diluted         18,307,083         8,309         18,431         17,741,778         17,665,00           Weighted average shares - diluted         0,34         0,07         0,2	Occupancy		797		820		795		858		80	
Regulatory fees         333         163         28         18         2           Amortization of intangibles         375         386         397         408         147           Other operating         1,315         1,299         1,365         1,501         1,33           Net income before income tax expense         7,940         771         7,034         8,538         7,55           Income tax (benefit) expense         1,759         (575)         1,613         2,072         1,8           Net income before income tax expense         1,759         (575)         1,613         2,072         1,8           Net income before income tax expense         1,759         (575)         1,613         2,072         1,8           Net income (ax (benefit) expense         1,759         (575)         1,613         2,072         1,8           Net income         8,6181         8,320,00         18,437,25         18,443,916         18,532,479         17,641,678           Net income per share, diluted         8,320,000         18,443,725         18,443,916         18,532,479         18,650,70           Net income per share, diluted         3,34         2,077         0,29         0,35         0,3           Securities abate (at period ex			680		751		834		1,012		1,02	
Merger related expenses         448         290         163         187         1.7.           Amortization of intangibles         375         386         397         408         4           Other operating         1,315         1,299         1,365         1,501         1,361           Total nominterest expense         7,940         771         7,034         8,538         7.5           Income tax (benefit) expense         1,759         (575)         1,613         2,072         1,88           Net income         1,759         (575)         1,613         2,072         1,88           Net income         5,6181         8,1346         5,421         8,646         5,72           Weighted average shares - basic         18,307,083         18,432,52         18,434,916         18,532,479         18,650,47           Weighted average shares, diluted         0,34         0,07         0,30         0,33         0,03           Net income per share, diluted         0,34         0,07         0,30         0,33         0,03           Alance Steer         1,315         1,416         1,414,51         1,417,77         1,466,39           Securities available-for-sale         223,034         219,213         213,129			333		163		28		18		27	
Amortization of intangibles         375         386         397         408         4           Other operating         1,315         1,299         1,365         1,501         1,33           Total noninterset expense         18,934         14,211         15,266         15,531         16,47           Net income before income tax expense         7,940         771         7,034         8,538         7,55           Income tax (benefit) expense         1,759         (575)         15,131         2,072         1,88           Net income         6,6181         8,342,13         8,5421         8,646         8,57.2           Weighted average shares - basic         18,307,083         18,309,93         18,359,994         17,41,778         17,633,99           Weighted average shares - basic         18,307,003         18,443,725         18,443,916         18,532,479         18,605,70           Net income per share, diluted         0,34         0,07         0,29         0,35         0,0           Net income per share, diluted         3,368,820         91,450         181,439,16         18,532,479         18,605,7           Net income per share, diluted         2,334         2,192,13         213,129         2,035         0,02           Secur			448		290		163		187		1,71	
Total nominterest expense   18,934   14,211   15,266   15,531   16,47   Net income before income tax expense   7,940   771   7,034   8,538   7,55   Income tax (benefit) expense   1,7559   5,555   1,613   2,072   1.8   Net income   8,6181   1,346   5,421   6,466   5,572   Weighted average shares - basic   18,307,083   18,302,913   18,350,994   17,741,778   17,663,99   Weighted average shares - diluted   18,307,008   18,443,725   18,433,16   18,532,479   18,550,77   Net income per share, basic   5,034   0,07   5,030   5,036   5,03   Net income per share, diluted   0,34   0,07   5,030   5,036   5,03   Net income per share, diluted   0,34   0,07   5,030   5,035   5,03   Net income per share, diluted   2,34   219,213   213,129   203,500   194,93   Securities available-for-sale   223,034   219,213   213,129   203,500   194,93   Securities held-to-maturity   2,699   3,306   3,313   3,319   3,77   Loans held for sale   129,807   186,937   168,222   129,613   89,66   Total loans   1,592,725   1,446,835   1,420,102   1,411,768   1,440,66   Allowance for loan loses   2445,172   2,072,585   2,037,201   2,033,911   2,018,44   Non-interest-bearing deposits   546,974   442,789   312,096   352,266   326,55   Interest-bearing deposits   5,463,91   1,320,90   1,473,55   1,769,829   1,755,75   Shareholders' equity   2,163,222   1,796,795   1,764,155   1,765,829   1,755,75   Shareholders' equity   2,183,404   1,184,61   1,464,61   Total shares of preferred stock outstanding   8,301,88   18,07,802   18,334,90   17,551,75   Shareholders' equity   2,184,61   1,464,61   1,464,61   1,464,61   Total shares of preferred stock outstanding   8,301,88   18,07,802   1,764,75   1,765,829   1,755,75   Shareholders' equity   2,184,61   1,46	Amortization of intangibles		375		386		397		408		41	
Total nominterest expense         18,934         14,211         15,266         15,531         16,47           Net income before income tax expense         7,940         771         7,034         8,538         7,55           Income tax (benefit) expense         1,759         (575)         1,613         2,072         1,88           Net income         8,6181         1,346         5,421         6,466         5,57           Weighted average shares - basic         18,307,083         18,392,913         18,350,994         17,71,778         17,663,98           Weighted average shares - diluted         18,307,008         18,443,75         18,434,916         18,522,479         18,650,70           Net income per share, basic         0,034         0,07         0,29         0,35         0,03           Net income per share, diluted         0,34         0,07         0,29         0,35         0,03           Alance         1,540         1,540         1,540         1,540         1,540         1,540           Securities available-for-sale         23,304         219,213         213,129         203,500         194,93         3,542         1,540,21         1,540,01         3,96         3,13         3,319         3,75         3,76         3,72	Other operating		1,315		1,299		1,365		1,501		1,30	
