



CAPSTAR

**2Q21 Investor Presentation**

# 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 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.



22 Locations in  
13 Counties

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



- Founded in 2008
- Headquartered in Nashville
- Serve small to medium-sized companies, commercial real estate investors, professionals, and relationship retail
- Economically strong mix of community and urban markets
- Experienced management team
  - Performance-minded
  - Growth-oriented
  - Shareholder-friendly

## Market Data

Ticker	CSTR
Price <sup>(1)</sup>	\$18.52
Market Cap <sup>(1) (1)</sup>	\$409MM
P/E <sup>(2)</sup>	10.6
P/TBV <sup>(1)</sup>	139%
Avg. Daily Vol. (30d)	72,003
Insider Ownership <sup>(3)</sup>	9.9%
Institutional Ownership	33.7%
Dividend Yield <sup>(1)</sup>	1.3%

## 1Q21 Snapshot

Dollars in Millions

### BALANCE SHEET (EOP)

Total Assets	\$3,150
Total Loans HFI (Excl PPP)	\$1,730
Total Deposits	\$2,751

### CAPITAL RATIOS

TCE / TA	9.50%
CET 1 Ratio	13.79%
Total RBC Ratio	16.29%

### ASSET QUALITY

NCOs / Average Loans <sup>(4)</sup>	0.00%
NPAs / Loans HFI + OREO	0.30%
Texas Ratio <sup>(5)</sup>	2.70%

(1) Based on market data as of 4/27/2021.

(2) Price/2022 consensus EPS

(3) Based on the proxy statement (Schedule 14A) dated 3/16/2021.

(4) Annualized.

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



# 1Q21 Financial Results

## Executing on strategic objectives

- Improve profitability and earnings consistency
- Accelerate organic growth
- Maintain sound risk management
- Develop disciplined capital allocation

## Strong 1Q21 results

- Operating earnings per share of \$0.50 and ROAA of 1.46%
- NIM adjusted for excess deposits and PPP was relatively flat at 3.35%
- Loans grew on an average basis by 11.5% annualized (excluding PPP)
- Operating efficiency ratio of 53.88%, a record low

## Proactive risk management

- Improvement in criticized and classified loans
- Minimal loan deferrals to a small and diminishing number of borrowers
- Net Charge-offs have averaged <\$140,000 the last 8 quarters

## Disciplined capital allocation

- Investing in core business expanding in Knoxville and hiring additional MTN bankers
- Increased quarterly dividend 20%
- Announced substantial share repurchase program to be opportunistic at the appropriate time

# 1Q21 Highlights

## Four Key Drivers

### REVENUE GROWTH<sup>(1)(2)</sup>

Target:  $\geq 5\%$   
1Q21 YTD: 42.9%

### NET INTEREST MARGIN

Target:  $\geq 3.60\%$   
1Q21: 3.13%

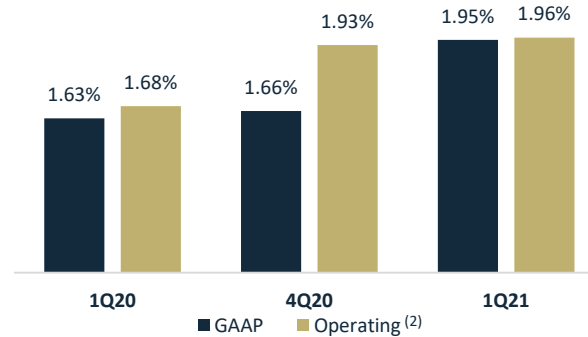
### EFFICIENCY<sup>(2)</sup>

Target:  $\leq 55\%$   
1Q21: 53.88%

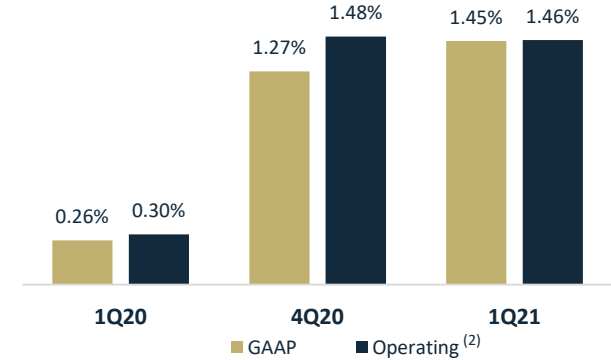
### NET CHARGE OFFS

Target:  $\leq 0.25\%$   
1Q21: 0.00%

### Pretax Preprovision Income / Assets

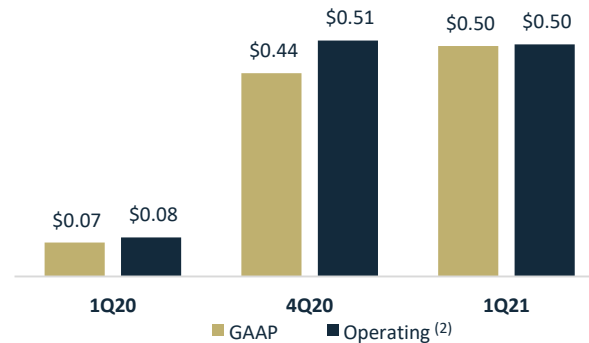


### Return on Average Assets

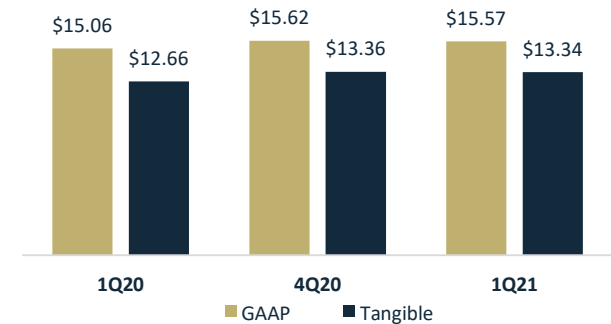


## Scorecard

### Diluted Earnings Per Share



### Book Value per Share



(1) Year over year.  
(2) Operating results are non-GAAP financial measures that adjust GAAP net income and other metrics for certain revenue and expense items. See the non-GAAP reconciliation calculations included in the Appendix at the end of this presentation.

# 1Q21 Key Performance Indicators

Operating Metrics <sup>(1)</sup>		1Q21	4Q20	1Q20
Profitability	Net Interest Margin <sup>(2)</sup>	3.13%	3.12%	3.50%
	Efficiency Ratio <sup>(3)</sup>	53.88%	56.85%	61.78%
	Pretax Preprovision Income / Assets <sup>(4)</sup>	1.96%	1.93%	1.68%
	Return on Average Assets	1.46%	1.48%	0.30%
	Return on Average Tangible Equity	14.92%	15.38%	2.68%
Growth	Total Assets (Avg)	\$3,079	\$3,028	\$2,059
	Total Deposits (Avg)	\$2,664	\$2,613	\$1,736
	Total Loans HFI (Avg) (Excl PPP)	\$1,734	\$1,686	\$1,421
	Diluted Earnings per Share	\$0.50	\$0.51	\$0.08
	Tangible Book Value per Share	\$13.34	\$13.36	\$12.66
Soundness	Net Charge-Offs to Average Loans (Annualized)	0.00%	0.02%	0.01%
	Non-Performing Assets / Loans + OREO	0.30%	0.28%	0.26%
	Allowance for Loan Losses + Fair Value Mark / Loans Excl PPP	1.59%	1.57%	1.61%
	Common Equity Tier 1 Capital Ratio	13.79%	13.52%	12.56%
	Total Risk Based Capital Ratio	16.29%	16.03%	13.68%

(1) Operating results are non-GAAP financial measures that adjust GAAP net income and other metrics for certain revenue 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 items.

(2) Calculated on a tax equivalent basis.

