

INVESTAR HOLDING CORP

FORM FWP

(Free Writing Prospectus - Filing under Securities Act Rules 163/433)

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Address	10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816
Telephone	225-227-2222
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Industry	Banks
Sector	Financials
Fiscal Year	12/31



INVESTAR™



NASDAQ: ISTR
Investor Presentation
Subordinated Notes Offering

John J. D'Angelo – President & Chief Executive Officer

Christopher L. Hufft – Chief Financial Officer

Travis M. Lavergne – Chief Credit Officer

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "could," "may," "will," "should," "seeks," "likely," "intends," "plans," "pro forma," "projects," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).


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This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of certain non-GAAP financial measures to GAAP financial measures are provided throughout the presentation. Numbers in this presentation may not sum due to rounding.

The pro forma financial data included in this presentation is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined as of the periods presented. The pro forma financial data also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies or asset dispositions, among other factors. Additionally, the adjustments made in the pro forma financial data are preliminary and may be revised.




Terms of Proposed Subordinated Debt Offering

Issuer	Investar Holding Corporation (NASDAQ: ISTR)
Security	Subordinated Notes
Kroll Bond Rating Agency	BBB-
Structure	Fixed-to-Floating Rate
Size	\$15.5 million
Term	10 years
Covenants	Consistent with regulatory requirements for Tier 2 Capital
Use of Proceeds	Funding of a portion of the purchase price of the proposed merger transaction with Citizens, and for general corporate purposes, including investments in our banking subsidiary. If the merger is not consummated, for general corporate purposes, potential strategic acquisitions, and investments in our banking subsidiary
Sole Book-Running Manager	Sandler O'Neill + Partners, L.P.
Concurrent Offering	Concurrently with this offering, the Company is offering \$30.0 million of Common Equity





Leadership Team




John J. D'Angelo *President & CEO*

- Founding President and Chief Executive Officer
- Prior to founding Investar, Mr. D'Angelo was president and director of Aegis Lending Corporation, a mortgage lending company with operations in 46 states and the District of Columbia
- Previously, Mr. D'Angelo held various senior positions at Hibernia National Bank (the predecessor to Capital One Bank, N.A.), focusing on the East Baton Rouge Parish, Louisiana market
- 2.3% of total beneficial ownership
- New Orleans native; graduate of Louisiana State University



Christopher L. Hufft *Chief Financial Officer*

- Joined Investar in February 2014 as Chief Accounting Officer, and assumed the role of Chief Financial Officer in October 2015
- Prior to joining Investar, Mr. Hufft served for 9 years as the Vice President of Accounting at Amedisys, Inc., a publicly-traded home health and hospice company
- Mr. Hufft, a licensed certified public accountant, also spent seven years in public accounting, servicing both public and privately-held clients in the banking, healthcare and manufacturing sectors
- B.S. Accounting – Louisiana State University



Travis M. Lavergne *Chief Credit Officer*

- Served as Executive Vice President and Chief Credit Officer since March 2013 and Chief Risk Management Officer since joining in July 2012
- Prior to joining Investar, Mr. Lavergne was a Senior Examiner at the Louisiana Office of Financial Institutions from September 2005 to July 2012
- B.S. Finance – Louisiana State University
- M.B.A. – Southeastern Louisiana University

Investar Snapshot

Company overview

- Chartered as a de novo commercial bank in June 2006 by John J. D'Angelo, the current President and Chief Executive Officer
- Completed initial public offering of 3.3 million shares in July 2014, generating net proceeds of \$41.7 million
- Headquartered in Baton Rouge, LA, ISTR offers a wide range of commercial banking products to meet the needs of small to medium-sized businesses
- ISTR currently operates 10 full service banking offices located throughout its primary markets of Baton Rouge, New Orleans, Lafayette, and Hammond, Louisiana
- ISTR is ranked 17th in the Louisiana market with \$867 million of total deposits as of June 30, 2016, and 12th for those headquartered in Louisiana
- Experienced management team that has generated strong organic growth complemented by two successful acquisitions since 2011
- Strong capital position and disciplined credit philosophy
- ISTR had 152 full-time equivalents as of December 31, 2016

