CAPSTAR™

FINANCIAL HOLDINGS, INC.

Second Quarter 2020 Earnings Call

July 24, 2020

Disclosures

FORWARD-LOOKING STATEMENTS

This investor presentation contains forward-looking statements, as defined by federal securities laws, including statements about CapStar Financial Holdings, Inc. ("CapStar") and its financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of our operations and future financial performance. Our operations and such performance involves risks and uncertainties, including but in no way limited to the effect of the COVID-19 pandemic, that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to CapStar's filings with the Securities and Exchange Commission, including its 2019 Annual Report on Form 10-K under the sections entitled "Forward-Looking Statements" and "Item 1A. Risk Factors". Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

NON-GAAP MEASURES

This investor presentation includes financial information determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). This financial information includes certain operating performance measures, which exclude merger-related and other charges that are not considered part of recurring operations. Such measures include: "Efficiency ratio – operating," "Expenses – operating," "Earnings per share – operating," "Diluted earnings per share – operating," "Tangible book value per share," "Return on common equity – operating," "Return on tangible common equity – operating," "Return on assets – operating," and "Tangible common equity to tangible assets."

Management has included these non-GAAP measures because it believes these measures may provide useful supplemental information for evaluating CapStar's underlying performance trends. Further, management uses these measures in managing and evaluating CapStar's business and intends to refer to them in discussions about our operations and performance. Operating performance measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP measures that may be presented by other companies. To the extent applicable, reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the 'Non-GAAP Reconciliation Tables' included in the exhibits to this presentation.

Agenda

- Financial Highlights and Results
- Risk Management
- FCB Update
- Looking Forward

Financial Highlights and Results

Financial Highlights

- **Strong PTPP led by mortgage and Tri-Net divisions**
  - 2Q PTPP / Assets of 1.71% up 0.03% vs 1Q20
  - Positive operating leverage year over year and linked quarter
  - Operating net income was $6.5MM or $0.36 per share
- **Increase in Net Interest Income due to success of PPP**
  - NIM declined due to asset sensitive position and increasing excess liquidity
  - Assessing opportunities to further reduce deposit pricing and levels of non-core deposit funding
  - Market leader in PPP relative to assets; non-PPP loans down vs 1Q20
- **Sound expense control**
  - Mortgage expenses rose in relation to record mortgage revenue
  - 2Q included merger-related and severance expense
  - Core expenses in-line with prior year quarters
- **Proactive risk management**
  - Continued low net charge-offs and criticized and classified asset levels
  - Further provisioned for uncertain economic environment
  - Strengthened total-risked based capital through subordinated debt issuance
  - Maintained significant on and off-balance sheet liquidity
- **FCB merger closed July 1; accretive to NIM, efficiency, ROAA and EPS**

Financial Results

	GAAP[2]			Operating[1][2]		
	2Q20	Favorable/(Unfavorable)		2Q20	Favorable/(Unfavorable)	
		1Q20	2Q19		1Q20	2Q19
Net Interest Income	$17.68	6%	4%	$17.68	6%	4%
Noninterest Income	$10.82	84%	54%	$10.82	84%	54%
Revenue	$28.50	26%	19%	$28.50	26%	19%
Noninterest Expense	$18.93	(33%)	(15%)	$18.49	(33%)	(25%)
Pre-tax Pre-provision Income	**$9.56**	**15%**	**26%**	**$10.01**	**16%**	**8%**
Provision for Loan Losses	$1.62	79%	N/A	$1.62	79%	N/A
Net Income	$6.18	359%	7%	$6.51	317%	(7%)
Diluted EPS	$0.34	362%	9%	$0.36	320%	(6%)

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

Key Performance Indicators

	Operating Metrics[1]	2Q20	1Q20	2Q19
Soundness	Net Charge-Offs to Average Loans (Annualized)	0.18%	0.01%	0.02%
	Non-Performing Assets / Loans + OREO	0.20%	0.26%	0.16%
	Allowance for Loan Losses / Loans Held for Investment	1.32%	1.39%	0.90%
	Tangible Common Equity / Tangible Assets	9.92%	11.43%	10.56%
	Total Risk Based Capital	16.76%	13.68%	13.29%
Profitability	Net Interest Margin[2] (tax equivalent basis)	3.23%	3.50%	3.68%
	Efficiency Ratio[3]	64.87%	61.78%	61.39%
	Pre-tax Pre-provision Income / Assets[4]	1.71%	1.68%	1.86%
	Return on Average Assets	1.11%	0.30%	1.40%
	Return on Average Equity	9.30%	2.25%	10.78%
	Return on Average Tangible Equity	11.02%	2.68%	13.05%
Growth[5]	Total Deposits (Avg)	$2,032	$1,736	$1,678
	Total Loans (Avg)	$1,561	$1,421	$1,469
	Total Assets (Avg)	$2,350	$2,059	$2,004
	Pre-tax Pre-provision Income	$10.01	$8.61	$9.28
	Net Income	$6.51	$1.56	$7.02
	Diluted EPS	$0.36	$0.08	$0.38
	Tangible Book Value per Share	$13.02	$12.66	$11.87

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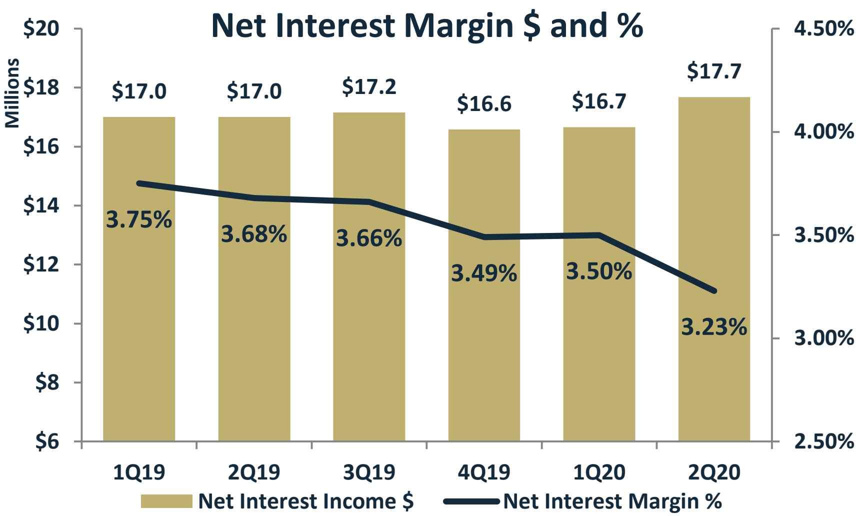
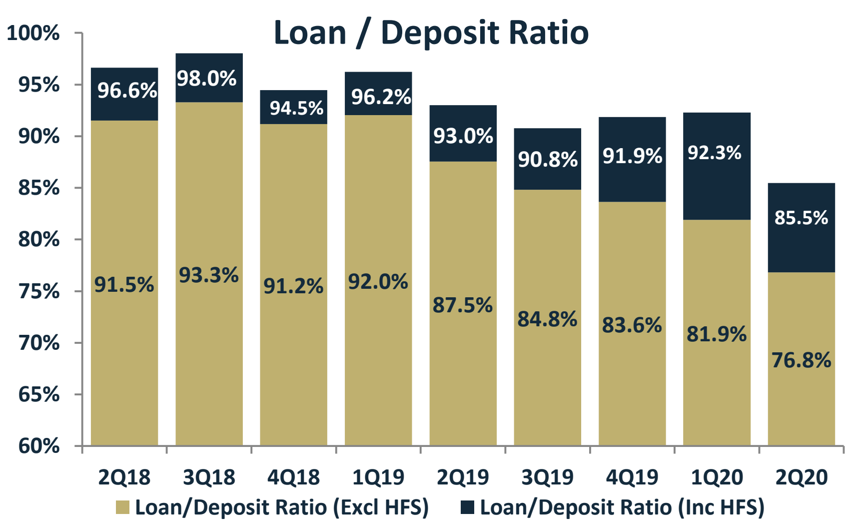
(2) Calculated on a tax equivalent basis.
(3) Efficiency ratio is Noninterest expense divided by the sum of net interest income and noninterest income.
(4) Pre-tax Pre-provision Operating ROA calculated as ROA excluding the effect of income tax expense, provision expense and merger charges
(5) Dollars in millions, except per share data.

