



Evaluating the Buyer's Shares

Bank Director's Acquire or be Acquired Annual Conference

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About the Presenters



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Jeff Davis is Managing Director of Mercer Capital's Financial Institutions Group (FIG). Jeff primarily works with financial institutions in merger and acquisition advisory engagements. He assists buyers in evaluating the attractiveness of acquisition candidates, determining a price for the target institution, structuring the transaction, and evaluating different forms of financing. For sell-side clients, Jeff analyzes the potential value that the institution may receive upon a sale, assists in locating potential buyers, and negotiating a final transaction price and merger agreement.

Jeff also spent over a decade as a sell-side analyst covering small-, mid- and large-cap banks and specialty finance companies. He has been an editorial contributor to *S&P Global Market Intelligence (SNL Financial)* since 2012 and holds the Series 7, 63 and 79 securities licenses.

Jeff is a graduate of Rhodes College (BA) and Vanderbilt University (MBA).

About the Presenters



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Jay Wilson, Vice President, is a senior member of Mercer Capital's Depository Institutions practice. Jay also leads Mercer Capital's Financial Technology industry team and publishes research related to the FinTech industry. He is also the author of the book, *Creating Strategic Value through Financial Technology* (Wiley Finance Series).

Jay's practice involves providing valuation, financial advisory, and consulting services to depository institutions and FinTech companies, from start-ups to more mature companies, for a variety of purposes including ESOPs, mergers and acquisitions, estate and gift tax planning, financial statement reporting (purchase price allocations), and corporate/strategic planning.

Jay is a graduate of Rhodes College (BA).

About the Presenters



DeVan Ard Jr.
Reliant Bancorp (NASDAQ-RBNC)
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DeVan Ard serves as Chairman, President and CEO of Brentwood, TN-based Reliant Bancorp, Inc. (NASDAQ-RBNC) and Reliant Bank. He is a 28-year banking veteran. He began his career with AmSouth Bank in 1981 and held various positions through 2004 before leaving to form Reliant Bank in 2006. In his previous position with AmSouth, he served as President for AmSouth Bank's Middle Tennessee region where he led a team of over 1,000 employees operating out of 80 branches.

Since 2014 DeVan has overseen four acquisitions, one of which is pending and once closed will increase the bank's assets to approximately \$3 billion.

DeVan is a graduate of the University of Alabama (MBA) and Vanderbilt University (BA).

Outline of Today's Presentation

- Big Picture Questions
- Valuation Framework
- Concept of Earning Power
- Reconciling P/TBV and P/E
- Fundamental and Valuation Analysis
- Shareholder Base and Liquidity
- Overview of Reliant Bancorp and DeVan on “Selling” the Stock

SECTION 1

Big Picture Questions



What's the Stock Worth?



A Few Questions

Would I **buy** the shares ex a transaction?

Can I **sell** the shares?

Is the financial performance compelling?

How have the shares performed?

Source of performance – EPS & TBVPS growth, dividends, multiple expansion (or contraction)?



Where is the Cycle?



Markets make opinions – Richard Russell (Dow Theory Letters)

The Perfect Stock?

Valuation

Absolute

History

Peer

Valuation

Growth

Organic

M&A

**Growth
(business
momentum)**

Nirvana!

Profitability

NIM

Fees

Efficiency

**Profitability
& Soundness**

Soundness

Asset quality

Bank capital

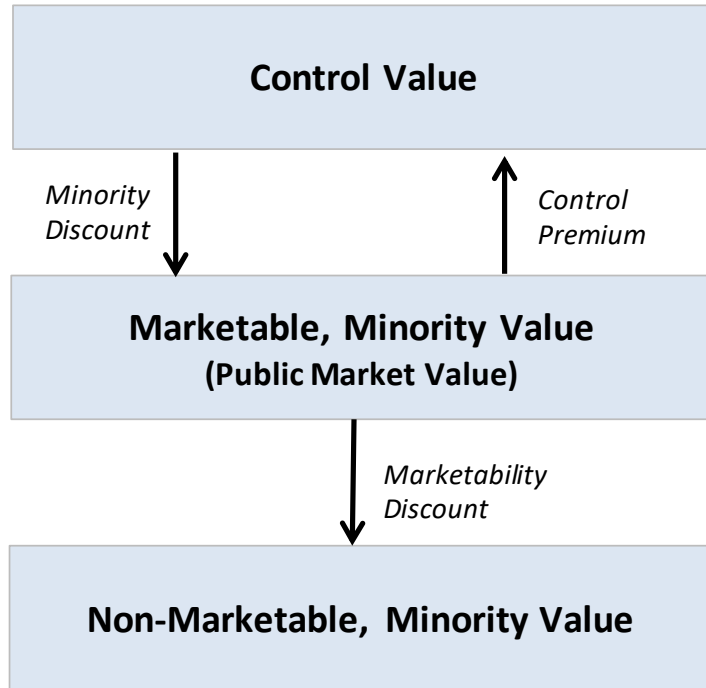
Parent leverage

SECTION 2

Valuation Framework



Valuation Perspective



If an acquirer is public, the shares to be issued are “marketable-minority”

If the acquirer is private, the shares to be issued are “non-marketable minority”

“Typical” marketability discount varies (5-40%)

Marketability discounts are inversely related to a) # of shareholders; b) IPO potential; c) M&A potential; d) shareholder agreements; e) dividends and buyback activity;

Tough for a seller to obtain a control value and buyer to issue shares valued at lowest rung

Value = PV of Cash Flows

$$\text{Value} = \text{PV of Sum of Cash Flows} = \frac{\text{CF1}}{R^n} + \frac{\text{CF2}}{R^n} + \frac{\text{CF3}}{R^n} + \frac{\text{CF4}}{R^n} + \dots$$

CF = Cash Flow (year 1)

R = Equity Discount Rate

n = Number of years cash flows are discounted to the present value

$$\text{Shortcut to PV (if growth is constant)} = \frac{\text{Cash Flow (next year)}}{R - G}$$

G = Growth rate of cash flows

R - G = Capitalization Rate

1 / Cap Rate = Capitalization Factor (Earnings or CF Multiple)

$$\text{Same Concept as Valuing CRE} = \frac{\text{Net Operating Income}}{\text{Cap Rate}}$$

Wall Street ...

