



CAPSTAR™

FINANCIAL HOLDINGS, INC.



Annual Shareholder Meeting  
April 24, 2020

### **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. 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 investor presentation 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.

### **MARKET DATA**

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

# Year in Review



# Accomplishments

## January

CapStar opens a newly remodeled financial center to serve our clients in the **Brentwood** market.

## April

CapStar successfully completes the systems conversion and rebranding of **Athens Federal Community Bank** locations in McMinn, Monroe, Bradley and Loudon counties.

## May

**Tim Schools** joins CapStar as the bank's second President and CEO.

## June

The Small Business Administration's Office of Credit Risk Management grants CapStar **Preferred Lender** status, the highest status that a funding bank can hold in the SBA program.

CapStar receives a **Top 5-Star rating from Bauer Financial** for the second consecutive year.

## July

CapStar is recognized by The Tennessean as a **2019 Top Workplace**.

## September

CapStar announces exit of **Corsair Investments** with sale of remaining stock (1,543,361 shares or 8.3% of the total number of fully diluted shares of common stock at the time), demonstrating demand for CapStar stock and increasing shareholder liquidity.

## October

Greenwich Associates selects CapStar as a **2019 Greenwich CX Leader in US Business Banking** for the second consecutive year.

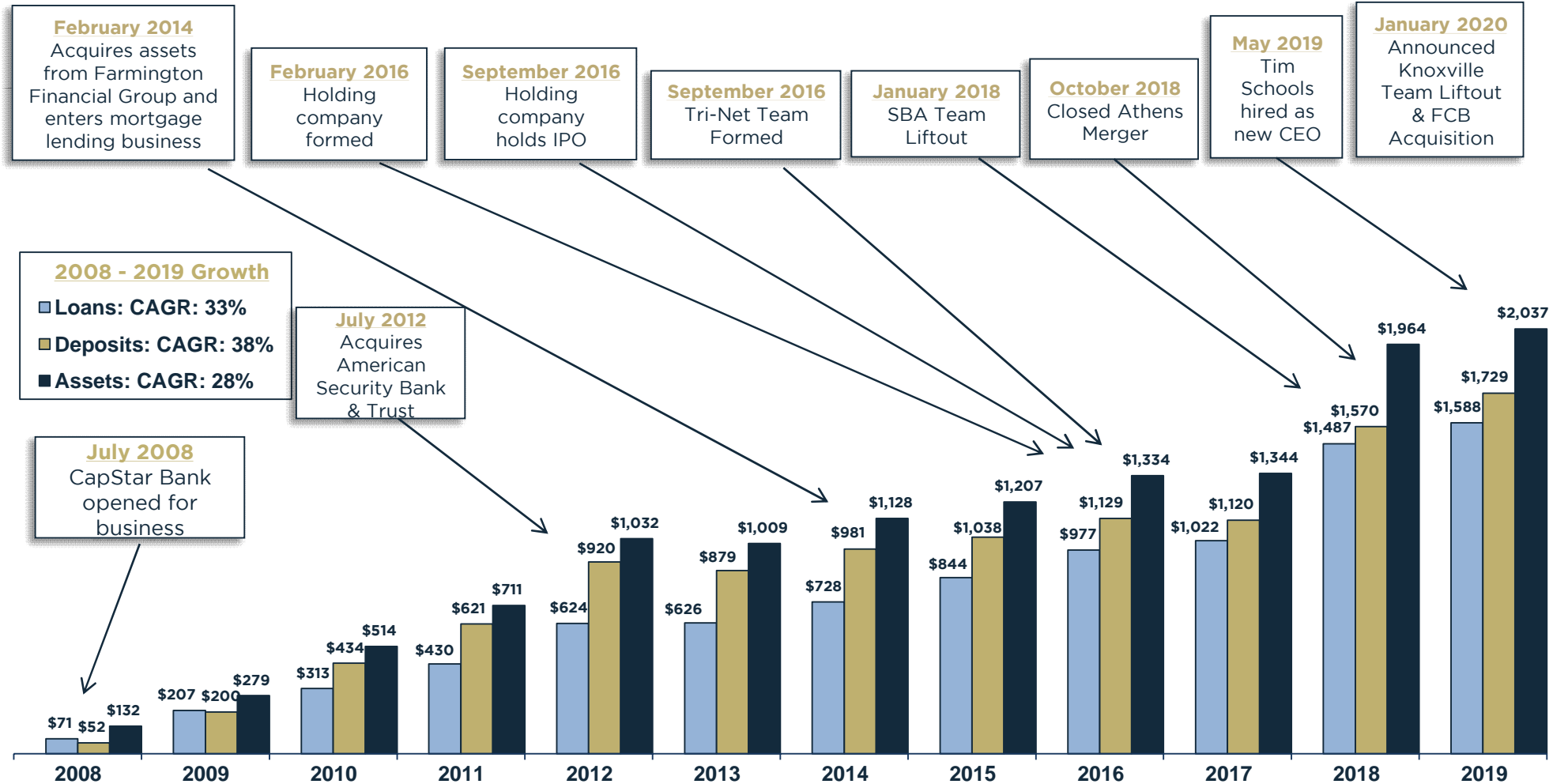
## December/January 2020

CapStar announces expansion into the **Knoxville** market with the addition of five seasoned bankers and plans to open a financial center in Knox County in 2020.

CapStar announces agreement with **FCB Corporation** to merge with First National Bank of Manchester and The Bank of Waynesboro by adding financial centers in Cannon, Coffee, Rutherford, Wayne and Lawrence counties in 2020, increasing CapStar's Middle Tennessee presence and expanding the bank's footprint into West Tennessee.