Financial highlights

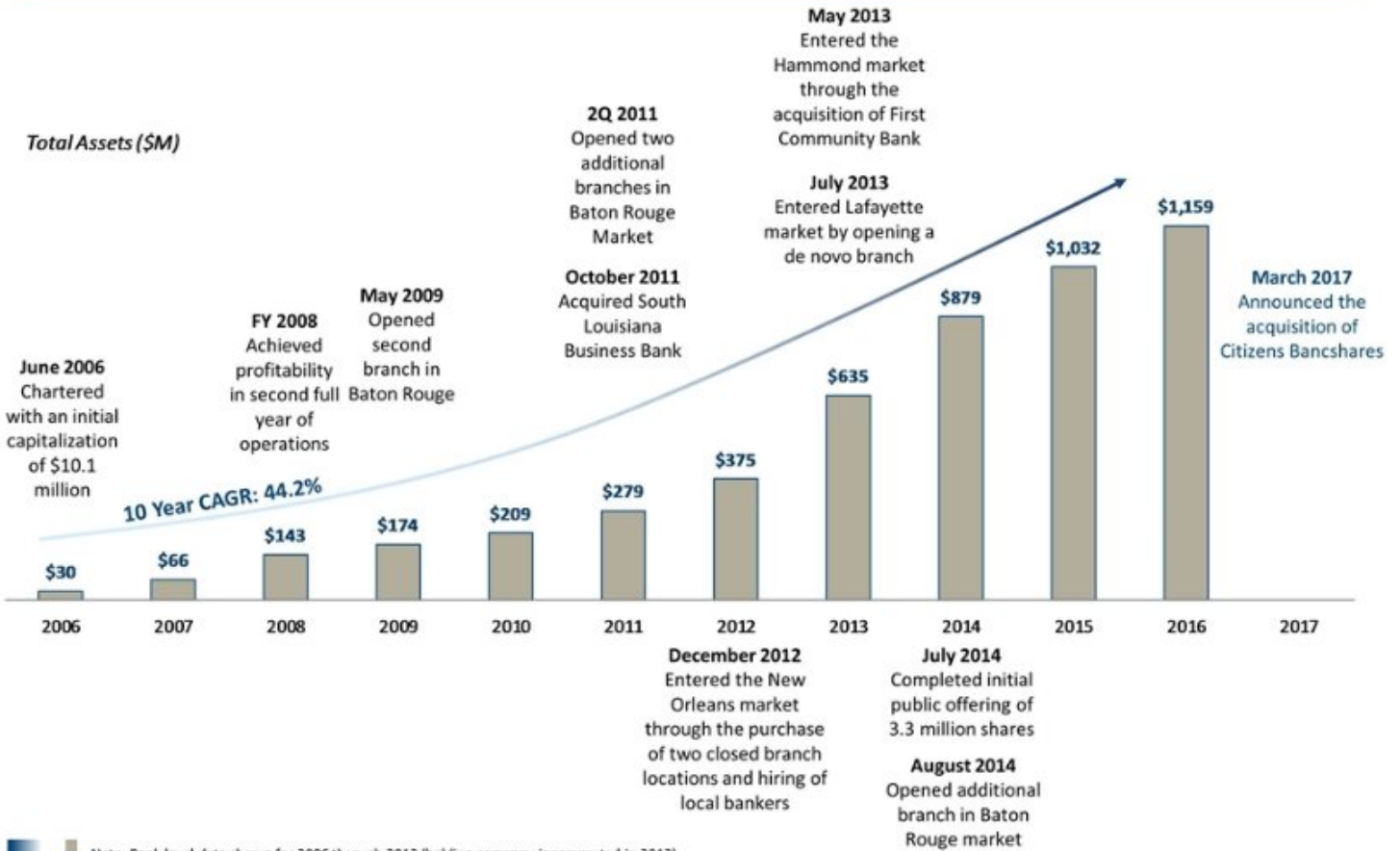
	As of and for the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	\$879	\$1,032	\$1,159
Gross Loans	\$726	\$826	\$893
Total Deposits	\$628	\$737	\$908
Total Equity	\$103	\$109	\$113
Profitability			
ROAA	0.73%	0.77%	0.71%
Net Interest Margin	3.85%	3.61%	3.32%
Efficiency Ratio ⁽¹⁾	74.90%	68.72%	66.25%
Capital			
TCE / TA	11.43%	10.32%	9.48%
Total Risk-Based Ratio	14.41%	12.72%	12.47%
Asset Quality			
NPAs / Loans & OREO	0.97%	0.42%	0.67%
NCOs / Avg. Loans	0.07%	0.05%	0.14%
NPLs / Loans	0.54%	0.32%	0.22%



Note: Dollars in millions

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

Investar Timeline





Accomplishments Since IPO

Since IPO in June 2014, Investar has experienced significant progress :

Further Established in Four Key Louisiana Markets

Shifted from Consumer Loans to C&I and CRE Focus

Maintained High Quality Organic Loan Growth

Transitioned from Transactional Banking to Relationship Banking

Announced Largest Acquisition Since Inception

Continued to Add Experienced Bankers in Key Areas



Attractive Markets

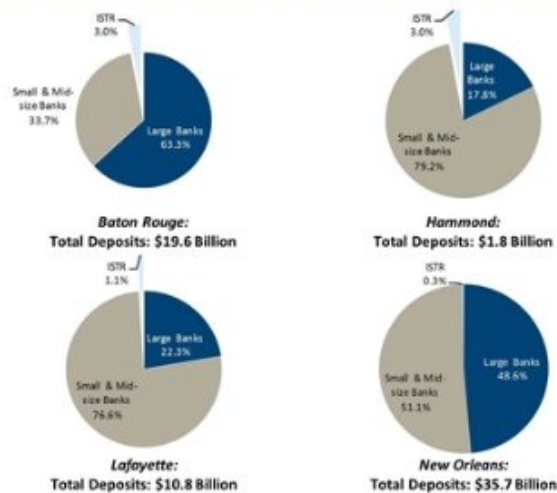
- **Baton Rouge**
 - Louisiana's second largest market by deposits and the state capital, deemed the major industrial, medical, research, motion picture, and growing technology center of the American South
- **Hammond**
 - Commercial hub of a large agricultural segment of Louisiana, bedroom community of New Orleans, and home to Southeastern Louisiana University with 5.26% population growth projected from 2017 to 2022
- **Lafayette**
 - Louisiana's third largest city by population and deposits with 9.56% household income growth projected from 2017 to 2022
- **New Orleans**
 - Louisiana's largest city by population and deposits and a hub of hospitality, healthcare, universities, and energy