Net income before income tax expense   7,940   771   7,034   8,538   7,55     Income tax (benefit) expense   1,759   (575)   1,613   2,072   1,18     Net income   8,6181   8,1346   5,421   6,466   5,57     Weighted average shares - basic   18,307,083   18,392,913   18,350,994   17,741,778   17,663,99     Weighted average shares - diluted   18,320,006   18,443,725   18,443,916   18,532,479   18,650,70     Net income per share, basic   5,034   0,07   0,29   0,35   0,3      Net income per share, basic   5,034   0,07   0,29   0,35   0,3      Securities average shares - diluted   0,34   0,07   0,29   0,35   0,3      Securities average shares - diluted   2,34   0,07   0,29   0,35   0,3      Securities average shares - diluted   2,304   219,213   213,129   203,500   194,99     Securities average shares - diluted   2,304   219,213   213,129   203,500   194,99     Securities average shares - diluted   2,304   219,213   213,129   203,500   194,99     Securities average shares - diluted   2,304   219,213   213,129   203,500   194,99     Securities average shares - diluted   2,299   3,306   3,313   3,319   3,77     Loans held for sale   129,807   186,937   168,222   129,613   89,67     Total consistence of color losses   2,445,172   2,072,585   2,037,201   2,033,911   2,018,44     Allowance for loan losses   2,445,172   2,072,585   2,037,201   2,033,911   2,018,44     Non-interest-bearing deposits   1,548,591   1,320,920   1,417,355   1,379,497   1,396,521     Federal Home Loan Bank advances and other borrowings   39,464   1,000   1,000   1,000   1,000     Total liabilities   2,163,222   1,796,795   1,764,155   1,765,829   1,755,755     Shareholders' equity   5,281,295   275,790   273,046   268,082   262,64     Total shares of common stock outstanding   18,302,188   18,307,802   18,343,403   17,561,47     Total shares of common stock   154,41   15,06   14,487   14,61   14,41     Tangible book value per share of common stock   154,41   15,06   14,487   14,61   14,41     Tangible book value per share of common stock   13,0				-		_					16,47	
Income tax (benefit) expense   1,759   (575   1,613   2,072   1,8   Net income   8					_	_						
Net income         \$ 6,181         \$ 1,346         \$ 5,421         \$ 6,466         \$ 5,72           Weighted average shares - basic         18,307,083         18,392,913         18,350,994         17,741,778         17,663,98           Weighted average shares - diluted         18,320,006         18,443,725         18,443,916         18,532,479         18,650,70           Net income per share, basic         \$ 0.34         0.07         0.29         0.35         0.0           Net income per share, diluted         0.34         0.07         0.29         0.35         0.0           Securities and cash equivalents         \$ 368,820         \$ 91,450         \$ 101,269         \$ 154,021         \$ 156,08           Securities available-for-sale         223,034         219,213         213,129         203,500         194,95           Securities available-for-sale         223,034         219,213         213,129         203,500         194,95           Securities available-for-sale         129,807         186,937         168,222         129,613         89,6           Securities available-for-sale         1592,725         1,446,633         1,420,102         1,411,768         1,440,6           Molwance for loan losses         (21,035)         (20,114         (12,604)	•											
Weighted average shares - basic         18,307,083         18,392,913         18,350,994         17,741,778         17,663,99           Weighted average shares - diluted         18,320,006         18,443,725         18,443,916         18,532,479         18,650,70           Net income per share, basic         \$0.34         0.07         \$0.30         \$0.36         \$0.3           Net income per share, diluted         0.34         0.07         0.29         0.35         0.3           alance Sheet Data (at period end):         200         0.34         10.07         0.29         0.35         0.3           Securities available-for-sale         223,034         219,213         213,129         203,500         194,95           Securities held-to-maturity         2,699         3,306         3,313         3,319         3,72           Loans held for sale         129,807         186,937         168,222         129,613         89,6           Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,6           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,90           Total sasets         2,445,172         2,072,585         2,037,201         2,033,911 <t< td=""><td>Net income</td><td>\$</td><td></td><td>\$</td><td></td><td>\$</td><td></td><td>\$</td><td></td><td>\$</td><td></td></t<>	Net income	\$		\$		\$		\$		\$		
Weighted average shares - diluted         18,320,006         18,443,725         18,443,916         18,532,479         18,650,70           Net income per share, basic         \$ 0.34         \$ 0.07         \$ 0.29         0.35         0.3           Net income per share, diluted         0.34         0.07         0.29         0.35         0.3           alance Sheet Data (at period end):         Total and cash equivalents         \$ 368,820         \$ 91,450         \$ 101,269         \$ 154,021         \$ 156,00           Securities available-for-sale         223,034         219,213         213,129         203,500         194,92           Securities held-to-maturity         2,699         3,306         3,313         3,319         3,77           Loans held for sale         129,807         186,937         168,222         129,613         89,62           Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,61           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,90           Total assets         2,445,172         2,072,585         2,037,201         2,033,911         2,018,42           Non-interest-bearing deposits         546,974         442,789         312,096	Weighted average shares - basic	1		_		-		1				
Net income per share, basic         \$ 0.34         \$ 0.07         \$ 0.30         \$ 0.36         \$ 0.35           Net income per share, diluted         0.34         0.07         0.29         0.35         0.3           alance Sheet Data (at period end): <td a="" con<="" constraint="" of="" rows="" td="" the=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td>	<td></td>											
Net income per share, diluted         0.34         0.07         0.29         0.35         0.35           alance Sheet Data (at period end):         Cash and cash equivalents         \$ 368,820         \$ 91,450         \$ 101,269         \$ 154,021         \$ 156,08           Securities available-for-sale         223,034         219,213         213,129         203,500         194,92           Securities held-to-maturity         2,699         3,306         3,313         3,319         3,77           Loans held for sale         129,807         186,937         168,222         129,613         89,60           Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,61           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,90           Total assets         2,445,172         2,072,585         2,037,201         2,033,911         2,018,42           Non-interest-bearing deposits         546,974         442,789         312,096         352,266         326,55           Interest-bearing deposits         1,548,591         1,320,920         1,417,355         1,379,497         1,396,22           Federal Home Loan Bank advances and other borrowings         39,464												
