

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): October 24, 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 October 24, 2018, CapStar Financial Holdings, Inc. (the “Company”) issued an earnings release announcing its financial results for the third quarter ended September 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 October 25, 2018 to discuss its financial results for the third quarter ended September 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 October 24, 2018 by CapStar Financial Holdings, Inc.
99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on October 25, 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: October 24, 2018

EARNINGS RELEASE

CONTACT

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



CapStar Announces Fully Diluted EPS of \$0.28 (GAAP) and \$0.31 (Operating) for 3Q18

CapStar Appoints Myra NanDora Jenne and Jeffrey L. Cunningham to Board of Directors

CapStar Announces Quarterly Dividend

NASHVILLE, TN, October 24, 2018/GlobeNewswire/ -- CapStar Financial Holdings, Inc. (“CapStar”) (NASDAQ:CSTR) reported net income of \$3.7 million, or \$0.28 per share on a fully diluted basis, for the three months ended September 30, 2018, compared to net income of \$4.4 million, or \$0.35 per share on a fully diluted basis, for the three months ended September 30, 2017. Operating⁽¹⁾ net income was \$4.1 million, or \$0.31 per share on a fully diluted basis, for the three months ended September 30, 2018. Net income for the nine months ended September 30, 2018 was \$10.4 million, or \$0.79 per share on a fully diluted basis, compared to net income of \$1.4 million, or \$0.11 per share on a fully diluted basis, for the nine months ended September 30, 2017.

In respect of CapStar’s third quarter financial performance and the anticipated performance of CapStar after its merger (the “Merger”) with Athens Bancshares Corporation (“Athens”), on October 24, 2018, the board of directors of CapStar (the “Board”) approved a quarterly dividend of \$0.04 per share that will be paid on or about November 15, 2018 to all shareholders of record of CapStar’s common stock and preferred stock as of the close of business on October 31, 2018.

As previously announced and in connection with the closing of the Merger, the Board increased the size of its membership from 11 to 13 and appointed Myra NanDora Jenne and Jeffrey L. Cunningham, former directors of Athens, to fill the resulting vacancies, effective immediately. In addition, Ms. Jenne was appointed as a member of the Compensation and Human Resources Committee and the Nominating, Governance and Community Affairs Committee of the Board, and Mr. Cunningham was appointed as a member of the Risk Committee and the Credit Committee of the Board, in each case, effective immediately.

“CapStar’s strategy remains one of sound, profitable growth,” said Claire W. Tucker, CapStar’s president and chief executive officer. “During the third quarter, our team of bankers continued to take market share through organic growth opportunities as they focused on obtaining primary bank status with more clients.”

Soundness

- The allowance for loan losses represented 1.42% of total loans at September 30, 2018 compared to 1.45% at September 30, 2017.

(1) For a discussion and reconciliation of the Non-GAAP operating measures that exclude merger-related costs unrelated to CapStar’s normal operations, see the section titled “Non-GAAP Disclaimer” and the Non-GAAP financial measures section of the financial statements.

- Non-performing assets as a percentage of total loans and other real estate owned was 0.52% at September 30, 2018 compared to 0.32% at September 30, 2017.
- Annualized net charge-offs (recoveries) to average loans was -0.01% for the three months ended September 30, 2018 compared to -0.75% for the same period in 2017.
- The total risk based capital ratio was 12.62% at September 30, 2018 compared to 12.41% at September 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 September 30, 2018 was 1.13% compared to 1.28% for the same period in 2017.
- Operating return on average tangible equity ("ROATE") for the three months ended September 30, 2018 was 10.72% compared to 12.96% for the same period in 2017.
- The net interest margin ("NIM") for the three months ended September 30, 2018 was 3.35% compared to 3.31% for the same period in 2017.
- The operating efficiency ratio for the three months ended September 30, 2018 was 64.6% compared to 59.6% for the same period in 2017.

"The increase in non-interest expense and efficiency ratio in 2018 is driven by an increase in FTE and a higher incentive accrual reflecting improved performance thus far in 2018," said Rob Anderson, chief financial officer and chief administrative officer of CapStar. "Nevertheless, through the efforts of our associates, we have delivered a 1.13% operating ROAA in the third quarter that builds upon similar performances in the first and second quarter of 2018."

Growth

- Average gross loans for the quarter ended September 30, 2018 increased 8.0% to \$1.07 billion, compared to \$991.2 million for the same period in 2017.
- Average deposits for the quarter ended September 30, 2018 increased 4.8% to \$1.15 billion, compared to \$1.09 billion for the same period in 2017.
- Average total assets for the quarter ended September 30, 2018 increased 3.9% to \$1.42 billion, compared to \$1.37 billion for the same period in 2017.

Merger Update

As previously announced, on October 1, 2018, CapStar completed the Merger with Athens. As part of the Merger, Athens Federal Community Bank, National Association ("Athens Federal"), Athens' wholly owned bank subsidiary, was also merged into CapStar Bank. The Merger adds eight (8) branch locations in Southeast Tennessee, \$463 million in assets and \$403 million in deposits to CapStar.

Claire W. Tucker previously commented that "The completion of this transaction results in a notable expansion of CapStar's community banking business and geographic footprint along the attractive Eastern Tennessee corridor. Just as importantly, the acquisition is aligned with CapStar's deep commitment to building a high performing bank in Tennessee. I'm pleased to welcome Athens Federal customers and employees to CapStar. I'm confident the combined organization will bring even stronger value to our shareholders, our customers and the communities we serve."

The Merger combines two growing Tennessee financial institutions with a common vision, compatible cultures and proven credit risk management practices. Athens Federal is an established and profitable community bank with strong deposit market share, excess liquidity and capital to support growth. CapStar believes that the Merger will result in a strong financial institution with an expanded product set, attractive funding profile and enhanced scale to drive efficiency and that the complementary strengths of Athens Federal's strong retail presence combined with CapStar's commercial and business banking expertise will afford additional financial solutions to current and future customers.

CapStar and Athens have played an active role in supporting their communities historically and will continue this commitment in the markets the combined companies will serve. As a sign of this commitment, CapStar will contribute \$1.5 million to the Athens Federal Foundation over the next four years.

Conference Call and Webcast Information

CapStar will host a conference call and webcast at 9:00 a.m. Central Time on Thursday, October 25, 2018. During the call, management will review the third quarter results and operational highlights. Interested parties may listen to the call by dialing (844) 412-1002. The conference ID number is 1187647. 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 September 30, 2018, on a consolidated basis, CapStar had total assets of \$1.4 billion, gross loans of \$1.1 billion, total deposits of \$1.1 billion, and shareholders' equity of \$157.5 million. Visit www.capstarbank.com for more information.

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, CapStar's assets, business, cash flows, condition (financial or otherwise), credit quality, financial performance, liquidity, short and long-term performance goals, prospects, results of operations, strategic initiatives and the timing, benefits, costs and synergies of recently completed and future acquisition, disposition and other growth opportunities, including, without limitation, those relating to the acceptance by customers of Athens Federal of CapStar's products and services, the ability of CapStar to meet expectations regarding the benefits, costs, synergies, and financial and operational impact of the Merger, the possibility that any of the anticipated benefits, costs, synergies and financial and operational improvements of the Merger will not be realized or will not be realized as expected, the possibility that the Merger integration may be more expensive or take more time to complete than anticipated, the opportunities to enhance market share in certain markets and market acceptance of CapStar are generally in new markets and CapStar's commitment to make contributions to Athens Federal Foundation. 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 its 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)

