



Q3 2019 Earnings Presentation

October 23, 2019

Safe Harbor Statements

FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, included in this release and any oral statements made regarding the subject of this release, including in the conference call referenced herein, that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements relating to the benefits of a strategic acquisition, the bond portfolio and non-core funding, future balance sheet growth and acquisition opportunities. The words “believe,” “anticipate,” “expect,” “may,” “will,” “assume,” “should,” “predict,” “could,” “would,” “intend,” “targets,” “estimates,” “projects,” “plans,” and “potential,” and other similar words and expressions of the future, are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking, including statements about the Company’s future financial and operating results and the Company’s plans, objectives, and intentions. All forward-looking statements are subject to risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to differ materially from any results, performance, or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties, and other factors include, among others: (1) the possibility that our asset quality could decline or that we experience greater loan losses than anticipated, (2) increased levels of other real estate, primarily as a result of foreclosures, (3) the impact of liquidity needs on our results of operations and financial condition, (4) competition from financial institutions and other financial service providers, (5) the effect of interest rate increases on the cost of deposits, (6) unanticipated weakness in loan demand or loan pricing, (7) lack of strategic growth opportunities or our failure to execute on those opportunities, (8) deterioration in the financial condition of borrowers resulting in significant increases in loan losses and provisions for those losses, (9) the ability to grow and retain low-cost core deposits and retain large, uninsured deposits, (10) our ability to effectively manage problem credits, (11) our ability to successfully implement efficiency initiatives on time and in amounts projected, (12) our ability to successfully develop and market new products and technology, (13) the impact of negative developments in the financial industry and U.S. and global capital and credit markets, (14) our ability to retain the services of key personnel, (15) our ability to adapt to technological changes, (16) risks associated with litigation, including the applicability of insurance coverage, (17) the vulnerability of the Bank’s network and online banking portals, and the systems of parties with whom the Company and the Bank contract, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss, and other security breaches, (18) changes in state and federal laws, rules, regulations, or policies applicable to banks or bank or financial holding companies, including regulatory or legislative developments, (19) adverse results (including costs, fines, reputational harm, and/or other negative effects) from current or future litigation, regulatory examinations, or other legal and/or regulatory actions, (20) the risk that expected cost savings and revenue synergies from the pending acquisition of Tennessee Community Bank Holdings, Inc. (the “Transaction”) may not be realized or take longer than anticipated to be realized, (21) the ability to meet expectations regarding the timing and completion and accounting and tax treatment of the Transaction, (22) the effect of the announcement and pendency of the Transaction on customer, supplier, or employee relationships and operating results (including without limitation difficulties in maintaining relationships with employees and customers), as well as on the market price of the Company’s common stock, (23) the risk that the businesses and operations of Tennessee Community Bank Holdings, Inc. and its subsidiaries cannot be successfully integrated with the business and operations of the Company and its subsidiaries or that integration will be more costly or difficult than expected, (24) the occurrence of any event, change, or other circumstances that could give rise to the termination of the definitive merger agreement for the Transaction, (25) the amount of costs, fees, expenses, and charges related to the Transaction, including those arising as a result of unexpected factors or events, (26) the ability to obtain the shareholder and governmental approvals required for the Transaction, (27) reputational risk associated with and the reaction of the parties’ customers, suppliers, employees, or other business partners to the Transaction, (28) the failure of any of the conditions to the closing of the Transaction to be satisfied, or any unexpected delay in closing the Transaction, (29) the dilution caused by the Company’s issuance of additional shares of its common stock in the Transaction, (30) the risk associated with Company management’s attention being diverted away from the day-to-day business and operations of the Company to the completion of the Transaction, and (31) general competitive, economic, political, and market conditions, including economic conditions in the local markets where we operate. Additional factors which could affect the forward-looking statements can be found in the Company’s annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) and available on the SEC’s website at <http://www.sec.gov>. The Company believes the forward-looking statements contained herein are reasonable; however, many of such risks, uncertainties, and other factors are beyond the Company’s ability to control or predict and undue reliance should not be placed on any forward-looking statements, which are based on current expectations and speak only as of the date that they are made. Therefore, the Company can give no assurance that its future results will be as estimated. The Company does not intend to, and disclaims any obligation to, update or revise any forward-looking statement.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain financial measures that are not measures recognized under U.S. generally accepted accounting principles (GAAP) and, therefore, are considered non-GAAP financial measures. Members of the Company’s management use these non-GAAP financial measures in their analysis of the Company’s performance, financial condition, and efficiency of operations. Management of the Company believes that these non-GAAP financial measures provide a greater understanding of ongoing operations, enhance comparability of results with prior periods, and demonstrate the effects of significant gains and charges in the current period. Management of the Company also believes that investors find these non-GAAP financial measures useful as they assist investors in understanding underlying operating performance and the analysis of ongoing operating trends. However, the non-GAAP financial measures discussed herein should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which the non-GAAP financial measures discussed herein are calculated may differ from that of other companies reporting measures with similar names. You should understand how such other banking organizations calculate their financial measures similar to, or with names similar to, the non-GAAP financial measures we have discussed herein when comparing such non-GAAP financial measures.

The non-GAAP financial measures contained in this presentation include, without limitation, adjusted net income attributable to common shareholders, adjusted return on average assets (adjusted ROAA), adjusted return on average tangible common equity (adjusted ROATCE), ROATCE, adjusted quarterly earnings per share, adjusted net interest rate spread, adjusted NIM, tangible assets, tangible common equity, tangible book value per share (TBVPS), tangible common equity to tangible assets, adjusted non-interest expense, efficiency ratio, core bank efficiency ratio, and allowance for loan losses plus unamortized loan accretion to total loans.

Financial Highlights and Recent Developments

Quarterly Highlights for Q3'19

- Reported EPS of 0.36 per diluted share on quarterly income of \$4.0 million. When adjusted for \$0.3 million of merger expense, EPS is \$0.38 per diluted share.
- Announced acquisition of Tennessee Community Bank Holdings, Inc. and Community Bank and Trust on September 16, 2019, adding assets of \$257 million, \$170 million of loans-held-for-investment and \$212 million of deposits⁽⁴⁾. Acquisition is expected to close during the first quarter of 2020.
- Core Bank NIE⁽¹⁾ was down \$0.1 million from Q2 2019, when a \$0.3 million FDIC credit is added back.
- Net Interest Margin declined by 6 basis points from Q2 2019 due to competition for core deposits, a change in funding mix and the impact of two interest rate decreases by FOMC.
- Loans increased \$38 million or 11.6% annualized, from Q2 2019 based on \$156 million of organic loan production at a WAR of 5.0% during the quarter.
- Core deposits are up \$138.2 million or 46.2% annualized from Q2-2019.
- Allowance for Loan Loss increased to 0.91% of loans held for investment as of September 30th. Provision for Loan Loss was \$0.6 million for Q3,.

