

**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): December 12, 2022

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

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:

- 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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value per share	CSTR	NASDAQ Global Select Market

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.

Item 7.01 Regulation FD Disclosure

Timothy K. Schools, President and Chief Executive Officer, will participate in the D.A. Davidson Southeastern Bank Summit on December 13, 2022. 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.

Item 9.01 Financial Statements and Exhibits**Exhibit Number****Description**

99.1 [Presentation by CapStar Financial Holdings, Inc. on December 13, 2022](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 thereunto duly authorized.

CAPSTAR FINANCIAL HOLDINGS, INC.

Date: December 12, 2022

By: /s/ Michael J. Fowler
Michael J. Fowler
Chief Financial Officer
(Principal Financial Officer)



CAPSTAR

4Q22 Investor Presentation
December 13, 2022

Disclosures

FORWARD-LOOKING STATEMENTS

This investor presentation contains forward-looking statements, as defined by federal securities laws, including statements about CapStar Financial Holdings, Inc. ("CapStar") and its financial outlook and business environment. All statements, other than statements of historical fact, included in this release and any oral statements made regarding the subject of this release, including in the conference call referenced herein, that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words "expect", "anticipate", "intend", "may", "should", "plan", "believe", "seek", "estimate" and similar expressions are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including, but not limited to: (I) deterioration in the financial condition of borrowers of the Company and its subsidiaries, resulting in significant increases in loan losses and provisions for those losses; (II) the effects of the emergence of widespread health emergencies or pandemics, including the magnitude and duration of the Covid-19 pandemic and its impact on general economic and financial market conditions and on the Company's customer's business, results of operations, asset quality and financial condition; (III) the ability to grow and retain low-cost, core deposits and retain large, uninsured deposits, including during times when the Company is seeking to lower rates it pays on deposits; (IV) the impact of competition with other financial institutions, including pricing pressures and the resulting impact on the Company's results, including as a result of compression to net interest margin; (V) fluctuations or differences in interest rates on loans or deposits from those that the Company is modeling or anticipating, including as a result of the Company's inability to better match deposit rates with the changes in the short term rate environment, or that affect the yield curve; (VI) difficulties and delays in integrating required businesses or fully realizing cost savings or other benefits from acquisitions; (VII) the Company's ability to profitably grow its business and successfully execute on its business plans; (VIII) any matter that would cause the Company to conclude that there was impairment of any asset, including goodwill or other intangible assets; (IX) the vulnerability of the Company's network and online banking portals, and the systems of customers or parties with whom the Company contracts, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches; (X) the availability of and access to capital; (XI) adverse results (including costs, fines, reputational harm, inability to obtain necessary approvals, and/or other negative affects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions, including as a result of the Company's participation in and execution of government programs related to the Covid-19 pandemic; and (XII) general competitive, economic, political and market conditions. Additional factors which could affect the forward-looking statements can be found in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, filed with the SEC. The Company disclaims any obligation to update or revise any forward-looking statements contained in this press release (we speak only as of the date hereof), whether as a result of new information, future events, or otherwise.

NON-GAAP MEASURES

This investor presentation includes financial information determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). This financial information may include certain operating performance measures, which exclude merger-related and other charges that are not considered part of recurring operations. Such measures may 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", "Tangible common equity to tangible assets" or other measures.

Management may include 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 Overview



Mission: To win long-term relationships and positively impact our customers' lives by setting the standard in *Guidance, Responsiveness, Flexibility, and Service.*



S&P Global
Market Intelligence
#18 Large Community Bank in the Country

RAYMOND JAMES®
2021 Community Bankers Cup Award Winner



H HOVDE GROUP
High Performers - The Class of 2022

- Experienced and shareholder-oriented management team
- Favorable geographic market position
- Performance and growth-oriented bank

Market Data

Ticker	CSTR
Price ⁽¹⁾	\$17.85
Market Cap ⁽¹⁾	\$391MM
P/2023 CE ⁽²⁾	9.3
P/TBV ⁽¹⁾	130%
Avg. Daily Vol. (30d)	42,000
Insider Ownership ⁽³⁾	8.6%
Institutional Ownership ⁽¹⁾	46.9%
Dividend Yield ⁽¹⁾	2.2%

3Q22 Snapshot

Dollars in Millions

BALANCE SHEET (EOP)

Total Assets	\$3,167
Total Loans HFI (Excl PPP)	\$2,291
Total Deposits	\$2,634

CAPITAL RATIOS

TE / TA	9.65%
CET 1 Ratio	12.70%
Total RBC Ratio	14.59%

ASSET QUALITY

NCOs / Average Loans ⁽⁴⁾	0.02%
NPAs / Loans HFI + OREO	0.30%
Texas Ratio ⁽⁵⁾	2.44%

(1) Source S&P Capital IQ; Market data as of 12/08/2022.