Louisiana Deposit Market Share

2016 Rank	Institution (ST)	Branches	Deposits (\$000)	Market Share (%)
1	Capital One Financial Corp. (VA)	137	18,090,251	17.73
2	JPMorgan Chase & Co. (NY)	149	17,589,216	17.24
3	Hancock Holding Co. (MS)	109	11,230,505	11.01
4	Regions Financial Corp. (AL)	103	7,445,705	7.30
5	IBERABANK Corp. (LA)	78	6,866,575	6.73
6	First NBC Bank Holding Co. (LA)	34	3,844,113	3.77
7	Origin Bancorp Inc. (LA)	23	1,677,116	1.64
8	Red River Bancshares Inc. (LA)	21	1,411,881	1.38
9	MidSouth Bancorp Inc. (LA)	43	1,306,721	1.28
10	First Guaranty Bancshares Inc. (LA)	21	1,295,643	1.27
11	Gulf Coast B&TC (LA)	19	1,257,757	1.23
--	Pro Forma - ISTR/ Citizens Bancshares, Inc.	13	1,080,177	1.06
12	Home Bancorp Inc. (LA)	24	1,078,230	1.06
13	Louisiana Community Bncp Inc. (LA)	25	1,020,091	1.00
14	Bus. First Bancshares Inc. (LA)	16	1,000,026	0.98
15	BancorpSouth Inc. (MS)	23	947,981	0.93
16	CB&T Holding Corp. (LA)	3	920,334	0.90
17	Investar Holding Corp. (LA)	10	867,887	0.85
18	Citizens National Bancshares (LA)	12	739,604	0.72
19	One American Corp. (LA)	24	739,212	0.72
20	First Trust Corp. (LA)	11	700,373	0.69
Total For Institutions in Market		1,539	102,025,406	

Note: Large banks defined as having over \$50 billion in assets
Source: SNL Financial; Deposit data as of June 30, 2016

Market Share Opportunity



Historical Growth



- Substantially all growth has been achieved organically
- 28% growth in business lending portfolio in 2016

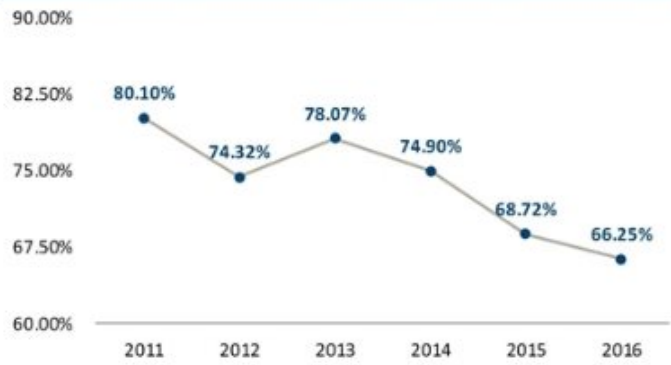
Note: Dollars in millions

Financial Performance

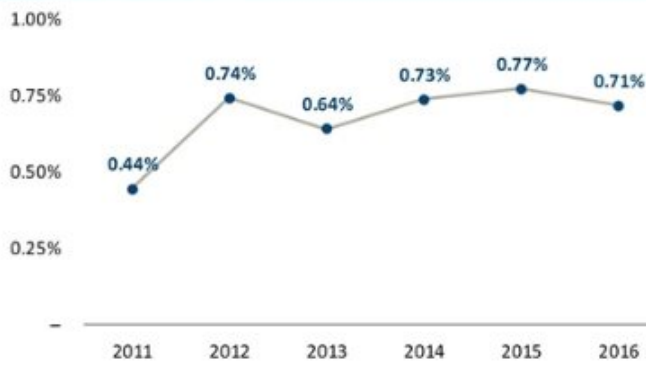
Diluted earnings per share



Efficiency ratio¹



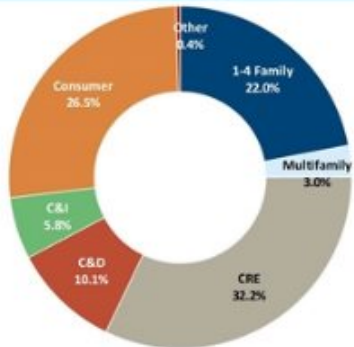
Return on average assets



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

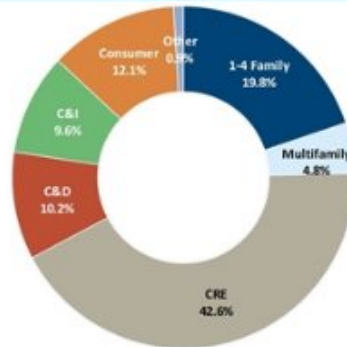
Loan Composition

June 30, 2014 (IPO)



