

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): April 24, 2019

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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

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

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On April 24, 2019, CapStar Financial Holdings, Inc. (the “Company”) issued an earnings release announcing its financial results for the first quarter ended March 31, 2019. 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.

The Company will conduct a conference call at 5:00 p.m. (Central Time) on April 24, 2019 to discuss its financial results for the first quarter ended March 31, 2019. 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 7 – Regulation FD

Item 7.01. Regulation FD Disclosure.

The information disclosed under Item 2.02 of this Report is incorporated by reference into this Item 7.01.

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 April 24, 2019 by CapStar Financial Holdings, Inc.
99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on April 24, 2019.

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: April 24, 2019

EARNINGS RELEASE

CONTACT

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



CapStar Reports Fully Diluted EPS of \$0.25 and Fully Diluted Operating EPS of \$0.28 for 1Q2019

NASHVILLE, TN, April 24, 2019/GlobeNewswire/ -- CapStar Financial Holdings, Inc. (“CapStar”) (NASDAQ:CSTR) reported net income of \$4.78 million, or \$0.25 per share on a fully diluted basis, for the three months ended March 31, 2019, compared to net income of \$3.20 million, or \$0.25 per share on a fully diluted basis, for the three months ended March 31, 2018. Operating⁽¹⁾ net income was \$5.22 million, or \$0.28 per share on a fully diluted basis, for the three months ended March 31, 2019, compared to \$3.20 million, or \$0.25, for the three months ended March 31, 2018.

“Our first quarter operating performance is reflective of our stated strategy of sound, profitable growth,” said Claire W. Tucker, CapStar’s president and chief executive officer. “Our capital base remains solid with total risk based capital ratio of 12.64% and asset quality is strong evidenced by the low levels of non-performing assets and net charge-offs. We posted operating net income exclusive of merger related charges of \$5.22 million resulting in operating return on average assets of 1.06%. Our team of experienced bankers continues to focus on developing full relationships with our clients by winning loan, deposit and treasury management business,” Ms. Tucker continued. “We are excited to begin 2019 with our partners in East Tennessee with a shared passion for high quality customer service, continued market penetration and enhanced shareholder value.”

Soundness

- Non-performing assets as a percentage of total assets were 0.14% at March 31, 2019 compared to 0.10% at March 31, 2018.
- Annualized net charge-offs to average loans was 0.01% for the three months ended March 31, 2019 compared to (-0.07%) for the same period in 2018.
- The total risk based capital ratio was 12.64% at March 31, 2019 compared to 12.22% at March 31, 2018.

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 financial results of the CapStar’s operations.

- Operating return on average assets for the three months ended March 31, 2019 was 1.06% compared to 0.96% for the same period in 2018.
- Operating return on average tangible equity for the three months ended March 31, 2019 was 10.02% compared to 9.12% for the same period in 2018.
- The operating efficiency ratio for the three months ended March 31, 2019 was 65.01% compared to 68.74% for the same period in 2018.

(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.

“Despite a challenging macro-economic environment with a flat to inverted yield curve, we grew our operating earnings per share by 12.0% from the same period last year and our return on average tangible equity grew to 10.02%,” said Rob Anderson, chief financial officer and chief administrative officer of CapStar. “These are strong fundamental operating metrics that demonstrate our strategy of sound, profitable, growth.”

Growth

- Operating EPS of \$0.28 for the quarter ended March 31, 2019 increased 12.0%, compared to \$0.25 for the same period in 2018.
- Average gross loans for the quarter ended March 31, 2019 increased 48.6% to \$1.46 billion, compared to \$983.5 million for the same period in 2018.
 - Excluding Day 1 loans from Athens, organic loan growth is 13.2% over 1Q18.
- Average deposits for the quarter ended March 31, 2019 increased 42.9% to \$1.59 billion, compared to \$1.11 billion for the same period in 2018.
 - Excluding Day 1 deposits from Athens, organic deposit growth was 11.5% vs. 1Q18.
- Average total assets for the quarter ended March 31, 2019 increased 47.2% to \$1.99 billion, compared to \$1.35 billion for the same period in 2018.

“With the acquisition of Athens Federal, we grew our balance sheet in excess of 47.2% from the prior year,” said Mr. Anderson. “In addition, we have successfully converted all legacy systems and branding so we now operate as one unified team, under one brand and on one core platform. The entire organization is energized and excited about the opportunities in front of us.”

Conference Call and Webcast Information

CapStar will host a conference call and webcast at 5:00 p.m. Central Time on Wednesday April 24, 2019. During the call, management will review the first quarter results and operational highlights. Interested parties may listen to the call by dialing (844) 412-1002. The conference ID number is 1094947. 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 March 31, 2019, on a consolidated basis, CapStar had total assets of \$2.04 billion, gross loans of \$1.47 billion, total deposits of \$1.68 billion, and shareholders’ equity of \$259.75 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 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 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 and the opportunities to enhance market share in certain markets and market acceptance of CapStar are generally in new markets. 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, 2018 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 (Loss) (unaudited) (dollars in thousands, except share data)

First Quarter 2019 Earnings Release

	Three Months Ended March 31,	
	2019	2018
Interest income:		
Loans, including fees	\$ 20,592	\$ 12,234
Securities:		
Taxable	1,346	880
Tax-exempt	377	280
Federal funds sold	19	20
Restricted equity securities	187	129
Interest-bearing deposits in financial institutions	446	201
Total interest income	<u>22,967</u>	<u>13,744</u>
Interest expense:		
Interest-bearing deposits	1,594	754
Savings and money market accounts	1,718	1,005
Time deposits	1,813	649
Federal funds purchased	4	1
Securities sold under agreements to repurchase	5	—
Federal Home Loan Bank advances	831	489
Total interest expense	<u>5,965</u>	<u>2,898</u>
Net interest income	<u>17,002</u>	<u>10,846</u>
Provision for loan losses	886	678
Net interest income after provision for loan losses	<u>16,116</u>	<u>10,168</u>
Noninterest income:		
Treasury management and other deposit service charges	798	402
Net gain on sale of securities	12	—
Tri-Net fees	641	528
Mortgage banking income	1,385	1,313
Other noninterest income	1,899	847
Total noninterest income	<u>4,735</u>	<u>3,090</u>
Noninterest expense:		
Salaries and employee benefits	8,432	6,257
Data processing and software	1,474	798
Professional fees	543	474
Occupancy	883	521
Equipment	852	539
Regulatory fees	274	203
Merger related expenses	594	—
Amortization of intangibles	430	10
Other operating	1,243	778
Total noninterest expense	<u>14,725</u>	<u>9,580</u>
Income before income taxes	<u>6,126</u>	<u>3,678</u>
Income tax expense	1,346	483
Net income	<u>\$ 4,780</u>	<u>\$ 3,195</u>
Per share information:		
Basic net income per share of common stock	<u>\$ 0.27</u>	<u>\$ 0.27</u>
Diluted net income per share of common stock	<u>\$ 0.25</u>	<u>\$ 0.25</u>
Weighted average shares outstanding:		
Basic	<u>17,783,239</u>	<u>11,664,245</u>
Diluted	<u>18,830,933</u>	<u>12,975,759</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)