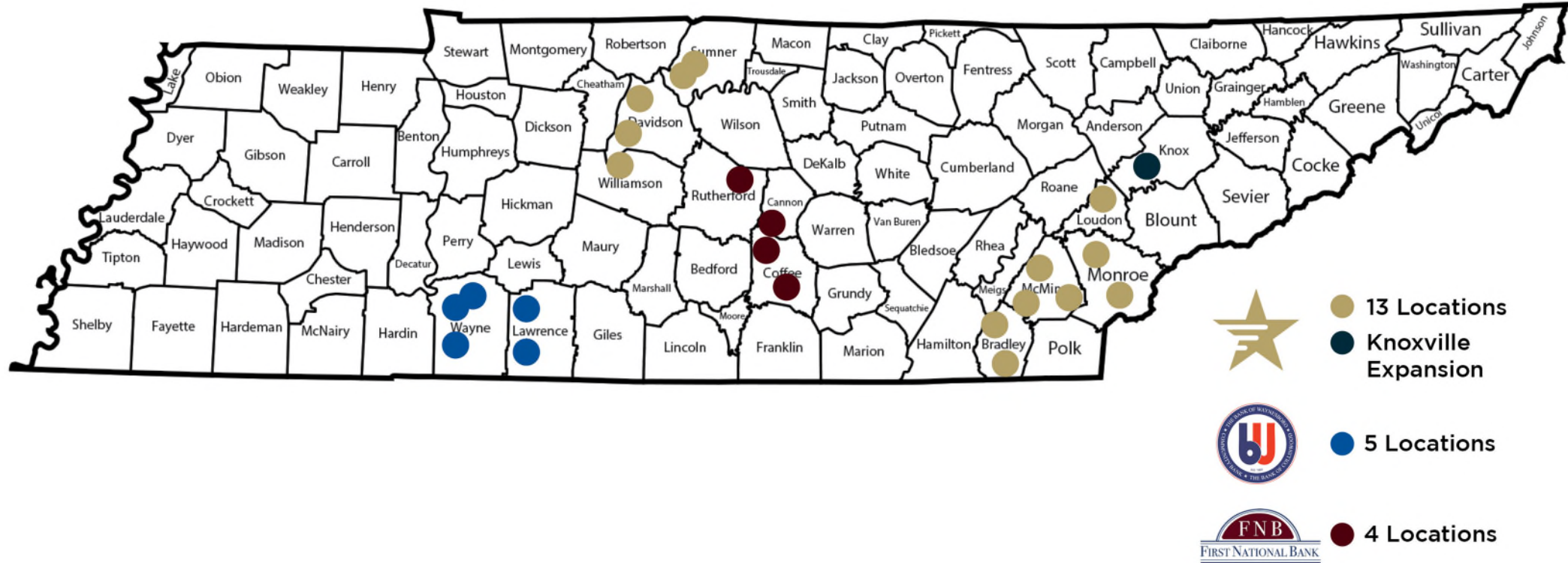


# History



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

# Market Presence



# Financial Highlights

|                      | Operating Metrics <sup>(1)</sup>                   | 2019    | 2018    | Fav / (Unfav) |
|----------------------|--|---------|---------|---------------|
| <b>Soundness</b>     | Net Charge-Offs to Avg Loans                       | 0.02%   | 0.39%   |               |
|                      | Non-Performing Assets/Assets                       | 0.12%   | 0.16%   |               |
|                      | Allowance for Loan Losses to Total Loans           | 0.89%   | 0.85%   |               |
|                      | Tangible Common Equity/Tangible Assets             | 11.47%  | 10.39%  |               |
|                      | Total Risk Based Capital Ratio                     | 13.45%  | 12.84%  |               |
| <b>Profitability</b> | Net Interest Margin (tax equivalent basis)         | 3.55%   | 3.64%   |               |
|                      | Efficiency Ratio                                   | 64.49%  | 65.05%  |               |
|                      | Pretax Preprovision Income / Assets <sup>(2)</sup> | 1.63%   | 1.53%   |               |
|                      | Return on Average Assets (ROAA)                    | 1.21%   | 1.13%   |               |
|                      | Return on Average Equity (ROAE)                    | 9.23%   | 9.82%   |               |
|                      | Return on Average Tangible Equity (ROATE)          | 11.14%  | 10.81%  |               |
| <b>Growth</b>        | Total Deposits (Avg)                               | \$1,671 | \$1,245 | 34.2%         |
|                      | Gross Loans and Leases (Avg)                       | 1,452   | 1,135   | 27.9%         |
|                      | Total Assets (Avg)                                 | 2,007   | 1,529   | 31.3%         |
|                      | Pretax PreProvision Income                         | 32.68   | 23.47   | 39.3%         |
|                      | Net Income   | 24.38   | 17.24   | 41.4%         |
|                      | Diluted EPS  | \$1.31  | \$1.19  | 10.0%         |
|                      | Tangible Book Value per Share                      | \$12.45 | \$11.25 | 10.7%         |

- Credit quality metrics and capital ratios remain a core strength
- Continued expansion in profitability metrics:
  - PTPP/A +10 bps
  - ROAA + 8bps
- Opportunity to improve NIM and efficiency ratio
- Double-digit EPS and BVPS growth

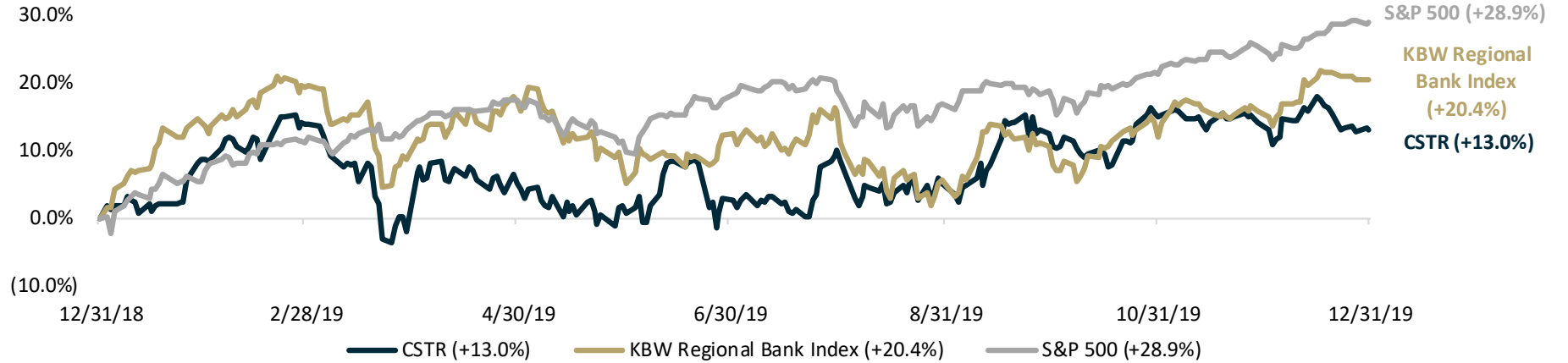
(1) Operating results are non-GAAP financial measures that adjust GAAP reported net income and other metrics for certain income and expense items. See the non-GAAP reconciliation calculations included in the Appendix at the end of this presentation, which use a blended statutory income tax rate of 26.14%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