Recent Developments

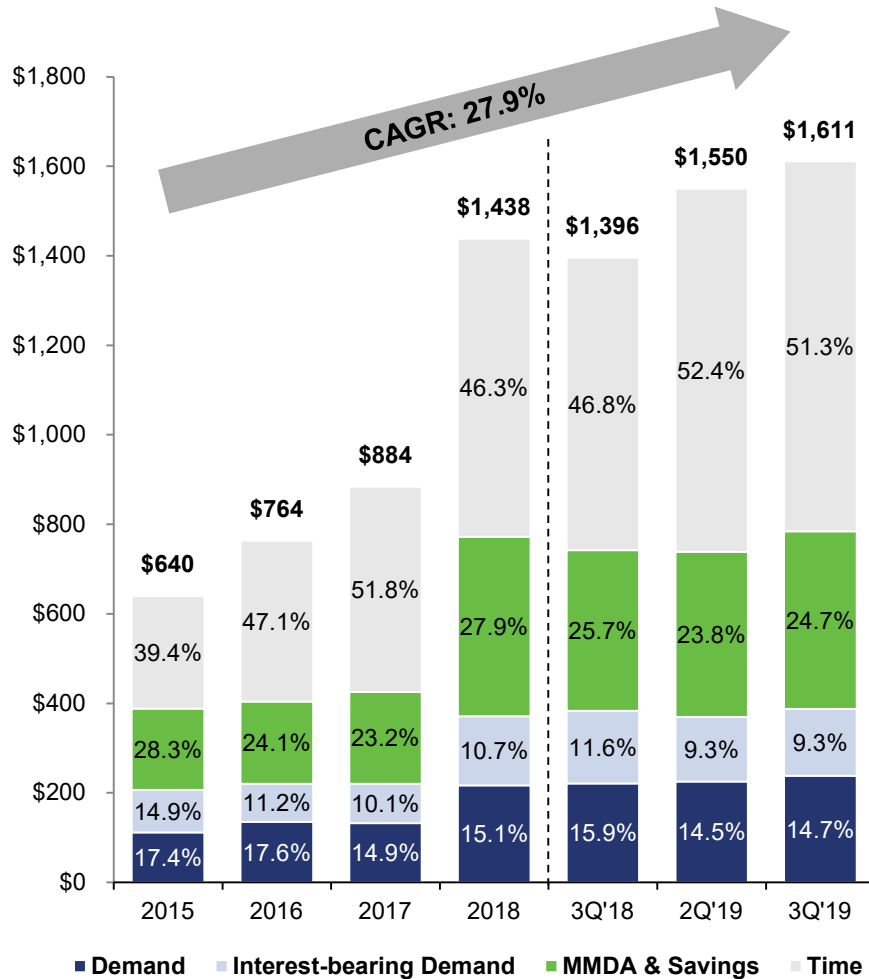
- Declared quarterly dividend of \$0.09 per share on September 24th, a 12.5% increase over the quarterly dividend paid for the third quarter of 2018, payable on October 18th to shareholders of record as of October 8th.
- The Company is evaluating options to optimize earning asset mix and margin, that include rotating lower yielding assets from investment portfolio to fund new loan growth and reduce dependency on wholesale funding.

Financial Results

	Three months ended September 30, 2019
Diluted EPS	\$0.36
<i>Adjusted Diluted EPS</i> ⁽¹⁾⁽²⁾	\$0.38
Net Income (\$mm)	\$4.00
<i>Adjusted Net Income (\$mm)</i> ⁽¹⁾⁽²⁾	\$4.27
ROAA	0.89 %
<i>Adjusted ROAA</i> ⁽¹⁾⁽²⁾	0.95 %
GAAP Efficiency Ratio	77.5 %
<i>Core Bank Efficiency Ratio</i> ⁽¹⁾⁽²⁾	60.8 %
Net Interest Margin	3.51 %
<i>Adjusted Net Interest Margin</i> ⁽²⁾	3.35 %
ROATCE ⁽²⁾	9.65 %
<i>Adjusted ROATCE</i> ⁽²⁾	10.30 %
ROAE	7.37 %
<i>Adjusted ROAE</i> ⁽²⁾	7.87 %
TBVPs ⁽²⁾	\$15.05
Total Loans Held for Investment (\$mm) ⁽³⁾	\$1,351
Total Deposits (\$mm)	\$1,611
TCE / TA ⁽²⁾	9.35 %

Diverse Deposit Portfolio Mix

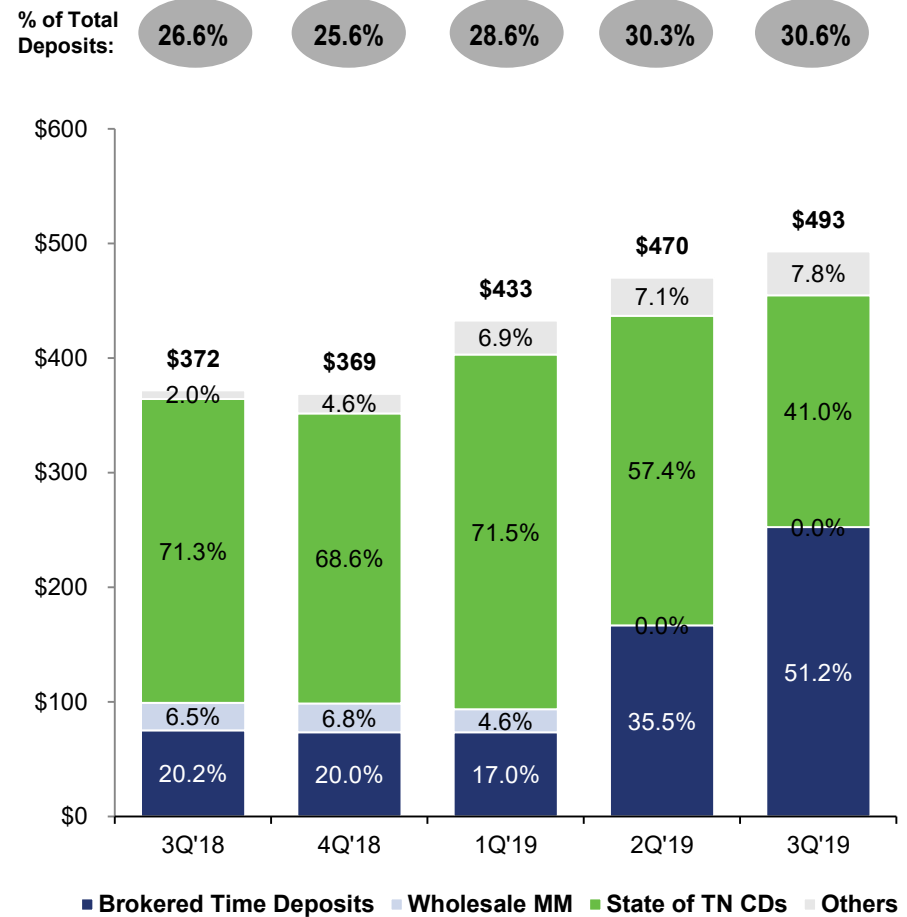
Total Deposits



Cost of Deposits:	0.38%	0.40%	0.61%	0.96%	0.99%	1.45%	1.50%
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Cost of Funds:	0.42%	0.43%	0.66%	1.07%	1.14%	1.52%	1.54%
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Wholesale and Other Purchased Funds