Net Interest Margin(1)





- Net interest income increased as a result of higher average earning assets related to PPP
- NIM was 3.23%, down 27 bps from 1Q20
  - Increased cash driven by strong Q2 deposit growth
  - Full quarter impact of the Fed's March rate cuts given our asset sensitive position
- EOP loan to deposit ratio dropped to the mid 80s

(1) Calculated on a tax equivalent basis.

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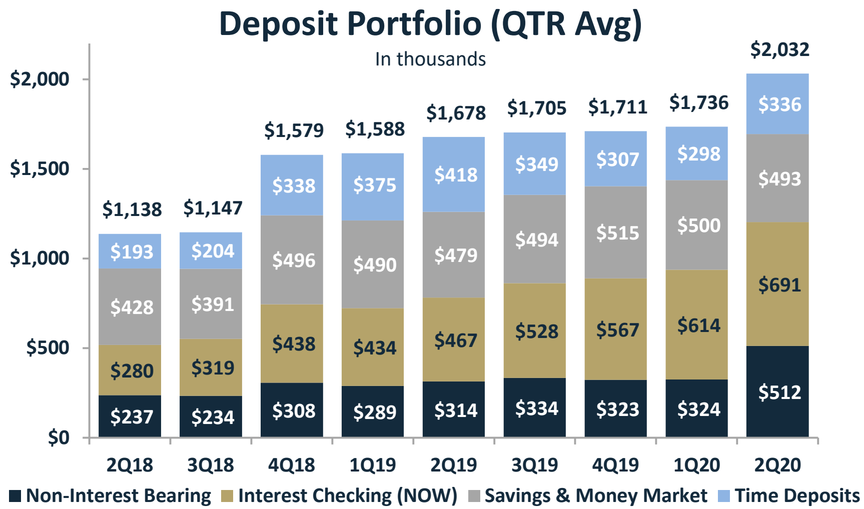
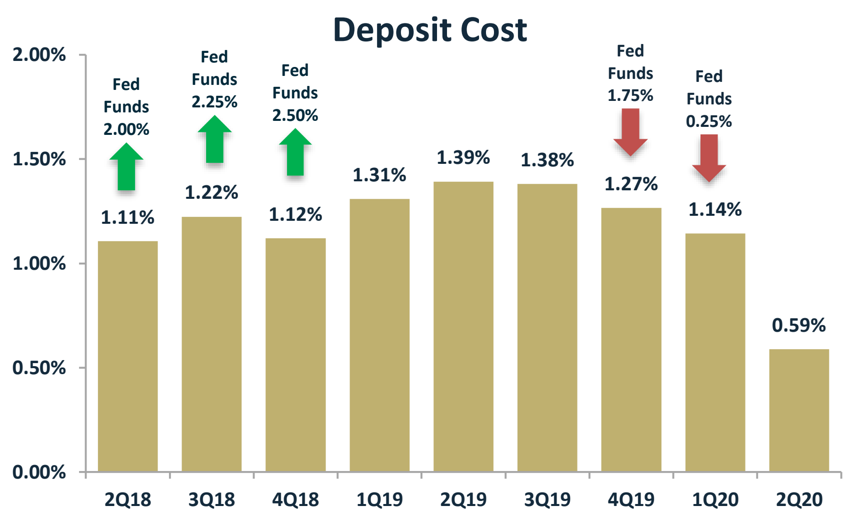
Deposit Growth and Costs



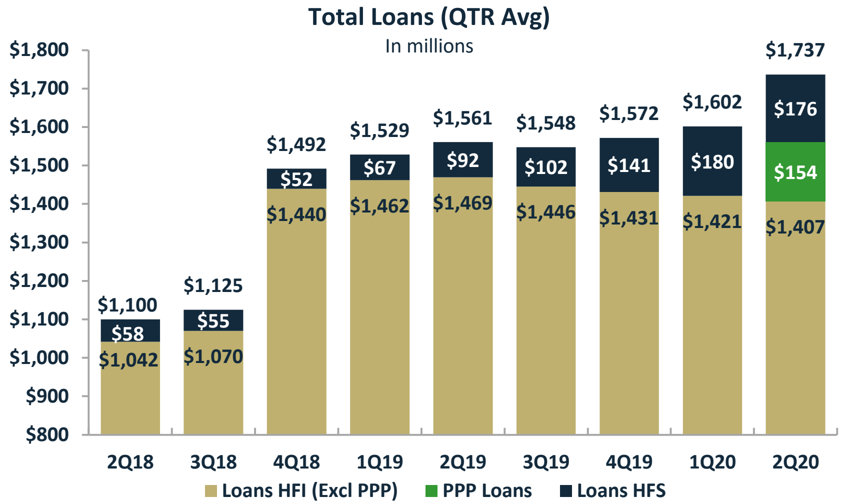
- Avg Deposit balances grew 21.1% over 2Q19
  - Estimated impact of increased deposits from PPP was $77.4MM at 0.11%
- Avg NOW balances grew 47.9% over 2Q19
- Deposit costs down 55 bps from 1Q20 due to rate adjustments in the quarter