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

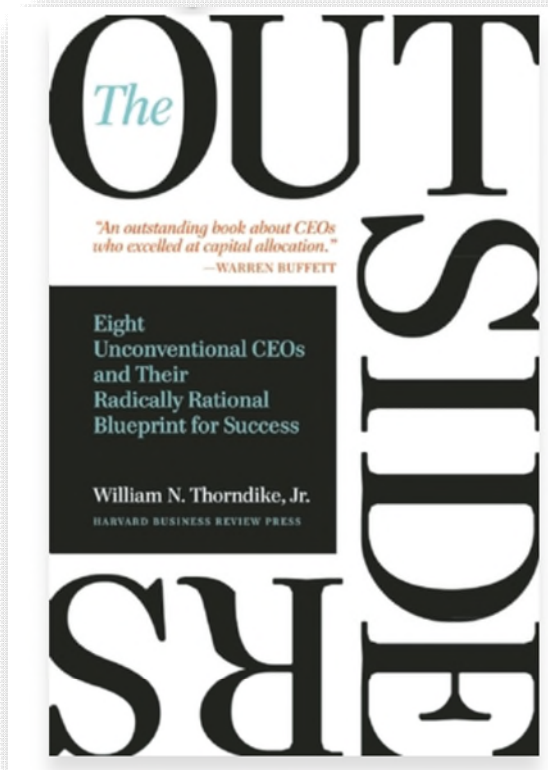
(4) Pre-tax Pre-provision Operating ROA calculated as ROA excluding the effect of income tax expense, provision expense and merger charges.



# Leadership Team

<b>Executive Leadership</b>	<b>Title</b>	<b>Age</b>	<b>Financial Services Experience</b>	<b>Year Joined</b>
Tim Schools	President & CEO	51	22	2019
Kevin Lambert	Chief Credit Officer	57	36	2021
Denis Duncan	Chief Financial Officer	62	40	2020
John Davis	Chief Operations & Technology Officer	58	29	2019
Steve Groom	Chief Risk Officer & General Counsel	69	30	2020

<b>Market Leadership</b>	<b>Title</b>	<b>Age</b>	<b>Financial Services Experience</b>	<b>Year Joined</b>
Mike Hill	East Tennessee Market President	52	27	2020
Ken Webb	Middle Tennessee Market Chairman	67	44	2008
Chris Tietz	Chief Credit Policy Officer & EVP Specialty Banking	58	36	2016



*"In assessing performance, what matters isn't the absolute rate of return but the return relative to peers and the market. **You really only need to know three things to evaluate a CEO's greatness:** the compound annual return to shareholders during his or her tenure and the return over the same period for peer companies and for the broader market (usually measured by the S&P 500)."*

*"CEOs need to do two things well to be successful: run their operations efficiently and deploy the cash generated by those operations."*

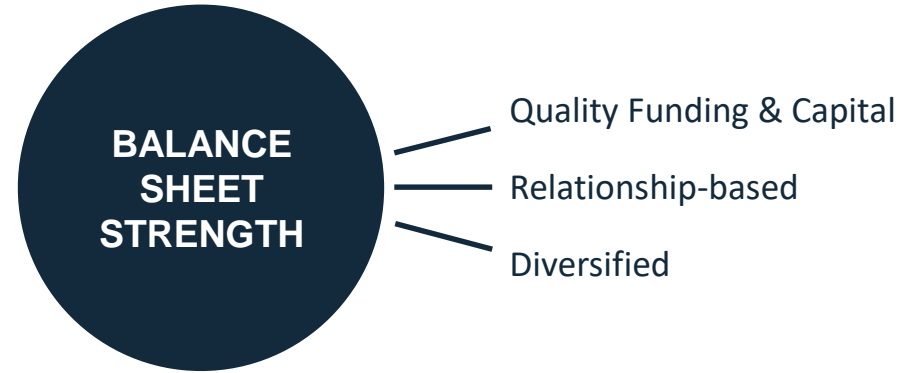
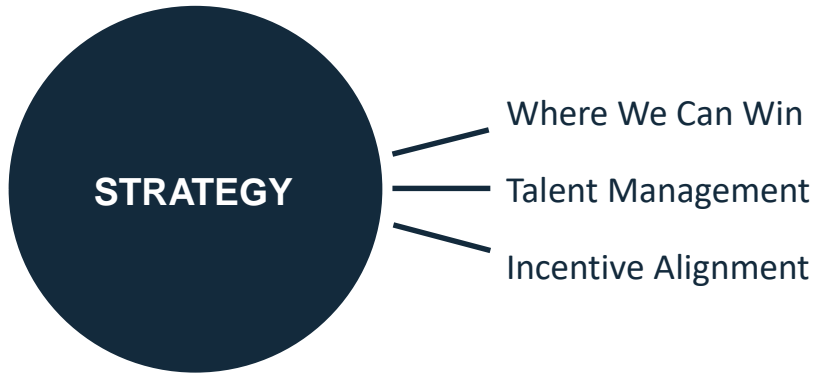
*"Capital allocation is a CEO's most important job."*

*"CEOs have five essential choices for deploying capital - investing in existing operations, acquiring other businesses, issuing dividends, paying down debt, or repurchasing stock..."*

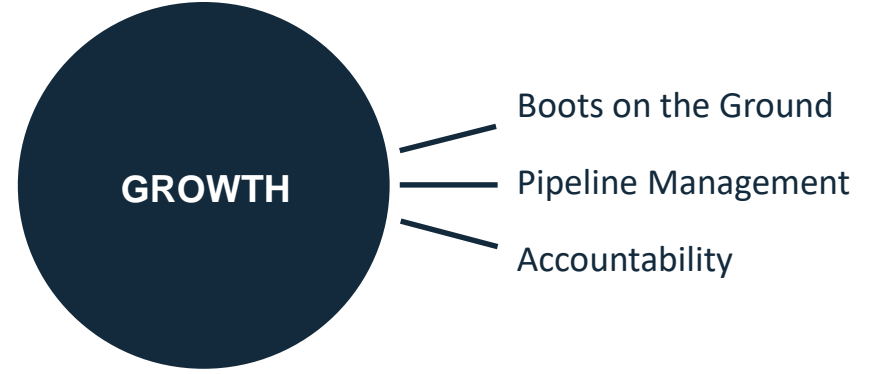
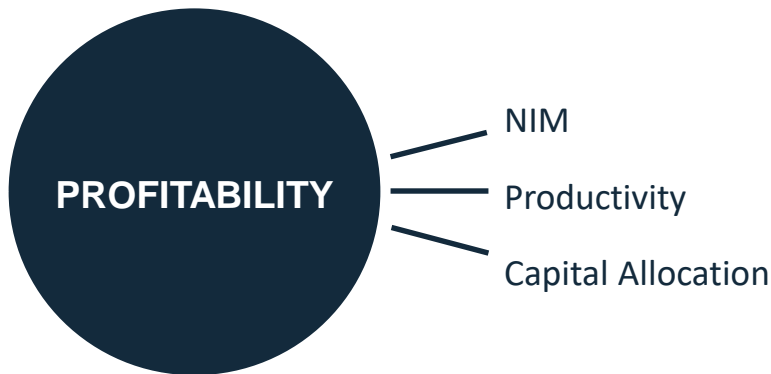
*"Sometimes the best investment opportunity is your own stock."*



# 2021-2023 Emphasis



## SIMPLIFIED FOCUS



# Strategy



## Simple, Focused, and Disciplined

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

- Strategy**
- Provide a relationship-based and highly personal banking experience
  - Win through responsiveness, flexibility, and customer service
  - Operate efficiently and seek low-cost deposits
  - 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

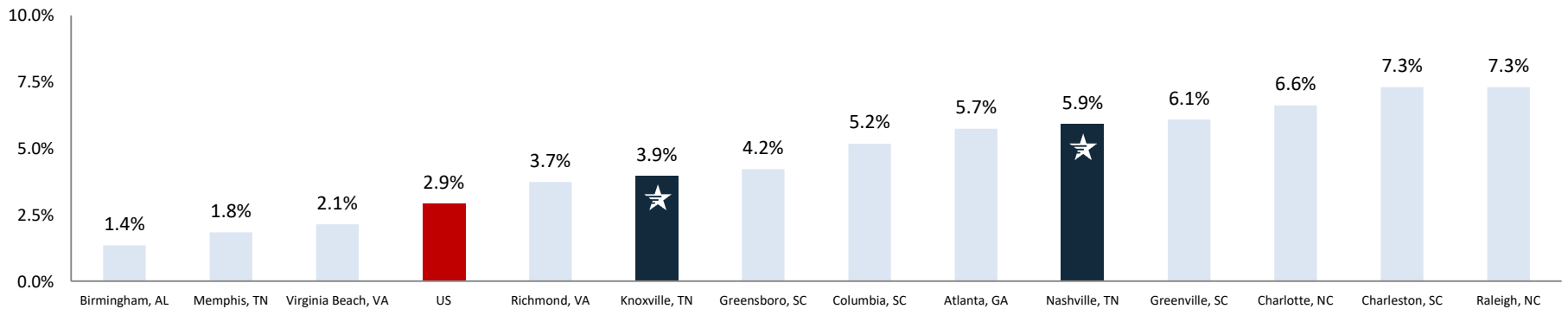
- Goals**
- Meaningful relationships and outstanding customer service
  - High returns on capital
  - Stable growth in earnings and tangible book value per share
  - Disciplined capital allocation