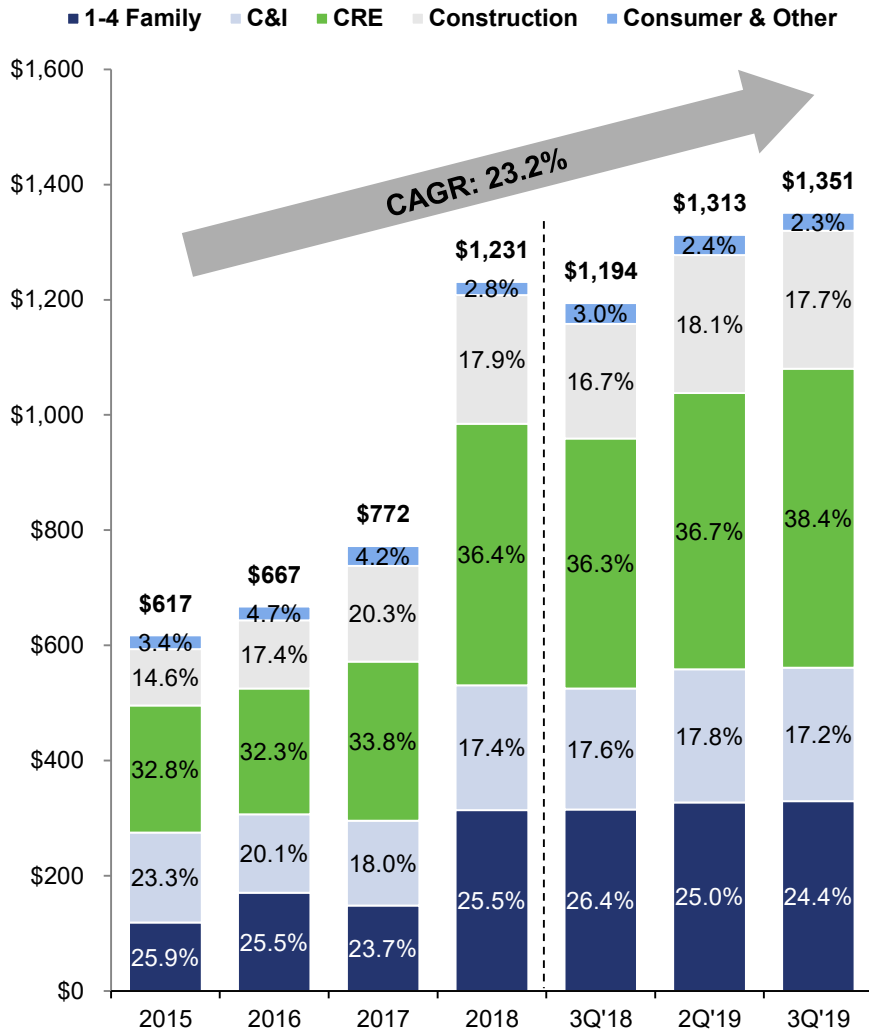


Wt. Avg. Cost:	1.96%	2.19%	2.35%	2.34%	2.11%
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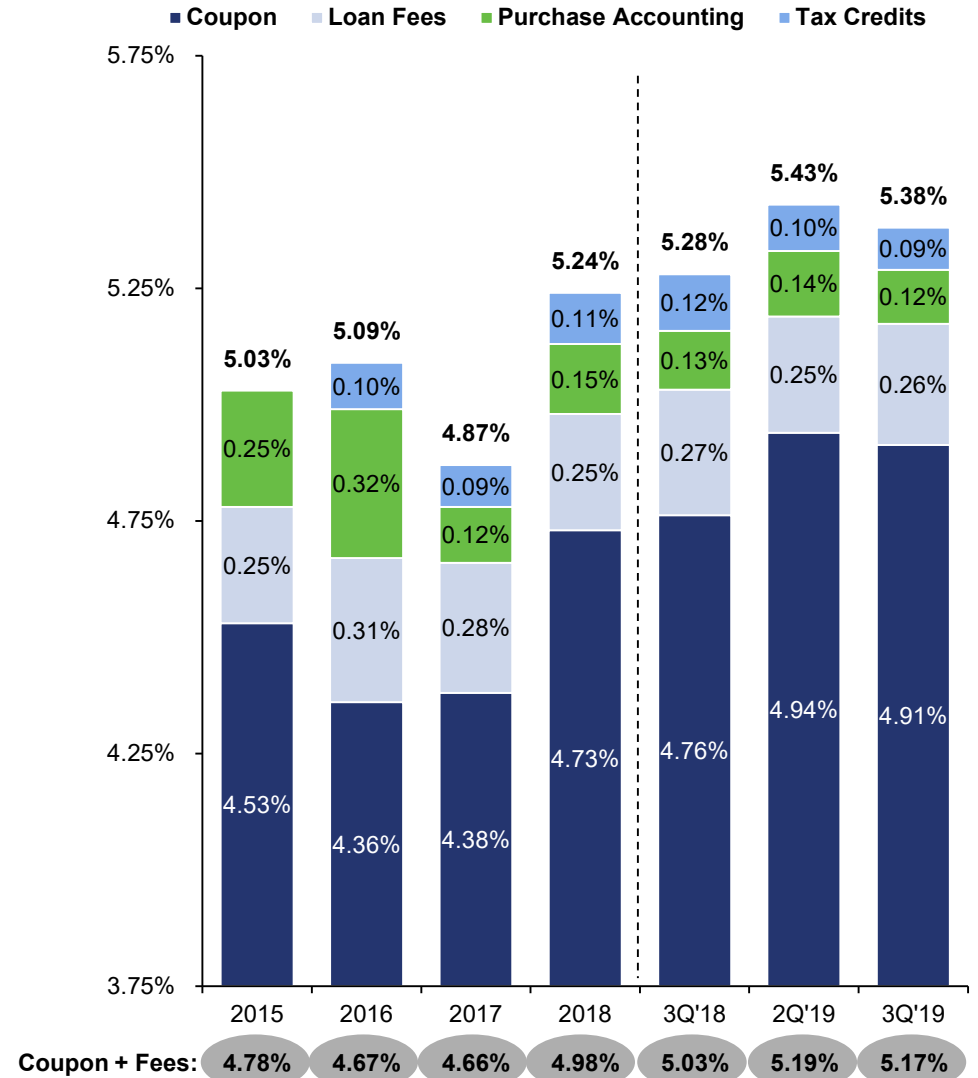
Wt. Avg. Duration (Months):	1.5	2.4	1.5	3.0	2.2
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Balancing Growth and Profitability