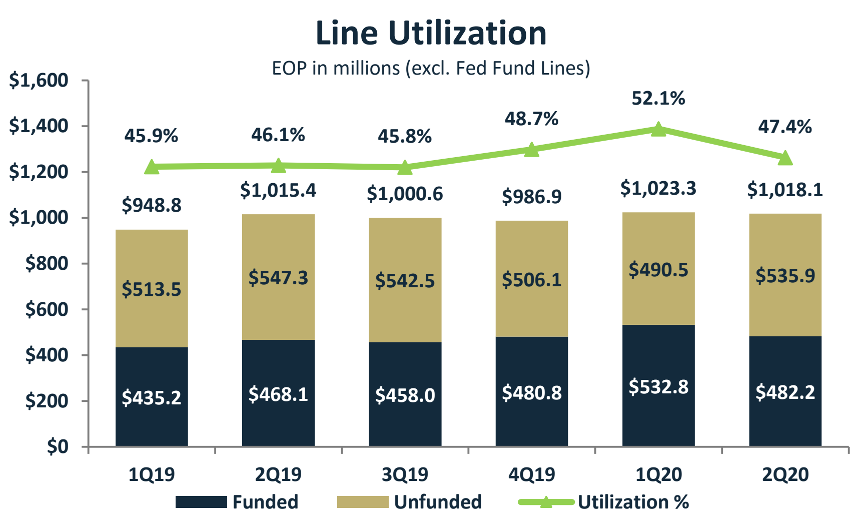
	2Q20	Change Vs. 1Q20*		Change Vs. 2Q19	
$ in millions	$	$	%	$	%
Balance Sheet (EOP Balances)					
Non-Interest Bearing	$ 547	$ 104	94.6%	$ 220	67.5%
Interest Checking (NOW)	686	139	102.0%	195	39.8%
Savings & Money Market	510	37	31.4%	1	0.2%
Time Deposit's under $100K	71	(0)	-1.5%	(34)	-32.7%
Time Deposit's over $100K	282	52	91.3%	(10)	-3.3%
Deposits	**$ 2,096**	**$ 332**	**75.7%**	**$ 373**	**21.6%**

*Annualized % change from 1Q20 to 2Q20.

Loan Growth



- EOP Loans HFI increased $146MM or 40.6% annualized from 1Q20
  - PPP loans were $222MM at June 30
- Avg Loans HFI increased 39% on an annualized basis from 1Q20 driven by the addition of $154MM in PPP Loans
- Line utilization decreased by 4.7% to 47.4%



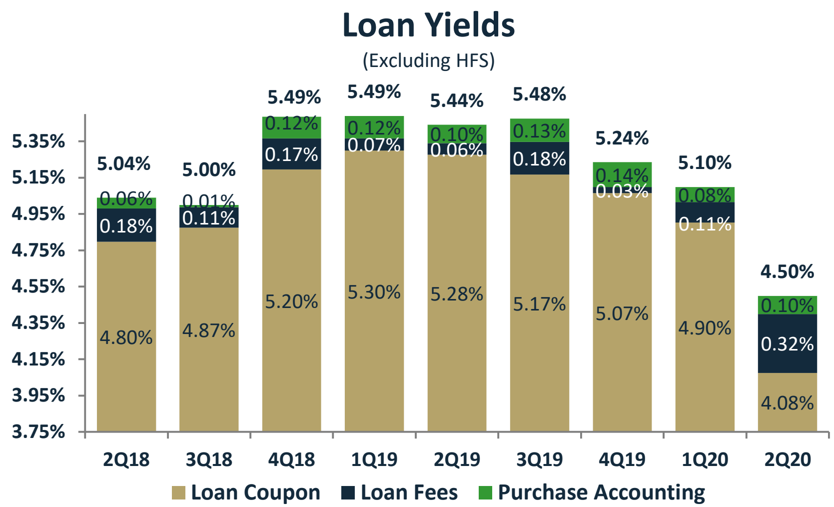
$ in millions	2Q20	Change Vs. 1Q20*		Change Vs. 2Q19	
	$	$	%	$	%
Balance Sheet (EOP Balances)					
Commercial and Industrial	$622	$174	156.7%	$217	53.6%
Commercial Real Estate (Non-Owner Occupied)	408	30	32.2%	(13)	-3.1%
Commercial Real Estate (Owner Occupied)	148	(19)	-45.8%	(26)	-14.8%
Consumer Real Estate	239	(10)	-15.5%	(16)	-6.4%
Construction & Land Development	118	(23)	-66.3%	(6)	-4.9%
Consumer	28	(0)	-2.8%	1	3.1%
Other	31	(7)	-70.6%	(4)	-12.4%
Total Loans	**$1,593**	**$146**	**40.6%**	**$152**	**10.6%**

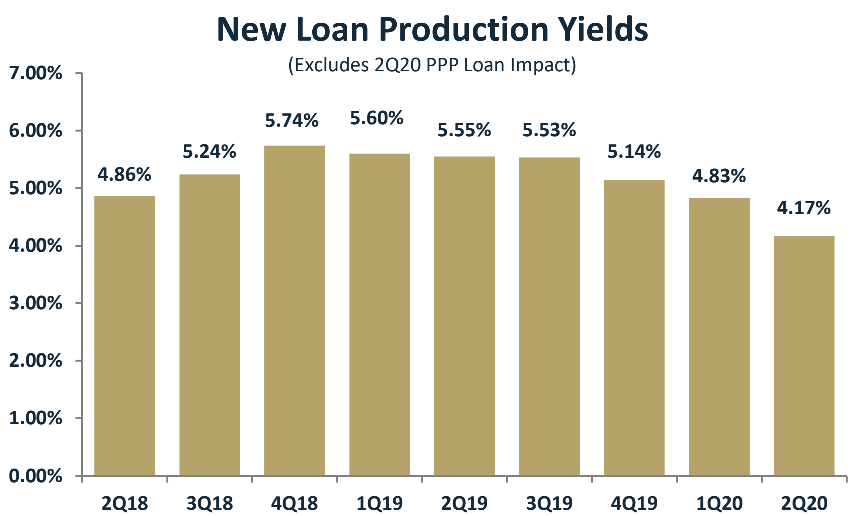
*Annualized % change from 1Q20 to 2Q20

Payroll Protection Program (PPP)

- Supported needs of both clients and non-clients across our communities
- $222 million loans funded, market leader in Nashville relative to assets
- $151 thousand average loan size: 82% of loans under $150 thousand
- 2Q20 average yield of 3.45%
- Obtained financing for more than 1,493 businesses
- Benefited more than 25,167 employees

Loan Yields





- Overall loan yield declined 60 bps from 1Q20
- Average 1 month Libor rate was 0.39% and down 104 bps from 1Q20, which negatively contributed to our variable rate loan yield decline of 72 bps
- Loan fees increased 21 bps from 1Q20 principally from fees associated with PPP Loans
- The yield on new loan production excluding the impact of PPP was 4.17%

Loan Yield Rollforward	
1Q20 (Avg)	**5.10%**
Increase in Loan Fees/Cost	0.21%
Increase in Purchase Accounting	0.02%
PPP Loan Yields/Fees	-0.11%
Repricing of Variable Rate Loans	-0.72%
2Q20 (Avg)	**4.50%**

