



NASDAQ: ISTR

Earnings Release Presentation | 4th Quarter 2020

Disclosures and Disclaimers

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect current views of Investar Holding Corporation (the “Company”) with respect to, among other things, future events and financial performance. The Company generally identifies forward-looking statements by terminology such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “could,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” or the negative version of those words or other comparable words. Any forward-looking statements contained in this presentation are based on the historical performance of the Company and its subsidiaries or on the Company’s current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to the Company’s operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the Company’s underlying assumptions prove to be incorrect, the Company’s actual results may vary materially from those indicated in these statements. The Company 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. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. These factors include, but are not limited to, the following, any one or more of which could materially affect the outcome of future events:

- the ongoing impacts of the COVID-19 pandemic;
- business and economic conditions generally and in the financial services industry in particular, whether nationally, regionally or in the markets in which the Company operates;
- increased cyber and payment fraud risk;
- our ability to achieve organic loan and deposit growth, and the composition of that growth;
- Our ability to consummate acquisition transactions in accordance with their terms;
- our ability to integrate and achieve anticipated cost savings and other projected benefits from acquisitions;
- changes (or the lack of changes) in interest rates, yield curves and interest rate spread relationships that affect our loan and deposit pricing;
- the extent of continuing client demand for the high level of personalized service that is a key element of our banking approach as well as our ability to execute its strategy generally;
- the dependence on our management team, and our ability to attract and retain qualified personnel;
- changes in the quality or composition of our loan or investment portfolios, including adverse developments in borrower industries or in the repayment ability of individual borrowers;
- inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates;
- the concentration of our business within the Company’s geographic areas of operation in Louisiana, Texas and Alabama; and
- concentration of credit exposure.

In addition, the estimated pro forma impacts of the Cheaha transaction are based on management assumptions as of December 31, 2020. These pro forma impacts make certain assumptions, including:

- That the transaction is consummated in accordance with its current terms;
- That the transaction is consummated in the expected time frame;
- The performance of each of the Company and Cheaha prior to consummation; and
- The performance of the Company following consummation, including the ability to realize cost savings and other benefits of the acquisition.

These factors should not be construed as exhaustive. Additional information on these and other risk factors can be found in Item 1A. “Risk Factors” and Item 7. “Special Note Regarding Forward-Looking Statements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (“SEC”) and in the “Risk Factors” section of subsequent reports filed with the SEC.



Our Company

Investar Holding Corp. is the Bank Holding Company for Investar Bank

- Headquartered in Baton Rouge, LA
- Founded in 2006
- Full service, commercially-oriented community bank
- 31 branches and 1 loan production office across Alabama, Louisiana and Texas
- Initial public offering and Nasdaq listing in 2014
- Completed 6 whole bank acquisitions and 1 branch transaction
- 29 consecutive quarters of dividends paid; 6 consecutive years of dividend growth

Mission

Investar is a dynamic full service community bank focused on relationships that create value and opportunities for our customers, employees, shareholders and the community served





Financial Highlights – 4th Quarter 2020

Tangible Book Value² Growth

- Increased by \$0.63 during the quarter to \$19.89 per share
- Repurchased 20,899 shares in the quarter at an average price of \$15.32 and 661,504 shares at an average price of \$16.75 in 2020

Profitability

- Pre-Tax, Pre-Provision Net Income² increased by 1.0% quarter-over-quarter and 24.6% year-over-year
- Net Interest Margin increased 9 basis points to 3.55% quarter-over-quarter; increase of 11 basis points year-over-year

Expense Savings Initiative

- Expected to close one branch during the 1st half of 2021
- Initiative will reduce noninterest expense by approximately \$1.2 million per year

Proposed Merger with Cheaha Financial Group

- Combination with an exceptional and like-minded organization located along the I-20 corridor in Alabama
- Attractive financial metrics – earnings accretion greater than 16% per year and tangible book value payback³ of 2.6 years
- The addition of Cheaha’s earnings will be a significant step to reaching internal operating performance goals
- Continued execution of Investar’s acquisition strategy

4th Quarter Results

Balance Sheet *(in thousands)*

Assets	\$2,321,181
Net Loans	\$1,838,955
Deposits	\$1,887,824
Equity	\$243,284

Holding Company Capital

TCE / TA ²	9.22%
Leverage Ratio ¹	9.49%
Common Equity Tier 1 Ratio ¹	11.02%
Tier 1 Ratio ¹	11.36%
Total Risk Weighted Ratio ¹	14.71%

Profitability *(4th quarter)*

Net Interest Margin	3.55%
ROAA	0.78%
ROAE	7.45%
Net Income	\$4,540
Pre-Tax, Pre-Provision Income ²	\$8,136