Growth!

and even better

Accelerating
Growth!!



Calibrating Risk in the Valuation

There is no return without risk!

Bank capital

Parent capital structure

Type of credits

Hold positions

Liquidity / source of funding

Regulatory

M&A execution

Data integrity

Key-person


Lending concentrations


Deposit concentrations

Governance

Why Risk and Growth Matter

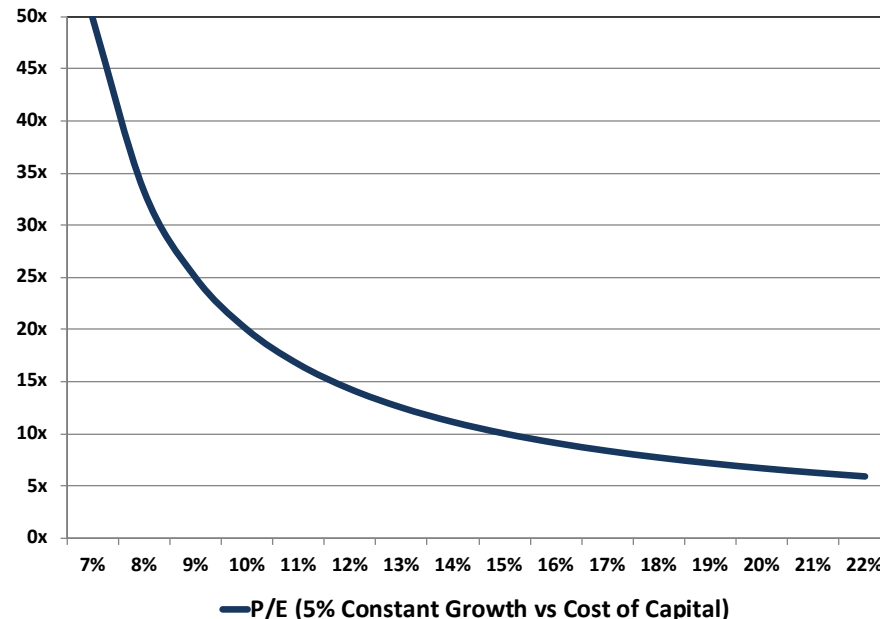
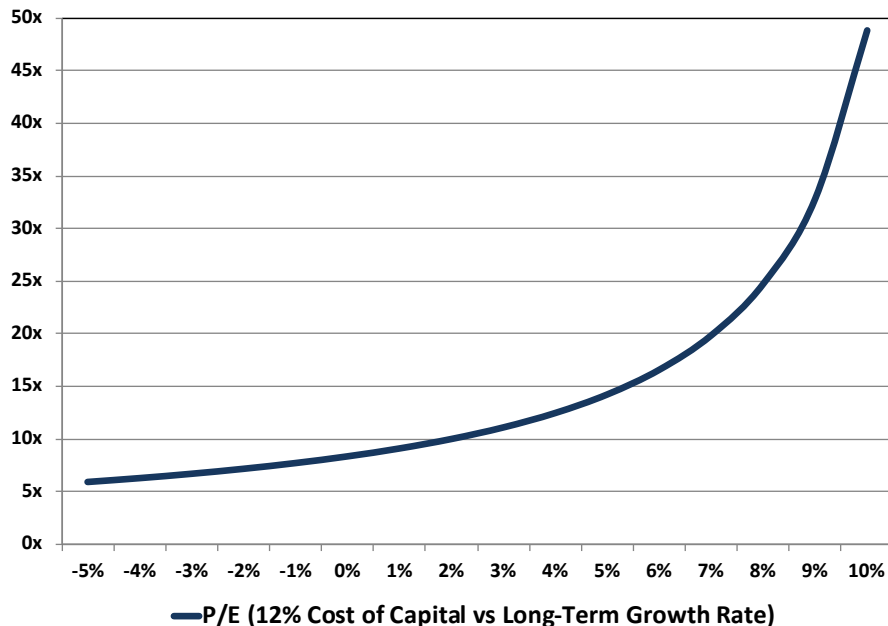
+ Yield to Maturity on 10 Yr UST	2.00%
+ Equity Premium	5.50%
x Company Beta	<u>1.10</u>
=Beta Adj Equity Premium	6.05%
+ Small-Mid Cap Equity Premium	2.50%
+ Company Specific Risks	<u>1.50%</u>
= Discount Rate (Equity Cost of Capital)	12.05%
- Long-Term Growth Rate (G)	<u>-5.00%</u>
= Capitalization Rate	7.05%
= Multiple (1 / Cap Rate)	<u>14.2x</u>
Ongoing Earning Power Estimate	\$100,000
x Price/Earnings Ratio	<u>14.2x</u>
= Capitalized Earnings Value	<u><u>\$1,420,000</u></u>