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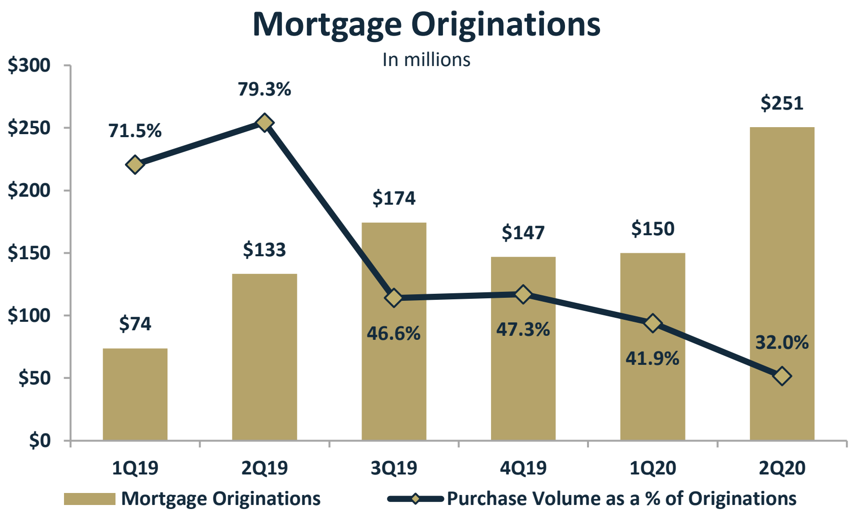
Noninterest Income

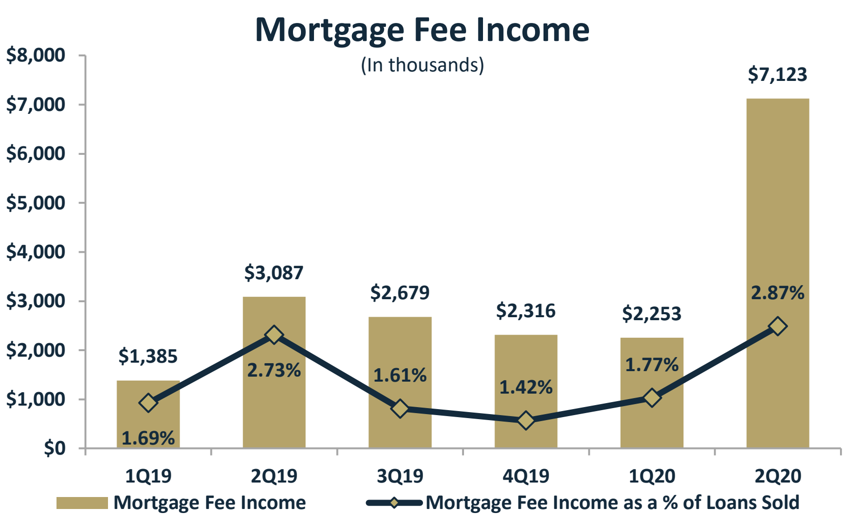
(Dollars in thousands)	Three Months Ended June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Noninterest Income					
Treasury Management and Other Deposit Service Charges	$ 691	$ 775	$ 736	$ 788	$ 813
Net Gain (Loss) on Sale of Securities	13	27	9	0	(121)
Tri-Net Fees	1,260	599	274	847	1,024
Mortgage Banking Income	7,123	2,253	2,316	2,679	3,087 (1)
Wealth Management Fees	374	407	407	379	334
Interchange and Debit Card Transaction Fees	729	724	928	754	991
Other	633	1,089	1,049	1,341	904
Total Noninterest Income	***$ 10,823***	**$ 5,874**	**$ 5,719**	**$ 6,788**	**$ 7,032**
Average Assets	***2,350,021***	***2,059,306***	***2,030,231***	***2,005,950***	***2,004,207***
Noninterest Income / Average Assets	***1.85%***	***1.15%***	***1.12%***	***1.34%***	***1.41%***

- Mortgage income up from the prior year and quarter due to higher volumes and spreads
- Tri-Net fees of $1.3MM in line with previous guidance and prior year
- Treasury Management and other Deposit Service Charges down due to clients paying TM fees with deposit balances
- Other includes a $238K Mortgage Servicing Right valuation adjustment and a $94K loss on sale of fixed assets

(1) Reflects the impact of the implementation of mandatory mortgage locks as opposed to best efforts mortgage locks. The aggregate accounting impact of the change was $(912K).

Residential Mortgage Income





- Residential Mortgage Originations increased $101MM from 1Q20 driven predominately by increased refinance activity
- With mortgage rates at historic lowers, refinance activity increased to 68% of the origination volume for the quarter compared to 58% in 1Q20 and 21% in 2Q19
- Mortgage Fee Income up $4.9MM due to increase of $121.5MM in loans sold over 1Q20 and a 110 bps increase in gain on sale %

Noninterest Expense

(Dollars in thousands)	Three Months Ended June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Noninterest Expense					
Salaries and Employee Benefits	$ 12,305	$ 8,002	$ 9,318	$ 9,229	$ 8,563
Data Processing & Software	2,100	1,864	1,835	1,790	1,862
Professional Fees	581	636	531	528	501
Occupancy	797	820	795	858	809
Equipment	680	751	834	1,012	1,026
Regulatory Fees	333	163	28	18	272
Merger Related Expenses	448	290	163	187	1,711
Amortization of Intangibles	375	386	397	408	419
Other Operating	1,315	1,299	1,365	1,501	1,307
Total Noninterest Expense	**$ 18,934**	**$ 14,211**	**$ 15,266**	**$ 15,531**	**$ 16,470**
Efficiency Ratio	***66.44%***	***63.06%***	***68.46%***	***64.87%***	***68.51%***
Average Assets	***$ 2,350,021***	***$ 2,059,306***	***$ 2,030,231***	***$ 2,005,950***	***$ 2,004,207***
Noninterest Expense / Average Assets	***3.24%***	***2.78%***	***2.98%***	***3.07%***	***3.30%***
FTE	***286***	***288***	***289***	***290***	***290***
Operating Noninterest Expense(1)	**$ 18,486**	**$ 13,921**	**$ 15,103**	**$ 15,344**	**$ 14,759**
Operating Efficiency Ratio(1)	**64.87%**	**61.78%**	**67.73%**	**64.08%**	**61.39%**
Operating Noninterest Expense / Average Assets(1)	**3.16%**	**2.72%**	**2.95%**	**3.04%**	**2.95%**

- Operating Noninterest Expense of $18.5MM and up $4.6MM primarily due to increased mortgage incentives, one-time contract buyouts, and expenses associated with PPP.
  - One-time expenses for contract buyouts were $1.4MM.
- Regulatory Fees higher due to credits in previous quarters.

