# INVESTAR HOLDING CORP

## FORM 8-K
(Current report filing)

Filed 07/27/17 for the Period Ending 07/26/17

| | |
|---|---|
| Address | 10500 COURSEY BLVD<br>THIRD FLOOR<br>BATON ROUGE, LA, 70816 |
| Telephone | 225-227-2222 |
| CIK | 0001602658 |
| Symbol | ISTR |
| SIC Code | 6022 - State Commercial Banks |
| Industry | Banks |
| Sector | Financials |
| Fiscal Year | 12/31 |

# 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): July 26, 2017**

# Investar Holding Corporation
**(Exact name of registrant as specified in its charter)**

| Louisiana | 001-36522 | 27-1560715 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**7244 Perkins Road**
**Baton Rouge, Louisiana 70808**
**(Address of principal executive offices) (Zip Code)**

**Registrant's telephone number, including area code: (225) 227-2222**

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:

☐ 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. ☑

**Item 2.02 Results of Operations and Financial Condition.**

On July 26, 2017, Investar Holding Corporation issued a press release announcing its financial results for the quarter ended June 30, 2017. A copy of the press release is furnished as exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Current Report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit Number | Description of Exhibit |
|---|---|
| 99.1 | Press release of Investar Holding Corporation dated July 26, 2017 announcing financial results for the quarter ended June 30, 2017. |

## 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.

**INVESTAR HOLDING CORPORATION**

| | | |
|---|---|---|
| Date: July 27, 2017 | By: | /s/ John J. D’Angelo |
| | | John J. D’Angelo |
| | | President and Chief Executive Officer |

## EXHIBIT INDEX

| Exhibit Number | Description of Exhibit |
|---|---|
| 99.1 | Press release of Investar Holding Corporation dated July 26, 2017 announcing financial results for the quarter ended June 30, 2017. |

**Exhibit 99.1**

For Immediate Release

**Investar Holding Corporation Announces 2017 Second Quarter Results**

BATON ROUGE, LA (July 26, 2017) – Investar Holding Corporation (NASDAQ: ISTR) (the “Company”), the holding company for Investar Bank (the “Bank”), today announced financial results for the quarter ended June 30, 2017 . The Company reported net income of $1.9 million , or $0.22 per diluted share for the second quarter of 2017, compared to $1.9 million , or $0.26 per diluted share for the quarter ended March 31, 2017 , and $2.0 million , or $0.28 per diluted share, for the quarter ended June 30, 2016 .

Investar Holding Corporation President and Chief Executive Officer John D’Angelo said:

“This was another quarter of continued progress for Investar and demonstrates our commitment to creating long-term shareholder value. We continued to experience solid organic loan growth which contributed to the increase in interest income. Deposit growth remains a focus and we are very pleased with the 16% increase in noninterest-bearing deposits compared to the first quarter of 2017. Our asset quality remains strong and we continue to see opportunities for growth in our markets. We were able to open two branches during the quarter - one in the Baton Rouge market and one in the New Orleans market. We opened the New Orleans branch sooner than we had projected as we felt there were significant opportunities in the market. We continue to focus on quality loans and deposits while controlling noninterest expense and maintaining our focus on improving our return on assets and efficiency ratios.

Also, we were excited to complete the Citizens acquisition on July 1, 2017 as announced and discussed last quarter, and believe that this acquisition fits well with our strategy of expanding Investar’s footprint in Louisiana. We also believe that the acquisition further positions us to grow the franchise and increase long-term shareholder value.”

**Second Quarter Highlights**

- Nonperforming loans to total loans decreased to 0.13% at June 30, 2017 compared to 0.24% at March 31, 2017 and 0.67% at June 30, 2016.
- Noninterest-bearing deposits were $130.6 million at June 30, 2017, an increase of $18.1 million, or 16.1%, compared to March 31, 2017.
- The business lending portfolio, which consists of loans secured by owner-occupied commercial real estate properties and commercial and industrial loans, was $284.1 million at June 30, 2017, an increase of $12.2 million, or 4.5%, compared to the business lending portfolio of $271.9 million at March 31, 2017, and an increase of $57.5 million, or 25.4%, compared to the business lending portfolio of $226.6 million at June 30, 2016.
- Total interest income increased $0.8 million, or 6.8%, for the quarter ended June 30, 2017 compared to the quarter ended March 31, 2017, and increased $1.1 million, or 10.5%, compared to the quarter ended June 30, 2016.
- Two de novo branches, one in each of the Baton Rouge and New Orleans markets, opened at the end of the second quarter, as well as a free-standing ATM in our Baton Rouge market, creating additional banking opportunities for our existing and potential customers.
- The Company’s common stock had a closing trade price of $22.90 at June 30, 2017, representing 22.8% growth from a closing trade price of $18.65 at December 30, 2016.
- Total loans increased $30.8 million, or 3.4%, to $932.9 million at June 30, 2017 compared to $902.1 million at March 31, 2017. Excluding the paydown of indirect auto loans, total loans increased $40.9 million, or 5.0%, to $862.1 million at June 30, 2017 compared to $821.2 million at March 31, 2017.

**Loans**

Total loans were $932.9 million at June 30, 2017 , an increase of $30.8 million , or 3.4% , compared to March 31, 2017 , and an increase of $115.5 million , or 14.1% , compared to June 30, 2016 .