Multiples are negatively correlated with risk ...*higher risk* =  P/E

Multiples are positively correlated with growth ...*higher G* =  P/E

Point in the cycle matters re what investors care about the most

P/E – Growth vs Risk



SECTION 3

Concept of Earning Power



Concept of Earning Power

Earning power is an estimate of *ongoing earnings* through a full cycle

Earning power is derived from an analysis of core earnings

Significant variables for a bank entail a) credit losses; b) NIM; and c) volume of loans and core deposits

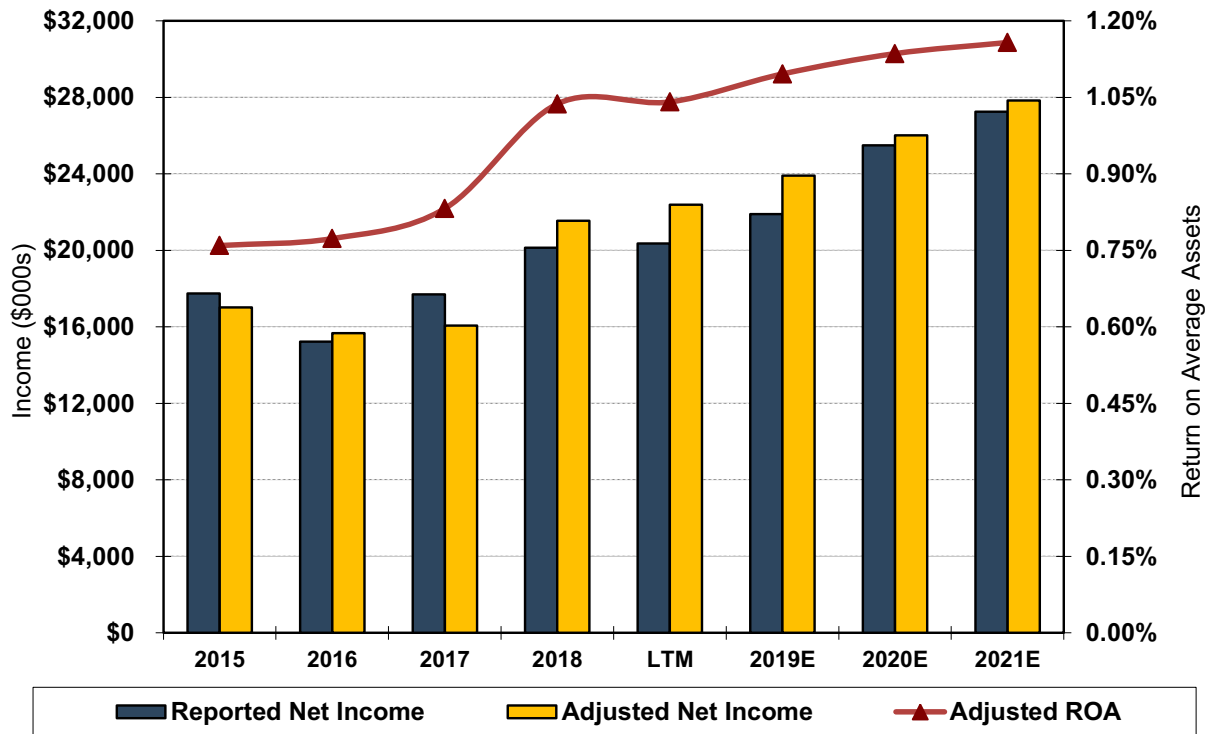
Credit losses tend to be episodic (i.e., very low for years then very big)

A current share price expressed as a multiple of earning power gives a perspective on whether shares are “cheap” or “expensive”

Core Earnings

Adjusted Income Statement	FY14	FY15	FY16	FY17	FY18	LTM9/19	2019E	2020E	2021E
Average Assets	\$2,694,168	\$2,241,515	\$2,027,543	\$1,931,352	\$2,077,206	\$2,150,000	\$2,181,066	\$2,290,120	\$2,404,626
Average Equity	378,184	289,242	252,526	269,048	277,598	285,000	292,928	302,850	312,003
Average Loans	2,201,622	1,559,443	1,310,252	1,333,309	1,518,964	1,572,195	1,594,912	1,674,658	1,758,391
Net Interest Margin	3.40%	3.45%	3.35%	3.45%	3.58%	3.54%	3.45%	3.40%	3.40%
Efficiency Ratio	67.0%	69.5%	68.7%	68.6%	67.2%	67.5%	68.0%	67.7%	66.9%
Loan Loss Prov & ORE Exp / Avg Loans	7.14%	0.18%	-0.85%	-0.51%	-0.24%	0.29%	0.34%	0.24%	0.24%
Pre-Tax, Pre-Provision & ORE Op Income	\$32,153	\$26,320	\$23,550	\$23,750	\$26,875	\$27,775	\$30,100	\$32,750	\$36,500
Reported Net Income to Common	(\$71,818)	\$17,750	\$15,225	\$17,695	\$20,137	\$20,367	\$21,900	\$25,500	\$27,250
(1) (Gains) / Losses on Sale of Securities	0	(837)	0	(1,884)	(162)	(294)	0	0	0
(2) Add Loan Loss Provision	115,000	3,107	7,209	6,624	3,566	5,532	5,385	4,000	4,240
Less: Normalized Provision 0.20%	(4,403)	(3,119)	(2,621)	(2,667)	(3,038)	(3,144)	(3,190)	(3,352)	(3,499)
(3) (Gain) / Loss on ORE Sales	25,083	(271)	(3,897)	(200)	(123)	(294)	0	0	0
(4) (Gain) on Sale of Branches	0	0	0	(4,378)	0	0	0	0	0
(5) Restructuring & Transaction Costs	0	0	0	0	1,538	750	339	0	0
(6) Tax Adjustment to 1-5 @	(47,488)	392	(242)	877	(374)	(535)	(532)	(136)	(156)
ADJUSTED NET INCOME	\$16,374	\$17,022	\$15,674	\$16,067	\$21,544	\$22,381	\$23,902	\$26,012	\$27,836
Pre-Tax, Pre-Prov Op Inc / Avg Assets	1.19%	1.17%	1.16%	1.23%	1.29%	1.29%	1.38%	1.43%	1.52%
Peer Group PPOI / Avg Assets	1.36%	1.39%	1.36%	1.44%	1.52%	1.51%			
Adjusted Return on Average Assets	0.61%	0.76%	0.77%	0.83%	1.04%	1.04%	1.10%	1.14%	1.16%
Peer Group ROA	0.77%	0.83%	0.64%	0.80%	1.04%	1.24%			