## Deposits and Key Demographics by County<sup>(1)</sup>

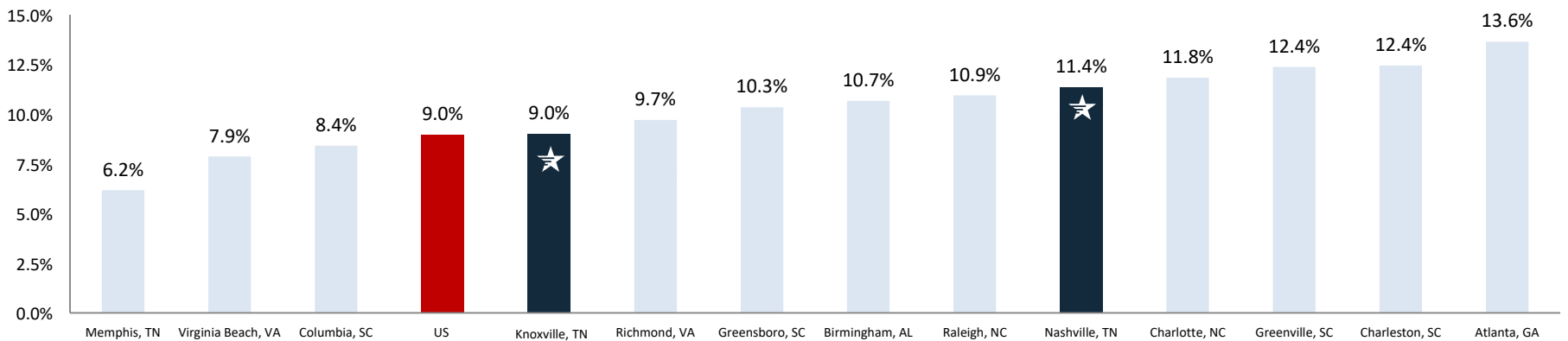
County	MSA	Deposits In Market (\$000)	Market Rank (#)	2021 Population (000)	2021-2026 Projected Population Change (%)	2021 Median HH Income (\$)	2021-2026 Projected HH Income Change (%)
<b>Metro Markets</b>							
Davidson	Nashville	\$1,328,434	9	701.3	4.3%	68.5	14.7%
McMinn	Athens	333,001	1	54.2	3.0%	46.5	9.4%
Sumner	Nashville	152,140	11	196.8	6.7%	72.4	12.9%
Williamson	Nashville	154,091	12	247.9	7.6%	116.4	4.4%
Bradley	Cleveland	47,499	9	109.7	4.7%	53.9	10.4%
Rutherford	Nashville	31,970	14	344.3	7.4%	68.3	4.6%
Knox	Knoxville	6,549	30	476.6	4.5%	61.4	8.2%
<b>Community Markets</b>							
Coffee	Tullahoma	156,629	2	57.3	4.4%	54.7	9.5%
Monroe	---	100,014	4	46.9	3.2%	44.2	6.3%
Lawrence	Lawrenceburg	91,085	3	44.6	3.9%	46.1	7.6%
Cannon	Nashville	88,964	1	15.0	4.9%	55.9	5.9%
Wayne	---	73,053	3	16.6	0.8%	41.8	12.1%

(1) FDIC Deposit data as of June 30, 2020; Source: S&P Global Market Intelligence.

## 2021 - 2026 Projected Population Growth



## 2021 - 2026 Projected Household Income Growth



# Attractive Markets: Knoxville MSA

## Knoxville MSA Highlights

- Knoxville is Tennessee's **third largest MSA in population size**.
- Cited by *U.S. News & World Report* as one of the nation's **top 50 places to live**.
- Named **#2 Coolest City with Lowest Cost of Living** in the U.S. by *PureWow* in 2021 and **Top 20 Cities People Moved To** in 2020 (*Updater*).
- Recognized by *Forbes* and *Livability* as one of the **nation's most recession resistant cities**.
- Knoxville MSA **cost of living** ranks 4% below the national average.
- Knoxville is home to cable TV's **HGTV**, one of the fastest growing networks in cable history.
- **Worldwide brands** including Bush Brothers and Company (Bush's Baked Beans), Petro's Chili & Chips and Pilot Corporation were founded and remain headquartered in Knoxville.
- Knoxville is recognized as the **gateway to the Great Smoky Mountains** and hundreds of East Tennessee tourist destinations, including Gatlinburg and Sevierville attractions.

## Notable companies operating in Knoxville MSA

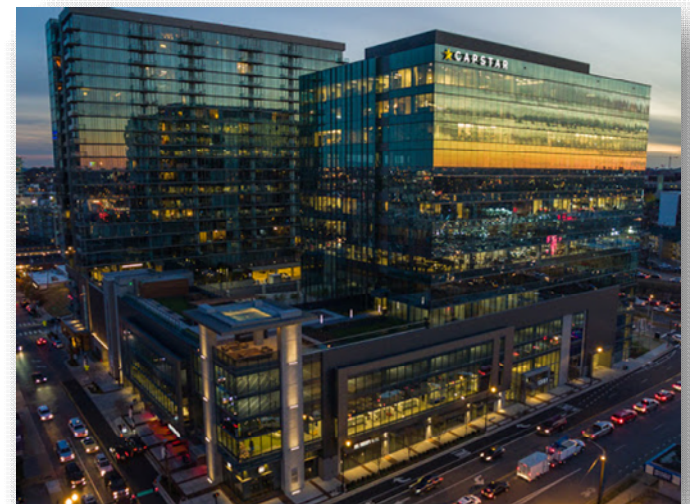


# Attractive Markets: Nashville MSA

## Nashville MSA Highlights

- Ranked **Top 10 City to Live After the Pandemic** by the *Today Show*, 2021
- Nashville MSA job growth in top 5% of all metro areas across entire U.S. over the last 5 years; ranked **#1 Metro for economic strength** – *POLICOM*, 2020
- Recognized by *Updater* in the **Top 10 Cities People Moved To** in 2020.
- Named **#1 City for Job Seekers** in 2020 and **#2 Best Place for New Businesses**.
- *Wall Street Journal* ranked Nashville the 2<sup>nd</sup> **Hottest Job Market in the country** in 2020.
- Nashville consistently ranks among the **lowest for cost of living** among comparable cities across the nation, ranking more cost-efficient than Atlanta, Charlotte, and Austin.
- Nashville is home to **10 Fortune 1000 companies**, including 5 Fortune 500 headquarters.
- Davidson, Williamson and Rutherford (within Nashville MSA) are **Tennessee's fastest-growing counties** – *TN Ledger*, 2020
- Williamson County ranked **top 10 for job growth** and **wealthiest** in entire U.S., fastest-growing in TN.

