



# INVESTAR<sup>®</sup>

NASDAQ: ISTR

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Q3 2024 Investor Presentation

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# Cautionary Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect Investor's current views with respect to, among other things, future events and financial performance. Investor 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 Investor and its subsidiaries or on Investor's current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by Investor that the future plans, estimates or expectations by Investor will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to Investor'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 Investor's underlying assumptions prove to be incorrect, Investor's actual results may vary materially from those indicated in these statements. Investor 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: (1) the significant risks and uncertainties for our business, results of operations and financial condition, as well as our regulatory capital and liquidity ratios and other regulatory requirements caused by business and economic conditions generally and in the financial services industry in particular, whether nationally, regionally or in the markets in which we operate; (2) changes in inflation, interest rates, yield curves and interest rate spread relationships that affect our loan and deposit pricing; (3) our ability to continue to successfully execute the pivot of our near-term strategy from primarily a growth strategy to a strategy primarily focused on consistent, quality earnings through the optimization of our balance sheet, and our ability to successfully execute a long-term growth strategy; (4) our ability to achieve organic loan and deposit growth, and the composition of that growth; (5) a reduction in liquidity, including as a result of a reduction in the amount of deposits we hold or other sources of liquidity, which may be caused by, among other things, disruptions in the banking industry similar to those that occurred in early 2023 that caused bank depositors to move uninsured deposits to other banks or alternative investments outside the banking industry; (6) our ability to identify and enter into agreements to combine with attractive acquisition candidates, finance acquisitions, complete acquisitions after definitive agreements are entered into, and successfully integrate and grow acquired operations; (7) our adoption on January 1, 2023 of ASU 2016-13, and inaccuracy of the assumptions and estimates we make in establishing reserves for credit losses and other estimates; (8) 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; (9) changes in the quality and composition of, and changes in unrealized losses in, our investment portfolio, including whether we may have to sell securities before their recovery of amortized cost basis and realize losses; (10) 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; (11) our dependence on our management team, and our ability to attract and retain qualified personnel; (12) the concentration of our business within our geographic areas of operation in Louisiana, Texas and Alabama; (13) increasing costs of complying with new and potential future regulations; (14) new or increasing geopolitical tensions, including resulting from wars in Ukraine and Israel and surrounding areas; (15) the emergence or worsening of widespread public health challenges or pandemics including COVID-19; (16) concentration of credit exposure; (17) any deterioration in asset quality and higher loan charge-offs, and the time and effort necessary to resolve problem assets; (18) fluctuations in the price of oil and natural gas; (19) data processing system failures and errors; (20) risks associated with our digital transformation process, including increased risks of cyberattacks and other security breaches and challenges associated with addressing the increased prevalence of artificial intelligence; (21) risks of losses resulting from increased fraud attacks against us and others in the financial services industry; (22) potential impairment of our goodwill and other intangible assets; (23) our potential growth, including our entrance or expansion into new markets, and the need for sufficient capital to support that growth; (24) the impact of litigation and other legal proceedings to which we become subject; (25) competitive pressures in the commercial finance, retail banking, mortgage lending and consumer finance industries, as well as the financial resources of, and products offered by, competitors; (26) the impact of changes in laws and regulations applicable to us, including banking, securities and tax laws and regulations and accounting standards, as well as changes in the interpretation of such laws and regulations by our regulators; (27) changes in the scope and costs of FDIC insurance and other coverages; (28) governmental monetary and fiscal policies; and (29) hurricanes, tropical storms, tropical depressions, floods, winter storms, droughts and other adverse weather events, all of which have affected Investor's market areas from time to time; other natural disasters; oil spills and other man-made disasters; acts of terrorism; other international or domestic calamities; acts of God; and other matters beyond our control.

These factors should not be construed as exhaustive. Additional information on these and other risk factors can be found in Part I Item 1A. "Risk Factors" and in the "Special Note Regarding Forward-Looking Statements" in Part II Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Investor's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC

## Non-GAAP Financial Measures

This presentation 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 income," "core earnings before noninterest expense," "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." We also present certain average loan, yield, net interest income and net interest margin data adjusted to show the effects of excluding interest recoveries and interest income accretion from the acquisition of loans. Management believes these non-GAAP financial measures provide information useful to investors in understanding Investor's financial results, and Investor believes that its presentation, together with the accompanying reconciliations, provide a more complete understanding of factors and trends affecting Investor'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 Investor 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. Reconciliation of the non-GAAP financial measures disclosed in this presentation to the comparable GAAP financial measures are included in the appendix.