The following table sets forth the composition of the Company's loan portfolio as of the dates indicated (dollars in thousands).

| | | | | Linked Quarter Change | | Year/Year Change | | Percentage of Total Loans | |
|---|---|---|---|---|---|---|---|---|---|
| | 6/30/2017 | 3/31/2017 | 6/30/2016 | $ | % | $ | % | 6/30/2017 | 6/30/2016 |
| Mortgage loans on real estate | | | | | | | | | |
| Construction and development | $ 109,627 | $ 95,541 | $ 101,080 | $ 14,086 | 14.7 % | $ 8,547 | 8.5 % | 11.8% | 12.4% |
| 1-4 Family | 177,979 | 172,148 | 166,778 | 5,831 | 3.4 | 11,201 | 6.7 | 19.1 | 20.4 |
| Multifamily | 46,109 | 47,776 | 37,300 | (1,667) | (3.5) | 8,809 | 23.6 | 4.9 | 4.6 |
| Farmland | 8,006 | 7,994 | 8,343 | 12 | 0.2 | (337) | (4.0) | 0.9 | 1.0 |
| Commercial real estate | | | | | | | | | |
| Owner-occupied | 185,226 | 181,590 | 151,464 | 3,636 | 2.0 | 33,762 | 22.3 | 19.8 | 18.5 |
| Nonowner-occupied | 223,297 | 210,874 | 180,842 | 12,423 | 5.9 | 42,455 | 23.5 | 23.9 | 22.1 |
| Commercial and industrial | 98,837 | 90,352 | 75,103 | 8,485 | 9.4 | 23,734 | 31.6 | 10.6 | 9.2 |
| Consumer | 83,879 | 95,873 | 96,560 | (11,994) | (12.5) | (12,681) | (13.1) | 9.0 | 11.8 |
| **Total loans** | **932,960** | **902,148** | **817,470** | **30,812** | **3.4 %** | **115,490** | **14.1 %** | **100%** | **100%** |
| Loans held for sale | — | — | 46,717 | — | — | (46,717) | (100.0) | | |
| **Total gross loans** | **$ 932,960** | **$ 902,148** | **$ 864,187** | **$ 30,812** | **3.4 %** | **$ 68,773** | **8.0 %** | | |

Consumer loans, including indirect auto loans of $70.8 million, totaled $83.9 million at June 30, 2017 , a decrease of $12.0 million, or 12.5%, compared to $95.9 million, including indirect auto loans of $80.9 million, at March 31, 2017 , and a decrease of $12.7 million, or 13.1%, compared to $96.6 million at June 30, 2016 . The decrease in consumer loans when compared to the linked quarter is attributable to the scheduled paydowns of the consumer loans. Since the Bank discontinued accepting indirect auto loan applications at the end of 2015, which was the primary source of its consumer loan portfolio and consumer loans held for sale, the consumer loan portfolio is expected to decrease over time.

At June 30, 2017 , the Company's total business lending portfolio, which consists of loans secured by owner-occupied commercial real estate properties and commercial and industrial loans, was $284.1 million, an increase of $12.2 million, or 4.5%, compared to the business lending portfolio of $271.9 million at March 31, 2017 , and an increase of $57.5 million, or 25.4%, compared to the business lending portfolio of $226.6 million at June 30, 2016 . The increase in the business lending portfolio is attributable to our focus on relationship banking and growing our commercial loan portfolio.

Credit Quality

Nonperforming loans were $1.2 million, or 0.13% of total loans, at June 30, 2017 , a decrease of $0.9 million, or 42.9%, compared to $2.1 million, or 0.24% of total loans, at March 31, 2017 , and a decrease of $4.3 million, or 78.2%, compared to $5.5 million, or 0.67% of total loans, at June 30, 2016 . The decrease in nonperforming loans compared to June 30, 2016 is mainly attributable to one $2.7 million commercial and industrial loan relationship that was not performing at June 30, 2016 but was subsequently resolved without any additional adverse impact to the financial statements.

The allowance for loan losses was $7.3 million, or 627.63% and 0.78% of nonperforming loans and total loans, respectively, at June 30, 2017 , compared to $7.2 million, or 337.95% and 0.80% of nonperforming loans and total loans, respectively, at March 31, 2017 , and $7.1 million, or 129.59% and 0.87% of nonperforming loans and total loans, respectively, at June 30, 2016 .

The provision for loan losses was $0.4 million for both the first and second quarter of 2017, a decrease of $0.4 million compared to provision for loan losses of $0.8 million for the quarter ended June 30, 2016 . The $0.8 million provision for loan losses for the quarter ended June 30, 2016 is attributable to the specific reserve recorded against the $2.7 million commercial and industrial loan relationship that was placed on nonaccrual during the quarter, discussed above.

Management continues to monitor the Company’s loan portfolio for exposure to potential negative impacts of suppressed oil and gas prices. We consider our direct exposure to the energy sector not to be significant, at less than one percent of the total loan portfolio at June 30, 2017 . However, should the price of oil and gas decline further and/or remain at the current low price for an extended period, the general economic conditions in our south Louisiana markets could be negatively affected and could negatively impact borrowers’ ability to service their debt. Management continually evaluates the allowance for loan losses based on several factors, including economic conditions, and currently believes that any potential negatively affected future cash flows related to these loans would be covered by the current allowance for loan losses.

**Deposits**

Total deposits at June 30, 2017 were $894.8 million , an increase of $26.3 million , or 3.0% , compared to March 31, 2017 , and an increase of $27.6 million , or 3.2% , compared to June 30, 2016 . Noninterest-bearing demand deposits experienced the greatest percentage growth during the second quarter of 2017 with an increase of 16.1%, or $18.1 million, compared to March 31, 2017 . The increase in total deposits compared to June 30, 2016 was driven by large increases in NOW accounts, money market deposit accounts and noninterest-bearing demand deposits. These increases were offset by a $58.0 million, or 12.7%, decrease in time deposits. During the third quarter of 2016, the Company began lowering its rates on time deposits in an effort to begin reducing its cost of funds and its dependency on certificates of deposit. As a result of this strategy, as time deposits mature, many have not renewed with the Bank. The decrease in time deposits is primarily a result of the withdrawal of time deposits by other financial institutions in search of higher rates.