Reported vs. Core Trend



Earning Power

	2019A	2020E	2021E	% Change		NIM < by -0.30%	NIM > by 0.10%	LL Prov = 0.25%	LL Prov = 0.75%	Earning Power - 1	Earning Power - 2	Earning Power - 3
				19-20E	20-21E							
Avg Earning Assets	\$3,982	\$4,459	\$4,692	12%	5%	\$4,692	\$4,692	\$4,692	\$4,692	\$4,700	\$4,700	\$4,700
NIM	3.96%	3.85%	3.70%	(11 bp)	(15 bp)	3.40%	3.80%	3.70%	3.70%	3.40%	3.60%	3.80%
Net Int Income	\$157.6	\$171.7	\$173.6	9%	1%	\$159.5	\$178.3	\$173.6	\$173.6	\$159.8	\$169.2	\$178.6
Fee Income	50.0	51.5	53.7	3%	4%	53.7	53.7	53.7	53.7	53.7	53.7	53.7
Revenues	\$207.6	\$223.2	\$227.3	8%	2%	\$213.2	\$232.0	\$227.3	\$227.3	\$213.5	\$222.9	\$232.3
Expenses	140.0	148.0	152.0	6%	3%	152.0	152.0	152.0	152.0	152.0	152.0	152.0
Efficiency Ratio	67%	66%	67%			71%	66%	67%	67%	71%	68%	65%
Op Income (PPOI)	\$67.6	\$75.2	\$75.3	11%	0%	\$61.2	\$80.0	\$75.3	\$75.3	\$61.5	\$70.9	\$80.3
ORE Expense	4.2	4.3	4.0	3%	-8%	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Provision	6.0	7.5	10.0	25%	33%	10.0	10.0	8.0	23.9	23.8	10.0	8.0
<i>Net Charge-Offs</i>	4.5	6.0	8.5	33%	42%	9.0	9.0	7.2	21.5	21.4	9.0	7.2
Amortization Exp	0.6	0.5	0.4			0.4	0.4	0.4	0.4	0.4	0.4	0.4
Net Non-Recurring	-1.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax	\$55.8	\$62.8	\$60.9	13%	-3%	\$46.8	\$65.6	\$62.9	\$47.0	\$33.3	\$56.5	\$67.9
Taxes	12.8	14.5	14.0			10.8	15.1	14.5	10.8	7.7	13.0	15.6
Effective Tax Rate	23%	23%	23%	0 bp	0 bp	23%	23%	23%	23%	23%	23%	23%
Net Inc-Common	\$43.0	\$48.4	\$46.9	13%	-3%	\$36.0	\$50.5	\$48.5	\$36.2	\$25.6	\$43.5	\$52.3
Avg Shares O/S	16.6	16.6	16.6	0%	0%	16.6	16.6	16.6	16.6	16.6	16.6	16.6
EPS	\$2.59	\$2.92	\$2.83	13%	-3%	\$2.17	\$3.05	\$2.92	\$2.18	\$1.54	\$2.62	\$3.15
P/E Multiple	9.8x	10.1x	\$28.50	13.1x	9.4x	9.7x	13.0x	18.5x	10.9x	9.0x		

SECTION 4

Reconciling P/TBV and P/E



Rule of Thumb

Every industry has a valuation rule of thumb

Most only indirectly speak to economics

Bank valuations typically quoted as a multiple of tangible book value

Business model entails leveraging capital ~10x to produce an earnings stream

Earnings and P/E drive P/TBV



High Level Math

Price/TBV multiple broken down into components

$$P/TBV = ROE \text{ (ROTE)} \times P/E$$

$$ROE = ROA \times \text{Leverage} \dots \text{ or}$$

$$ROE = (\text{Income} / \text{Assets}) \times (\text{Assets} / \text{Equity})$$

$$P/E = \text{Risk Profile} \text{ and } \text{Growth Expectations}$$



P/E vs. P/TBV Perspective

P/E

Consider P/E in context of current earnings and earning power

P/Es vary within the industry

Low P/Es reflect riskier biz models, limited growth or lower quality earnings

Above average P/Es usually reflect strong organic growth or more highly valued mix of earnings (e.g. processing and trust)

P/TBV

Persistently “low” P/TBV multiples usually signal depressed profitability with limited prospect for improvement or credit issues

P/TBV is a proxy for earning power

High ROTCE yields high P/TBV

High P/E and ROTCE = very high P/TBV

SECTION 5

Fundamental Analysis



General Questions

How has financial and share performance been on an absolute basis?