# Our Company

*Investar Holding Corp. is the Bank Holding Company for Investar Bank*

- Headquartered in Baton Rouge, LA
- Founded in 2006
- Full service, commercially-oriented community bank
- 28 branches across Alabama, Louisiana and Texas
- Initial public offering and Nasdaq listing in 2014
- Completed 7 whole bank acquisitions and 1 branch transaction
- 44 consecutive quarters of dividends paid; 9 consecutive years of dividend growth

## Mission

Investar is a dynamic full service community bank focused on relationships that create value and opportunities for our customers, employees, shareholders and the community served





# Execution of Strategic Initiatives – 3<sup>rd</sup> Quarter 2024

## Balance Sheet Optimization and Capital

- We are continuing to focus on consistent, quality earnings through the optimization and right-sizing of the balance sheet. As a result of the right-sizing of our balance sheet and net recoveries of \$0.4 million, we recognized the benefit of a \$0.9 million negative provision for credit losses.
- Net interest margin improved to 2.67% for the 3<sup>rd</sup> quarter of 2024 compared to 2.62% for the 2<sup>nd</sup> quarter of 2024. Exclusive of interest income accretion from the acquisition of loans and interest recoveries, adjusted net interest margin<sup>1</sup> improved to 2.66% for the 3<sup>rd</sup> quarter of 2024, compared to 2.61% for the 2<sup>nd</sup> quarter of 2024.
- Variable-rate loans as a percentage of total loans was 30% at September 30, 2024. During the 3<sup>rd</sup> quarter we originated or renewed loans, 77% of which were variable-rate loans, at an 8.5% blended interest rate.
- We exited the consumer mortgage loan origination business during the 3<sup>rd</sup> quarter of 2023. The consumer mortgage portfolio decreased \$5.1 million, or 2.0%, to \$247.2 million at September 30, 2024 compared to \$252.3 million at June 30, 2024.
- We refinanced all of our borrowings under the Federal Reserve's Bank Term Funding Program ("BTFP") during the 1<sup>st</sup> quarter of 2024 at a weighted average rate of 4.76%. Outstanding borrowings under the BTFP decreased \$120.0 million to \$109.0 million at September 30, 2024, compared to \$229.0 million at June 30, 2024.
- We remain focused on building capital levels through organic earnings coupled with strategic management of the balance sheet, including a disciplined pace of share repurchases. We repurchased 2,000 shares during the 3<sup>rd</sup> quarter at an average price of \$18.50 per share and increased our quarterly dividend per share by 5% compared to the 2<sup>nd</sup> quarter.

## Credit Quality

- Nonperforming assets to total assets was 0.32% at September 30, 2024 compared to 0.30% at June 30, 2024. The allowance for credit losses to nonperforming loans was 682.0% at September 30, 2024 compared to 576.4% at June 30, 2024.
- We continued to originate high quality loans that are less susceptible to the effects of a potential economic downturn.

## Expense Control and Efficiency

- Despite inflationary pressures, expenses are closely monitored and remain well-controlled. GAAP noninterest expense increased \$0.7 million to \$16.2 million for the 3<sup>rd</sup> quarter of 2024 compared to \$15.5 million for the 2<sup>nd</sup> quarter of 2024, and core noninterest expense<sup>1</sup> increased \$0.1 million, or less than 1%, to \$15.9 million for the 3<sup>rd</sup> quarter of 2024 compared to \$15.8 million for the 2<sup>nd</sup> quarter of 2024. The increase in core noninterest expense is primarily due to investment in people with an emphasis on our Texas markets to remix and strengthen our balance sheet.
- We are continuing to execute on our digital transformation and evaluating opportunities to optimize our physical branch and ATM footprint.



# Financial Overview – 3<sup>rd</sup> Quarter 2024

## Highlights

- Return on average assets increased to 0.77% for the 3<sup>rd</sup> quarter of 2024 compared to 0.59% for the 2<sup>nd</sup> quarter of 2024. Core return on average assets<sup>1</sup> increased to 0.63% for the 3<sup>rd</sup> quarter of 2024 compared to 0.52% for the 2<sup>nd</sup> quarter of 2024.
- Net interest margin improved to 2.67% for the quarter ended September 30, 2024 compared to 2.62% for the quarter ended June 30, 2024.
- Book value per common share increased to \$24.98 at September 30, 2024, or 6.7%, compared to \$23.42 at June 30, 2024. Tangible book value per common share<sup>1</sup> increased to \$20.73 at September 30, 2024, or 8.3%, compared to \$19.15 at June 30, 2024.
- During the 3<sup>rd</sup> quarter of 2024, we recorded \$1.1 million in noninterest income from a legal settlement related to one loan relationship that became impaired in the 3<sup>rd</sup> quarter of 2021 as a result of Hurricane Ida.