Gross Loans¹: \$596.1 million

December 31, 2016



Gross Loans: \$893.4 million

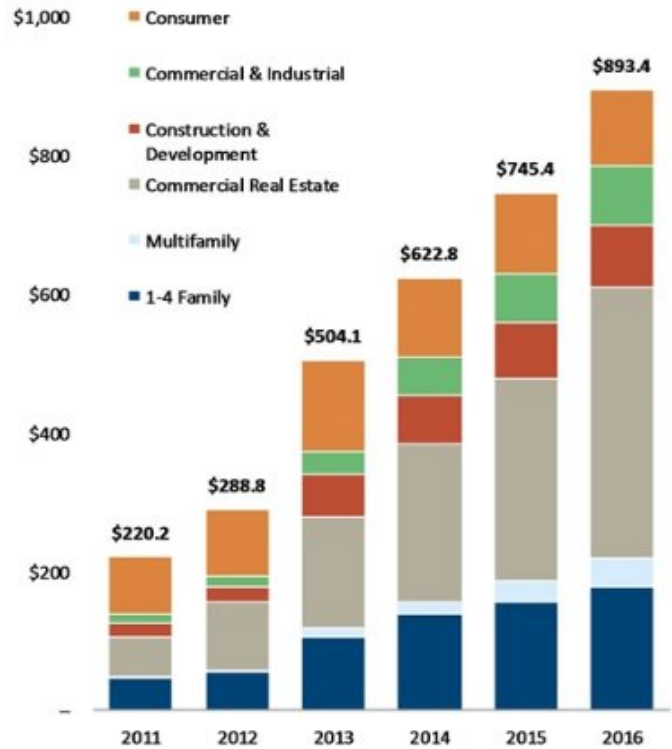
- Since the initial public offering, the Company has transitioned its focus from consumer loans to commercial real estate and commercial and industrial loans
- Company made an affirmative decision to exit the indirect auto loan business in November 2015 and the Company discontinued accepting loan applications at that time
- Yield on loans was 4.50% for the quarter ended December 31, 2016
- The Company has less than 1% direct exposure to the energy sector in the loan portfolio

(1) Gross loans includes loans held for sale of \$32.1 million; there were no loans held for sale at 12/31/2016

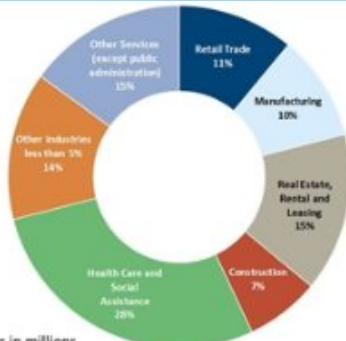
Growth and Profitability Going Forward

- Focus the organization on Business Banking and Commercial Lending
 - Business Banking strategy requires fewer branches and branches of a smaller size
 - Further develop the Treasury Management function to attract business noninterest-bearing deposits versus CDs
 - Less reliance on CDs would drive down interest expense and save on marketing costs related to sourcing CDs
 - A more automated platform can be achieved, reducing staffing needs
- Exit lines of business that do not provide the proper return for the level of compliance risk and monitoring costs
 - Discontinued most consumer product lending by end of 2016
- Continue to grow the franchise organically and through acquisitions into a regional bank

Loan growth by segment²



Business Lending Portfolio¹

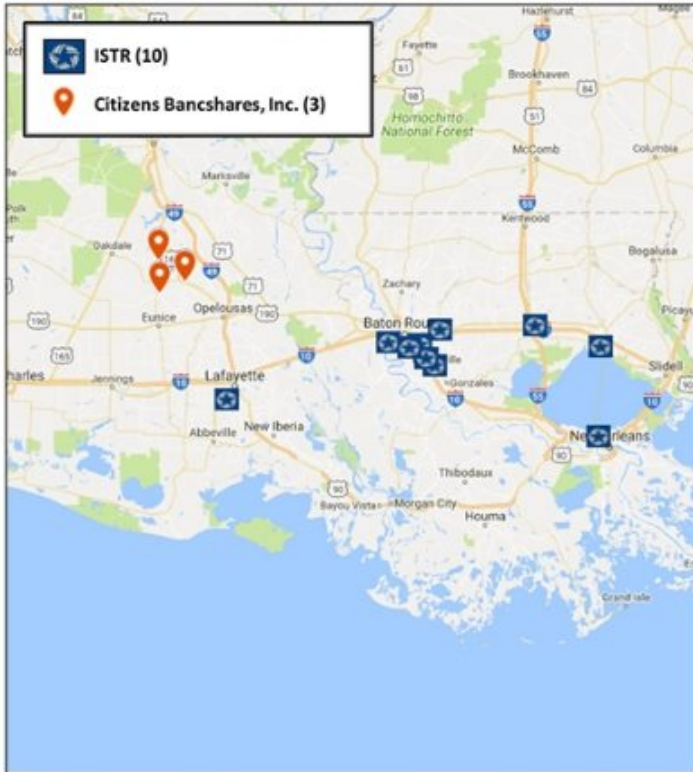


Note: Dollars in millions

- (1) Business lending portfolio includes owner-occupied CRE and C&I loans as of December 31, 2016
- (2) Excludes loans held for sale