(2) Pretax Preprovision Operating ROA calculated as ROA excluding the effect of income tax expense, provision expense and merger charges

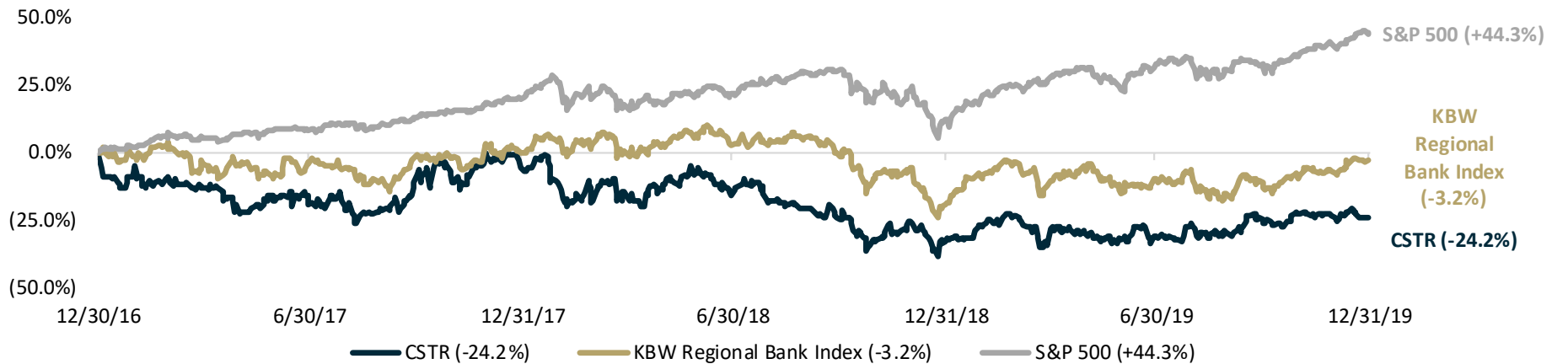
(3) Dollars in millions, except per share data

# Historical Common Stock Performance

## 2019 One-Year Stock Performance



## 2019 Three-Year Stock Performance



Source: S&P Global Market Intelligence



# Looking Forward



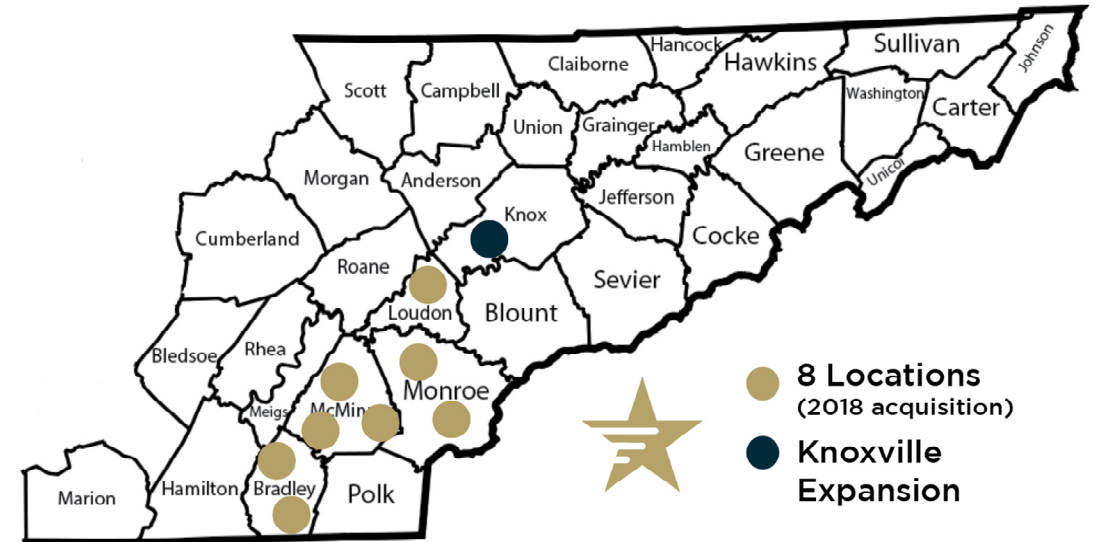
As we move forward, CapStar has tremendous opportunities to continue to improve our performance.

**Our priorities are:**

1. Enhancing the level and consistency of our profitability
  - Improving our net interest margin and its stability
  - Implementing expense disciplines – proficient and frugal execution
  - Eliminating prior credit “spikes”
2. Expanding and accelerating our growth opportunities
  - Aggressively seeking to expand customer relationships in our existing markets
  - Strategically hiring additional talented bankers in or around our service areas
  - Actively pursuing acquisitions of well-managed, appropriately-priced banks
3. Improving the relative performance of our common stock
  - Creating an accountable, owner-operator culture
  - Reviewing company-wide incentive plans to align to shareholder performance

# Knoxville Expansion Strategy

- Announced our expansion into Knoxville in January 2020 with the hiring of five veteran, local bankers, capitalizing on our operations and growth in East Tennessee.
- Expansion will leverage CapStar's 2018 investment of Athens Bancshares Corporation, a 90-year old institution with \$500MM in assets and eight financial centers across East Tennessee.
- Experienced market executives and advisory board positioned to establish CapStar as a leading provider of financial services across the Knoxville metropolitan area.
- Our team aspires to have ~ \$300MM in loan balances in 4 years and funding of at least 50% with local deposits.
  - \$91 million loan pipeline; closed \$3.3 million



## East Tennessee Growth

Knoxville is Tennessee's third largest Combined Statistical Area (CSA) in terms of population size (1.1 million). It has recently been cited by U.S. News & World Report as one of the nation's top 50 places to live and recognized by Forbes and Livability as one of the nation's most recession resistant cities.