How has performance been relative to peers?

What is a realistic outlook for the buyer's shares over an intermediate time horizon (e.g., 2-year and 5-year)?

What has to happen for the shares to reach the price target(s)?

Fundamentals

Local and regional economy

Deposit market share and trend in share

Detailed balance sheet analysis (loans, funding, capital, etc.)

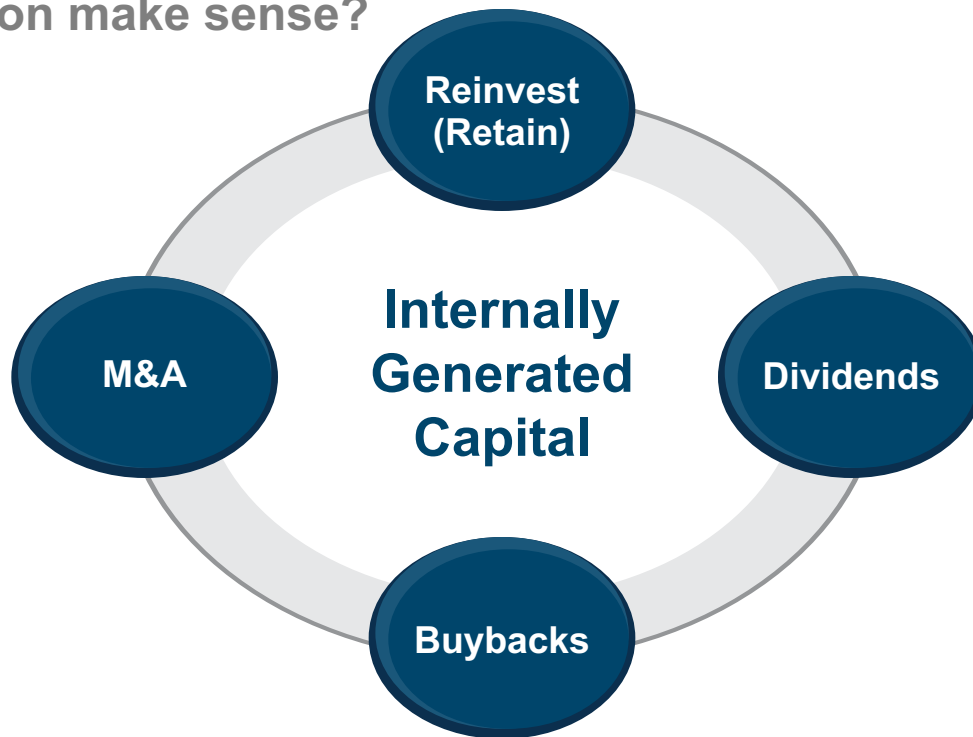
Income statement analysis (core earnings trend, drivers, etc.)

Parent company analysis (cap structure, cash flow sources and uses)

Valuation Analysis (historical, current, relative to peers, prospective)

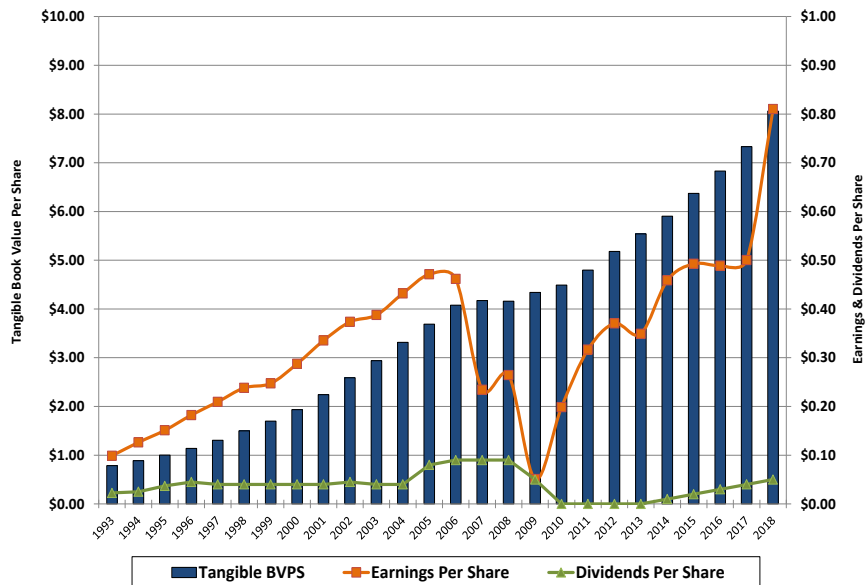
Capital Allocation

Capital allocation make sense?



Long-Term Trends

Does management compound value?



