



CAPSTAR™

FINANCIAL HOLDINGS, INC.

**Piper | Sandler**  
**East Coast Financial Services**  
**Conference**

November 9, 2020

# Disclosures

## FORWARD-LOOKING STATEMENTS

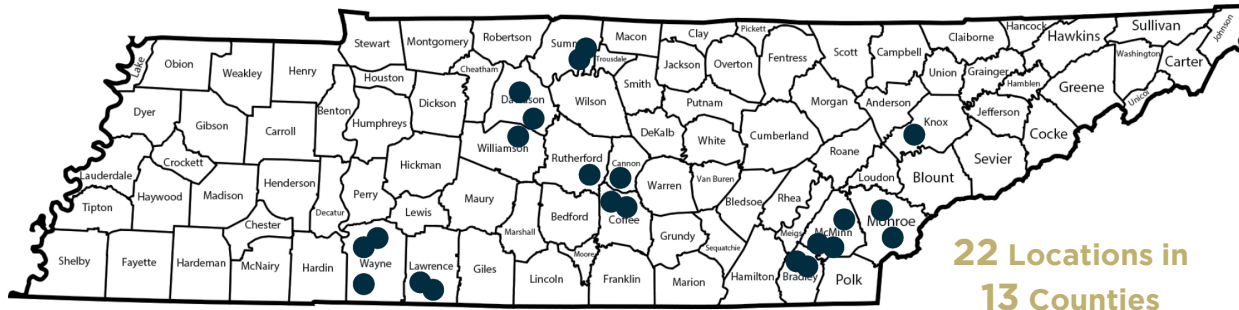
This investor presentation contains forward-looking statements, as defined by federal securities laws, including statements about CapStar Financial Holdings, Inc. (“CapStar”) and its financial outlook and business environment. All statements, other than statements of historical fact, included in this release and any oral statements made regarding the subject of this release, including in the conference call referenced herein, that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “expect”, “anticipate”, “intend”, “may”, “should”, “plan”, “believe”, “seek”, “estimate” and similar expressions are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including, but not limited to: (I) deterioration in the financial condition of borrowers of the Company and its subsidiaries, resulting in significant increases in loan losses and provisions for those losses; (II) the effects of the emergence of widespread health emergencies or pandemics, including the magnitude and duration of the Covid-19 pandemic and its impact on general economic and financial market conditions and on the Company’s customer’s business, results of operations, asset quality and financial condition; (III) the ability to grow and retain low-cost, core deposits and retain large, uninsured deposits, including during times when the Company is seeking to lower rates it pays on deposits; (IV) the impact of competition with other financial institutions, including pricing pressures and the resulting impact on the Company’s results, including as a result of compression to net interest margin; (V) fluctuations or differences in interest rates on loans or deposits from those that the Company is modeling or anticipating, including as a result of the Company’s inability to better match deposit rates with the changes in the short term rate environment, or that affect the yield curve; (VI) difficulties and delays in integrating required businesses or fully realizing cost savings or other benefits from acquisitions; (VII) the Company’s ability to profitably grow its business and successfully execute on its business plans; (VIII) any matter that would cause the Company to conclude that there was impairment of any asset, including goodwill or other intangible assets; (IX) the vulnerability of the Company’s network and online banking portals, and the systems of customers or parties with whom the Company contracts, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches; (X) the availability of and access to capital; (XI) adverse results (including costs, fines, reputational harm, inability to obtain necessary approvals, and/or other negative affects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions, including as a result of the Company’s participation in and execution of government programs related to the Covid-19 pandemic; and (XII) general competitive, economic, political and market conditions. Additional factors which could affect the forward-looking statements can be found in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, filed with the SEC. The Company disclaims any obligation to update or revise any forward-looking statements contained in this press release (we speak only as of the date hereof ), whether as a result of new information, future events, or otherwise.

## NON-GAAP MEASURES

This investor presentation includes financial information determined by methods other than in accordance with generally accepted accounting principles (“GAAP”). This financial information includes certain operating performance measures, which exclude merger-related and other charges that are not considered part of recurring operations. Such measures include: “Efficiency ratio – operating,” “Expenses – operating,” “Earnings per share – operating,” “Diluted earnings per share – operating,” “Tangible book value per share,” “Return on common equity – operating,” “Return on tangible common equity – operating,” “Return on assets – operating,” and “Tangible common equity to tangible assets.” Management has included these non-GAAP measures because it believes these measures may provide useful supplemental information for evaluating CapStar’s underlying performance trends. Further, management uses these measures in managing and evaluating CapStar’s business and intends to refer to them in discussions about our operations and performance. Operating performance measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP measures that may be presented by other companies. To the extent applicable, reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the ‘Non-GAAP Reconciliation Tables’ included in the exhibits to this presentation.



# CapStar Financial Holdings, Inc.



22 Locations in  
13 Counties

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



- Founded in 2008
- Headquartered in Nashville
- Serve small to medium-sized companies, professionals, and relationship retail
- Economically strong mix of community and urban markets

- New highly-experienced management team
  - Performance-minded
  - Growth-oriented
  - Shareholder-friendly

## Market Data

Ticker	CSTR
Price <sup>1</sup>	\$11.08
Market Cap	\$243MM
P/E	NM
P/TBV <sup>1</sup>	86%
Avg. Daily Vol. (30d)	34,700
Insider Ownership	26.3%
Institutional Ownership	33.1%

## 3Q20 Snapshot

Dollars in Millions

### BALANCE SHEET (EOP)

Total Assets	\$3,024
Total Loans HFI	\$1,907
Total Deposits	\$2,618

### CAPITAL RATIOS

TCE / TA	9.54%
Tier 1 Leverage Ratio	9.23%
Total RBC Ratio	15.96%

### ASSET QUALITY

NCOs / Average Loans <sup>3</sup>	0.00%
NPAs / Loans HFI + OREO	0.16%
Texas Ratio <sup>4</sup>	1.19%

(1) Based on market data as of 11/5/2020  
 (2) FDIC Deposit data as of June 30, 2020; Source: S&P Global Market Intelligence  
 (3) Annualized  
 (4) Texas ratio defined as NPAs / (Tangible Common Equity + ALLL)



# 3Q20 Highlights

## INTRODUCING Four Key Drivers

### REVENUE GROWTH<sup>(1)(2)(3)</sup>

Target:  $\geq 5\%$   
3Q20 YTD: 24.8%

### NET INTEREST MARGIN<sup>(3)</sup>

Target:  $\geq 3.60\%$   
3Q20: 2.98%

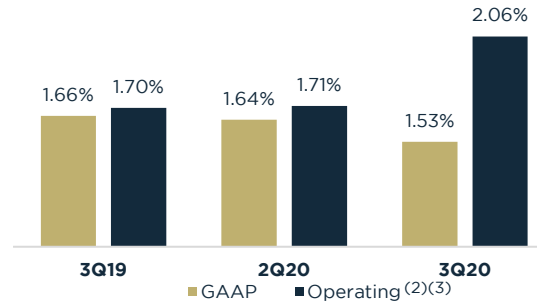
### EFFICIENCY<sup>(2)(3)</sup>

Target:  $\leq 55\%$   
3Q20: 56.12%

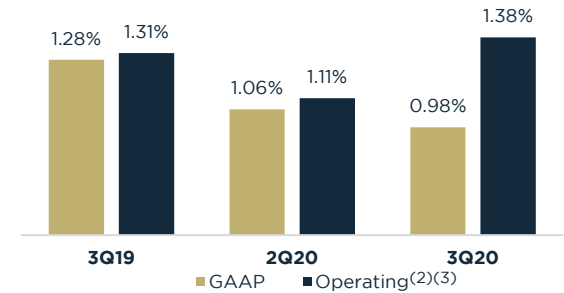
### NET CHARGE OFFS

Target:  $\leq 0.25\%$   
3Q20: 0.00%

#### Pretax Preprovision Income / Assets

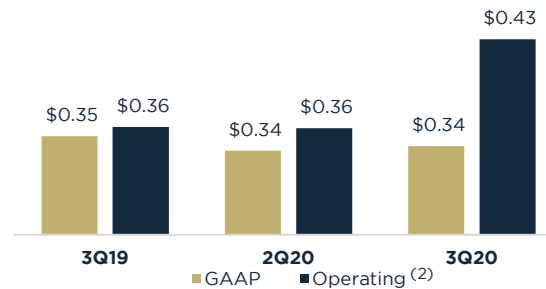


#### Return on Average Assets

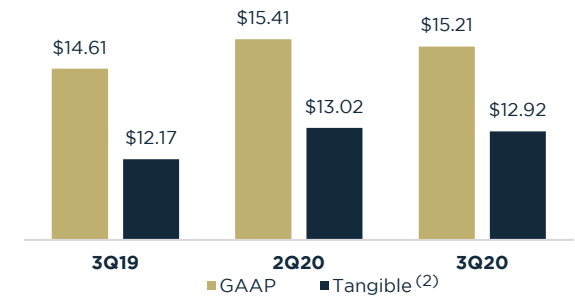


## Scorecard

#### Diluted Earnings Per Share



#### Book Value per Share



(1) Year over year

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

(3) Adjusted for \$1.9MM expense related to previously terminated swaps and \$394K gain on branch sale