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Risk Management

Loan Portfolio Summary

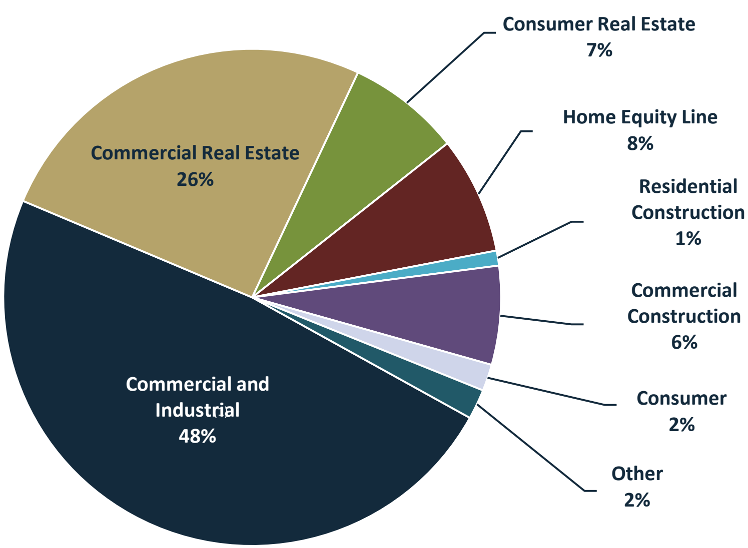
- Strong credit underwriting and portfolio management culture
  - Diversified portfolio in resilient markets
  - CRE portfolio has strong market and underwriting characteristics
  - In 2Q, We have successfully completed the first of three 2020 loan reviews 2020 by an external firm
  - External firm performs annual stress test; most recent completed 4/20

- COVID-19 impact update
  - By close of the opt in period, 32% of total loans opted into our deferral program expiring in July
  - We anticipate 6-8% to request a second deferral from interest only or more
  - 11% exposure to COVID-19 sensitive industries
  - Actively managing Lodging, Recreation/Restaurants, Retail, and Senior Living

- Proactively increased allowance for loan losses due to economic uncertainty related to COVID-19
  - 2Q20 reserve is 1.32%; or 1.53% excluding PPP loans
  - Including $2.8MM fair value mark on acquired loans, 2Q20 reserve is 1.50%; or 1.73% excluding PPP loans

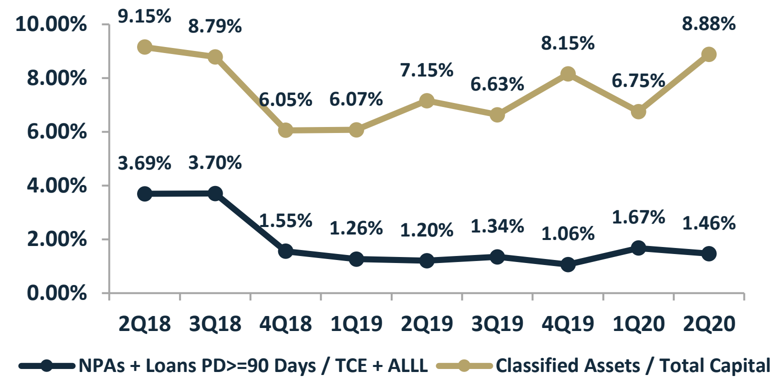
Loan Portfolio Performance

2Q20 Total Loans
$1.6 billion

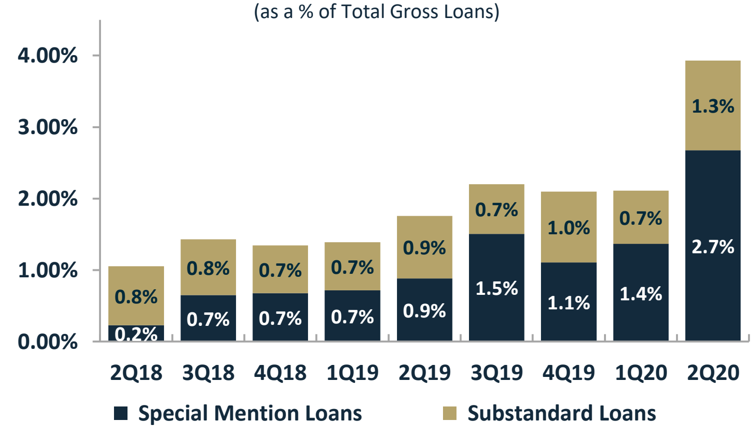


End of Period Balances as of June 30, 2020
Excludes LHFS Balances of $130MM

Low Classified and Non-Performing Assets
Relative to Total Capital



Criticized & Classified Loan Trends
(as a % of Total Gross Loans)



(1) Commercial & Industrial includes Commercial & Industrial loans and Owner Occupied CRE loans

Select Industries

Lodging

Funded (Non-PPP) Balances (In Millions)	
No Deferral Elected	$26.0
Deferral Opt-In	62.1
Grand Total	**$88.1**

Second Deferral Expectations (In Millions)	
Expected	$48.0
Not Expected	14.1
Grand Total	**$62.1**

Lodging - Detail

Funded (Non-PPP) Balances (In Millions)	
Marriott	$49.9
Hilton	21.9
Wyndham	7.6
Non-Flag	4.8
Choice Hotels	3.9
Grand Total	**$88.1**

- Pre-pandemic loan to value ratios are 57% with debt service coverage of 1.92x provides substantial buffer to absorb lower room rates and/or occupancy.
- Cash equity assures reduced exposure to value reductions
- Hotel exposure is dominated by:
  - National brands
  - Newer and well-located properties
  - Seasoned developers
- East Tennessee locations ($33MM) are dominated by:
  - Interstate exit locations performing below 2019 levels but reasonably well
  - Family destinations performing well related to 2019 levels
- Nashville locations ($41MM) are:
  - Heavily tied to convention/event activities
  - Expected to have a longer re-stabilization with indications of strong pre-bookings in 2H2021
  - Newly constructed or newly opened facilities

6/30/2020 balances

Select Industries

Recreation / Restaurants

Funded (Non-PPP) Balances (In Millions)	
No Deferral Elected	$12.4
Deferral Opt-In	17.7
Grand Total	**$30.1**

Retail

Funded (Non-PPP) Balances (In Millions)	
No Deferral Elected	$10.0
Deferral Opt-In	0.4
Grand Total	**$10.4**

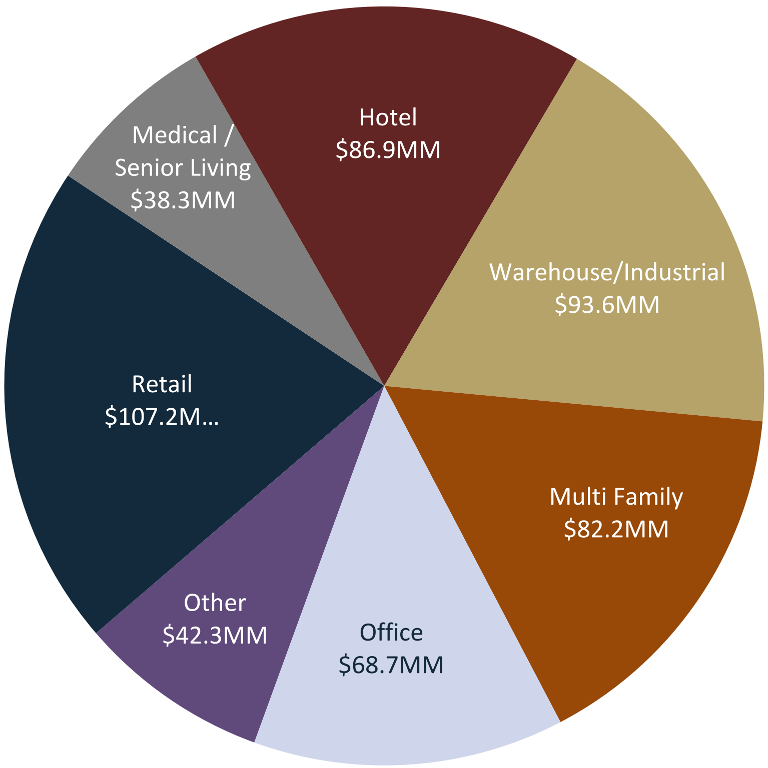
Senior Living

Funded (Non-PPP) Balances (In Millions)	
No Deferral Elected	$11.9
Deferral Opt-In	19.7
Grand Total	**$31.6**