## Notable companies operating in Nashville MSA



# Balance Sheet Strength

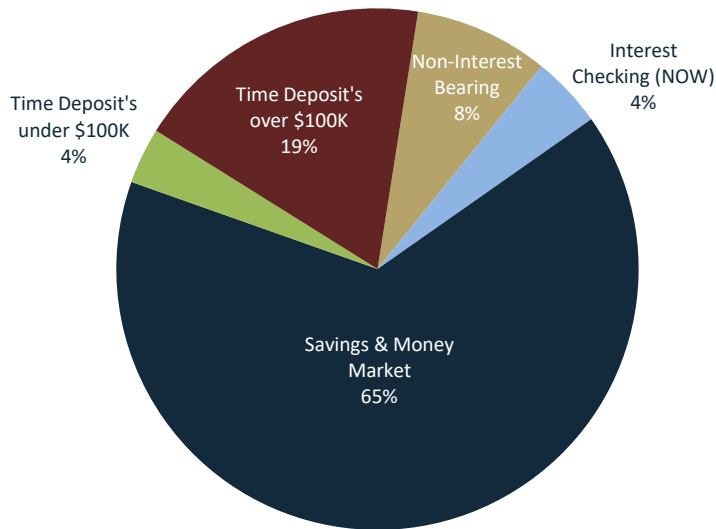




# Improved Funding Profile

Since 2011, demand deposits and NOW accounts have grown from 12% of the total deposit portfolio to 63%

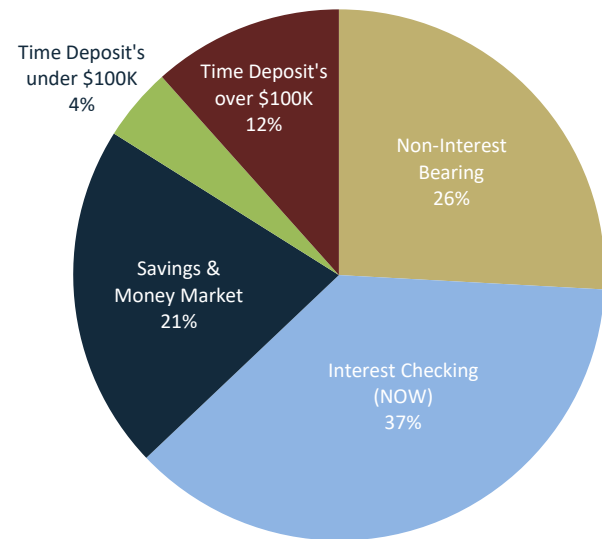
## Deposit Composition



End of Period Balances as of  
December 31, 2011



## Deposit Composition



End of Period Balances as of  
March 31, 2021

## Credit Culture

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

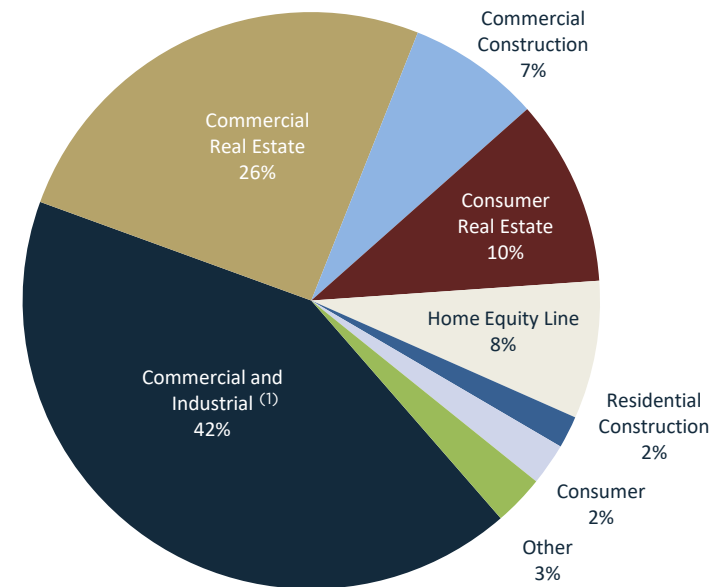
## Underwriting and portfolio management

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

## Loan Portfolio Summary<sup>(2)</sup>

- Past due loans as a % of loans held for investment totaled 0.35%
- Net charge-offs over the last 8 quarters < \$140,000
- In-market loans > 95%
- Shared national credits < 3%

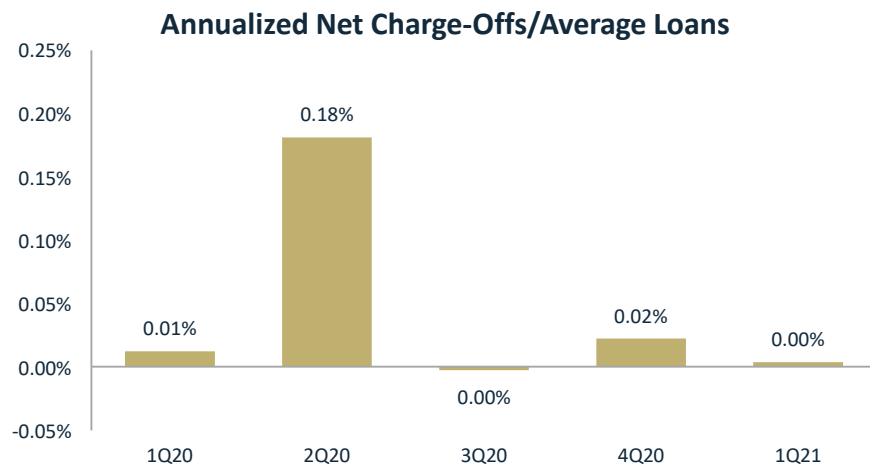
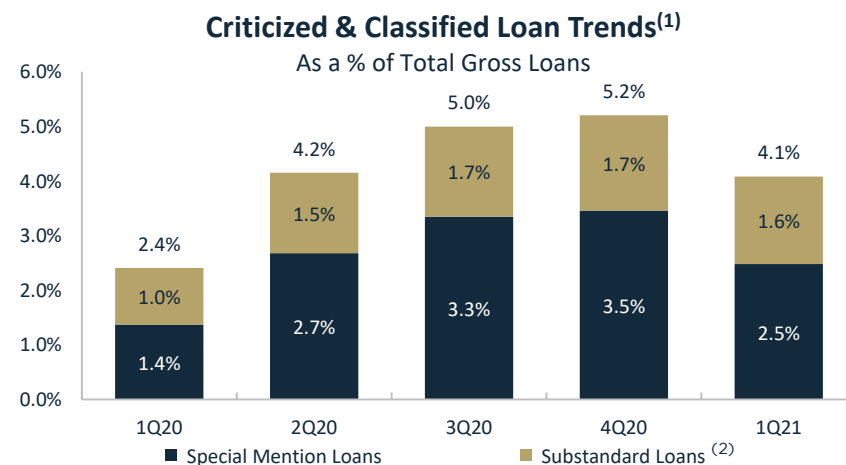
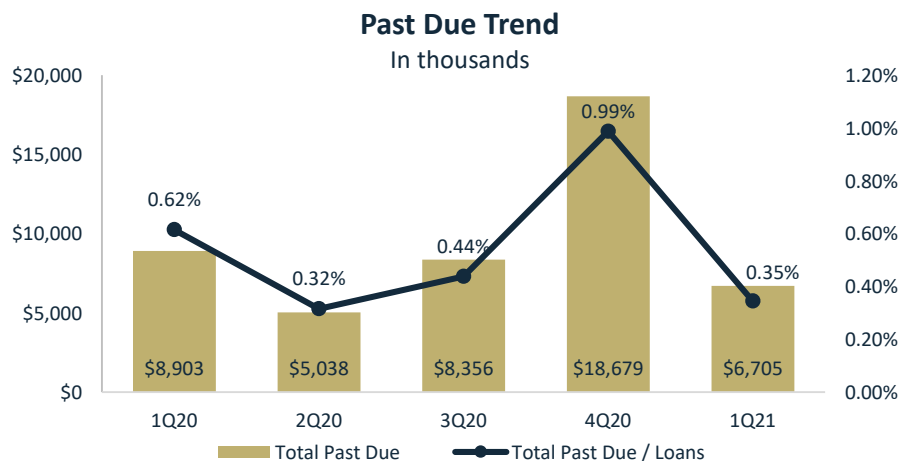
## Loan Composition



End of Period Balances as of  
March 31, 2021

(1) Commercial & Industrial includes Commercial & Industrial loans and Owner Occupied CRE loans.  
(2) As of March 31, 2021.