Cash and cash equivalents		Ψ		Ψ		Ψ		Ψ		Ψ		
Cash and cash equivalents         \$ 368,820         \$ 91,450         \$ 101,269         \$ 154,021         \$ 156,08           Securities available-for-sale         223,034         219,213         213,129         203,500         194,95           Securities held-to-maturity         2,699         3,306         3,313         3,319         3,77           Loans held for sale         129,807         186,937         168,222         129,613         89,67           Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,61           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,90           Total assets         2,445,172         2,072,585         2,037,201         2,033,911         2,018,42           Non-interest-bearing deposits         546,974         442,789         312,096         352,266         326,55           Interest-bearing deposits         1,548,591         1,320,920         1,417,355         1,379,497         1,396,225           Federal Home Loan Bank advances and other borrowings         39,464         10,000         10,000         10,000         10,000         10,000         10,000         10,000         10,000         10,000         10,000         10,00			0.54		0.07		0.2)		0.55		0.5	
Securities available-for-sale         223,034         219,213         213,129         203,500         194,95           Securities held-to-maturity         2,699         3,306         3,313         3,319         3,77           Loans held for sale         129,807         186,937         168,222         129,613         89,67           Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,6           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,907           Total assets         2,445,172         2,072,585         2,037,201         2,033,911         2,018,42           Non-interest-bearing deposits         546,974         442,789         312,096         352,266         326,55           Interest-bearing deposits         1,548,591         1,320,920         1,417,355         1,379,497         1,396,22           Federal Home Loan Bank advances and other borrowings         39,464         10,000         10,000         10,000         10,000           Total liabilities         2,163,222         1,796,795         1,764,155         1,765,829         1,755,72           Shareholders' equity         \$281,950         \$275,790         \$273,046         \$268,082		\$	368 820	\$	91 450	\$	101 269	\$	154 021	\$	156.08	
Securities held-to-maturity         2,699         3,306         3,313         3,319         3,77           Loans held for sale         129,807         186,937         168,222         129,613         89,67           Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,61           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,904)           Total assets         2,445,172         2,072,585         2,037,201         2,033,911         2,018,42           Non-interest-bearing deposits         546,974         442,789         312,096         352,266         326,55           Interest-bearing deposits         1,548,591         1,320,920         1,417,355         1,379,497         1,396,22           Federal Home Loan Bank advances and other borrowings         39,464         10,000         10,00		Ψ		Ψ		Ψ		Ψ		Ψ		
Loans held for sale         129,807         186,937         168,222         129,613         89,62           Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,61           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,90           Total assets         2,445,172         2,072,585         2,037,201         2,033,911         2,018,42           Non-interest-bearing deposits         546,974         442,789         312,096         352,266         326,55           Interest-bearing deposits         1,548,591         1,320,920         1,417,355         1,379,497         1,396,22           Federal Home Loan Bank advances and other borrowings         39,464         10,000         10,000         10,000         10,00           Total liabilities         2,163,222         1,796,795         1,764,155         1,765,829         1,755,75           Shareholders' equity         \$281,950         \$275,790         \$273,046         \$268,082         \$262,66           Total shares of common stock outstanding         18,302,188         18,307,802         18,361,922         18,343,403         17,561,47           Total shares of preferred stock outstanding         -         -         -												
Total loans         1,592,725         1,446,835         1,420,102         1,411,768         1,440,60           Allowance for loan losses         (21,035)         (20,114)         (12,604)         (12,828)         (12,905)           Total assets         2,445,172         2,072,585         2,037,201         2,033,911         2,018,42           Non-interest-bearing deposits         546,974         442,789         312,096         352,266         326,55           Interest-bearing deposits         1,548,591         1,320,920         1,417,355         1,379,497         1,396,22           Federal Home Loan Bank advances and other borrowings         39,464         10,000         10	3											
Allowance for loan losses (21,035) (20,114) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,014) (12,604) (12,828) (12,905) (12,												
Total assets 2,445,172 2,072,585 2,037,201 2,033,911 2,018,44 Non-interest-bearing deposits 546,974 442,789 312,096 352,266 326,55 Interest-bearing deposits 1,548,591 1,320,920 1,417,355 1,379,497 1,396,22 Federal Home Loan Bank advances and other borrowings 39,464 10,000 10,000 10,000 10,000 10,000 Total liabilities 2,163,222 1,796,795 1,764,155 1,765,829 1,755,75 Shareholders' equity \$281,950 \$275,790 \$273,046 \$268,082 \$262,66 Total shares of common stock outstanding 18,302,188 18,307,802 18,361,922 18,343,403 17,561,47 Total shares of preferred stock outstanding — — — — 878,04 Book value per share of common stock \$15.41 \$15.06 \$14.87 \$14.61 \$14.4 Tangible book value per share of common stock \$12.00 \$9.89 \$16.65 \$16.58 \$15.51 apital ratios:  Total risk based capital 16,76% 13,68% 13,45% 13,46% 13,25 apital ratios:  Total risk based capital 13,76% 12,56% 12,73% 12,71% 12,65 Common equity tier 1 capital 13,76% 12,56% 12,57% 12,71% 12,65 Common equity tier 1 capital												
Non-interest-bearing deposits         546,974         442,789         312,096         352,266         326,55           Interest-bearing deposits         1,548,591         1,320,920         1,417,355         1,379,497         1,396,22           Federal Home Loan Bank advances and other borrowings         39,464         10,000         10,000         10,000         10,000           Total liabilities         2,163,222         1,796,795         1,764,155         1,765,829         1,755,75           Shareholders' equity         281,950         275,790         273,046         268,082         262,60           Total shares of common stock outstanding         18,302,188         18,307,802         18,361,922         18,343,403         17,561,47           Total shares of preferred stock outstanding         —         —         —         —         878,04           Book value per share of common stock         \$ 15.41         \$ 15.06         \$ 14.87         \$ 14.61         \$ 14.87           Tangible book value per share of common stock*         \$ 12.00         \$ 9.89         \$ 16.65         \$ 16.58         \$ 15.1           Amket value per share of common stock         \$ 12.00         \$ 9.89         \$ 16.65         \$ 16.58         \$ 15.1           April 1 ratios:         ***  Total risk based capital												