## Liquidity

- Beginning in the 2<sup>nd</sup> quarter of 2023, the Bank began utilizing the BTFP to secure fixed rate funding for up to a one-year term and reduce short-term Federal Home Loan Bank (“FHLB”) advances, which are priced daily. The Bank utilized this source of funding due to its lower rate as compared to FHLB advances, the ability to prepay the obligations without penalty, and as a means to lock in funding.
- At September 30, 2024, we held \$86.3 million of cash and cash equivalents and maintained approximately \$739.1 million of available funding from FHLB advances and unsecured lines of credit with correspondent banks. Cash and cash equivalents and available funding represent 111% of uninsured deposits of \$746.6 million at September 30, 2024.

## Loans and Credit Quality

- Consistent with our strategy of optimizing the balance sheet, total loans decreased \$10.9 million, or 0.5%, to \$2.16 billion at September 30, 2024 compared to \$2.17 billion at June 30, 2024.
- Nonperforming loans improved to 0.19% of total loans at September 30, 2024 compared to 0.23% of total loans at June 30, 2024.

## 3<sup>rd</sup> Quarter Results

### Balance Sheet (in millions)

Assets	\$ 2,803
Net Loans	\$ 2,128
Deposits	\$ 2,287
Equity	\$ 246

### Holding Company Capital

TCE/TA <sup>1</sup>	7.38%
Tier 1 Leverage Capital	8.95%
Common Equity Tier 1 Capital	10.33%
Tier 1 Capital	10.74%
Total Capital	13.48%

### Profitability (dollars in thousands)

Net Interest Margin	2.67%
ROAA	0.77%
ROAE	8.97%
Net Income	\$ 5,381
Pre-Tax, Pre-Provision Income <sup>1</sup>	\$ 5,220

### Per Share Information

Tangible Book Value <sup>1</sup>	\$ 20.73
Earnings (Diluted)	\$ 0.54
Dividends	\$ 0.105



# Leadership Team



***John J. D'Angelo, President and Chief Executive Officer***

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Mr. D'Angelo has been the President and Chief Executive Officer of the Company since our organization as a bank holding company in 2013. He has also served as the Bank's President and Chief Executive Officer since its organization in 2006. Prior to Investstar Bank's organization, Mr. D'Angelo was manager of the private banking, small business banking, construction lending, brokerage and trust areas of Hibernia National Bank (the predecessor to Capital One Bank, N.A.) for more than six years in the East Baton Rouge Parish, Louisiana, market. From 1996 to 2005, Mr. D'Angelo was president and director of Aegis Lending Corporation, a company with lending operations in 46 states and the District of Columbia.



***John R. Campbell, Executive VP and Chief Financial Officer***

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Mr. Campbell joined the Bank in January 2023 as the Chief Financial Officer. Prior to joining the Bank, he served as the Director of Accounting and Corporate Controller for Laitram LLC, a global manufacturing company. Prior to joining Laitram LLC in 2005, Mr. Campbell served in corporate treasury, accounting and financial reporting, portfolio management, and lending roles for Hibernia National Bank for over ten years. Mr. Campbell also spent four years as an auditor with Ernst & Young LLP serving both public and privately-held clients in a variety of industries, including financial services. He has a Bachelor of Science in Finance from Louisiana State University and is a licensed Certified Public Accountant.



***Jeffrey W. Martin, Executive VP and Chief Credit Officer***

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Mr. Martin joined the Bank in April 2020 as the Business Banking Director. In October 2021, he assumed the role of Chief Credit Officer. Prior to joining the Bank, he served as a Commercial Banking Executive for Regions Bank. He has over 30 years of banking experience, including senior roles in credit risk management, special assets, business development strategy and commercial banking.



***Linda M. Crochet, Executive VP and Chief Operating Officer***

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Ms. Crochet joined the Bank in January 2019 as the Greater Baton Rouge Loan Portfolio President. In October 2021, she assumed the role of Chief Operations Officer of the Company and the Bank. Prior to joining the Bank, Ms. Crochet served as Senior Director of Credit Process and Technology within the Credit Risk Management department of Capital One Bank from 2005 to 2018. Ms. Crochet also spent 21 years at Hibernia National Bank, which was acquired by Capital One Bank in 2005, in various roles that include credit underwriting, credit policy, lending, and investor relations.



