

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): July 26, 2018

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 (see General Instruction A.2. below):

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2018, CapStar Financial Holdings, Inc. (the “Company”) issued an earnings release announcing its financial results for the second quarter ended June 30, 2018. A copy of the earnings release is furnished as Exhibit 99.1 to this Current Report on Form 8-K (this “Report”) and is incorporated herein by reference.

Section 7 – Regulation FD

Item 7.01. Regulation FD Disclosure.

The Company will conduct a conference call at 9:00 a.m. (Central Time) on July 27, 2018 to discuss its financial results for the second quarter ended June 30, 2018. A copy of the presentation to be used for the conference call is furnished as Exhibit 99.2 to this Report and is incorporated herein by reference.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Earnings release issued on July 26, 2018 by CapStar Financial Holdings, Inc.
99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on July 27, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAPSTAR FINANCIAL HOLDINGS, INC.

By: /s/ Robert B. Anderson
Robert B. Anderson
Chief Financial Officer and Chief Administrative Officer

Date: July 26, 2018

EARNINGS RELEASE

CONTACT

Rob Anderson
Chief Financial Officer and Chief Administrative Officer
(615) 732-6470



CAPSTAR FINANCIAL HOLDINGS, INC. ANNOUNCES SECOND QUARTER 2018 RESULTS

NASHVILLE, TN, July 26, 2018/GlobeNewswire/ -- CapStar Financial Holdings, Inc. ("CapStar") (NASDAQ:CSTR) reported net income of \$3.5 million, or \$0.27 per share on a fully diluted basis, for the three months ended June 30, 2018, compared to a net loss of \$3.3 million, or (\$0.26) per share on a fully diluted basis, for the three months ended June 30, 2017. Net income for the six months ending June 30, 2018 was \$6.7 million, or \$0.52 per share on a fully diluted basis, compared to a net loss of \$3.0 million, or (\$0.24) per share on a fully diluted basis, for the six months ended June 30, 2017.

"Our associates followed up on our strong first quarter with a number of accomplishments during the second quarter that continue to demonstrate our focus on delivering sound, profitable growth for our shareholders," said Claire W. Tucker, CapStar's president and chief executive officer. "Excluding merger-related charges, operating net income⁽¹⁾ was \$3.8 million, or \$0.29 per share on a fully diluted basis, for the three months ended June 30, 2018."

Soundness

- The allowance for loan losses represented 1.41% of total loans at June 30, 2018 compared to 1.25% at June 30, 2017.
- Non-performing assets as a percentage of total loans and other real estate owned was 0.52% at June 30, 2018 compared to 0.32% at June 30, 2017.
- Annualized net charge-offs (recoveries) to average loans was 0.01% for the three months ended June 30, 2018 compared to 4.38% for the same period in 2017.
- The total risk based capital ratio was 12.45% at June 30, 2018 compared to 11.51% at June 30, 2017.

Profitability

Operating measures exclude merger-related expenses unrelated to CapStar's normal operations. CapStar believes these measures are useful to investors as they exclude certain costs resulting from acquisition activity and allow investors to more clearly see the economic results of the organization's operations.

- Operating return on average assets ("ROAA") for the three months ended June 30, 2018 was 1.08% compared to -0.96% for the same period in 2017.
- Operating return on average tangible equity ("ROATE") for the three months ended June 30, 2018 was 10.4% compared to -9.8% for the same period in 2017.

(1) For a reconciliation of the non-GAAP operating measures that exclude merger-related costs unrelated to CapStar's normal operations, see the non-GAAP financial measures section of this document.

- The net interest margin (“NIM”) for the three months ended June 30, 2018 was 3.46% compared to 3.20% for the same period in 2017.
- Operating efficiency ratio for the three months ended June 30, 2018 was 67.4% compared to 62.1% for the same period in 2017.

“Excluding merger-related expenses, our operating results were in line with our expectations. Delivering a 1.08% Operating ROAA in the second quarter is a step in the right direction towards improving our profitability profile,” said Rob Anderson, chief financial officer and chief administrative officer of CapStar.

Growth

- Average gross loans for the quarter ended June 30, 2018 increased 1.3%, to \$1.04 billion, compared to \$1.03 billion for the same period in 2017.
- Average demand deposits for the quarter ended June 30, 2018 increased 3.6%, to \$237.3 million, compared to \$229.1 million for the same period in 2017.
- Average total assets for the quarter ended June 30, 2018 increased 0.2%, to \$1.40 billion, compared to \$1.39 billion for the same period in 2017.

Merger Update

In addition, as announced on June 11, 2018, CapStar entered into a definitive merger agreement (the “Merger Agreement”) with Athens Bancshares Corporation (“Athens”). The Merger Agreement provides that Athens will merge with and into CapStar (the “Merger”), with CapStar as the surviving entity in the Merger and that, after the Merger, Athens’ wholly owned bank subsidiary, Athens Federal Community Bank, National Association, will merge with and into CapStar’s wholly owned bank subsidiary, CapStar Bank (the “Bank Merger,” together with the Merger, the “Mergers”), with CapStar Bank as the surviving entity in the Bank Merger.

The Merger Agreement was unanimously approved by the board of directors of each of CapStar and Athens. In the Merger, Athens shareholders will receive 2.864 shares of CapStar common stock for each share of Athens common stock. The all-stock transaction is valued at approximately \$113.5 million based on the closing price of CapStar common stock on June 11, 2018.

Athens operates 10 locations in Southeast Tennessee. As of June 30, 2018, Athens had approximately \$474 million in total assets, which included approximately \$338 million in total loans, and approximately \$412 million in total deposits.

CapStar expects to complete the Mergers in the fourth quarter of 2018. However, CapStar can provide no assurances of when or if the Mergers will be completed. CapStar must first obtain the approval of CapStar shareholders and Athens shareholders for the Mergers, as well as obtain necessary regulatory approvals and satisfy certain other closing conditions.

“We believe the second quarter financial results reported by Athens earlier this week support our confidence in the merits of this combination and the value creation potential for all of our shareholders,” said Claire W. Tucker, CapStar’s president and chief executive officer.

Conference Call and Webcast Information

CapStar will host a conference call and webcast at 9:00 a.m. Central Time on Friday, July 27, 2018. During the call, management will review the second quarter results and operational highlights. Interested parties may listen to the call by dialing (844) 412-1002. The conference ID number is 7191747. A simultaneous webcast may be accessed on CapStar’s website at ir.capstarbank.com by clicking on “News & Events”. An archived version of the webcast will be available in the same location shortly after the live call has ended.

About CapStar Financial Holdings, Inc.

CapStar Financial Holdings, Inc. is a bank holding company headquartered in Nashville, Tennessee, and operates primarily through its wholly owned subsidiary, CapStar Bank, a Tennessee-chartered state bank. CapStar Bank is a commercial bank that seeks to establish and maintain comprehensive relationships with its clients by delivering customized and creative banking solutions and superior client service. As of June 30, 2018, on a consolidated basis, CapStar had total assets of \$1.4 billion, gross loans of \$1.0 billion, total deposits of \$1.1 billion, and shareholders' equity of \$153.1 million. Visit www.capstarbank.com for more information.

Important Additional Information about the Mergers and Where to Find It

In connection with the Mergers, CapStar has filed with the SEC a registration statement on Form S-4 (File Number 333-226112) that includes a joint proxy statement of CapStar and Athens and a prospectus of CapStar, as well as other relevant documents concerning the proposed Mergers. This earnings release does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **SHAREHOLDERS OF CAPSTAR AND ATHENS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE MERGERS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGERS.** When filed, this earnings release and other documents relating to the Mergers filed by CapStar with the SEC can be obtained free of charge from the SEC's website at www.sec.gov. These documents also can be obtained free of charge by accessing CapStar's website at <https://ir.capstarbank.com/> under the tab "Financials & Filings." Alternatively, these documents, when available, can be obtained free of charge from CapStar upon written request to CapStar Financials Holding, Inc., 1201 Demonbreun Street, Suite 700, Nashville, Tennessee 37203, Attention: Investor Relations or by calling (615) 732-6455.

Participants in the Solicitation

CapStar, Athens and certain of their respective directors, executive officers and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed Mergers. Information regarding CapStar's directors and executive officers is available in its definitive proxy statement, which was filed with the SEC on March 19, 2018, and certain of its Current Reports on Form 8-K. Information about the directors and executive officers of Athens is set forth in the joint proxy statement/prospectus when it is filed with the SEC. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the joint proxy statement/prospectus and other relevant materials filed with the SEC. Free copies of this document may be obtained as described in the preceding paragraph.

Forward-Looking Statements

Certain statements in this earnings release are forward-looking statements that reflect CapStar's current views with respect to, among other things, future events, including, without limitation, the terms, timing and closing of the proposed Mergers and CapStar's financial and operational performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "aspire," "achieve," "estimate," "intend," "plan," "project," "projection," "forecast," "roadmap," "goal," "guidance", "target," "would," and "outlook," or the negative version of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about CapStar's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond CapStar's control. The inclusion of these forward-looking statements should not be regarded as a representation by CapStar or any other person that such expectations, estimates and projections will be achieved. Accordingly, CapStar cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although CapStar believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. There are or will be important factors that could cause CapStar's actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, any factors identified in this earnings release as well as those factors that are detailed from time to time in CapStar's periodic and current reports filed with the Securities and Exchange Commission, including those factors included in the

Company's Annual Report on Form 10-K for the year ended December 31, 2017 under the headings "Item 1A. Risk Factors" and "Cautionary Note Regarding Forward Looking Statements" and in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If one or more events related to these or other risks or uncertainties materialize, or if CapStar's underlying assumptions prove to be incorrect, actual results may differ materially from our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this earnings release, and CapStar does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for CapStar to predict their occurrence or how they will affect CapStar.