Per Share Information

Tangible Book Value ²	\$19.89
Earnings	\$0.42
Dividends	\$0.065

¹ Estimated

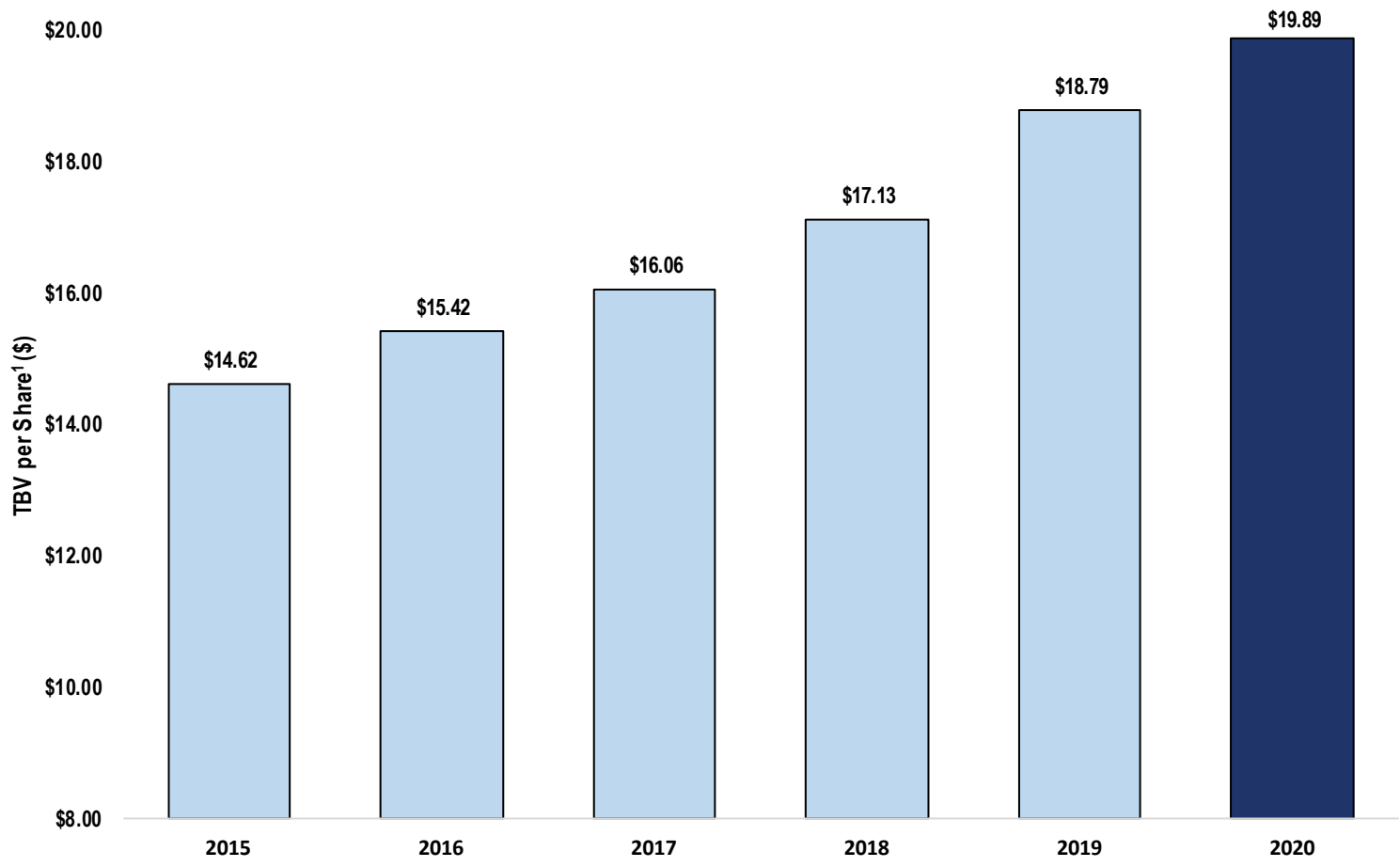
² Non-GAAP financial measure; please see appendix for additional details