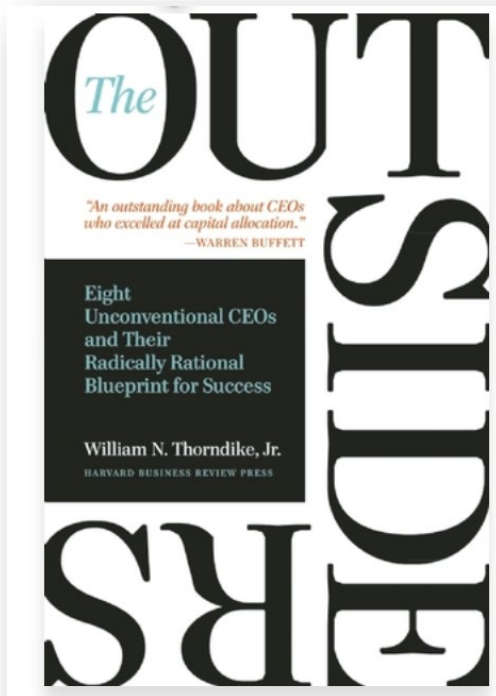


# Leadership Team

<b>Executive Leadership</b>	<b>Title</b>	<b>Age</b>	<b>Financial Services Experience</b>	<b>Year Joined</b>
Tim Schools	President & CEO	50	21	2019
Denis Duncan	Chief Financial Officer	61	39	2020
Chris Tietz	Chief Credit Officer	57	35	2016
John Davis	Chief Operations & Technology Officer	57	28	2019
Steve Groom	Chief Risk Officer	69	40	2020

<b>Market Leadership</b>	<b>Title</b>	<b>Age</b>	<b>Financial Services Experience</b>	<b>Year Joined</b>
Mike Hill	East Tennessee Market President	52	27	2020
Ken Webb	Middle Tennessee Market President	67	44	2008
Lee Hunter	Executive Vice President - CRE	55	28	2013
Hart Weatherford	Executive Vice President - Mortgage	46	22	2014

# Management Philosophy



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

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

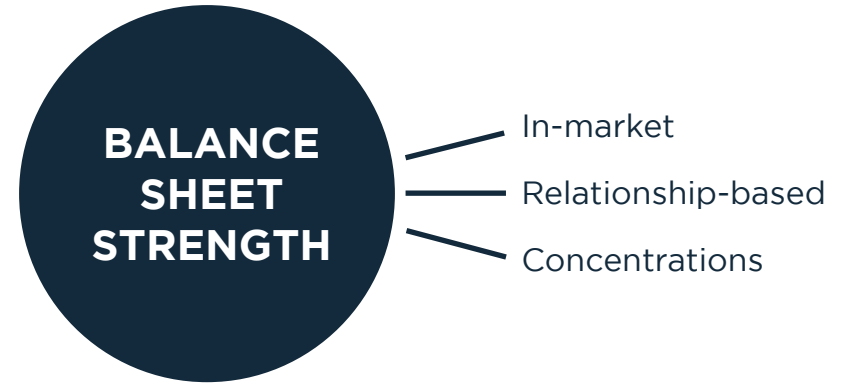
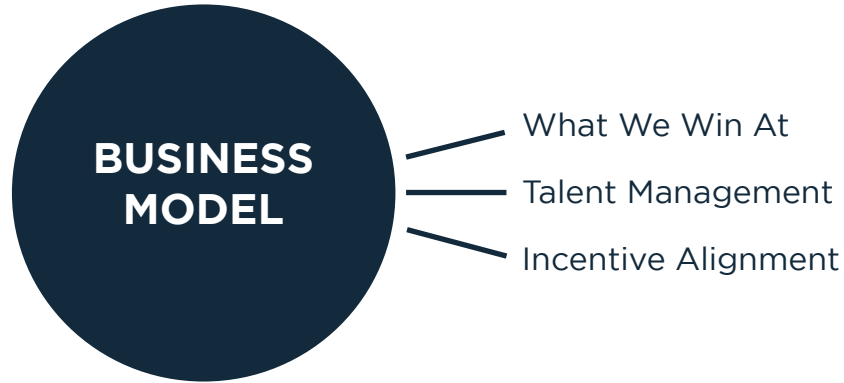
*"Capital allocation is a CEO's most important job."*

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

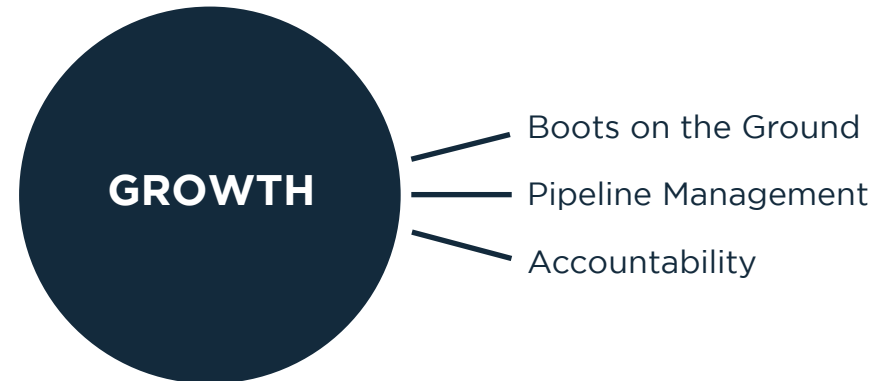
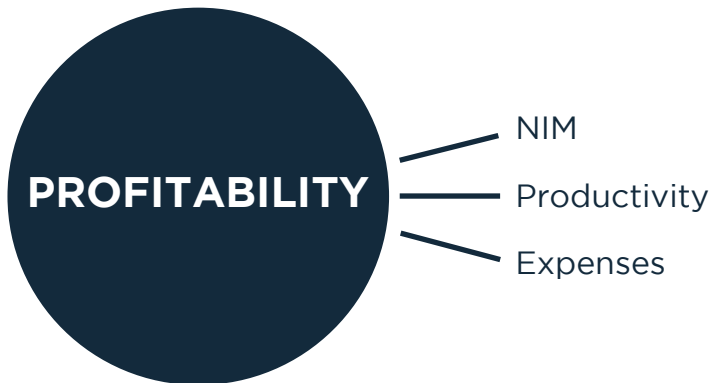
*"Sometimes the best investment opportunity is your own stock."*

- CapStar operates a highly successful customer-centric banking model in favorable banking markets
  - Recognized as a market leader by customers and Greenwich & Associates
  - Actively involved in our communities
  - Highly regarded by regulators
- However, historical profitability, growth, and common stock performance have lagged industry averages
- Building on our strong foundation and the momentum of the last 12 months, we just completed a new 3-year strategic plan focused on:
  - generating operating results and compound annual returns to common shareholders that exceed industry and market averages*
- We believe a concentrated effort will produce meaningful results