Non-GAAP Disclaimer

This earnings release includes the following financial measures that were prepared other than in accordance with generally accepted accounting principles in the United States ("non-GAAP financial measure"): operating net income, operating diluted net income per share, operating return on average assets, operating return on average tangible equity, tangible book value per share and operating efficiency ratio. These non-GAAP financial measures (i) provide useful information to management and investors that is supplementary to CapStar's financial condition, results of operations and cash flows computed in accordance with GAAP, (ii) enable a more complete understanding of factors and trends affecting CapStar's business, and (iii) allow investors to evaluate CapStar's performance in a manner similar to management, the financial services industry, bank stock analysts and bank regulators; however, CapStar acknowledges that these non-GAAP financial measures have a number of limitations. As such, you should not view these non-GAAP financial measures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. See below for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Consolidated Statements of Income (unaudited) (dollars in thousands, except share data)

Second Quarter 2018 Earnings Release

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income:				
Loans, including fees	\$ 13,796	\$ 11,373	\$ 26,030	\$ 21,840
Securities:				
Taxable	939	983	1,815	1,987
Tax-exempt	261	317	546	642
Federal funds sold	19	16	39	18
Restricted equity securities	128	86	257	163
Interest-bearing deposits in financial institutions	211	115	411	219
Total interest income	15,354	12,890	29,098	24,869
Interest expense:				
Interest-bearing deposits	892	586	1,646	1,204
Savings and money market accounts	1,413	773	2,418	1,587
Time deposits	834	574	1,483	1,046
Federal funds purchased	1	7	1	11
Federal Home Loan Bank advances	627	379	1,117	519
Total interest expense	3,767	2,319	6,665	4,367
Net interest income	11,587	10,571	22,433	20,502
Provision for loan losses				
Net interest income after provision for loan losses	11,418	881	21,587	7,408
Noninterest income:				
Treasury management and other deposit service charges	427	342	829	670
Loan commitment fees	185	187	572	423
Net gain on sale of securities	3	40	3	34
Tri-Net fees	325	297	853	382
Mortgage banking income	1,383	1,370	2,695	2,587
Other noninterest income	442	430	902	703
Total noninterest income	2,765	2,666	5,854	4,799
Noninterest expense:				
Salaries and employee benefits	6,340	4,784	12,598	9,870
Data processing and software	810	711	1,608	1,331
Professional fees	344	350	819	714
Occupancy	535	539	1,056	987
Equipment	602	544	1,141	1,040
Regulatory fees	233	301	436	608
Merger related expenses	335	—	335	—
Other operating	806	988	1,593	2,042
Total noninterest expense	10,005	8,217	19,586	16,592
Income (loss) before income taxes	4,178	(4,670)	7,855	(4,385)
Income tax (benefit) expense				
Net income (loss)	\$ 3,513	\$ (3,342)	\$ 6,707	\$ (3,010)
Per share information:				
Basic net income (loss) per share of common stock	\$ 0.30	\$ (0.30)	\$ 0.57	\$ (0.27)
Diluted net income (loss) per share of common stock	\$ 0.27	\$ (0.26)	\$ 0.52	\$ (0.24)
Weighted average shares outstanding:				
Basic	11,845,822	11,226,216	11,755,535	11,218,624
Diluted	13,067,223	12,740,104	13,021,744	12,761,989

This information is preliminary and based on company data available at the time of the presentation.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Selected Quarterly Financial Data (unaudited) (dollars in thousands, except share data)

Second Quarter 2018 Earnings Release

	Five Quarter Comparison				
	6/30/18	3/31/18	12/31/17	9/30/17	6/30/17
Income Statement Data:					
Net interest income	\$ 11,587	\$ 10,846	\$ 10,518	\$ 10,843	\$ 10,571
Provision for loan losses	169	678	(30)	(195)	9,690
Net interest income after provision for loan losses	11,418	10,168	10,548	11,038	881
Treasury management and other deposit service charges	427	402	419	427	342
Loan commitment fees	185	387	124	224	188
Net gain (loss) on sale of securities	3	—	(108)	9	40
Tri-Net fees	325	528	254	367	297
Mortgage banking income	1,383	1,313	1,621	2,030	1,370
Other noninterest income	442	458	426	315	429
Total noninterest income	2,765	3,088	2,736	3,372	2,666
Salaries and employee benefits	6,340	6,257	5,411	5,119	4,784
Data processing and software	810	798	746	709	711
Professional fees	344	474	473	336	350
Occupancy	535	521	507	531	539
Equipment	602	539	467	564	544
Regulatory fees	233	203	234	270	301
Merger related expenses	335	—	—	—	—
Other operating	806	788	861	945	988
Total noninterest expense	10,005	9,580	8,699	8,474	8,217
Net income (loss) before income tax expense	4,178	3,676	4,585	5,936	(4,670)
Income tax (benefit) expense	665	483	4,494	1,516	(1,328)
Net income (loss)	\$ 3,513	\$ 3,193	\$ 91	\$ 4,420	\$ (3,342)
Weighted average shares - basic	11,845,822	11,664,467	11,403,689	11,279,364	11,226,216
Weighted average shares - diluted	13,067,223	12,975,981	12,938,288	12,750,423	12,740,104
Net income (loss) per share, basic	\$ 0.30	\$ 0.27	\$ 0.01	\$ 0.39	\$ (0.30)
Net income (loss) per share, diluted	0.27	0.25	0.01	0.35	(0.26)
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 58,222	\$ 51,125	\$ 82,797	\$ 69,789	\$ 48,093
Securities available-for-sale	183,364	189,580	192,621	146,600	155,663
Securities held-to-maturity	3,746	3,752	3,759	45,635	46,458
Loans held for sale	65,320	62,286	74,093	53,225	73,573
Total loans	1,046,525	1,031,821	947,537	974,530	996,617
Allowance for loan losses	(14,705)	(14,563)	(13,721)	(14,122)	(12,454)
Total assets	1,401,181	1,382,745	1,344,429	1,338,559	1,371,626
Non-interest-bearing deposits	223,579	258,161	301,742	250,007	231,169
Interest-bearing deposits	921,435	869,393	818,124	841,488	889,816
Federal Home Loan Bank advances	95,000	100,000	70,000	95,000	105,000
Total liabilities	1,248,035	1,234,052	1,197,483	1,194,355	1,233,596
Shareholders' equity	\$ 153,146	\$ 148,693	\$ 146,946	\$ 144,204	\$ 138,031
Total shares of common stock outstanding	11,931,131	11,773,358	11,582,026	11,346,498	11,235,255
Total shares of preferred stock outstanding	878,049	878,049	878,049	878,049	878,049
Book value per share of common stock	\$ 12.08	\$ 11.87	\$ 11.91	\$ 11.92	\$ 11.48
Tangible book value per share of common stock*	11.56	11.34	11.37	11.36	10.93
Market value per share of common stock	\$ 18.53	\$ 18.83	\$ 20.77	\$ 19.58	\$ 17.74
Capital ratios:					
Total risk based capital	12.45%	12.22%	12.52%	12.41%	11.51%
Tier 1 risk based capital	11.33%	11.11%	11.41%	11.28%	10.54%
Common equity tier 1 capital	10.66%	10.43%	10.70%	10.58%	9.86%
Leverage	10.87%	10.91%	10.77%	10.36%	9.77%

*This metric is a non-GAAP financial measure. See below for reconciliation to the most directly comparable GAAP financial measure.

This information is preliminary and based on company data available at the time of the presentation.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Selected Quarterly Financial Data (unaudited) (dollars in thousands, except share data)