First Quarter 2019 Earnings Release

	Five Quarter Comparison				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Income Statement Data:					
Net interest income	\$ 17,002	\$ 17,716	\$ 11,543	\$ 11,587	\$ 10,846
Provision for loan losses	886	1,514	481	169	678
Net interest income after provision for loan losses	16,116	16,202	11,062	11,418	10,168
Treasury management and other deposit service charges	798	793	528	427	402
Net gain (loss) on sale of securities	12	1	(1)	3	—
Tri-Net fees	641	276	374	325	528
Mortgage banking income	1,385	1,324	1,634	1,383	1,313
Other noninterest income	1,899	3,993	683	627	847
Total noninterest income	4,735	6,387	3,218	2,765	3,090
Salaries and employee benefits	8,432	9,475	6,514	6,340	6,257
Data processing and software	1,474	1,424	803	810	798
Professional fees	543	534	255	344	474
Occupancy	883	736	544	535	521
Equipment	852	810	520	602	539
Regulatory fees	274	364	228	233	203
Merger related expenses	594	8,929	540	335	—
Amortization of intangibles	430	442	3	10	10
Other operating	1,243	1,118	663	796	778
Total noninterest expense	14,725	23,832	10,070	10,005	9,580
Net income (loss) before income tax expense	6,126	(1,243)	4,210	4,178	3,678
Income tax (benefit) expense	1,346	(535)	554	665	483
Net income (loss)	\$ 4,780	\$ (708)	\$ 3,656	\$ 3,513	\$ 3,195
Weighted average shares - basic	17,783,239	17,509,525	12,040,229	11,845,822	11,664,245
Weighted average shares - diluted	18,830,933	18,716,562	13,113,775	13,067,223	12,975,759
Net income (loss) per share, basic	\$ 0.27	\$ (0.04)	\$ 0.30	\$ 0.30	\$ 0.27
Net income (loss) per share, diluted	0.25	(0.04)	0.28	0.27	0.25
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 120,321	\$ 105,443	\$ 52,589	\$ 58,222	\$ 51,125
Securities available-for-sale	233,691	243,808	187,469	183,364	189,580
Securities held-to-maturity	3,727	3,734	3,740	3,746	3,752
Loans held for sale	72,870	57,618	50,499	65,320	62,286
Total loans	1,467,786	1,429,794	1,073,870	1,046,525	1,031,821
Allowance for loan losses	(12,959)	(12,113)	(15,218)	(14,705)	(14,563)
Total assets	2,035,811	1,963,883	1,416,907	1,401,181	1,382,745
Non-interest-bearing deposits	312,597	289,552	239,792	223,579	258,161
Interest-bearing deposits	1,366,205	1,280,456	886,611	921,435	869,393
Federal Home Loan Bank advances	75,000	125,000	125,000	95,000	100,000
Total liabilities	1,776,060	1,709,504	1,259,397	1,248,035	1,234,052
Shareholders' equity	\$ 259,751	\$ 254,379	\$ 157,510	\$ 153,146	\$ 148,693
Total shares of common stock outstanding	17,765,124	17,724,721	12,125,122	11,931,131	11,773,358
Total shares of preferred stock outstanding	878,048	878,048	878,048	878,048	878,048
Book value per share of common stock	\$ 14.11	\$ 13.84	\$ 12.25	\$ 12.08	\$ 11.87
Tangible book value per share of common stock *	11.55	11.25	11.74	11.56	11.34
Market value per share of common stock	\$ 14.44	\$ 14.73	\$ 16.72	\$ 18.53	\$ 18.83
Capital ratios:					
Total risk based capital	12.64%	12.84%	12.62%	12.53%	12.22%
Tier 1 risk based capital	11.90%	12.13%	11.49%	11.41%	11.11%
Common equity tier 1 capital	11.40%	11.61%	10.83%	10.73%	10.43%
Leverage	10.97%	11.06%	11.02%	10.87%	10.91%

*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)

First Quarter 2019 Earnings Release

	Five Quarter Comparison				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Average Balance Sheet Data:					
Cash and cash equivalents	\$ 83,689	\$ 83,560	\$ 62,787	\$ 63,064	\$ 60,965
Investment securities	251,631	256,595	196,031	197,933	203,274
Loans held for sale	66,880	52,131	54,701	58,297	68,084
Loans	1,461,696	1,439,652	1,070,060	1,041,835	983,496
Assets	1,988,478	1,940,991	1,421,873	1,396,359	1,351,129
Interest bearing deposits	1,299,205	1,271,602	913,534	901,076	840,871
Deposits	1,588,317	1,579,250	1,147,274	1,138,400	1,111,182
Federal Home Loan Bank advances	117,278	102,304	109,728	99,121	84,533
Liabilities	1,731,373	1,695,181	1,265,610	1,244,824	1,202,854
Shareholders' equity	257,105	245,811	156,264	151,535	148,276
Performance Ratios:					
Annualized return on average assets	0.97%	(0.14)%	1.02%	1.01%	0.96%
Annualized return on average equity	7.54%	(1.14)%	9.28%	9.30%	8.74%
Net interest margin (1)	3.75%	3.89%	3.35%	3.46%	3.39%
Annualized Non-interest income to average assets	0.97%	1.31%	0.90%	0.79%	0.93%
Efficiency ratio	67.7%	98.9%	68.2%	69.7%	68.8%
Loans by Type (at period end):					
Commercial and industrial	\$ 419,941	\$ 404,600	\$ 398,626	\$ 386,065	\$ 408,353
Commercial real estate - owner occupied	170,558	141,931	117,904	121,475	131,741
Commercial real estate - non-owner occupied	403,443	408,515	286,848	286,769	258,016
Construction and development	162,237	174,670	129,799	96,580	91,953
Consumer real estate	248,943	253,562	112,957	109,915	104,224
Consumer	26,241	25,615	8,274	9,671	9,524
Other	36,366	21,002	19,792	36,428	28,750
Asset Quality Data:					
Allowance for loan losses to total loans	0.88%	0.85%	1.42%	1.41%	1.41%
Allowance for loan losses to non-performing loans	757%	583%	271%	271%	1096%
Nonaccrual loans	\$ 1,712	\$ 2,078	\$ 5,610	\$ 5,419	\$ 1,329
Troubled debt restructurings	1,255	1,391	1,146	1,173	1,190
Loans - over 89 days past due and accruing	-	214	215	216	-
Total non-performing loans	1,712	2,078	5,610	5,419	1,329
OREO and repossessed assets	1,038	988	-	-	-
Total non-performing assets	2,750	3,066	5,610	5,419	1,329
Non-performing loans to total loans	0.12%	0.15%	0.52%	0.52%	0.13%
Non-performing assets to total assets	0.14%	0.16%	0.40%	0.39%	0.10%
Non-performing assets to total loans and OREO	0.19%	0.21%	0.52%	0.52%	0.13%
Annualized net charge-offs (recoveries) to average loans	0.01%	1.27%	(0.01)%	0.01%	(0.07)%
Net charge-offs (recoveries)	\$ 40	\$ 4,620	\$ (32)	\$ 27	\$ (165)
Interest Rates and Yields:					
Loans	5.49%	5.49%	5.00%	5.04%	4.74%
Securities	3.20%	3.30%	2.85%	2.82%	2.68%
Total interest-earning assets	5.06%	5.02%	4.58%	4.58%	4.29%
Deposits	1.31%	1.12%	1.22%	1.11%	0.88%
Borrowings and repurchase agreements	2.85%	2.76%	2.53%	2.53%	2.35%
Total interest-bearing liabilities	1.71%	1.50%	1.64%	1.51%	1.27%
Other Information:					
Full-time equivalent employees	289	286	185	183	182

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)