# New CapStar Emphasis



## SIMPLIFIED FOCUS





# Business Model



## Simple, Focused, and Disciplined

### Target Customer

- Small to mid-sized privately-owned companies with \$5-300MM in revenue
- Professionals
- Relationship retail

### Strategy

- Provide a relationship-based and highly personal banking experience
- Win through responsiveness, flexibility, and customer service
- Operate efficiently and seek low-cost deposits
- Invest/lend prudently; never sacrificing risk adjusted returns for growth

### Delivery

- Hire well; attract and retain highly-effective employees
- Focus on where we can find the best people; not filling in a geographic map
- Limit bricks and mortar to strategically located offices
- Enable technology to provide a 'WOW!' employee and customer experience

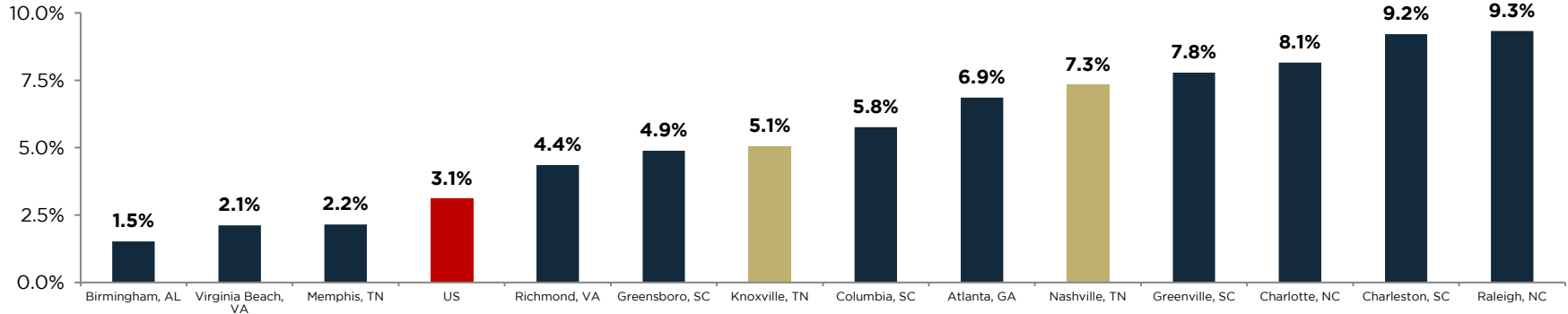
### Goals

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

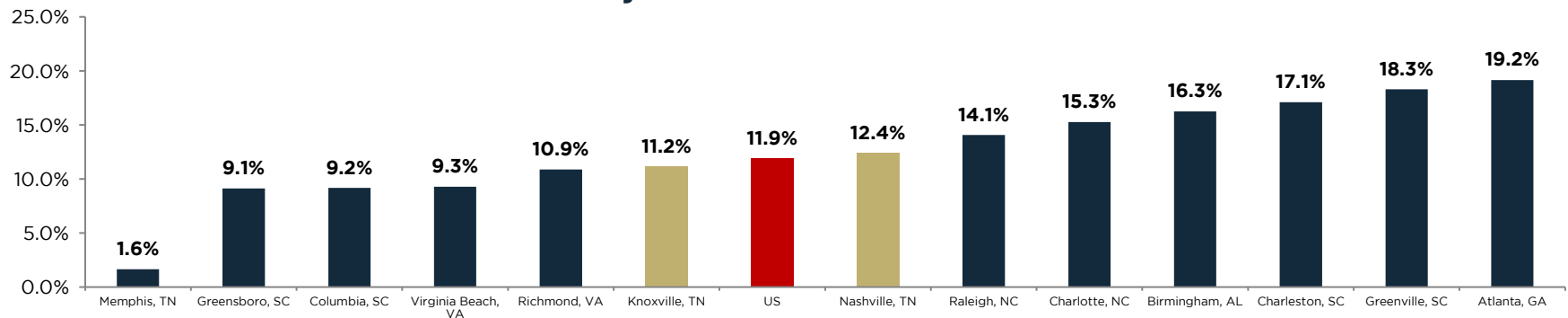
## Deposits and Key Demographics by County

County	MSA	Deposits In Market (\$000)	Market Rank (#)	2020 Population (000)	2020-2026 Projected Population Change (%)	2020 Median HH Income (\$)	2020-2026 Projected HH Income Change (%)
<b>Metro Markets</b>							
Davidson	Nashville	\$1,328,434	9	700.9	4.3%	\$66,288	18.5%
McMinn	Athens	333,001	1	53.6	4.1%	45,154	12.6%
Sumner	Nashville	152,140	11	192.6	9.1%	71,923	13.6%
Williamson	Nashville	154,091	12	241.2	10.6%	118,986	2.1%
Bradley	Cleveland	47,499	9	108.3	6.0%	51,344	15.8%
Rutherford	Nashville	31,970	14	337.5	9.6%	74,921	-4.6%
Knox <sup>1</sup>	Knoxville	6,549	30	471.7	5.6%	61,935	7.2%
<b>Community Markets</b>							
Coffee	Tullahoma	156,629	2	56.5	6.1%	53,608	11.7%
Monroe	---	100,014	4	46.7	3.5%	42,497	10.5%
Lawrence	Lawrenceburg	91,085	3	44.2	4.7%	46,863	5.8%
Cannon	Nashville	88,964	1	14.7	6.5%	55,107	7.4%
Wayne	---	73,053	3	16.5	1.7%	40,051	17.0%

## 2020 - 2026 Projected Population Growth



## 2020 - 2026 Projected Household Income Growth



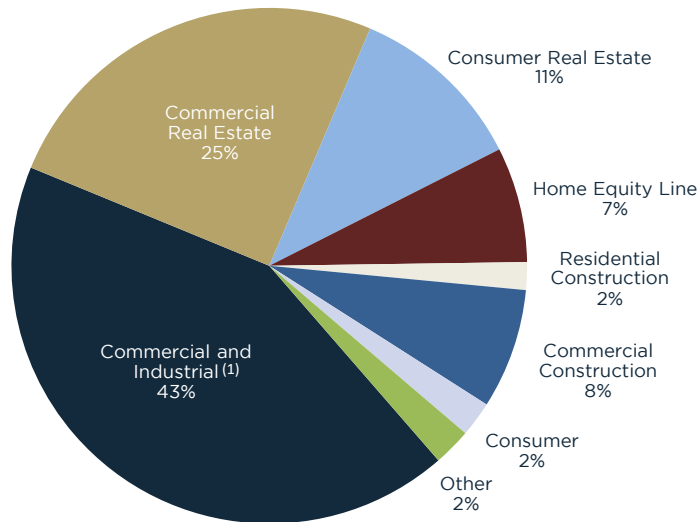
# Balance Sheet Strength



# Balance Sheet Profile

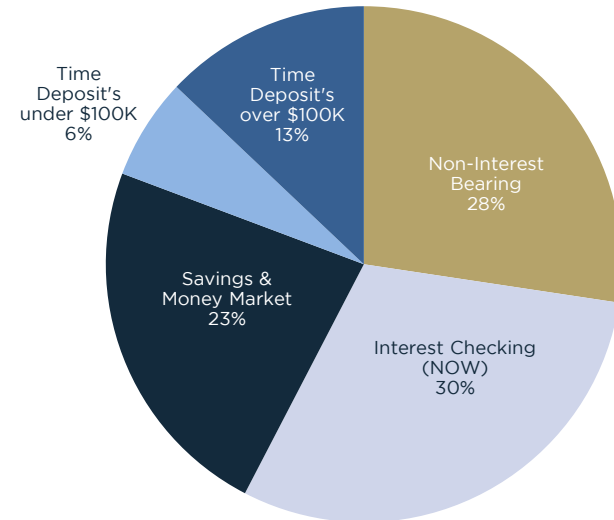
Through a focused effort and acquisitions,  
CapStar has meaningfully diversified its loan and deposit portfolios