Second Quarter 2018 Earnings Release

	Five Quarter Comparison				
	6/30/18	3/31/18	12/31/17	9/30/17	6/30/17
Average Balance Sheet Data:					
Cash and cash equivalents	\$ 63,064	\$ 60,965	\$ 64,850	\$ 59,352	\$ 62,002
Investment securities	197,933	203,274	202,818	207,926	227,431
Loans held for sale	58,297	68,084	66,311	67,886	34,690
Loans	1,041,835	983,496	956,441	991,238	1,028,968
Assets	1,396,359	1,351,129	1,329,621	1,367,993	1,393,331
Interest bearing deposits	901,076	840,871	827,732	857,344	882,721
Deposits	1,138,400	1,111,182	1,081,380	1,094,500	1,111,833
Federal Home Loan Bank advances	99,121	84,533	92,554	123,315	128,901
Liabilities	1,244,824	1,202,854	1,181,954	1,226,438	1,250,544
Shareholders' equity	151,535	148,276	147,667	141,556	142,787
Performance Ratios:					
Annualized return on average assets	1.01%	0.96%	0.03%	1.28%	-0.96%
Annualized return on average equity	9.30%	8.74%	0.25%	12.38%	-9.39%
Net interest margin (1)	3.46%	3.39%	3.31%	3.31%	3.20%
Annualized Non-interest income to average assets	0.79%	0.93%	0.82%	0.98%	0.77%
Efficiency ratio	69.7%	68.8%	65.6%	59.6%	62.1%
Loans by Type (at period end):					
Commercial and industrial	\$ 386,065	\$ 408,353	\$ 373,248	\$ 394,600	\$ 406,636
Commercial real estate - owner occupied	121,475	131,741	101,132	103,183	97,634
Commercial real estate - non-owner occupied	286,769	258,016	249,489	263,594	288,124
Construction and development	96,580	91,953	82,586	79,951	62,152
Consumer real estate	109,915	104,224	102,581	100,811	99,750
Consumer	9,671	9,524	6,862	6,289	4,096
Other	36,428	28,750	31,984	26,461	38,784
Asset Quality Data:					
Allowance for loan losses to total loans	1.41%	1.41%	1.45%	1.45%	1.25%
Allowance for loan losses to non-performing loans	271%	1096%	509%	446%	386%
Nonaccrual loans	\$ 5,419	\$ 1,329	\$ 2,695	\$ 3,165	\$ 3,229
Troubled debt restructurings	1,173	1,190	1,206	1,222	1,239
Loans - over 90 days past due and accruing	216	-	231	27	15
Total non-performing loans	5,419	1,329	2,695	3,165	3,229
OREO and repossessed assets	-	-	-	-	-
Total non-performing assets	5,419	1,329	2,695	3,165	3,229
Non-performing loans to total loans	0.52%	0.13%	0.28%	0.32%	0.32%
Non-performing assets to total assets	0.39%	0.10%	0.20%	0.24%	0.24%
Non-performing assets to total loans and OREO	0.52%	0.13%	0.28%	0.32%	0.32%
Annualized net charge-offs (recoveries) to average loans	0.01%	-0.07%	0.15%	-0.75%	4.38%
Net charge-offs (recoveries)	\$ 27	\$ (165)	\$ 372	\$ (1,863)	\$ 11,233
Interest Rates and Yields:					
Loans	5.04%	4.74%	4.54%	4.55%	4.29%
Securities (1)	2.82%	2.69%	2.84%	2.72%	2.74%
Total interest-earning assets (1)	4.58%	4.29%	4.11%	4.12%	3.90%
Deposits	1.11%	0.88%	0.78%	0.77%	0.70%
Borrowings and repurchase agreements	2.53%	2.35%	2.04%	1.81%	1.18%
Total interest-bearing liabilities	1.51%	1.27%	1.12%	1.08%	0.92%
Other Information:					
Full-time equivalent employees	183	182	175	168	169

This information is preliminary and based on company data available at the time of the presentation.

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

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Analysis of Interest Income and Expense, Rates and Yields (unaudited) (dollars in thousands)

Second Quarter 2018 Earnings Release

	For the Three Months Ended June 30,					
	2018			2017		
	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate
Interest-Earning Assets						
Loans (1)	\$ 1,041,835	\$ 13,090	5.04%	\$ 1,028,968	\$ 11,011	4.29%
Loans held for sale	58,297	706	4.86%	34,690	362	4.18%
Securities:						
Taxable investment securities (2)	155,552	1,067	2.74%	174,075	1,069	2.46%
Investment securities exempt from federal income tax (3)	42,381	261	3.12%	53,356	317	3.66%
Total securities	197,933	1,328	2.82%	227,431	1,386	2.74%
Cash balances in other banks	50,335	211	1.68%	49,735	115	0.93%
Funds sold	2,898	19	2.57%	3,637	16	1.78%
Total interest-earning assets	1,351,298	15,354	4.58%	1,344,461	12,890	3.90%
Noninterest-earning assets	45,061			48,870		
Total assets	<u>\$ 1,396,359</u>			<u>\$ 1,393,331</u>		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 279,705	892	1.28%	\$ 302,532	586	0.78%
Savings and money market deposits	428,330	1,413	1.32%	379,800	773	0.82%
Time deposits	193,041	834	1.73%	200,389	574	1.15%
Total interest-bearing deposits	901,076	3,139	1.40%	882,721	1,933	0.88%
Borrowings and repurchase agreements	99,286	628	2.53%	130,824	386	1.18%
Total interest-bearing liabilities	1,000,362	3,767	1.51%	1,013,545	2,319	0.92%
Noninterest-bearing deposits	237,324			229,111		
Total funding sources	1,237,686			1,242,656		
Noninterest-bearing liabilities	7,138			7,888		
Shareholders' equity	151,535			142,787		
Total liabilities and shareholders' equity	<u>\$ 1,396,359</u>			<u>\$ 1,393,331</u>		
Net interest spread (4)			3.07%			2.98%
Net interest income/margin (5)		<u>\$ 11,587</u>	3.46%		<u>\$ 10,571</u>	3.20%

- (1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.
- (2) Taxable investment securities include restricted equity securities.
- (3) Yields on tax exempt securities, total securities, and total interest-earning assets are shown on a tax equivalent basis.
- (4) Net interest spread is the average yield on total average interest-earning assets minus the average rate on total average interest-bearing liabilities.
- (5) Net interest margin is annualized net interest income calculated on a tax equivalent basis divided by total average interest-earning assets for the period.

This information is preliminary and based on company data available at the time of the presentation.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Analysis of Interest Income and Expense, Rates and Yields (unaudited) (dollars in thousands)

Second Quarter 2018 Earnings Release

	For the Six Months Ended June 30,					
	2018			2017		
	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate
Interest-Earning Assets						
Loans (1)	\$ 1,012,827	\$ 24,574	4.89%	\$ 1,001,810	\$ 21,205	4.27%
Loans held for sale	63,163	1,456	4.65%	31,542	635	4.06%
Securities:						
Taxable investment securities (2)	155,918	2,072	2.66%	177,840	2,150	2.42%
Investment securities exempt from federal income tax (3)	44,671	546	3.09%	54,391	642	3.63%
Total securities	200,589	2,618	2.75%	232,231	2,792	2.70%
Cash balances in other banks	49,465	411	1.68%	48,893	219	0.91%
Funds sold	3,216	39	2.41%	2,689	18	1.39%
Total interest-earning assets	1,329,260	29,098	4.44%	1,317,165	24,869	3.86%
Noninterest-earning assets	44,610			49,766		
Total assets	<u>\$ 1,373,870</u>			<u>\$ 1,366,931</u>		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 283,002	1,646	1.17%	\$ 316,502	1,204	0.77%
Savings and money market deposits	404,064	2,418	1.21%	406,937	1,587	0.79%
Time deposits	184,074	1,483	1.62%	184,446	1,046	1.14%
Total interest-bearing deposits	871,140	5,547	1.28%	907,885	3,837	0.85%
Borrowings and repurchase agreements	92,006	1,118	2.45%	88,206	530	1.21%
Total interest-bearing liabilities	963,146	6,665	1.40%	996,091	4,367	0.88%
Noninterest-bearing deposits	253,727			219,762		
Total funding sources	1,216,873			1,215,853		
Noninterest-bearing liabilities	7,083			8,905		
Shareholders' equity	149,914			142,173		
Total liabilities and shareholders' equity	<u>\$ 1,373,870</u>			<u>\$ 1,366,931</u>		
Net interest spread (4)			3.04%			2.98%
Net interest income/margin (5)		<u>\$ 22,433</u>	3.43%		<u>\$ 20,502</u>	3.19%

- (1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.
- (2) Taxable investment securities include restricted equity securities.
- (3) Yields on tax exempt securities, total securities, and total interest-earning assets are shown on a tax equivalent basis.
- (4) Net interest spread is the average yield on total average interest-earning assets minus the average rate on total average interest-bearing liabilities.
- (5) Net interest margin is annualized net interest income calculated on a tax equivalent basis divided by total average interest-earning assets for the period.

This information is preliminary and based on company data available at the time of the presentation.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Non-GAAP Financial Measures (unaudited) (dollars in thousands except share data)