(2) Price/2023 consensus EPS

(3) Based on the proxy statement (Schedule 14A) dated 3/10/2022

(4) Annualized

(5) Texas ratio defined as: (NPAs + Loans > 90 Days) / (Tangible Common Equity + ALLL)



Simple, Focused, and Disciplined

- Target Customer**
- Small to mid-sized businesses generally with \$5-250MM in revenue and their owners/management
 - Professionals
 - Relationship retail
 - Commercial real estate investors

- Strategy**
- Provide a relationship-based and highly personal banking experience
 - Win through responsiveness, flexibility, and customer service
 - Seek low-cost deposits and operate efficiently
 - Invest/lend prudently; never sacrificing risk adjusted returns for growth

- Delivery**
- Hire well; attract and retain highly-effective employees
 - Focus on where we can find the best people; not filling in a geographic map
 - Limit bricks and mortar to strategically located offices
 - Enable technology to provide a 'WOW!' employee and customer experience

- Goals**
- Meaningful relationships and outstanding customer service
 - High returns on capital
 - Stable growth in earnings and tangible book value per share
 - Disciplined capital allocation

Leadership Team

Executive Leadership	Title	Age	Financial Services Experience	Year Joined
Tim Schools	President & CEO	52	24	2019
Jennie O'Bryan	Chief Administrative Officer	56	38	2019
Kevin Lambert	Chief Credit Officer	59	36	2021
Mike Fowler	Chief Financial Officer	66	42	2020
Amy Goodin	Chief Risk Officer	50	22	2000
Mike Hill	EVP Banking	54	28	2020
Chris Tietz	EVP Specialty Banking	59	36	2016
Ken Webb	EVP Bank Operations	68	45	2008

3Q22 Financial Highlights



Executing on strategic objectives

- Enhance profitability and earnings consistency
- Accelerate organic growth
- Maintain sound risk management
- Execute disciplined capital allocation

Third quarter results

- Earnings per share of \$0.37
- Average loan growth of 9.2% annualized, NIM of 3.50% and net charge-offs of 0.02%
- Unusual items include:
 - \$2.1 million loss related to disposition or transfer of remaining Tri-Net loans
 - \$2.2 million related to two operational losses for which the bank is seeking possible recovery
 - (\$0.8) million of voluntary executive incentive reversal

Investments

- Additional Asheville and Knoxville Commercial Relationship Managers
- Additional Correspondent Banker

Four Key Drivers

REVENUE GROWTH⁽¹⁾

Target: >=5%
3Q22 YTD: (10.4%)