	YTD	Compound Annual Returns from December 31, 2018					
	12/15/19	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year
Price Performance							
ABC Bancshares	15.1%	-6.0%	11.0%	12.5%	10.1%	3.7%	6.9%
SNL Small Cap US Bank I	17.2%	-11.9%	8.2%	7.1%	5.3%	1.4%	3.9%
Russell 2000	21.5%	-12.2%	5.9%	3.0%	10.4%	6.1%	6.0%
S&P 500	26.4%	-6.2%	7.0%	6.3%	10.7%	5.6%	3.6%
Total Return (w/ Div'ds)							
ABC Bancshares	16.8%	-3.9%	12.7%	13.7%	10.9%	5.0%	8.5%
SNL Small Cap US Bank I	19.5%	-10.4%	10.0%	9.0%	7.4%	3.7%	6.3%
Russell 2000	23.1%	-11.0%	7.4%	4.4%	12.0%	7.5%	7.4%
S&P 500	28.9%	-4.4%	9.3%	8.5%	13.1%	7.8%	5.6%

Capital Structure

Parent capital structure is often over-looked

ABC Bancshares Shareholders		
Shareholder 1 *	5,950,000	16.3%
ABC ESOP	3,500,000	9.6%
Shareholder 2 *	3,097,300	8.5%
Shareholder 3 *	2,975,000	8.2%
Shareholder 4	1,950,000	5.3%
Shareholder 5 **	1,475,000	4.0%
Other (250 holders)	17,552,700	48.1%
Total Common Shares	36,500,000	100.0%

* Director, ** Director and Officer

ABC Parent Company		12/31/19
Cash		\$5,000
Investment in ABC		425,000
Other Assets		6,000
Total Parent Assets		\$436,000
LT Borrowings	\$15,000	
Trust Preferred Securities	40,000	
Other Liabilities	1,000	
Total Parent Liabilities	36,000	
Preferred Equity	0	
Common Equity	380,000	
Equity	380,000	
Total Liabilities & Equity	\$416,000	
Parent Debt / Equity	14.5%	
Book Value Per Share	\$10.41	
Tangible BVPS	\$9.89	

ABC Bank		12/31/19
Cash		\$55,000
Bonds		600,000
Loans		3,250,000
Loan Loss Reserve		(39,000)
Other Assets		384,000
Total Assets		\$4,250,000
Non-IB Deposits	\$1,096,000	
IB Deposits	2,557,333	
Borrowings	145,000	
Other Liabilities	26,667	
Equity	425,000	
Total Liabilities & Equity	\$4,250,000	
Leverage Ratio	10.0%	
Risk-Based Capital	14.0%	
NPAs / Assets	0.6%	
Reserve / Loans	1.20%	

Post-Close Pro Forma Data

Transaction Multiples	(\$000)	P/S	
Price to Seller	\$32,137	\$37.32	
Price / Tangible BVPS (with Options)	\$20,407	\$23.70	157%
Price / 2019 Earnings	\$2,147	\$2.53	14.8x
Price / 2020E w 50% Expense Saves	\$2,807	\$3.31	11.3x
Price / 2021E w 100% Expense Saves	\$3,472	\$4.09	9.1x
Buyer Price Per Share		\$55.85	
ABC Price / Post-Raise TBV	\$46,462	\$34.50	162%
ABC Price / FY20E	\$6,856	\$4.20	13.3x
ABC Price / FY21E	\$7,914	\$4.64	12.0x

Buyer Accretion / (Dilution) Summary	As Is	Pro-Forma	Δ
Tangible BVPS	\$40.30	\$36.21	-10%
TBVPS Cross-Over Recovery			~4 yrs
FY20E EPS	\$3.81	\$4.20	10%
FY21E EPS	\$4.08	\$4.64	14%
Bank Leverage Ratio	10.1%	9.2%	-90 bps
Bank Tier-One Ratio	11.7%	11.2%	-50 bps
Bank TRBC Ratio	12.9%	12.3%	-60 bps
Buyer Shareholders' Ownership	100%	86%	-1400 bps
Parent Debt / Equity	0.0%	28.1%	

What changes for the buyer?

- EPS accretion
- TBVPS dilution
- TBVPS earn-back period
- Capital ratios at the bank
- Parent company leverage

Public Comps

Public comps are one of several valuation methods

	P/E LTM Core EPS	Price / 2020(E) Earnings	Price / 2021(E) Earnings	Price / Book Value	Price / Tangible Book Value	Dividend Yield	CAGR of EPS 14-19
Carolina Banks	13.1x	13.6x	13.7x	168%	177%	2.72%	12.3%
Southeast Banks	13.9x	13.5x	13.4x	129%	146%	2.03%	11.3%
National Banks (\$3-\$5B; 9-13% Core ROTC)	13.4x	13.7x	12.9x	122%	147%	2.19%	9.7%
SELECTED MULTIPLE	13.2x	13.6x	13.3x	145%	162%		

	Total Assets (\$M)	Tangible Common / Tang Assets	Core Deposits/ Total Deposits	Loans / Assets	Loan Loss Reserve / Loans	NPAs / Loans	Net Charge- Offs / Avg Loans
Carolina Banks	\$4,338	12.0%	NA	79%	0.97%	0.86%	0.18%
Southeast Banks	\$3,075	10.1%	83.4%	73%	0.83%	0.62%	0.10%
National Banks (\$3-\$5B; 9-13% Core ROTC)	\$2,491	9.3%	90.3%	76%	0.87%	0.67%	0.05%
ABC BANCSHARES, INC.	\$4,675	10.6%	90.8%	79%	1.20%	0.63%	0.15%

	Core LTM ROTC	Core LTM ROA	Net Interest Margin	Fee Inc / Revenue	Efficiency Ratio	Pretax, Pre- Prov Op Inc/ Assets	LL Prov / Avg Loans
Carolina Banks	12.5%	1.52%	3.85%	25.0%	56.5%	2.24%	0.15%
Southeast Banks	11.5%	1.11%	3.72%	22.2%	66.4%	1.45%	0.13%
National Banks (\$3-\$5B; 9-13% Core ROTC)	12.6%	1.12%	3.62%	16.6%	63.2%	1.51%	0.13%
ABC BANCSHARES, INC.	11.3%	1.11%	4.03%	27.3%	71.7%	1.51%	0.15%

Relative Valuation

Does the conclusion make sense?