According to FDIC data as of June 30, 2019, 48 banks in the Knoxville CSA hold \$22.7 billion in local deposits.

# Looking Forward

April 2020

## Merger Key Dates

Announced  
1Q20

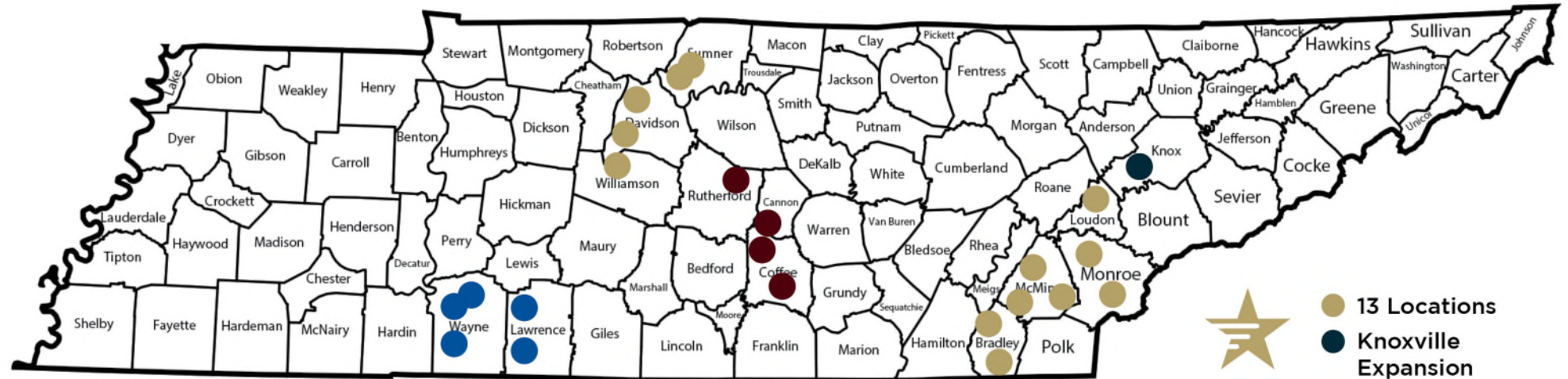
FNBM & BOW  
Shareholder Votes  
April 30

Regulatory  
Approval  
2Q20

Close  
2Q/3Q20

System  
Conversions  
4Q20

# FCB Merger Strategy



-  13 Locations
-  Knoxville Expansion
-  5 Locations
-  4 Locations



## Strategic Expansion

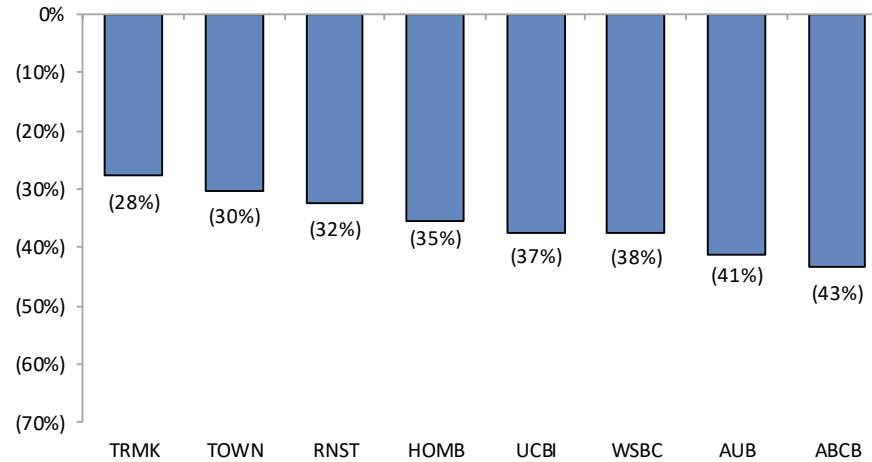
- Addition of two high-performing banking institutions, each with 115+ year histories
- Expands local banking efforts into fast-growing Rutherford County
- Provides added scale and operating efficiency
- Improves diversification, deposit/loan granularity and deposit/loan costs and yields