Second Quarter 2018 Earnings Release

	Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 31, 2017	June 30, 2017
Operating net income (loss):					
Net income (loss)	\$ 3,513	\$ 3,193	\$ 91	\$ 4,420	\$ (3,342)
Add: merger related expenses	335	—	—	—	—
Less: income tax impact of merger related expenses	(88)	—	—	—	—
Operating net income (loss)	<u>\$ 3,760</u>	<u>\$ 3,193</u>	<u>\$ 91</u>	<u>\$ 4,420</u>	<u>\$ (3,342)</u>
Operating diluted net income (loss) per share of common stock:					
Operating net income (loss)	\$ 3,760	\$ 3,193	\$ 91	\$ 4,420	\$ (3,342)
Weighted average shares - diluted	13,067,223	12,975,981	12,938,288	12,750,423	12,740,104
Operating diluted net income (loss) per share of common stock	<u>\$ 0.29</u>	<u>\$ 0.25</u>	<u>\$ 0.01</u>	<u>\$ 0.35</u>	<u>\$ (0.26)</u>
Operating annualized return on average assets:					
Operating net income (loss)	\$ 3,760	\$ 3,193	\$ 91	\$ 4,420	\$ (3,342)
Average assets	\$ 1,396,359	\$ 1,351,129	\$ 1,329,621	\$ 1,367,993	\$ 1,393,331
Operating annualized return on average assets	<u>1.08%</u>	<u>0.96%</u>	<u>0.03%</u>	<u>1.28%</u>	<u>-0.96%</u>
Operating annualized return on average tangible equity:					
Average total shareholders' equity	\$ 151,535	\$ 148,276	\$ 147,667	\$ 141,556	\$ 142,787
Less: average intangible assets	(6,228)	(6,238)	(6,248)	(6,258)	(6,271)
Average tangible equity	145,307	142,038	141,419	135,298	136,516
Operating net income (loss)	\$ 3,760	\$ 3,193	\$ 91	\$ 4,420	\$ (3,342)
Operating annualized return on average tangible equity	<u>10.38%</u>	<u>9.12%</u>	<u>0.26%</u>	<u>12.96%</u>	<u>-9.82%</u>
Operating efficiency ratio:					
Total noninterest expense	\$ 10,005	\$ 9,580	\$ 8,699	\$ 8,474	\$ 8,217
Less: merger related expenses	(335)	—	—	—	—
Total operating noninterest expense	9,670	9,580	8,699	8,474	8,217
Net interest income	11,587	10,846	10,518	10,843	10,571
Total noninterest income	2,765	3,088	2,736	3,372	2,666
Total revenues	\$ 14,352	\$ 13,934	\$ 13,254	\$ 14,215	\$ 13,237
Operating efficiency ratio:	<u>67.38%</u>	<u>68.75%</u>	<u>65.63%</u>	<u>59.61%</u>	<u>62.08%</u>
Tangible Equity:					
Total shareholders' equity	\$ 153,146	\$ 148,693	\$ 146,946	\$ 144,204	\$ 138,031
Less: intangible assets	(6,228)	(6,238)	(6,248)	(6,258)	(6,271)
Tangible equity	<u>\$ 146,918</u>	<u>\$ 142,455</u>	<u>\$ 140,698</u>	<u>\$ 137,946</u>	<u>\$ 131,760</u>
Tangible Common Equity:					
Tangible equity	\$ 146,918	\$ 142,455	\$ 140,698	\$ 137,946	\$ 131,760
Less: preferred equity	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Tangible common equity	<u>\$ 137,918</u>	<u>\$ 133,455</u>	<u>\$ 131,698</u>	<u>\$ 128,946</u>	<u>\$ 122,760</u>
Tangible Book Value per Share of Common Stock:					
Tangible common equity	\$ 137,918	\$ 133,455	\$ 131,698	\$ 128,946	\$ 122,760
Total shares of common stock outstanding	11,931,131	11,773,358	11,582,026	11,346,498	11,235,255
Tangible book value per share of common stock	<u>\$ 11.56</u>	<u>\$ 11.34</u>	<u>\$ 11.37</u>	<u>\$ 11.36</u>	<u>\$ 10.93</u>

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Non-GAAP Financial Measures (unaudited) (dollars in thousands except share data)

Second Quarter 2018 Earnings Release

	Six Months Ended	
	June 30, 2018	June 30, 2017
Operating net income (loss):		
Net income (loss)	\$ 6,707	\$ (3,010)
Add: merger related expenses	335	—
Less: income tax impact of merger related expenses	(88)	—
Operating net income (loss)	<u>\$ 6,954</u>	<u>\$ (3,010)</u>
Operating diluted net income (loss) per share of common stock:		
Operating net income (loss)	\$ 6,954	\$ (3,010)
Weighted average shares - diluted	13,021,744	12,761,989
Operating diluted net income (loss) per share of common stock	<u>\$ 0.53</u>	<u>\$ (0.24)</u>
Operating annualized return on average assets:		
Operating net income (loss)	\$ 6,954	\$ (3,010)
Average assets	\$ 1,373,869	\$ 1,366,931
Operating annualized return on average assets	<u>1.02%</u>	<u>-0.44%</u>
Operating annualized return on average tangible equity:		
Average total shareholders' equity	\$ 149,914	\$ 142,173
Less: average intangible assets	(6,233)	(6,278)
Average tangible equity	143,681	135,895
Operating net income (loss)	\$ 6,954	\$ (3,010)
Operating annualized return on average tangible equity	<u>9.76%</u>	<u>-4.47%</u>
Operating efficiency ratio:		
Total noninterest expense	\$ 19,586	\$ 16,592
Less: merger related expenses	(335)	—
Total operating noninterest expense	19,251	16,592
Net interest income	22,433	20,502
Total noninterest income	5,854	4,799
Total revenues	\$ 28,287	\$ 25,301
Operating efficiency ratio:	<u>68.06%</u>	<u>65.58%</u>



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FINANCIAL HOLDINGS, INC.

**Second Quarter 2018
Earnings Call
July 27, 2018**

Disclaimers

Terminology

The terms “we,” “our,” “us,” “the Company,” “CSTR” and “CapStar” that appear in this presentation refer to CapStar Financial Holdings, Inc. and its wholly-owned subsidiary, CapStar Bank. The terms “CapStar Bank,” “the Bank” and “our Bank” that appear in this presentation refer to CapStar Bank.

Contents of Presentation

Except as is otherwise expressly stated in this presentation, the contents of this presentation are presented as of the date on the front cover of this presentation.

Market Data

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

Non-GAAP Disclaimer

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

Disclaimers

Important Additional Information about the Mergers and Where to Find It

In connection with the mergers described more fully in CapStar's earnings release that is dated and was furnished to the Securities and Exchange Commission (the "SEC") on July 26, 2018 (the "Mergers"), CapStar has filed with the SEC a registration statement on Form S-4 (File Number 333-226112) that includes a joint proxy statement of CapStar and Athens Bancshares Corporation ("Athens") and a prospectus of CapStar, as well as other relevant documents concerning the proposed Mergers. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **SHAREHOLDERS OF CAPSTAR AND ATHENS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE MERGERS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGERS.** When filed, this presentation and other documents relating to the Mergers filed by CapStar with the SEC can be obtained free of charge from the SEC's website at www.sec.gov. These documents also can be obtained free of charge by accessing CapStar's website at <https://ir.capstarbank.com/> under the tab "Financials & Filings." Alternatively, these documents can be obtained free of charge from CapStar upon written request to CapStar Financials Holding, Inc., 1201 Demonbreun Street, Suite 700, Nashville, Tennessee 37203, Attention: Investor Relations or by calling (615) 732-6455.

Participants in the Solicitation

CapStar, Athens and certain of their respective directors, executive officers and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed Mergers. Information regarding CapStar's directors and executive officers is available in its definitive proxy statement, which was filed with the SEC on March 19, 2018, and certain of its Current Reports on Form 8-K. Information about the directors and executive officers of Athens is set forth in the joint proxy statement/prospectus filed with the SEC. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the joint proxy statement/prospectus and other relevant materials filed with the SEC. Free copies of this document may be obtained as described in the preceding paragraph.

Safe Harbor Statements

Certain statements in this presentation are forward-looking statements that reflect our current views with respect to, among other things, future events and our financial and operational performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "including, without limitation, the terms, timing and closing of the proposed Mergers," "expect," "continue," "will," "anticipate," "seek," "aspire," "estimate," "intend," "plan," "project," "projection," "forecast," "roadmap," "goal," "target," "guidance," "would," and "outlook," or the negative version of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. The inclusion of these forward-looking statements should not be regarded as a representation by us or any other person that such expectations, estimates and projections will be achieved. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

The terms, timing, and closing of the proposed mergers with Athens; the acceptance by customers of Athens of the Company's products and services if the proposed mergers close; the ability of the Company and Athens to complete the mergers; the ability of the Company and Athens to satisfy the conditions to the completion of the merger transaction, including the approval of the merger transaction by Athens' shareholders and the receipt of all regulatory approvals required for the merger transaction on the terms expected in the merger agreement; economic conditions (including interest rate environment, government economic and monetary policies, the strength of global financial markets and inflation and deflation) that impact the financial services industry as a whole and/or our business; the concentration of our business in the Nashville metropolitan statistical area ("MSA") and the effect of changes in the economic, political and environmental conditions on this market; increased competition in the financial services industry, locally, regionally or nationally, which may adversely affect pricing and the other terms offered to our clients; our dependence on our management team and board of directors and changes in our management and board composition; our reputation in the community; our ability to execute our strategy and to achieve our loan ROAA and efficiency ratio goals, hire seasoned bankers, loan and deposit growth through organic growth and strategic acquisitions; credit risks related to the size of our borrowers and our ability to adequately identify, assess and limit our credit risk; our concentration of large loans to a small number of borrowers; the significant portion of our loan portfolio that originated during the past two years and therefore may less reliably predict future collectability than older loans; the adequacy of reserves (including our allowance for loan and lease losses) and the appropriateness of our methodology for calculating such reserve; non-performing loans and leases; non-performing assets; charge-offs, non-accruals, troubled debt restructurings, impairments and other credit-related issues; adverse trends in the healthcare service industry, which is an integral component of our market's economy; our management of risks inherent in our commercial real estate loan portfolio, and the risk of a prolonged downturn in the real estate market, which could impair the value of our collateral and our ability to sell collateral upon any foreclosure; governmental legislation and regulation, including changes in the nature and timing of the adoption and effectiveness of new requirements under the Dodd-Frank Act of 2010, as amended, Basel guidelines, capital requirements, accounting regulation or standards and other applicable laws and regulations; the impact of the Tax Cuts and Job Act of 2017 on the Company and its financial performance and results of operations; the loss of large depositor relationships, which could force us to fund our business through more expensive and less stable sources; operational and liquidity risks associated with our business, including liquidity risks inherent in correspondent banking; volatility in interest rates and our overall management of interest rate risk, including managing the sensitivity of our interest-earning assets and interest-bearing liabilities to interest rates, and the impact to our earnings from a change in interest rates; the potential for our bank's regulatory lending limits and other factors related to our size to restrict our growth and prevent us from effectively implementing our business strategy; strategic acquisitions we may undertake to achieve our goals; the sufficiency of our capital, including sources of capital and the extent to which we may be required to raise additional capital to meet our goals; fluctuations in the fair value of our investment securities that are beyond our control; deterioration in the fiscal position of the U.S. government and downgrades in Treasury and federal agency securities; potential exposure to fraud, negligence, computer theft and cyber-crime; the adequacy of our risk management framework; our dependence on our information technology and telecommunications systems and the potential for any systems failures or interruptions; our dependence upon outside third parties for the processing and handling of our records and data; our ability to adapt to technological change; the financial soundness of other financial institutions; our exposure to environmental liability risk associated with our lending activities; our engagement in derivative transactions; our involvement from time to time in legal proceedings and examinations and remedial actions by regulators; the susceptibility of our market to natural disasters and acts of God; and the effectiveness of our internal controls over financial reporting and our ability to remediate any future material weakness in our internal controls over financial reporting.