RELATIVE VALUE ANALYSIS

Conclusion of Value / Reported Book Value Per Share

Conclusion of Value / Tangible Book Value Per Share

Conclusion of Value / Reported LTMEPS

Conclusion of Value / Budgeted 2020 EPS

Conclusion of Value / Ongoing EPS

Implied Dividend Yield

	ABC BANCSHARES, INC.		GUIDELINE GROUP (COMPS)		
Per Share	Non-Mkt Min \$13.75	Mkt Min \$15.28	Carolina Median	Southeast Median	National Grp Median
Conclusion of Value / Reported Book Value Per Share	132%	147%	168%	129%	122%
Conclusion of Value / Tangible Book Value Per Share	139%	154%	177%	146%	147%
Conclusion of Value / Reported LTMEPS	12.3x	13.6x	13.1x	13.5x	14.0x
Conclusion of Value / Budgeted 2020 EPS	11.7x	12.9x	13.6x	13.5x	13.7x
Conclusion of Value / Ongoing EPS	13.1x	14.6x	13.1x	na	na
Implied Dividend Yield	2.5%	2.3%	2.7%	2.0%	2.2%

SECTION 6

Shareholder Base and Liquidity



Share Liquidity Considerations

Frequency of “street” trades

Number of shareholders


Distribution of ownership

Restrictive shareholder agreements?

Proxy, if available, provides insight into concentrations

FR Y-6 filed by BHCs is an excellent source for board and 5% owners

Board of Governors of the Federal Reserve System



Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 609 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2017
 Month / Day / Year
 N/A
 Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)
 Reporter's Name, Street, and Mailing Address

Trans Pacific Bancorp
 Legal Title of Holding Company
 88 Kearny Street, Suite 1750
 (Mailing Address of the Holding Company) Street / P.O. Box
 San Francisco CA 94108
 City State Zip Code

Physical Location (if different from mailing address)
 Person to whom questions about this report should be directed:
 Dennis Jang CFO
 Name Title
 415-543-0826
 Area Code / Phone Number / Extension

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.
 I, Denis J. Daly, Jr.,
 Name of the Holding Company Director and Official
 Chairman/ CEO
 Title of the Holding Company Director and Official
 attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.
 With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide the information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's

“Publicly” Traded Shares

OTC – thin market; BHC is not an SEC registrant

NASDAQ or NYSE listing does not guarantee great liquidity

Any restrictions on ability to sell shares received?

Can the market absorb shares received?

Institutional vs insider and retail ownership

Shares included in an index (e.g., Russell 2000)?

Float (% of shares outstanding that can be traded)

Short interest

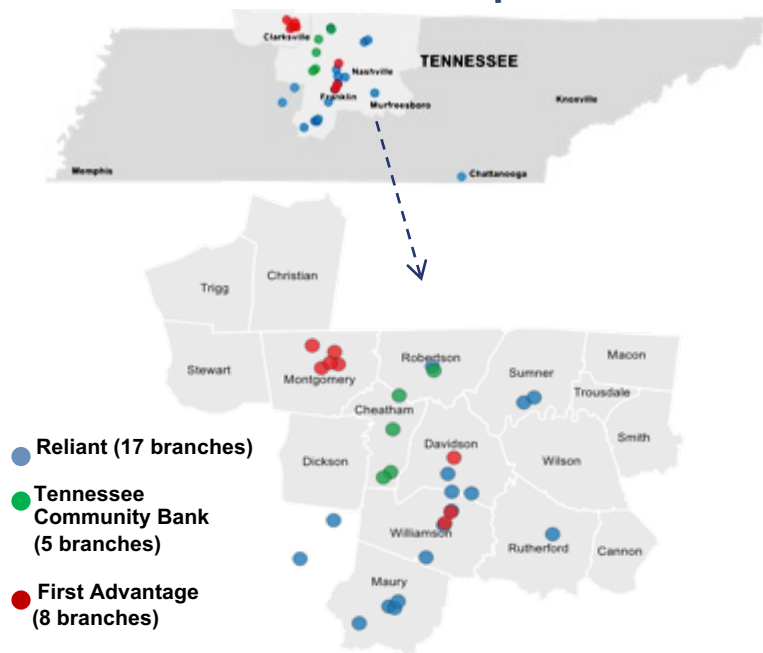
SECTION 7

Reliant Bancorp (RBNC)