Growing Loan Portfolio⁽¹⁾

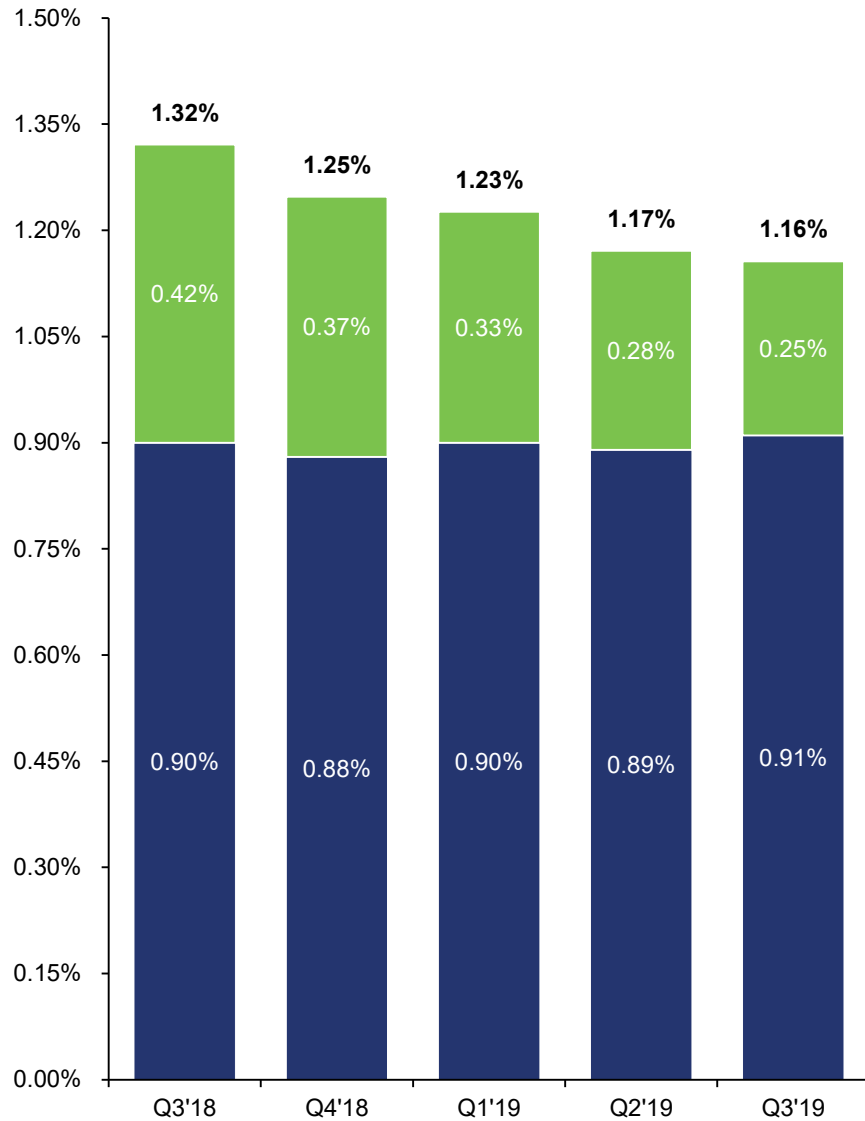


Loan Yields



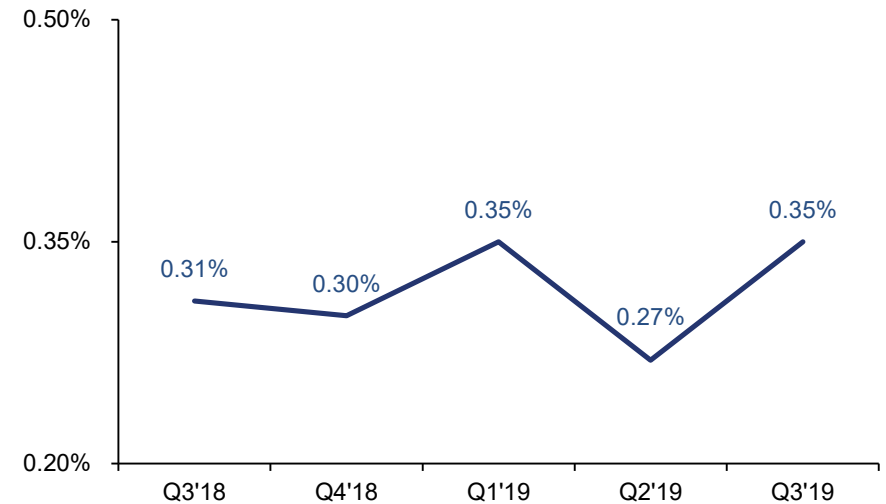
Disciplined Credit Culture

Loan Reserves⁽¹⁾

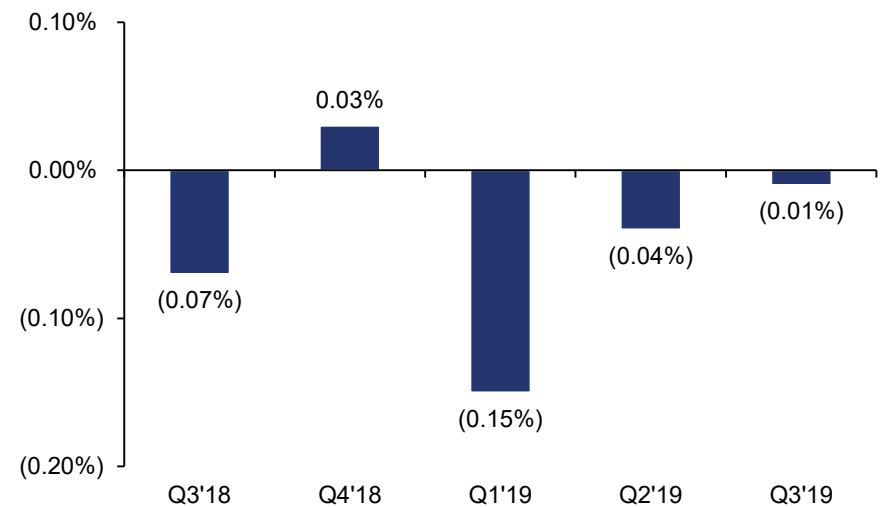


■ ALL / Total Loans ■ Purchase Discount

Non Performing Assets / Total Assets

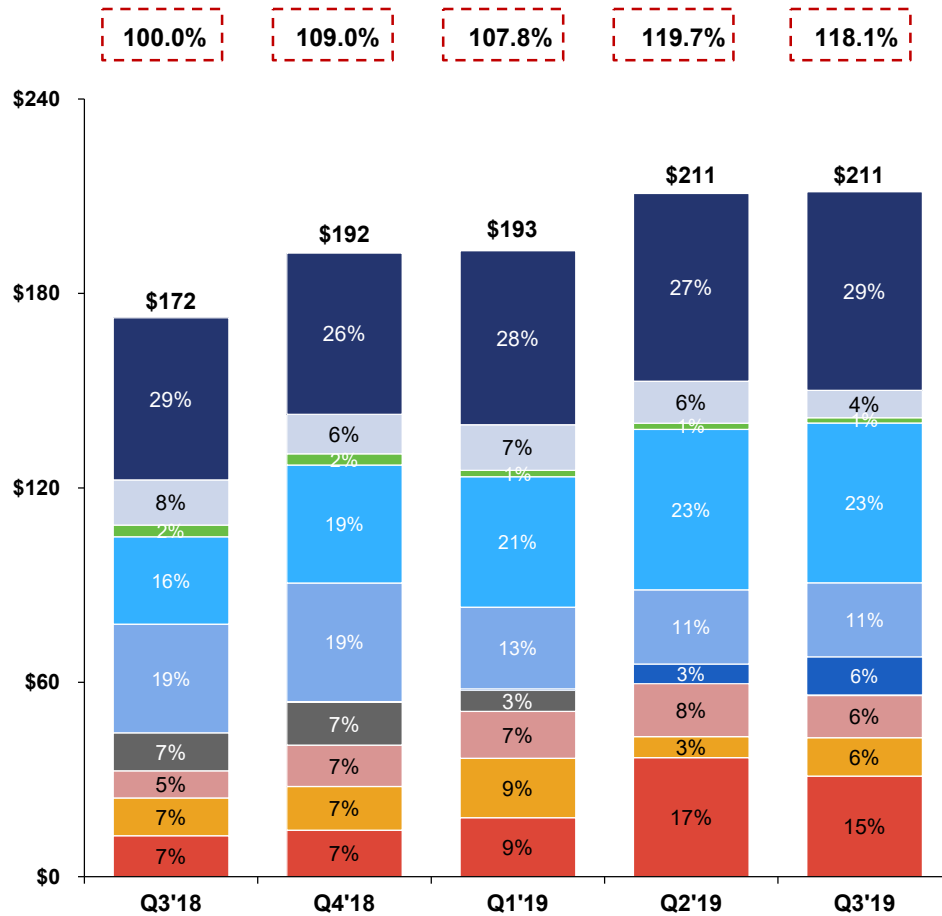


Net Charge-Offs (Recoveries) / Average Loans⁽²⁾



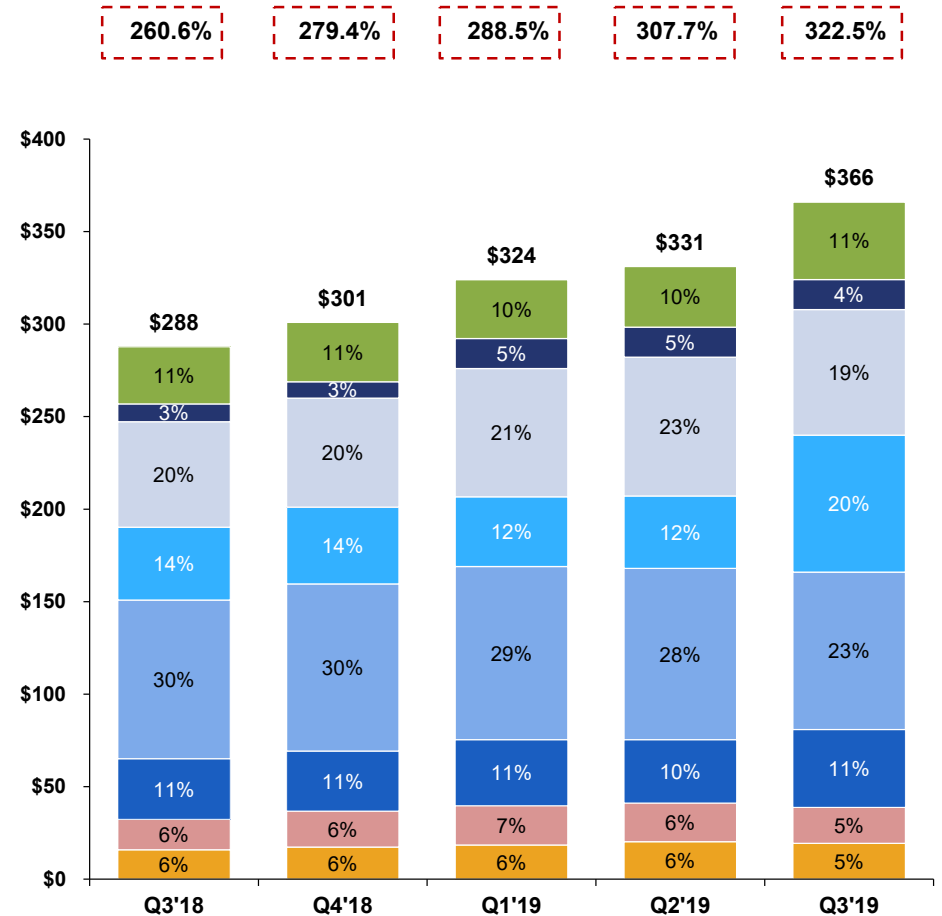
Diversified Lending Platform

C&D Portfolio



- 1-4 Family Res. Builders / Non-Owner Occ.
- Land Held for Investment
- Commercial Land and Lots
- Hotel / Motel
- Retail - Non-anchored Tenant