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

2Q18 Highlights

2Q18 performance demonstrates objectives of sound, profitable growth

Highlights

- Excluding \$335k of one time merger related expenses, Operating Fully Diluted EPS⁽¹⁾ of \$0.29
- Operating Return on Average Assets⁽¹⁾ of 1.08%
- Net Interest Margin expanded 7 bps from the prior quarter; Loan Yields expanded 30 bps from the prior quarter
- Average HFI Loan growth up 24% from prior quarter
- Treasury Management fees up 25% over the prior year and quarter
- Allowance for Loan Losses at 1.41% of Gross Loans; \$27K Net Charge-Off for the quarter while maintaining a Net Recovery of \$138K for the year

Financial Results

	GAAP	Non-GAAP Operating ⁽¹⁾
Fully Diluted EPS	\$0.27	\$0.29
ROAA	1.01%	1.08%
ROATE	9.70%	10.38%
Efficiency Ratio	69.7%	67.4%
Net Interest Margin ⁽²⁾	3.46%	3.46%

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

(2) Calculated on a tax equivalent basis

Loan Growth

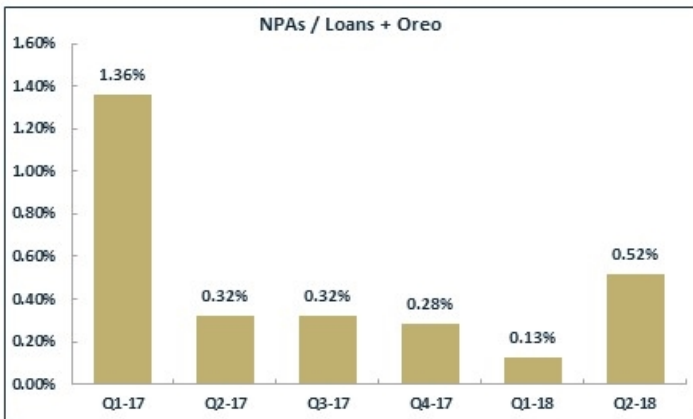
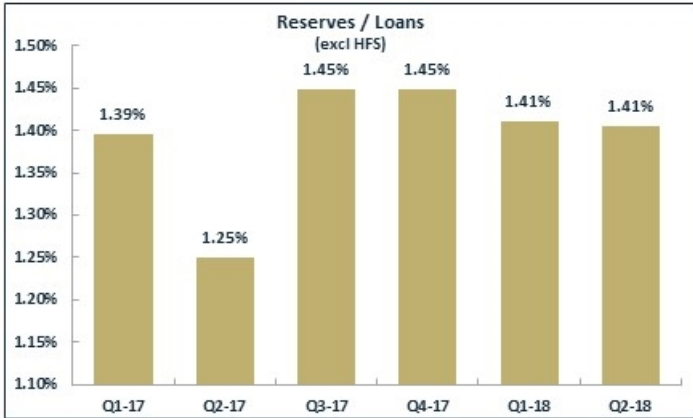


- Growth occurred across all client segments, except Healthcare.
- Unfunded commitments provide opportunity for future growth.
- **Avg HFI** loan growth up 24% from Q1-18
- **EOP HFI** loan growth of 18% from Q1-18, excluding Healthcare

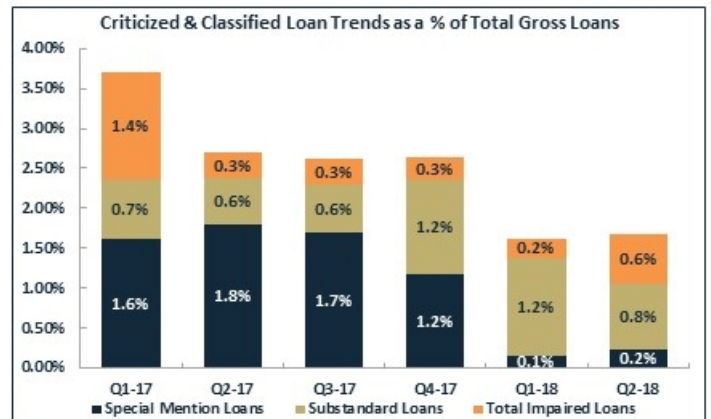
\$ in millions	Q2-18	Change Vs. Q1-18*		Change Vs. Q2-17	
	\$	\$	%	\$	%
Balance Sheet (EOP Balances)					
Commercial and Industrial	\$ 386	\$ (22)	-22%	\$ (21)	-5%
Commercial Real Estate	408	18	19%	22	6%
Consumer Real Estate	110	6	22%	10	10%
Construction & Land Development	97	5	20%	34	55%
Consumer	10	0	6%	6	136%
Other	36	8	115%	(2)	-6%
Total Loans HFI	\$ 1,047	\$ 15	6%	\$ 50	5%
Loans - Healthcare	139	(23)	-58%	(49)	-26%
Total Loans HFI - excl. Healthcare	\$ 908	\$ 38	18%	\$ 99	12%

*Annualized % change from 1Q18 to 2Q18

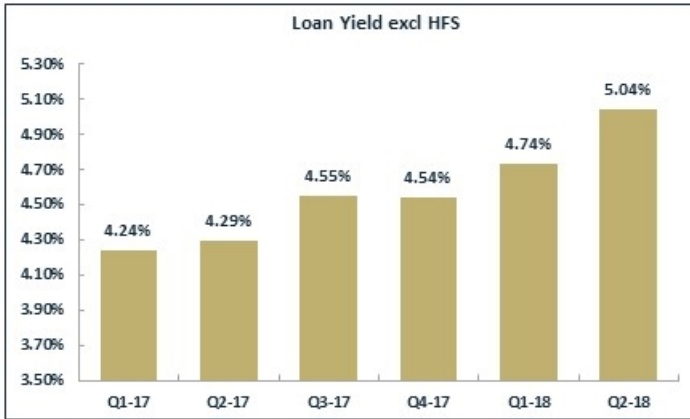
Credit Quality



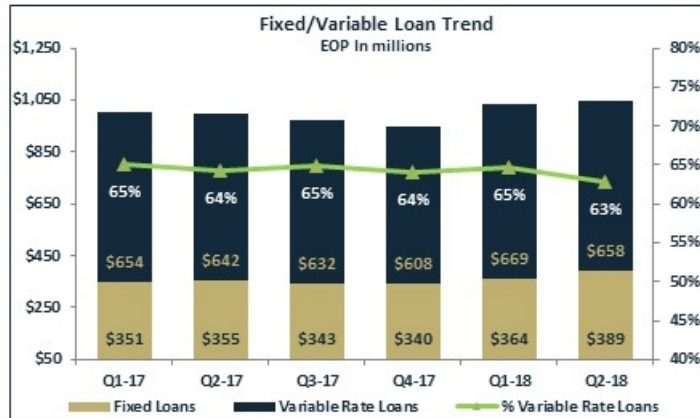
- Net Charge-Off of \$27K for the quarter and Net Recovery of \$138K June YTD.
- NPAs/Loans + OREO up 39 bps vs. last quarter. One loan moved to non accrual.
- We remain adequately reserved at 1.41%.



Loan Yields



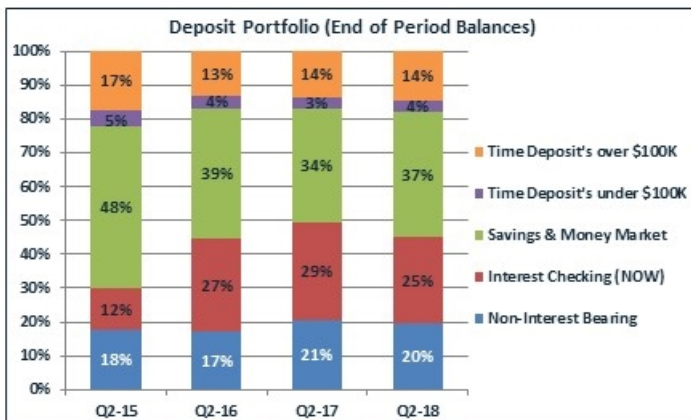
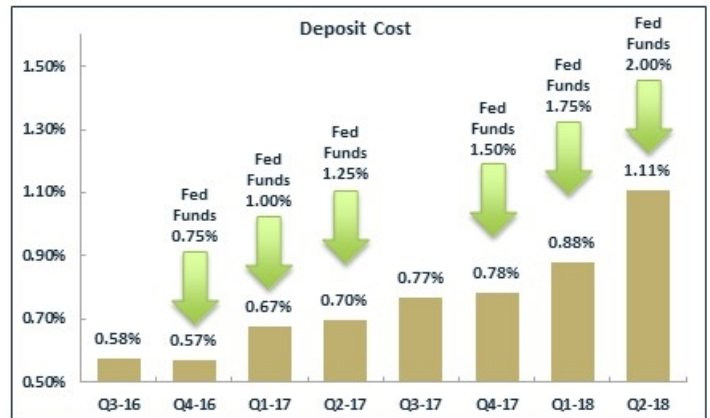
- The average loan yield increased 30 bps from the prior quarter.
- Variable rate loans are repricing as expected and improved the overall loan yield 11 bps.
- Loan fees increased with new SBA Loans.
- 63% of our loan portfolio is variable rate and predominantly tied to 1 month LIBOR.