# Corporate Culture

## VALUES

Integrity  
Neighborhoodly  
Visionary  
Empowerment  
Star Service  
Team Focused  
Accountable  
Responsive



## MISSION

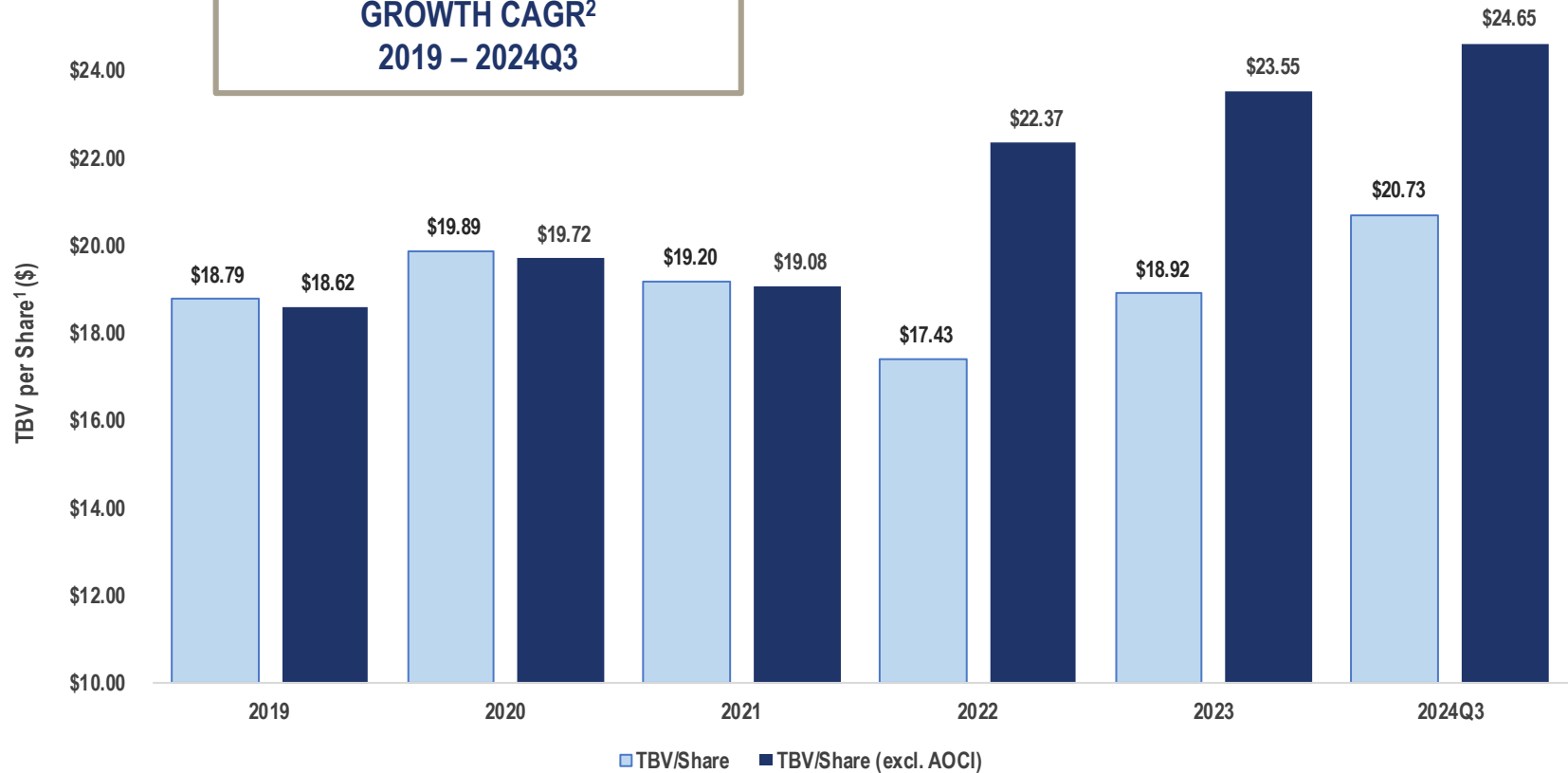
**INVESTAR IS**  
a dynamic full service  
community bank focused  
on relationships that create  
value and opportunities for  
our customers, employees,  
shareholders and the  
community served