The following table sets forth the composition of the Company’s deposits as of the dates indicated (dollars in thousands).

| | | | | Linked Quarter Change | | Year/Year Change | | Percentage of Total Deposits | |
|---|---|---|---|---|---|---|---|---|---|
| | **6/30/2017** | **3/31/2017** | **6/30/2016** | **$** | **%** | **$** | **%** | **6/30/2017** | **6/30/2016** |
| Noninterest-bearing demand deposits | $ 130,625 | $ 112,514 | $ 109,828 | $ 18,111 | 16.1 % | $ 20,797 | 18.9 % | 14.6% | 12.7% |
| NOW accounts | 171,244 | 168,860 | 139,893 | 2,384 | 1.4 | 31,351 | 22.4 | 19.1 | 16.1 |
| Money market deposit accounts | 143,957 | 124,604 | 108,552 | 19,353 | 15.5 | 35,405 | 32.6 | 16.1 | 12.5 |
| Savings accounts | 50,945 | 52,682 | 52,899 | (1,737) | (3.3) | (1,954) | (3.7) | 5.7 | 6.1 |
| Time deposits | 398,054 | 409,894 | 456,033 | (11,840) | (2.9) | (57,979) | (12.7) | 44.5 | 52.6 |
| **Total deposits** | **$ 894,825** | **$ 868,554** | **$ 867,205** | **$ 26,271** | **3.0 %** | **$ 27,620** | **3.2 %** | **100.0%** | **100.0%** |

**Net Interest Income**

Net interest income for the second quarter of 2017 totaled $9.3 million , an increase of $0.4 million, or 5.0%, compared to the first quarter of 2017, and an increase of $0.6 million, or 7.4%, compared to the second quarter of 2016. The increase in net interest income is mainly a result of continued growth of the Company’s loan portfolio, with an increase in net interest income of $0.9 million due to an increase in volume offset by a $0.3 million decrease related to an increase in the cost of funds compared to the second quarter of 2016. In addition, in the second quarter of 2017, the Company recognized approximately $138,000 of recoveries on an acquired loan.

The Company’s net interest margin was 3.28% for the quarter ended June 30, 2017 compared to 3.27% for the quarter ended March 31, 2017 and 3.38% for the quarter ended June 30, 2016 . The yield on interest-earning assets was 4.18% for the quarter ended June 30, 2017 compared to 4.10% for the quarter ended March 31, 2017 and 4.18% for the quarter ended June 30, 2016 . Five basis points of the increase in the yield on interest-earning assets when compared to the quarter ended March 31, 2017 is attributable to the $138,000 of recoveries on an acquired loan, mentioned above.

The cost of deposits increased one basis point to 0.98% for the quarter ended June 30, 2017 compared to 0.97% for the quarter ended March 31, 2017 , and increased two basis points compared to 0.96% for the quarter ended June 30, 2016 . The increase in the cost of deposits when compared to the quarter ended June 30, 2016 is primarily a result of increases in the cost of time deposits and interest-bearing demand deposits. The overall costs of funds for the quarter ended June 30, 2017 increased twelve basis points to 1.10% compared to 0.98% for the quarter ended March 31, 2017 and increased fifteen basis points compared to 0.95% for the quarter ended June 30, 2016. The increase in the cost of funds is mainly attributable to the increase in long term borrowings mainly resulting from the Company’s issuance and sale, on March 24, 2017, of $18.6 million in aggregate principal amount of its 6.00% Fixed-to-Floating Rate Subordinated Notes due in 2027. The Company used the net proceeds from the debt issuance to fund a portion of the acquisition of Citizens Bancshares, Inc. and its wholly-owned subsidiary, Citizens Bank, as intended. The acquisition closed on July 1, 2017, therefore, the Company incurred a full quarter of interest expense without realizing any financial benefit of the acquisition.

**Noninterest Income**

Noninterest income for the second quarter of 2017 totaled $0.8 million , a decrease of $0.1 million, or 9.5%, compared to the first quarter of 2017, and a decrease of $1.5 million, or 64.5%, compared to the second quarter of 2016. The decrease in noninterest income when compared to the quarter ended June 30, 2016 is mainly attributable to the $1.3 million decrease in the gain on sale of fixed assets. The gain on sale of fixed assets recognized in the quarter ended June 30, 2016 resulted from the sale of the land and building of one of the Bank's branch locations to a healthcare company. The decrease in noninterest income compared to the quarter ended June 30, 2016 can also be attributed to the $0.2 million decrease in servicing fees and fee income on serviced loans. As the Bank's portfolio of serviced loans ages, and consequently decreases in principal value, the servicing fees earned will continue to decrease.

**Noninterest Expense**

Noninterest expense for the second quarter of 2017 totaled $6.9 million , an increase of $0.2 million, or 3.7%, compared to the first quarter of 2017, and a decrease of $0.2 million, or 2.5%, compared to the second quarter of 2016. The increase in noninterest expense compared to the first quarter of 2017 is mainly attributable to the $0.2 million increase in salaries and employee benefits. This increase is mainly attributable to additional lenders hired at the end of the first quarter of 2017. In addition, at the end of the second quarter of 2017, the Company opened two de novo branch locations which required the hiring of additional employees in addition to incurring other operating expenses. The branch openings had an estimated impact to noninterest expense for the second quarter of 2017 of approximately $0.1 million. Furthermore, the Company recorded a $0.1 million write-down of repossessed equipment which is also included in other operating expenses.

The decrease in noninterest expense compared to the second quarter of 2016 is mainly attributable to the $0.6 million decrease in customer reimbursements, which were paid to certain borrowers in the second quarter of 2016, offset by $0.2 million increases in both salaries and employee benefits and other operating expenses. The increase in other operating expenses was driven by increases in bank shares taxes and expenses related to other real estate owned, as well as the write-down of repossessed equipment mentioned above.