NET INTEREST MARGIN

Target: >=3.60%
3Q22: 3.50%

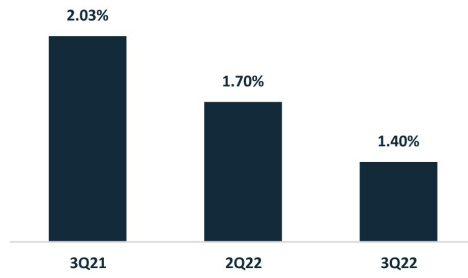
EFFICIENCY

Target: <=55%
3Q22: 61.53%

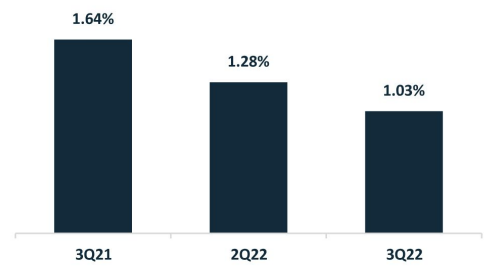
NET CHARGE OFFS

Target: <=0.25%
3Q22: 0.02%

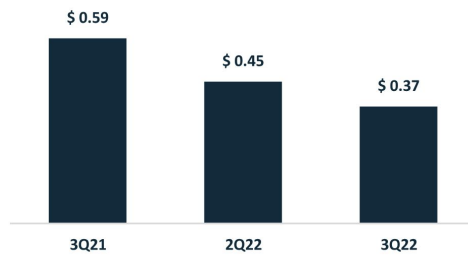
Pretax Preprovision Income / Assets



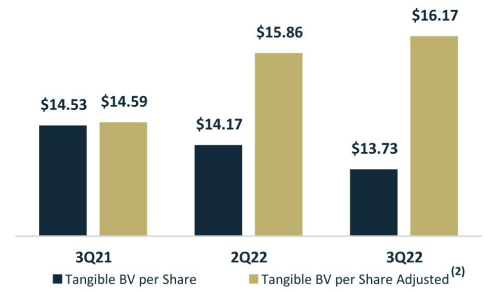
Return on Average Assets



Diluted Earnings Per Share



Tangible Book Value per Share



(1) Year over year

(2) Tangible book value per share of common stock excluding after-tax unrealized available for sale investment (gains) losses

Key Performance Indicators

(Dollars in millions, except for per share data)		3Q22	2Q22	3Q21
Profitability	Net Interest Margin ⁽¹⁾	3.50%	3.41%	3.12%
	Efficiency Ratio ⁽²⁾	61.53%	56.32%	53.06%
	Pretax Preprovision Income / Assets ⁽³⁾	1.40%	1.70%	2.03%
	Return on Average Assets	1.03%	1.28%	1.64%
	Return on Average Tangible Equity	10.24%	12.74%	16.28%
Growth	Total Assets (Avg)	\$3,147	\$3,129	\$3,171
	Total Deposits (Avg)	\$2,659	\$2,665	\$2,732
	Total Loans HFI (Avg) (Excl PPP)	\$2,241	\$2,144	\$1,790
	Diluted Earnings per Share	\$0.37	\$0.45	\$0.59
	Tangible Book Value per Share	\$13.73	\$14.17	\$14.53
Soundness	Net Charge-Offs to Average Loans (Annualized)	0.02%	0.00%	0.05%
	Non-Performing Assets / Loans + OREO	0.30%	0.11%	0.20%
	Allowance for Loan Losses + Fair Value Mark / Loans Excl PPP	1.09%	1.09%	1.41%
	Common Equity Tier 1 Capital	12.70%	12.87%	13.95%
	Total Risk Based Capital	14.59%	14.79%	16.23%

(1) Calculated on a tax equivalent basis

(2) Efficiency ratio is Noninterest expense divided by the sum of net interest income and noninterest income

(3) Pre-tax Pre-provision Operating ROA calculated as ROA excluding the effect of provision and income tax expense



Favorable Market Position





- Big enough to compete, small enough to win on flexibility and responsiveness
- Positioned in four of the most attractive markets in two of the top states to do business
- Positive competitive trends present tremendous opportunities for customers and talent
 - Largest banks continue to lose market share
 - Largest Tennessee-based bank announced sale to foreign entity in 1Q22
 - Community banks continue to decline in number
 - A number of banks are working through management succession
- Significant excess capital and capital generation to support growth

According to the U.S. Census Bureau (from 2020 to 2021), the **South** was the most populous of the nation's four regions and the only region that had positive net domestic migration (movement of people from one area to another within the U.S.); **North Carolina ranked 4th and Tennessee ranked 8th in the nation for numeric population growth.**

AMERICA'S TOP STATES FOR BUSINESS 2022								
OVERALL RANK ↓	STATE ↓	WORKFORCE ↓	INFRA-STRUCTURE ↓	COST OF DOING BUSINESS ↓	ECONOMY ↓	LIFE, HEALTH & INCLUSION ↓	TECHNOLOGY & INNOVATION ↓	BUSINESS FRIENDLINESS ↓
1	North Carolina	12	17	26	1	28	5	22
2	Washington	4	29	33	3	6	2	31
3	Virginia	11	9	25	20	13	17	6
4	Colorado	1	16	36	11	12	9	16
5	Texas	2	14	12	8	49	4	34
6	Tennessee	15	8	8	2	42	28	23
7	Nebraska	32	22	16	13	7	24	12
8	Utah	8	32	17	6	29	26	10
9	Minnesota	21	4	41	16	5	6	32
10	Georgia	3	11	38	7	39	12	32



America's Top States for Business

- North Carolina and Tennessee ranked #1 and #6 overall
- North Carolina and Tennessee ranked #1 and #2 in Economy