1Q18 (Avg)	4.74%
New Loan Production	0.01%
Repricing of Variable Rate Loans	0.11%
Loan Volume/Mix	0.04%
Increase in Loan Fees	0.14%
2Q18 (Avg)	5.04%

Deposit Growth and Costs

- With the last six rate increases, we have held our deposit costs to a 35% beta (0.58%-1.11% with a 150 bps increase in Fed Funds).
- 45% of our deposit book is in some form of checking account (DDA & NOW).
- Decreases in our DDA balances contributed to the increase in our Deposit cost.



\$ in millions	Q2-18		Change Vs. Q1-18*		Change Vs. Q2-17	
	\$	%	\$	%	\$	%
Balance Sheet (Avg Balances)						
Non-Interest Bearing	\$ 237		\$ (33)	-49%	\$ 8	4%
Interest Checking (NOW)	280		(7)	-9%	(23)	-8%
Savings & Money Market	428		49	52%	49	13%
Time Deposit's under \$100K	38		2	24%	(1)	-3%
Time Deposit's over \$100K	155		16	46%	(6)	-4%
Deposits	\$ 1,138		\$ 27	10%	\$ 27	2%

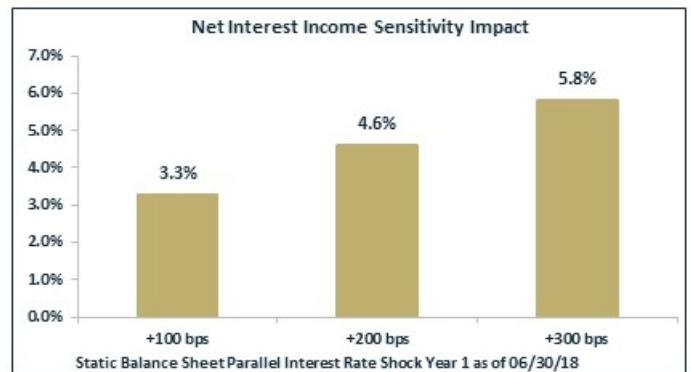
* Annualized % Change from 1Q18 to 2Q18

Net Interest Margin



- Asset sensitive balance sheet positions us well in a rising rate environment.
- Our NIM increased 7 bps due to:
 - Improved balance sheet mix
 - Variable rate loan book repricing with rate increases
 - Increase in loans fees with SBA loans
 - Deposit costs impacted net interest margin 22 bps

Net Interest Margin	
1Q18 (Avg)	3.39%
Loan Volumes & Pricing	0.22%
Increase in Loan Fees	0.08%
Increase in Deposit Costs	-0.22%
Investment & Cash Mix	-0.01%
2Q18 (Avg)	3.46%



Non-Interest Income

Non-interest Income down from prior quarter due to loan fees and timing of Tri-Net loan sales

(Dollars in thousands)	Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Non-Interest Income					
Treasury Management and Other Deposit Service Charges	\$ 427	\$ 402	\$ 419	\$ 427	\$ 342
Loan Commitment Fees	185	387	124	224	187
Net Gain (Loss) on Sale of Securities	3	0	(108)	9	40
Tri-Net Fees	325	528	254	367	297
Mortgage Banking Income	1,383	1,313	1,621	2,030	1,370
Other	442	458	426	315	430
Total Non-Interest Income	\$ 2,765	\$ 3,088	\$ 2,736	\$ 3,372	\$ 2,666
<i>Average Assets</i>	<i>\$ 1,396,359</i>	<i>\$ 1,351,129</i>	<i>\$ 1,329,621</i>	<i>\$ 1,367,993</i>	<i>\$ 1,393,331</i>
<i>Non-Interest Income / Average Assets</i>	<i>0.79%</i>	<i>0.93%</i>	<i>0.82%</i>	<i>0.98%</i>	<i>0.77%</i>

- Treasury Management and Other Deposit Service charges have steadily increased 25% over prior quarter and prior year as we have continued to gain share of wallet with our client base.
- Loan Fees flat to prior year and down from prior quarter due to one-time arranger fees in Q1.
- Mortgage fees flat to prior year due to timing of loan sales. Q218 Origination volume up 28% annualized over prior year.

Non-Interest Expense

Excluding merger related charges, expense are flat to prior quarter as previously guided.

(Dollars in thousands)	Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Non-Interest Expense					
Salaries and Employee Benefits	\$ 6,340	\$ 6,257	\$ 5,411	\$ 5,119	\$ 4,784
Data Processing & Software	810	798	746	709	711
Professional Fees	344	474	473	336	350
Occupancy	535	521	507	531	539
Equipment	602	539	467	564	544
Regulatory Fees	233	203	234	270	301
Merger-Related Charges	335	0	0	0	0
Other	806	788	861	945	988
Total Non-Interest Expense	\$ 10,005	\$ 9,580	\$ 8,699	\$ 8,474	\$ 8,217
<i>Efficiency Ratio</i>	69.7%	68.8%	65.6%	59.6%	62.1%
<i>Average Assets</i>	\$ 1,396,359	\$ 1,351,129	\$ 1,329,621	\$ 1,367,993	\$ 1,393,331
<i>Non-Interest Expense / Average Assets</i>	2.88%	2.88%	2.60%	2.46%	2.37%
<i>FTE</i>	183	182	175	168	169
Operating Non-Interest Expense⁽¹⁾	\$ 9,671	\$ 9,580	\$ 8,699	\$ 8,474	\$ 8,217
Operating Efficiency Ratio⁽¹⁾	67.4%	68.8%	65.6%	59.6%	62.1%
Operating Non-Interest Expense/ Average Assets⁽¹⁾	2.78%	2.88%	2.60%	2.46%	2.37%

¹ Adjusted results are non-GAAP financial measures that adjust GAAP reported net income and other metrics for certain income and expense items as outlined in the non-GAAP reconciliation calculations, using a blended statutory income tax rate of 26.14% excluding one-time merger-related items.

Effective Tax Rate with Stock Compensation Benefits

- We have 294K stock options expiring in Q4-2018.
- Our normalized tax rate will be impacted by the exercise of these grants depending on the stock price at the date of exercise.

	2Q18		YTD 2018	
	Effective Tax Rate	\$ in thousands	Effective Tax Rate	\$ in thousands
Normalized income tax expense	23.0%	\$ 961	23.0%	\$ 1,807
Excess tax benefit	-6.6%	(277)	-8.1%	(640)
Other	-0.5%	(19)	-0.2%	(19)
Income tax expense	15.9%	\$ 665	14.6%	\$ 1,148

Assumed Stock Price -->

2018 Estimated remaining income tax benefit from stock compensation transactions*

Stock Price Sensitivity				
\$18.00	\$19.00	\$20.00	\$21.00	\$22.00
\$ (433,845)	\$ (510,632)	\$ (587,418)	\$ (664,205)	\$ (740,992)

*Assumes all 2018 expiring stock options and organizer warrants are exercised in 2018
 *Assumes current statutory tax rates

Capital

- Capital ratios are above regulatory guidelines.

<u>Capital Ratios</u>	Q2-18	Q1-18	Q4-17	Q3-17	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	10.53%	10.35%	10.51%	10.35%	NA
Tangible Common Equity / Tangible Assets*	9.89%	9.70%	9.84%	9.68%	NA
Tier 1 Leverage Ratio	10.87%	10.91%	10.77%	10.36%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	11.33%	11.11%	11.41%	11.28%	≥ 8.00%
Total Risk Based Capital Ratio	12.45%	12.22%	12.52%	12.41%	≥ 10.00%

*Reconciliation provided in non-GAAP tables

Athens Update

- Integration progressing as planned; closing anticipated in the fourth quarter 2018.
- CapStar and Athens share a common vision of creating a high performing financial institution across the state of Tennessee.
- The combination adds diversity in terms of industry, business mix and geography.
- Athens is an established and highly profitable community bank with dominant deposit market share in its primary market.
- Accretive to CapStar's deposit base and overall funding needs.
- Financial compelling transaction, resulting in double digit earnings accretion, manageable tangible book value dilution, and an enhanced pro forma capital position.
- Confident in our ability to execute on deal economics
 - 6% EPS accretion in 2019 and 10%+ in 2020
 - 25% Cost savings phased in at 60% in 2019; 100% thereafter
- We believe the combination will create a strong financial institution with an expanded product offering, attractive funding profile and enhanced scale to drive efficiency.

Key Takeaways*

- CapStar's strategy remains one of sound, profitable growth.
- Focused on increasing primary bank status with more clients.
- Focused on Athens integration and capturing synergies.
- Organic growth opportunities through market share takeaway.
- Strong first half performance with no credit issues.