³ Crossover method

Creating Shareholder Value



Tangible Book Value Per Share¹

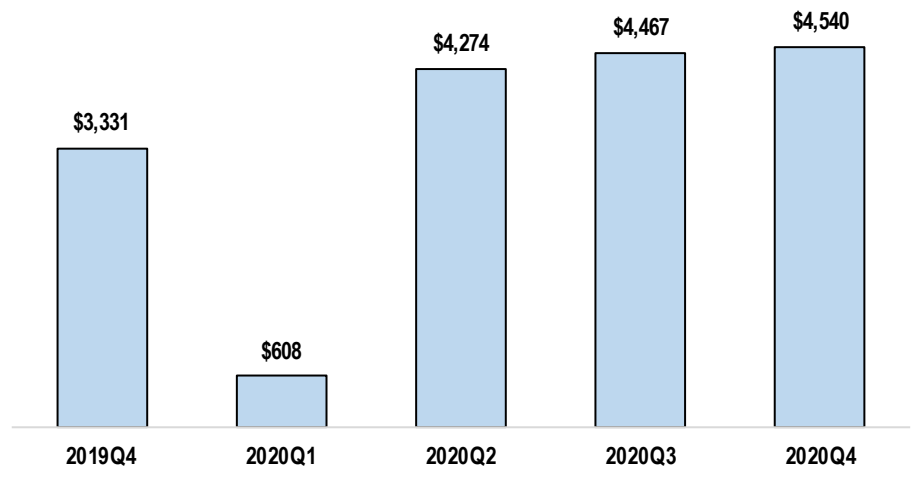


¹ Non-GAAP financial measure; please see appendix for additional details

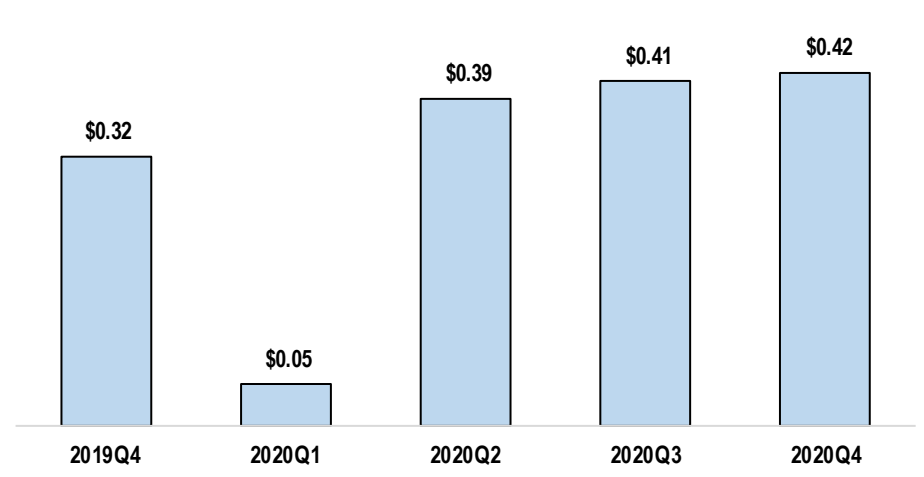


Recent Earnings Performance

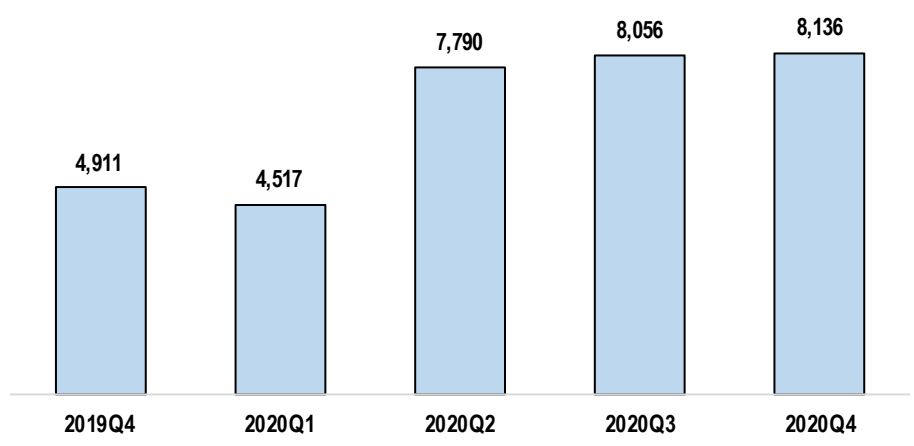
Net Income



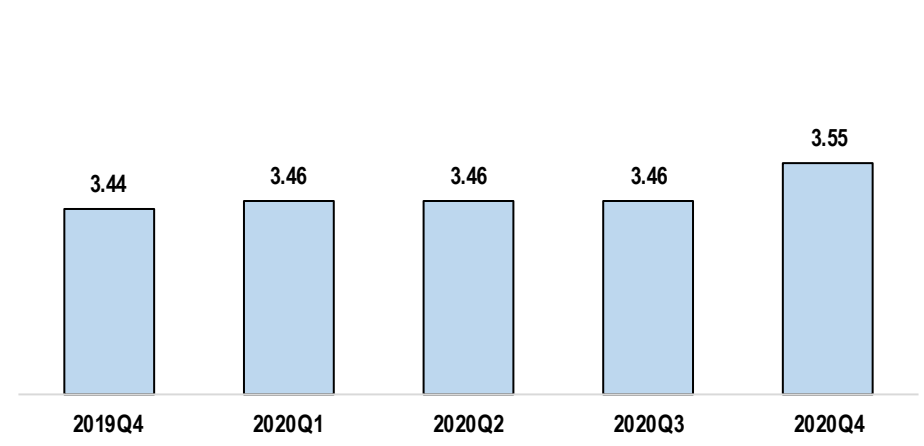
Earnings Per Share



Pre-Tax, Pre-Provision Net Income¹



Net Interest Margin (%)

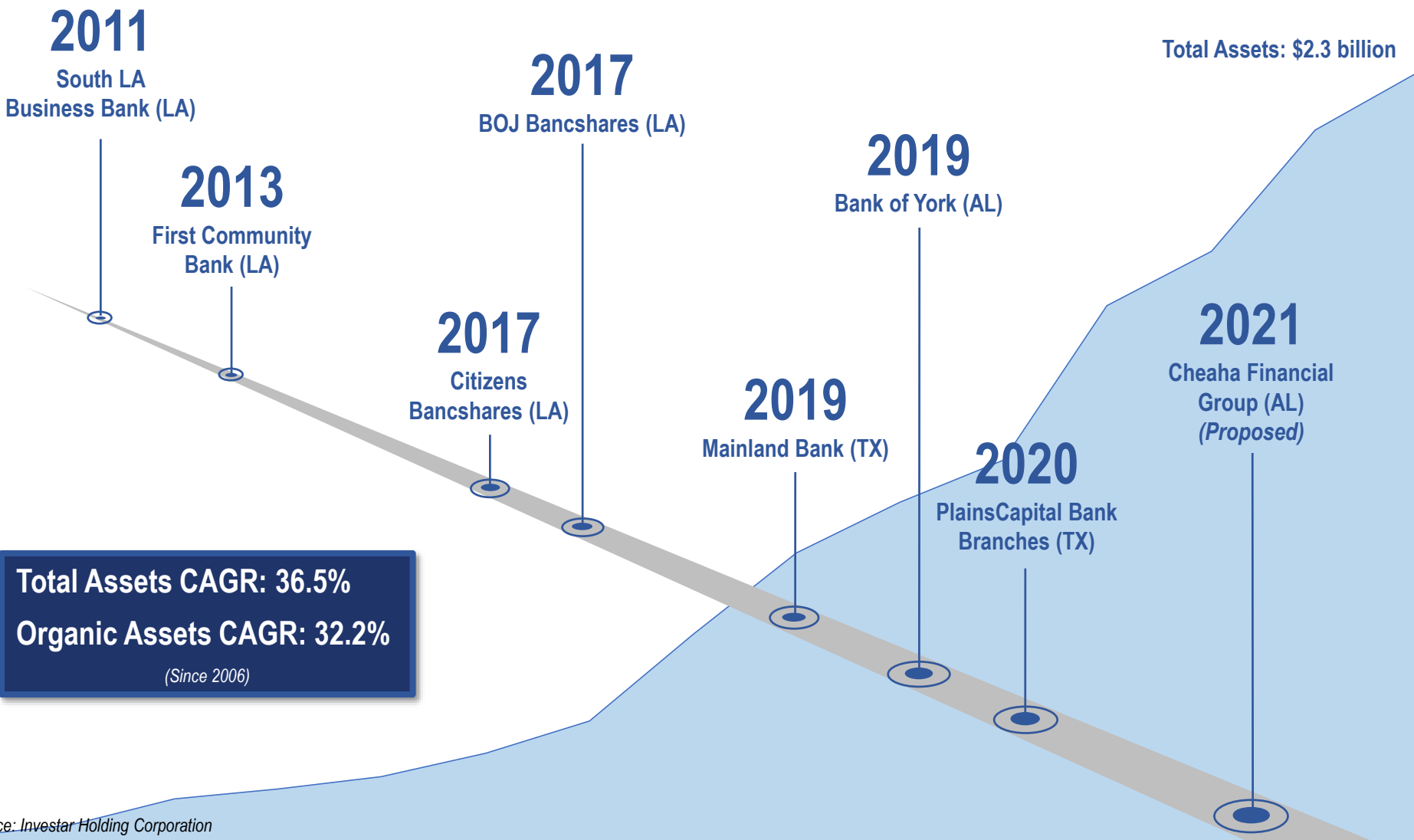


¹ Non-GAAP financial measure; please see appendix for additional details
Note: Net Income and Pre-Tax, Pre-Provision Net Revenue in thousands
Source: Investar Holding Corporation