First Quarter 2019 Earnings Release

	For the Three Months Ended March 31,					
	2019			2018		
	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate
Interest-Earning Assets						
Loans (1)	\$ 1,461,696	\$ 19,787	5.49%	\$ 983,496	\$ 11,484	4.74%
Loans held for sale	66,880	805	4.88%	68,084	750	4.47%
Securities:						
Taxable investment securities (2)	195,191	1,533	3.14%	156,083	1,009	2.59%
Investment securities exempt from federal income tax (3)	56,440	377	3.38%	47,191	280	3.00%
Total securities	251,631	1,910	3.20%	203,274	1,289	2.68%
Cash balances in other banks	66,335	446	2.73%	48,585	201	1.68%
Funds sold	2,079	19	3.73%	3,539	20	2.28%
Total interest-earning assets	1,848,621	22,967	5.06%	1,306,978	13,744	4.29%
Noninterest-earning assets	139,857			44,151		
Total assets	<u>\$ 1,988,478</u>			<u>\$ 1,351,129</u>		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 434,151	1,594	1.49%	\$ 286,335	754	1.07%
Savings and money market deposits	489,989	1,718	1.42%	379,529	1,005	1.07%
Time deposits	375,065	1,813	1.96%	175,007	649	1.50%
Total interest-bearing deposits	1,299,205	5,125	1.60%	840,871	2,408	1.16%
Borrowings and repurchase agreements	119,301	840	2.85%	84,644	490	2.35%
Total interest-bearing liabilities	1,418,506	5,965	1.71%	925,515	2,898	1.27%
Noninterest-bearing deposits	289,111			270,311		
Total funding sources	1,707,617			1,195,826		
Noninterest-bearing liabilities	23,756			7,027		
Shareholders' equity	257,105			148,276		
Total liabilities and shareholders' equity	<u>\$ 1,988,478</u>			<u>\$ 1,351,129</u>		
Net interest spread (4)			3.36%			3.02%
Net interest income/margin (5)		<u>\$ 17,002</u>	3.75%		<u>\$ 10,846</u>	3.39%

- (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)

First Quarter 2019 Earnings Release

	Three Months Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Operating net income:					
Net income (loss)	\$ 4,780	\$ (708)	\$ 3,656	\$ 3,513	\$ 3,195
Add: merger related expenses	594	8,929	540	335	—
Less: income tax impact of merger related expenses	(155)	(1,985)	(141)	(88)	—
Operating net income	<u>\$ 5,219</u>	<u>\$ 6,236</u>	<u>\$ 4,055</u>	<u>\$ 3,760</u>	<u>\$ 3,195</u>
Operating diluted net income per share of common stock:					
Operating net income	\$ 5,219	\$ 6,236	\$ 4,055	\$ 3,760	\$ 3,195
Weighted average shares - diluted	18,830,933	18,716,562	13,113,775	13,067,223	12,975,759
Operating diluted net income per share of common stock	<u>\$ 0.28</u>	<u>\$ 0.33</u>	<u>\$ 0.31</u>	<u>\$ 0.29</u>	<u>\$ 0.25</u>
Operating annualized return on average assets:					
Operating net income	\$ 5,219	\$ 6,236	\$ 4,055	\$ 3,760	\$ 3,195
Average assets	\$ 1,988,478	\$ 1,940,991	\$ 1,421,873	\$ 1,396,359	\$ 1,351,129
Operating annualized return on average assets	<u>1.06%</u>	<u>1.27%</u>	<u>1.13%</u>	<u>1.08%</u>	<u>0.96%</u>
Operating annualized return on average tangible equity:					
Average total shareholders' equity	\$ 257,105	\$ 245,811	\$ 156,264	\$ 151,535	\$ 148,276
Less: average intangible assets	(45,890)	(45,687)	(6,220)	(6,228)	(6,238)
Average tangible equity	211,215	200,124	150,044	145,307	142,038
Operating net income	\$ 5,219	\$ 6,236	\$ 4,055	\$ 3,760	\$ 3,195
Operating annualized return on average tangible equity	<u>10.02%</u>	<u>12.36%</u>	<u>10.72%</u>	<u>10.38%</u>	<u>9.12%</u>
Operating efficiency ratio:					
Total noninterest expense	\$ 14,725	\$ 23,832	\$ 10,070	\$ 10,005	\$ 9,580
Less: merger related expenses	(594)	(8,929)	(540)	(335)	—
Total operating noninterest expense	14,131	14,903	9,530	9,670	9,580
Net interest income	17,002	17,716	11,543	11,587	10,846
Total noninterest income	4,735	6,387	3,218	2,765	3,090
Total revenues	\$ 21,737	\$ 24,103	\$ 14,761	\$ 14,352	\$ 13,936
Operating efficiency ratio:	<u>65.01%</u>	<u>61.83%</u>	<u>64.56%</u>	<u>67.38%</u>	<u>68.74%</u>
Tangible Equity:					
Total shareholders' equity	\$ 259,751	\$ 254,379	\$ 157,510	\$ 153,146	\$ 148,693
Less: intangible assets	(45,618)	(46,048)	(6,219)	(6,222)	(6,232)
Tangible equity	<u>\$ 214,133</u>	<u>\$ 208,331</u>	<u>\$ 151,291</u>	<u>\$ 146,924</u>	<u>\$ 142,461</u>
Tangible Common Equity:					
Tangible equity	\$ 214,133	\$ 208,331	\$ 151,291	\$ 146,924	\$ 142,461
Less: preferred equity	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Tangible common equity	<u>\$ 205,133</u>	<u>\$ 199,331</u>	<u>\$ 142,291</u>	<u>\$ 137,924</u>	<u>\$ 133,461</u>
Tangible Book Value per Share of Common Stock:					
Tangible common equity	\$ 205,133	\$ 199,331	\$ 142,291	\$ 137,924	\$ 133,461
Total shares of common stock outstanding	17,765,124	17,724,721	12,125,122	11,931,131	11,773,358
Tangible book value per share of common stock	<u>\$ 11.55</u>	<u>\$ 11.25</u>	<u>\$ 11.74</u>	<u>\$ 11.56</u>	<u>\$ 11.34</u>



CAPSTARTM

FINANCIAL HOLDINGS, INC.

**First Quarter 2019
Earnings Call
April 24, 2019**

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.

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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 the end of the 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 CSTR’s business, and (iii) allow investors to evaluate CSTR’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.

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 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; an increase in the cost of deposits, loss of deposits or a change in the deposit mix, which could increase our cost of funding; an increase in the costs of capital, which could negatively affect our ability to borrow funds, successfully raise additional capital or participate in strategic acquisition opportunities; 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 losses) and the appropriateness of our methodology for calculating such reserves; 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, as amended, 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; threats to and breaches of our information technology systems and data security, including cyber-attacks; 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, 2018 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.

First Quarter 2019 Highlights

- Operating Net income of \$5.22MM for the first quarter 2019.
- Fully Diluted GAAP EPS of \$0.25. Operating EPS⁽¹⁾ of \$0.28 which is a 12% increase vs. 1Q18 of \$0.25.
- Tangible Book Value per share grew from \$11.25 to \$11.55, an 11% increase (annualized) from prior quarter (4Q18).
- Annualized EOP Loan growth of 10.8% over 4Q18.
- Annualized EOP Deposit growth of 28.1% over 4Q18.
- Operating Return on Average Assets⁽¹⁾ of 1.06%; ROATE of 10.02%.
- Current Criticized and Classified loans continue to be at a low level.
- Successful Brand and Core Conversion of Athens Federal.

(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 deductible one-time merger related items.