## Loan Composition



End of Period Balances as  
September 30, 2020

## Deposit Composition



End of Period Balances as  
September 30, 2020

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

# Loan Portfolio Summary

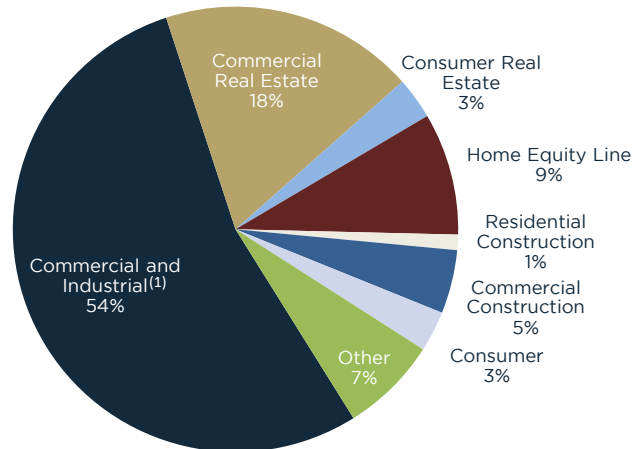
## Credit Culture

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

## Underwriting and portfolio management

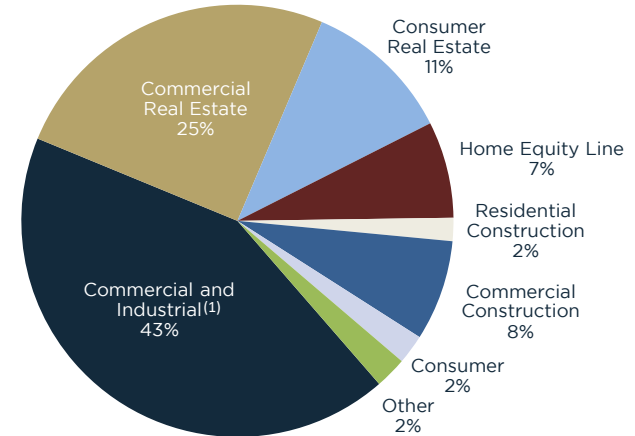
- Weekly senior credit committee; approves all relationships > \$4 million
- Centralized consumer and small business underwriting and approval
- Monthly asset quality reviews
- Quarterly review of portfolio limits
- Continuous external loan review
- Annual external stress test

### Loan Composition



End of Period Balances as  
December 31, 2011

### Loan Composition



End of Period Balances as  
September 30, 2020

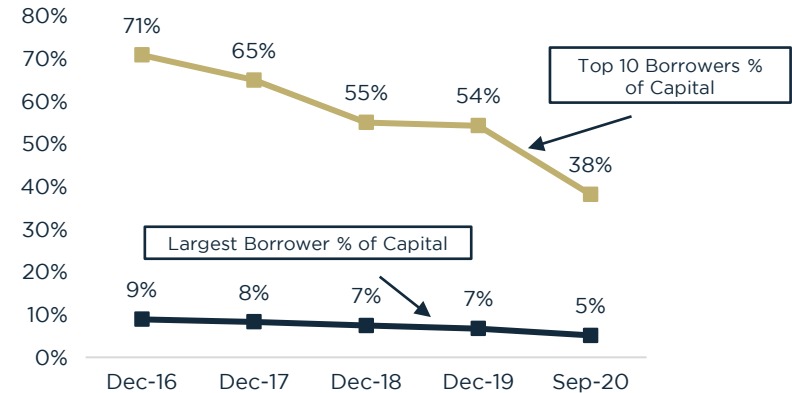
(1) Commercial & Industrial includes Commercial & Industrial loans and Owner Occupied CRE loans.

# Improved Credit Profile

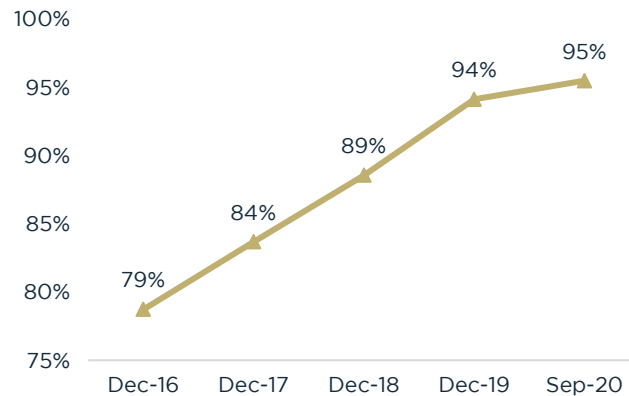
## Portfolio transformation

1. Focus is in-market
  - >95%
2. Avoiding shared national credits
  - <5%
3. Lowering borrower concentrations
  - reduced nearly 50%
4. Transformation and reduced line utilization have muted loan growth

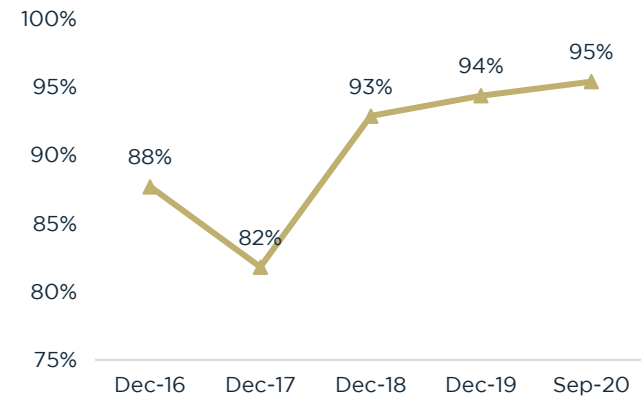
## Borrower Concentration



## Non-SNC % of Loans

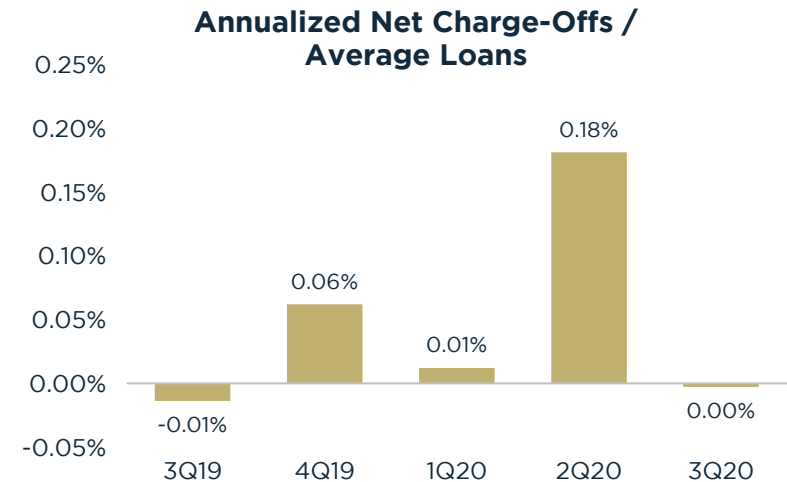
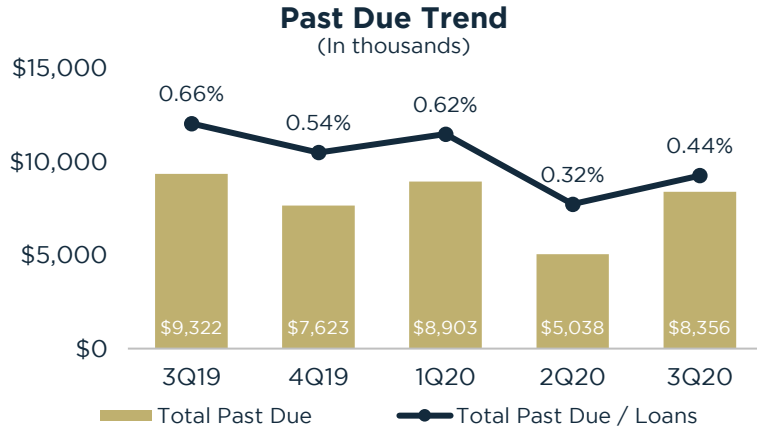