# Creating Shareholder Value

## Tangible Book Value Per Share<sup>1</sup>

**5.8%** TBV / Share (Ex. AOCI)<sup>1</sup>  
**GROWTH CAGR<sup>2</sup>**  
**2019 – 2024Q3**



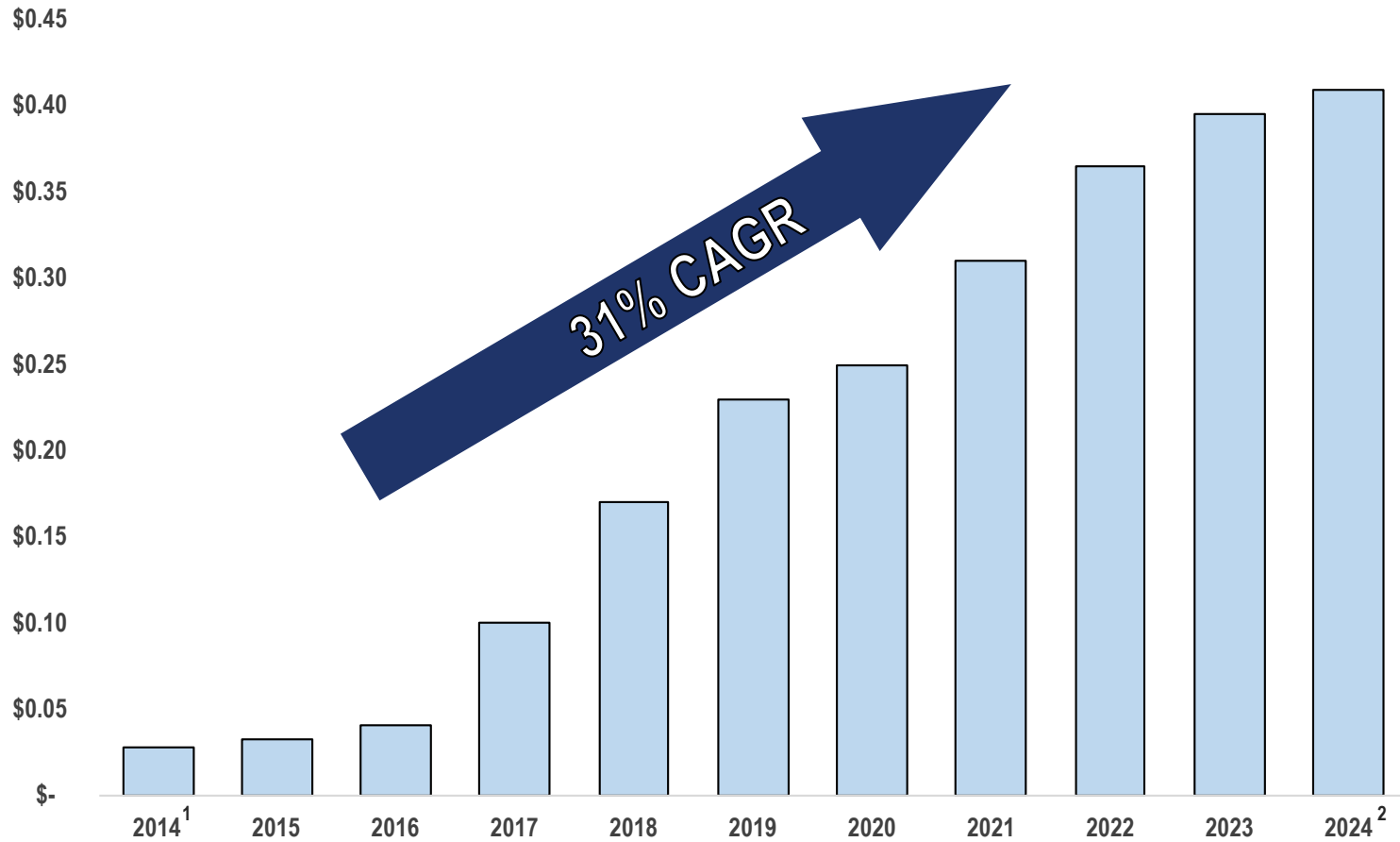
<sup>1</sup> Non-GAAP financial measure; please see appendix for additional details

<sup>2</sup> Abbreviation for Compound Annual Growth Rate – for the period beginning December 31, 2019 and ending September 30, 2024