Opportunistic Acquisitions Completed

Branch map



Whole bank acquisitions

- Two whole bank transactions completed since 2011
- Processes and infrastructure established to analyze selective opportunities going forward

South Louisiana Business Bank

- Announced: June 2011
- Closed: October 2011
- 1 Branch in Prairieville, LA
- \$31.5 million in gross loans and \$38.6 million in deposits¹

Rationale:

- Entered Ascension Parish with 3.4% deposit market share
- Capital accretive
- Management talent

First Community Bank

- Announced: January 2013
- Closed: May 2013
- 2 Branches – Hammond and Mandeville, LA
- \$77.5 million in gross loans and \$86.5 million in deposits¹

Rationale:

- Recorded bargain purchase gain
- Initial entrance into Hammond market plus another location in the New Orleans MSA

(1) Based on fair values at time of closing

Recently Announced Acquisition of Citizens Bancshares, Inc.

Transaction overview

- ISTR announced the acquisition of Citizens Bancshares, Inc., a \$245 million asset bank headquartered in Louisiana, on March 8, 2017
 - Citizens is a historically profitable institution, with LTM ROAA of approximately 0.90%
 - Citizens offers ISTR an attractive deposit base, with noninterest-bearing deposits of approximately 20% of total deposits and cost of funds of 0.50%
 - Clean asset quality, with NPAs / Assets of 0.58%
- Deal value equal to \$45.8 million (100% cash consideration)
 - 128% of tangible book value at announcement
- Expected closing third quarter of 2017

Citizens historical financial highlights

	For the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	\$247	\$247	\$245
Net Loans	124	126	127
Deposits	213	212	208
Noninterest-Bearing Deposits	20%	20%	20%
Gross Loans / Deposits	59%	61%	62%
Capital			
Total Equity	\$32	\$34	\$36
TCE / TA	13.00%	13.66%	14.51%
Total Capital Ratio	30.80%	31.83%	33.63%
Earnings & Profitability			
Net Income	\$2.3	\$2.2	\$2.2
ROAA	0.92%	0.88%	0.87%
Net Interest Margin	3.08%	2.99%	3.09%
Efficiency Ratio	58.9%	59.8%	61.3%
Asset Quality			
NPAs / Assets	0.27%	0.37%	0.58%
Reserves / Loans	1.53%	1.50%	1.49%
NCOs / Average Loans	0.00%	0.00%	0.01%

Note: Dollars in millions; bank level regulatory data shown for Citizens as of December 31, 2016

Historical Capital Position

Consolidated

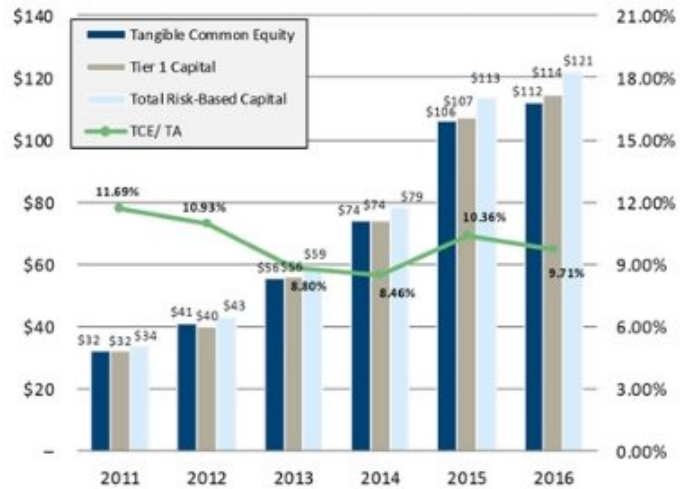
Bank

December 31, 2016

December 31, 2016

Tangible Common Equity / Tangible Assets	9.48%
Leverage Ratio	10.10%
Common Equity Tier 1 Ratio	11.40%
Tier 1 Ratio	11.75%
Total Risk-Based Ratio	12.47%

Tangible Common Equity / Tangible Assets	9.71%
Leverage Ratio	10.03%
Common Equity Tier 1 Ratio	11.67%
Tier 1 Ratio	11.67%
Total Risk-Based Ratio	12.39%



Note: Dollars in millions

Pro Forma Capitalization – Holding Company

Pro Forma for Citizens Merger, Common Equity Offering, and Subordinated Debt Offering

\$ in thousands	Investar 12/31/2016	Citizens 12/31/2016	Pro Forma for		
			Common Equity	Subordinated Debt	Common Equity and Sub Debt
Balance Sheet					
Total assets	\$1,158,960	\$245,203	\$1,394,746	\$1,381,663	\$1,409,763
Loans, net	886,375	126,849	1,015,276	1,015,276	1,015,276
Total deposits	907,787	208,442	1,116,177	1,116,177	1,116,177
Borrowings	126,499	–	126,499	141,517	141,517
Stockholders' equity	112,757	35,678	139,070	110,970	139,070
Capital Ratios					
Tier 1 leverage ratio	10.10%	14.46%	9.68%	7.70%	9.58%
Tier 1 risk-based capital ratio	11.75%	32.38%	12.19%	9.63%	12.16%
Total 1 risk-based capital ratio	12.47%	33.63%	12.84%	11.71%	14.22%
Common equity tier 1 capital ratio	11.40%	32.38%	11.87%	9.31%	11.84%

Note: Citizens merger adjustments include estimated cash consideration paid of \$45.8 million and estimates of other purchase accounting adjustments, including goodwill of approximately \$8.0 million; assumes risk weighting on net proceeds from \$30.0 million common equity raise and \$15.5 million subordinated debt raise equal to 20.0%; principal amount of subordinated debt qualifies as Tier 2 capital. Capital ratios for Citizens are bank-only.