## In Market % of Loans

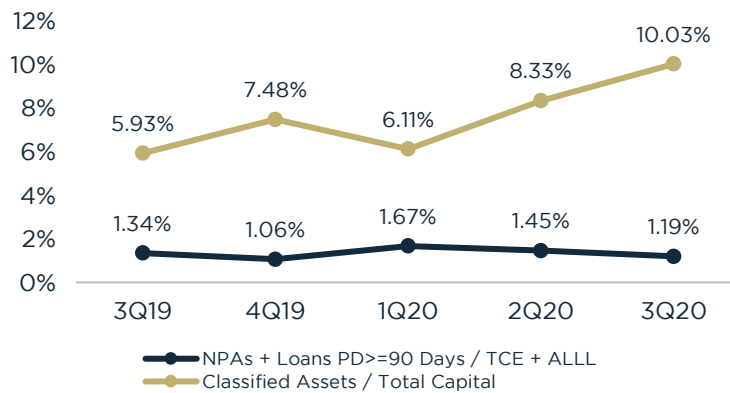




# Loan Portfolio Performance



### Classified<sup>(1)</sup> and Non-Performing Assets

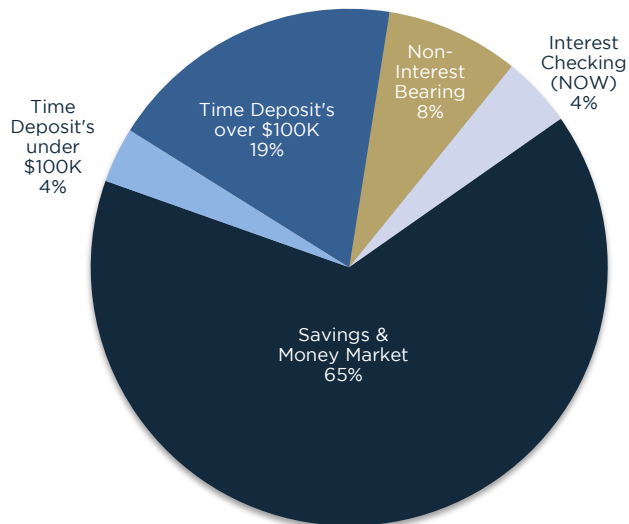


(1) Classified Assets exclude purchased credit impaired loans.

# Improved Funding Profile

Since 2011, demand deposits and NOW accounts have grown from 12% of the total deposit portfolio to 58%

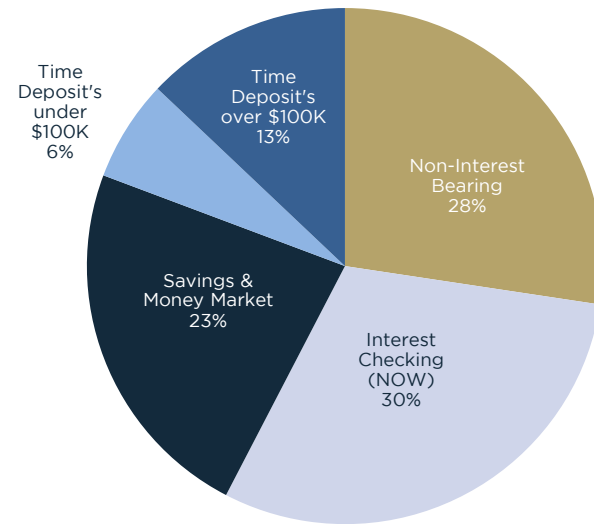
## Deposit Composition



End of Period Balances as  
December 31, 2011



## Deposit Composition



End of Period Balances as  
September 30, 2020

# Profitability



# Profitability

## NIM

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

## Productivity

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

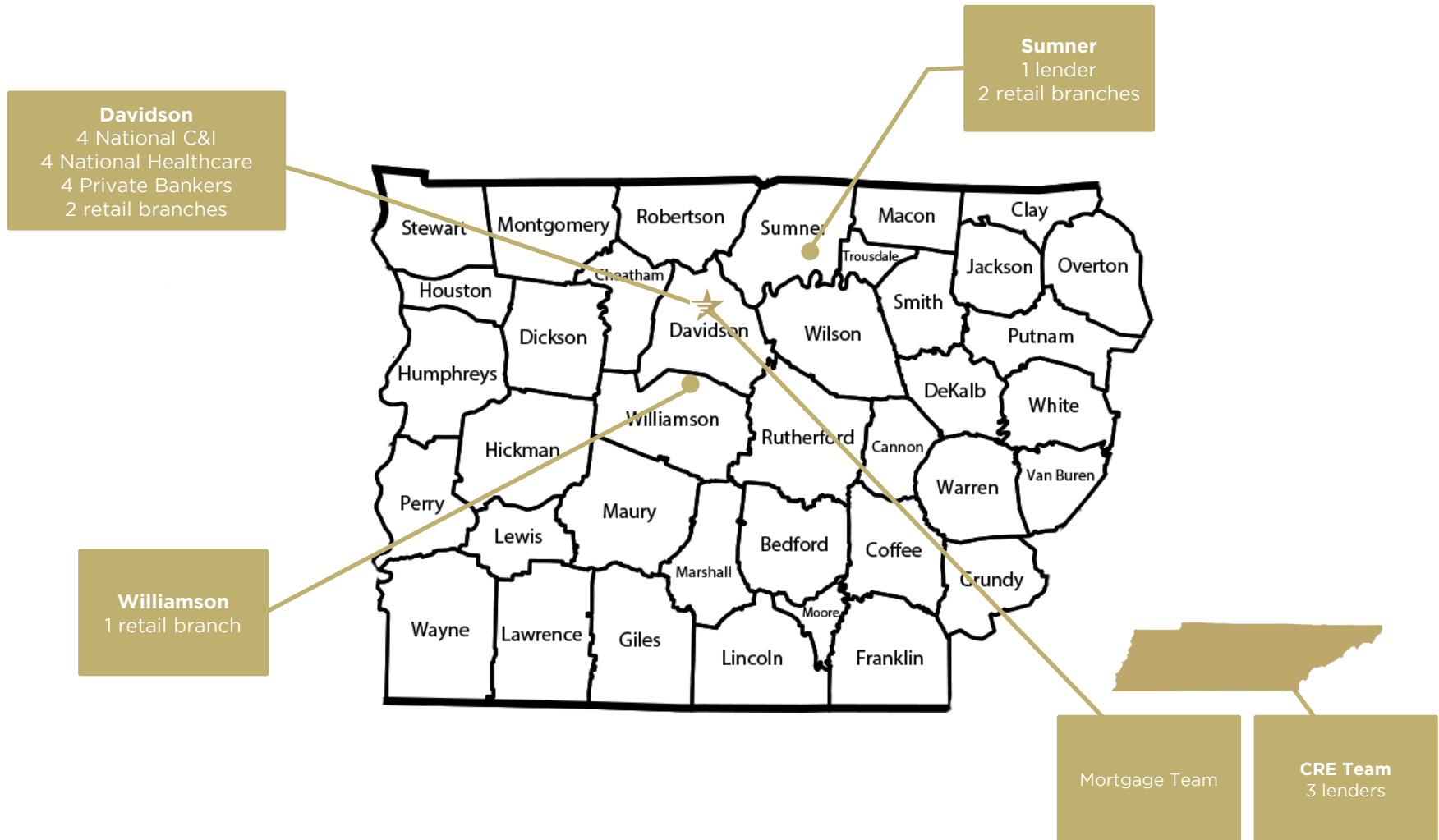
## Expenses

- Reviewing 100% of all expenses
- Reviewing RFP and approval of all new services
- Eliminated \$400,000 - \$500,000 vendor for ½ cost
- Implementing new health insurance strategy for 2021 estimated to save \$1MM recurring