Third Quarter 2018 Earnings Release

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest income:				
Loans, including fees	\$ 14,167	\$ 12,095	\$ 40,197	\$ 33,935
Securities:				
Taxable	951	838	2,775	2,827
Tax-exempt	248	304	784	944
Federal funds sold	17	7	56	26
Restricted equity securities	132	108	389	271
Interest-bearing deposits in financial institutions	267	169	679	387
Total interest income	<u>15,782</u>	<u>13,521</u>	<u>44,880</u>	<u>38,390</u>
Interest expense:				
Interest-bearing deposits	1,146	635	2,793	1,839
Savings and money market accounts	1,409	772	3,827	2,360
Time deposits	985	706	2,468	1,750
Federal funds purchased	1	2	3	13
Federal Home Loan Bank advances	698	563	1,813	1,083
Total interest expense	<u>4,239</u>	<u>2,678</u>	<u>10,904</u>	<u>7,045</u>
Net interest income	11,543	10,843	33,976	31,345
Provision for loan losses	481	(195)	1,328	12,900
Net interest income after provision for loan losses	<u>11,062</u>	<u>11,038</u>	<u>32,648</u>	<u>18,445</u>
Noninterest income:				
Treasury management and other deposit service charges	528	427	1,357	1,097
Net gain on sale of securities	(1)	9	2	42
Tri-Net fees	373	367	1,227	748
Mortgage banking income	1,634	2,030	4,329	4,617
Other noninterest income	684	539	2,157	1,667
Total noninterest income	<u>3,218</u>	<u>3,372</u>	<u>9,072</u>	<u>8,171</u>
Noninterest expense:				
Salaries and employee benefits	6,514	5,119	19,111	14,989
Data processing and software	803	709	2,411	2,040
Professional fees	255	336	1,074	1,050
Occupancy	544	531	1,600	1,518
Equipment	520	564	1,661	1,604
Regulatory fees	228	270	664	877
Merger related expenses	540	—	875	—
Other operating	666	946	2,259	2,988
Total noninterest expense	<u>10,070</u>	<u>8,475</u>	<u>29,655</u>	<u>25,066</u>
Income before income taxes	4,210	5,935	12,065	1,550
Income tax expense	554	1,516	1,702	141
Net income	<u>\$ 3,656</u>	<u>\$ 4,419</u>	<u>\$ 10,363</u>	<u>\$ 1,409</u>
Per share information:				
Basic net income per share of common stock	<u>\$ 0.30</u>	<u>\$ 0.39</u>	<u>\$ 0.87</u>	<u>\$ 0.13</u>
Diluted net income per share of common stock	<u>\$ 0.28</u>	<u>\$ 0.35</u>	<u>\$ 0.79</u>	<u>\$ 0.11</u>
Weighted average shares outstanding:				
Basic	<u>12,040,229</u>	<u>11,279,364</u>	<u>11,851,476</u>	<u>11,239,093</u>
Diluted	<u>13,113,775</u>	<u>12,750,423</u>	<u>13,052,758</u>	<u>12,758,091</u>

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)

Third Quarter 2018 Earnings Release

	Five Quarter Comparison				
	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17
Income Statement Data:					
Net interest income	\$ 11,543	\$ 11,587	\$ 10,846	\$ 10,518	\$ 10,843
Provision for loan losses	481	169	678	(30)	(195)
Net interest income after provision for loan losses	11,062	11,418	10,168	10,548	11,038
Treasury management and other deposit service charges	528	427	402	419	427
Net gain (loss) on sale of securities	(1)	3	—	(108)	9
Tri-Net fees	373	325	528	254	367
Mortgage banking income	1,634	1,383	1,313	1,621	2,030
Other noninterest income	684	627	845	550	539
Total noninterest income	3,218	2,765	3,088	2,736	3,372
Salaries and employee benefits	6,514	6,340	6,257	5,411	5,119
Data processing and software	803	810	798	746	709
Professional fees	255	344	474	473	336
Occupancy	544	535	521	507	531
Equipment	520	602	539	467	564
Regulatory fees	228	233	203	234	270
Merger related expenses	540	335	—	—	—
Other operating	666	806	788	861	945
Total noninterest expense	10,070	10,005	9,580	8,699	8,474
Net income before income tax expense	4,210	4,178	3,676	4,585	5,936
Income tax expense	554	665	483	4,494	1,516
Net income	\$ 3,656	\$ 3,513	\$ 3,193	\$ 91	\$ 4,420
Weighted average shares - basic	12,040,229	11,845,822	11,664,467	11,403,689	11,279,364
Weighted average shares - diluted	13,113,775	13,067,223	12,975,981	12,938,288	12,750,423
Net income per share, basic	\$ 0.30	\$ 0.30	\$ 0.27	\$ 0.01	\$ 0.39
Net income per share, diluted	0.28	0.27	0.25	0.01	0.35
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 52,589	\$ 58,222	\$ 51,125	\$ 82,797	\$ 69,789
Securities available-for-sale	187,469	183,364	189,580	192,621	146,600
Securities held-to-maturity	3,740	3,746	3,752	3,759	45,635
Loans held for sale	50,499	65,320	62,286	74,093	53,225
Total loans	1,073,870	1,046,525	1,031,821	947,537	974,530
Allowance for loan losses	(15,218)	(14,705)	(14,563)	(13,721)	(14,122)
Total assets	1,416,907	1,401,181	1,382,745	1,344,429	1,338,559
Non-interest-bearing deposits	239,792	223,579	258,161	301,742	250,007
Interest-bearing deposits	886,611	921,435	869,393	818,124	841,488
Federal Home Loan Bank advances	125,000	95,000	100,000	70,000	95,000
Total liabilities	1,259,397	1,248,035	1,234,052	1,197,483	1,194,355
Shareholders' equity	\$ 157,510	\$ 153,146	\$ 148,693	\$ 146,946	\$ 144,204
Total shares of common stock outstanding	12,125,122	11,931,131	11,773,358	11,582,026	11,346,498
Total shares of preferred stock outstanding	878,048	878,049	878,049	878,049	878,049
Book value per share of common stock	\$ 12.25	\$ 12.08	\$ 11.87	\$ 11.91	\$ 11.92
Tangible book value per share of common stock*	11.74	11.56	11.34	11.37	11.36
Market value per share of common stock	\$ 16.72	\$ 18.53	\$ 18.83	\$ 20.77	\$ 19.58
Capital ratios:					
Total risk based capital	12.62%	12.53%	12.22%	12.52%	12.41%
Tier 1 risk based capital	11.49%	11.41%	11.11%	11.41%	11.28%
Common equity tier 1 capital	10.83%	10.73%	10.43%	10.70%	10.58%
Leverage	11.02%	10.87%	10.91%	10.77%	10.36%

*This metric is a non-GAAP financial measure. See below for discussion and 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)