**Basic Earnings Per Share and Diluted Earnings Per Share**

The Company reported both basic and diluted earnings per share of $0.22 for the three months ended June 30, 2017 , a decrease of $0.06 compared to basic and diluted earnings per share of $0.28 for the three months ended June 30, 2016 . The decrease in both basic and diluted earnings per share is directly attributable to the Company's issuance of approximately 1.6 million common shares as part of a public offering on March 22, 2017.

**Taxes**

The Company recorded income tax expense of $0.9 million for the quarter ended June 30, 2017 , which equates to an effective tax rate of 31.3%.

**About Investar Holding Corporation**

Investar Holding Corporation, headquartered in Baton Rouge, Louisiana, provides full banking services, excluding trust services, through its wholly-owned banking subsidiary, Investar Bank, a state chartered bank. The Company's primary market is South Louisiana and it currently operates 15 full service banking offices located throughout its market. At June 30, 2017 , the Company had 157 full-time equivalent employees.

**Non-GAAP Financial Measures**

This press release contains financial information determined by methods other than in accordance with generally accepted accounting principles in the United States of America, or GAAP. These measures and ratios include “tangible common equity,” “tangible assets,” “tangible equity to tangible assets,” “tangible book value per common share,” “core noninterest expense,” “core earnings before income tax expense,” “core income tax expense,” “core earnings,” “core efficiency ratio,” “core return on average assets,” “core return on average equity,” “core basic earnings per share,” and “core diluted earnings per share.” Management believes these non-GAAP financial measures provide information useful to investors in understanding the Company’s financial results, and the Company believes that its presentation, together with the accompanying reconciliations, provide a more complete understanding of factors and trends affecting the Company’s business and allow investors to view performance in a manner similar to management, the entire financial services sector, bank stock analysts and bank regulators. These non-GAAP measures should not be considered a substitute for GAAP basis measures and results, and the Company strongly encourages investors to review its consolidated financial statements in their entirety and not to rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies’ non-GAAP financial measures having the same or similar names. A reconciliation of the non-GAAP financial measures disclosed in this press release to the comparable GAAP financial measures is included at the end of the financial statement tables.

**Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the Company’s current views 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 press release 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 revise 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:

- business and economic conditions generally and in the financial services industry in particular, whether nationally, regionally or in the markets in which we operate;
- our ability to achieve organic loan and deposit growth, and the composition of that growth;
- 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 our strategy generally;
- our 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 and including the potential impact on our borrowers of the August 2016 flooding in Baton Rouge and surrounding areas;
- inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates;
- the concentration of our business within our geographic areas of operation in Louisiana;
- concentration of credit exposure; and
- the ability to effectively integrate employees, customers, operations and branches from our recent acquisition of Citizens.

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 in the “Special Note Regarding Forward-Looking Statements” in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission.

For further information contact:
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**INVESTAR HOLDING CORPORATION**
**SUMMARY FINANCIAL INFORMATION**
**(Amounts in thousands, except share data)**
**(Unaudited)**

| | As of and for the three months ended | | | | |
|---|---|---|---|---|---|
| | 6/30/2017 | 3/31/2017 | 6/30/2016 | Linked Quarter | Year/Year |
| **EARNINGS DATA** | | | | | |
| Total interest income | $ 11,844 | $ 11,093 | $ 10,719 | 6.8 % | 10.5 % |
| Total interest expense | 2,542 | 2,233 | 2,061 | 13.8 | 23.3 |
| Net interest income | 9,302 | 8,860 | 8,658 | 5.0 | 7.4 |
| Provision for loan losses | 375 | 350 | 800 | 7.1 | (53.1) |
| Total noninterest income | 801 | 885 | 2,256 | (9.5) | (64.5) |
| Total noninterest expense | 6,928 | 6,684 | 7,104 | 3.7 | (2.5) |
| Income before income taxes | 2,800 | 2,711 | 3,010 | 3.3 | (7.0) |
| Income tax expense | 877 | 847 | 1,005 | 3.5 | (12.7) |
| Net income | $ 1,923 | $ 1,864 | $ 2,005 | 3.2 | (4.1) |
| **AVERAGE BALANCE SHEET DATA** | | | | | |
| Total assets | $ 1,198,878 | $ 1,157,654 | $ 1,086,604 | 3.6 % | 10.3 % |
| Total interest-earning assets | 1,137,752 | 1,097,816 | 1,028,360 | 3.6 | 10.6 |
| Total loans | 914,265 | 892,546 | 800,710 | 2.4 | 14.2 |
| Total gross loans | 914,265 | 892,546 | 852,475 | 2.4 | 7.2 |
| Total interest-bearing deposits | 745,647 | 778,262 | 739,678 | (4.2) | 0.8 |
| Total interest-bearing liabilities | 922,780 | 920,360 | 866,386 | 0.3 | 6.5 |
| Total deposits | 862,361 | 888,672 | 835,215 | (3.0) | 3.3 |
| Total stockholders’ equity | 149,713 | 117,497 | 112,035 | 27.4 | 33.6 |
| **PER SHARE DATA** | | | | | |
| Earnings: | | | | | |
| Basic earnings per share | $ 0.22 | $ 0.26 | $ 0.28 | (15.4)% | (21.4)% |
| Diluted earnings per share | 0.22 | 0.26 | 0.28 | (15.4) | (21.4) |
| Core Earnings [(1)]: | | | | | |
| Basic earnings per share [(1)] | 0.22 | 0.27 | 0.20 | (18.5) | 10.0 |
| Diluted earnings per share [(1)] | 0.22 | 0.27 | 0.21 | (18.5) | 4.8 |
| Book value per share | 17.11 | 16.85 | 15.63 | 1.5 | 9.5 |
| Tangible book value per share [(1)] | 16.74 | 16.48 | 15.18 | 1.6 | 10.3 |
| Common shares outstanding | 8,815,119 | 8,805,810 | 7,214,734 | 0.1 | 22.2 |
| **PERFORMANCE RATIOS** | | | | | |
| Return on average assets | 0.64% | 0.65% | 0.74% | (1.5)% | (13.5)% |
| Core return on average assets [(1)] | 0.64 | 0.68 | 0.54 | (5.9) | 18.5 |
| Return on average equity | 5.15 | 6.44 | 7.18 | (20.0) | (28.3) |
| Core return on average equity [(1)] | 5.11 | 6.65 | 5.25 | (23.2) | (2.7) |
| Net interest margin | 3.28 | 3.27 | 3.38 | 0.3 | (3.0) |
| Net interest income to average assets | 3.11 | 3.10 | 3.20 | 0.3 | (2.8) |
| Noninterest expense to average assets | 2.32 | 2.34 | 2.62 | (0.9) | (11.5) |
| Efficiency ratio [(2)] | 68.57 | 68.59 | 65.09 | — | 5.3 |
| Core efficiency ratio [(1)] | 68.46 | 67.18 | 68.42 | 1.9 | 0.1 |
| Dividend payout ratio | 9.94 | 7.73 | 3.57 | 28.6 | 178.4 |
| Net charge-offs to average loans | 0.03 | 0.02 | 0.02 | 50.0 | 50.0 |