# COVID-19 Response

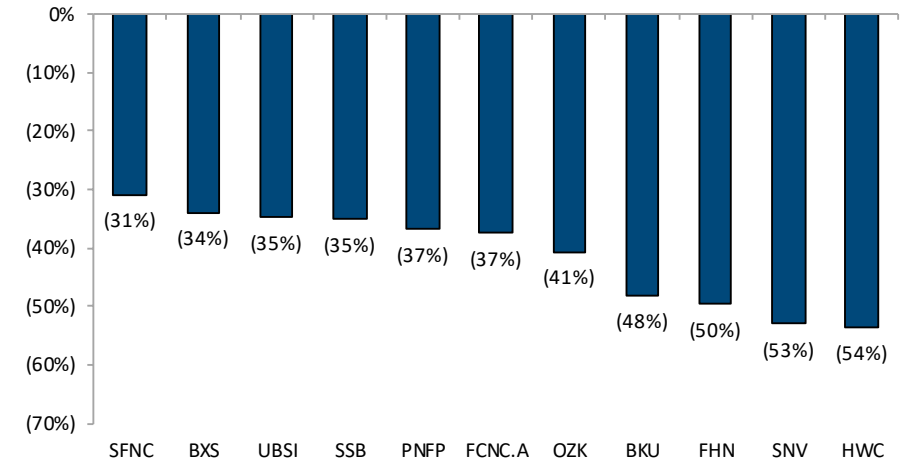


# 2020 YTD Price Performance

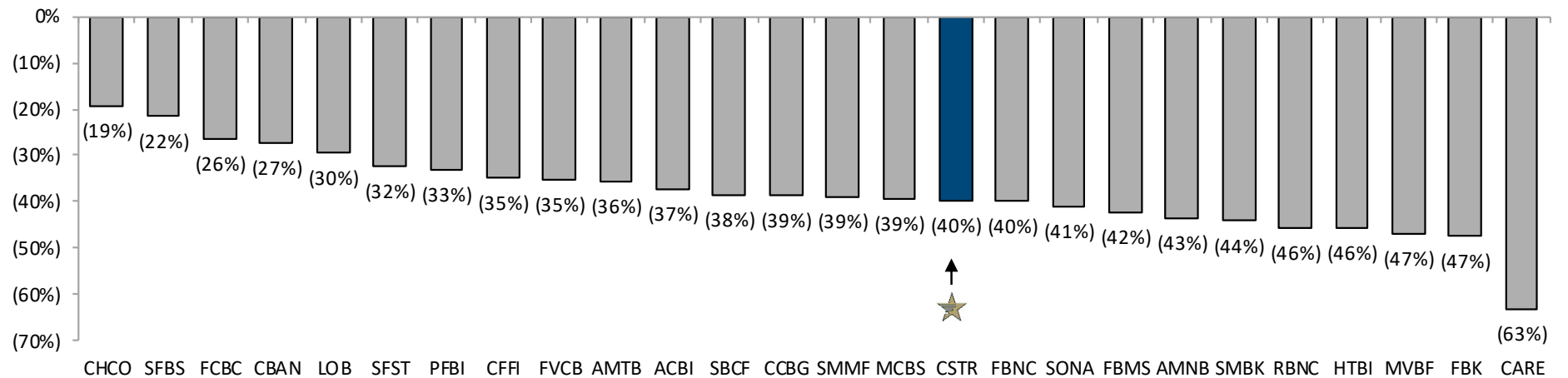
Southeast Banks: \$10.0 bn – \$20.0 bn Assets <sup>(1)</sup>



Southeast Banks: \$20.0 bn – \$50.0 bn Assets <sup>(2)</sup>



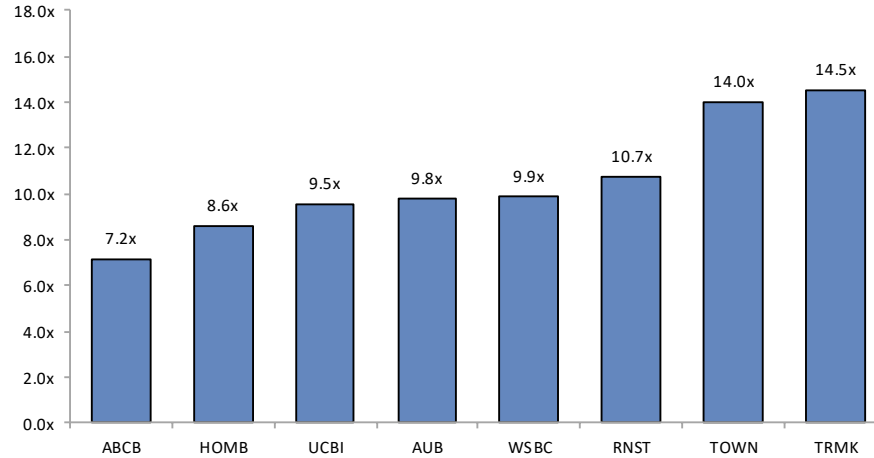
Southeast Banks: \$1.5 bn – \$10.0 bn Assets <sup>(3)</sup>



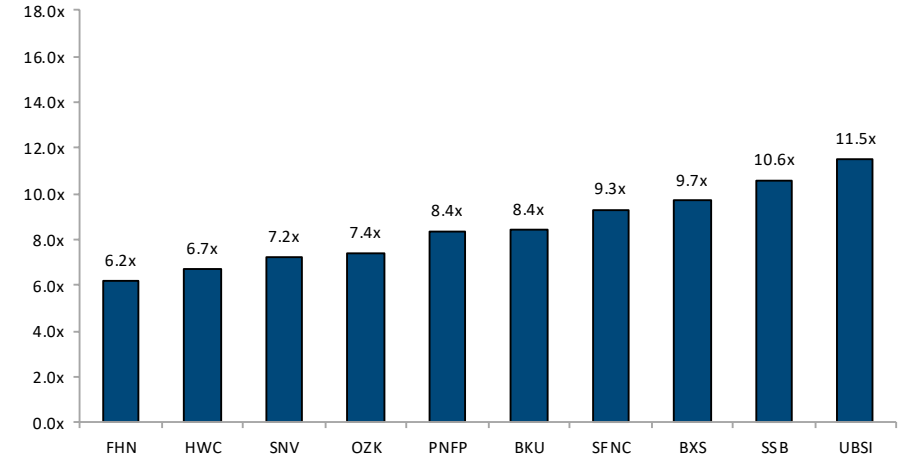
Source: S&P Global Market Intelligence  
Pricing data as of 4/14/20  
Includes major exchange-traded banks headquartered in the Southeast with assets between \$10.0 bn and \$20.0 bn; excludes merger targets  
Includes major exchange-traded banks headquartered in the Southeast with assets between \$20.0 bn and \$50.0 bn; excludes merger targets  
Includes major exchange-traded banks headquartered in the Southeast with assets between \$1.5 bn and \$10.0 bn; excludes merger targets