Best State Rankings

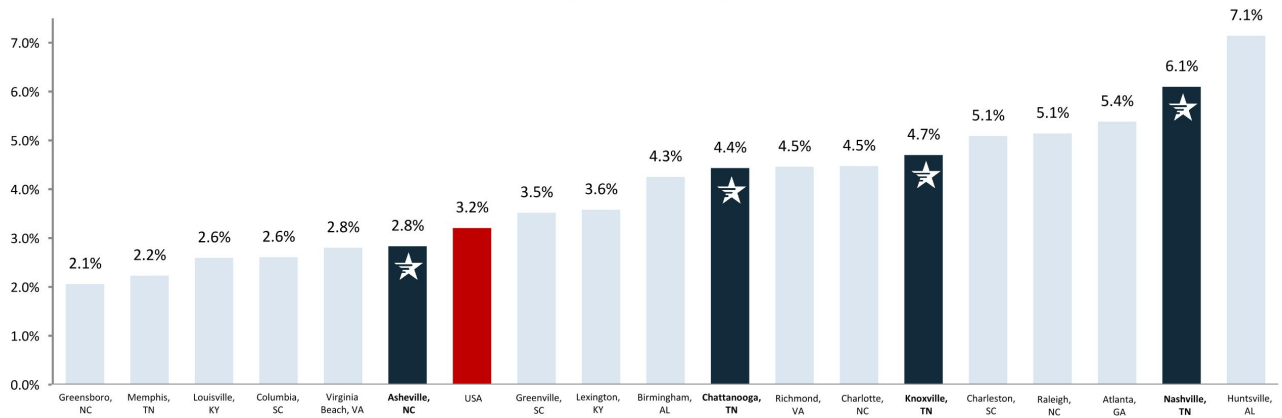
- Tennessee ranked #1 and North Carolina #5 nationally for Long-Term Fiscal Stability



States Americans Headed to Most

- Tennessee ranked #3 and North Carolina #19 nationally for relocations in 2021
- Tennessee was #1 and North Carolina #9 in 2020

2022 - 2027 Projected Population Growth



Total Deposits in Market

1	Charlotte, NC	\$336.5 bil
2	Atlanta, GA	\$237.5 bil
3	Richmond, VA	\$142.8 bil
4	Nashville, TN	\$92.6 bil
5	Birmingham, AL	\$50.3 bil
6	Memphis, TN	\$41.2 bil
7	Louisville, KY	\$43.4 bil
8	Raleigh, NC	\$54.9 bil
9	Virginia Beach, VA	\$35.9 bil
10	Columbia, SC	\$28.5 bil
11	Knoxville, TN	\$24.2 bil
12	Greenville, SC	\$25.1 bil
13	Charleston, SC	\$22.7 bil
14	Greensboro, NC	\$18.6 bil
15	Chattanooga, TN	\$15.3 bil
16	Lexington, KY	\$16.2 bil
17	Huntsville, AL	\$11.7 bil
18	Asheville, NC	\$11.5 bil

Sources: S&P Capital IQ, FDIC Deposit Market Share Report (June 30, 2022)
Includes all MSAs located in AL, GA, KY, NC, SC, TN, and VA with 2021 population greater than 750,000; includes Asheville, NC, Chattanooga, TN and Lexington, KY

Deposits and Key Demographics by County⁽¹⁾

County	MSA	Deposits In Market (\$000)	Market Rank (#)	2022 Population (000)	2022-2027 Projected Population Change (%)	2022 Median HH Income (\$)	2022-2027 Projected HH Income Change (%)
Metro Markets							
Davidson	Nashville	\$1,073,789	10	702.9	4.5%	73.1	17.5%
McMinn	Athens	440,923	1	54.9	3.8%	49.9	11.7%
Sumner	Nashville	200,539	9	202.2	7.1%	76.6	12.2%
Williamson	Nashville	165,600	15	256.3	7.6%	120.8	4.7%
Bradley	Cleveland	56,647	10	111.1	5.1%	60.3	11.0%
Rutherford	Nashville	35,269	17	352.6	7.4%	76.5	13.8%
Knox	Knoxville	27,477	26	484.7	5.2%	66.1	11.1%
Hamilton ⁽²⁾	Chattanooga	18,389	18	378.6	5.1%	64.5	10.0%
Buncombe ⁽³⁾	Asheville	-	-	466.8	2.8%	62.6	11.9%
Community Markets							
Coffee	Tullahoma	182,632	3	58.9	5.5%	59.1	9.9%
Monroe	---	136,335	4	47.9	4.3%	49.1	9.9%
Lawrence	Lawrenceburg	112,717	3	45.1	4.4%	49.3	11.9%
Cannon	Woodbury	113,391	1	15.2	5.5%	62.1	7.2%
Wayne	---	70,479	3	16.5	1.0%	47.0	13.1%