Sound, Profitable, Growth Financial Metrics - 1Q19

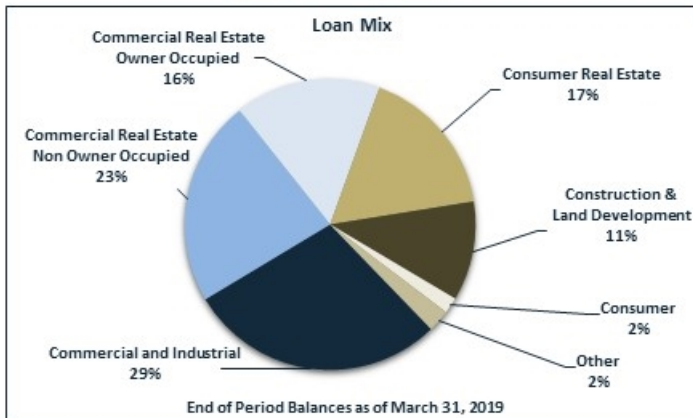
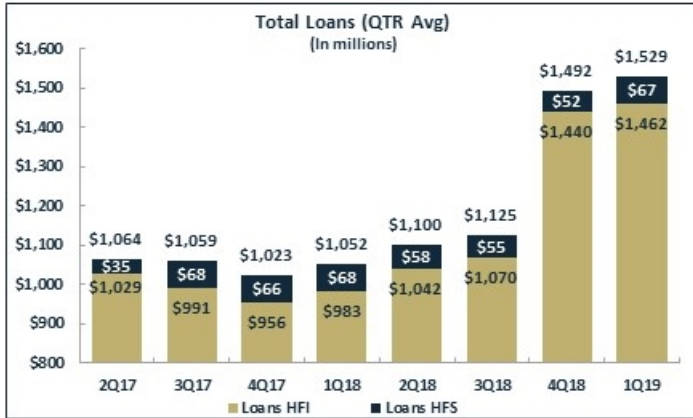
	Operating Metrics ¹	1Q19	4Q18	1Q18
Soundness	Allowance for Loan Losses to Total Loans and Leases	0.88%	0.85%	1.41%
	Net Charge-Offs to Average Loans (Periods Annualized)	0.01%	1.27%	-0.07%
	Non-Performing Assets/Assets	0.14%	0.16%	0.10%
	Total Risk Based Capital Ratio	12.64%	12.84%	12.22%
	Tangible Equity / Tangible Assets	10.76%	10.86%	10.35%
	Tangible Book Value per Share	\$11.55	\$11.25	\$11.34
Profitability	Return on Average Assets (ROAA)	1.06%	1.27%	0.96%
	Return on Average Equity (ROAE)	8.23%	10.06%	8.74%
	Return on Average Tangible Equity (ROATE)	10.02%	12.36%	9.12%
	Efficiency Ratio ²	65.01%	61.83%	68.74%
	Net Interest Margin ³ (tax equivalent basis)	3.75%	3.89%	3.39%
Growth	Operating Net Income	\$5.22	\$6.24	\$3.20
	Diluted EPS	\$0.28	\$0.33	\$0.25
	Gross Loans and Leases (EOP)	\$1,468	\$1,430	\$1,032
	Total Deposits (EOP)	1,679	1,570	1,128
	Total Assets (EOP)	2,036	1,964	1,383

(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 deductible one-time merger related items.

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

(3) Calculated on a tax equivalent basis.

Loan Growth



- EOP Loans increased 10.8% on an annualized basis from 4Q18.
- Excluding Day 1 loans from Athens, organic loan growth is 13.2% over 1Q18.
- C&I and Owner Occupied CRE make up 45% of loan book.
- With the closing of Athens Federal acquisition, we have diversified our loan book.

\$ in millions	1Q19		Change Vs. 4Q18*		Change Vs. 1Q18	
	\$	%	\$	%	\$	%
Balance Sheet (EOP Balances)						
Commercial and Industrial	\$ 420	15.4%	\$ 15	15.4%	\$ 12	2.8%
Commercial Real Estate	574	17.4%	24	17.4%	184	47.3%
Consumer Real Estate	249	-7.4%	(5)	-7.4%	145	138.9%
Construction and Land Development	162	-28.9%	(12)	-28.9%	70	76.4%
Consumer	26	9.9%	1	9.9%	17	175.5%
Other	36	301.2%	16	301.2%	8	29.4%
Total Loans HFI	\$ 1,468	10.8%	\$ 38	10.8%	\$ 436	42.3%

*Annualized % change from 4Q18 to 1Q19

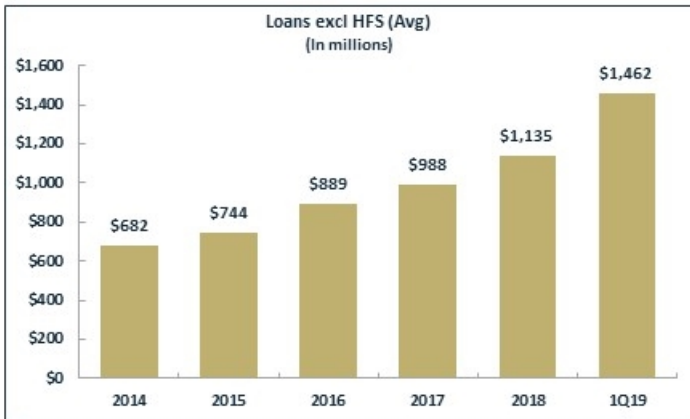
Credit Quality



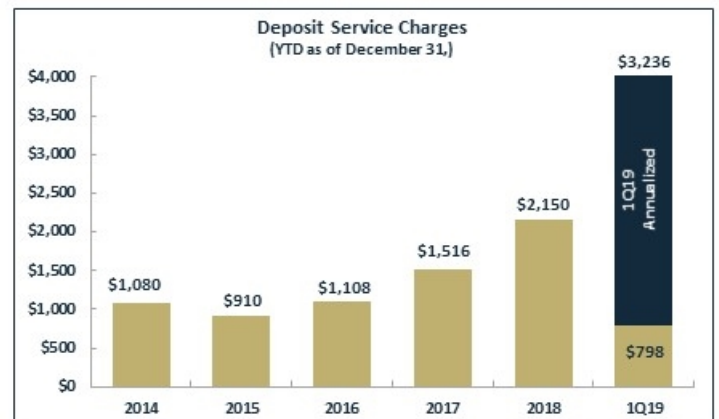
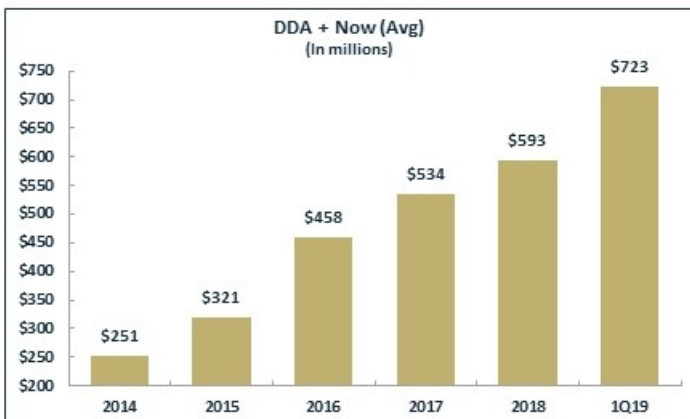
- The current reserve of \$13MM plus the \$4.8MM fair value mark on acquired loans would equate to a 1.21% reserve/loans.
- The reserve is directionally aligned with the improvement in credit quality and attributes of our criticized and classified loans.
- Current NPAs/Assets are at a low level.