# Loan Portfolio Performance

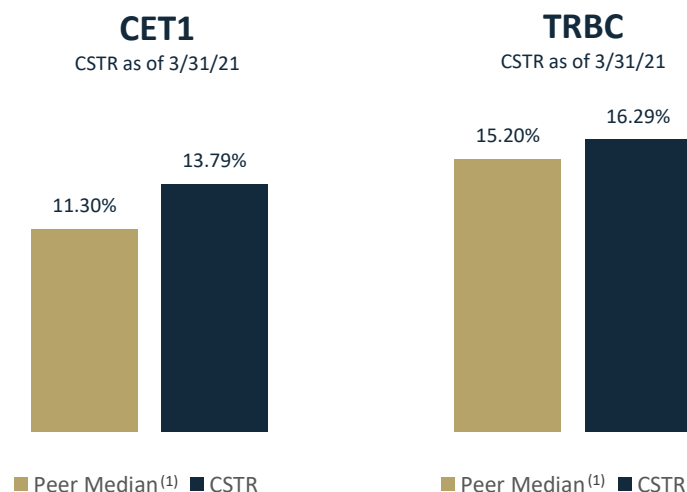


- Delinquencies improved from 4Q20
  - Elevated levels were impacted by high levels of matured loans pending renewal in 4Q20
- Criticized and classified loans improved from 5.2% to 4.1%
- Net charge-offs remain low and have averaged < \$140K over the last 8 quarters

(1) Criticized & Classified Loans exclude purchased credit impaired loans and related discounts.  
 (2) Substandard Loans inclusive of impaired loans.

# Strong Capital Ratios

- Capital ratios well in excess of industry averages
- Versus 1Q20, increases across all capital ratios except tangible common equity
- Versus 1Q20, leverage and tangible capital ratios declined due to the inflow of excess deposits and the FCB acquisition while risk-based capital ratios increased due to the issuance of sub debt in 2Q20



Capital Ratios	1Q21	4Q20	1Q20	"Well Capitalized" Guidelines
Leverage	9.78%	9.60%	11.23%	≥ 5.00%
Tangible Common Equity / Tangible Assets	9.50%	10.00%	11.43%	NA
Common Equity Tier 1 Capital	13.79%	13.52%	12.56%	≥ 6.50%
Total Risk Based Capital	16.29%	16.03%	13.68%	≥ 10.00%

(1) Source: S&P Global Market Intelligence, FactSet, Data as of 12/31/20.  
Includes all banks headquartered in AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA and WV with total assets \$1.5 - \$5.0B.

# Profitability



## NIM

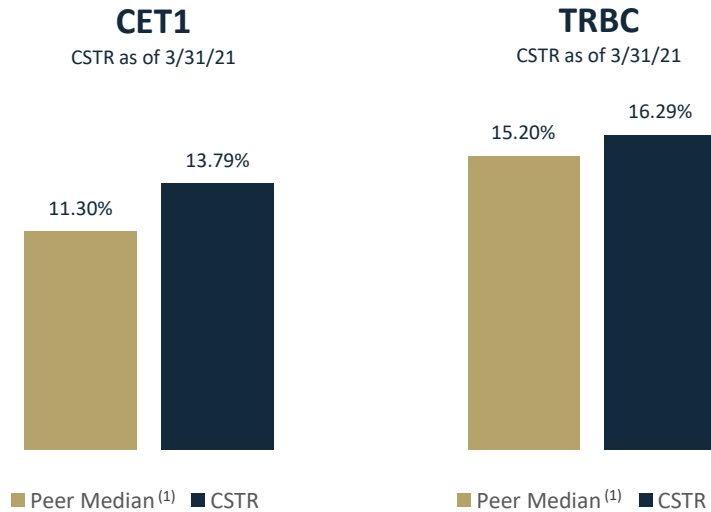
- DDA now highest incentive opportunity
- Created deposit pricing committee
- Engaged Darling Consulting for ALM services
- Historically, took positions based on rate outlooks
- Going forward, will manage closer to neutral

## Productivity

- Benchmarking to peers
- Aligning incentives and increasing accountability
- Increased focus on share of wallet
- Implementing work measurements for all positions
- Reviewing 100% of all expenses

## Capital Allocation

- Evaluating strategies for excess capital and future capital generation
- Investing in our core business such as Knoxville, additional MTN bankers, and FCB
- Established dividend guidelines targeting a 10-35% payout ratio
- Defined share repurchase parameters to allow us to be opportunistic



- CapStar has \$40 - \$50MM of excess capital relative to peers
- Focused on improving profitability which will lead to increased capital generation
- Committed to making investments that meet our cost of capital or returning capital to shareholders

## 1 Internal Investment

- Primary Focus – investing in our business
- Seeking organic growth and acquisitions that meet or exceed our cost of capital

## 2 Dividends

- Targeting 10-35% payout ratio
- Announced 20% increase in quarterly dividend

## 3 Share Repurchase

- At times, our stock is our best investment
- Announced \$30MM share repurchase program in 1Q20 to be opportunistic

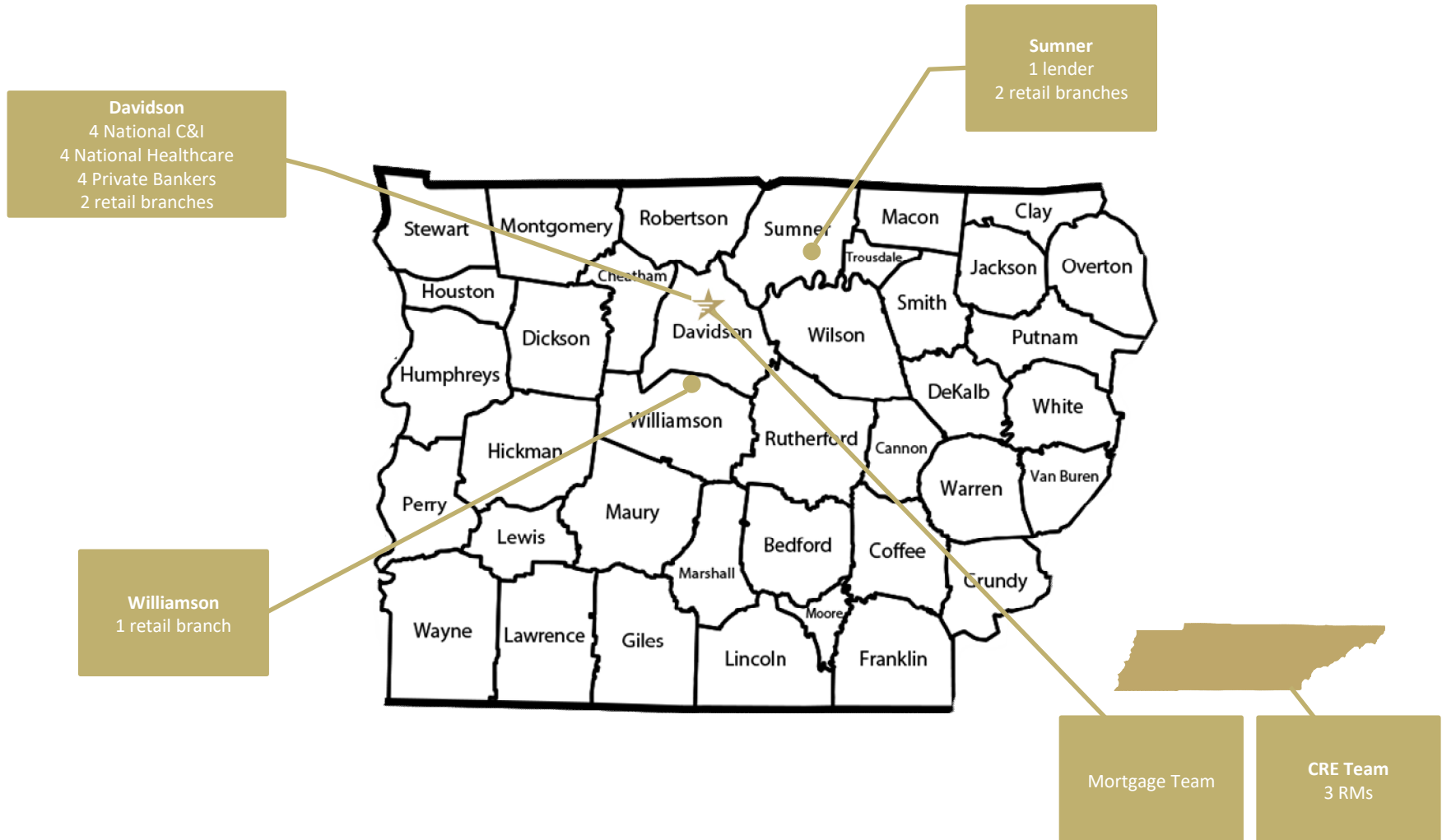
(1) Source: S&P Global Market Intelligence, FactSet, Data as of 12/31/20.  
Includes all banks headquartered in AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA and WV with total assets \$1.5 - \$5.0B.