Pro Forma Double Leverage and Interest Coverage

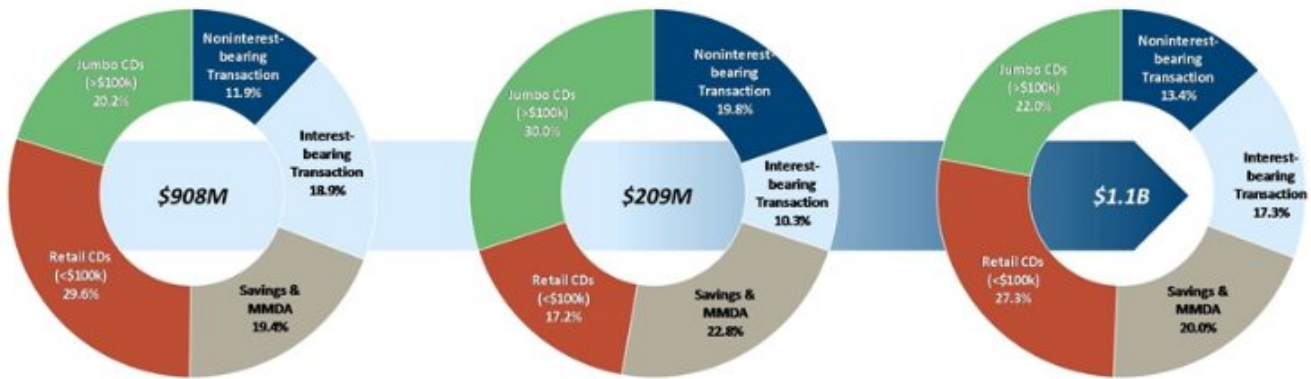
	For the Twelve Months Ended December 31, 2016 ISTR	ISTR Pro Forma for Citizens Acquisition ⁽¹⁾	Common Equity Offering Adjustments ⁽²⁾	ISTR Pro Forma
Bank Level Common Equity	\$115,303	\$113,447	\$28,100	\$141,547
Consolidated Equity	112,757	110,970	28,100	139,070
Double Leverage Ratio	102.3%	102.2%		101.8%
Subordinated Debt Offering Net Proceeds				15,018
Pro Forma Holding Company Investment in Bank ⁽³⁾				128,819
Double Leverage Ratio (With subordinated debt issuance)				109.9%
Interest Coverage				
Deposit Interest Expense	\$7,182	\$8,212	–	\$8,212
Borrowings Interest Expense	1,231	1,231	–	1,231
Total Interest Expense	\$8,413	\$9,443	–	\$9,443
Pre-Tax Income	11,489	15,730	422	16,151
Interest Coverage (Including deposit expense)	2.4x	2.7x		2.7x
Interest Coverage (Excluding deposit expense)	10.3x	13.8x		14.1x
Subordinated Debt Expense ⁽⁴⁾	969	969		969
Pro Forma Interest Coverage (Including deposit expense)	2.1x	2.4x		2.5x
Pro Forma Interest Coverage (Excluding deposit expense)	5.8x	7.7x		7.9x

- (1) Includes Citizens' LTM actual financials; deposit interest adjusted for estimated full year amortization of purchase accounting mark; pre-tax income adjusted for estimated full year purchase accounting amortization and assumes 30% cost savings on Citizens' LTM noninterest expense
- (2) Assumes completion of \$30.0 million gross equity offering, net of estimated offering expenses, invested at 1.50%
- (3) Assumes 90% of \$15.5 million gross subordinated debt offering, net of estimated offering expenses, offering downstreamed to the bank
- (4) Assumes a 6.25% coupon

Pro Forma Deposit Composition

(Dollar values in thousands)

Investar Holding Corporation			Citizens Bancshares, Inc.			Pro Forma Company		
Deposit Type	Balance	% Total	Deposit Type	Balance	% Total	Deposit Type	Balance	% Total
Noninterest-bearing Transaction	\$108,404	11.9%	Noninterest-bearing Transaction	\$41,238	19.8%	Noninterest-bearing Transaction	\$149,642	13.4%
Interest-bearing Transaction	171,556	18.9%	Interest-bearing Transaction	21,426	10.3%	Interest-bearing Transaction	192,982	17.3%
Savings & MMDA	175,939	19.4%	Savings & MMDA	47,504	22.8%	Savings & MMDA	223,443	20.0%
Retail CDs (<\$100k)	268,875	29.6%	Retail CDs (<\$100k)	35,876	17.2%	Retail CDs (<\$100k)	304,751	27.3%
Jumbo CDs (>\$100k)	183,013	20.2%	Jumbo CDs (>\$100k)	62,626	30.0%	Jumbo CDs (>\$100k)	245,639	22.0%
Total	\$907,787	100.0%	Total	\$208,670	100.0%	Total	\$1,116,457	100.0%