- Loans in these pandemic sensitive sectors:
  - Remain a small portion of our portfolio
  - Are expected to resume normal scheduled payments this quarter with expectations for second deferrals below 10%
  - Are primarily secured by Real Estate
  - Are greater than 92% Pass Rated

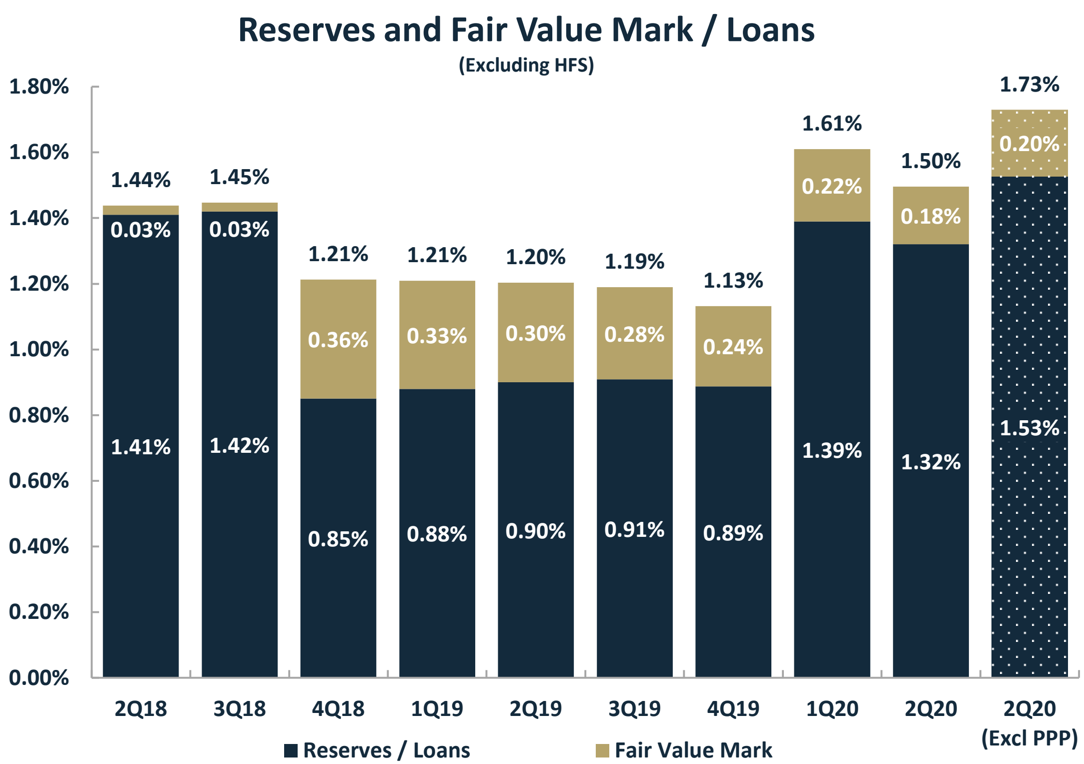
- As to Senior Living:
  - No facilities have been impacted by Covid19 infection

Commercial Real Estate



- Strong market fundamentals result in exceptionally strong quality metrics
- Focused on highly seasoned and liquid developer/investor profile
- Standard requirement expectation is 30%-35% cash equity
- Result is low LTV, high DSC that mitigates indirect tenant risk exposure
- 100% of balances Pass rated

Allowance for Loan Losses



- Multiple stress tests performed to evaluate a range of potential losses
- Due to the uncertainty of the impact of COVID-19, proactively increased allowance for loan losses 67% since 4Q19
  - 2Q increase of $1.6MM in qualitative factors reflecting continued uncertain economic environment
  - Excluding the $215.5MM[1] in PPP loans, Reserve/Loans increased from 1.39% in 1Q20 to 1.53% in 2Q20
- The current reserve of $21MM plus the $2.8MM fair value mark on acquired loans equates to a 1.50% reserve/loans or 1.73% excluding PPP Loans

(1) PPP Loan balances net of unearned fees as of 6/30/2020.

Capital

Capital Ratios	2Q20	1Q20	2Q19	"Well Capitalized" Guidelines
Leverage	10.08%	11.23%	11.01%	≥ 5.00%
Tangible Common Equity / Tangible Assets[1]	9.92%	11.43%	10.56%	NA
Tier 1 Risk Based Capital	13.76%	12.56%	12.53%	≥ 8.00%
Total Risk Based Capital	16.76%	13.68%	13.29%	≥ 10.00%

- Capital ratios significantly above "well capitalized" and risk-based ratios are higher than a year ago.
- Total risk-based capital increased 312 bps vs. 1Q20, including the impact of $30MM subordinated debt issuance.
- Quarterly dividend of $0.05 per common share was declared on July 23, 2020.
- Repurchased 147,800 shares during 1Q20 at an average price of $9.69 per share for a total of $1.4MM.
- Share repurchases discontinued March 24, 2020; $7.6MM remain under current authorization.

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

Liquidity

As of 06/30/2020

Funding Sources	Amount Outstanding ($000)	Available to Draw ($000)	Total Funding Capacity ($000)
Cash & Equivalents	$368,820	N/A	$368,820
Unpledged AFS Securities[1]	159,816	N/A	159,816
Loans Held for Sale	129,807	N/A	129,807
On Balance Sheet	**658,443**	**N/A**	**658,443**
FHLB Advances	10,000	150,228	160,228
Fed Funds Lines	-	125,000	125,000
Brokered CDs[2]	114,433	199,902	314,335
QwickRate Deposits[2]	348	313,987	314,335
Fed Discount Window[3]	-	N/A	N/A
Off Balance Sheet	**124,781**	**789,117**	**913,898**
Total	**$783,224**	**$789,117**	**$1,572,341**

- Liquidity stress tests performed quarterly using four scenarios
- Liquidity to be expanded further by renewal of Fed Discount Window