[(1)] Non-GAAP financial measure. See reconciliation.

(2) Efficiency ratio represents noninterest expenses divided by the sum of net interest income (before provision for loan losses) and noninterest income.

**INVESTAR HOLDING CORPORATION**
**SUMMARY FINANCIAL INFORMATION**
**(Amounts in thousands, except share data)**
**(Unaudited)**

| | As of and for the three months ended | | | | |
|---|---|---|---|---|---|
| | 6/30/2017 | 3/31/2017 | 6/30/2016 | Linked Quarter | Year/Year |
| **ASSET QUALITY RATIOS** | | | | | |
| Nonperforming assets to total assets | 0.41% | 0.53% | 0.51% | (22.6)% | (19.6)% |
| Nonperforming loans to total loans | 0.13 | 0.24 | 0.67 | (45.8) | (80.6) |
| Allowance for loan losses to total loans | 0.78 | 0.80 | 0.87 | (2.5) | (10.3) |
| Allowance for loan losses to nonperforming loans | 627.63 | 337.95 | 129.6 | 85.7 | 384.3 |
| | | | | | |
| **CAPITAL RATIOS** | | | | | |
| **Investar Holding Corporation:** | | | | | |
| Total equity to total assets | 12.30% | 12.62% | 10.01% | (2.5)% | 22.9 % |
| Tangible equity to tangible assets (1) | 12.07 | 12.38 | 9.75 | (2.5) | 23.8 |
| Tier 1 leverage ratio | 12.71 | 12.97 | 10.46 | (2.0) | 21.5 |
| Common equity tier 1 capital ratio (2) | 14.41 | 14.84 | 11.11 | (2.9) | 29.7 |
| Tier 1 capital ratio (2) | 14.75 | 15.20 | 11.47 | (3.0) | 28.6 |
| Total capital ratio (2) | 17.22 | 17.77 | 12.19 | (3.1) | 41.3 |
| **Investar Bank:** | | | | | |
| Tier 1 leverage ratio | 13.96 | 14.23 | 10.26 | (1.9) | 36.1 |
| Common equity tier 1 capital ratio (2) | 16.20 | 16.68 | 11.25 | (2.9) | 44.0 |
| Tier 1 capital ratio (2) | 16.20 | 16.68 | 11.25 | (2.9) | 44.0 |
| Total capital ratio (2) | 16.91 | 17.41 | 11.97 | (2.9) | 41.3 |

(1) Non-GAAP financial measure. See reconciliation.
(2) Estimated for June 30, 2017

**INVESTAR HOLDING CORPORATION**
**CONSOLIDATED BALANCE SHEETS**
**(Amounts in thousands, except share data)**
**(Unaudited)**

| | June 30, 2017 | March 31, 2017 | June 30, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and due from banks | $ 11,720 | $ 8,043 | $ 9,958 |
| Interest-bearing balances due from other banks | 23,238 | 18,600 | 27,175 |
| Federal funds sold | 3 | — | 1 |
| **Cash and cash equivalents** | **34,961** | **26,643** | **37,134** |
| | | | |
| Available for sale securities at fair value (amortized cost of $185,121, $176,363, and $149,986, respectively) | 183,584 | 174,139 | 151,841 |
| Held to maturity securities at amortized cost (estimated fair value of $19,418, $19,422, and $25,810, respectively) | 19,460 | 19,648 | 25,656 |
| Loans held for sale | — | — | 46,717 |
| Loans, net of allowance for loan losses of $7,320, $7,243, and $7,091, respectively | 925,640 | 894,905 | 810,379 |
| Other equity securities | 7,025 | 6,320 | 7,371 |
| Bank premises and equipment, net of accumulated depreciation of $7,497, $7,117, and $6,017, respectively | 31,510 | 31,434 | 30,147 |
| Other real estate owned, net | 3,830 | 4,045 | 279 |
| Accrued interest receivable | 3,197 | 3,243 | 2,840 |
| Deferred tax asset | 2,343 | 2,601 | 1,459 |
| Goodwill and other intangible assets, net | 3,213 | 3,224 | 3,254 |
| Bank-owned life insurance | 7,297 | 7,248 | 7,101 |
| Other assets | 3,466 | 2,385 | 2,752 |
| **Total assets** | **$ 1,225,526** | **$ 1,175,835** | **$ 1,126,930** |
| | | | |
| **LIABILITIES** | | | |
| **Deposits** | | | |
| Noninterest-bearing | $ 130,625 | $ 112,514 | $ 109,828 |
| Interest-bearing | 764,200 | 756,040 | 757,377 |
| **Total deposits** | **894,825** | **868,554** | **867,205** |
| Advances from Federal Home Loan Bank | 109,285 | 82,413 | 93,599 |
| Repurchase agreements | 36,745 | 36,361 | 28,854 |
| Subordinated debt | 18,145 | 18,133 | — |
| Junior subordinated debt | 3,609 | 3,609 | 3,609 |
| Other borrowings | — | 78 | — |
| Accrued taxes and other liabilities | 12,121 | 18,351 | 20,900 |
| **Total liabilities** | **1,074,730** | **1,027,499** | **1,014,167** |
| | | | |
| **STOCKHOLDERS' EQUITY** | | | |
| Preferred stock, no par value per share; 5,000,000 shares authorized | — | — | — |
| Common stock, $1.00 par value per share; 40,000,000 shares authorized; 8,815,119, 8,805,810, and 7,214,734 shares outstanding, respectively | 8,815 | 8,806 | 7,215 |
| Surplus | 113,246 | 112,927 | 82,854 |
| Retained earnings | 29,644 | 27,916 | 22,507 |
| Accumulated other comprehensive loss | (909) | (1,313) | 187 |
| **Total stockholders' equity** | **150,796** | **148,336** | **112,763** |
| **Total liabilities and stockholders' equity** | **$ 1,225,526** | **$ 1,175,835** | **$ 1,126,930** |