- 1-4 Res. Construction / Owner Occ.
- Residential Land and Lots
- Apartment / Multifamily
- Office - General
- Other

Commercial Real Estate Portfolio



- Non RE secured CRE
- Retail - Single Credit
- Office - General
- Multifamily
- Self-storage Properties
- Retail - Non-anchored Tenant
- Hotel / Motel
- Other

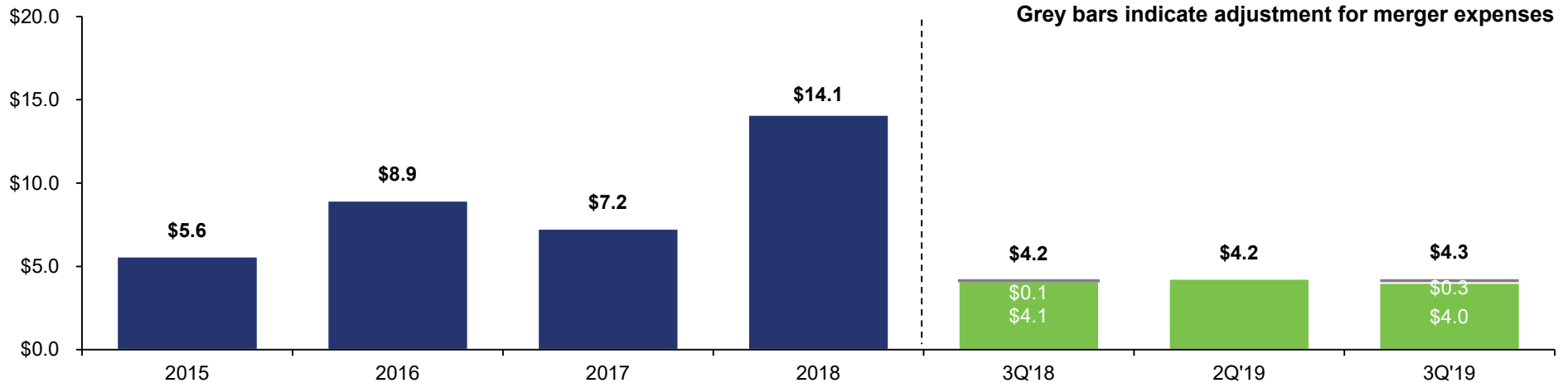
Outstanding balance as a % of Total Capital



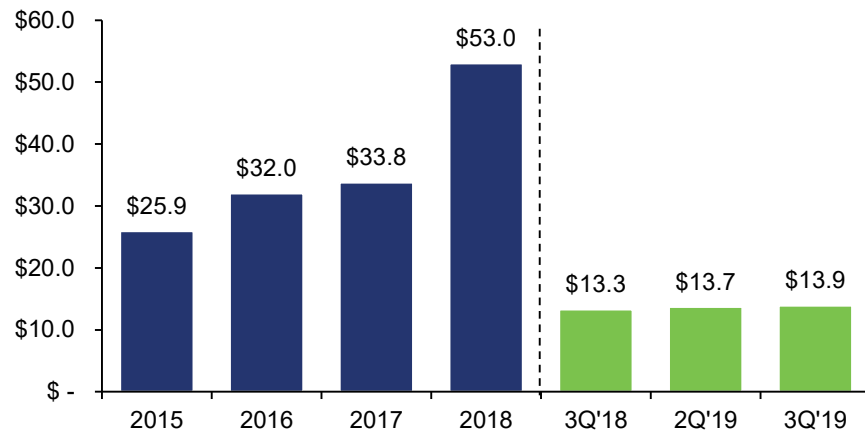
Source: S&P Global Market Intelligence, Company documents
 Note: \$ in millions, unless otherwise specified. Data as of or for the three months ended each respective quarter.