# Price / 2021 EPS

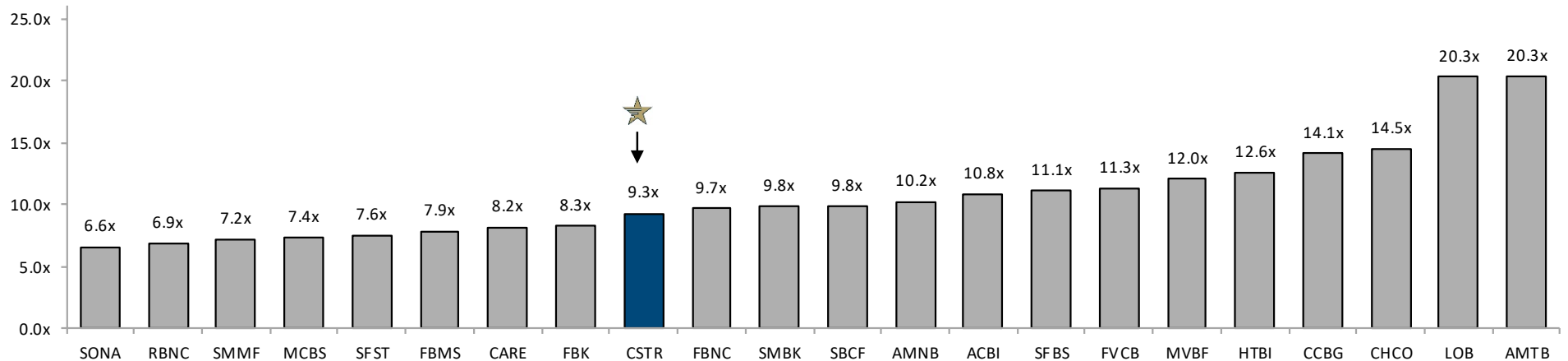
Southeast Banks: \$10.0 bn – \$20.0 bn Assets <sup>(1)</sup>



Southeast Banks: \$20.0 bn – \$50.0 bn Assets <sup>(2)</sup>



Southeast Banks: \$1.5 bn – \$10.0 bn Assets <sup>(3)</sup>



Source: S&P Global Market Intelligence  
Pricing data as of 4/14/20  
Includes major exchange-traded banks headquartered in the Southeast with assets between \$10.0 bn and \$20.0 bn; excludes merger targets  
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**Three-Step  
Mission**

*We're in this  
Together*

1. Provide care for our employees and clients
2. Protect the bank
3. Make CapStar shine in our communities

# Pandemic Oversight Committee

**Engaged:** March 16

**Meets:** Daily at least five days per week

**Purpose:** Provide direction to daily activities

- Chief Operations and Technology Officer (Chair)
- President and CEO
- East Tennessee Market Leadership
- Middle Tennessee Market Leadership
- Mortgage Director
- Chief Credit Officer
- Chief Culture Officer
- Chief Financial Officer
- Chief Risk Officer
- Bank of Waynesboro CEO (Guest)
- First National Bank of Manchester CEO (Guest)

## Internal Involvement

Risk Committee

Pandemic Credit Committee

## External Involvement

Crowe

Elliott Davis

Federal Reserve

FIS

## Board Involvement

Chair

Risk Committee

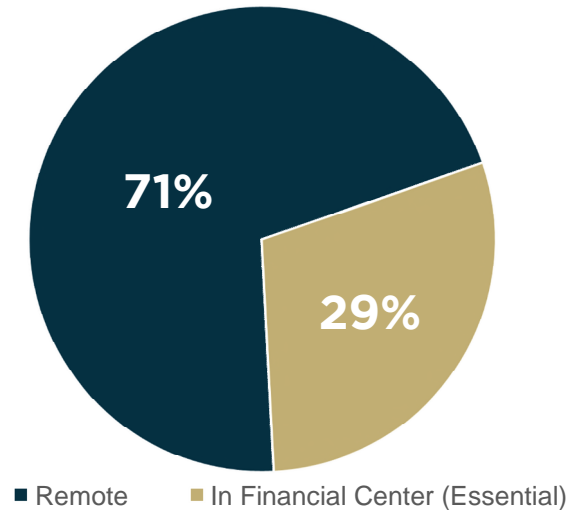
Board



# Response Initiatives

## Team Member Protection and Support

- Since March 16, have operated 100% remotely, other than financial centers, due to forward-thinking workforce investment in laptops, VPNs, and doubling of bandwidth
- Weekly all-employee calls for health/wellness check, teammate acknowledgments, remote work productivity assessment, response program and announcements/updates, etc.
- Redirected financial center service to drive-thru, digital access and by appointment only on March 23



## Client Support and Assistance

- Market frontrunner in offering hassle-free 90-day full payment deferral to all CapStar borrowers
- Suspended all credit agency reporting through June 30
- Leader in providing SBA assistance, including facilitating the CARES Act Paycheck Protection Program (PPP), for client and non-client small businesses across Tennessee

## Community Investment

- To directly support the families and children in our communities most impacted by COVID-19, CapStar donated \$30,000 to local food banks in our markets
- At an average cost of approximately \$3.00 per meal, CapStar's contribution will provide our neighbors over 10,000 meals during this challenging period



# Community Feedback

“Your SBA and PPP information is simple, informative and very well organized. We are even referring our clients to your website for information ... *this will definitely open the door for future business.*”

“It is evident the CapStar team was **working 110%** to ensure that clients are well informed and receiving the assistance they need as my calls are picked up at all hours – including weekends. *When the going got tough, it was great to know our local banking team was there for us.*”

“Once again, CapStar has proven their commitment of going above and beyond for their customers. My bankers worked 24/7 to accept, process and approve my PPP loan application in less than a week. **During these times of uncertainty, you can certainly count on CapStar.**”

“**I am bragging all over town about you.** I work with dozens of clients who use a variety of banks and CapStar has been **first over the finish line** for PPP loans. We love you and appreciate you so much.”

“While other small businesses are still working with their bank on what needs to be submitted, my business is already SBA approved and will be funded this week. **Thank you, CapStar!**”

“One of Nashville’s homegrown lenders is extending a financial lifeline to clients as the coronavirus continues to put a crunch on companies.”