Appendix: Historical Financials

Historical Financials

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
(Dollars in thousands, except per share information)								
STATEMENT OF INCOME DATA								
Interest Income	\$ 15,354	\$ 12,890	\$ 29,098	\$ 24,869	\$ 51,515	\$ 45,395	\$ 40,504	\$ 38,287
Interest Expense	3,767	2,319	6,665	4,367	9,651	6,932	5,731	5,871
Net Interest Income	11,587	10,571	22,433	20,502	41,863	38,463	34,773	32,416
Provision for Loan and Lease Losses	169	9,690	846	13,094	12,870	2,829	1,651	3,869
Non-Interest Income	2,765	2,666	5,854	4,799	10,908	11,084	8,884	7,419
Non-Interest Expense	10,005	8,217	19,586	16,592	33,765	33,129	30,977	28,562
Income before Income Taxes	4,178	(4,670)	7,855	(4,385)	6,136	13,590	11,029	7,404
Income Tax Expense	665	(1,328)	1,148	(1,375)	4,635	4,493	3,470	2,412
Net Income	3,513	(3,342)	6,707	(3,010)	1,501	9,097	7,559	4,992
Pre-Tax Pre-Provision Net Income *	4,347	5,020	8,702	8,709	19,006	16,419	12,680	11,273

* Reconciliation provided in non-GAAP tables

Historical Financials

	As of June 30,		As of December 31,			
	2018	2017	2017	2016	2015	2014
(Dollars in thousands, except per share information)						
BALANCE SHEET (AT PERIOD END)						
Cash & Due From Banks	\$ 58,222	\$ 48,093	\$ 82,797	\$ 80,111	\$ 100,185	\$ 73,934
Investment Securities	195,919	210,413	205,186	235,250	221,890	285,514
Loans Held for Sale	65,320	73,573	74,093	42,111	35,729	15,386
Gross Loans and Leases (Net of Unearned Income)	1,046,525	996,617	947,537	935,251	808,396	713,077
Total Intangibles	6,222	6,263	6,242	6,290	6,344	6,398
Total Assets	1,401,181	1,371,626	1,344,429	1,333,675	1,206,800	1,128,395
Deposits	1,145,013	1,120,984	1,119,866	1,128,722	1,038,460	981,057
Borrowings and Repurchase Agreements	95,000	105,000	70,000	55,000	48,755	34,837
Total Liabilities	1,248,035	1,233,596	1,197,483	1,194,468	1,098,214	1,025,744
Common Equity	144,146	129,031	137,946	130,207	92,086	86,151
Preferred Equity	9,000	9,000	9,000	9,000	16,500	16,500
Total Shareholders' Equity	153,146	138,031	146,946	139,207	108,586	102,651
Tangible Equity *	146,924	131,768	140,704	132,918	102,242	96,253

* Reconciliation provided in non-GAAP tables

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
SELECTED PERFORMANCE RATIOS								
Return on Average Assets (ROAA)	1.01%	-0.96%	0.98%	-0.44%	0.11%	0.72%	0.66%	0.47%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) *	1.25%	1.45%	1.28%	1.28%	1.40%	1.30%	1.11%	1.06%
Return on Average Equity (ROAE)	9.30%	-9.39%	9.02%	-4.27%	1.05%	7.57%	7.08%	4.94%
Return on Average Tangible Equity (ROATE) *	9.70%	-9.82%	9.41%	-4.47%	1.09%	7.99%	7.53%	5.30%
Return on Average Tangible Common Equity (ROATCE) *	10.34%	-10.51%	10.04%	-4.78%	1.17%	9.16%	9.01%	6.43%
Net Interest Margin	3.46%	3.20%	3.43%	3.19%	3.20%	3.17%	3.19%	3.20%
Efficiency Ratio **	69.71%	62.08%	69.24%	65.58%	63.98%	66.86%	70.96%	71.70%
Non-Interest Income / Average Assets	0.79%	0.77%	0.86%	0.71%	0.80%	0.88%	0.78%	0.70%
Non-Interest Expense / Average Assets	2.87%	2.37%	2.87%	2.45%	2.49%	2.62%	2.72%	2.68%
Loan and Lease Yield	5.04%	4.29%	4.89%	4.27%	4.41%	4.33%	4.53%	4.74%
Deposit Cost	1.11%	0.70%	0.99%	0.69%	0.73%	0.59%	0.56%	0.62%

* Reconciliation provided in non-GAAP tables

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

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
PER SHARE OUTSTANDING DATA								
Basic Net Earnings per Share	\$0.30	-\$0.30	\$0.57	-\$0.27	\$0.13	\$0.98	\$0.89	\$0.59
Diluted Net Earnings per Share	\$0.27	-\$0.26	\$0.52	-\$0.24	\$0.12	\$0.81	\$0.73	\$0.49
Book Value Per Share, Reported	\$12.08	\$11.48	\$12.08	\$11.48	\$11.91	\$11.62	\$10.74	\$10.17
Tangible Book Value Per Share, Reported*	\$11.56	\$10.93	\$11.56	\$10.93	\$11.37	\$11.06	\$10.00	\$9.41
Shares of Common Stock Outstanding at End of Period	11,931,131	11,235,255	11,931,131	11,235,255	11,582,026	11,204,515	8,577,051	8,471,516
CAPITAL RATIOS (AT PERIOD END)								
Tier 1 Leverage Ratio	10.87%	9.77%	10.87%	9.77%	10.77%	10.46%	9.33%	8.56%
Common Equity Tier 1 Capital (Cet1)	10.66%	9.86%	10.66%	9.86%	10.70%	10.90%	8.89%	-
Tier 1 Risk-Based Capital	11.33%	10.54%	11.33%	10.54%	11.41%	11.61%	10.41%	10.32%
Total Risk-Based Capital Ratio	12.45%	11.51%	12.45%	11.51%	12.52%	12.60%	11.42%	11.54%
Total Shareholders' Equity to Total Assets Ratio	10.93%	10.06%	10.93%	10.06%	10.93%	10.44%	9.00%	9.10%
Tangible Equity to Tangible Assets *	10.53%	9.65%	10.53%	9.65%	10.51%	10.01%	8.52%	8.58%

* Reconciliation provided in non-GAAP tables

Historical Financials

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
(Dollars in thousands, except per share information)								
NON-PERFORMING ASSETS (NPA)								
Non-Performing Loans	\$ 5,419	\$ 3,229	\$ 5,419	\$ 3,229	\$ 2,695	\$ 3,619	\$ 2,689	\$ 7,738
Troubled Debt Restructurings	1,173	1,239	1,173	1,239	1,207	1,272	125	2,618
Other Real Estate and Repossessed Assets	-	-	-	-	-	-	216	575
Non-Performing Assets	5,419	3,229	5,419	3,229	2,695	3,619	2,905	8,313
ASSET QUALITY RATIOS								
Non-Performing Assets / Assets	0.39%	0.24%	0.39%	0.24%	0.20%	0.27%	0.24%	0.74%
Non-Performing Loans / Loans	0.52%	0.32%	0.52%	0.32%	0.28%	0.39%	0.33%	1.09%
Non-Performing Assets / Loans + OREO	0.52%	0.32%	0.52%	0.32%	0.28%	0.39%	0.36%	1.16%
Net Charge-Offs to Average Loans (Periods Annualized)	0.01%	4.38%	-0.03%	2.47%	1.09%	0.15%	0.38%	0.15%
Allowance for Loan Losses to Total Loans and Leases	1.41%	1.25%	1.41%	1.25%	1.45%	1.24%	1.25%	1.58%
Allowance for Loan to Non-Performing Loans	271.4%	385.7%	271.4%	385.7%	509.1%	321.4%	376.8%	145.8%

* Reconciliation provided in non-GAAP tables

Historical Financials

	As of June 30,		As of December 31,			
(Dollars in thousands, except per share information)	2018	2017	2017	2016	2015	2014
COMPOSITION OF LOANS HELD FOR INVESTMENT						
Commercial Real Estate	\$ 408,244	\$ 385,758	\$ 350,622	\$ 302,322	\$ 251,196	\$ 219,793
Consumer Real Estate	109,915	99,751	102,581	97,015	93,785	82,167
Construction and Land Development	96,580	62,152	82,586	94,491	52,522	46,193
Commercial and Industrial	386,065	406,636	373,248	379,620	353,442	332,914
Consumer	9,671	4,096	6,862	5,974	8,668	7,910
Other Loans	36,050	38,225	31,638	55,829	48,782	28,578
DEPOSIT COMPOSITION						
Non-Interest Bearing	223,579	231,169	301,742	197,788	190,580	157,355
Interest Checking	291,765	321,153	274,681	299,621	189,983	115,915
Savings & Money Market	422,425	376,130	367,246	447,686	437,214	484,600
Time Deposits Less Than \$100,000	41,813	38,892	36,587	41,128	45,902	51,813
Time Deposits Greater Than or Equal to \$100,000	165,431	153,641	139,610	142,500	174,781	171,373

* Reconciliation provided in non-GAAP tables

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
REAL ESTATE - COMMERCIAL AND CONSTRUCTION CONCENTRATIONS								
Construction and Development	\$ 96,580	\$ 62,152	\$ 96,580	\$ 62,152	\$ 82,586	\$ 94,491	\$ 52,522	\$ 46,193
Commercial Real Estate and Construction	417,207	385,327	417,207	385,327	382,300	282,513	198,285	172,803
Construction and Development to Total Risk Based Capital (Reg. 100%)	58.0%	42.0%	58.0%	42.0%	52.9%	63.2%	45.3%	42.8%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	250.7%	260.3%	250.7%	260.3%	244.8%	188.8%	170.9%	160.0%
MORTGAGE METRICS								
Total Origination Volume	\$ 121,863	\$ 113,759	\$ 213,859	\$ 206,921	\$ 440,132	\$ 522,037	\$ 422,323	\$ 253,099
Total Mortgage Loans Sold	102,234	121,018	199,395	221,072	462,506	523,031	407,941	245,891
Purchase Volume as a % of Originations	85%	80%	79%	77%	77%	67%	72%	76%
Mortgage Fees/Gain on Sale of Loans	1,383	1,370	2,695	2,587	6,238	7,375	5,962	4,067
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.35%	1.13%	1.35%	1.17%	1.35%	1.41%	1.46%	1.65%
Mortgage Fees/Gain on Sale as a % of Total Revenue	9.6%	10.4%	9.5%	10.2%	11.8%	14.9%	13.7%	10.2%