Continued Execution of Acquisition Strategy

Investar Has Completed 6 Whole Bank Acquisitions and 1 Branch Transaction

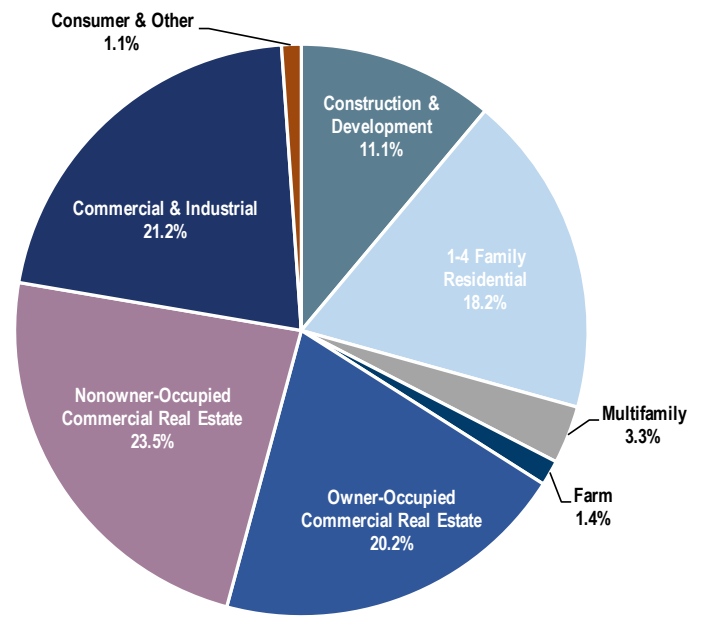


Source: Investar Holding Corporation



Loan Portfolio – 4th Quarter Update

- Loan deferrals equaled 0.3% of the total loan portfolio as of the most recent quarter; down from 3.1% as of September 30, 2020
- As of December 31, 2020, of the total balance of loans on deferral, 57% have deferrals on principal and interest, 40% have deferrals on principal only, and 3% have deferrals on interest only
- 8.5% of loan deferral customers have requested a second 90-day deferral period as of December 31, 2020
- Excluding PPP loans, Oil & Gas loans made up 2.6% of the total loan portfolio as of the most recent quarter
- Food Services, Hospitality and Entertainment loans represented 2.3% of the total loan portfolio as of the most recent quarter, excluding PPP loans



As of December 31, 2020

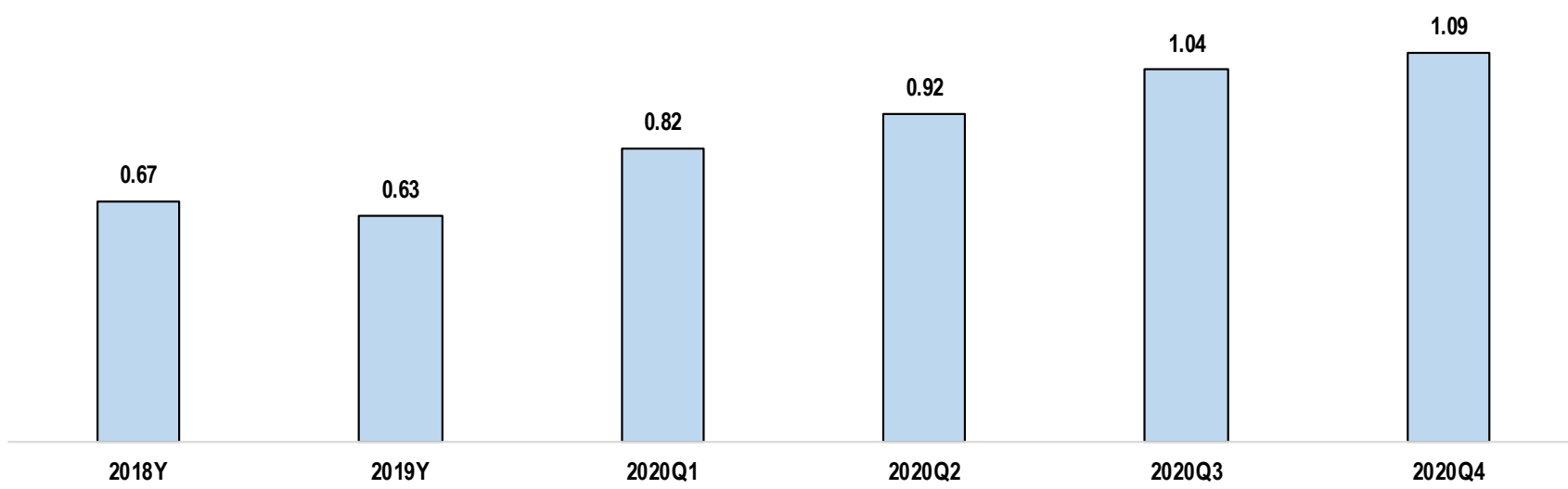
Loan Type	As of 3/31/20			As of 6/30/20			As of 9/30/20			As of 12/31/20		
	Total Loans	Amount Deferred	Percent Deferred	Total Loans	Amount Deferred	Percent Deferred	Total Loans	Amount Deferred	Percent Deferred	Total Loans	Amount Deferred	Percent Deferred
Construction & Development	\$191,597	\$3,882	2.0%	\$199,149	\$50,711	25.5%	\$206,751	\$1,427	0.7%	\$206,011	\$307	0.1%
1-4 Family Residential	328,730	14,294	4.3%	326,102	73,784	22.6%	339,364	9,755	2.9%	339,525	1,205	0.4%
Multifamily	61,709	-	0.0%	60,617	39,567	65.3%	57,734	3,484	6.0%	60,724	209	0.3%
Farm	29,373	-	0.0%	28,845	2,506	8.7%	26,005	357	1.4%	26,547	91	0.3%
Owner-Occupied Commercial Real Estate	370,209	13,363	3.6%	371,783	98,181	26.4%	379,490	10,928	2.9%	375,421	2,306	0.6%
Nonowner-Occupied Commercial Real Estate	406,145	10,334	2.5%	411,776	178,091	43.2%	404,748	12,161	3.0%	436,974	1,500	0.3%
Commercial & Industrial	313,850	12,506	4.0%	390,085	45,567	11.7%	392,955	18,150	4.6%	394,497	206	0.1%
Consumer & Other	28,181	613	2.2%	25,344	1,891	7.5%	22,633	257	1.1%	20,619	124	0.6%
Total	\$1,729,794	\$54,992	3.2%	\$1,813,701	\$490,298	27.0%	\$1,829,680	\$56,519	3.1%	\$1,860,318	\$5,948	0.3%

Source: Investar Holding Corporation



Loan Loss Reserve Detail

Loan Loss Reserves / Gross Loans (%)