Overview of Reliant

Pro-forma Branch Footprint



Source: S&P Global Market Intelligence

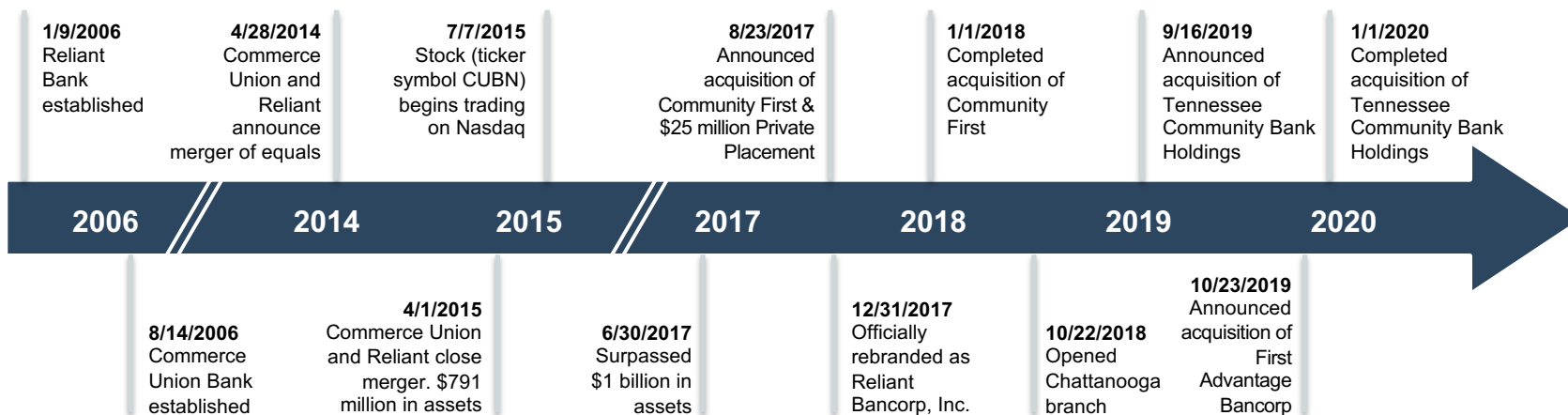
Note: Financial information as of September 30, 2019, market data as of January 9, 2020. Pro-forma metrics include the acquisitions of TCB and FABK and exclude purchase accounting adjustments

¹ Community bank defined as institutions with total assets of less than \$10 billion

Franchise Overview

- **HQ:** Brentwood, TN
- **Year Founded:** 2006
- **Market Capitalization:** \$374 million (pro-forma)
- **Assets:** \$2.8B (pro-forma)
- Focused on fast growing Middle Tennessee markets
- Recent de novo expansion into Murfreesboro and Chattanooga, TN
- Announced acquisitions of Tennessee Community Bank (TCB) and First Advantage Bancorp (FABK)
- 10th largest bank by deposits in the Tennessee and 3rd largest community bank¹ by deposits headquartered in the Nashville MSA
- Concentrated on building in-market banking relationships; 80% of top 50 loan relationships have related deposits at the bank
- Experienced management team with extensive local market knowledge

History of Expansion and Growth



		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Q3 '19
Total Assets (\$mm)	RBNC	\$111	\$205	\$317	\$382	\$379	\$363	\$385	\$385	\$450	\$876	\$912	\$1,125	\$1,724	\$1,852
	Commerce Union Bank	\$35	\$98	\$133	\$148	\$187	\$209	\$232	\$253	\$296					
															+ \$257 (TCB Holdings) + \$733 (FABK) \$2,842 (Pro-forma)

Source: S&P Global Market Intelligence; Company Filings

Recent Acquisitions

	Tennessee Community Bank Holdings	First Advantage Bancorp
Overview	<ul style="list-style-type: none"> Announced on September 16, 2019 Assets: \$257 million Headquartered: Ashland City, TN Five branches in the Nashville MSA 	<ul style="list-style-type: none"> Announced on October 23, 2019 Assets: \$733 million Headquartered: Clarksville, TN Five branches in Montgomery County, TN Three branches in the Nashville MSA
Strategic Rationale	<ul style="list-style-type: none"> Entry into Cheatham County, TN with the #1 deposit market share and strengthens existing footprint in Robertson County, TN Some of the lowest cost deposits in the region Sizeable reductions in noninterest expense coupled with increased capital base to further support borrower demand 	<ul style="list-style-type: none"> Extends footprint into the attractive Clarksville MSA with #2 deposit market share and 15.4% of deposits Vibrant Williamson County, TN position improves to #5 with 8.5% deposit market share Adds highly profitable manufactured housing lending business (~8% of pro-forma loans)
Transaction Consideration	<ul style="list-style-type: none"> Transaction value of approximately \$37.2 million¹ ~50% Stock / 50% Cash EPS accretion in 2021 of ~12.5% 	<ul style="list-style-type: none"> Transaction value of approximately \$123.4 million² ~90% Stock / 10% Cash EPS accretion in 2021 of >17%

¹ Pricing based on RBNC's 20-day volume-weighted average closing price per share of \$23.06 as of 9/6/2019

² Pricing based on RBNC's closing common stock price of \$23.65 per share as of 10/22/19

Our Strategy for 2020 and Beyond

Deposits	Continue to grow core deposit and reduce reliance on warehouse lines
Stable Growth	Stable low double-digit organic growth
Recent Acquisitions	Seamless integration of Tennessee Community Bank and First Advantage Bancorp
New Markets	Leverage presence in new markets
Talent	Add experienced lending talent in key growth markets
Asset Quality	Commitment to superior asset quality
Digital	Expand digital channel and provide a streamlined online experience for customers
Efficiency	Improve operating efficiency

Value Proposition Alignment

Why Sellers Sell?

- Liquidity needs
- Social issues including age and succession
- 'Hitting the wall' on performance
- Value creation stronger with bigger platform

Why Reliant?

- Strong currency with moderate valuation compared to peer medians
 - Publicly-traded with meaningful liquidity / volume
 - Dividend growth
- Experienced management team
 - Opportunity for partners to maintain meaningful positions in the growing franchise
- Uniquely positioned with a great geographic presence
- Opportunity for benefits of combined scale

Questions?

Thank you for attending today's session



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