Third Quarter 2018 Earnings Release

	Five Quarter Comparison				
	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17
Average Balance Sheet Data:					
Cash and cash equivalents	\$ 62,787	\$ 63,064	\$ 60,965	\$ 64,850	\$ 59,352
Investment securities	196,031	197,933	203,274	202,818	207,926
Loans held for sale	54,701	58,297	68,084	66,311	67,886
Loans	1,070,060	1,041,835	983,496	956,441	991,238
Assets	1,421,873	1,396,359	1,351,129	1,329,621	1,367,993
Interest bearing deposits	913,534	901,076	840,871	827,732	857,344
Deposits	1,147,274	1,138,400	1,111,182	1,081,380	1,094,500
Federal Home Loan Bank advances	109,728	99,121	84,533	92,554	123,315
Liabilities	1,265,610	1,244,824	1,202,854	1,181,954	1,226,438
Shareholders' equity	156,264	151,535	148,276	147,667	141,556
Performance Ratios:					
Annualized return on average assets	1.02%	1.01%	0.96%	0.03%	1.28%
Annualized return on average equity	9.28%	9.30%	8.74%	0.25%	12.38%
Net interest margin (1)	3.35%	3.46%	3.39%	3.30%	3.31%
Annualized Non-interest income to average assets	0.90%	0.79%	0.93%	0.82%	0.98%
Efficiency ratio	68.2%	69.7%	68.8%	65.6%	59.6%
Loans by Type (at period end):					
Commercial and industrial	\$ 398,626	\$ 386,065	\$ 408,353	\$ 373,248	\$ 394,600
Commercial real estate - owner occupied	117,904	121,475	131,741	101,132	103,183
Commercial real estate - non-owner occupied	286,849	286,769	258,016	249,489	263,594
Construction and development	129,799	96,580	91,953	82,586	79,951
Consumer real estate	112,957	109,915	104,224	102,581	100,811
Consumer	8,274	9,671	9,524	6,862	6,289
Other	19,793	36,428	28,750	31,984	26,461
Asset Quality Data:					
Allowance for loan losses to total loans	1.42%	1.41%	1.41%	1.45%	1.45%
Allowance for loan losses to non-performing loans	271%	271%	1096%	509%	446%
Nonaccrual loans	\$ 5,610	\$ 5,419	\$ 1,329	\$ 2,695	\$ 3,165
Troubled debt restructurings	1,146	1,173	1,190	1,206	1,222
Loans - over 90 days past due and accruing	215	216	-	231	27
Total non-performing loans	5,610	5,419	1,329	2,695	3,165
OREO and repossessed assets	-	-	-	-	-
Total non-performing assets	5,610	5,419	1,329	2,695	3,165
Non-performing loans to total loans	0.52%	0.52%	0.13%	0.28%	0.32%
Non-performing assets to total assets	0.40%	0.39%	0.10%	0.20%	0.24%
Non-performing assets to total loans and OREO	0.52%	0.52%	0.13%	0.28%	0.32%
Annualized net charge-offs (recoveries) to average loans	-0.01%	0.01%	-0.07%	0.15%	-0.75%
Net charge-offs (recoveries)	\$ (32)	\$ 27	\$ (165)	\$ 372	\$ (1,863)
Interest Rates and Yields:					
Loans	5.00%	5.04%	4.74%	4.54%	4.55%
Securities (1)	2.85%	2.82%	2.68%	2.83%	2.72%
Total interest-earning assets (1)	4.58%	4.58%	4.29%	4.11%	4.12%
Deposits	1.22%	1.11%	0.88%	0.78%	0.77%
Borrowings and repurchase agreements	2.53%	2.53%	2.35%	2.04%	1.81%
Total interest-bearing liabilities	1.64%	1.51%	1.27%	1.12%	1.08%
Other Information:					
Full-time equivalent employees	185	183	182	175	168

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)

Third Quarter 2018 Earnings Release

	For the Three Months Ended September 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)	\$ 1,070,060	\$ 13,484	5.00%	\$ 991,238	\$ 11,375	4.55%
Loans held for sale	54,701	683	4.96%	67,886	720	4.21%
Securities:						
Taxable investment securities (2)	154,570	1,083	2.80%	156,973	946	2.41%
Investment securities exempt from federal income tax (3)	41,461	248	3.03%	50,953	304	3.67%
Total securities	196,031	1,331	2.85%	207,926	1,250	2.72%
Cash balances in other banks	50,844	267	2.08%	49,151	169	1.36%
Funds sold	2,475	17	2.73%	1,711	7	1.67%
Total interest-earning assets	1,374,111	15,782	4.58%	1,317,912	13,521	4.12%
Noninterest-earning assets	47,762			50,081		
Total assets	<u>\$ 1,421,873</u>			<u>\$ 1,367,993</u>		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 318,586	1,146	1.43%	\$ 291,250	635	0.87%
Savings and money market deposits	391,107	1,409	1.43%	354,972	772	0.86%
Time deposits	203,841	985	1.92%	211,122	706	1.32%
Total interest-bearing deposits	913,534	3,540	1.54%	857,344	2,113	0.98%
Borrowings and repurchase agreements	109,891	699	2.53%	123,859	565	1.81%
Total interest-bearing liabilities	1,023,425	4,239	1.64%	981,203	2,678	1.08%
Noninterest-bearing deposits	233,739			237,156		
Total funding sources	1,257,164			1,218,359		
Noninterest-bearing liabilities	8,445			8,078		
Shareholders' equity	156,264			141,556		
Total liabilities and shareholders' equity	<u>\$ 1,421,873</u>			<u>\$ 1,367,993</u>		
Net interest spread (4)			2.93%			3.04%
Net interest income/margin (5)		<u>\$ 11,543</u>	3.35%		<u>\$ 10,843</u>	3.31%

- (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)

Third Quarter 2018 Earnings Release

	For the Nine Months Ended September 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)	\$ 1,032,114	\$ 38,058	4.93%	\$ 998,247	\$ 32,580	4.36%
Loans held for sale	60,312	2,139	4.74%	43,790	1,355	4.14%
Securities:						
Taxable investment securities (2)	155,331	3,164	2.72%	170,804	3,098	2.42%
Investment securities exempt from federal income tax (3)	43,722	784	3.03%	53,236	944	3.64%
Total securities	199,053	3,948	2.78%	224,040	4,042	2.71%
Cash balances in other banks	49,930	679	1.82%	48,980	387	1.06%
Funds sold	2,967	56	2.50%	2,359	26	1.46%
Total interest-earning assets	1,344,376	44,880	4.48%	1,317,416	38,390	3.95%
Noninterest-earning assets	45,671			49,873		
Total assets	\$ 1,390,047			\$ 1,367,289		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 294,994	2,793	1.27%	\$ 307,992	1,839	0.80%
Savings and money market deposits	399,698	3,827	1.28%	389,425	2,360	0.81%
Time deposits	190,735	2,468	1.73%	193,436	1,750	1.21%
Total interest-bearing deposits	885,427	9,088	1.37%	890,853	5,949	0.89%
Borrowings and repurchase agreements	98,033	1,816	2.48%	100,221	1,096	1.46%
Total interest-bearing liabilities	983,460	10,904	1.48%	991,074	7,045	0.95%
Noninterest-bearing deposits	246,991			225,623		
Total funding sources	1,230,451			1,216,697		
Noninterest-bearing liabilities	7,542			8,627		
Shareholders' equity	152,054			141,965		
Total liabilities and shareholders' equity	\$ 1,390,047			\$ 1,367,289		
Net interest spread (4)			3.00%			3.00%
Net interest income/margin (5)		\$ 33,976	3.40%		\$ 31,345	3.23%

(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)

Third Quarter 2018 Earnings Release

	Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Operating net income:					
Net income	\$ 3,656	\$ 3,513	\$ 3,193	\$ 91	\$ 4,420
Add: merger related expenses	540	335	—	—	—
Less: income tax impact of merger related expenses	(141)	(88)	—	—	—
Operating net income	<u>\$ 4,055</u>	<u>\$ 3,760</u>	<u>\$ 3,193</u>	<u>\$ 91</u>	<u>\$ 4,420</u>
Operating diluted net income per share of common stock:					
Operating net income	\$ 4,055	\$ 3,760	\$ 3,193	\$ 91	\$ 4,420
Weighted average shares - diluted	13,113,775	13,067,223	12,975,981	12,938,288	12,750,423
Operating diluted net income per share of common stock	<u>\$ 0.31</u>	<u>\$ 0.29</u>	<u>\$ 0.25</u>	<u>\$ 0.01</u>	<u>\$ 0.35</u>
Operating annualized return on average assets:					
Operating net income	\$ 4,055	\$ 3,760	\$ 3,193	\$ 91	\$ 4,420
Average assets	\$ 1,421,873	\$ 1,396,359	\$ 1,351,129	\$ 1,329,621	\$ 1,367,993
Operating annualized return on average assets	<u>1.13%</u>	<u>1.08%</u>	<u>0.96%</u>	<u>0.03%</u>	<u>1.28%</u>
Operating annualized return on average tangible equity:					
Average total shareholders' equity	\$ 156,264	\$ 151,535	\$ 148,276	\$ 147,667	\$ 141,556
Less: average intangible assets	(6,220)	(6,228)	(6,238)	(6,248)	(6,258)
Average tangible equity	150,044	145,307	142,038	141,419	135,298
Operating net income	\$ 4,055	\$ 3,760	\$ 3,193	\$ 91	\$ 4,420
Operating annualized return on average tangible equity	<u>10.72%</u>	<u>10.38%</u>	<u>9.12%</u>	<u>0.26%</u>	<u>12.96%</u>
Operating efficiency ratio:					
Total noninterest expense	\$ 10,070	\$ 10,005	\$ 9,580	\$ 8,699	\$ 8,474
Less: merger related expenses	(540)	(335)	—	—	—
Total operating noninterest expense	9,530	9,670	9,580	8,699	8,474
Net interest income	11,543	11,587	10,846	10,518	10,843
Total noninterest income	3,218	2,765	3,088	2,736	3,372
Total revenues	\$ 14,761	\$ 14,352	\$ 13,934	\$ 13,254	\$ 14,215
Operating efficiency ratio:	<u>64.56%</u>	<u>67.38%</u>	<u>68.75%</u>	<u>65.63%</u>	<u>59.61%</u>
Tangible Equity:					
Total shareholders' equity	\$ 157,510	\$ 153,146	\$ 148,693	\$ 146,946	\$ 144,204
Less: intangible assets	(6,220)	(6,228)	(6,238)	(6,248)	(6,258)
Tangible equity	<u>\$ 151,290</u>	<u>\$ 146,918</u>	<u>\$ 142,455</u>	<u>\$ 140,698</u>	<u>\$ 137,946</u>
Tangible Common Equity:					
Tangible equity	\$ 151,290	\$ 146,918	\$ 142,455	\$ 140,698	\$ 137,946
Less: preferred equity	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Tangible common equity	<u>\$ 142,290</u>	<u>\$ 137,918</u>	<u>\$ 133,455</u>	<u>\$ 131,698</u>	<u>\$ 128,946</u>
Tangible Book Value per Share of Common Stock:					
Tangible common equity	\$ 142,290	\$ 137,918	\$ 133,455	\$ 131,698	\$ 128,946
Total shares of common stock outstanding	12,125,122	11,931,131	11,773,358	11,582,026	11,346,498
Tangible book value per share of common stock	<u>\$ 11.74</u>	<u>\$ 11.56</u>	<u>\$ 11.34</u>	<u>\$ 11.37</u>	<u>\$ 11.36</u>