Interest-bearing deposits												
Federal Home Loan Bank advances and other borrowings         39,464         10,000         10,000         10,000         10,000           Total liabilities         2,163,222         1,796,795         1,764,155         1,765,829         1,755,75           Shareholders' equity         \$ 281,950         \$ 275,790         \$ 273,046         \$ 268,082         \$ 262,66           Total shares of common stock outstanding         -         -         -         -         878,02           Total shares of preferred stock outstanding         -         -         -         -         878,02           Book value per share of common stock         \$ 15.41         \$ 15.06         \$ 14.87         \$ 14.61         \$ 14.4           Tangible book value per share of common stock*         \$ 13.02         12.66         12.45         12.17         11.8           Market value per share of common stock         \$ 12.00         \$ 9.89         \$ 16.65         \$ 16.58         \$ 15.1           apital ratios:         Total risk based capital         16.76%         13.68%         13.45%         13.46%         13.2           Common equity tier 1 capital         13.76%         12.56%         12.73%         12.71%         12.6	<i>C</i> 1											
Total liabilities         2,163,222         1,796,795         1,764,155         1,765,829         1,755,75           Shareholders' equity         \$ 281,950         \$ 275,790         \$ 273,046         \$ 268,082         \$ 262,66           Total shares of common stock outstanding         18,302,188         18,307,802         18,361,922         18,343,403         17,561,47           Total shares of preferred stock outstanding         —         —         —         —         878,04           Book value per share of common stock         \$ 15.41         \$ 15.06         \$ 14.87         \$ 14.61         \$ 14.4           Tangible book value per share of common stock*         \$ 13.02         12.66         12.45         12.17         11.8           Market value per share of common stock         \$ 12.00         \$ 9.89         \$ 16.65         \$ 16.58         \$ 15.1           apital ratios:         Total risk based capital         16.76%         13.68%         13.45%         13.46%         13.2           Tier 1 risk based capital         13.76%         12.56%         12.73%         12.71%         12.5           Common equity tier 1 capital         13.76%         12.56%         12.73%         12.71%         12.6												
Shareholders' equity       \$ 281,950       \$ 275,790       \$ 273,046       \$ 268,082       \$ 262,66         Total shares of common stock outstanding       18,302,188       18,307,802       18,361,922       18,343,403       17,561,47         Total shares of preferred stock outstanding       —       —       —       —       —       878,02         Book value per share of common stock       \$ 15.41       \$ 15.06       \$ 14.87       \$ 14.61       \$ 14.4         Tangible book value per share of common stock*       13.02       12.66       12.45       12.17       11.8         Market value per share of common stock       \$ 12.00       \$ 9.89       \$ 16.65       \$ 16.58       \$ 15.1         apital ratios:         Total risk based capital       16.76%       13.68%       13.45%       13.46%       13.2         Tier 1 risk based capital       13.76%       12.56%       12.73%       12.71%       12.5         Common equity tier 1 capital       13.76%       12.56%       12.73%       12.71%       12.6												
Total shares of common stock outstanding  18,302,188 18,307,802 18,361,922 18,343,403 17,561,47 Total shares of preferred stock outstanding ————————————————————————————————————				2		Ф				\$		
Total shares of preferred stock outstanding — — — — — — — 878,04 Book value per share of common stock \$ 15.41 \$ 15.06 \$ 14.87 \$ 14.61 \$ 14.4 Tangible book value per share of common stock* 13.02 12.66 12.45 12.17 11.8 Market value per share of common stock \$ 12.00 \$ 9.89 \$ 16.65 \$ 16.58 \$ 15.1  apital ratios: Total risk based capital 16.76% 13.68% 13.45% 13.46% 13.2 Tier 1 risk based capital 13.76% 12.56% 12.73% 12.71% 12.5 Common equity tier 1 capital 13.76% 12.56% 12.73% 12.71% 12.6						ψ						
Book value per share of common stock       \$ 15.41       \$ 15.06       \$ 14.87       \$ 14.61       \$ 14.67         Tangible book value per share of common stock*       13.02       12.66       12.45       12.17       11.8         Market value per share of common stock       \$ 12.00       \$ 9.89       \$ 16.65       \$ 16.58       \$ 15.1         apital ratios:         Total risk based capital       16.76%       13.68%       13.45%       13.46%       13.2         Tier 1 risk based capital       13.76%       12.56%       12.73%       12.71%       12.6         Common equity tier 1 capital       13.76%       12.56%       12.73%       12.71%       12.6	<del>-</del>	10						1		,		
Tangible book value per share of common stock*       13.02       12.66       12.45       12.17       11.8         Market value per share of common stock       \$ 12.00       \$ 9.89       \$ 16.65       \$ 16.58       \$ 15.1         apital ratios:         Total risk based capital       16.76%       13.68%       13.45%       13.46%       13.2         Tier 1 risk based capital       13.76%       12.56%       12.73%       12.71%       12.5         Common equity tier 1 capital       13.76%       12.56%       12.73%       12.71%       12.6		Φ		Ф		¢		Ф		Φ		
Market value per share of common stock       \$ 12.00       \$ 9.89       \$ 16.65       \$ 16.58       \$ 15.12         apital ratios:       Total risk based capital       16.76%       13.68%       13.45%       13.46%       13.2         Tier 1 risk based capital       13.76%       12.56%       12.73%       12.71%       12.5         Common equity tier 1 capital       13.76%       12.56%       12.73%       12.71%       12.6	·	Φ		Φ		Ф		φ		ψ		
apital ratios:       Total risk based capital     16.76%     13.68%     13.45%     13.46%     13.2       Tier 1 risk based capital     13.76%     12.56%     12.73%     12.71%     12.5       Common equity tier 1 capital     13.76%     12.56%     12.73%     12.71%     12.6		¢		¢		Φ		Ф		Φ		
Total risk based capital       16.76%       13.68%       13.45%       13.46%       13.2         Tier 1 risk based capital       13.76%       12.56%       12.73%       12.71%       12.5         Common equity tier 1 capital       13.76%       12.56%       12.73%       12.71%       12.6	•	Φ	12.00	Φ	7.07	Φ	10.03	φ	10.36	ψ	13.1	
Tier 1 risk based capital       13.76%       12.56%       12.73%       12.71%       12.5         Common equity tier 1 capital       13.76%       12.56%       12.73%       12.71%       12.6	<del>-</del>		16760/		12 600/		12.450/		12 460/		12.0	
Common equity tier 1 capital 13.76% 12.56% 12.73% 12.71% 12.60												
	Leverage		13.76%		12.56%		12.73%		12.71%		12.0	

