

## **Reliant Bancorp, Inc.**

### **Annual Meeting Comments**

#### **DeVan Ard**

I'd like to start by giving an overview of Reliant and the progress that we've made since last year, along with some additional details on our financial results for 2019 and the first quarter of 2020.

Since our 2019 annual meeting, we've made significant progress in executing on our strategic growth plans. We reported record loans, deposits and net income in 2019 that were generated by our existing markets in Middle Tennessee and Chattanooga. We ended 2019 with assets of approximately \$1.9 billion, loans grew to \$1.4 billion and deposits were approximately \$1.6 billion. And, our net income per share rose 17% to \$1.44 compared with the prior year. In January, our Board of Directors authorized an 11.1% increase in our cash dividend to \$0.10 per share to highlight our excellent results for 2019.

In the second half of last year, we announced two acquisitions that we completed after the close of 2019. We completed the acquisition of Tennessee Community Bank Holdings and Community Bank & Trust effective January 1, 2020. Community Bank, headquartered in Ashland City and the top bank in market share in Cheatham County, joined Reliant with approximately \$253 million in assets. We also added branches in Ashland City, Kingston Springs, Pegram, Pleasant View and Springfield, TN.

We completed the acquisition of First Advantage Bancorp and First Advantage Bank on April 1, 2020. First Advantage Bank had approximately \$738 million in assets. Headquartered in the fast-growing Clarksville/Montgomery County area, they have a top three deposit market share in their home county. We also added offices in our existing markets in Nashville, Brentwood and Franklin.

We're pleased to welcome the shareholders of Tennessee Community Bank Holdings and First Advantage Bancorp as new shareholders in Reliant Bancorp. We are also very excited to welcome the teams from Community Bank and First Advantage Bank to the Reliant family. With the addition of these two banks, we've increased our market share in Middle Tennessee and our ability to serve our customers. The acquisitions also solidify our position as the fourth largest community bank by asset size headquartered in the Nashville MSA. With these two acquisitions, we now have approximately \$2.9 billion in assets, \$2.2 billion in loans and \$2.4 billion in deposits as of March 31, 2020. We also expect these mergers to be accretive to our earnings in 2020.

We entered 2020 with a lot of momentum and our outlook for the coming year was very positive. Then the COVID-19 pandemic brought economic activity to a near standstill, and set off a sharp decline in the stock market.

Prior to the COVID-19 outbreak, we enjoyed one of the best economies in the nation. Unemployment was among the lowest in the nation, new companies and new jobs were entering our markets, and residential and commercial construction activity was robust. Tennessee is also blessed by a very favorable business climate with low taxes, a relatively modest cost of living, and a state government that has solid reserves and a balanced budget. We believe that our markets throughout

Middle Tennessee and Chattanooga are well positioned for recovery in a post-COVID-19 world due to our sound economic base.

At this time, it's too early to predict the full impact of COVID-19 on the economy and our earnings during the next year, but we believe Reliant is positioned well to weather the slow-down. We have a strong credit culture and we are focused on monitoring our existing loan portfolio for signs of weakness and closely examining the extension of new credit. We believe it's important to preserve our strong capital base during this time, positioning us to ramp up activities as the economy improves. For the foreseeable future, we have suspended our stock buy-back program and will evaluate our dividend as the impact from the pandemic becomes clearer.

We expect 2020 to be a challenging year due to COVID-19. We are taking all necessary steps to protect our employees and customers and to help meet the needs of our community. As a provider of essential services, we have remained open throughout the pandemic, although with a different service model. To protect the health and well-being of our employees, we have closed the lobbies of our banking centers to customer appointments only, and we are primarily serving our customers through drive-up windows, over the telephone, or through one of our online digital channels. We have also begun planning for a phased re-opening of our branches starting later this month.

For some time, we've experienced the Amazon effect and its impact on traditional retail models. To effectively compete, increase efficiencies, and improve our operating model, a consistent strategic goal for Reliant has been an expanded digital presence and a commitment to marketing these products to our customers.