(1) FDIC Deposit data as of June 30, 2022; Source: S&P Capital IQ

(2) Announced expansion into Chattanooga (Hamilton County) in October 2021

(3) Announced expansion into Asheville (Buncombe County) in July 2022

Balance Sheet Strength



Strategy

- Emphasizing a deposit first culture
- Increasing importance of DDA and core funding
- Further investing in correspondent banking
- Disciplined usage of alternative funding sources

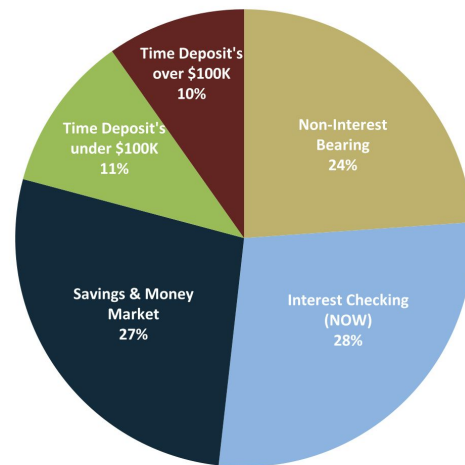
Pricing

- Implemented pricing discipline
- Proactive monitoring of market competition

Portfolio Characteristics

- Long-time loyal customers within community markets
- Strong treasury management and digital banking capabilities

Deposit Composition



End of Period Balances as of
September 30, 2022

Credit Culture

- Experienced bankers and underwriters
- Diversify by type, sector, and geography
- Collateral and guarantees standard
- Big bets discouraged
- Participations and shared national credits avoided

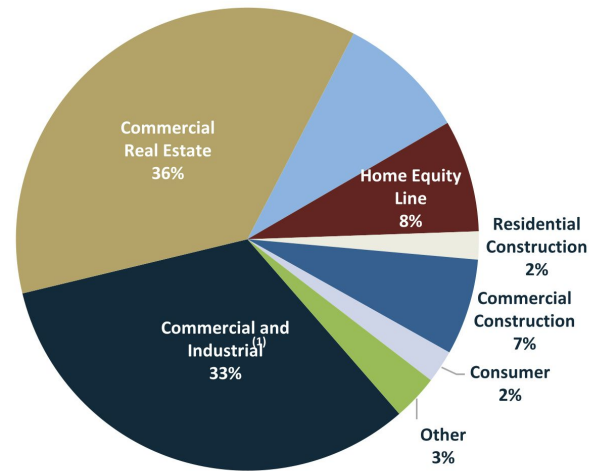
Underwriting and Portfolio Management

- Weekly credit committee; approves relationships > \$4MM
- Centralized consumer and small business underwriting
- Monthly asset quality reviews
- Continuous independent external loan review
- Annual external stress test

Loan Portfolio Summary⁽²⁾

- Past due loans as a % of loans held for investment totaled 0.63%
- Loan losses averaging < \$98K over last 8 quarters
- In-market loans at 97%⁽³⁾
- Shared national credits < 1.20%
- Other participations < 4.00%

Loan Composition



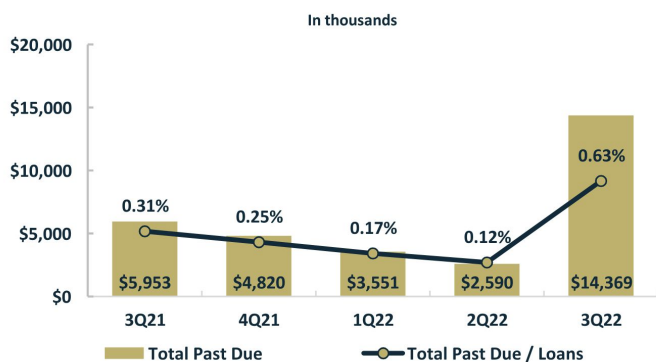
End of Period Balances as of September 30, 2022

(1) Commercial & Industrial includes Commercial & Industrial loans and Owner Occupied CRE loans