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

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

Third Quarter 2018 Earnings Release

	Nine Months Ended	
	September 30, 2018	September 30, 2017
Operating net income:		
Net income	\$ 10,363	\$ 1,409
Add: merger related expenses	875	—
Less: income tax impact of merger related expenses	(229)	—
Operating net income	\$ 11,009	\$ 1,409
Operating diluted net income per share of common stock:		
Operating net income	\$ 11,009	\$ 1,409
Weighted average shares - diluted	13,052,758	12,758,091
Operating diluted net income per share of common stock	\$ 0.84	\$ 0.11
Operating annualized return on average assets:		
Operating net income	\$ 11,009	\$ 1,409
Average assets	\$ 1,390,046	\$ 1,367,289
Operating annualized return on average assets	1.06%	0.14%
Operating annualized return on average tangible equity:		
Average total shareholders' equity	\$ 152,054	\$ 141,965
Less: average intangible assets	(6,229)	(6,271)
Average tangible equity	145,825	135,694
Operating net income	\$ 11,009	\$ 1,409
Operating annualized return on average tangible equity	10.09%	1.39%
Operating efficiency ratio:		
Total noninterest expense	\$ 29,655	\$ 25,066
Less: merger related expenses	(875)	—
Total operating noninterest expense	28,780	25,066
Net interest income	33,976	31,345
Total noninterest income	9,072	8,171
Total revenues	\$ 43,048	\$ 39,516
Operating efficiency ratio:	66.86%	63.43%



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FINANCIAL HOLDINGS, INC.

**Third Quarter 2018
Earnings Call
October 25, 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 CSTR business, and (iii) allow investors to evaluate the CSTR 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.

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," "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 acceptance by customers of Athens of the Company's products and services, the ability of the Company to meet expectations regarding the benefits, costs, synergies, and financial and operational impact of the Athens merger; the possibility that any of the anticipated benefits, costs, synergies and financial and operational improvements of the Athens merger will not be realized or will not be realized as expected; the possibility that the Athens merger integration may be more expensive or take more time to complete than anticipated; the opportunities to enhance market share in certain markets and market acceptance of the Company generally in new markets; 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.

3Q18 Highlights demonstrates objectives of sound, profitable growth

Highlights

- Fully Diluted EPS of \$0.28. Excluding \$540K of one time merger-related expenses, Operating Fully Diluted EPS⁽¹⁾ of \$0.31.
- Return on Average Assets of 1.02% with Operating Return on Average Assets⁽¹⁾ of 1.13%.
- Average HFI Loan growth up 11% from prior quarter.
- Treasury Management fees up 24% over the prior year.
- Allowance for Loan Losses at 1.42% of Gross Loans; \$32K Net Recovery for the quarter and a Net Recovery of \$170K YTD.
- CapStar ranked as the #5 SBA lender in Tennessee with team hired in January 2018⁽³⁾.
- Closed Athens acquisition on October 1, 2018.

Financial Results

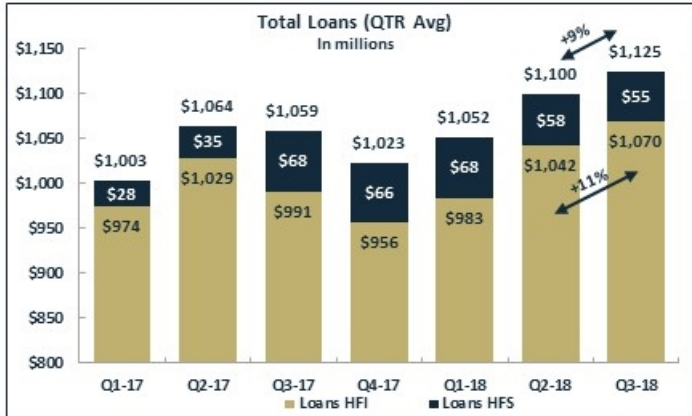
	GAAP	Non-GAAP Operating ⁽¹⁾
Fully Diluted EPS	\$0.28	\$0.31
ROAA	1.02%	1.13%
ROATE	9.67%	10.72%
Efficiency Ratio	68.2%	64.6%
Net Interest Margin ⁽²⁾	3.35%	3.35%

(1) 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 included in the Appendix at the end of this presentation using a blended statutory income tax rate of 26.14% excluding one-time merger related items.

(2) Calculated on a tax equivalent basis.

(3) U.S Small Business Administration Lender Ranking Report at September 30, 2018.

Loan Growth



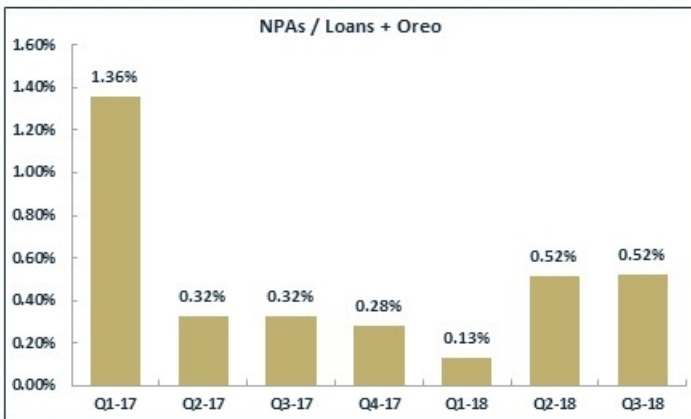
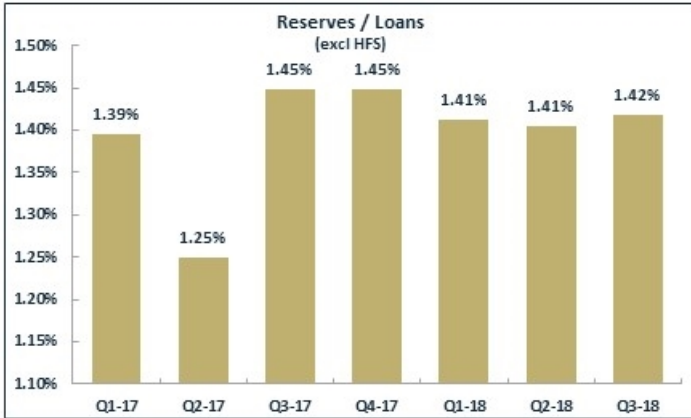
- Growth driven primarily by C&I and Construction and Land Development loans.
- Unfunded commitments continue to provide opportunity for future growth.
- **Avg HFI** loan growth up 11% from Q2-18.
- **EOP HFI** loan growth of 10% from Q2-18.