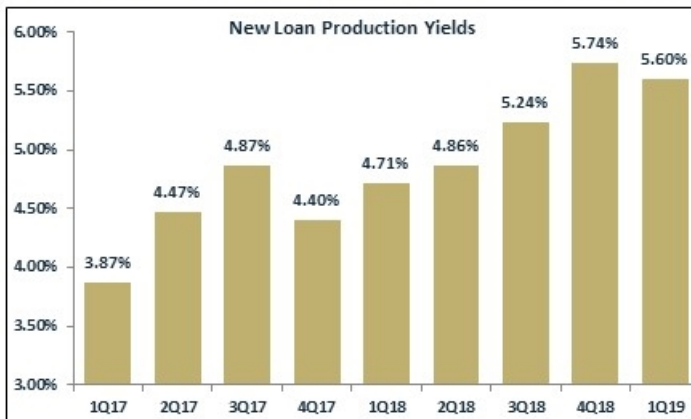
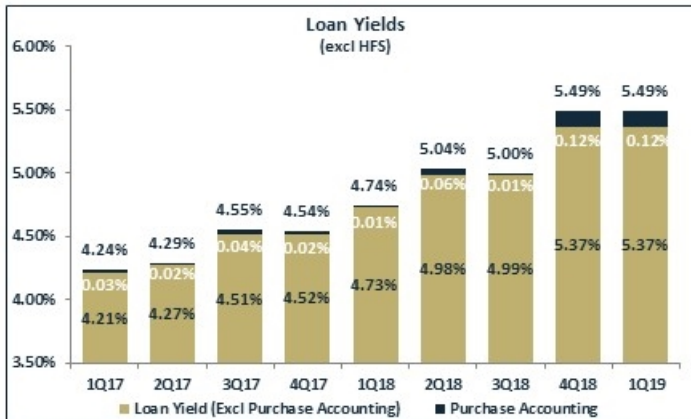
We continue to build full relationships



- Our profitability roadmap is dependent on expanding existing relationships and acquiring new relationships.
- With loans typically leading the relationship, a full relationship typically consists of the following:
 - Operating account (DDA or NOW)
 - Treasury Management
 - Loan
- Relationship banking is key to building wallet share with current customer base.



Loan Yields

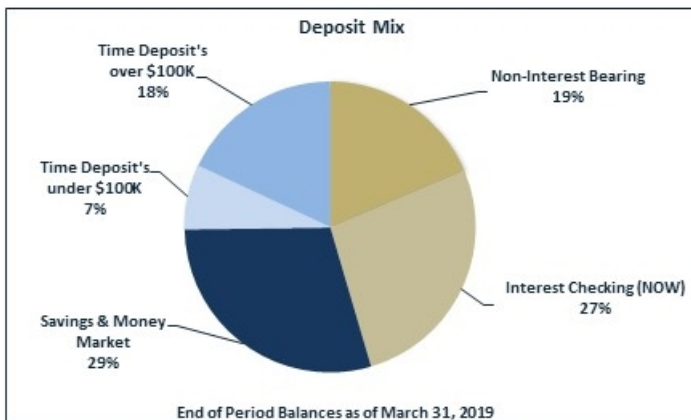
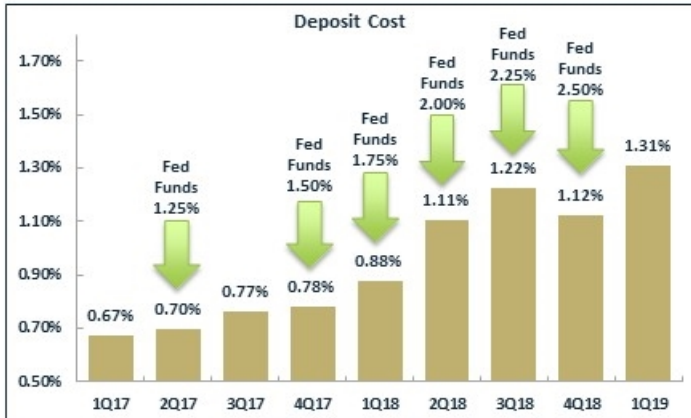


- The yield on new loan production in 1Q19 was 5.60%; the last 2 quarters of new loan production yields are above our portfolio average.
- New loan production yields have increased 173 bps from 1Q17.
- Loan fees decreased as we experienced larger than normal amount of payoffs in 4Q18.
- Yield curve lower in 1Q19 vs 4Q18; US Treasury Yields at 2,5,7 year points lower by 21 bps, 28 bps, 28 bps respectively.

Loan Yield Rollforward

4Q18 (Avg)	5.49%
Repricing of Variable Rate Loans	0.05%
Loan Volume/Mix	0.05%
Decrease in Loan Fees	(0.10%)
1Q19 (Avg)	5.49%

Deposit Growth and Costs



- EOP Deposits grew 28.1% on an annualized basis from 4Q18.
- Excluding Day 1 deposits from Athens, organic deposit growth was 11.5% vs. 1Q18.
- Deposit costs increased 19 bps to 1.31% reflecting increased competition for deposits.
- 46% of all deposits are in a checking account (DDA and NOW).

	1Q19	Change Vs. 4Q18*		Change Vs. 1Q18	
	\$	\$	%	\$	%
Balance Sheet (EOP Balances)					
Non-Interest Bearing	\$ 313	\$ 23	32.3%	\$ 54	21.1%
Interest Checking (NOW)	450	16	14.5%	155	52.4%
Savings & Money Market	493	(4)	-3.7%	89	22.2%
Time Deposit's under \$100K	120	36	176.8%	84	230.2%
Time Deposit's over \$100K	303	38	58.6%	169	125.6%
Deposits	\$ 1,679	\$ 109	28.1%	\$ 551	48.9%

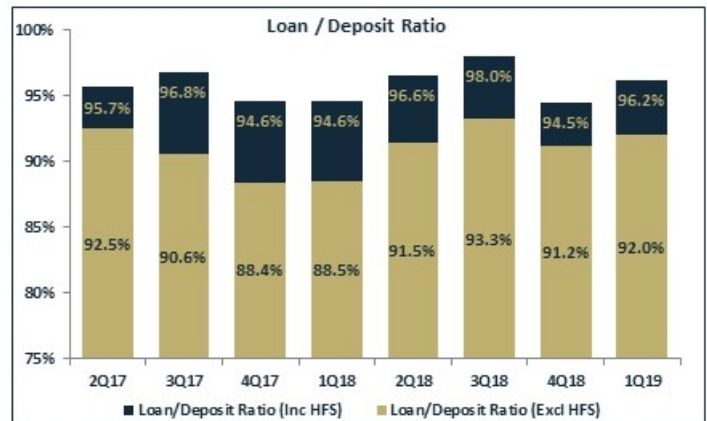
*Annualized % change from 4Q18 to 1Q19

Net Interest Margin⁽¹⁾



- Our NIM was 3.75% and decreased 14 bps due to:
 - Loan volumes and pricing contributed 10 bps.
 - Decrease of 6 bps in loan fees (C&I and CRE).
 - Higher deposit costs lowered NIM 18 bps.
- EOP loan to deposit ratio at 96.2% (incl HFS).