**Growth**

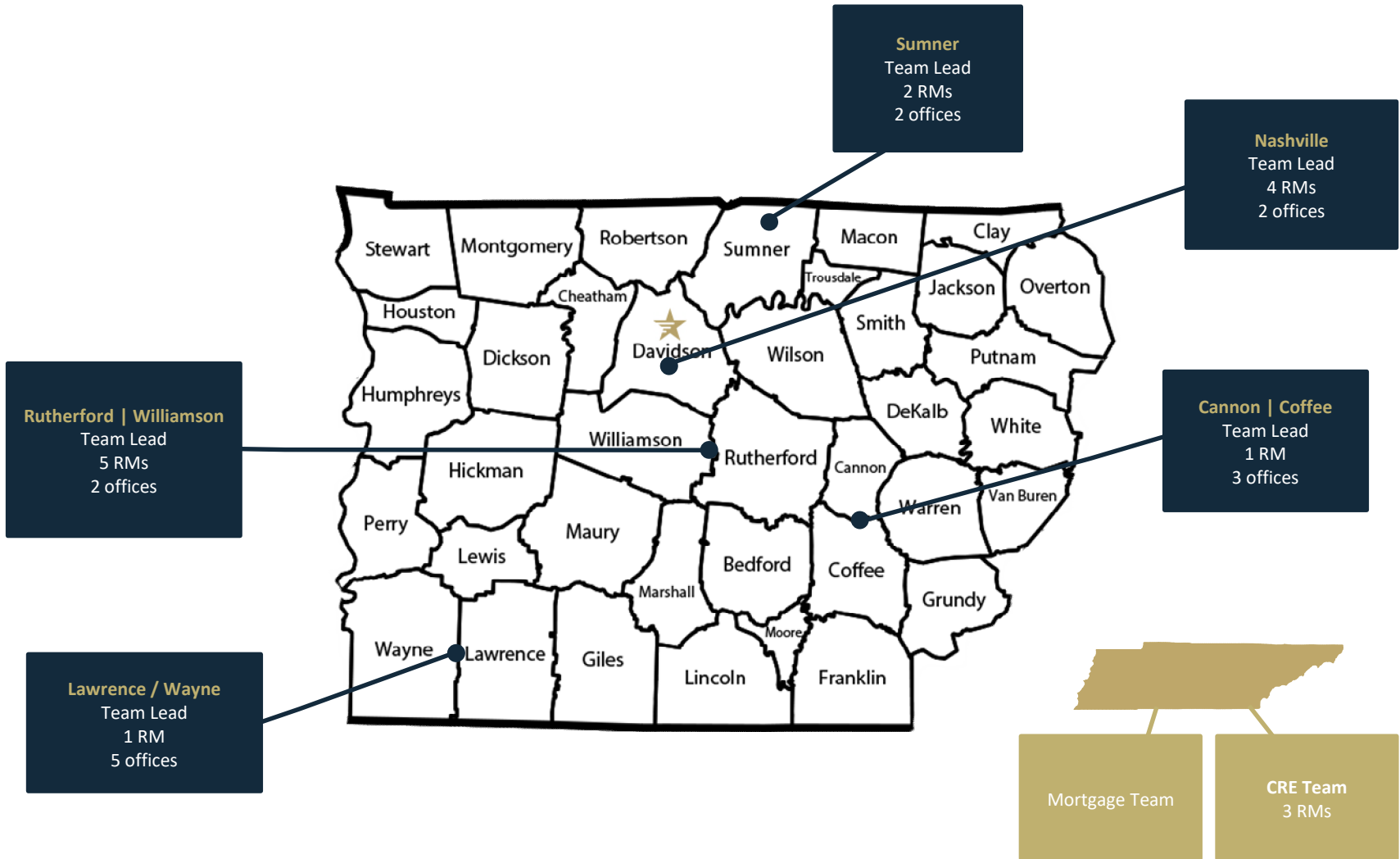




# Middle Tennessee - 2018



# Middle Tennessee - 2021





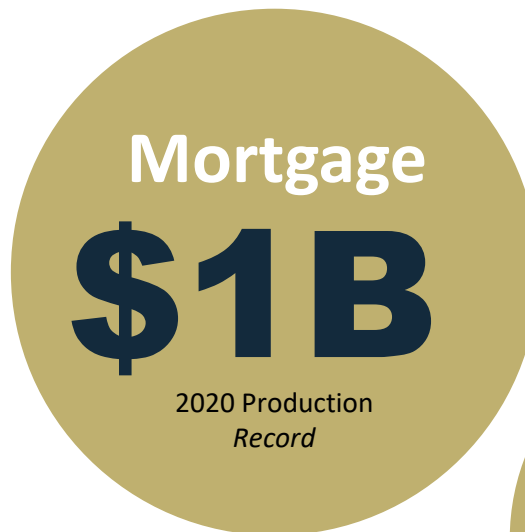
# Specialty Banking

- Specialty Banking businesses positioned for continued success: Commercial Real Estate, Mortgage, Tri-Net, Government Guaranteed Lending, Valley Title, and Southland Finance
- Record performances in 2020 and 1Q21
- Recently dedicated Executive to lead strategy and partner with experienced management teams to execute growth initiatives



## PPP Success

- A leader across Tennessee in \$ and # on a relative basis
- 45.5% of PPP borrowers were non-CapStar customers, primarily due to lack of response or other stipulations from larger banks
- Resulted in approximately 200 sizeable full relationships to date



## As of May 1, 2021

<b>Economy</b>	<ul style="list-style-type: none"> <li>• Strong recovery boosted by vaccination, low interest rates, fiscal stimulus, and the American Jobs Plan</li> <li>• Steepening yield curve with increases in the 10-yr Treasury yield gradually and Fed Funds rate by late 2023</li> </ul>
<b>EOP Loan Growth</b>	<ul style="list-style-type: none"> <li>• With the addition of new Commercial Relationship Managers in 1Q21, loan growth (excluding PPP) of approximately 5-7% in 2021, increasing to 6-8% in 2022</li> </ul>
<b>EOP Deposit Growth</b>	<ul style="list-style-type: none"> <li>• Continue to develop core deposit capabilities to provide an improved long-term funding base</li> <li>• Growth of 5% on top of existing excess liquidity levels</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>• Progression toward targeted capital levels through loan growth, managing excess liquidity, share repurchases</li> <li>• Bias towards organic growth and acquisitions over share repurchases at current common stock price</li> </ul>
<b>Net Interest Income</b>	<ul style="list-style-type: none"> <li>• NIM (excluding PPP) stable to slightly positive</li> <li>• Approximately \$6MM of PPP fees with anticipated forgiveness in 2021 and 2022</li> <li>• Opportunities to improve NIM and net interest income (excluding PPP) through additional loan growth, investment securities, deposit pricing</li> </ul>
<b>Provision Expense</b>	<ul style="list-style-type: none"> <li>• Continued low net charge-offs in 2021</li> <li>• Provision expense lower than 2020 with a declining allowance for loan loss percentage</li> </ul>
<b>Non-Interest Income</b>	<ul style="list-style-type: none"> <li>• Mortgage for 2Q21 in line with 1Q21, expected to return to 2019 levels in 3Q21 and 4Q21</li> <li>• Continued strength in GGL and Tri-Net</li> </ul>
<b>Non-Interest Expense</b>	<ul style="list-style-type: none"> <li>• Bank-only expense of approximately \$16MM per quarter; other expenses influenced by mortgage</li> <li>• Actively recruiting high quality bankers with average break even at or around 12 months</li> </ul>