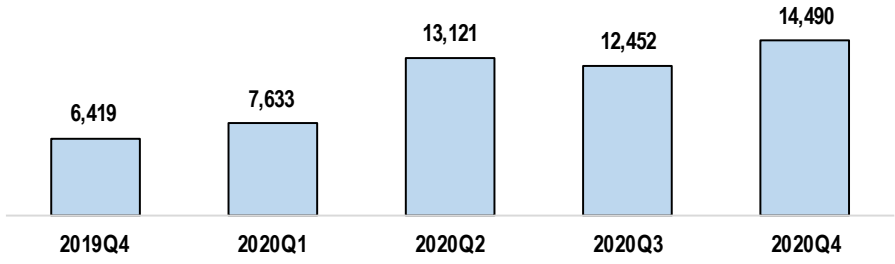
(Dollars in Thousands)	For the Year Ended,			For the Quarter Ended,			
	12/31/2017	12/31/2018	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Loan Loss Reserve (\$000)							
Loan Loss Reserve - Beginning	\$ 7,051	\$ 7,891	\$ 9,454	\$ 10,700	\$ 14,233	\$ 16,657	\$ 19,044
Charge-offs & Adj.	764	1,185	800	262	151	154	1,187
Recoveries	65	178	137	35	75	41	106
Provision	1,540	2,570	1,908	3,760	2,500	2,500	2,400
Loan Loss Reserve - Ending	<u>\$ 7,891</u>	<u>\$ 9,454</u>	<u>\$ 10,700</u>	<u>\$ 14,233</u>	<u>\$ 16,657</u>	<u>\$ 19,044</u>	<u>\$ 20,363</u>

Source: Investar Holding Corporation

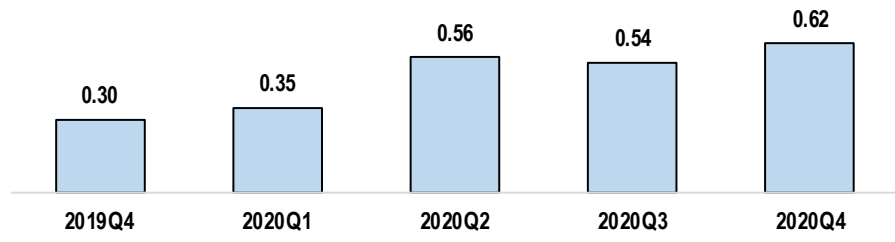


Asset Quality Trends

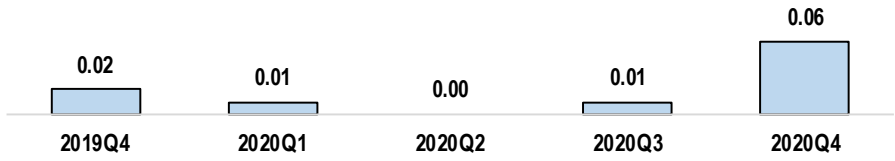
Nonperforming Assets (\$000s)



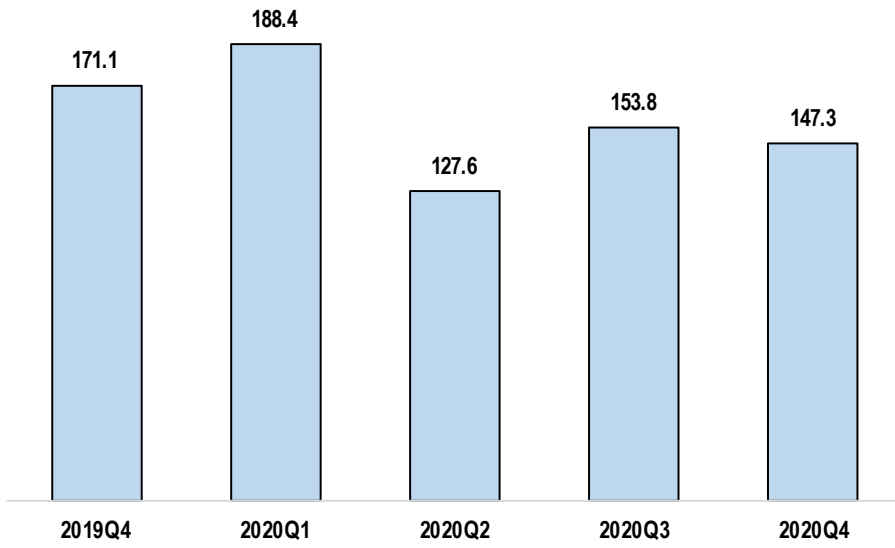
NPAs / Assets (%)



Net Charge-offs / Avg. Loans (%)



Reserves / NPLs (%)