**INVESTAR HOLDING CORPORATION**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Amounts in thousands, except share data)**
**(Unaudited)**

| | For the three months ended | | | For the six months ended | |
|---|---|---|---|---|---|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| **INTEREST INCOME** | | | | | |
| Interest and fees on loans | $ 10,559 | $ 10,004 | $ 9,781 | $ 20,563 | $ 19,266 |
| Interest on investment securities | 1,199 | 1,029 | 891 | 2,228 | 1,747 |
| Other interest income | 86 | 60 | 47 | 146 | 84 |
| Total interest income | 11,844 | 11,093 | 10,719 | 22,937 | 21,097 |
| **INTEREST EXPENSE** | | | | | |
| Interest on deposits | 1,827 | 1,853 | 1,763 | 3,680 | 3,278 |
| Interest on borrowings | 715 | 380 | 298 | 1,095 | 614 |
| Total interest expense | 2,542 | 2,233 | 2,061 | 4,775 | 3,892 |
| Net interest income | 9,302 | 8,860 | 8,658 | 18,162 | 17,205 |
| Provision for loan losses | 375 | 350 | 800 | 725 | 1,254 |
| Net interest income after provision for loan losses | 8,927 | 8,510 | 7,858 | 17,437 | 15,951 |
| **NONINTEREST INCOME** | | | | | |
| Service charges on deposit accounts | 96 | 97 | 88 | 193 | 185 |
| Gain on sale of investment securities, net | 109 | 106 | 144 | 215 | 224 |
| Gain on sale of fixed assets, net | 1 | 23 | 1,252 | 24 | 1,252 |
| (Loss) gain on sale of other real estate owned, net | (10) | 5 | 10 | (5) | 11 |
| Gain on sale of loans, net | — | — | — | — | 313 |
| Servicing fees and fee income on serviced loans | 378 | 423 | 537 | 801 | 1,128 |
| Other operating income | 227 | 231 | 225 | 458 | 430 |
| Total noninterest income | 801 | 885 | 2,256 | 1,686 | 3,543 |
| Income before noninterest expense | 9,728 | 9,395 | 10,114 | 19,123 | 19,494 |
| **NONINTEREST EXPENSE** | | | | | |
| Depreciation and amortization | 391 | 376 | 369 | 767 | 739 |
| Salaries and employee benefits | 4,109 | 3,950 | 3,890 | 8,059 | 7,763 |
| Occupancy | 245 | 264 | 242 | 509 | 478 |
| Data processing | 355 | 368 | 367 | 723 | 741 |
| Marketing | 119 | 28 | 102 | 147 | 214 |
| Professional fees | 231 | 232 | 375 | 463 | 654 |
| Customer reimbursements | — | — | 584 | — | 584 |
| Acquisition expenses | 80 | 145 | — | 225 | — |
| Other operating expenses | 1,398 | 1,321 | 1,175 | 2,719 | 2,315 |
| Total noninterest expense | 6,928 | 6,684 | 7,104 | 13,612 | 13,488 |
| Income before income tax expense | 2,800 | 2,711 | 3,010 | 5,511 | 6,006 |
| Income tax expense | 877 | 847 | 1,005 | 1,724 | 2,011 |
| Net income | $ 1,923 | $ 1,864 | $ 2,005 | $ 3,787 | $ 3,995 |
| **EARNINGS PER SHARE** | | | | | |
| Basic earnings per share | $ 0.22 | $ 0.26 | $ 0.28 | $ 0.48 | $ 0.56 |
| Diluted earnings per share | $ 0.22 | $ 0.26 | $ 0.28 | $ 0.47 | $ 0.55 |
| Cash dividends declared per common share | $ 0.02 | $ 0.02 | $ 0.01 | $ 0.04 | $ 0.02 |