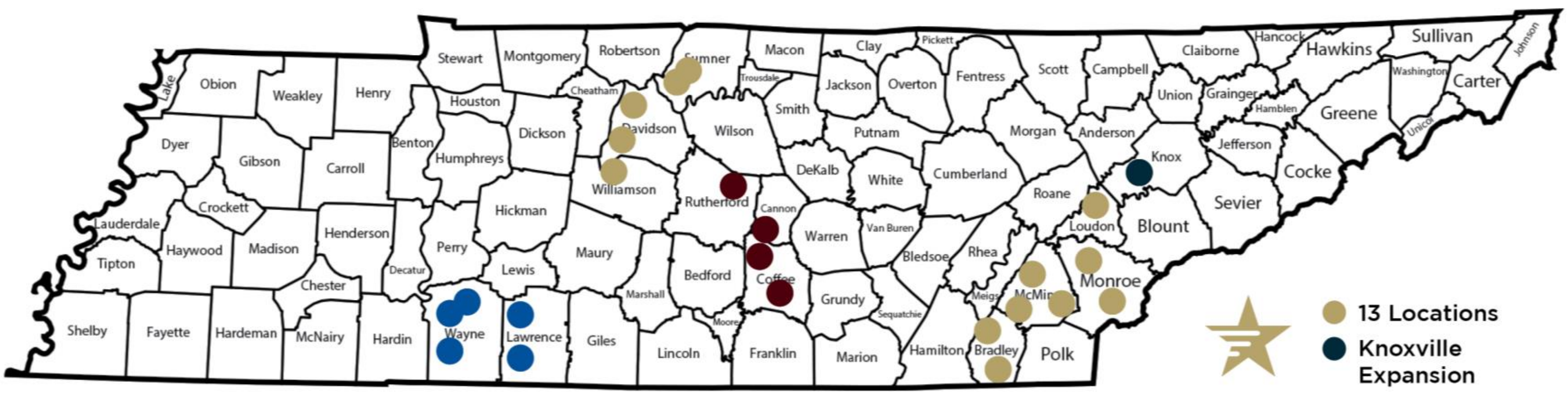
(1) Amount outstanding uses fair market value as reported on CSTR's financial statements as of 6/30/20
(2) Available to draw amounts are based on CSTR ALCO policy guideline of 15% of total deposits
(3) CSTR has a borrowing arrangement in place and is in process of pledging loan collateral and determining borrowing capacity

FCB Merger Update

Strategic and Financial Rationale

- Very established and well-run banks in less competitive markets
- Strong deposit franchise – granular and low cost
- Loan diversification – product, size, geography, and pricing
- Scale to leverage back office overhead
- Continue to establish CSTR as a proven acquirer
- Projected financial impact:
  - Manageable TBV dilution with acceptable TBV earnback period
  - Double-digit 2021 EPS accretion
  - Accretive to NIM, efficiency ratio, and ROA

Acquisition Summary



13 Locations

Knoxville Expansion

5 Locations

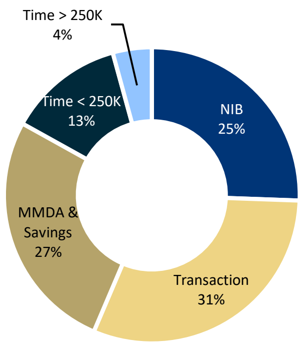
FIRST NATIONAL BANK

4 Locations

- Key Dates
  - ✓ Announced — 1Q20
  - ✓ FNB|BOW Shareholder Approval — April 30, 2020
  - ✓ Regulatory Approval — June 15, 2020
  - ✓ Close — July 1, 2020
  - System Conversions — 4Q20

Pro Forma Deposit Composition

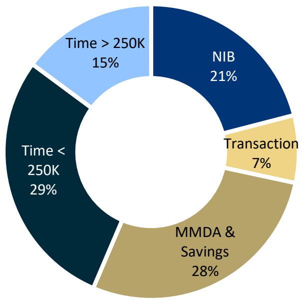
CapStar Bank



Non-Interest Bearing	$453,569
Transaction	547,561
MMDA & Savings	472,717
Time < 250K	224,910
Time > 250K	75,732
Total Deposits	$1,774,489

Cost of Deposits	1.14%

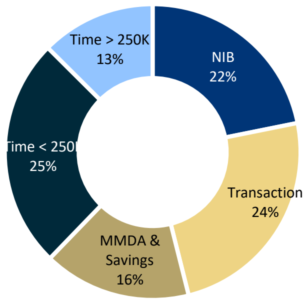
Bank of Waynesboro



Non-Interest Bearing	$32,251
Transaction	11,344
MMDA & Savings	43,126
Time < 250K	44,135
Time > 250K	22,854
Total Deposits	$153,710

Cost of Deposits	0.71%

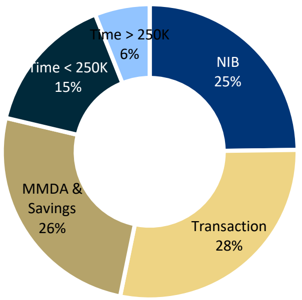
First National Bank of Manchester



Non-Interest Bearing	$57,347
Transaction	63,626
MMDA & Savings	42,422
Time < 250K	66,237
Time > 250K	32,928
Total Deposits	$262,560

Cost of Deposits	0.77%

Pro Forma[1]



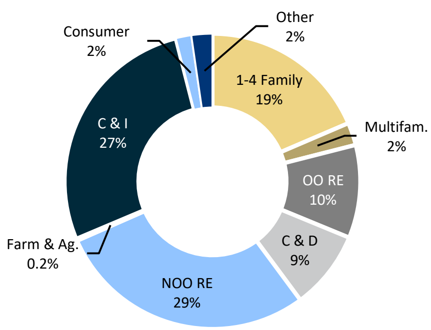
Non-Interest Bearing	$543,167
Transaction	622,531
MMDA & Savings	558,265
Time < 250K	335,282
Time > 250K	131,514
Total Deposits	$2,190,759

Cost of Deposits	1.05%

(1) Preliminary estimates of CSTR pro forma for pending acquisition
Note: As of March 31, 2020; dollars in thousands; bank level data

Pro Forma Loan Composition

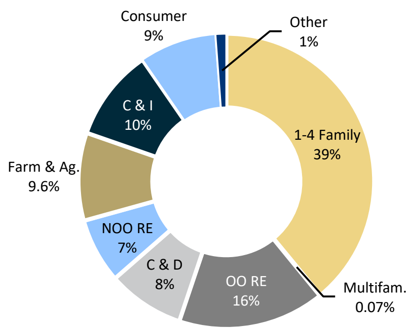
CapStar Bank[1]



1-4 Family	$303,104
Multifam.	40,418
OO RE	166,652
C & D	141,087
NOO RE	466,477
Farm & Ag.	3,522
C & I	447,311
Consumer	27,738
Other	37,462
Total Loans & Leases	$1,633,771

Yield on Loans	4.93%

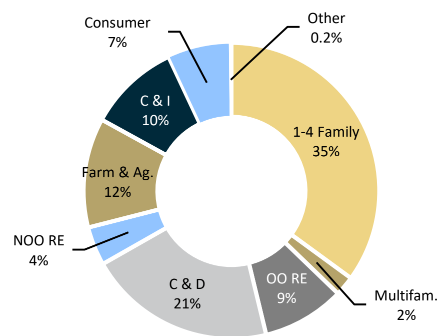
Bank of Waynesboro



1-4 Family	$46,456
Multifam.	82
OO RE	19,106
C & D	10,015
NOO RE	8,480
Farm & Ag.	11,460
C & I	11,980
Consumer	10,022
Other	1,410
Total Loans & Leases	$119,011