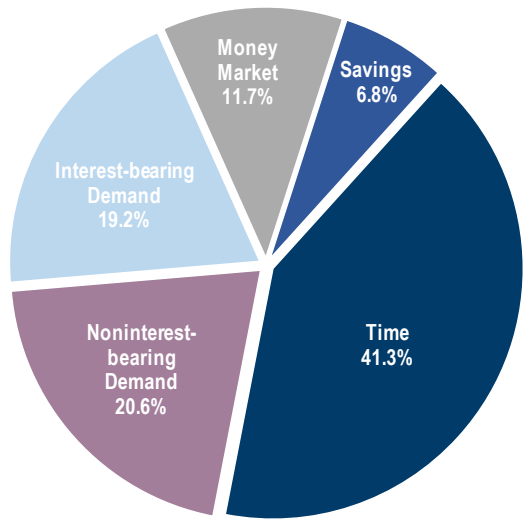


Source: Investar Holding Corporation

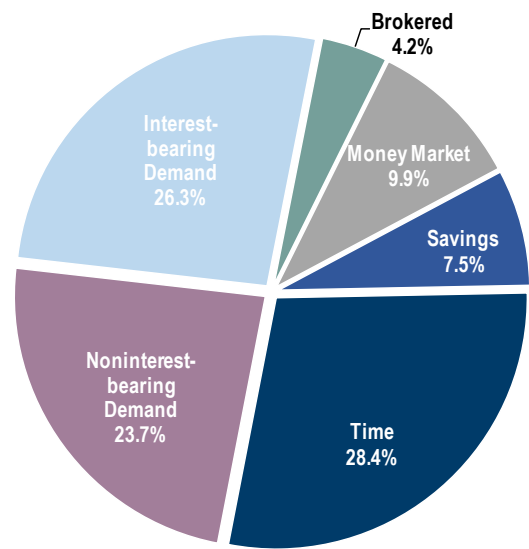


Deposit Transformation

Deposit Mix at December 31, 2019



Deposit Mix at December 31, 2020



Deposit Composition - Quarterly Lookback									
(dollars in thousands)	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4
Noninterest-bearing Demand	\$217,457	\$285,811	\$289,481	\$291,039	\$351,905	\$339,379	\$469,095	\$452,070	\$448,230
Interest-bearing Demand	295,212	333,434	332,754	305,361	335,478	378,787	437,821	473,819	496,745
Brokered Deposits	0	0	0	0	0	0	0	0	80,017
Money Market	179,340	188,373	177,209	194,757	198,999	197,703	183,371	179,133	186,307
Savings	104,146	114,631	111,222	110,636	115,324	118,193	129,157	139,153	141,134
Time	565,576	610,544	641,551	683,564	706,000	694,764	670,144	590,274	535,391
Total Deposits	\$1,361,731	\$1,532,793	\$1,552,217	\$1,585,357	\$1,707,706	\$1,728,826	\$1,889,588	\$1,834,449	\$1,887,824
Total Deposit Interest Rate¹	1.11%	1.15%	1.24%	1.32%	1.27%	1.17%	0.92%	0.74%	0.57%

¹ Non-GAAP financial measure; please see appendix for additional details
 Source: Investar Holding Corporation

PROPOSED ACQUISITION OF CHEAHA FINANCIAL GROUP



Transaction Terms

Investar Holding Corporation's proposed acquisition of Cheaha Financial Group, Inc.

Transaction

- Investar Holding Corporation will acquire 100% of Cheaha Financial Group, Inc.'s ("Cheaha") outstanding common stock in a negotiated transaction

Per Share Consideration

- \$80.00 per share of Cheaha common stock

Aggregate Consideration

- \$41.1 million
 - Based on 513,332 shares outstanding
 - No options or warrants

Consideration Mix

- 100% cash

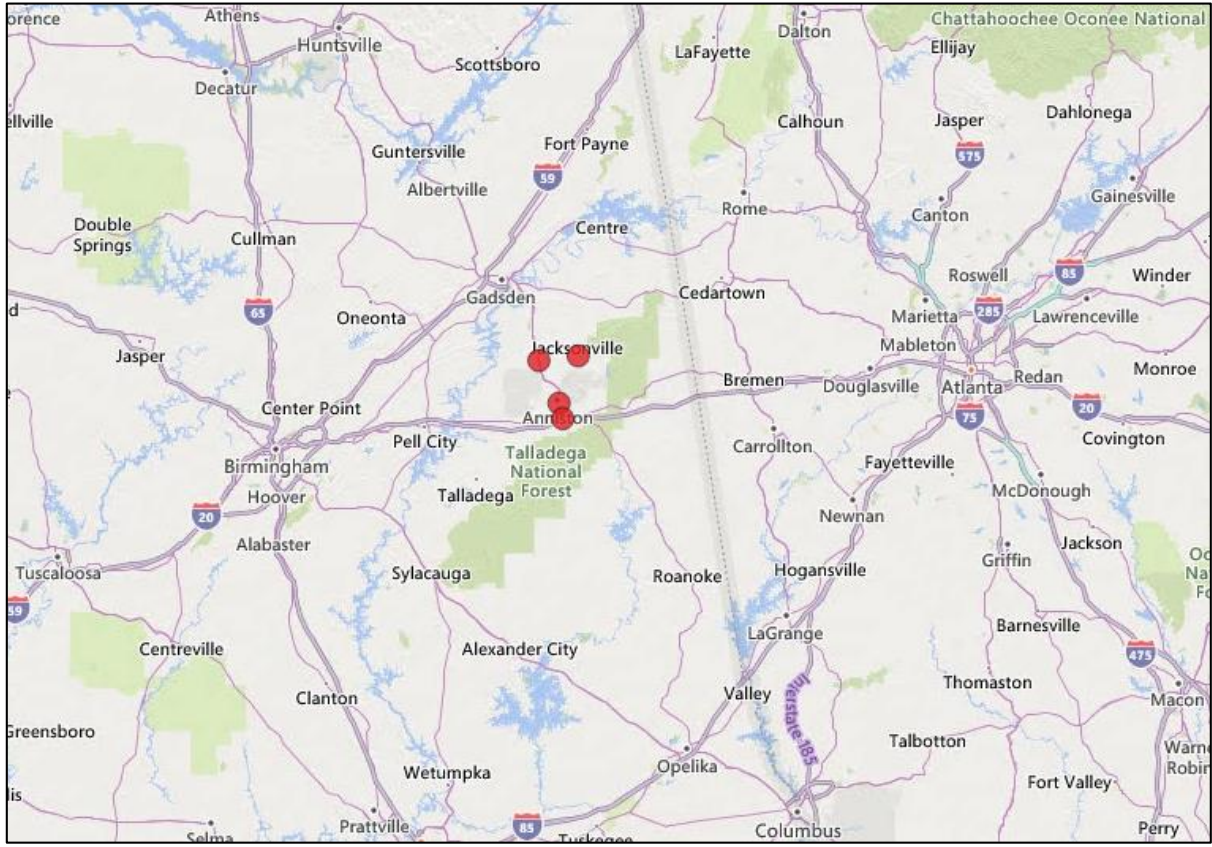
Valuation

- Price / Tangible Book Value: 143.7%
- Price / LTM Earnings: 13.6x
- Price / 2021E Earnings: 13.6x



Cheaha Financial Group Overview

- Headquartered in Oxford, AL
- Holding company for Cheaha Bank, founded in 2000
- Led by President & CEO Shad A. Williams and Executive Vice President Barbara A. Montgomery
- Relationship-focused organization that provides banking needs to individuals and businesses in its local community
- 9 consecutive years with return on average assets greater than 1.3%
- Pristine asset quality – zero nonaccrual loans and 0.3% in deferrals