Like most financial service providers, we've experienced the customer evolution from traditional to digital means of account access, but with COVID-19, it seems we've become digital overnight. This is not only relevant to providing customers with digital banking options but providing employees with digital work options as well. I'm proud to say we were prepared --- deploying 40% of our employees remotely and continuing to provide great customer service, maintain customer satisfaction and improve efficiencies through our digital channels.

Smart devices, especially smartphones, are necessities that allow us to communicate – verbally and visually. And with tap-to-pay, smartphones even function as wallets for those uneasy with using cash as a payment instrument during a pandemic. We've kept in contact with our customers through email, updates through our blog and through targeted micro-interviews directly in online banking.

On average, access to digital banking activities using Reliant's mobile app has grown almost 10 percent (8.8%, week over week) since mid-March. We have seamlessly moved in-person meetings – from executive to board – to video and chat functionality using great options like Teams and Zoom. And, I am even hosting virtual live town hall meetings with bank employees each week.

It seems the future is now. Digital is no longer optional and working remotely is much more common. As we move beyond the pandemic and plan a phased return to a new normal, sustaining and growing these initiatives will be an important and valuable differentiator.

We have been an active lender to small businesses under the SBA's loan program to help offset the effects of the COVID-19 affected economy. As of April 30th, we had approved 820 loans totaling \$90 million under these programs. I am very proud of our team, who worked actively to meet the needs of small businesses who are struggling during an uncertain economic climate.

I want to wrap up my comments with a review of our results for the full year 2019, and then bring you up to date with our recently reported results for the first quarter of 2020.

In 2019, we reported record assets, loans and earnings per share. The fourth quarter of 2019 highlighted the momentum we gained during the year. Driven by over \$200 million in loan production, fourth quarter annualized loan growth of over 17% is a testament to our strong markets and the commitment of our associates to serve new and existing customers. All of our growth in 2019 was organic.

Deposits grew by almost \$146 million, including solid growth in relationship deposits such as checking, savings and money market accounts. Demand deposits were up almost 20% to \$260 million compared with 2018. Over the past year, we worked hard to rebalance our assets and liabilities to improve our cost of funds, especially as interest rates turned down during the year. Additionally, the fourth quarter sale of \$60 million in subordinated debentures helped us improve our liability mix while also strengthening our capital base.

We reported our first quarter's results on April 26, which included the Community Bank & Trust acquisition that was completed effective January 1, 2020. Due to

organic growth from existing markets, plus the addition of Community Bank, we reported strong growth in loans and deposits in the first quarter.

Our first quarter's results also included approximately \$4.2 million in merger related expenses that applied to both the Community Bank and First Advantage transactions. In addition, we made a significant addition to our loan loss reserve to account for the increase in risk factors related to the COVID-19 pandemic. Credit quality, however, remained strong throughout the first quarter. Non-performing assets as a percentage of total assets declined, and charge-offs were negligible at 9 basis points.

As a result of the higher provision for loan losses and the merger related expenses, we reported a small loss of \$215,000, or \$0.02 per diluted share, compared with net income of \$3.8 million, and \$0.33 per diluted share in the first quarter of 2019. Excluding the merger related expenses, we reported \$2.9 million, or \$0.25 per diluted share, in net income for the first quarter of 2020. Since this adjusted number is non-GAAP, I'll refer you to a more complete explanation that we provided in our first quarter's filing with the SEC for a full reconciliation to our GAAP financial results.

As I mentioned earlier, we closed on the First Advantage acquisition at the beginning of the second quarter, so we expect to see further growth in loans, deposits and assets in our second quarter's results due to that merger. Also, we expect our earnings to receive a boost from both of these transactions this year, with the full benefit being recognized in 2021.

Long term, we remain positive about Reliant's future and the opportunity to build shareholder value. We have an experienced management team, a strong capital base that we supplemented last year with the addition of a \$60 million subordinated notes offering, and as I noted, we operate in markets that have a strong and diverse economic base. Those are fundamentals that should provide a solid foundation for renewed growth in the future.

I would like to thank you, our shareholders, for accessing this meeting remotely. We remain focused on protecting our employees through this pandemic so that we can stay safe and healthy to serve our customers in the future.

I want to assure you that our Board of Directors and team at Reliant Bank are working hard to build shareholder value. We look forward to reporting our results to you in the coming quarters.

This concludes my comments for today's meeting.