<sup>\*</sup>This metric is a non-GAAP financial measure. See Non-GAAP disclaimer in this earnings release and below for discussion and reconciliation to the most directly comparable GAAP financial measure.

This information is preliminary and based on CapStar data available at the time of this earnings release.

# CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY Selected Quarterly Financial Data (unaudited) (dollars in thousands, except share data) Second quarter 2020 Earnings Release

		Five	Qι	ıarter Compar	iso	n	
	6/30/20	3/31/20	_	12/31/19	_	9/30/19	6/30/19
Average Balance Sheet Data:							
Cash and cash equivalents	\$ 257,709	\$ 114,272	\$	115,100	\$		\$ 93,523
Investment securities	238,762	226,537		225,265		211,460	228,283
Loans held for sale	176,193	180,401		140,731		101,835	91,585
Loans	1,560,626	1,421,256		1,431,027		1,445,755	1,469,210
Assets	2,350,021	2,059,306		2,030,231		2,005,950	2,004,207
Interest bearing deposits	1,519,877	1,411,666		1,388,496		1,370,988	1,364,211
Deposits	2,031,924	1,735,635		1,711,021		1,704,873	1,678,240
Federal Home Loan Bank advances and other borrowings	10,966	20,989		22,391		12,174	42,088
Liabilities	2,068,408	1,780,756		1,758,663		1,739,509	1,743,010
Shareholders' equity	281,614	278,550		271,568		266,441	261,197
Performance Ratios:							
Annualized return on average assets	1.06%	0.26%		1.06%		1.28%	1.15%
Annualized return on average equity	8.83%	1.94%		7.92%		9.63%	8.84%
Net interest margin (1)	3.23%	3.50%		3.49%		3.66%	3.68%
Annualized Noninterest income to average assets	1.85%	1.15%		1.12%		1.34%	1.41%
Efficiency ratio	66.44%	63.06%		68.46%		64.87%	68.51%
Loans by Type (at period end):							
Commercial and industrial	\$ 621,541	\$ 447,311	\$	394,408	\$	382,816	\$ 404,745
Commercial real estate - owner occupied	147,682	166,652		172,456		169,370	173,316
Commercial real estate - non-owner occupied	408,402	378,170		387,443		407,378	421,496
Construction and development	117,830	141,087		143,111		132,222	123,901
Consumer real estate	238,696	248,243		256,097		254,736	255,043
Consumer	27,542	27,739		28,426		29,059	26,704
Other	31,032	37,633		38,161		36,187	35,412
Asset Quality Data:							
Allowance for loan losses to total loans	1.32%	1.39%		0.89%		0.91%	0.90%
Allowance for loan losses to non-performing loans	705%	550%		861%		754%	894%
Nonaccrual loans	\$ 2,982	\$ 3,658	\$	1,464	\$	1,701	\$ 1,443
Troubled debt restructurings	1,228	1,306		2,717		2,725	1,238
Loans - over 89 days past due and accruing	639	399		38		551	302
Total non-performing loans	2,982	3,658		1,464		1,701	1,443
OREO and repossessed assets	147	147		1,044		914	914
Total non-performing assets	3,129	3,805		2,508		2,615	2,357
Non-performing loans to total loans	0.19%	0.25%		0.10%		0.12%	0.10%
Non-performing assets to total assets	0.13%	0.18%		0.12%		0.13%	0.12%
Non-performing assets to total loans and OREO	0.20%	0.26%		0.18%		0.19%	0.16%
Annualized net charge-offs (recoveries) to average loans	0.18%	0.01%		0.06%		(0.01)%	0.02%
Net charge-offs (recoveries)	\$ 703	\$ 43	\$	224	\$		\$ 56
Interest Rates and Yields:						· · ·	
Loans	4.50%	5.10%		5.24%		5.48%	5.44%
Securities (1)	2.73%	3.04%		3.00%		3.14%	3.22%
Total interest-earning assets (1)	3.78%	4.56%		4.67%		4.95%	5.00%
Deposits (7)	0.59%	1.14%		1.27%		1.38%	1.39%
Borrowings and repurchase agreements	3.16%	2.77%		2.88%		4.12%	3.09%
Total interest-bearing liabilities	0.81%	1.43%		1.58%		1.74%	1.75%
Other Information:	0.0170	1 /0		1.00 /0		1., . /0	1.75
Full-time equivalent employees	286	288		289		290	290
	200	200		20)		270	273