Growing, Profitable Core Bank (Excludes Mortgage Subsidiary Financial Results)

Core Bank Net Income^{(1),(4)}

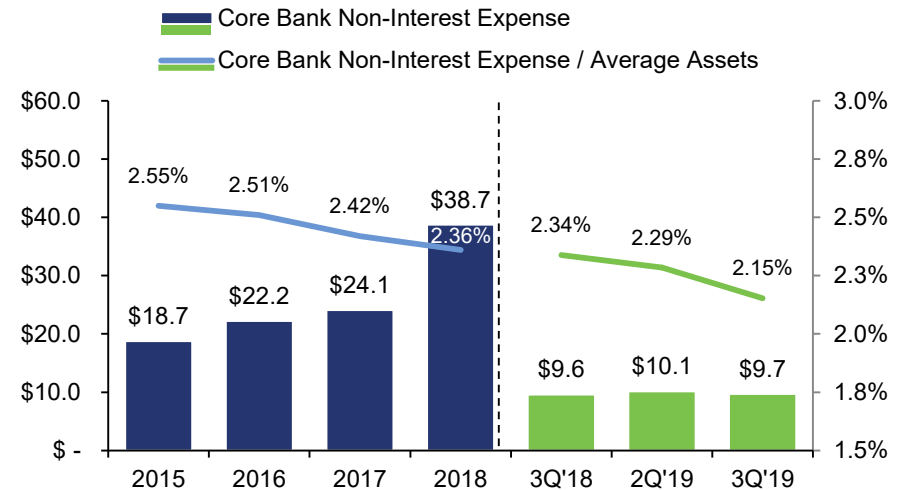


Core Bank Net Interest Income⁽²⁾



Adj. NIM⁽⁴⁾: **3.82%** **3.83%** **3.81%** **3.58%** **3.58%** **3.39%** **3.35%**

Core Bank Adjusted Non-Interest Expenses^{(2),(3)}



Core Bank Efficiency^{(1),(2)}: **68.0%** **62.6%** **61.9%** **63.5%** **62.8%** **64.3%** **60.8%**

Source: Company documents

Note: \$ in millions, unless otherwise specified; Data as of or for the three months ended each respective quarter or twelve months ended each year.

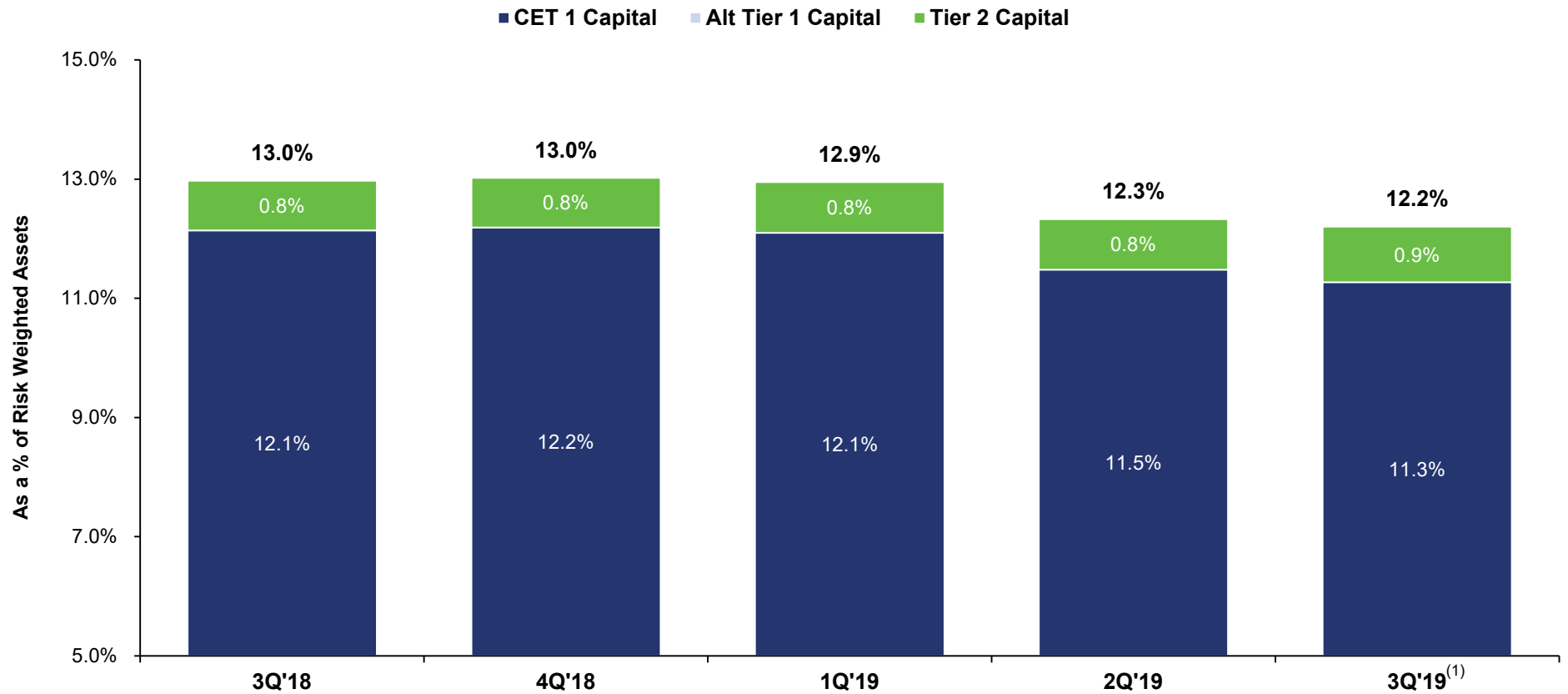
(1) Includes holding company

(2) Core bank excluded results from joint venture mortgage segment. Please note, mortgage company financial results are included in consolidated financial results, with any loss netted out as non-controlling interest in subsidiary.

(3) Does not include merger expenses. Refer to appendix for "reconciliation of non-GAAP financial measures."

(4) Non-GAAP figure. Refer to appendix for "reconciliation of non-GAAP financial measures."

Financial Strength Positions Company for Growth

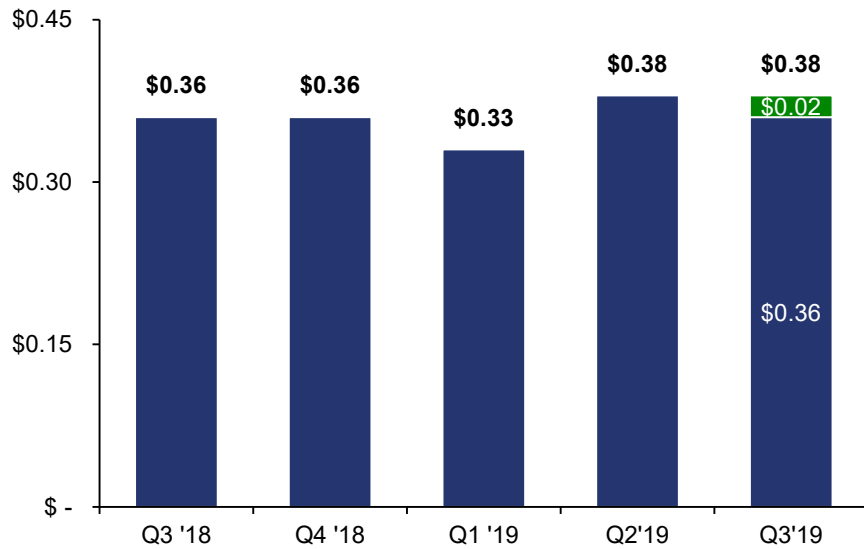


TCE / TA ⁽²⁾	9.3%	9.4%	9.6%	9.3%	9.4%
Tier 1 Leverage	10.1%	10.1%	10.0%	9.6%	9.6%