Financial Results – Cheaha Bank

<i>In \$000s except for per share data</i>	For the Twelve Months Ended				
	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
Balance Sheet					
Total Assets	\$197,135	\$201,070	\$201,964	\$209,300	\$234,988
Total Loans	\$106,110	\$107,462	\$113,200	\$121,044	\$128,032
Total Deposits	\$166,725	\$171,277	\$173,405	\$178,969	\$201,995
Loans/Deposits	63.6%	62.7%	65.3%	67.6%	63.38%
Capital					
Tangible Equity	\$23,926	\$26,215	\$26,914	\$28,090	\$31,257
Tang. Common Equity/ Tang. Assets	12.1%	13.0%	13.3%	13.4%	13.30%
Risk Based Capital	21.2%	22.0%	24.0%	22.2%	20.70%
Tier 1 Capital	20.0%	20.7%	22.7%	21.1%	19.79%
Leverage Ratio	12.5%	13.2%	14.2%	13.0%	12.22%
Profitability Measures					
Net Interest Margin	4.68%	4.51%	4.32%	4.19%	3.74%
Non Interest Income/Avg. Assets	0.47%	0.50%	0.51%	0.48%	0.60%
Non Interest Expense/Avg. Assets	2.64%	2.69%	2.72%	2.69%	2.35%
Efficiency Ratio	50.6%	52.2%	56.3%	58.7%	55.82%
ROAA	1.65%	1.51%	1.63%	1.45%	1.47%
ROAE	13.4%	12.0%	12.7%	10.9%	11.84%
Net Income	\$3,273	\$3,060	\$3,279	\$2,997	\$3,380

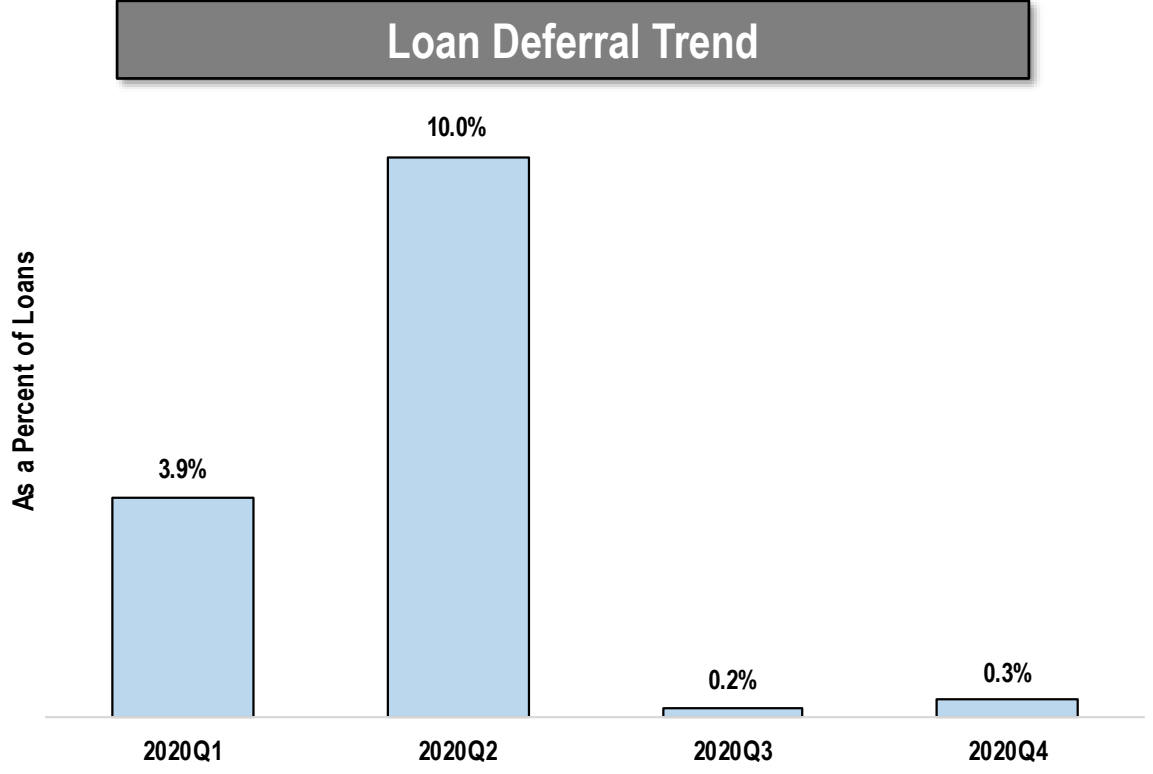


Low Risk Transaction

- Cheaha’s conservative underwriting standards have led to a track record of exceptional credit and minimal deferrals
- Due diligence initially done as part of previous negotiations and further diligence completed over the last 3 months
- Extensive review of the loan portfolio
 - 43.7% of total commercial loans
 - 100% of criticized assets
 - 100% of the 20 largest loans
- Key executives are committed to remaining with the combined company
- Capital ratios will continue to remain “well-capitalized”

Asset Quality Trends								
(dollars in thousands)	2013	2014	2015	2016	2017	2018	2019	2020
Nonaccrual Loans	\$0	\$0	\$0	\$0	\$64	\$0	\$0	\$0
TDRs	0	75	74	72	70	68	652	656
OREO	1,592	200	74	0	50	137	0	0
Total NPAs	\$1,592	\$275	\$148	\$72	\$184	\$205	\$652	\$656

NPAs/Assets	0.88%	0.15%	0.08%	0.04%	0.09%	0.10%	0.31%	0.28%
--------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------



Source: Investar Holding Corporation; S&P Global Market Intelligence



Estimated Pro Forma Impact

Pro Forma Financial Impact

Per Share

2021E Earnings Accretion	9.3%
2022E Earnings Accretion	16.7%
TBV Dilution At Close	5.5%
TBV Payback Period	2.6 Years