This information is preliminary and based on CapStar data available at the time of this earnings release.

<sup>(1)</sup> Net Interest Margin, Securities yields, and Total interest-earning asset yields are calculated on a tax-equivalent basis.

## CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Analysis of Interest Income and Expense, Rates and Yields (unaudited) (dollars in thousands) Second quarter 2020 Earnings Release

		For	the Three Mont	hs Ended June :	30,	
	<u></u>	2020			2019	
	Average Outstanding Balance	Interest Income/ Expense	Average Yield/ Rate	Average Outstanding Balance	Interest Income/ Expense	Average Yield/ Rate
Interest-Earning Assets						
Loans (1)	\$1,560,626	\$ 17,459	4.50%	\$1,469,210	\$ 19,931	5.44%
Loans held for sale	176,193	1,627	3.71%	91,585	1,068	4.68%
Securities:						
Taxable investment securities (2)	194,876	1,236	2.54%	175,742	1,379	3.14%
Investment securities exempt from						
federal income tax (3)	43,886	312	3.60%	52,541	363	3.50%
Total securities	238,762	1,548	2.73%	228,283	1,742	3.22%
Cash balances in other banks	237,738	107	0.18%	75,485	411	2.18%
Funds sold	1		1.27%	767	6	2.96%
Total interest-earning assets	2,213,320	20,741	3.78%	1,865,330	23,158	5.00%
Noninterest-earning assets	136,701			138,877		
Total assets	\$2,350,021			\$2,004,207		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 691,063	831	0.48%	\$ 467,326	1,827	1.57%
Savings and money market deposits	492,682	731	0.60%	479,012	1,782	1.49%
Time deposits	336,132	1,416	1.69%	417,873	2,217	2.13%
Total interest-bearing deposits	1,519,877	2,978	0.79%	1,364,211	5,826	1.71%
Borrowings and repurchase agreements	11,131	88	3.16%	42,117	324	3.09%
Total interest-bearing liabilities	1,531,008	3,066	0.81%	1,406,328	6,150	1.75%
Noninterest-bearing deposits	512,046			314,029		
Total funding sources	2,043,054			1,720,357		
Noninterest-bearing liabilities	25,353			22,653		
Shareholders' equity	281,614			261,197		
Total liabilities and shareholders' equity	\$2,350,021			\$2,004,207		
Net interest spread (4)	<u>. , , ,</u>		2.98%			3.25%
Net interest income/margin (5)		\$ 17,675	3.23%		\$ 17,008	3.68%
1 to more of modification (5)		Ψ 17,075	3.23 /0		Ψ 17,000	3.0070

For the Three Months Ended June 20

This information is preliminary and based on CapStar data available at the time of this earnings release.

<sup>(1)</sup> Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.

<sup>(2)</sup> Taxable investment securities include restricted equity securities.

<sup>(3)</sup> Yields on tax exempt securities, total securities, and total interest-earning assets are shown on a tax equivalent basis.

<sup>(4)</sup> Net interest spread is the average yield on total average interest-earning assets minus the average rate on total average interest-bearing liabilities.

<sup>(5)</sup> Net interest margin is annualized net interest income calculated on a tax equivalent basis divided by total average interest-earning assets for the period.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY Non-GAAP Financial Measures (unaudited) (dollars in thousands except share data)