Net Interest Margin	
4Q18 (Avg)	3.89%
Loan Volumes/Pricing	0.10%
Decrease in Loan Fees	(0.06%)
Increase in Deposit Costs	(0.18%)
1Q19 (Avg)	3.75%



(1) Calculated on a tax equivalent basis

Non-Interest Income

Non-interest Income was 0.97% of Average Assets with record TriNet Loans Sales

(Dollars in thousands)	Three Months Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Non-Interest Income					
Treasury Management and Other Deposit Service Charges	\$ 798	\$ 793	\$ 528	\$ 427	\$ 402
Net Gain (Loss) on Sale of Securities	12	1	(1)	3	-
Tri-Net Fees	641	276	374	325	528
Mortgage Banking Income	1,385	1,324	1,634	1,383	1,313
Other	1,899	3,993	683	627	847
Total Non-Interest Income	\$ 4,735	\$ 6,387	\$ 3,218	\$ 2,765	\$ 3,090
Average Assets	1,988,478	1,940,991	1,421,873	1,396,359	1,351,129
Non-Interest Income / Average Assets	0.97%	1.31%	0.90%	0.79%	0.93%

- Treasury Management and Deposit Service Charges reflect addition of Athens customer base.
- Record Tri-Net fees of \$641K.
- Mortgage flat to prior year and prior quarter. Mortgage origination volume was 71% purchase volume.

Non-Interest Expense

Operating Efficiency Ratio of 65.0% was in line with previously provided guidance

(Dollars in thousands)	Three Months Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 31, 2018	March 31, 2018
Non-Interest Expense					
Salaries and Employee Benefits	\$ 8,432	\$ 9,475	\$ 6,514	\$ 6,340	\$ 6,257
Data Processing & Software	1,474	1,424	803	810	798
Professional Fees	543	534	255	344	474
Occupancy	883	736	544	535	521
Equipment	852	810	520	602	539
Regulatory Fees	274	364	228	233	203
Merger-Related Charges	594	8,929	540	335	-
Amortization of Intangibles	430	442	3	10	10
Other Operating	1,243	1,120	663	796	778
Total Non-Interest Expense	\$ 14,725	\$ 23,832	\$ 10,070	\$ 10,005	\$ 9,580
<i>Efficiency Ratio</i>	<i>67.74%</i>	<i>98.88%</i>	<i>68.22%</i>	<i>69.71%</i>	<i>68.74%</i>
<i>Average Assets</i>	<i>\$ 1,988,478</i>	<i>\$ 1,940,991</i>	<i>\$ 1,421,873</i>	<i>\$ 1,396,359</i>	<i>\$ 1,351,129</i>
<i>Non-Interest Expense / Average Assets</i>	<i>3.00%</i>	<i>4.87%</i>	<i>2.81%</i>	<i>2.87%</i>	<i>2.88%</i>
<i>FTE</i>	<i>289</i>	<i>286</i>	<i>185</i>	<i>183</i>	<i>182</i>
Operating Non-Interest Expense⁽¹⁾	\$ 14,131	\$ 14,903	\$ 9,530	\$ 9,670	\$ 9,580
Operating Efficiency Ratio⁽¹⁾	65.01%	61.83%	64.56%	67.38%	68.74%
Operating Non-Interest Expense/ Average Assets⁽¹⁾	2.88%	3.05%	2.66%	2.78%	2.88%

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CapStar continues to move forward with the integration of Athens

- Key Milestones
 - June 11, 2018 – Announcement of transaction
 - August 29, 2018 – Shareholder approvals obtained
 - September 12, 2018 – Regulatory approvals obtained
 - October 1, 2018 – Merger closed
 - April 5-7, 2019 – Branding and Core operating systems conversion completed
-
- Second Half 2019 – Expected Synergies on track to be realized

Capital

- Our capital ratios are above regulatory guidelines.

<u>Capital Ratios</u>	1Q19	4Q18	3Q18	2Q18	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	10.76%	10.86%	10.72%	10.53%	NA
Tangible Common Equity / Tangible Assets*	10.31%	10.39%	10.09%	9.89%	NA
Tier 1 Leverage Ratio	10.97%	11.06%	11.02%	10.87%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	11.90%	12.13%	11.49%	11.41%	≥ 8.00%
Total Risk Based Capital Ratio	12.64%	12.84%	12.62%	12.53%	≥ 10.00%

- Repurchased 155,400 CSTR shares in 1Q19 at an average price of \$15.62 per share.

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

Guidance

- The following chart summarizes our 1Q19 performance relative to previously issued guidance:

Metric	Proforma	1Q19 Performance
Net Interest Margin	3.70% - 3.90%	✓
Efficiency Ratio	Mid/Low 60's% near term	✓
Non-Interest Income/Average Assets	0.80% - 1.10%	✓
ROAA	1.15% - 1.35%	✗
Loan/Deposit Ratio	90% – 100%	✓
Loan Growth	High Single to Low Double Digits	✓
Net Charge Off Ratio	<25 bps	✓
Purchase Accounting Accretion	~\$1MM (2019)	On track
CDI	\$1.7MM (2019)	On track
Effective Tax Rate	~23%	✓

Key Takeaways*

- CapStar's strategy remains one of sound, profitable growth.
- Focused on Athens integration and capturing expected synergies.
- Focused on increasing primary bank status with more clients.
- Organic growth opportunities through market share takeaway.
- Continue to explore strategic and opportunistic M&A.



Appendix: Historical Financials

Historical Financials

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
STATEMENT OF INCOME DATA							
Interest Income	\$ 22,967	\$ 13,744	\$ 67,781	\$ 51,515	\$ 45,395	\$ 40,504	\$ 38,287
Interest Expense	5,965	2,898	16,088	9,651	6,932	5,731	5,871
Net Interest Income	17,002	10,846	51,692	41,863	38,463	34,773	32,416
Provision for Loan and Lease Losses	886	678	2,842	12,870	2,829	1,651	3,869
Non-Interest Income	4,735	3,090	15,459	10,908	11,084	8,884	7,419
Non-Interest Expense	14,725	9,580	53,487	33,765	33,129	30,977	28,562
Income before Income Taxes	6,126	3,678	10,821	6,136	13,590	11,029	7,404
Income Tax Expense	1,346	483	1,167	4,635	4,493	3,470	2,412
Net Income	4,780	3,195	9,655	1,501	9,097	7,559	4,992
Pre-Tax Pre-Provision Net Income *	7,011	4,355	13,663	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

	Three Months Ended March 31,		Twelve Months Ended December 31,			
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015
BALANCE SHEET (AT PERIOD END)						
Cash & Due From Banks	\$ 120,321	\$ 51,125	\$ 105,443	\$ 82,797	\$ 80,111	\$ 100,185
Investment Securities	251,563	202,141	259,580	205,186	235,250	221,890
Loans Held for Sale	72,870	62,286	57,618	74,093	42,111	35,729
Gross Loans and Leases (Net of Unearned Income)	1,467,786	1,031,821	1,429,794	947,537	935,251	808,396
Total Intangibles	45,618	6,232	46,048	6,242	6,290	6,344
Total Assets	2,035,811	1,382,745	1,963,883	1,344,429	1,333,675	1,206,800
Deposits	1,678,802	1,127,553	1,570,008	1,119,866	1,128,722	1,038,460
Borrowings and Repurchase Agreements	75,660	100,000	126,509	70,000	55,000	48,755
Total Liabilities	1,776,060	1,234,052	1,709,504	1,197,483	1,194,468	1,098,214
Common Equity	250,750	139,693	245,379	137,946	130,207	92,086
Preferred Equity	9,000	9,000	9,000	9,000	9,000	16,500
Total Shareholders' Equity	259,751	148,693	254,379	146,946	139,207	108,586
Total Liabilities and Shareholders' Equity	2,035,811	1,382,745	1,963,883	1,344,429	1,333,675	1,206,800