**Nashville Business Journal**  
*March 25, 2020*

# Questions



# Appendix: Non-GAAP Reconciliations



# Non-GAAP Financial Measures

|   | December 31,<br>2019 | September 30,<br>2019 | June 30,<br>2019 | March 31,<br>2019 | December 31,<br>2018 |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>(Dollars in thousands, except per share information)</b> |                      |                       |                  |                   |                      |
| <b>TANGIBLE EQUITY</b>                                      |                      |                       |                  |                   |                      |
| Total Shareholders' Equity                                  | \$ 273,046           | \$ 268,082            | \$ 262,664       | \$ 259,751        | \$ 254,379           |
| Less: Intangible Assets                                     | 44,393               | 44,790                | 45,199           | 45,618            | 46,048               |
| Tangible Equity   | 228,653              | 223,292               | 217,465          | 214,133           | 208,331              |
| <b>TANGIBLE COMMON EQUITY</b>                               |                      |                       |                  |                   |                      |
| Tangible Equity   | \$ 228,653           | \$ 223,292            | \$ 217,465       | \$ 214,133        | \$ 208,331           |
| Less: Preferred Equity                                      | -                    | -                     | 9,000            | 9,000             | 9,000                |
| Tangible Common Equity                                      | 228,653              | 223,292               | 208,465          | 205,133           | 199,331              |
| <b>TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS</b>            |                      |                       |                  |                   |                      |
| Tangible Common Equity                                      | \$ 228,653           | \$ 223,292            | \$ 208,465       | \$ 205,133        | \$ 199,331           |
| Total Assets  | 2,037,201            | 2,033,911             | 2,018,421        | 2,035,811         | 1,963,883            |
| Less: Intangible Assets                                     | 44,393               | 44,790                | 45,199           | 45,618            | 46,048               |
| Tangible Assets   | 1,992,808            | 1,989,121             | 1,973,223        | 1,990,193         | 1,917,835            |
| Tangible Common Equity to Tangible Assets                   | 11.47%               | 11.23%                | 10.56%           | 10.31%            | 10.39%               |

# Non-GAAP Financial Measures

|   | Twelve Months Ended |                   | Three Months Ended |                    |               |                |                   |
|---|---------------------|-------------------|--------------------|--------------------|---------------|----------------|-------------------|
|   | December 31, 2019   | December 31, 2018 | December 31, 2019  | September 30, 2019 | June 30, 2019 | March 31, 2019 | December 31, 2018 |
| <b>(Dollars in thousands, except per share information)</b> |                     |                   |                    |                    |               |                |                   |
| <b>RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)</b>            |                     |                   |                    |                    |               |                |                   |
| Total Average Shareholders' Equity                          | \$ 264,124          | \$ 175,686        | \$ 271,568         | \$ 266,441         | \$ 261,197    | \$ 257,105     | \$ 245,811        |
| Less: Average Intangible Assets                             | 45,256              | 16,174            | 44,646             | 45,050             | 45,456        | 45,890         | 45,687            |
| Average Tangible Equity                                     | 218,868             | 159,512           | 226,922            | 221,391            | 215,741       | 211,215        | 200,124           |
| Net Income  | 22,422              | 9,655             | 5,421              | 6,466              | 5,756         | 4,780          | (708)             |
| Return on Average Tangible Equity (ROATE)                   | 10.24%              | 6.05%             | 9.48%              | 11.59%             | 10.70%        | 9.18%          | -1.40%            |
| <b>RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)</b>    |                     |                   |                    |                    |               |                |                   |
| Average Tangible Equity                                     | \$ 218,868          | \$ 159,512        | \$ 226,922         | \$ 221,391         | \$ 215,741    | \$ 211,215     | \$ 200,124        |
| Less: Preferred Equity                                      | 6,238               | 9,000             | -                  | 7,043              | 9,000         | 9,000          | 9,000             |
| Average Tangible Common Equity                              | 212,630             | 150,512           | 226,922            | 214,347            | 206,741       | 202,215        | 191,124           |
| Net Income  | 22,422              | 9,655             | 5,421              | 6,466              | 5,756         | 4,780          | (708)             |
| Return on Average Tangible Common Equity (ROATCE)           | 10.55%              | 6.41%             | 9.48%              | 11.97%             | 11.17%        | 9.59%          | -1.47%            |

# Non-GAAP Financial Measures

|   | December 31,<br>2019 | September 30,<br>2019 | June 30,<br>2019 | March 31,<br>2019 | December 31,<br>2018 |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>(Dollars in thousands, except per share information)</b> |                      |                       |                  |                   |                      |
| <b>TANGIBLE BOOK VALUE PER SHARE, REPORTED</b>              |                      |                       |                  |                   |                      |
| Tangible Common Equity                                      | \$ 228,653           | \$ 223,292            | \$ 208,465       | \$ 205,133        | \$ 199,331           |
| Shares of Common Stock Outstanding                          | 18,361,922           | 18,343,403            | 17,561,476       | 17,765,124        | 17,724,721           |
| Tangible Book Value Per Share, Reported                     | \$12.45              | \$12.17               | \$11.87          | \$11.55           | \$11.25              |
| <b>SHARES OUTSTANDING AT END OF PERIOD</b>                  |                      |                       |                  |                   |                      |
| Shares of Common Stock Outstanding                          | 18,361,922           | 18,343,403            | 17,561,476       | 17,765,124        | 17,724,721           |
| Shares of Preferred Stock Outstanding                       | -                    | -                     | 878,048          | 878,048           | 878,048              |
| Total Shares Outstanding at End of Period                   | 18,361,922           | 18,343,403            | 18,439,524       | 18,643,172        | 18,602,769           |
| <b>TANGIBLE BOOK VALUE PER SHARE, ADJUSTED</b>              |                      |                       |                  |                   |                      |
| Tangible Equity   | \$ 228,653           | \$ 223,292            | \$ 217,465       | \$ 214,133        | \$ 208,331           |
| Total Shares Outstanding at End of Period                   | 18,361,922           | 18,343,403            | 18,439,524       | 18,643,172        | 18,602,769           |
| Tangible Book Value Per Share, Adjusted                     | \$12.45              | \$12.17               | \$11.79          | \$11.49           | \$11.20              |