**INVESTAR HOLDING CORPORATION**

**EARNINGS PER SHARE**

**(Amounts in thousands, except share data)**

**(Unaudited)**

| | For the three months ended | | | For the six months ended | |
|---|---|---|---|---|---|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| Net income | $ 1,923 | $ 1,864 | $ 2,005 | $ 3,787 | $ 3,995 |
| Weighted average number of common shares outstanding used in computation of basic earnings per share | 8,685,980 | 7,205,942 | 7,158,532 | 7,950,049 | 7,176,545 |
| Effect of dilutive securities: | | | | | |
| Restricted stock | 27,045 | 20,604 | 15,298 | 20,557 | 12,705 |
| Stock options | 43,640 | 26,838 | 14,715 | 34,478 | 14,752 |
| Stock warrants | 23,963 | 23,485 | 11,231 | 22,212 | 11,249 |
| Weighted average number of common shares outstanding plus effect of dilutive securities used in computation of diluted earnings per share | 8,780,628 | 7,276,869 | 7,199,776 | 8,027,296 | 7,215,251 |
| Basic earnings per share | $ 0.22 | $ 0.26 | $ 0.28 | $ 0.48 | $ 0.56 |
| Diluted earnings per share | $ 0.22 | $ 0.26 | $ 0.28 | $ 0.47 | $ 0.55 |

**INVESTAR HOLDING CORPORATION**

**CONSOLIDATED AVERAGE BALANCE SHEET, INTEREST EARNED AND YIELD ANALYSIS**

**(Amounts in thousands)**

**(Unaudited)**

| | For the three months ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2017 | | | March 31, 2017 | | | June 30, 2016 | | |
| | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Yield/ Rate |
| **Assets** | | | | | | | | | |
| Interest-earning assets: | | | | | | | | | |
| Loans | $ 914,265 | $ 10,559 | 4.63% | $ 892,546 | $ 10,004 | 4.55% | $ 852,475 | $ 9,781 | 4.60% |
| Securities: | | | | | | | | | |
| Taxable | 165,689 | 1,013 | 2.45 | 150,139 | 839 | 2.27 | 129,126 | 732 | 2.27 |
| Tax-exempt | 29,375 | 186 | 2.54 | 30,540 | 190 | 2.52 | 25,105 | 159 | 2.54 |
| Interest-bearing balances with banks | 28,423 | 86 | 1.21 | 24,591 | 60 | 0.99 | 21,654 | 47 | 0.87 |
| Total interest-earning assets | 1,137,752 | 11,844 | 4.18 | 1,097,816 | 11,093 | 4.10 | 1,028,360 | 10,719 | 4.18 |
| Cash and due from banks | 8,213 | | | 8,546 | | | 7,647 | | |
| Intangible assets | 3,217 | | | 3,227 | | | 3,258 | | |
| Other assets | 56,919 | | | 55,190 | | | 54,123 | | |
| Allowance for loan losses | (7,223) | | | (7,125) | | | (6,784) | | |
| Total assets | $ 1,198,878 | | | $ 1,157,654 | | | $ 1,086,604 | | |
| | | | | | | | | | |
| **Liabilities and stockholders' equity** | | | | | | | | | |
| Interest-bearing liabilities: | | | | | | | | | |
| Deposits: | | | | | | | | | |
| Interest-bearing demand deposits | $ 291,902 | $ 524 | 0.72 | $ 291,855 | $ 488 | 0.68 | $ 247,052 | $ 393 | 0.64 |
| Savings deposits | 51,474 | 83 | 0.65 | 53,237 | 86 | 0.66 | 52,728 | 88 | 0.67 |
| Time deposits | 402,271 | 1,220 | 1.22 | 433,170 | 1,279 | 1.20 | 439,898 | 1,282 | 1.17 |
| Total interest-bearing deposits | 745,647 | 1,827 | 0.98 | 778,262 | 1,853 | 0.97 | 739,678 | 1,763 | 0.96 |
| Short-term borrowings | 137,848 | 350 | 1.02 | 120,923 | 282 | 0.95 | 103,274 | 229 | 0.89 |
| Long-term debt | 39,285 | 365 | 3.73 | 21,175 | 98 | 1.88 | 23,434 | 69 | 1.18 |
| Total interest-bearing liabilities | 922,780 | 2,542 | 1.10 | 920,360 | 2,233 | 0.98 | 866,386 | 2,061 | 0.95 |
| Noninterest-bearing deposits | 116,714 | | | 110,410 | | | 95,537 | | |
| Other liabilities | 9,671 | | | 9,387 | | | 12,646 | | |
| Stockholders' equity | 149,713 | | | 117,497 | | | 112,035 | | |
| Total liability and stockholders' equity | $ 1,198,878 | | | $ 1,157,654 | | | $ 1,086,604 | | |
| Net interest income/net interest margin | | $ 9,302 | 3.28% | | $ 8,860 | 3.27% | | $ 8,658 | 3.38% |

# INVESTAR HOLDING CORPORATION
# CONSOLIDATED AVERAGE BALANCE SHEET, INTEREST EARNED AND YIELD ANALYSIS
# (Amounts in thousands)
# (Unaudited)

| | For the six months ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2017 | | | June 30, 2016 | | |
| | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Yield/ Rate |
| **Assets** | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans | $ 903,466 | $ 20,563 | 4.59% | $ 842,420 | $ 19,266 | 4.59% |
| Securities: | | | | | | |
| Taxable | 157,957 | 1,852 | 2.36 | 121,286 | 1,444 | 2.39 |
| Tax-exempt | 29,955 | 376 | 2.53 | 23,652 | 303 | 2.57 |
| Interest-bearing balances with banks | 26,517 | 146 | 1.12 | 21,210 | 84 | 0.79 |
| Total interest-earning assets | 1,117,895 | 22,937 | 4.14 | 1,008,568 | 21,097 | 4.20 |
| Cash and due from banks | 8,379 | | | 7,435 | | |
| Intangible assets | 3,222 | | | 3,219 | | |
| Other assets | 56,058 | | | 53,123 | | |
| Allowance for loan losses | (7,174) | | | (6,546) | | |
| Total assets | $ 1,178,380 | | | $ 1,065,799 | | |
| **Liabilities and stockholders' equity** | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Deposits: | | | | | | |
| Interest-bearing demand | $ 291,878 | $ 1,011 | 0.70 | $ 243,448 | $ 773 | 0.64 |
| Savings deposits | 52,350 | 169 | 0.65 | 52,936 | 177 | 0.67 |
| Time deposits | 417,635 | 2,500 | 1.21 | 411,868 | 2,328 | 1.13 |
| Total interest-bearing deposits | 761,863 | 3,680 | 0.97 | 708,252 | 3,278 | 0.93 |
| Short-term borrowings | 129,432 | 633 | 0.99 | 118,056 | 473 | 0.80 |
| Long-term debt | 30,280 | 462 | 3.08 | 25,050 | 141 | 1.13 |
| Total interest-bearing liabilities | 921,575 | 4,775 | 1.04 | 851,358 | 3,892 | 0.92 |
| Noninterest-bearing deposits | 113,579 | | | 91,428 | | |
| Other liabilities | 9,532 | | | 11,559 | | |
| Stockholders' equity | 133,694 | | | 111,454 | | |
| Total liability and stockholders' equity | $ 1,178,380 | | | $ 1,065,799 | | |
| Net interest income/net interest margin | | $ 18,162 | 3.28% | | $ 17,205 | 3.42% |