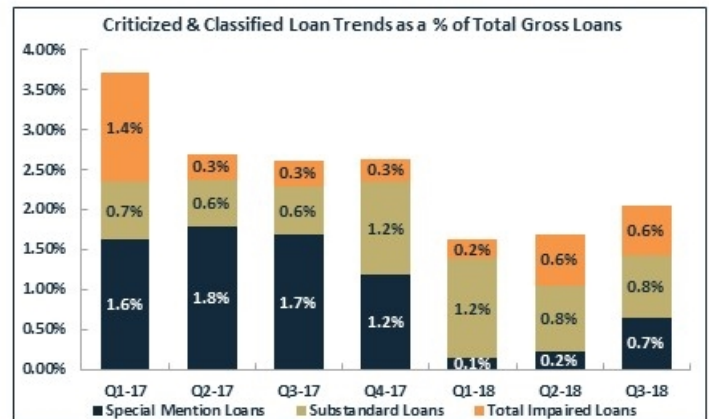
\$ in millions	Q3-18	Change Vs. Q2-18*		Change Vs. Q3-17	
	\$	\$	%	\$	%
Balance Sheet (EOP Balances)					
Commercial and Industrial	\$ 399	\$ 13	13%	\$ 4	1%
Commercial Real Estate	405	(3)	-3%	38	10%
Consumer Real Estate	113	3	11%	12	12%
Construction and Land Development	130	33	136%	50	62%
Consumer	8	(1)	-57%	2	32%
Other	19	(17)	-183%	(7)	-25%
Total Loans HFI	\$ 1,074	\$ 27	10%	\$ 99	10%

*Annualized % change from 2Q-18 to 3Q-18

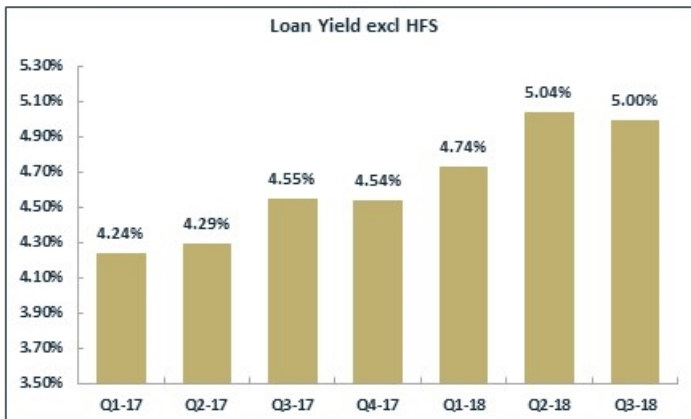
Credit Quality



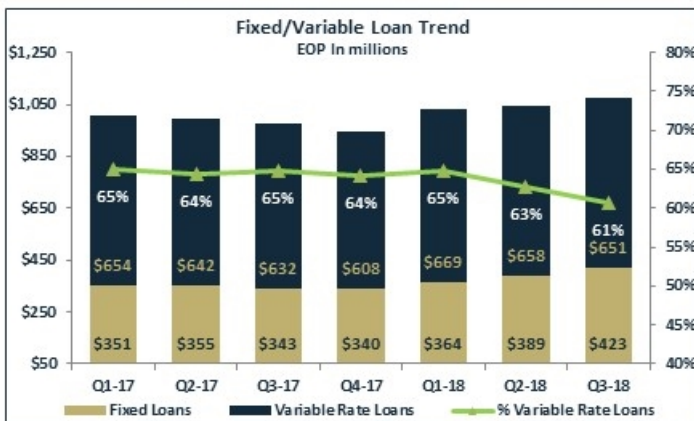
- Net Recovery of \$32K for the quarter and Net Recovery of \$170K YTD.
- NPAs/Loans + OREO flat vs. last quarter.
- We remain appropriately reserved at 1.42%.
- One impaired loan of \$5.4MM with a specific reserve of \$2.7MM.
- Special mention loans consist of three relationships and approximately \$7MM in outstanding balances.



Loan Yields



- The loan yield for the quarter was 5.00% and down 4 bps from Q2.
- The yield on new loan production in 3Q was 5.24%.
- Variable rate loans are repricing as expected but 1 month LIBOR increased late in 3Q which will push benefit into the fourth quarter.
- The decrease in loan fees was due to lower fees on CRE and SBA loans.

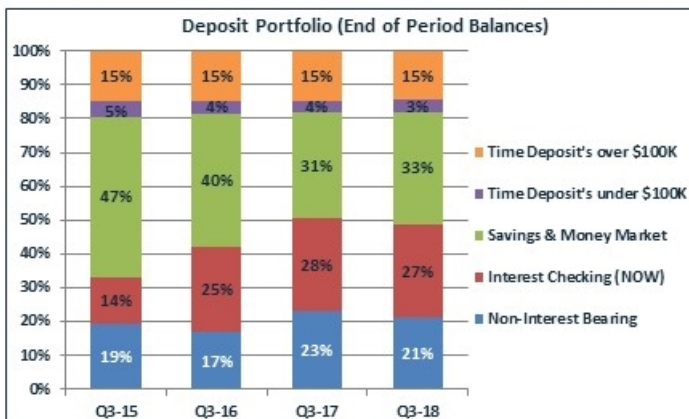
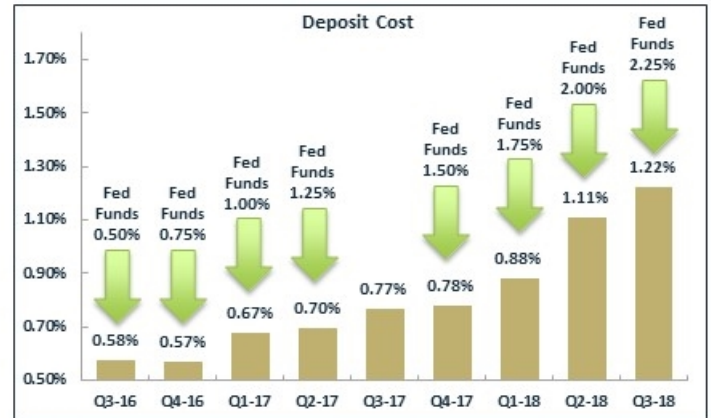


Loan Yield Rollforward

Q2-18 (Avg)	5.04%
New Loan Production	0.01%
Repricing of Variable Rate Loans	0.03%
Loan Volume/Mix	0.04%
Decrease in Loan Fees/Costs	(0.12%)
Q3-18 (Avg)	5.00%

Deposit Growth and Costs

- The deposit beta in the third quarter was 44% (0.11%/0.25%) which is improved from the second quarter beta of 92%.
- With the last seven rate increases, we have held our deposit costs to a 37% beta (0.58%-1.22% with a 175 bps increase in Fed Funds).
- DDA decreased slightly as customers are holding fewer balances and paying fees (Treasury Mgmt).



\$ in millions	Q3-18	Change Vs. Q2-18*		Change Vs. Q3-17	
	\$	\$	%	\$	%
Balance Sheet (Avg Balances)					
Non-Interest Bearing	\$ 234	\$ (4)	-6%	\$ (3)	-1%
Interest Checking (NOW)	319	39	55%	27	9%
Savings & Money Market	391	(37)	-34%	36	10%
Time Deposit's under \$100K	41	2	26%	1	4%
Time Deposit's over \$100K	163	8	21%	(9)	-5%
Deposits	\$ 1,147	\$ 9	3%	\$ 53	5%

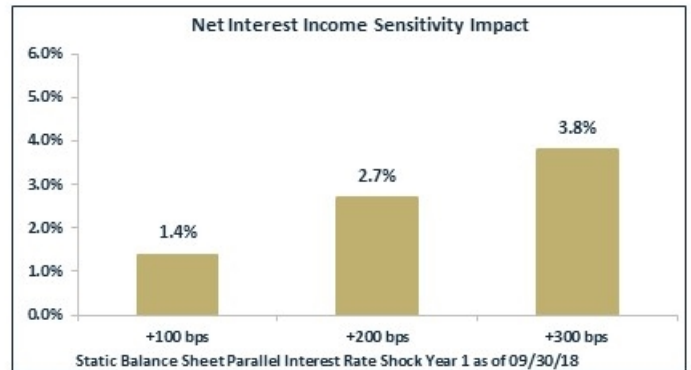
* Annualized % Change from 2Q-18 to 3Q-18

Net Interest Margin⁽¹⁾



- Asset sensitive balance sheet positions us well in a rising rate environment.
- Our NIM decreased 11 bps due to:
 - Increase in loan book repricing with rate increases of 6 bps.
 - Increase in LIBOR in late Q3 did not provide full impact to the quarter.
 - Decrease of 7 bps in loan fees.
 - Deposit costs impacted net interest margin 11 bps.