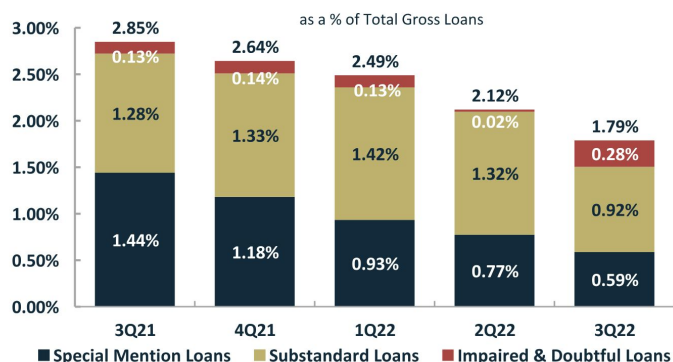
(2) As of September 30, 2022

(3) Excludes the 2Q22 and 3Q22 movement of Tri-Net loans

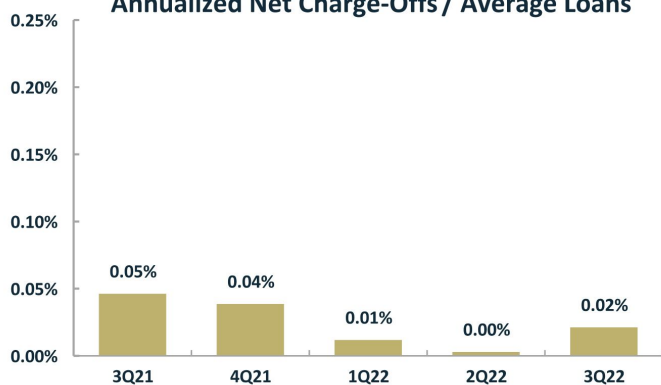
Past Due Trend



Criticized & Classified Loan Trends



Annualized Net Charge-Offs / Average Loans

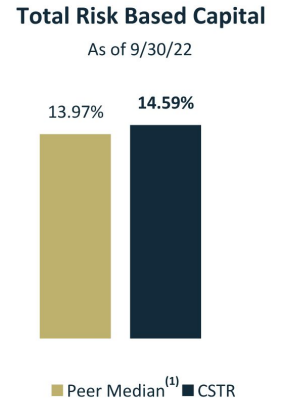
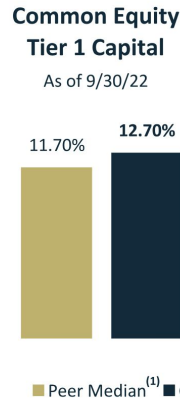
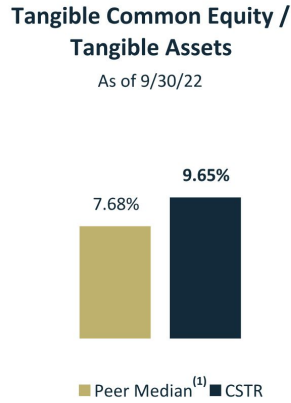
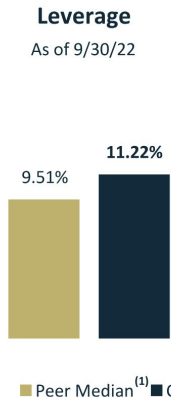


- Net charge-offs remained low and have averaged less than \$98K over the last 8 quarters
- Past Due increase related to:
 - two credits totaling \$8.3MM for which the Company feels the risk of loss is minimal
 - matured loans not renewed totaling \$1.6MM
 - three fully guaranteed PPP loans totaling \$0.4MM
- 15% improvement in Criticized and Classified loans

Profitability Initiatives



Net Interest Margin	<ul style="list-style-type: none">▪ Creating deposit first culture▪ Implemented deposit pricing disciplines▪ Improved loan generation capabilities▪ Managing interest rate risk close to neutral
Productivity	<ul style="list-style-type: none">▪ Adopting peer benchmarking culture▪ Aligning incentives and increasing accountability▪ Increased focus on share of wallet▪ Implementing productivity measurements for all positions▪ Reviewing 100% of operating expenses
Capital Allocation	<ul style="list-style-type: none">▪ Evaluating strategies for excess capital and future capital generation▪ Investing in our core business through additional bankers in Asheville, Chattanooga, Knoxville, and Nashville▪ Established dividend guidelines targeting a 20-30% payout ratio▪ Defined share repurchase parameters to allow us to be opportunistic



1 Internal Investment

- Primary Focus – investing in our core business
- Seeking organic growth that meets or exceeds our cost of capital
- Chattanooga, Knoxville, and Rutherford/Williamson markets current loan outstandings ~\$654MM