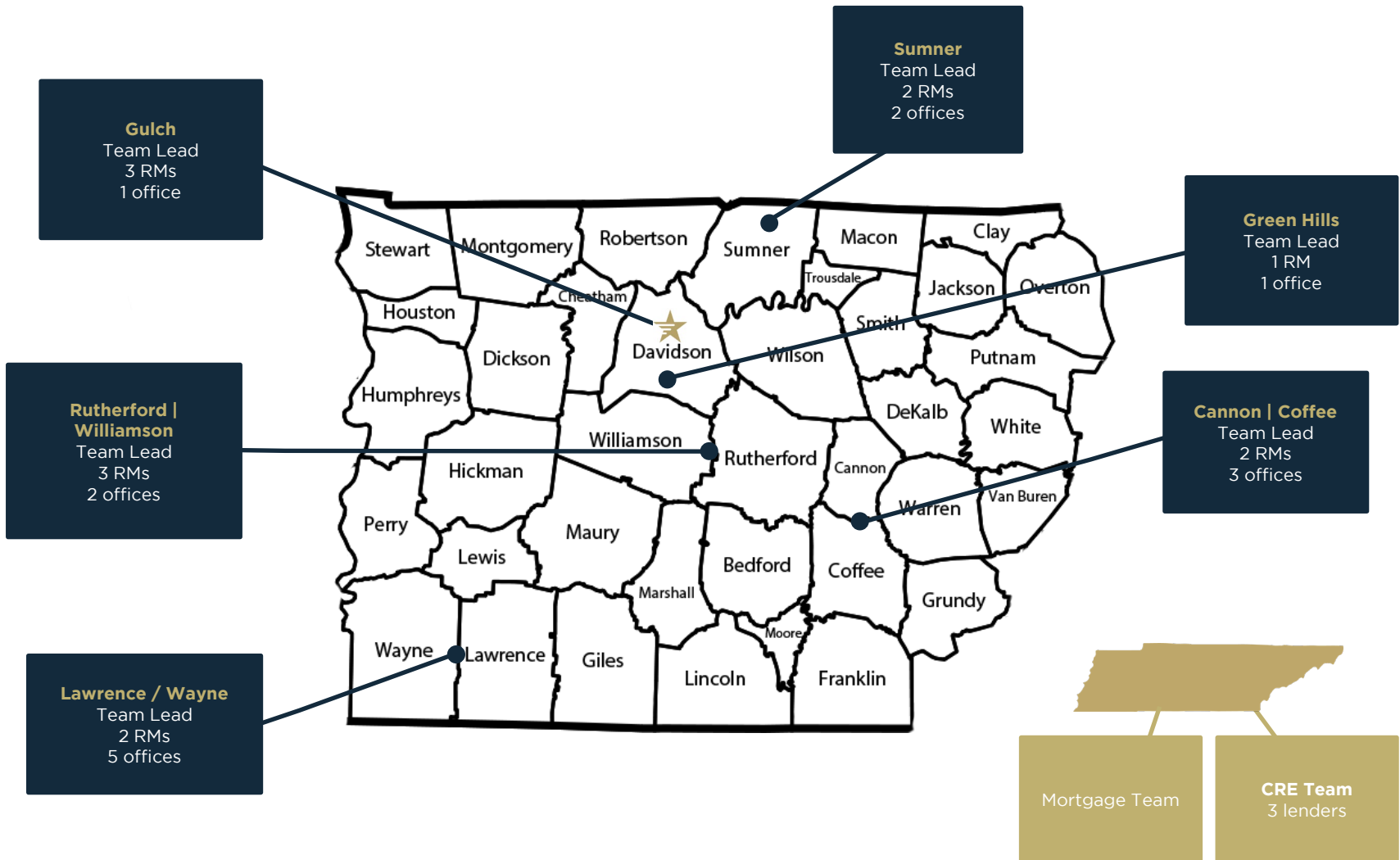
# Growth



# Middle Tennessee - 2018



# Middle Tennessee - 2020



# Knoxville Expansion

- Announced expansion into Knoxville in January 2020 with the hiring of five veteran, local bankers, capitalizing on CapStar's 2018 investment of Athens Bancshares Corporation
- New office location off Kingston Pike in Knoxville opened November 2, 2020
- Experienced Market Executive and advisory board positioned to establish CapStar as a leading provider of financial services across the Knoxville metropolitan area
- Our team aspires to have ~\$300MM in loan balances in 4 years and funding of at least 50% with local deposits
  - ~\$100MM in loans estimated by 12/31/20



## Strategic East Tennessee Growth

Knoxville is Tennessee's third largest Metropolitan Statistical Area (MSA) in terms of population size (1.1 million). It has recently been cited by U.S. New & World Report as one of the nation's top 50 places to live and recognized by Forbes and Livability as one of the nation's most recession resistant cities.

According to FDIC data as of June 30, 2020, 42 banks in the Knoxville MSA hold \$20.2 billion in local deposits.



# Emerging Business - SBA

## CapStar SBA Activity

2018	2019	YTD 3Q20	2021 Target
\$8.3MM	\$14.5MM	\$24.9MM	<b>\$45MM</b>



### January 2018

Hired **experienced SBA team**

### March 2018

Became **Preferred SBA Express and Export Lender**

### 2018

Catapulted in state ranking from 95 to **Top 5 lender in Tennessee** for SBA production

### January 2019

Expanded market footprint from seven to **35 states**

### March 2019

Granted **Preferred Lender Status**, the highest status that a funding bank can hold in the SBA program by the Small Business Administration's Office of Credit Risk Management

### April 2019

Established **strategic referral network** for SBA lending

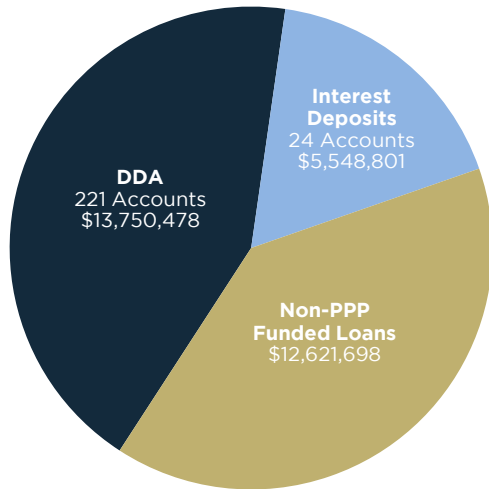
### March - August 2020

Middle Tennessee **PPP market leader** based on proforma units and dollars

# PPP Non-Customer Follow Through

## New Relationships from 195 PPP Non-Customers

As of 09/30/20



- \$244.8MM (1,485) total PPP loans processed and **45.5% of PPP borrowers were non-CapStar customers**
- The tremendous PPP success with non-customers was primarily due to lack of response or other stipulations from larger national and regional banks
- Personalized letter sent to each non-customer followed by a visit from a CSTR banker
- Sizeable full relationships gained and in process

Company Type	Commercial Electric Supplier	Injection Molding Company	Medical Patient Management	Digital Advertising Agency	Transportation Leasing	Certified Public Accounting Firm	Steel Manufacturing	Service Franchise
<b>Previous Bank &amp; Longevity</b>	Regional Bank 10 years	National Bank 15 years	National Bank 8 years	National Bank 19 years	Regional Bank 10 years	Regional Bank 10+ years	Regional Bank 5+ years	Regional Bank 5+ years
<b>Reason for CSTR PPP Contact</b>	Bank not responsive	Bank not responsive	Bank not responsive	Bank refused PPP to non-loan customers	Bank not responsive	Bank not responsive	Bank not responsive	Bank not responsive
<b>Total New CSTR Relationship</b>	Op Acct: \$8K Loan: \$2.1MM LOC: \$3.5MM	Op Acct: \$3.2MM Loan: \$600K LOC: \$1MM	Op Acct: \$4MM LOC: \$1MM	Op Acct: \$1.3MM LOC: \$1MM	Op Acct: \$2MM Loan: \$8.4MM LOC: \$2MM	Op Acct: \$350K MMA: \$2.5MM LOC: \$500K  COI Referral: \$1.2MM	Op Acct: \$2MM Loan: \$7.5MM LOC: \$500K	Op Acct: \$500K Loan: \$6.3MM LOC: \$500K

## 1. Quality Management

- New management team with demonstrated value creation experience
- Insiders own 26.3% of the company
- Shareholder-friendly culture committed to prudent capital allocation