Non-GAAP Financial Measures

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
(Dollars in thousands, except per share information)								
PRE-TAX PRE-PROVISION INCOME								
Pre-Tax Income	\$ 4,178	\$ (4,670)	\$ 7,855	\$ (4,385)	\$ 6,136	\$ 13,590	\$ 11,029	\$ 7,404
Add: Provision for Loan Losses	169	9,690	846	13,094	12,870	2,829	1,651	3,869
Pre-Tax Pre-Provision Income	4,347	5,020	8,702	8,709	19,006	16,419	12,680	11,273
PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS								
Total Average Assets	\$ 1,396,359	\$ 1,393,331	\$ 1,373,869	\$ 1,366,931	\$ 1,357,794	\$ 1,262,763	\$ 1,140,760	\$ 1,064,705
Pre-Tax Pre-Provision Income	4,347	5,020	8,702	8,709	19,006	16,419	12,680	11,273
Pre-Tax Pre-Provision Return on Average Assets	1.25%	1.45%	1.28%	1.28%	1.40%	1.30%	1.11%	1.06%

Non-GAAP Financial Measures

	As of June 30,		As of December 31,			
(Dollars in thousands, except per share information)	2018	2017	2017	2016	2015	2014
TANGIBLE EQUITY						
Total Shareholders' Equity	\$ 153,146	\$ 138,031	\$ 146,946	\$ 139,207	\$ 108,586	\$ 102,651
Less: Intangible Assets	6,222	6,263	6,242	6,290	6,344	6,398
Tangible Equity	146,924	131,768	140,704	132,918	102,242	96,253
TANGIBLE COMMON EQUITY						
Tangible Equity	\$ 146,924	\$ 131,768	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253
Less: Preferred Equity	9,000	9,000	9,000	9,000	16,500	16,500
Tangible Common Equity	137,924	122,768	131,704	123,918	85,742	79,753
TANGIBLE EQUITY TO TANGIBLE ASSETS						
Tangible Equity	\$ 146,924	\$ 131,768	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253
Total Assets	1,401,181	1,371,626	1,344,429	1,333,675	1,206,800	1,128,395
Less: Intangible Assets	6,222	6,263	6,242	6,290	6,344	6,398
Tangible Assets	1,394,959	1,365,364	1,338,188	1,327,385	1,200,456	1,121,997
Tangible Equity to Tangible Assets	10.53%	9.65%	10.51%	10.01%	8.52%	8.58%
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS						
Tangible Common Equity	\$ 137,924	\$ 122,768	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753
Tangible Assets	1,394,959	1,365,364	1,338,188	1,327,385	1,200,456	1,121,997
Tangible Common Equity to Tangible Assets	9.89%	8.99%	9.84%	9.34%	7.14%	7.11%

Non-GAAP Financial Measures

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
(Dollars in thousands, except per share information)								
RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)								
Total Average Shareholder's Equity	\$ 151,535	\$ 142,787	\$ 149,914	\$ 142,173	\$ 143,402	\$ 120,123	\$ 106,727	\$ 101,030
Less: Average Intangible Assets	6,228	6,271	6,233	6,278	6,265	6,318	6,371	6,855
Average Tangible Equity	145,307	136,517	143,681	135,895	137,137	113,805	100,356	94,175
Net Income to Shareholders	3,513	(3,342)	6,707	(3,010)	1,501	9,097	7,559	4,992
Return on Average Tangible Equity (ROATE)	9.70%	-9.82%	9.41%	-4.47%	1.09%	7.99%	7.53%	5.30%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)								
Average Tangible Equity	\$ 145,307	\$ 136,517	\$ 143,681	\$ 135,895	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175
Less: Preferred Equity	9,000	9,000	9,000	9,000	9,000	14,533	16,500	16,500
Average Tangible Common Equity	136,307	127,517	134,681	126,895	128,137	99,273	83,856	77,675
Net Income to Shareholders	3,513	(3,342)	6,707	(3,010)	1,501	9,097	7,559	4,992
Return on Average Tangible Common Equity (ROATCE)	10.34%	-10.51%	10.04%	-4.78%	1.17%	9.16%	9.01%	6.43%

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	As of June 30,		As of December 31,			
	2018	2017	2017	2016	2015	2014
TANGIBLE BOOK VALUE PER SHARE, REPORTED						
Tangible Common Equity	\$ 137,924	\$ 122,768	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753
Shares of Common Stock Outstanding	11,931,131	11,235,255	11,582,026	11,204,515	8,577,051	8,471,516
Tangible Book Value Per Share, Reported	\$11.56	\$10.93	\$11.37	\$11.06	\$10.00	\$9.41
SHARES OUTSTANDING AT END OF PERIOD						
Shares of Common Stock Outstanding	11,931,131	11,235,255	11,931,131	11,235,255	11,582,026	11,204,515
Shares of Preferred Stock Outstanding	878,049	878,049	878,049	878,049	878,049	878,049
Total Shares Outstanding at End of Period	12,809,180	12,113,304	12,809,180	12,113,304	12,460,075	12,082,564

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
OPERATING NET INCOME								
Net Income	\$ 3,513	\$ (3,342)	\$ 6,707	\$ (3,010)	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Add: Merger-Related Expense	335	-	335	-	-	-	-	-
Less: Income Tax Impact	(88)	-	(88)	-	-	-	-	-
Operating Net Income	3,760	(3,342)	6,954	(3,010)	1,501	9,097	7,559	4,992
OPERATING DILUTED NET INCOME PER SHARE								
Operating Net Income	\$ 3,760	\$ (3,342)	\$ 6,954	\$ (3,010)	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Average Diluted Shares Outstanding	13,067,223	12,740,104	13,021,854	12,761,989	12,803,511	11,212,026	10,425,039	10,281,044
Operating Diluted Net Income per Share	\$ 0.29	\$ (0.26)	\$ 0.53	\$ (0.24)	\$ 0.12	\$ 0.81	\$ 0.73	\$ 0.49
OPERATING RETURN ON AVERAGE ASSETS (ROAA)								
Operating Net Income	\$ 3,760	\$ (3,342)	\$ 6,954	\$ (3,010)	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Total Average Assets	1,396,359	1,393,331	1,373,869	1,366,931	1,357,794	1,262,763	1,140,760	1,064,705
Operating Return on Average Assets (ROAA)	1.08%	-0.96%	1.02%	-0.44%	0.11%	0.72%	0.66%	0.47%
OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)								
Average Tangible Equity	\$ 145,307	\$ 136,517	\$ 143,681	\$ 135,895	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175
Operating Net Income	3,760	(3,342)	6,954	(3,010)	1,501	9,097	7,559	4,992
Operating Return on Average Tangible Equity (ROATE)	10.38%	-9.82%	9.76%	-4.47%	1.09%	7.99%	7.53%	5.30%

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

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
OPERATING NON-INTEREST EXPENSE								
Non-Interest Expense	\$ 10,005	\$ 8,217	\$ 19,585	\$ 16,592	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Less: Merger-Related Expense	(335)	-	(335)	-	-	-	-	-
Operating Non-Interest Expense	9,670	8,217	19,251	16,592	33,765	33,129	30,977	28,562
OPERATING NON-INTEREST EXPENSE / AVERAGE ASSETS								
Operating Non-Interest Expense	\$ 9,670	\$ 8,217	\$ 19,251	\$ 16,592	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Total Average Assets	1,396,359	1,393,331	1,373,869	1,366,931	1,357,794	1,262,763	1,140,760	1,064,705
Operating Non-Interest Income / Average Assets	2.78%	2.37%	2.83%	2.45%	2.49%	2.62%	2.72%	2.68%
OPERATING EFFICIENCY RATIO								
Operating Non-Interest Expense	\$ 9,670	\$ 8,217	\$ 19,251	\$ 16,592	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Net Interest Income	11,587	10,571	22,433	20,502	41,863	38,463	34,773	32,416
Non Interest Income	2,765	2,666	5,854	4,799	10,908	11,084	8,884	7,419
Total Revenues	14,352	13,236	28,287	25,302	52,771	49,548	43,657	39,835
Operating Efficiency Ratio	67.38%	62.08%	68.05%	65.58%	63.98%	66.86%	70.96%	71.70%

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

Contact Information

Corporate Headquarters

CapStar Financial Holdings, Inc.
1201 Demonbreun Street, Suite 700
Nashville, TN 37203

Mail: P.O. Box 305065
Nashville, TN 37230-5065

(615) 732-6400 Telephone
www.capstarbank.com

Investor Relations

(615) 732-6455
Email: ir@capstarbank.com

Executive Leadership

Claire W. Tucker
President and Chief Executive Officer
CapStar Financial Holdings, Inc.
(615) 732-6402
Email: ctucker@capstarbank.com

Rob Anderson
Chief Financial and Administrative Officer
CapStar Financial Holdings, Inc.
(615) 732-6470
Email: randerson@capstarbank.com



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