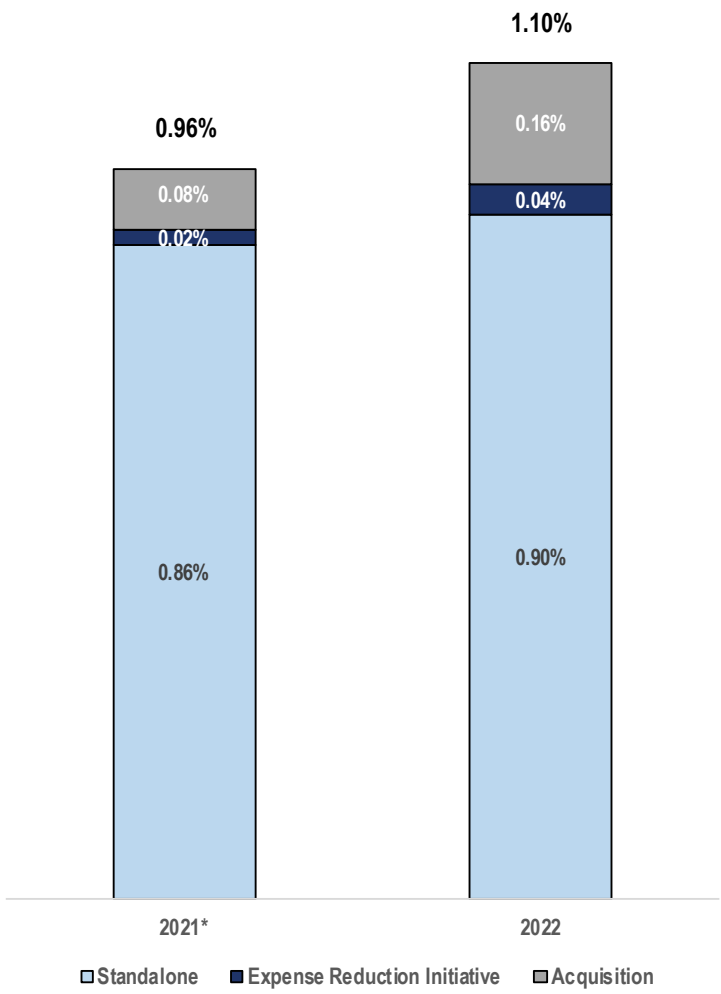
Projected Capital at Close

Holding Company TCE / TA	~8.2%
Bank Leverage Ratio	~9.7%
Bank Total Risk Based Capital Ratio	~13.1%

Projected Operating Metrics

2021E Core Return on Average Assets	~0.96%
2022E Core Return on Average Assets	~1.10%

Projected Core Return on Average Assets



*2021E ROAA does not include one-time merger expenses related to the Cheaha transaction
 Note: Tangible book value payback period calculated using the crossover method
 Source: Investar Holding Corporation



Key Assumptions

Cost Savings

- Approximately \$1.6 million pre-tax; 28% of Cheaha's 2020 noninterest expense

Merger Expenses

- Approximately \$1.6 million after-tax; 3.9% of total deal value

Core Deposit Intangible

- 1.0%, amortized over 10 years using sum-of-digits method

Fair Market Value Adjustments

- \$1.8 million gross credit mark
- \$0.6 million positive write-up on fixed assets
- \$1.0 million positive write-up on Trust Preferred securities

Anticipated Closing

- 2nd Quarter of 2021



Comparison to Previous Agreement

	Original Agreement	New Agreement
Purchase Price Per Share	\$80.00	\$80.00
Pre-Close Dividend Distribution	\$2.50	\$0
Investar Termination Exposure	\$0	\$1.0 million
Price / Tangible Book Value	164.7%	143.7%
Price / Earnings (LTM)	14.5x	13.6x
TBV Payback Period	3.9 years	2.6 years

Source: Investar Holding Corporation

APPENDIX



Non-GAAP Reconciliation

(Dollars in thousands, except per share data)

	As of December 31,					
	2015	2016	2017	2018	2019	2020
<u>Tangible Common Equity:</u>						
Total Stockholders' Equity	\$ 109,350	\$ 112,757	\$ 172,729	\$ 182,262	\$ 241,976	\$ 243,284
<u>Adjustments:</u>						
Goodwill	(2,684)	(2,684)	(17,086)	(17,424)	(26,132)	(28,082)
Other Intangibles	(491)	(450)	(2,740)	(2,263)	(4,803)	(4,150)
Tangible Common Equity	<u>\$ 106,175</u>	<u>\$ 109,623</u>	<u>\$ 152,903</u>	<u>\$ 162,575</u>	<u>\$ 211,041</u>	<u>\$ 211,052</u>
Common Shares Outstanding	7,264,282	7,101,851	9,514,926	9,484,219	11,228,775	10,608,829
Book Value Per Common Share	\$ 15.05	\$ 15.88	\$ 18.15	\$ 19.22	\$ 21.55	\$ 22.93
Tangible Book Value Per Common Share	\$ 14.62	\$ 15.44	\$ 16.07	\$ 17.14	\$ 18.79	\$ 19.89
<u>Tangible Assets:</u>						
Total Assets	\$ 1,031,555	\$ 1,158,960	\$ 1,622,734	\$ 1,786,469	\$ 2,148,916	\$ 2,321,181
<u>Adjustments:</u>						
Goodwill	(2,684)	(2,684)	(17,086)	(17,424)	(26,132)	(28,082)
Other Intangibles	(491)	(450)	(2,740)	(2,263)	(4,803)	(4,150)
Tangible Assets	<u>\$ 1,028,380</u>	<u>\$ 1,155,826</u>	<u>\$ 1,602,908</u>	<u>\$ 1,766,782</u>	<u>\$ 2,117,981</u>	<u>\$ 2,288,949</u>
Total Stockholders' Equity to Total Assets Ratio	10.60%	9.73%	10.64%	10.20%	11.26%	10.48%
Tangible Common Equity to Tangible Assets Ratio	10.32%	9.48%	9.54%	9.20%	9.96%	9.22%



Non-GAAP Reconciliation

(Dollars in thousands, except per share data)									
	For the three months ended,								
	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Interest on Deposits	\$3,721	\$4,106	\$4,684	\$5,198	\$5,319	\$5,032	\$4,190	\$3,404	\$2,750
Interest-Bearing Deposits	1,144,274	1,246,982	1,262,736	1,294,318	1,355,801	1,389,447	1,420,493	1,382,379	1,439,594
Noninterest-Bearing Deposits	217,457	285,811	289,481	291,039	351,905	339,379	469,095	452,070	448,230
Total Deposits	1,361,731	1,532,793	1,552,217	1,585,357	1,707,706	1,728,826	1,889,588	1,834,449	1,887,824
Total Deposit Interest Rate (Annualized)	1.11%	1.15%	1.24%	1.32%	1.27%	1.17%	0.92%	0.74%	0.57%



Non-GAAP Reconciliation

(Dollars in thousands, except per share data)

	For the three months ended,				
	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Net Income	\$ 3,331	\$ 608	\$ 4,274	\$ 4,467	\$ 4,540
Less: Provision Expense	(736)	(3,760)	(2,500)	(2,500)	(2,400)
Less: Tax Expense	(844)	(149)	(1,016)	(1,089)	(1,196)
Pre-Tax, Pre-Provision Net Income	\$ 4,911	\$ 4,517	\$ 7,790	\$ 8,056	\$ 8,136