Historical Financials

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
SELECTED PERFORMANCE RATIOS							
Return on Average Assets (ROAA)	0.97%	0.96%	0.63%	0.11%	0.72%	0.66%	0.47%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) ⁽¹⁾	1.43%	1.31%	0.89%	1.40%	1.30%	1.11%	1.06%
Return on Average Equity (ROAE)	7.54%	8.74%	5.50%	1.05%	7.57%	7.08%	4.94%
Return on Average Tangible Equity (ROATE) ⁽¹⁾	9.18%	9.12%	6.05%	1.09%	7.99%	7.53%	5.30%
Return on Average Tangible Common Equity (ROATCE) ⁽¹⁾	9.59%	9.74%	6.41%	1.17%	9.16%	9.01%	6.43%
Net Interest Margin ⁽²⁾ (tax equivalent basis)	3.75%	3.39%	3.55%	3.25%	3.22%	3.24%	3.25%
Efficiency Ratio ⁽³⁾	67.74%	68.74%	79.65%	63.9%	66.9%	70.9%	71.7%
Non-Interest Income / Average Assets	0.97%	0.93%	1.01%	0.80%	0.88%	0.78%	0.70%
Non-Interest Expense / Average Assets	3.00%	2.88%	3.50%	2.49%	2.62%	2.72%	2.68%
Loan and Lease Yield	5.49%	4.74%	5.11%	4.41%	4.33%	4.53%	4.74%
Deposit Cost	1.31%	0.88%	1.09%	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

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
PER SHARE OUTSTANDING DATA							
Basic Net Earnings per Share	\$0.27	\$0.27	\$0.73	\$0.13	\$0.98	\$0.90	\$0.59
Diluted Net Earnings per Share	\$0.25	\$0.25	\$0.67	\$0.12	\$0.81	\$0.73	\$0.49
Book Value Per Share, Reported	\$14.11	\$11.87	\$13.84	\$11.91	\$11.62	\$10.74	\$10.17
Tangible Book Value Per Share, Reported*	\$11.55	\$11.34	\$11.25	\$11.37	\$11.06	\$10.00	\$9.41
Shares of Common Stock Outstanding at End of Period	17,765,124	11,773,358	17,724,721	11,582,026	11,204,515	8,577,051	8,471,516
CAPITAL RATIOS (AT PERIOD END)							
Tier 1 Leverage Ratio	10.97%	10.91%	11.06%	10.77%	10.46%	9.33%	8.56%
Common Equity Tier 1 Capital (Cet1)	11.40%	10.43%	11.61%	10.70%	10.90%	8.89%	-
Tier 1 Risk-Based Capital	11.90%	11.11%	12.13%	11.41%	11.61%	10.41%	10.32%
Total Risk-Based Capital Ratio	12.64%	12.22%	12.84%	12.52%	12.60%	11.42%	11.54%
Total Shareholders' Equity to Total Assets Ratio	12.76%	10.75%	12.95%	10.93%	10.44%	9.00%	9.10%
Tangible Equity to Tangible Assets *	10.76%	10.35%	10.86%	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 March 31,		Twelve Months Ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
NON-PERFORMING ASSETS (NPA)							
Non-Performing Loans	\$ 1,712	\$ 1,329	\$ 2,078	\$ 2,695	\$ 3,619	\$ 2,689	\$ 7,738
Troubled Debt Restructurings	1,255	1,190	1,391	1,206	1,272	125	2,618
Other Real Estate and Repossessed Assets	1,038	-	988	-	-	216	575
Non-Performing Assets	2,750	1,329	3,066	2,695	3,619	2,905	8,313
ASSET QUALITY RATIOS							
Non-Performing Assets / Assets	0.14%	0.10%	0.16%	0.20%	0.27%	0.24%	0.74%
Net Charge-Offs to Average Loans (Periods Annualized)	0.01%	-0.07%	0.39%	1.09%	0.15%	0.38%	0.15%
Allowance for Loan Losses to Total Loans and Leases	0.88%	1.41%	0.85%	1.45%	1.24%	1.25%	1.58%
Allowance for Loan to Non-Performing Loans	756.9%	1095.7%	582.8%	509.1%	321.4%	376.8%	145.8%

Historical Financials

	As of March 31,		As of December 31,			
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015
COMPOSITION OF LOANS HELD FOR INVESTMENT						
Commercial Real Estate	\$ 574,001	\$ 389,757	\$ 550,446	\$ 350,622	\$ 302,322	\$ 251,196
Consumer Real Estate	248,943	104,224	253,562	102,581	97,015	93,785
Construction and Land Development	162,237	91,953	174,670	82,586	94,491	52,522
Commercial and Industrial	419,941	408,353	404,600	373,248	379,620	353,442
Consumer	26,241	9,524	25,615	6,862	5,974	8,668
Other Loans	36,424	28,010	20,902	31,638	55,829	48,782
DEPOSIT COMPOSITION						
Non-Interest Bearing	\$ 312,597	\$ 258,161	\$ 289,552	\$ 301,742	\$ 197,788	\$ 190,580
Interest Checking	450,462	295,495	434,921	274,681	299,621	189,983
Savings & Money Market	492,619	403,216	497,108	367,245	447,686	437,214
Time Deposits	423,125	170,682	348,427	176,197	183,628	220,683

Historical Financials

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
REAL ESTATE - COMMERCIAL AND CONSTRUCTION CONCENTRATIONS							
Construction and Development	\$ 162,237	\$ 91,953	\$ 174,670	\$ 82,586	\$ 94,491	\$ 52,522	\$ 46,193
Commercial Real Estate and Construction	615,943	395,398	608,529	382,300	282,513	198,285	172,803
Construction and Development to Total Risk Based Capital (Reg. 100%)	71.7%	56.9%	78.7%	52.9%	63.2%	45.3%	42.8%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	272.3%	244.5%	274.1%	244.8%	188.8%	170.9%	160.0%
MORTGAGE METRICS							
Total Origination Volume	\$ 73,791	\$ 91,996	\$ 406,751	\$ 440,132	\$ 522,037	\$ 422,323	\$ 253,099
Total Mortgage Loans Sold	83,996	97,162	407,795	462,506	523,031	407,941	245,891
Purchase Volume as a % of Originations	71%	71%	81%	77%	67%	72%	76%
Mortgage Fees/Gain on Sale of Loans	1,385	1,313	5,653	6,238	7,375	5,962	4,067
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.65%	1.35%	1.39%	1.35%	1.41%	1.46%	1.65%
Mortgage Fees/Gain on Sale as a % of Total Revenue	6.4%	9.4%	8.4%	11.8%	14.9%	13.7%	10.2%

Non-GAAP Financial Measures

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
PRE-TAX PRE-PROVISION INCOME							
Pre-Tax Income	\$ 6,126	\$ 3,678	\$ 10,821	\$ 6,136	\$ 13,590	\$ 11,029	\$ 7,404
Add: Provision for Loan Losses	886	678	2,842	12,870	2,829	1,651	3,869
Pre-Tax Pre-Provision Income	7,011	4,355	13,663	19,006	16,419	12,680	11,273
PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS							
Total Average Assets	\$ 1,988,478	\$ 1,351,129	\$ 1,528,915	\$ 1,357,794	\$ 1,262,763	\$ 1,140,760	\$ 1,064,705
Pre-Tax Pre-Provision Income	7,011	4,355	13,663	19,006	16,419	12,680	11,273
Pre-Tax Pre-Provision Return on Average Assets	1.43%	1.31%	0.89%	1.40%	1.30%	1.11%	1.06%