Net Interest Margin	
2Q-18 (Avg)	3.46%
Loan Volumes & Pricing	0.06%
Decrease in Loan Fees	-0.07%
Increase in Deposit Costs	-0.11%
Investment & Cash Mix	0.01%
3Q-18 (Avg)	3.35%



(1) Calculated on a tax equivalent basis

Non-Interest Income

Non-interest Income at 0.90% of Average Assets and increased in all categories over Q2

(Dollars in thousands)	Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Non-Interest Income					
Treasury Management and Other Deposit Service Charges	\$ 528	\$ 427	\$ 402	\$ 419	\$ 427
Net Gain (Loss) on Sale of Securities	(1)	3	0	(108)	9
Tri-Net Fees	373	325	528	254	367
Mortgage Banking Income	1,634	1,383	1,313	1,621	2,030
Other	684	628	845	550	539
Total Non-Interest Income	\$ 3,218	\$ 2,765	\$ 3,088	\$ 2,736	\$ 3,372
Average Assets	1,421,873	1,396,359	1,351,129	1,329,621	1,367,993
Non-Interest Income / Average Assets	0.90%	0.79%	0.93%	0.82%	0.98%

- Treasury Management increased due to clients holding less cash and paying in fees.
- Mortgage Fees are up from prior quarter but down from prior year. Although we sold more loans in 3Q over prior year, we had compressed margins with an increase in jumbo loans.

Non-Interest Expense

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

(Dollars in thousands)	Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Non-Interest Expense					
Salaries and Employee Benefits	\$ 6,514	\$ 6,340	\$ 6,257	\$ 5,411	\$ 5,119
Data Processing & Software	803	810	798	746	709
Professional Fees	255	344	474	473	336
Occupancy	544	535	521	507	531
Equipment	520	602	539	467	564
Regulatory Fees	228	233	203	234	270
Merger-Related Charges	540	335	-	-	-
Other	666	807	786	861	946
Total Non-Interest Expense	\$ 10,070	\$ 10,005	\$ 9,580	\$ 8,699	\$ 8,475
<i>Efficiency Ratio</i>	<i>68.2%</i>	<i>69.7%</i>	<i>68.8%</i>	<i>65.6%</i>	<i>59.6%</i>
<i>Average Assets</i>	<i>\$ 1,421,873</i>	<i>\$ 1,396,359</i>	<i>\$ 1,351,129</i>	<i>\$ 1,329,621</i>	<i>\$ 1,367,993</i>
<i>Non-Interest Expense / Average Assets</i>	<i>2.81%</i>	<i>2.87%</i>	<i>2.88%</i>	<i>2.60%</i>	<i>2.46%</i>
<i>FTE</i>	<i>185</i>	<i>183</i>	<i>182</i>	<i>175</i>	<i>168</i>
Operating Non-Interest Expense⁽¹⁾	\$ 9,530	\$ 9,671	\$ 9,580	\$ 8,699	\$ 8,475
<i>Operating Efficiency Ratio⁽¹⁾</i>	<i>64.6%</i>	<i>67.4%</i>	<i>68.8%</i>	<i>65.6%</i>	<i>59.6%</i>
<i>Operating Non-Interest Expense/ Average Assets⁽¹⁾</i>	<i>2.66%</i>	<i>2.78%</i>	<i>2.88%</i>	<i>2.60%</i>	<i>2.46%</i>

- 3Q18 Salary and Employee Benefits are higher vs. prior year due to additional FTE and an increase in the corporate incentive accrual to align with improved YTD performance.

(1) 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, using a blended statutory income tax rate of 26.14% excluding one-time merger-related items. See the Appendix to this presentation for reconciliation and discussion of Non-GAAP metrics.

Effective Tax Rate with Stock Compensation Benefits

- We have 33K 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.

	3Q18		YTD 2018	
	Effective Tax Rate	\$ in thousands	Effective Tax Rate	\$ in thousands
Normalized income tax expense	23.0%	\$ 968	23.0%	\$ 2,775
Excess tax benefit	-10.0%	(422)	-8.8%	(1,062)
Other	0.2%	8	-0.1%	(11)
Income tax expense	13.2%	\$ 554	14.1%	\$ 1,702

Assumed Stock Price -->

2018 Estimated remaining income tax benefit from stock compensation transactions*

Stock Price Sensitivity					
\$15.00	\$16.00	\$17.00	\$18.00	\$19.00	\$20.00
(\$23,005)	(\$31,686)	(\$40,367)	(\$49,048)	(\$57,729)	(\$66,410)

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

Capital

- Capital ratios are above regulatory guidelines.

<u>Capital Ratios</u>	Q3-18	Q2-18	Q1-18	Q4-17	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	10.72%	10.53%	10.35%	10.51%	NA
Tangible Common Equity / Tangible Assets*	10.09%	9.89%	9.70%	9.84%	NA
Tier 1 Leverage Ratio	11.02%	10.87%	10.91%	10.77%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	11.49%	11.41%	11.11%	11.41%	≥ 8.00%
Total Risk Based Capital Ratio	12.62%	12.53%	12.22%	12.52%	≥ 10.00%

*Reconciliation provided in non-GAAP tables in the Appendix at the end of this presentation.

Transaction Update

- ❖ On June 11th, CSTR announced plans to acquire Athens Bancshares Corporation
 - Athens, TN based bank holding company
 - Approximately \$460 million in assets; core ROAA and ROAE consistently at or above 1.25% and 11.0% respectively, over the last four quarters
 - MRQ cost of deposits of 0.47%
- ❖ Transaction rationale consistent with stated M&A objectives
 - Cultural fit
 - Strengthened funding profile
 - Complementary markets
 - Expanded product capabilities
 - Financially compelling
- ❖ Transaction closed on October 1st and company integration is ahead of schedule
- ❖ Pro forma financial results are in line with initial estimates

*Refer to "Safe Harbor Statements" on slide 3

Key Takeaways*

- CapStar's strategy remains one of sound, profitable growth.
- Focused on Athens integration and capturing synergies.
- Focused on increasing primary bank status with more clients.
- Organic growth opportunities through market share takeaway.
- Strong year-to-date performance.