## 2. Catalyst for Improved Profitability and Growth

- Three recent acquisitions provide greater scale to leverage
- New management has significant operational improvement experience
- Reassessing incentive pay to ensure tied to performance

## 3. Repeatable Investment Opportunities

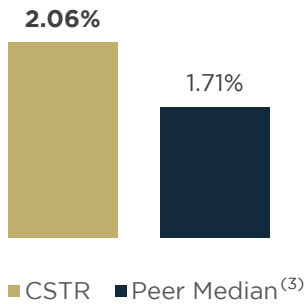
- Beneficiary of growing number of dissatisfied large regional bank customers
- Well networked management team providing numerous lift out opportunities for employees who value a higher touch and more entrepreneurial culture
- Extensive M&A experience available to capitalize on continued Tennessee consolidation

## 4. Attractive Valuation

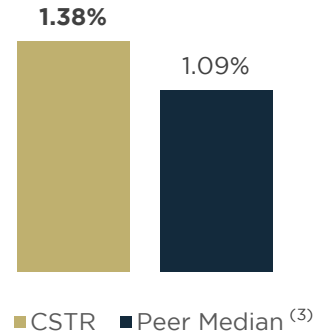
- Despite median profitability and superior asset quality and capital metrics, CSTR trades ~ 20% below industry median
- Improved profitability and growth prospects bring prospects of relative multiple expansion

# Relative Valuation

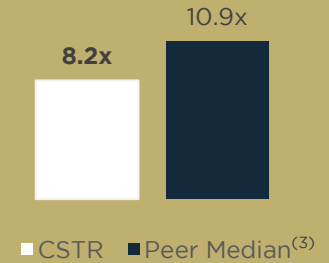
**Pretax Preprovision Income / Assets<sup>(1)(2)(4)</sup>**



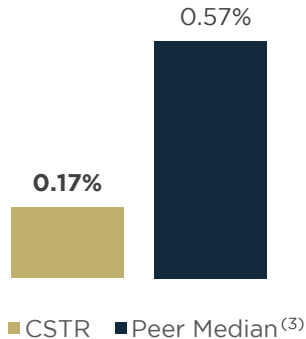
**Return on Average Assets<sup>(1)(2)(4)</sup>**



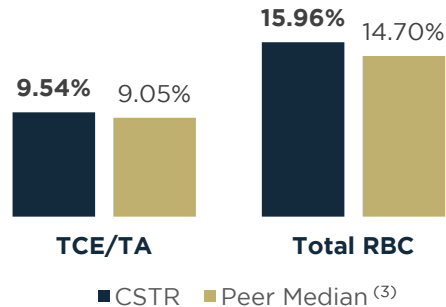
**2021 Price to Earnings  
(As of 11/05/2020)**



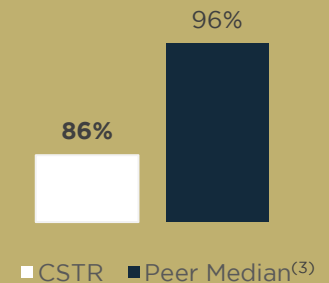
**Nonperforming Assets / Assets<sup>(4)</sup>**



**Capital<sup>(4)</sup>**



**Price to Tangible Book Value  
(As of 11/05/2020)**



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

(2) Adjusted for \$1.9MM expense related to previously terminated swaps and \$394K gain on branch sale

(3) Peer Medians based on Selected Major Exchange Banks and Thrifts Headquartered in AL, FL, GA, KY, MS, NC, SC, TN, VA and WV with Assets \$2.0 Billion - \$6.5 Billion.

(4) 3Q20



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



# Non-GAAP Financial Measures

	Three Months Ended				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
(Dollars in thousands, except per share information)					
<b>TANGIBLE EQUITY</b>					
Total Shareholders' Equity	\$ 333,895	\$ 281,950	\$ 275,790	\$ 273,046	\$ 268,082
Less: Intangible Assets	50,222	43,633	44,008	44,393	44,790
Tangible Equity	283,673	238,317	231,782	228,653	223,292
<b>TANGIBLE COMMON EQUITY</b>					
Tangible Equity	\$ 283,673	\$ 238,317	\$ 231,782	\$ 228,653	\$ 223,292
Less: Preferred Equity	-	-	-	-	-
Tangible Common Equity	283,673	238,317	231,782	228,653	223,292
<b>TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS</b>					
Tangible Common Equity	\$ 283,673	\$ 238,317	\$ 231,782	\$ 228,653	\$ 223,292
Total Assets	3,024,348	2,445,172	2,072,585	2,037,201	2,033,911
Less: Intangible Assets	50,222	43,633	44,008	44,393	44,790
Tangible Assets	2,974,127	2,401,539	2,028,578	1,992,808	1,989,121
Tangible Common Equity to Tangible Assets	9.54%	9.92%	11.43%	11.47%	11.23%
<b>TANGIBLE BOOK VALUE PER SHARE, REPORTED</b>					
Tangible Common Equity	\$ 283,673	\$ 238,317	\$ 231,782	\$ 228,653	\$ 223,292
Shares of Common Stock Outstanding	21,947,805	18,302,188	18,307,802	18,361,922	18,343,403
Tangible Book Value Per Share, Reported	\$12.92	\$13.02	\$12.66	\$12.45	\$12.17

# Non-GAAP Financial Measures

	Three Months Ended				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
(Dollars in thousands, except per share information)					
<b>RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)</b>					
Total Average Shareholders' Equity	\$ 321,505	\$ 281,614	\$ 278,550	\$ 271,568	\$ 266,441
Less: Average Intangible Assets	50,577	43,871	44,253	44,646	45,050
Average Tangible Equity	270,928	237,743	234,297	226,922	221,391
Net Income	7,487	6,181	1,346	5,421	6,466
Return on Average Tangible Equity (ROATE)	10.99%	10.46%	2.31%	9.48%	11.59%
<b>RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)</b>					
Average Tangible Equity	\$ 270,928	\$ 237,743	\$ 234,297	\$ 226,922	\$ 221,391
Less: Preferred Equity	-	-	-	-	7,043
Average Tangible Common Equity	270,928	237,743	234,297	226,922	214,347
Net Income	7,487	6,181	1,346	5,421	6,466
Return on Average Tangible Common Equity (ROATCE)	10.99%	10.46%	2.31%	9.48%	11.97%

# Non-GAAP Financial Measures

	Three Months Ended				
(Dollars in thousands, except per share information)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
<b>OPERATING NET INCOME</b>					
Net Income (Loss)	\$ 7,487	\$ 6,181	\$ 1,346	\$ 5,421	\$ 6,466
Add: Merger Related Expense	2,548	448	290	163	187
Less: Income Tax Impact	(666)	(117)	(76)	(43)	(49)
Operating Net Income	9,369	6,512	1,560	5,541	6,604
<b>OPERATING DILUTED NET INCOME PER SHARE</b>					
Operating Net Income	\$ 9,369	\$ 6,512	\$ 1,560	\$ 5,541	\$ 6,604
Average Diluted Shares Outstanding	21,960,490	18,320,006	18,443,725	18,443,916	18,532,479
Operating Diluted Net Income per Share	\$ 0.43	\$ 0.36	\$ 0.08	\$ 0.30	\$ 0.36
<b>OPERATING RETURN ON AVERAGE ASSETS (ROAA)</b>					
Operating Net Income	\$ 9,369	\$ 6,512	\$ 1,560	\$ 5,541	\$ 6,604
Total Average Assets	3,043,847	2,350,021	2,059,306	2,030,231	2,005,950
Operating Return on Average Assets (ROAA)	1.22%	1.11%	0.30%	1.08%	1.31%
<b>OPERATING RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)</b>					
Average Tangible Equity	\$ 270,928	\$ 237,743	\$ 234,297	\$ 226,922	\$ 221,391
Operating Net Income	9,369	6,512	1,560	5,541	6,604
Operating Return on Average Tangible Equity (ROATE)	13.76%	11.02%	2.68%	9.69%	11.83%