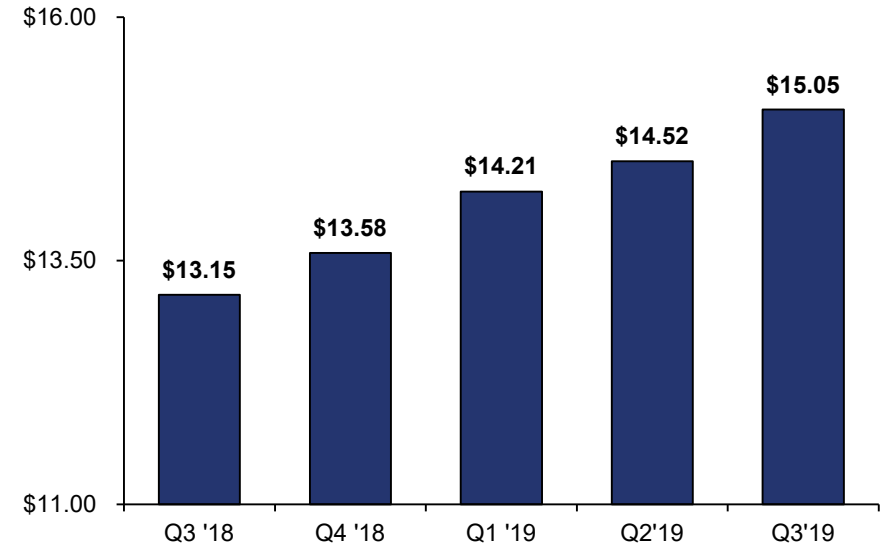
Delivering Shareholder Value

Green bars indicate adjustments due to merger expenses⁽¹⁾

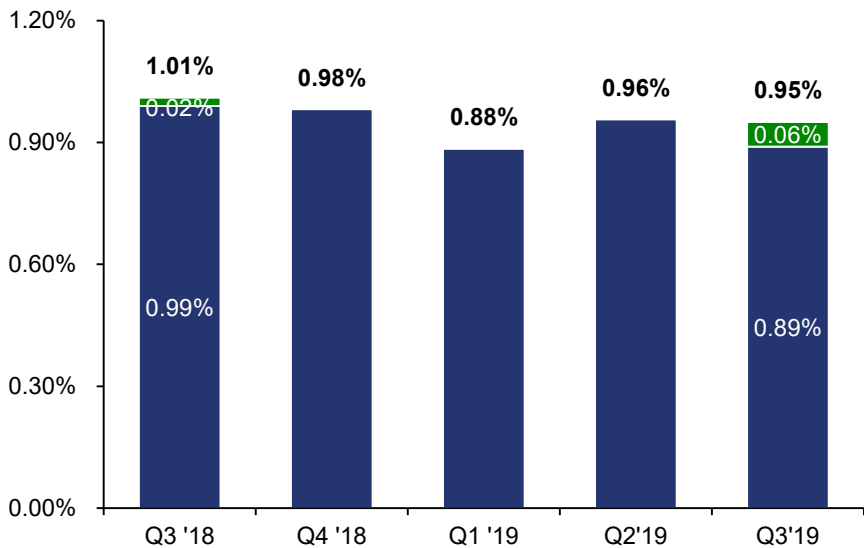
Reported Quarterly Diluted EPS⁽¹⁾



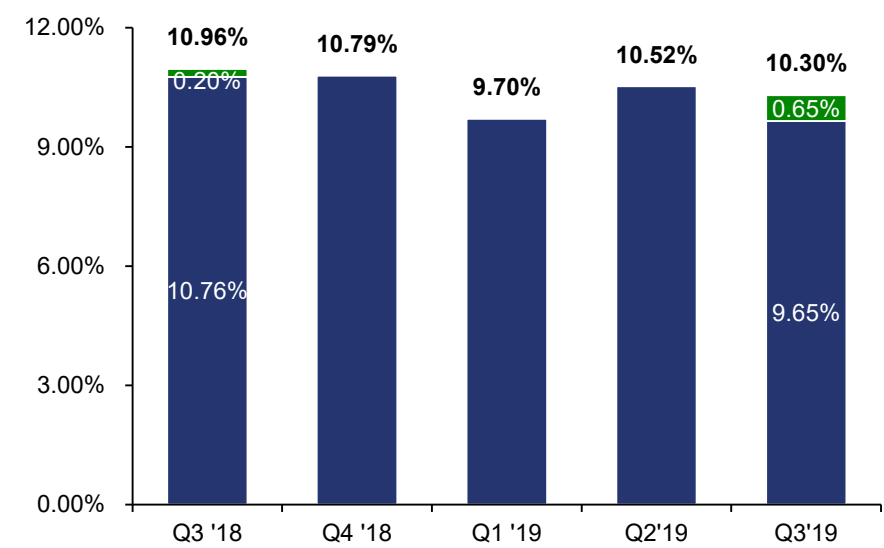
Tangible Book Value per Share⁽¹⁾



Reported ROAA⁽¹⁾



Reported ROATCE⁽¹⁾





Appendix

Reconciliation of Non-GAAP Financial Measures

Reliant Bancorp, Inc. Adjusted Return on Average Assets and Average Tangible Common Equity and Earnings Per Share

(Dollars in thousands, except per share data)

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Net Income Attributable to Common Shareholders	\$4,082	\$4,123	\$3,824	\$4,239	\$4,000
Non-Core Items:					
Merger expenses	82	32	2	1	299
Tax effect of adjustments to net income	(6)	(8)	-	-	(27)
Adjusted net income attributable to common shareholders	<u>\$4,158</u>	<u>\$4,147</u>	<u>\$3,826</u>	<u>\$4,240</u>	<u>\$4,272</u>
Average Assets	\$1,644,396	\$1,689,668	\$1,731,177	\$1,773,026	\$1,806,455
Adjusted Return on Average Assets	1.01 %	0.98 %	0.88 %	0.96 %	0.95 %
Average Tangible Common Equity	\$151,725	\$153,681	\$157,748	\$161,172	\$165,847
Adjusted Return on Average Tangible Common Equity	10.96 %	10.79 %	9.70 %	10.52 %	10.30 %
Diluted Weighted Average Common Shares	11,498,179	11,501,758	11,487,145	11,286,627	11,177,367
Adjusted Quarterly Earnings Per Share	\$0.36	\$0.36	\$0.33	\$0.38	\$0.38
Average Stockholders Equity	\$203,901	\$205,629	\$209,461	\$212,648	\$217,087
Adjusted Return on Average Equity	8.16 %	8.07 %	7.31 %	7.98 %	7.87 %