Non-GAAP Financial Measures

	As of March 31,		As of December 31,			
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015
TANGIBLE EQUITY						
Total Shareholders' Equity	\$ 259,751	\$ 148,693	\$ 254,379	\$ 146,946	\$ 139,207	\$ 108,586
Less: Intangible Assets	45,618	6,232	46,048	6,242	6,290	6,344
Tangible Equity	214,133	142,461	208,331	140,704	132,918	102,242
TANGIBLE COMMON EQUITY						
Tangible Equity	\$ 214,133	\$ 142,461	\$ 208,331	\$ 140,704	\$ 132,918	\$ 102,242
Less: Preferred Equity	9,000	9,000	9,000	9,000	9,000	16,500
Tangible Common Equity	205,133	133,461	199,331	131,704	123,918	85,742
TANGIBLE EQUITY TO TANGIBLE ASSETS						
Tangible Equity	\$ 214,133	\$ 142,461	\$ 208,331	\$ 140,704	\$ 132,918	\$ 102,242
Total Assets	2,035,811	1,382,745	1,963,883	1,344,429	1,333,675	1,206,800
Less: Intangible Assets	45,618	6,238	46,048	6,242	6,290	6,344
Tangible Assets	1,990,193	1,376,507	1,917,835	1,338,188	1,327,385	1,200,456
Tangible Equity to Tangible Assets	10.76%	10.35%	10.86%	10.51%	10.01%	8.52%
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS						
Tangible Common Equity	\$ 205,133	\$ 133,461	\$ 199,331	\$ 131,704	\$ 123,918	\$ 85,742
Tangible Assets	1,990,193	1,376,507	1,917,835	1,338,188	1,327,385	1,200,456
Tangible Common Equity to Tangible Assets	10.31%	9.70%	10.39%	9.84%	9.34%	7.14%

Non-GAAP Financial Measures

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)							
Total Average Shareholder's Equity	\$ 257,105	\$ 148,276	\$ 175,686	\$ 143,402	\$ 120,123	\$ 106,727	\$ 101,030
Less: Average Intangible Assets	45,890	6,238	16,174	6,265	6,318	6,371	6,855
Average Tangible Equity	211,215	142,038	159,512	137,137	113,805	100,356	94,175
Net Income to Shareholders	4,780	3,195	9,655	1,501	9,097	7,559	4,992
Return on Average Tangible Equity (ROATE)	9.18%	9.12%	6.05%	1.09%	7.99%	7.53%	5.30%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)							
Average Tangible Equity	\$ 211,215	\$ 142,038	\$ 159,512	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175
Less: Preferred Equity	9,000	9,000	9,000	9,000	14,533	16,500	16,500
Average Tangible Common Equity	202,215	133,037	150,512	128,137	99,273	83,856	77,675
Net Income to Shareholders	4,780	3,195	9,655	1,501	9,097	7,559	4,992
Return on Average Tangible Common Equity (ROATCE)	9.59%	9.74%	6.41%	1.17%	9.16%	9.01%	6.43%

Non-GAAP Financial Measures

	As of March 31,		As of December 31,			
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015
TANGIBLE BOOK VALUE PER SHARE, REPORTED						
Tangible Common Equity	\$ 205,133	\$ 133,461	\$ 199,331	\$ 131,704	\$ 123,918	\$ 85,742
Shares of Common Stock Outstanding	17,765,124	11,773,358	17,724,721	11,582,026	11,204,515	8,577,051
Tangible Book Value Per Share, Reported	\$11.55	\$11.34	\$11.25	\$11.37	\$11.06	\$10.00
SHARES OUTSTANDING AT END OF PERIOD						
Shares of Common Stock Outstanding	17,765,124	11,773,358	17,724,721	11,582,026	11,204,515	8,577,051
Shares of Preferred Stock Outstanding	878,048	878,049	878,048	878,049	878,049	1,609,756
Total Shares Outstanding at End of Period	18,643,170	12,651,407	18,602,769	12,460,075	12,082,564	10,186,807
TANGIBLE BOOK VALUE PER SHARE, ADJUSTED						
Tangible Equity	\$ 214,133	\$ 142,461	\$ 208,331	\$ 140,704	\$ 132,918	\$ 102,242
Total Shares Outstanding at End of Period	18,643,172	12,651,407	18,602,769	12,460,075	12,082,564	10,186,807
Tangible Book Value Per Share, Adjusted	\$11.49	\$11.26	\$11.20	\$11.29	\$11.00	\$10.04

Non-GAAP Financial Measures

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
OPERATING NET INCOME							
Net Income	\$ 4,780	\$ 3,195	\$ 9,655	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992
Add: Merger-Related Expense	594	-	9,803	-	-	-	-
Less: Income Tax Impact	(155)	-	(2,213)	3,562	-	-	-
Operating Net Income	5,219	3,195	17,245	5,063	9,097	7,559	4,992
OPERATING DILUTED NET INCOME PER SHARE							
Operating Net Income	\$ 5,219	\$ 3,195	\$ 17,245	\$ 5,063	\$ 9,097	\$ 7,559	\$ 4,992
Average Diluted Shares Outstanding	18,830,933	12,975,759	14,480,347	12,803,511	11,212,026	10,381,895	10,281,044
Operating Diluted Net Income per Share	\$0.28	\$0.25	\$1.19	\$0.40	\$0.81	\$0.73	\$0.49
OPERATING RETURN ON AVERAGE ASSETS (ROAA)							
Operating Net Income	\$ 5,219	\$ 3,195	\$ 17,245	\$ 5,063	\$ 9,097	\$ 7,559	\$ 4,992
Total Average Assets	1,988,478	1,351,129	1,528,915	1,357,794	1,262,763	1,140,760	1,064,705
Operating Return on Average Assets (ROAA)	1.06%	0.96%	1.13%	0.37%	0.72%	0.66%	0.47%
OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)							
Average Tangible Equity	\$ 211,215	\$ 142,038	\$ 159,512	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175
Operating Net Income	5,219	3,195	17,245	5,063	9,097	7,559	4,992
Operating Return on Average Tangible Equity (ROATE)	10.02%	9.12%	10.81%	3.69%	7.99%	7.53%	5.30%

The operating non-GAAP amounts and ratios above have excluded the impact of the merger-related items and the impact of the Tax Cuts and Jobs Act of 2017.

Non-GAAP Financial Measures

	Three Months Ended March 31,		Twelve Months Ended December 31,				
(Dollars in thousands, except per share information)	2019	2018	2018	2017	2016	2015	2014
OPERATING NON-INTEREST EXPENSE							
Non-Interest Expense	\$ 14,725	\$ 9,580	\$ 53,487	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Less: Merger-Related Expense	(594)	-	(9,803)	-	-	-	-
Operating Non-Interest Expense	14,131	9,580	43,684	33,765	33,129	30,977	28,562
OPERATING NON-INTEREST EXPENSE / AVERAGE ASSETS							
Operating Non-Interest Expense	\$ 14,131	\$ 9,580	\$ 43,684	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Total Average Assets	1,988,478	1,351,129	1,528,915	1,357,794	1,262,763	1,140,760	1,064,705
Operating Non-Interest Income / Average Assets	2.88%	2.88%	2.86%	2.49%	2.62%	2.72%	2.68%
OPERATING EFFICIENCY RATIO							
Operating Non-Interest Expense	\$ 14,131	\$ 9,580	\$ 43,684	\$ 33,765	\$ 33,129	\$ 30,977	\$ 28,562
Net Interest Income	17,002	10,846	51,692	41,863	38,463	34,773	32,416
Non Interest Income	4,735	3,090	15,459	10,908	11,084	8,884	7,419
Total Revenues	21,737	13,936	67,151	52,771	49,548	43,657	39,835
Operating Efficiency Ratio	65.01%	68.74%	65.05%	63.98%	66.86%	70.96%	71.70%

The operating 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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