2 Dividends

- Targeting 20-30% payout ratio
- Paid \$0.10 dividend per share in 3Q22

3 Share Repurchase

- At times, our stock is our best investment
- \$30MM authorization
- 299,206 shares purchased year-to-date
- \$23.9MM remaining

4

M&A

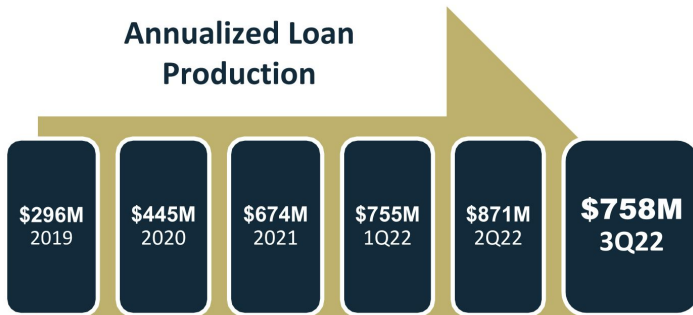
- Must have strong strategic rationale
- Disciplined pricing

(1) Source: S&P Capital IQ, Peer Medians based on Selected Nationwide Major Exchange Banks and Thrifts with Assets \$2.0 Billion - \$6.5 Billion as of 3Q22

Growth Opportunities



Annualized Loan Production

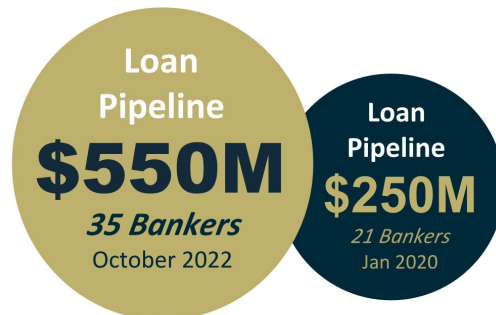


Increasing core banking capabilities

- Accelerating loan production

Stronger line-up of high-performing bankers

- From 21 in 2020 to 35 bankers today
- Average pipeline per banker has increased from \$12MM to \$15MM
- Targeting minimum pipelines and portfolios of \$10MM and \$100MM each

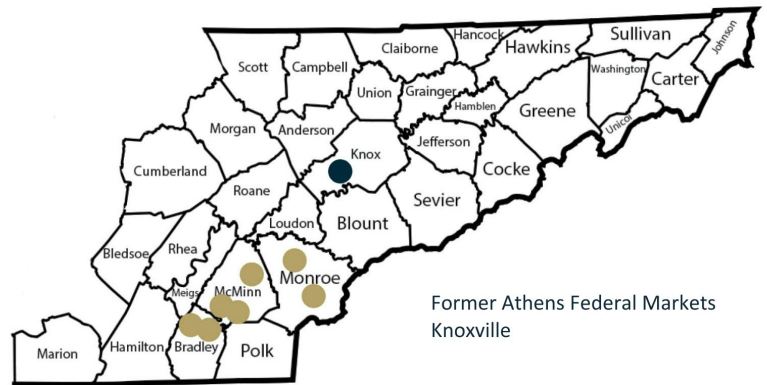


New Market Progress

- Entered *Knoxville* in February 2020 with loans totaling \$188MM at October 31, 2022
- Entered *Rutherford/Williamson County* markets in October 2020 with loans totaling \$237MM at October 31, 2022
- Entered *Chattanooga* in November 2021 with loans totaling \$229MM at October 31, 2022
- Announced entry into *Asheville* in July 2022