Reconciliation of Non-GAAP Financial Measures

Reliant Bancorp, Inc. Adjusted Net Interest Margin

(Dollars in thousands, except per share data)

	Fiscal Year Ended December 31,				September 30,	June 30,	September 30,
	2015	2016	2017	2018	2018	2019	2019
Tax Equivalent Net Interest Rate Spread	\$27,780	\$34,702	\$37,339	\$56,898	\$14,278	\$14,556	\$14,790
Non-Core Items:							
Purchase accounting adjustments	(1,290)	(2,033)	(859)	(1,665)	(364)	(448)	(383)
Tax credits	-	(650)	(650)	(1,268)	(350)	(300)	(300)
Adjusted Net Interest Rate Spread	<u>\$26,490</u>	<u>\$32,019</u>	<u>\$35,830</u>	<u>\$53,965</u>	<u>\$13,564</u>	<u>\$13,808</u>	<u>\$14,107</u>
Total Earning Assets (Average Balance)	\$694,135	\$835,337	\$939,947	\$1,505,748	\$1,504,424	\$1,633,903	\$1,669,481
Adjusted NIM	3.82 %	3.83 %	3.81 %	3.58 %	3.58 %	3.39 %	3.35 %

Reconciliation of Non-GAAP Financial Measures

Reliant Bancorp, Inc. Tangible Common Equity to Tangible Assets and Tangible Book Value per Share

(Dollars in thousands, except per share data)

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Tangible Assets					
Total Assets	\$1,684,201	\$1,724,338	\$1,761,926	\$1,794,248	\$1,852,487
Less: Goodwill	43,642	43,642	43,642	43,642	43,642
Less: Core deposit intangibles	8,456	8,219	7,982	7,745	7,507
Tangible Assets	<u>\$1,632,103</u>	<u>\$1,672,477</u>	<u>\$1,710,302</u>	<u>\$1,742,861</u>	<u>\$1,801,338</u>
Tangible Common Equity					
Total Common equity	\$203,751	\$208,414	\$215,119	\$213,943	\$219,652
Less: Goodwill	43,642	43,642	43,642	43,642	43,642
Less: Core deposit intangibles	8,456	8,219	7,982	7,745	7,507
Tangible Common Equity	<u>\$151,653</u>	<u>\$156,553</u>	<u>\$163,495</u>	<u>\$162,556</u>	<u>\$168,503</u>
Average Tangible Common Equity					
Average stockholders' equity	\$203,901	\$205,629	\$209,461	\$212,648	\$217,087
Less: Average goodwill	43,632	43,642	43,642	43,642	43,642
Less: Average core deposit intangibles	8,544	8,306	8,071	7,834	7,598
Average Tangible Common Equity	<u>\$151,725</u>	<u>\$153,681</u>	<u>\$157,748</u>	<u>\$161,172</u>	<u>\$165,847</u>
Common Shares Outstanding	11,531,094	11,530,810	11,502,285	11,196,563	11,195,062
Tangible Book Value per Share	\$13.15	\$13.58	\$14.21	\$14.52	\$15.05
Tangible Common Equity / Tangible Assets	9.29 %	9.36 %	9.56 %	9.33 %	9.35 %
Net Income Attributable to Common Shareholders	\$4,082	\$4,123	\$3,824	\$4,239	\$4,000
Return on Average Tangible Common Equity	10.76 %	10.73 %	9.70 %	10.52 %	9.65 %

Reconciliation of Non-GAAP Financial Measures

Reliant Bancorp, Inc. Core Bank Profitability

(Dollars in thousands, except per share data)

	Fiscal Year Ended December 31,				September 30,	June 30,	September 30,
	2015	2016	2017	2018	2018	2019	2019
Core Bank Non-Interest Expense							
Non-interest expense	\$19,590	\$22,327	\$25,524	\$41,512	\$9,696	\$10,130	\$10,025
Less: Merger expenses	(849)	(82)	(1,426)	(2,774)	(82)	(1)	(299)
Core Bank Non-Interest Expense	\$18,741	\$22,245	\$24,098	\$38,738	\$9,614	\$10,129	\$9,726
Average Assets	\$733,651	\$885,074	\$995,436	\$1,644,360	\$1,644,396	\$1,773,026	\$1,806,455
Core Bank Non-Interest Expense / Average Assets	2.55 %	2.51 %	2.42 %	2.36 %	2.34 %	2.29 %	2.15 %

Reconciliation of Non-GAAP Financial Measures

Reliant Bancorp, Inc. Core Bank Efficiency Ratio

(Dollars in thousands, except per share data)

	Fiscal Year Ended December 31,				September 30,	June 30,	September 30,
	2015	2016	2017	2018	2018	2019	2019
Operating Expense							
Non-interest expense	\$19,590	\$22,327	\$25,524	\$41,512	\$9,696	\$10,130	\$10,025
Less: Merger expenses	(849)	(82)	(1,426)	(2,774)	(82)	(1)	(299)
Operating Expense	\$18,741	\$22,245	\$24,098	\$38,738	\$9,614	\$10,129	\$9,726
Operating Revenue							
Net interest income	\$25,931	\$32,035	\$33,761	\$53,008	\$13,295	\$13,703	\$13,910
Add: Tax equivalent adjustment for tax exempt interest income	610	1,362	2,852	3,069	812	743	726
Tax equivalent net interest income	\$26,541	\$33,397	\$36,613	\$56,077	\$14,107	\$14,446	\$14,636
Total noninterest income	1,383	2,481	2,333	5,232	1,379	1,473	1,375
Less: Gain (loss) on sale of securities available for sale	(388)	(36)	(59)	(43)	(18)	(175)	-
Less: Gain (loss) on sale of other real estate owned	6	(301)	(27)	(259)	(150)	-	-
Add: Loss (gain) on disposal of premises and equipment	-	-	52	(13)	(16)	-	-
Operating Revenue	\$27,542	\$35,541	\$38,912	\$60,994	\$15,302	\$15,744	\$16,011
Efficiency Ratio	68.0 %	62.6 %	61.9 %	63.5 %	62.8 %	64.3 %	60.8 %

Reconciliation of Non-GAAP Financial Measures

Reliant Bancorp, Inc. Loan Reserves

(Dollars in thousands, except per share data)

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Acquired Loan Portfolio					
Non-PCI FMV Discount - Deposit SE	\$4,728	\$4,225	\$3,817	\$3,416	\$3,080
Non-PCI FMV Discount - Non-PCI Dis.	240	240	240	211	186
PCI FMV Discount - Non-Accretion	60	60	60	60	60
Total Purchase Discounts	\$5,028	\$4,525	\$4,117	\$3,688	\$3,326
Allowance for Loan Losses	\$10,698	\$10,892	\$11,354	\$11,666	\$12,291
Allowance for Loan Losses + Purchase Discounts (Unamortized)	\$15,726	\$15,417	\$15,471	\$15,354	\$15,617
Total Loans (net of unearned income)	\$1,194,129	\$1,231,076	\$1,262,160	\$1,312,685	\$1,350,683
Purchase Discounts as a % of Total Loans	0.42 %	0.37 %	0.33 %	0.28 %	0.25 %
Allowance for Loan Losses as a % of Total Loans	0.90 %	0.88 %	0.90 %	0.89 %	0.91 %
ALLL+Unamortized Loan Accretion as a % of Total Loans	1.32 %	1.25 %	1.23 %	1.17 %	1.16 %