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)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
<b>OPERATING NONINTEREST EXPENSE</b>					
Noninterest Expense	\$ 22,739	\$ 18,934	\$ 14,211	\$ 15,266	\$ 15,531
Less: Merger Related Expense	(2,548)	(448)	(290)	(163)	(187)
Operating Noninterest Expense	20,191	18,486	13,921	15,103	15,344
<b>OPERATING NONINTEREST EXPENSE / AVERAGE ASSETS</b>					
Operating Noninterest Expense	\$ 20,191	\$ 18,486	\$ 13,921	\$ 15,103	\$ 15,344
Total Average Assets	3,043,847	2,350,021	2,059,306	2,030,231	2,005,950
Operating Noninterest Income / Average Assets	2.64%	3.16%	2.72%	2.95%	3.04%
<b>OPERATING EFFICIENCY RATIO</b>					
Operating Noninterest Expense	\$ 20,191	\$ 18,486	\$ 13,921	\$ 15,103	\$ 15,344
Net Interest Income	19,656	17,675	16,661	16,581	17,156
Noninterest Income	14,804	10,823	5,874	5,719	6,788
Total Revenues	34,460	28,498	22,535	22,300	23,944
Operating Efficiency Ratio	58.59%	64.87%	61.78%	67.73%	64.08%

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



# Peer Valuation

Financial data as of or for the three months ended September 30, 2020 unless otherwise noted; Market data as of November 5, 2020

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

Ticker	Company	City, State	Valuation					Balance Sheet		Capital		Profitability						
			Market Cap. (\$M)	Price to:			Div. Yield (%)	Total Assets (\$M)	NPAs / Assets (%) <sup>1</sup>	TCE / TA (%)	Total RBC Ratio (%)	Core ROAA 3Q20 (%)	Core ROAE 3Q20 (%)	PTPP Inc / AA 3Q20 (%)	Core ROAA 2019Y (%)	Core ROAE 2019Y (%)	PTPP Inc / AA 2019Y (%)	
				TBV (%)	EPS (x)	2021E EPS (x)												52-Wk High (%)
RBCAA	Republic Bancorp Inc.	Louisville, KY	702	88	9.4	10.9	67.6	3.4	6,240	0.67	12.75	17.37	1.33	10.05	1.78	1.53	11.62	2.34
CHCO	City Holding Co.	Cross Lanes, WV	948	166	14.2	15.5	72.0	3.8	5,511	0.78	10.61	16.50	1.44	11.30	1.87	1.81	14.08	2.25
FBMS	First Bancshares Inc.	Hattiesburg, MS	527	118	12.0	10.0	68.6	1.6	5,164	1.01	9.01	18.90	1.02	8.16	1.78	1.46	10.99	1.92
CTBI	Community Trust Bancorp Inc.	Pikeville, KY	559	97	9.8	10.9	66.0	4.9	5,020	1.89	11.68	20.19	1.38	10.80	1.84	1.48	10.74	1.77
SYBT	Stock Yards Bancorp Inc.	Louisville, KY	860	208	17.2	18.2	84.8	2.8	4,365	0.30	9.52	13.79	1.35	13.70	1.96	1.93	17.34	2.24
CARE	Carter Bank & Trust	Martinsville, VA	188	43	18.8	15.9	29.4	--	4,134	4.04	10.52	14.33	NM	NM	NM	0.62	5.46	0.80
HTBI	HomeTrust Bancshares Inc.	Asheville, NC	280	76	12.3	16.7	59.7	1.7	3,674	0.80	10.25	12.12	0.64	5.93	0.92	0.84	6.94	1.20
CCBG	Capital City Bank Group Inc.	Tallahassee, FL	354	141	12.1	13.4	68.2	2.7	3,587	0.60	7.16	17.88	1.18	12.23	2.24	1.03	9.72	1.45
SMBK	SmartFinancial Inc.	Knoxville, TN	233	88	9.4	10.9	63.7	1.3	3,388	0.18	7.97	13.82	0.83	7.99	1.37	1.05	8.21	1.39
SONA	Southern National Bncp of VA	McLean, VA	249	89	12.0	11.1	60.7	3.9	3,155	0.58	9.22	14.59	0.87	7.09	1.30	1.32	9.89	1.53
RBNC	Reliant Bancorp Inc.	Brentwood, TN	283	116	8.6	9.5	72.7	2.4	3,045	0.27	8.18	13.44	1.56	15.49	2.33	0.95	7.94	0.95
FCBC	First Community Bankshares Inc	Bluefield, VA	342	121	10.5	11.0	58.9	5.2	2,948	1.27	10.06	15.07	1.16	8.14	2.09	1.61	10.61	2.23
SMMF	Summit Financial Group Inc.	Moorefield, WV	238	106	9.0	8.1	66.1	3.7	2,947	1.84	7.72	12.90	1.14	12.54	1.88	1.34	12.92	1.70
ACBI	Atlantic Capital Bcshs Inc.	Atlanta, GA	303	96	14.5	10.9	70.8	--	2,924	0.70	10.95	16.90	1.16	10.11	1.46	1.11	8.73	1.47
AMNB	American National Bankshares	Danville, VA	258	107	10.0	11.4	58.0	4.6	2,903	0.18	8.55	14.41	1.05	9.14	1.63	1.35	10.64	1.65
SFST	Southern First Bancshares Inc	Greenville, SC	219	100	16.8	9.7	63.7	--	2,479	0.63	8.82	14.15	0.36	4.05	2.30	1.35	14.73	1.83
MVBF	MVB Financial Corp	Fairmont, WV	207	94	14.0	17.8	64.9	2.1	2,214	1.32	10.04	13.33	NM	NM	0.14	0.87	8.23	1.25
CFFI	C&F Financial Corp.	Toano, VA	117	73	--	--	55.5	4.8	2,081	0.31	7.83	14.70	1.38	15.42	2.53	1.25	12.38	2.16
PFHD	Professional Holding Corp.	Coral Gables, FL	185	103	20.1	15.8	66.5	--	2,077	0.24	8.98	15.70	0.35	3.50	1.51	0.31	3.43	0.49
	High		948	208	20.1	18.2	84.8	5.2	6,240	4.04	12.75	20.19	1.56	15.49	2.53	1.93	17.34	2.34
	Low		117	43	8.6	8.1	29.4	--	2,077	0.18	7.16	12.12	NM	NM	NM	0.31	3.43	0.49
	Mean		371	107	12.8	12.6	64.1	3.0	3,571	0.93	9.47	15.27	1.07	9.74	1.72	1.22	10.24	1.61
	Median		280	100	12.0	11.0	66.0	3.1	3,155	0.67	9.22	14.59	1.16	10.05	1.81	1.32	10.61	1.65
<b>Selected Nationwide Major Exchange Banks and Thrifts with Total Assets \$2.0 Billion - \$6.5 Billion (112 Companies)</b>																		
	High		1,279	232	43.1	19.1	98.3	7.2	6,497	4.04	17.36	26.96	5.21	28.66	7.13	2.18	20.67	2.84
	Low		117	43	6.0	5.6	29.4	--	2,021	0.05	5.55	10.97	NM	NM	NM	0.31	3.43	0.49
	Mean		364	105	11.7	11.3	66.7	3.2	3,773	0.67	9.20	15.31	1.14	10.93	1.82	1.24	10.97	1.68
	Median		310	96	10.1	10.9	65.6	3.3	3,374	0.57	9.05	14.70	1.09	10.63	1.71	1.28	10.65	1.66
<b>CSTR</b>	<b>CapStar Financial Hlgs Inc.</b>	<b>Nashville, TN</b>	<b>243</b>	<b>86</b>	<b>8.3</b>	<b>8.2</b>	<b>63.4</b>	<b>1.8</b>	<b>3,024</b>	<b>0.17</b>	<b>9.54</b>	<b>15.96</b>	<b>1.26</b>	<b>11.93</b>	<b>1.86</b>	<b>1.29</b>	<b>9.81</b>	<b>1.63</b>

1) NPAs / Assets = (Nonaccrual Loans + TDR + OREO) / Total Assets  
Source: S&P Global Market Intelligence

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