Second quarter 2020 Earnings Releas	Second	quarter	2020	<b>Earnings</b>	Release
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Add: merger related expenses Less: income tax impact of merger related expenses Operating net income  Operating diluted net income per share of common stock: Operating net income Weighted average shares - diluted Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average assets  Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity	\$ \$ \$ 18	6,181 448 (117) 6,512  6,512 ,320,006  0.36  6,512 ,350,021  1.11%  281,614 (43,871) 237,743 6,512 11.02%	\$ \$ \$ 18	1,346 290 (76) 1,560 1,560 1,560 8,443,725 0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297 1,560	\$ \$	5,421 163 (43) 5,541 5,541 8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922 5,541	\$ \$ \$ 1 \$ \$ \$	6,466 187 (49) 6,604 6,604 8,532,479 0.36 6,604 2,005,950 1.31% 266,441 (45,050) 221,391 6,604	\$ \$ \$ 1 \$	7,020 8,650,706 0.38 7,020 2,004,207 1.40%
Net income Add: merger related expenses Less: income tax impact of merger related expenses Operating net income  Operating diluted net income per share of common stock: Operating net income Weighted average shares - diluted Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ 18 \$ \$ 2	448 (117) 6,512 6,512 ,320,006 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$	290 (76) 1,560 1,560 8,443,725 0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$	163 (43) 5,541 5,541 8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ 1 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	187 (49) 6,604 6,604 8,532,479 0.36 6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$	1,711 (447) 7,020 7,020 8,650,706 0.38 7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Add: merger related expenses Less: income tax impact of merger related expenses Operating net income  Operating diluted net income per share of common stock: Operating net income Weighted average shares - diluted Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average assets  Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ 18 \$ \$ 2	448 (117) 6,512 6,512 ,320,006 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$	290 (76) 1,560 1,560 8,443,725 0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$	163 (43) 5,541 5,541 8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ 1 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	187 (49) 6,604 6,604 8,532,479 0.36 6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$	7,020 8,650,706 0.38 7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Less: income tax impact of merger related expenses Operating net income Operating diluted net income per share of common stock: Operating net income Weighted average shares - diluted Operating diluted net income per share of common stock Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets Operating annualized return on average assets Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ \$ 2	(117) 6,512 6,512 ,320,006 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ s \$ s \$ s 2	1,560 8,443,725 0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ 1 \$ \$ \$ \$	(43) 5,541 5,541 8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$ \$	(49) 6,604 6,604 8,532,479 0.36 6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$ \$ \$	7,020 8,650,706 0.38 7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Operating diluted net income per share of common stock: Operating net income Weighted average shares - diluted Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average assets  Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ \$ 2	6,512 ,320,006 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ s \$ s \$ s 2	1,560  1,560  8,443,725  0.08  1,560  2,059,306  0.30%  278,550 (44,253) 234,297	\$ 1 \$ \$ \$ \$	5,541 5,541 8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$ \$	6,604 6,604 8,532,479 0.36 6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$ \$ \$	7,020 7,020 8,650,706 0.38  7,020 2,004,207 1.40 40 261,197 (45,456) 215,741
Operating diluted net income per share of common stock: Operating net income Weighted average shares - diluted Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average assets  Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ \$ 2	6,512 ,320,006 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ s \$ s \$ s 2	1,560 8,443,725 0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ 1 \$ \$ \$ \$	5,541 8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$ \$	6,604 8,532,479 0.36 6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$ \$ \$	7,020 8,650,706 0.38 7,020 2,004,207 1.40% 261,197 (45,456) 215,741
share of common stock:  Operating net income  Weighted average shares - diluted  Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets  Operating annualized return on average assets  Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets  Average tangible equity Operating net income Operating annualized return on	\$ \$ \$ 2	0.36 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ \$ \$ \$ \$	0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$ \$ \$	8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$ \$	8,532,479  0.36  6,604 2,005,950  1.31%  266,441 (45,050) 221,391	\$ \$ \$ \$	0.38 7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Operating net income Weighted average shares - diluted Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ \$ 2	0.36 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ \$ \$ \$ \$	0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$ \$ \$	8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$ \$	8,532,479  0.36  6,604 2,005,950  1.31%  266,441 (45,050) 221,391	\$ \$ \$ \$	7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Weighted average shares - diluted Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ \$ 2	0.36 0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ \$ \$ \$ \$	0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$ \$ \$	8,443,916 0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$ \$	8,532,479  0.36  6,604 2,005,950  1.31%  266,441 (45,050) 221,391	\$ \$ \$ \$	7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Operating diluted net income per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ \$ 2	0.36 6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ \$ \$ 2	0.08 1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$ \$	0.30 5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$	0.36 6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$	0.38 7,020 2,004,207 1.40% 261,197 (45,456) 215,741
per share of common stock  Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ 2	6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ \$ 2	1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$	5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$	6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$	7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Operating annualized return on average assets: Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ \$ 2	6,512 ,350,021 1.11% 281,614 (43,871) 237,743 6,512	\$ \$ 2	1,560 2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$	5,541 2,030,231 1.08% 271,568 (44,646) 226,922	\$ \$ \$	6,604 2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$	7,020 2,004,207 1.40% 261,197 (45,456) 215,741
Operating net income Average assets Operating annualized return on average assets  Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ 2	281,614 (43,871) 237,743 6,512	\$ 2	2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$	2,030,231 1.08% 271,568 (44,646) 226,922	\$	2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$	2,004,207 1.40% 261,197 (45,456) 215,741
Average assets Operating annualized return on average assets Operating annualized return on average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on	\$ 2	281,614 (43,871) 237,743 6,512	\$ 2	2,059,306 0.30% 278,550 (44,253) 234,297	\$ \$	2,030,231 1.08% 271,568 (44,646) 226,922	\$	2,005,950 1.31% 266,441 (45,050) 221,391	\$ \$	2,004,207 1.40% 261,197 (45,456) 215,741
Operating annualized return on average assets  Operating annualized return on average tangible equity:  Average total shareholders' equity  Less: average intangible assets  Average tangible equity  Operating net income  Operating annualized return on	\$	1.11% 281,614 (43,871) 237,743 6,512	\$	0.30% 278,550 (44,253) 234,297	\$	1.08% 271,568 (44,646) 226,922	\$	1.31 % 266,441 (45,050) 221,391	\$	1.40% 261,197 (45,456) 215,741
average assets  Operating annualized return on average tangible equity:  Average total shareholders' equity  Less: average intangible assets  Average tangible equity  Operating net income  Operating annualized return on		281,614 (43,871) 237,743 6,512		278,550 (44,253) 234,297		271,568 (44,646) 226,922	_	266,441 (45,050) 221,391		261,197 (45,456) 215,741
Operating annualized return on average tangible equity:  Average total shareholders' equity  Less: average intangible assets  Average tangible equity  Operating net income  Operating annualized return on		281,614 (43,871) 237,743 6,512		278,550 (44,253) 234,297		271,568 (44,646) 226,922	_	266,441 (45,050) 221,391		261,197 (45,456) 215,741
average tangible equity: Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on		(43,871) 237,743 6,512		(44,253) 234,297		(44,646) 226,922	_	(45,050) 221,391		(45,456) 215,741
Average total shareholders' equity Less: average intangible assets Average tangible equity Operating net income Operating annualized return on		(43,871) 237,743 6,512		(44,253) 234,297		(44,646) 226,922	_	(45,050) 221,391		(45,456) 215,741
Less: average intangible assets  Average tangible equity  Operating net income  Operating annualized return on		(43,871) 237,743 6,512		(44,253) 234,297		(44,646) 226,922	_	(45,050) 221,391		(45,456) 215,741
Average tangible equity  Operating net income  Operating annualized return on	\$	237,743 6,512	\$	234,297	\$	226,922	\$	221,391	\$	215,741
Operating net income Operating annualized return on	\$	6,512	\$		\$		\$		\$	
Operating annualized return on	<u> </u>		Ψ	1,000	Ψ	0,011	Ψ	0,00.		7,020
		11.02%								
			_	2.68%	-	9.69%	=	11.83%	=	13.05%
Operating efficiency ratio:										
Total noninterest expense	\$	18,934	\$	14,211	\$	15,266	\$	15,531	\$	16,470
Less: merger related expenses		(448)		(290)		(163)		(187)		(1,711)
Total operating noninterest expense		18,486		13,921		15,103		15,344		14,759
Net interest income		17,675		16,661		16,581		17,156		17,008
Total noninterest income		10,823		5,874		5,719		6,788		7,032
	\$	28,498	\$	22,535	\$	22,300	\$	23,944	\$	24,040
Operating efficiency ratio:	_	64.87%	=	61.78%	=	67.73%	_	64.08%	=	61.39%
Operating annualized pre-tax pre-provision income to average assets:										
Income before income taxes	\$	7,940	\$	771	\$	7,034	\$	8,538	\$	7,570
Add: merger related expenses		448		290		163		187		1,711
Add: provision for loan losses		1,624		7,553				(125)		
Operating pre-tax pre-provision income		10,012		8,614		7,197		8,600		9,281
Average assets	\$ 2	,350,021	\$ 2	2,059,306	\$	2,030,231	\$	2,005,950	\$	2,004,207
Operating annualized pre-tax pre-provision income to average assets:	_	1.71 %	_	1.68%	_	1.41%	_	1.70%	_	1.86%
		ine 30, 2020	M	arch 31, 2020		ecember 31, 2019		eptember 30, 2019	J	June 30, 2019
Tangible Equity:				2020		-, =017		· · · · · · · · · · · · · · · · · · ·		=017
Total shareholders' equity	\$	281,950	\$	275,790	\$	273,046	\$	268,082	\$	262,664
Less: intangible assets		(43,633)	7	(44,008)	+	(44,393)	7	(44,790)		(45,199)
Tangible equity	\$	238,317	\$	231,782	\$	228,653	\$	223,292	\$	217,465
Tangible Common Equity:										
	\$	238,317	\$	231,782	\$	228,653	\$	223,292	\$	217,465
Less: preferred equity							_			(9,000)
	\$	238,317	\$	231,782	\$	228,653	\$	223,292	\$	208,465
Tangible Book Value per Share of Common Stock:										
	\$	238,317	\$	231,782	\$	228,653	\$	223,292	\$	208,465
Total shares of common stock outstanding		,302,188		8,307,802		8,361,922		8,343,403		7,561,476
Tangible book value per share of common stock	\$	13.02	\$	12.66	\$	12.45	\$	12.17	\$	11.87

# CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Non-GAAP Financial Measures (unaudited) (dollars in thousands except share data) Second quarter 2020 Earnings Release

		Six Months		Ended		
	Ju	ne 30, 2020		June 30, 2019		
Operating net income:						
Net income	\$	7,527	\$	10,535		
Add: merger related expenses		738		2,305		
Less: income tax impact of merger related expenses		(193)		(603)		
Operating net income	<u>\$</u>	8,072	\$	12,237		
Operating diluted net income per						
share of common stock:						
Operating net income	\$	8,072	\$	12,237		
Weighted average shares - diluted		18,381,866		18,740,322		
Operating diluted net income	_		_			
per share of common stock	\$	0.44	\$	0.65		
Operating annualized return on average assets:						
Operating net income	\$	8,072	\$	12,237		
Average assets	\$	2,204,663	\$	1,996,386		
Operating annualized return on						
average assets		0.74%		1.24%		
Operating annualized return on						
average tangible equity:						
Average total shareholders' equity	\$	280,082	\$	259,162		
Less: average intangible assets		(44,062)		(45,672)		
Average tangible equity		236,020		213,490		
Operating net income	\$	8,072	\$	12,237		
Operating annualized return on				44		
average tangible equity		6.88%		11.56%		
Operating efficiency ratio:						
Total noninterest expense	\$	33,145	\$	31,196		
Less: merger related expenses		(738)		(2,305)		
Total operating noninterest expense		32,407		28,891		
Net interest income		34,336		34,010		
Total noninterest income		16,697		11,767		
Total revenues	\$	51,033	\$	45,777		
Operating efficiency ratio:		63.50%		63.11%		
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