## Quality Management Team

- Strong operational and capital allocation experience
- Insiders own 9.9% of the company
- Shareholder-friendly culture

## Catalyst for Improved Profitability and Growth

- Dynamic and stable markets offer opportunities for customer growth and expansion
- Three recent acquisitions provide greater scale to leverage
- Strong cash and capital levels available for deployment

## Repeatable Investment Opportunities

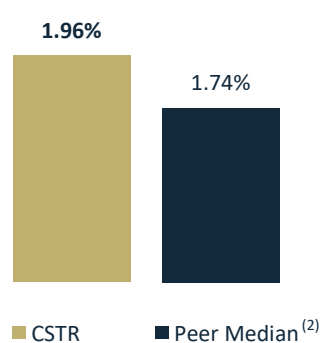
- Beneficiary of significant immigration and growing number of dissatisfied large regional bank customers
- Lift out opportunities for employees who value a higher touch and more entrepreneurial culture
- M&A available to capitalize on continued Tennessee consolidation

## Attractive Valuation

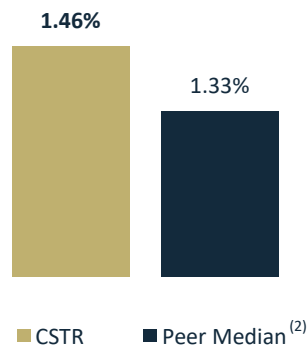
- Improved profitability and growth prospects provide potential for relative multiple expansion and increased earnings

# Relative Valuation

Pretax Preprovision Income / Assets<sup>(1)(2)(3)</sup>

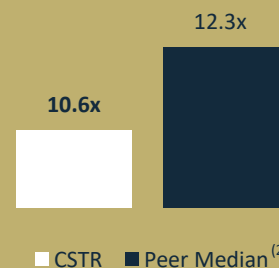


Return on Average Assets<sup>(1)(2)(3)</sup>

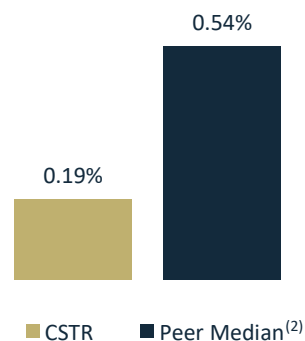


Price to 2022 Consensus Earnings

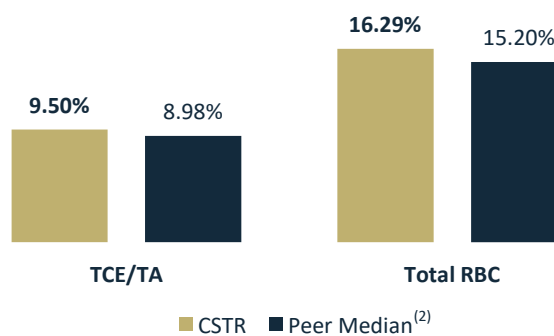
(As of 4/27/2021)



Nonperforming Assets/Assets<sup>(2)</sup>

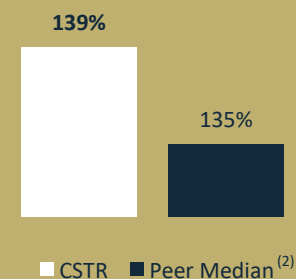


Capital<sup>(3)</sup>



Price to Tangible Book Value

(As of 4/27/2021)



(1) Operating results are non-GAAP financial measures that adjust GAAP net income and other metrics for certain revenue and expense items. See the non-GAAP reconciliation calculations included in the Appendix at the end of this presentation.

(2) Peer Medians based on Selected Nationwide Major Exchange Banks and Thrifts with Assets \$2.0 Billion - \$6.5 Billion as of 1Q21 and 4Q20 for banks that have not yet reported.

(3) CSTR as of 1Q21



**Appendix:  
Other Financial Results and  
Non-GAAP Reconciliations**





# Non-GAAP Financial Measures



	Three Months Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
(Dollars in thousands, except per share information)					
<b>TANGIBLE COMMON EQUITY</b>					
Total Shareholders' Equity	\$ 343,944	\$ 343,486	\$ 333,895	\$ 281,950	\$ 275,790
Less: Intangible Assets	49,190	49,698	50,222	43,633	44,008
Tangible Common Equity	294,754	293,788	283,673	238,317	231,782
<b>TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS</b>					
Tangible Common Equity	\$ 294,754	\$ 293,788	\$ 283,673	\$ 238,317	\$ 231,782
Total Assets	3,150,457	2,987,006	3,024,348	2,445,172	2,072,585
Less: Intangible Assets	49,190	49,698	50,222	43,633	44,008
Tangible Assets	3,101,267	2,937,308	2,974,127	2,401,539	2,028,578
Tangible Common Equity to Tangible Assets	9.50%	10.00%	9.54%	9.92%	11.43%
<b>TANGIBLE BOOK VALUE PER SHARE, REPORTED</b>					
Tangible Common Equity	\$ 294,754	\$ 293,788	\$ 283,673	\$ 238,317	\$ 231,782
Shares of Common Stock Outstanding	22,089,873	21,988,803	21,947,805	18,302,188	18,307,802
Tangible Book Value Per Share, Reported	\$13.34	\$13.36	\$12.92	\$13.02	\$12.66

# Non-GAAP Financial Measures

	Three Months Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
(Dollars in thousands, except per share information)					
<b>RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)</b>					
Total Average Shareholders' Equity	\$ 350,681	\$ 340,709	\$ 321,506	\$ 281,614	\$ 278,550
Less: Average Intangible Assets	49,514	50,038	50,577	43,871	44,253
Average Tangible Equity	301,167	290,671	270,929	237,743	234,297
Net Income	11,030	9,681	7,487	6,181	1,346
Return on Average Tangible Equity (ROATE)	14.85%	13.25%	10.99%	10.46%	2.31%

# Non-GAAP Financial Measures



	Three Months Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
(Dollars in thousands, except per share information)					
<b>OPERATING NET INCOME</b>					
Net Income	\$ 11,030	\$ 9,681	\$ 7,487	\$ 6,181	\$ 1,346
Add: Merger Related Expense	67	2,105	2,548	448	290
Less: Income Tax Impact	(17)	(550)	(666)	(117)	(76)
Operating Net Income	11,079	11,236	9,369	6,512	1,560
<b>OPERATING DILUTED NET INCOME PER SHARE</b>					
Operating Net Income	\$ 11,079	\$ 11,236	\$ 9,369	\$ 6,512	\$ 1,560
Average Diluted Shares Outstanding	22,076,600	21,978,925	21,960,490	18,320,006	18,443,725
Operating Diluted Net Income per Share	\$0.50	\$0.51	\$0.43	\$0.36	\$0.08
<b>OPERATING RETURN ON AVERAGE ASSETS (ROAA)</b>					
Operating Net Income	\$ 11,079	\$ 11,236	\$ 9,369	\$ 6,512	\$ 1,560
Total Average Assets	3,078,745	3,028,225	3,043,847	2,350,021	2,059,306
Operating Return on Average Assets (ROAA)	1.46%	1.48%	1.22%	1.11%	0.30%
<b>OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)</b>					
Average Tangible Equity	\$ 301,167	\$ 290,671	\$ 270,929	\$ 237,743	\$ 234,297
Operating Net Income	11,079	11,236	9,369	6,512	1,560
Operating Return on Average Tangible Equity (ROATE)	14.92%	15.38%	13.76%	11.02%	2.68%

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



	Three Months Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
(Dollars in thousands, except per share information)					
<b>OPERATING NONINTEREST EXPENSE</b>					
Noninterest Expense	\$ 17,413	\$ 21,478	\$ 22,739	\$ 18,934	\$ 14,211
Less: Merger Related Expense	(67)	(2,105)	(2,548)	(448)	(290)
Operating Noninterest Expense	17,346	19,373	20,191	18,486	13,921
<b>OPERATING NONINTEREST EXPENSE / AVERAGE ASSETS</b>					
Operating Noninterest Expense	\$ 17,346	\$ 19,373	\$ 20,191	\$ 18,486	\$ 13,921
Total Average Assets	3,078,745	3,028,225	3,043,847	2,350,021	2,059,306
Operating Noninterest Income / Average Assets	2.28%	2.55%	2.64%	3.16%	2.72%
<b>OPERATING EFFICIENCY RATIO</b>					
Operating Noninterest Expense	\$ 17,346	\$ 19,373	\$ 20,191	\$ 18,486	\$ 13,921
Net Interest Income	22,182	22,331	19,656	17,675	16,661
Noninterest Income	10,014	11,748	14,804	10,823	5,874
Total Revenues	32,196	34,079	34,460	28,498	22,535
Operating Efficiency Ratio	53.88%	56.85%	58.59%	64.87%	61.78%

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.