Yield on Loans	6.39%

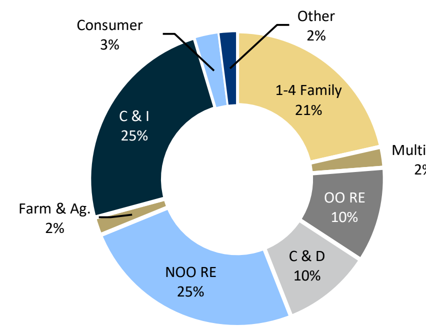
First National Bank of Manchester



1-4 Family	$69,087
Multifam.	4,276
OO RE	17,795
C & D	40,573
NOO RE	8,354
Farm & Ag.	23,596
C & I	19,763
Consumer	13,455
Other	339
Total Loans & Leases	$197,238

Yield on Loans	5.88%

Pro Forma[2]



1-4 Family	$418,647
Multifam.	44,776
OO RE	203,553
C & D	191,675
NOO RE	483,311
Farm & Ag.	38,578
C & I	479,054
Consumer	51,215
Other	39,211
Total Loans & Leases	$1,950,020

Yield on Loans	5.12%

(1) Includes loans HFS
(2) Preliminary estimates of CSTR pro forma for pending acquisition
Note: As of March 31, 2020; dollars in thousands; bank level data

Looking Forward

Looking Forward

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

Our priorities include:

1. Delivering strong risk management practices
   - Maintain strong liquidity, reserves, and capital
   - Escalate portfolio monitoring and proactively manage credit portfolio
   - Generate strong PTPP

2. Enhancing the level and consistency of our profitability
   - Improving our net interest margin and its stability
   - Implementing expense disciplines – proficient and frugal execution
   - Eliminating prior credit “spikes”

3. Expanding and accelerating our growth opportunities
   - Aggressively seeking to expand customer relationships in our existing markets
   - Strategically hiring additional talented bankers in or around our service areas
   - Actively pursuing acquisitions of well-managed, appropriately-priced banks

Appendix:
Other Financial Results and Non-GAAP Reconciliations

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
TANGIBLE EQUITY					
Total Shareholders' Equity	$ 281,950	$ 275,790	$ 273,046	$ 268,082	$ 262,664
Less: Intangible Assets	43,633	44,008	44,393	44,790	45,199
Tangible Equity	238,317	231,782	228,653	223,292	217,465
TANGIBLE COMMON EQUITY					
Tangible Equity	238,317	$ 231,782	$ 228,653	$ 223,292	$ 217,465
Less: Preferred Equity	-	-	-	-	9,000
Tangible Common Equity	238,317	231,782	228,653	223,292	208,465
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS					
Tangible Common Equity	$ 238,317	$ 231,782	$ 228,653	$ 223,292	$ 208,465
Total Assets	2,445,172	2,072,585	2,037,201	2,033,911	2,018,421
Less: Intangible Assets	43,633	44,008	44,393	44,790	45,199
Tangible Assets	2,401,539	2,028,577	1,992,808	1,989,121	1,973,223
Tangible Common Equity to Tangible Assets	9.92%	11.43%	11.47%	11.23%	10.56%
TANGIBLE BOOK VALUE PER SHARE, REPORTED					
Tangible Common Equity	$ 238,317	$ 231,782	$ 228,653	$ 223,292	$ 208,465
Shares of Common Stock Outstanding	18,302,188	18,307,802	18,361,922	18,343,403	17,561,476
Tangible Book Value Per Share, Reported	$13.02	$12.66	$12.45	$12.17	$11.87

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)					
Total Average Shareholders' Equity	$ 281,614	$ 278,550	$ 271,568	$ 266,441	$ 261,197
Less: Average Intangible Assets	43,871	44,253	44,646	45,050	45,456
Average Tangible Equity	237,743	234,297	226,922	221,391	215,741
Net Income	6,181	1,346	5,421	6,466	5,756
Return on Average Tangible Equity (ROATE)	10.46%	2.31%	9.48%	11.59%	10.70%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)					
Average Tangible Equity	$ 237,743	$ 234,297	$ 226,922	$ 221,391	$ 215,741
Less: Preferred Equity	-	-	-	7,043	9,000
Average Tangible Common Equity	237,743	234,297	226,922	214,347	206,741
Net Income	6,181	1,346	5,421	6,466	5,756
Return on Average Tangible Common Equity (ROATCE)	10.46%	2.31%	9.48%	11.97%	11.17%

Non-GAAP Financial Measures

	Three Months Ended				
(Dollars in thousands, except per share information)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
OPERATING NET INCOME					
Net Income (Loss)	$ 6,181	$ 1,346	$ 5,421	$ 6,466	$ 5,756
Add: Merger Related Expense	448	290	163	187	1,711
Less: Income Tax Impact	(117)	(76)	(43)	(49)	(447)
Operating Net Income	6,512	1,560	5,541	6,604	7,020
OPERATING DILUTED NET INCOME PER SHARE					
Operating Net Income	$ 6,512	$ 1,560	$ 5,541	$ 6,604	$ 7,020
Average Diluted Shares Outstanding	18,320,006	18,443,725	18,443,916	18,532,479	18,650,706
Operating Diluted Net Income per Share	$ 0.36	$0.08	$0.30	$0.36	$0.38
OPERATING RETURN ON AVERAGE ASSETS (ROAA)					
Operating Net Income	$ 6,512	$ 1,560	$ 5,541	$ 6,604	$ 7,020
Total Average Assets	2,350,021	2,059,306	2,030,231	2,005,950	2,004,207
Operating Return on Average Assets (ROAA)	1.11%	0.30%	1.08%	1.31%	1.40%
OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)					
Average Tangible Equity	$ 237,743	$ 234,297	$ 226,922	$ 221,391	$ 215,741
Operating Net Income	6,512	1,560	5,541	6,604	7,020
Operating Return on Average Tangible Equity (ROATE)	11.02%	2.68%	9.69%	11.83%	13.05%

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

Non-GAAP Financial Measures

	Three Months Ended				
(Dollars in thousands, except per share information)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
OPERATING NONINTEREST EXPENSE					
Noninterest Expense	$ 18,934	$ 14,211	$ 15,266	$ 15,531	$ 16,470
Less: Merger Related Expense	(448)	(290)	(163)	(187)	(1,711)
Operating Noninterest Expense	18,486	13,921	15,103	15,344	14,759
OPERATING NONINTEREST EXPENSE / AVERAGE ASSETS					
Operating Noninterest Expense	$ 18,486	$ 13,921	$ 15,103	$ 15,344	$ 14,759
Total Average Assets	2,350,021	2,059,306	2,030,231	2,005,950	2,004,207
Operating Noninterest Income / Average Assets	3.16%	2.72%	2.95%	3.04%	2.95%
OPERATING EFFICIENCY RATIO					
Operating Noninterest Expense	$ 18,486	$ 13,921	$ 15,103	$ 15,344	$ 14,759
Net Interest Income	17,675	16,661	16,581	17,156	17,008
Noninterest Income	10,823	5,874	5,719	6,788	7,032
Total Revenues	28,498	22,535	22,300	23,944	24,040
Operating Efficiency Ratio	64.87%	61.78%	67.73%	64.08%	61.39%

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

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