Appendix: Historical Financials

Historical Financials

	Three Months Ended September 30,		Nine Months Ended September 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	\$ 15,782	\$ 13,521	\$ 44,880	\$ 38,390	\$ 51,515	\$ 45,395	\$ 40,504	\$ 38,287
Interest Expense	4,239	2,678	10,904	7,045	9,651	6,932	5,731	5,871
Net Interest Income	11,543	10,843	33,976	31,345	41,863	38,463	34,773	32,416
Provision for Loan and Lease Losses	481	(195)	1,328	12,900	12,870	2,829	1,651	3,869
Non-Interest Income	3,218	3,372	9,072	8,171	10,908	11,084	8,884	7,419
Non-Interest Expense	10,070	8,475	29,655	25,066	33,765	33,129	30,977	28,562
Income before Income Taxes	4,210	5,935	12,065	1,550	6,136	13,590	11,029	7,404
Income Tax Expense	554	1,516	1,702	141	4,635	4,493	3,470	2,412
Net Income	3,656	4,419	10,363	1,409	1,501	9,097	7,559	4,992
Pre-Tax Pre-Provision Net Income *	4,691	5,740	13,393	14,450	19,006	16,419	12,680	11,273

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended September 30,		Twelve Months Ended December 31,			
	2018	2017	2017	2016	2015	2014
BALANCE SHEET (AT PERIOD END)						
Cash & Due From Banks	\$ 52,589	\$ 69,789	\$ 82,797	\$ 80,111	\$ 100,185	\$ 73,934
Investment Securities	200,026	201,034	205,186	235,250	221,890	285,514
Loans Held for Sale	50,499	53,225	74,093	42,111	35,729	15,386
Gross Loans and Leases (Net of Unearned Income)	1,073,870	974,530	947,537	935,251	808,396	713,077
Total Intangibles	6,219	6,252	6,242	6,290	6,344	6,398
Total Assets	1,416,907	1,338,559	1,344,429	1,333,675	1,206,800	1,128,395
Deposits	1,126,403	1,091,495	1,119,866	1,128,722	1,038,460	981,057
Borrowings and Repurchase Agreements	125,000	95,000	70,000	55,000	48,755	34,837
Total Liabilities	1,259,397	1,194,355	1,197,483	1,194,468	1,098,214	1,025,744
Common Equity	148,510	135,204	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	157,510	144,204	146,946	139,207	108,586	102,651
Total Liabilities and Shareholders' Equity	1,416,907	1,338,559	1,344,429	1,333,675	1,206,800	1,128,395

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
SELECTED PERFORMANCE RATIOS								
Return on Average Assets (ROAA)	1.02%	1.28%	1.00%	0.14%	0.11%	0.72%	0.66%	0.47%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) ⁽¹⁾	1.31%	1.66%	1.29%	1.41%	1.40%	1.30%	1.11%	1.06%
Return on Average Equity (ROAE)	9.28%	12.38%	9.11%	1.33%	1.05%	7.57%	7.08%	4.94%
Return on Average Tangible Equity (ROATE) ⁽¹⁾	9.67%	12.96%	9.50%	1.39%	1.09%	7.99%	7.53%	5.30%
Return on Average Tangible Common Equity (ROATCE) ⁽¹⁾	10.28%	13.88%	10.13%	1.49%	1.17%	9.16%	9.01%	6.43%
Net Interest Margin ⁽²⁾ (tax equivalent basis)	3.35%	3.31%	3.40%	3.23%	3.25%	3.22%	3.24%	3.25%
Efficiency Ratio ⁽³⁾	68.2%	59.6%	68.9%	63.4%	63.9%	66.9%	70.9%	71.7%
Non-Interest Income / Average Assets	0.90%	0.98%	0.87%	0.80%	0.80%	0.88%	0.78%	0.70%
Non-Interest Expense / Average Assets	2.81%	2.46%	2.85%	2.45%	2.49%	2.62%	2.72%	2.68%
Loan and Lease Yield	5.00%	4.55%	4.93%	4.36%	4.41%	4.33%	4.53%	4.74%
Deposit Cost	1.22%	0.77%	1.07%	0.71%	0.73%	0.59%	0.56%	0.62%

(1) Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

(2) Calculated on a tax equivalent basis

(3) 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 September 30,		Nine Months Ended September 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	\$0.39	\$0.87	\$0.13	\$0.13	\$0.98	\$0.90	\$0.59
Diluted Net Earnings per Share	\$0.28	\$0.35	\$0.79	\$0.11	\$0.12	\$0.81	\$0.73	\$0.49
Book Value Per Share, Reported	\$12.25	\$11.92	\$12.25	\$11.92	\$11.91	\$11.62	\$10.74	\$10.17
Tangible Book Value Per Share, Reported*	\$11.74	\$11.36	\$11.74	\$11.36	\$11.37	\$11.06	\$10.00	\$9.41
Shares of Common Stock Outstanding at End of Period	12,125,122	11,346,498	12,125,122	11,346,498	11,582,026	11,204,515	8,577,051	8,471,516
CAPITAL RATIOS (AT PERIOD END)								
Tier 1 Leverage Ratio	11.02%	10.36%	11.02%	10.36%	10.77%	10.46%	9.33%	8.56%
Common Equity Tier 1 Capital (Cet1)	10.83%	10.58%	10.83%	10.58%	10.70%	10.90%	8.89%	-
Tier 1 Risk-Based Capital	11.49%	11.28%	11.49%	11.28%	11.41%	11.61%	10.41%	10.32%
Total Risk-Based Capital Ratio	12.62%	12.41%	12.62%	12.41%	12.52%	12.60%	11.42%	11.54%
Total Shareholders' Equity to Total Assets Ratio	11.12%	10.77%	11.12%	10.77%	10.93%	10.44%	9.00%	9.10%
Tangible Equity to Tangible Assets *	10.72%	10.35%	10.72%	10.35%	10.51%	10.01%	8.52%	8.58%

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
NON-PERFORMING ASSETS (NPA)								
Non-Performing Loans	\$ 5,610	\$ 3,165	\$ 5,610	\$ 3,165	\$ 2,695	\$ 3,619	\$ 2,689	\$ 7,738
Troubled Debt Restructurings	1,146	1,222	1,146	1,222	1,206	1,272	125	2,618
Other Real Estate and Repossessed Assets	-	-	-	-	-	-	216	575
Non-Performing Assets	5,610	3,165	5,610	3,165	2,695	3,619	2,905	8,313
ASSET QUALITY RATIOS								
Non-Performing Assets / Assets	0.40%	0.24%	0.40%	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%	-0.75%	-0.02%	1.39%	1.09%	0.15%	0.38%	0.15%
Allowance for Loan Losses to Total Loans and Leases	1.42%	1.45%	1.42%	1.45%	1.45%	1.24%	1.25%	1.58%
Allowance for Loan to Non-Performing Loans	271.3%	446.2%	271.3%	446.2%	509.1%	321.4%	376.8%	145.8%

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

	As of September 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	\$ 404,753	\$ 366,778	\$ 350,622	\$ 302,322	\$ 251,196	\$ 219,793
Consumer Real Estate	112,957	100,811	102,581	97,015	93,785	77,688
Construction and Land Development	129,799	79,951	82,586	94,491	52,522	46,193
Commercial and Industrial	398,626	394,600	373,248	379,620	353,442	332,914
Consumer	8,274	6,289	6,862	5,974	8,668	7,910
Other Loans	19,460	26,101	31,638	55,829	48,782	28,578
DEPOSIT COMPOSITION						
Non-Interest Bearing	239,792	250,007	301,742	197,788	190,580	157,355
Interest Checking	307,299	303,756	274,681	299,621	189,983	115,915
Savings & Money Market	376,985	338,391	367,245	447,686	437,214	484,600
Time Deposits	202,327	199,341	176,197	183,628	220,683	223,187

* Reconciliation provided in non-GAAP tables in this Appendix. See also "Non-GAAP Disclaimer" on slide 2.

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
REAL ESTATE - COMMERCIAL AND CONSTRUCTION CONCENTRATIONS								
Construction and Development	\$ 129,799	\$ 79,951	\$ 129,799	\$ 79,951	\$ 82,586	\$ 94,491	\$ 52,522	\$ 46,193
Commercial Real Estate and Construction	443,043	376,416	443,043	376,416	382,300	282,513	198,285	172,803
Construction and Development to Total Risk Based Capital (Reg. 100%)	75.5%	51.4%	75.5%	51.4%	52.9%	63.2%	45.3%	42.8%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	257.8%	242.2%	257.8%	242.2%	244.8%	188.8%	170.9%	160.0%
MORTGAGE METRICS								
Total Origination Volume	\$ 126,866	\$ 116,619	\$ 316,111	\$ 349,229	\$ 440,132	\$ 522,037	\$ 422,323	\$ 253,099
Total Mortgage Loans Sold	149,893	126,965	324,675	323,539	462,506	523,031	407,941	245,891
Purchase Volume as a % of Originations	90%	84%	82%	79%	77%	67%	72%	76%
Mortgage Fees/Gain on Sale of Loans	1,634	2,030	4,329	4,617	6,238	7,375	5,962	4,067
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.09%	1.60%	1.33%	1.43%	1.35%	1.41%	1.46%	1.65%
Mortgage Fees/Gain on Sale as a % of Total Revenue	11.1%	14.3%	10.1%	11.7%	11.8%	14.9%	13.7%	10.2%