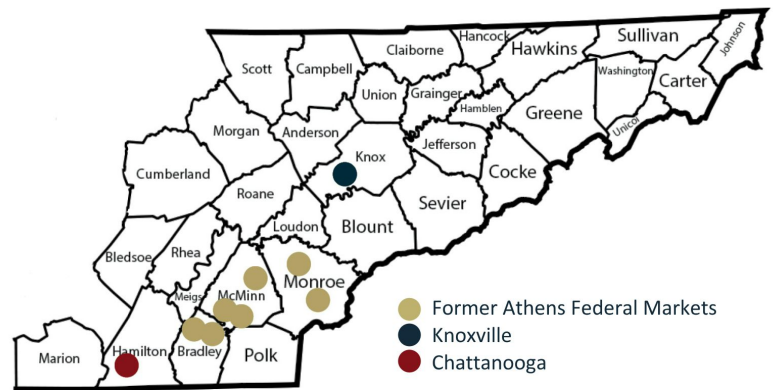
Knoxville Expansion

- Announced expansion into Knoxville in January 2020 with the hiring of five veteran, local bankers, capitalizing on CapStar's 2018 investment of Athens Bancshares Corporation (Athens Federal)
- New office location off Kingston Pike in Knoxville opened November 2020
- Strategically:
 - Consistent with our message of investing excess capital in local market, core banking
 - Demonstrates quality high-quality lift-out experience
 - Low risk vs acquisitions
 - Diversifies CapStar's markets and revenues
 - Provides strong in-state loan potential for current excess liquidity
- Results:
 - \$188MM in loans; \$37MM in deposits as of October 31, 2022



Chattanooga Expansion

- Following 4Q21 successful entry into Chattanooga, added four additional relationship managers to our existing five to grow and serve Chattanooga customers
- Strategically:
 - Consistent with our message of investing excess capital in local market, core banking
 - With Knoxville, demonstrates quality high-quality lift-out experience
 - Low risk vs acquisitions
 - Diversifies CapStar's markets and revenues
 - Complimentary to Athens Federal and Knoxville investments
 - Provides strong in-state loan potential for current excess liquidity
- Results:
 - \$229MM in loans; \$27MM in deposits as of October 31, 2022



Asheville Expansion

- Led by one Commercial Relationship Manager, hired to grow and serve Asheville customers
- Strategically:
 - Consistent with our message of investing excess capital in local market, core banking
 - With Chattanooga and Knoxville, demonstrates quality high-quality lift-out experience
 - Low risk vs acquisitions
 - Diversifies CapStar's markets and revenues
 - Twelve community banks have been acquired since 2008
 - Commercial customers now frequently served from Charlotte



Looking Forward



As of December 2022

Economy	<ul style="list-style-type: none"> • Increase in the Fed Funds rate over the next year with further yield curve inversion • A potential for slower economic growth or recession
Loan Growth	<ul style="list-style-type: none"> • Targeting high single digit loan growth with appropriate spreads to align with funding trends
Deposit Growth	<ul style="list-style-type: none"> • Continuing to develop deposit capabilities to provide an improved long-term funding base • Disciplined use of alternative funding such as brokered CDs and wholesale funding
Net Interest Income	<ul style="list-style-type: none"> • Strong loan pipeline and production provide opportunity for continued NII growth • Deposit pricing pressure has increased as more rate sensitive customers are more aggressively exploring options • Loan pricing headwind as competitors have not fully responded to market rate increases • Anticipate our net interest margin to be flat or in this range
Provision Expense	<ul style="list-style-type: none"> • Continued low net charge-offs and stable credit trends though not immune to economic conditions • Adoption of CECL 1/1/23
Non-Interest Income	<ul style="list-style-type: none"> • Challenging near-term Mortgage environment. Reduced support staff positions approximately \$400K annualized in late 3Q22. Favorable long-term outlook given strong markets, strength of Mortgage team, and purchase money focus. • Paused Tri-Net production in 3Q22. Reentering the market on a limited basis. • 4Q22 SBA fees of \$750,000 to \$1MM. Recruited additional SBA team late 4Q22.
Non-Interest Expense	<ul style="list-style-type: none"> • Bank-only expense of approximately \$16.5MM per quarter
Income Taxes	<ul style="list-style-type: none"> • Expected tax rate to remain at approximately 20% for 2022
Capital	<ul style="list-style-type: none"> • Progression toward targeted capital levels through loan growth, in-market and new market lift-outs, increased dividends, and share repurchases

Quality Management Team

- Strong operational and capital allocation experience
- Insiders own ~9% of the company
- Shareholder-friendly culture

Catalyst for Improved Profitability and Growth

- Opportunity to lever expenses from bankers added in 2021 and 2022
- Excess capital levels available to support balance sheet growth or share repurchases
- Specialty Banking businesses provided limited contribution in 2Q22

Repeatable Investment Opportunities

- Beneficiary of significant in-migration and growing number of dissatisfied large regional bank customers
- Lift-out opportunities of bankers who value an entrepreneurial culture and size where they make an impact
- M&A available to capitalize on continued consolidation

Attractive Valuation

- Strong financial performance and growth metrics
- Attractive footprint with considerable scarcity value
- Opportunity for superior shareholder returns through earnings growth and multiple expansion

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