Cost of Deposits: 0.87%

Cost of Deposits: 0.50%

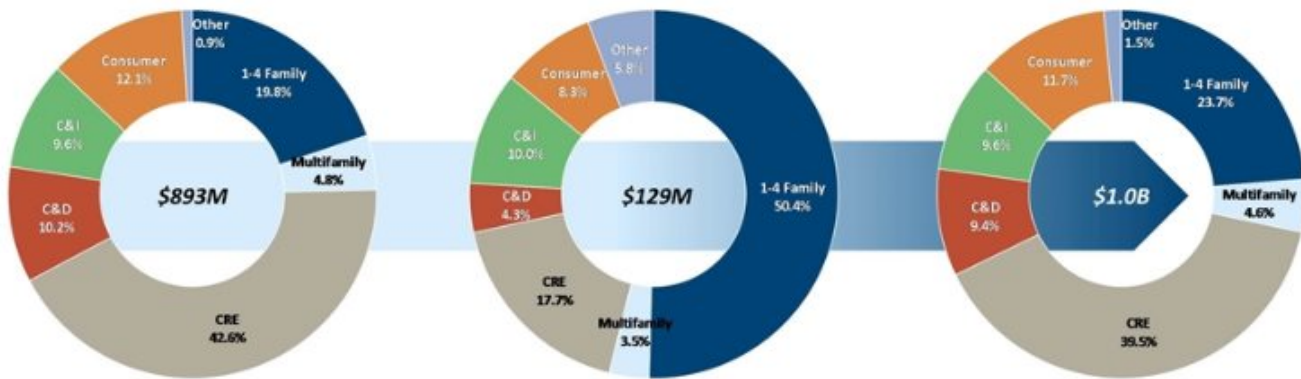
Pro Forma Cost of Deposits: 0.80%

Source: SNL Financial; data as of December 31, 2016; bank level data shown for Citizens

Pro Forma Loan Composition

(Dollar values in thousands)

Investar Holding Corporation			Citizens Bancshares, Inc.			Pro Forma Company		
Loan Type	Balance	% Total	Loan Type	Balance	% Total	Loan Type	Balance	% Total
1-4 Family	\$177,205	19.8%	1-4 Family	\$64,915	50.4%	1-4 Family	\$242,120	23.7%
Multifamily	42,759	4.8%	Multifamily	4,505	3.5%	Multifamily	47,264	4.6%
Commercial Real Estate	380,716	42.6%	Commercial Real Estate	22,838	17.7%	Commercial Real Estate	403,554	39.5%
Construction & Development	90,737	10.2%	Construction & Development	5,531	4.3%	Construction & Development	96,268	9.4%
Commercial & Industrial	85,377	9.6%	Commercial & Industrial	12,814	10.0%	Commercial & Industrial	98,191	9.6%
Consumer	108,425	12.1%	Consumer	10,673	8.3%	Consumer	119,098	11.7%
Other	8,207	0.9%	Other	7,488	5.8%	Other	15,695	1.5%
Total	\$893,426	100.0%	Total	\$128,764	100.0%	Total	\$1,022,190	100.0%



Yield on Loans: 4.50%

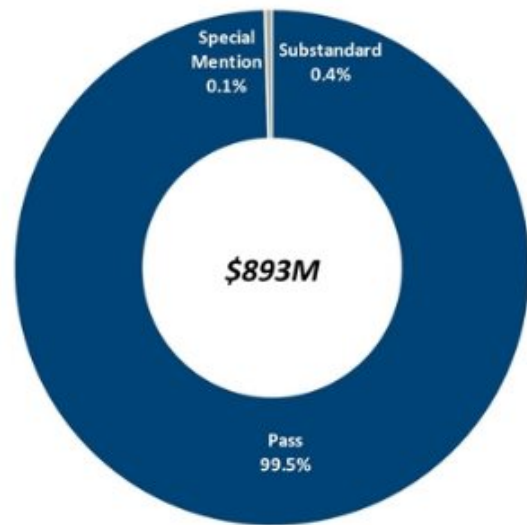
Yield on Loans: 5.58%

Pro Forma Yield on Loans: 4.64%

Source: SNL Financial; data as of December 31, 2016; bank level data shown for Citizens

ISTR Loan Credit Portfolio Summary

	Pass	Special Mention	Substandard	Total
Commercial Real Estate	\$380,716	–	–	\$380,716
1-4 Family	177,091	20	94	177,205
Consumer	106,916	501	1,008	108,426
Construction and Development	90,238	–	499	90,737
Commercial and Industrial	83,215	59	2,103	85,377
Multifamily	42,759	–	–	42,759
Farmland	8,207	–	–	8,207
Total	\$889,142	\$580	\$3,704	\$893,426