Non-GAAP Financial Measures

	Three Months Ended September 30,		Nine Months Ended September 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	\$ 4,210	\$ 5,935	\$ 12,065	\$ 1,550	\$ 6,136	\$ 13,590	\$ 11,029	\$ 7,404
Add: Provision for Loan Losses	481	(195)	1,328	12,900	12,870	2,829	1,651	3,869
Pre-Tax Pre-Provision Income	4,691	5,740	13,393	14,450	19,006	16,419	12,680	11,273
PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS								
Total Average Assets	\$ 1,421,873	\$ 1,367,993	\$ 1,390,046	\$ 1,367,289	\$ 1,357,794	\$ 1,262,763	\$ 1,140,760	\$ 1,064,705
Pre-Tax Pre-Provision Income	4,691	5,740	13,393	14,450	19,006	16,419	12,680	11,273
Pre-Tax Pre-Provision Return on Average Assets	1.31%	1.66%	1.29%	1.41%	1.40%	1.30%	1.11%	1.06%

Non-GAAP Financial Measures

	As of September 30,		As of December 31,			
	2018	2017	2017	2016	2015	2014
(Dollars in thousands, except per share information)						
TANGIBLE EQUITY						
Total Shareholders' Equity	\$ 157,510	\$ 144,204	\$ 146,946	\$ 139,207	\$ 108,586	\$ 102,651
Less: Intangible Assets	6,220	6,258	6,242	6,290	6,344	6,398
Tangible Equity	151,290	137,946	140,704	132,918	102,242	96,253
TANGIBLE COMMON EQUITY						
Tangible Equity	\$ 151,290	\$ 137,946	\$ 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	142,290	128,946	131,704	123,918	85,742	79,753
TANGIBLE EQUITY TO TANGIBLE ASSETS						
Tangible Equity	\$ 151,290	\$ 137,946	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253
Total Assets	1,416,907	1,338,559	1,344,429	1,333,675	1,206,800	1,128,395
Less: Intangible Assets	6,220	6,258	6,242	6,290	6,344	6,398
Tangible Assets	1,410,687	1,332,301	1,338,188	1,327,385	1,200,456	1,121,997
Tangible Equity to Tangible Assets	10.72%	10.35%	10.51%	10.01%	8.52%	8.58%
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS						
Tangible Common Equity	\$ 142,290	\$ 128,946	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753
Tangible Assets	1,410,687	1,332,301	1,338,188	1,327,385	1,200,456	1,121,997
Tangible Common Equity to Tangible Assets	10.09%	9.68%	9.84%	9.34%	7.14%	7.11%

Non-GAAP Financial Measures

	Three Months Ended September 30,		Nine Months Ended September 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	\$ 156,264	\$ 141,556	\$ 152,054	\$ 141,965	\$ 143,402	\$ 120,123	\$ 106,727	\$ 101,030
Less: Average Intangible Assets	6,220	6,258	6,229	6,271	6,265	6,318	6,371	6,855
Average Tangible Equity	151,290	137,946	145,826	135,694	137,137	113,805	100,356	94,175
Net Income to Shareholders	3,656	4,419	10,363	1,409	1,501	9,097	7,559	4,992
Return on Average Tangible Equity (ROATE)	9.67%	12.96%	9.50%	1.39%	1.09%	7.99%	7.53%	5.30%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)								
Average Tangible Equity	\$ 151,290	\$ 137,946	\$ 145,826	\$ 135,694	\$ 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	142,290	128,946	136,826	126,694	128,137	99,273	83,856	77,675
Net Income to Shareholders	3,656	4,419	10,363	1,409	1,501	9,097	7,559	4,992
Return on Average Tangible Common Equity (ROATCE)	10.28%	13.88%	10.13%	1.49%	1.17%	9.16%	9.01%	6.43%

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	As of September 30,		As of December 31,			
	2018	2017	2017	2016	2015	2014
TANGIBLE BOOK VALUE PER SHARE, REPORTED						
Tangible Common Equity	\$ 142,290	\$ 128,946	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753
Shares of Common Stock Outstanding	12,125,122	11,346,498	11,582,026	11,204,515	8,577,051	8,471,516
Tangible Book Value Per Share, Reported	\$11.74	\$11.36	\$11.37	\$11.06	\$10.00	\$9.41
SHARES OUTSTANDING AT END OF PERIOD						
Shares of Common Stock Outstanding	12,125,122	11,346,498	11,582,026	11,204,515	8,577,051	8,471,516
Shares of Preferred Stock Outstanding	878,048	878,049	878,049	878,049	1,609,756	1,609,756
Total Shares Outstanding at End of Period	13,003,170	12,224,547	12,460,075	12,082,564	10,186,807	10,081,272

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
OPERATING NET INCOME								
Net Income	\$ 3,656	\$ 4,419	\$ 10,363	\$ 1,409	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Add: Merger-Related Expense	540	-	875	-	-	-	-	-
Less: Income Tax Impact	(141)	-	(229)	-	-	-	-	-
Operating Net Income	4,055	4,419	11,009	1,409	1,501	9,097	7,559	4,992
OPERATING DILUTED NET INCOME PER SHARE								
Operating Net Income	\$ 4,055	\$ 4,419	\$ 11,009	\$ 1,409	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Average Diluted Shares Outstanding	13,113,775	12,750,423	13,052,831	12,758,091	12,803,511	11,212,026	10,425,039	10,281,044
Operating Diluted Net Income per Share	\$ 0.31	\$ 0.35	\$ 0.84	\$ 0.11	\$ 0.12	\$ 0.81	\$ 0.73	\$ 0.49
OPERATING RETURN ON AVERAGE ASSETS (ROAA)								
Operating Net Income	\$ 4,055	\$ 4,419	\$ 11,009	\$ 1,409	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Total Average Assets	1,421,873	1,367,993	1,390,046	1,367,289	1,357,794	1,262,763	1,140,760	1,064,705
Operating Return on Average Assets (ROAA)	1.13%	1.28%	1.06%	0.14%	0.11%	0.72%	0.66%	0.47%
OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)								
Average Tangible Equity	\$ 151,290	\$ 137,946	\$ 145,826	\$ 135,694	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175
Operating Net Income	4,055	4,419	11,009	1,409	1,501	9,097	7,559	4,992
Operating Return on Average Tangible Equity (ROATE)	10.72%	12.96%	10.09%	1.39%	1.09%	7.99%	7.53%	5.30%

The operating 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 September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,			
	2018	2017	2018	2017	2017	2016	2015	2014
OPERATING NON-INTEREST EXPENSE								
Non-Interest Expense	\$ 10,070	\$ 8,475	\$ 29,655	\$ 25,067	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Less: Merger-Related Expense	(540)	-	(875)	-	-	-	-	-
Operating Non-Interest Expense	9,530	8,475	28,781	25,067	33,765	33,129	30,977	28,562
OPERATING NON-INTEREST EXPENSE / AVERAGE ASSETS								
Operating Non-Interest Expense	\$ 9,530	\$ 8,475	\$ 28,781	\$ 25,067	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Total Average Assets	1,421,873	1,367,993	1,390,046	1,367,289	1,357,794	1,262,763	1,140,760	1,064,705
Operating Non-Interest Income / Average Assets	2.66%	2.46%	2.77%	2.45%	2.49%	2.62%	2.72%	2.68%
OPERATING EFFICIENCY RATIO								
Operating Non-Interest Expense	\$ 9,530	\$ 8,475	\$ 28,781	\$ 25,067	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Net Interest Income	11,543	10,843	33,976	31,345	41,863	38,463	34,773	32,416
Non Interest Income	3,218	3,372	9,072	8,171	10,908	11,084	8,884	7,419
Total Revenues	14,761	14,215	43,048	39,516	52,771	49,548	43,657	39,835
Operating Efficiency Ratio	64.6%	59.6%	66.9%	63.4%	63.9%	66.8%	70.9%	71.7%

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

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