## INVESTAR HOLDING CORPORATION
## RECONCILIATION OF NON GAAP FINANCIAL MEASURES
## (Amounts in thousands, except share data)
## (Unaudited)

| | June 30, 2017 | March 31, 2017 | June 30, 2016 |
|---|---|---|---|
| **Tangible common equity** | | | |
| Total stockholders' equity | $ 150,796 | $ 148,336 | $ 112,763 |
| Adjustments: | | | |
| Goodwill | 2,684 | 2,684 | 2,684 |
| Core deposit intangible | 429 | 440 | 470 |
| Trademark intangible | 100 | 100 | 100 |
| Tangible common equity | **$ 147,583** | **$ 145,112** | **$ 109,509** |
| **Tangible assets** | | | |
| Total assets | $ 1,225,526 | $ 1,175,835 | $ 1,126,930 |
| Adjustments: | | | |
| Goodwill | 2,684 | 2,684 | 2,684 |
| Core deposit intangible | 429 | 440 | 470 |
| Trademark intangible | 100 | 100 | 100 |
| Tangible assets | **$ 1,222,313** | **$ 1,172,611** | **$ 1,123,676** |
| | | | |
| Common shares outstanding | 8,815,119 | 8,805,810 | 7,214,734 |
| Tangible equity to tangible assets | 12.07% | 12.38% | 9.75% |
| Book value per common share | $ 17.11 | $ 16.85 | $ 15.63 |
| Tangible book value per common share | 16.74 | 16.48 | 15.18 |

**INVESTAR HOLDING CORPORATION**
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**
**(Amounts in thousands, except share data)**
**(Unaudited)**

| | | Three months ended | | |
|---|---|---|---|---|
| | | June 30, 2017 | March 31, 2017 | June 30, 2016 |
| Net interest income | (a) | $ 9,302 | $ 8,860 | $ 8,658 |
| Provision for loan losses | | 375 | 350 | 800 |
| Net interest income after provision for loan losses | | 8,927 | 8,510 | 7,858 |
| | | | | |
| Noninterest income | (b) | 801 | 885 | 2,256 |
| Gain on sale of investment securities, net | | (109) | (106) | (144) |
| Gain on sale of other real estate owned, net | | 10 | (5) | (10) |
| Gain on sale of fixed assets, net | | (1) | (23) | (1,252) |
| Gain on sale of loans, net | | — | — | — |
| Core noninterest income | (d) | 701 | 751 | 850 |
| | | | | |
| Core earnings before noninterest expense | | 9,628 | 9,261 | 8,708 |
| | | | | |
| Total noninterest expense | (c) | 6,928 | 6,684 | 7,104 |
| Acquisition expense | | (80) | (145) | — |
| Severance | | — | (82) | (15) |
| Customer reimbursements | | — | — | (584) |
| Core noninterest expense | (f) | 6,848 | 6,457 | 6,505 |
| | | | | |
| Core earnings before income tax expense | | 2,780 | 2,804 | 2,203 |
| Core income tax expense [1] | | 871 | 876 | 736 |
| Core earnings | | 1,909 | 1,928 | 1,467 |
| | | | | |
| Core basic earnings per share | | 0.22 | 0.27 | 0.20 |
| | | | | |
| Diluted earnings per share (GAAP) | | $ 0.22 | $ 0.26 | $ 0.28 |
| Gain on sale of investment securities, net | | (0.01) | (0.01) | (0.01) |
| Loss (gain) on sale of other real estate owned, net | | — | — | — |
| Gain on sale of fixed assets, net | | — | — | (0.11) |
| Gain on sale of loans, net | | — | — | — |
| Acquisition expense | | 0.01 | 0.01 | — |
| Severance | | — | 0.01 | — |
| Customer reimbursements | | $ — | $ — | 0.05 |
| Core diluted earnings per share | | $ 0.22 | $ 0.27 | $ 0.21 |
| | | | | |
| Efficiency ratio | (c) / (a+b) | 68.57% | 68.59% | 65.09% |
| Core efficiency ratio | (f) / (a+d) | 68.46% | 67.18% | 68.42% |
| Core return on average assets [2] | | 0.64% | 0.68% | 0.54% |
| Core return on average equity [2] | | 5.11% | 6.65% | 5.25% |
| Total average assets | | $ 1,198,878 | $ 1,157,654 | $ 1,086,604 |
| Total average stockholders' equity | | 149,713 | 117,497 | 112,035 |

[1] Core income tax expense is calculated using the actual effective tax rate of 31.3%, 31.2%, and 33.4% for the three months ended June 30, 2017, March 31, 2017, and June 30, 2016, respectively.

[2] Core earnings used in calculation. No adjustments were made to average assets or average equity.