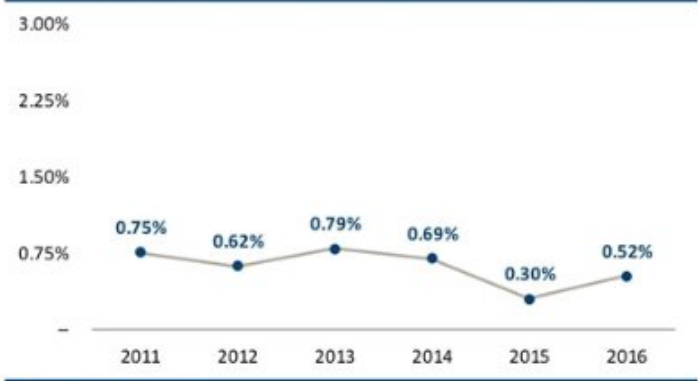


- No special mention or substandard loans with exposure to the energy industry

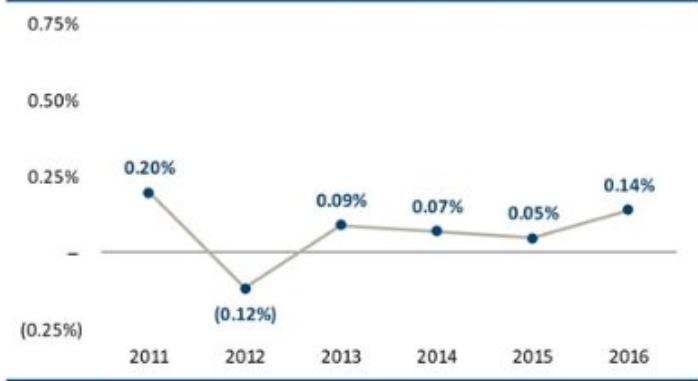
Note: Financial data as of December 31, 2016

Asset Quality Trends

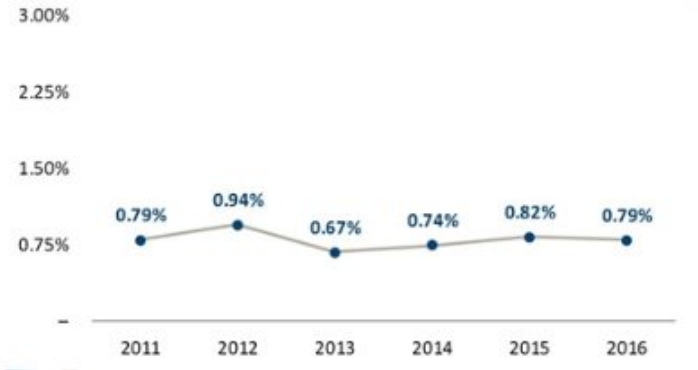
NPAs / Assets



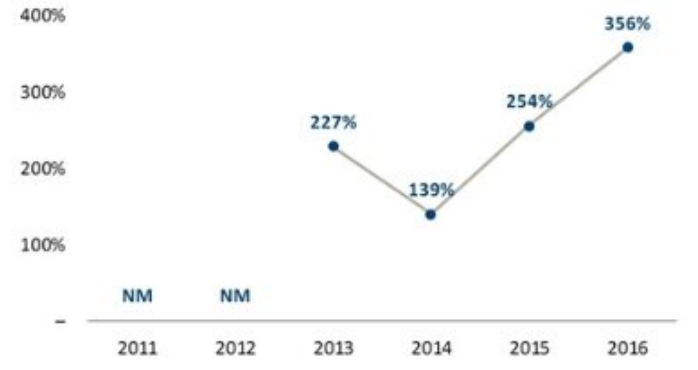
NCOs / Average Loans



Reserves / Loans



Reserves / NPLs





Investment Opportunity

1 Management

- Legacy team with proven industry expertise tied to the Southern Louisiana region
- Continue to add experienced bankers in new and existing markets

2 Market

- Southern Louisiana focus with complementary new market expansion

3 Growth


- Leverage existing infrastructure in core markets
- Limited de novo branching
- Opportunistic, disciplined acquisition strategy
- Focus on relationship banking

4 Asset Quality

- Loan portfolio diversity
- Disciplined credit philosophy – legacy delinquencies less than 1%

5 Profitability

- Expected to increase as investment in infrastructure has already been made



Non-GAAP Reconciliation

	For the Year Ended December 31,					
	2011	2012	2013	2014	2015	2016
Tangible common equity						
Total stockholders' equity	\$35,166	\$43,553	\$55,483	\$103,384	\$109,350	\$112,757
Less: Goodwill	2,684	2,684	2,684	2,684	2,684	2,684
Less: Core deposit intangible	155	145	573	532	491	450
Less: Trademark intangible	—	—	—	—	—	100
Tangible common equity	\$32,327	\$40,724	\$52,226	\$100,168	\$106,175	\$109,523
Tangible assets						
Total assets	\$279,330	\$375,446	\$634,946	\$879,354	\$1,031,555	\$1,158,960
Less: Goodwill	2,684	2,684	2,684	2,684	2,684	2,684
Less: Core deposit intangible	155	145	573	532	491	450
Less: Trademark intangible	—	—	—	—	—	100
Tangible assets	\$276,491	\$372,617	\$631,689	\$876,138	\$1,028,380	\$1,155,726
Tangible common equity / tangible assets	11.69%	10.93%	8.27%	11.43%	10.32%	9.48%