# Non-GAAP Financial Measures

|  | Twelve Months Ended |                   | Three Months Ended |                    |               |                |                   |
|--|---------------------|-------------------|--------------------|--------------------|---------------|----------------|-------------------|
| (Dollars in thousands, except per share information)       | December 31, 2019   | December 31, 2018 | December 31, 2019  | September 30, 2019 | June 30, 2019 | March 31, 2019 | December 31, 2018 |
| <b>OPERATING NET INCOME</b>                                |                     |                   |                    |                    |               |                |                   |
| Net Income (Loss)  | \$ 22,422           | \$ 9,655          | \$ 5,421           | \$ 6,466           | \$ 5,756      | \$ 4,780       | \$ (708)          |
| Add: Merger Related Expense                                | 2,654               | 9,803             | 163                | 187                | 1,711         | 594            | 8,929             |
| Less: Income Tax Impact                                    | (694)               | (2,213)           | (43)               | (49)               | (447)         | (155)          | (1,985)           |
| Operating Net Income                                       | 24,382              | 17,245            | 5,541              | 6,604              | 7,020         | 5,219          | 6,236             |
| <b>OPERATING DILUTED NET INCOME PER SHARE</b>              |                     |                   |                    |                    |               |                |                   |
| Operating Net Income                                       | \$ 24,382           | \$ 17,245         | \$ 5,541           | \$ 6,604           | \$ 7,020      | \$ 5,219       | \$ 6,236          |
| Average Diluted Shares Outstanding                         | 18,613,224          | 14,480,347        | 18,443,916         | 18,532,479         | 18,650,706    | 18,830,933     | 18,716,562        |
| Operating Diluted Net Income per Share                     | \$1.31              | \$1.19            | \$0.30             | \$0.36             | \$0.38        | \$0.28         | \$0.33            |
| <b>OPERATING RETURN ON AVERAGE ASSETS (ROAA)</b>           |                     |                   |                    |                    |               |                |                   |
| Operating Net Income                                       | \$ 24,382           | \$ 17,245         | \$ 5,541           | \$ 6,604           | \$ 7,020      | \$ 5,219       | \$ 6,236          |
| Total Average Assets                                       | 2,007,327           | 1,528,915         | 2,030,231          | 2,005,950          | 2,004,207     | 1,988,478      | 1,940,991         |
| Operating Return on Average Assets (ROAA)                  | 1.21%               | 1.13%             | 1.08%              | 1.31%              | 1.40%         | 1.06%          | 1.27%             |
| <b>OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)</b> |                     |                   |                    |                    |               |                |                   |
| Average Tangible Equity                                    | \$ 218,868          | \$ 159,512        | \$ 226,922         | \$ 221,391         | \$ 215,741    | \$ 211,215     | \$ 200,124        |
| Operating Net Income                                       | 24,382              | 17,245            | 5,541              | 6,604              | 7,020         | 5,219          | 6,236             |
| Operating Return on Average Tangible Equity (ROATE)        | 11.14%              | 10.81%            | 9.69%              | 11.83%             | 13.05%        | 10.02%         | 12.36%            |

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



# Non-GAAP Financial Measures

|   | Twelve Months Ended |                   | Three Months Ended |                    |               |                |                   |
|---|---------------------|-------------------|--------------------|--------------------|---------------|----------------|-------------------|
| (Dollars in thousands, except per share information)  | December 31, 2019   | December 31, 2018 | December 31, 2019  | September 30, 2019 | June 30, 2019 | March 31, 2019 | December 31, 2018 |
| <b>OPERATING NONINTEREST EXPENSE</b>                  |                     |                   |                    |                    |               |                |                   |
| Noninterest Expense                                   | \$ 61,995           | \$ 53,487         | \$ 15,266          | \$ 15,531          | \$ 16,470     | \$ 14,725      | \$ 23,832         |
| Less: Merger Related Expense                          | (2,654)             | (9,803)           | (163)              | (187)              | (1,711)       | (594)          | (8,929)           |
| Operating Noninterest Expense                         | 59,341              | 43,684            | 15,103             | 15,344             | 14,759        | 14,131         | 14,903            |
| <b>OPERATING NONINTEREST EXPENSE / AVERAGE ASSETS</b> |                     |                   |                    |                    |               |                |                   |
| Operating Noninterest Expense                         | \$ 59,341           | \$ 43,684         | \$ 15,103          | \$ 15,344          | \$ 14,759     | \$ 14,131      | \$ 14,903         |
| Total Average Assets                                  | 2,007,327           | 1,528,915         | 2,030,231          | 2,005,950          | 2,004,207     | 1,988,478      | 1,940,991         |
| Operating Noninterest Income / Average Assets         | 2.96%               | 2.86%             | 2.95%              | 3.04%              | 2.95%         | 2.88%          | 3.05%             |
| <b>OPERATING EFFICIENCY RATIO</b>                     |                     |                   |                    |                    |               |                |                   |
| Operating Noninterest Expense                         | \$ 59,341           | \$ 43,684         | \$ 15,103          | \$ 15,344          | \$ 14,759     | \$ 14,131      | \$ 14,903         |
| Net Interest Income                                   | 67,748              | 51,692            | 16,581             | 17,156             | 17,008        | 17,002         | 17,716            |
| Noninterest Income                                    | 24,274              | 15,459            | 5,719              | 6,788              | 7,032         | 4,735          | 6,387             |
| Total Revenues  | 92,022              | 67,151            | 22,300             | 23,944             | 24,040        | 21,737         | 24,103            |
| Operating Efficiency Ratio                            | 64.49%              | 65.05%            | 67.73%             | 64.08%             | 61.39%        | 65.01%         | 61.83%            |

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

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