# Peer Valuation

Financial data as of or for the three months ended March 31, 2021 unless otherwise noted; Market data as of April 27, 2021

Selected Major Exchange Banks and Thrifts Headquartered in AL, FL, GA, KY, MS, NC, SC, TN, VA and WV with Total Assets \$2.0 Billion - \$6.5 Billion

Ticker	Company	City, State	Valuation					Balance Sheet		Capital		Profitability						
			Market Cap. (\$M)	Price to:				Div. Yield (%)	Total Assets (\$M)	NPAs / Assets (%) <sup>1</sup>	TCE / TA (%)	RBC Ratio (%)	Core ROAA 1Q21 (%)	Core ROAE 1Q21 (%)	PTPP Inc. / AA 1Q21 (%)	Core ROAA 2020Y (%)	Core ROAE 2020Y (%)	PTPP Inc. / AA 2020Y (%)
				TBV (%)	EPS (x)	EPS (x)	52-Wk High (%)											
RBCAA	Republic Bancorp Inc.	Louisville, KY	925	113	12.0	11.8	93.6	2.8	6,470	0.65	12.64	18.52	1.32	9.92	3.11	1.39	10.37	2.22
CHCO	City Holding Co.	Charleston, WV	1,226	215	16.9	17.2	88.8	3.0	5,894	0.66	9.93	17.33	1.35	12.54	1.65	1.42	11.02	1.95
FBMS	The First Bancshares	Hattiesburg, MS	815	178	13.1	14.2	99.4	1.4	5,443	0.89	8.70	19.30	1.31	9.54	1.65	1.07	8.43	1.77
CTBI	Community Trust Bancorp Inc.	Pikeville, KY	801	134	10.8	12.7	94.5	3.4	5,360	1.62	11.27	20.50	1.82	9.48	2.14	1.20	9.14	1.76
SYBT	Stock Yards Bancorp Inc.	Louisville, KY	1,168	272	16.5	17.1	91.5	2.1	4,794	0.28	8.97	13.39	1.96	16.42	2.30	1.40	14.03	2.04
CARE	Carter Bankshares <sup>2</sup>	Martinsville, VA	348	79	14.7	12.3	88.1	--	4,179	3.76	10.53	14.33	0.26	2.49	0.79	NM	NM	NM
CCBG	Capital City Bank Group Inc.	Tallahassee, FL	427	181	14.4	14.5	87.4	2.4	3,930	0.49	6.13	17.20	1.78	9.02	2.46	0.91	9.20	1.84
ACBI	Atlantic Capital Bcshs Inc.	Atlanta, GA	535	168	13.8	13.5	90.9	--	3,733	0.47	8.56	16.40	1.48	11.76	1.34	0.76	6.68	1.55
HTBI	HomeTrust Bancshares Inc. <sup>2</sup>	Asheville, NC	443	119	16.9	21.4	99.6	1.2	3,680	0.51	10.36	12.68	1.05	9.56	1.02	0.67	5.81	1.07
SMBK	SmartFinancial Inc.	Knoxville, TN	352	127	12.0	11.2	96.4	1.0	3,557	0.25	8.00	13.63	1.21	10.92	1.52	0.94	8.48	1.44
SMMF	Summit Financial Group Inc.	Moorefield, WV	333	139	8.5	9.3	93.7	2.6	3,248	1.84	7.49	12.10	1.35	14.57	1.91	1.11	11.62	1.87
FRST	Primis Financial Corp. <sup>2</sup>	McLean, VA	354	124	12.9	12.7	88.1	2.8	3,089	0.50	9.49	17.09	0.88	7.00	1.60	0.68	5.26	1.49
AMNB	American National Bankshares	Danville, VA	373	149	11.3	13.0	93.2	3.2	3,073	0.14	8.42	15.56	1.53	10.85	1.89	1.11	9.32	1.64
RBNC	Reliant Bancorp Inc.	Brentwood, TN	459	172	10.3	10.8	88.9	1.7	3,057	0.26	8.90	14.09	1.60	16.13	2.20	1.38	13.39	2.07
FCBC	First Community Bankshares Inc. <sup>2</sup>	Bluefield, VA	507	175	13.3	14.0	92.9	3.5	3,011	1.13	10.09	15.53	1.58	11.15	2.10	1.32	9.09	2.11
SFST	Southern First Bancshares Inc. <sup>2</sup>	Greenville, SC	397	173	12.8	12.3	89.8	--	2,483	0.57	9.20	14.38	1.39	15.59	2.17	0.69	7.66	2.14
MVBF	MVB Financial Corp. <sup>2</sup>	Fairmont, WV	447	195	17.7	22.7	96.4	1.0	2,331	0.90	9.77	15.81	0.19	1.89	NM	0.15	1.43	0.94
CFFI	C&F Financial Corp.	Toano, VA	152	89	--	--	78.0	3.7	2,169	0.32	7.97	15.70	1.89	20.47	1.88	1.29	13.94	2.28
MCBS	MetroCity Bankshares Inc.	Doraville, GA	415	169	7.4	7.2	92.1	2.5	2,154	0.73	11.42	20.15	2.58	15.87	3.79	2.17	16.02	3.11
PFHD	Professional Holding Corp. <sup>2</sup>	Coral Gables, FL	235	123	13.9	14.2	89.2	--	2,057	0.52	9.33	14.70	1.08	10.68	1.73	0.60	5.64	1.32
	High		1,226	272	17.7	22.7	99.6	3.7	6,470	3.76	12.64	20.50	2.58	20.47	3.79	2.17	16.02	3.11
	Low		152	79	7.4	7.2	78.0	--	2,057	0.14	6.13	12.10	0.19	1.89	NM	NM	NM	NM
	Mean		536	155	13.1	13.8	91.6	2.3	3,686	0.82	9.36	15.92	1.38	11.29	1.96	1.07	9.29	1.82
	Median		435	158	13.1	13.0	91.8	2.5	3,403	0.55	9.26	15.63	1.37	10.89	1.89	1.11	9.14	1.84
<b>Selected Nationwide Major Exchange Banks and Thrifts with Total Assets \$2.0 Billion - \$6.5 Billion (115 Companies)</b>																		
	High		2,225	422	22.7	34.3	100.0	4.5	6,470	3.76	18.89	30.07	3.94	25.36	5.01	2.87	24.23	5.46
	Low		152	79	6.1	7.2	73.0	--	2,005	0.03	5.04	11.25	NM	NM	NM	NM	NM	NM
	Mean		510	147	12.4	13.0	91.7	2.4	3,779	0.67	9.13	15.81	1.32	12.60	1.82	1.25	10.99	1.76
	Median		428	135	11.9	12.3	92.8	2.5	3,346	0.54	8.98	15.20	1.33	12.98	1.74	1.28	10.64	1.75
<b>CSTR</b>	<b>Capstar Finl Hldgs Inc</b>	<b>Nashville, TN</b>	<b>409</b>	<b>139</b>	<b>8.9</b>	<b>10.6</b>	<b>96.8</b>	<b>1.3</b>	<b>3,150</b>	<b>0.19</b>	<b>9.50</b>	<b>16.29</b>	<b>1.46</b>	<b>12.64</b>	<b>1.96</b>	<b>1.19</b>	<b>10.17</b>	<b>1.85</b>

1) NPAs / Assets = (Nonaccrual Loans + TDR + OREO) / Total Assets

2) Financial information as of December 31, 2021

Source: S&P Global Market Intelligence

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