# Dividend History



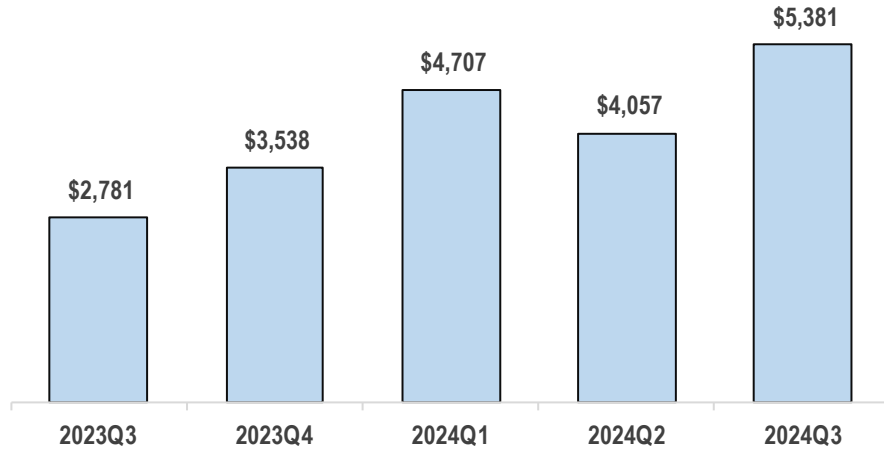
<sup>1</sup> Annualized based on 3<sup>rd</sup> quarter 2014 dividend of \$0.0068 plus 4<sup>th</sup> quarter 2014 dividend of \$0.007

<sup>2</sup> Annualized based on actual dividends of \$0.305 through the 3<sup>rd</sup> quarter of 2024 plus an assumed 4<sup>th</sup> quarter 2024 dividend of \$0.105.

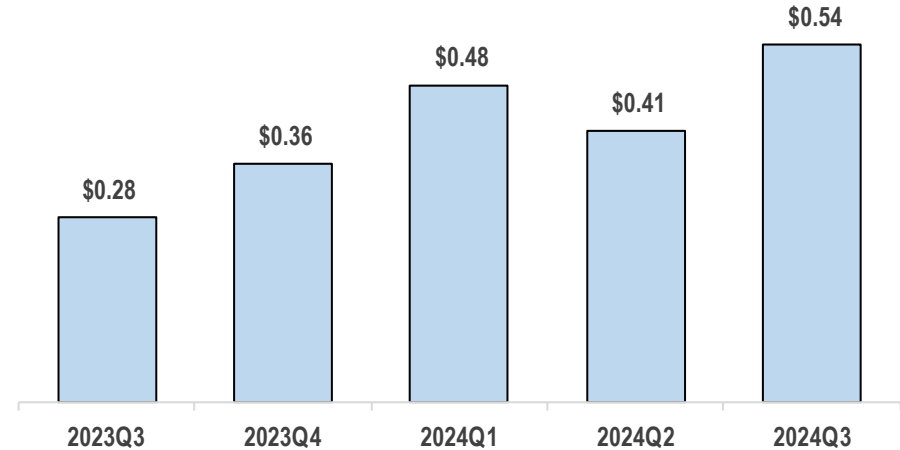


# Recent GAAP Earnings Performance

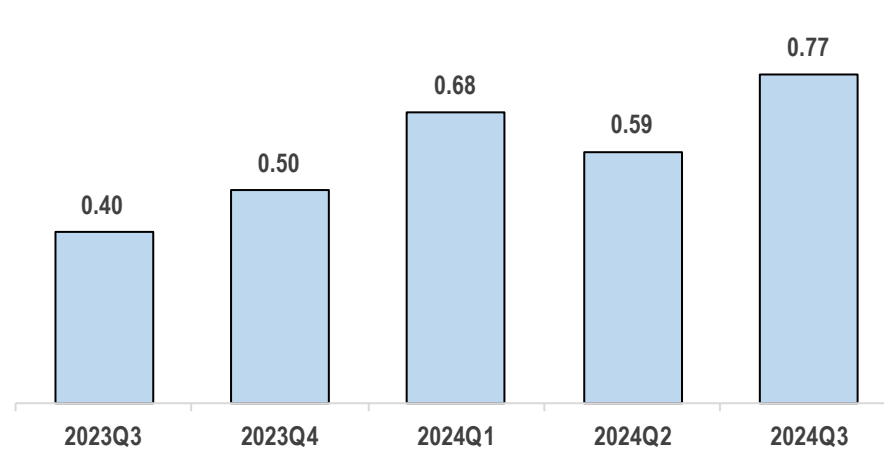
## Net Income (\$000)



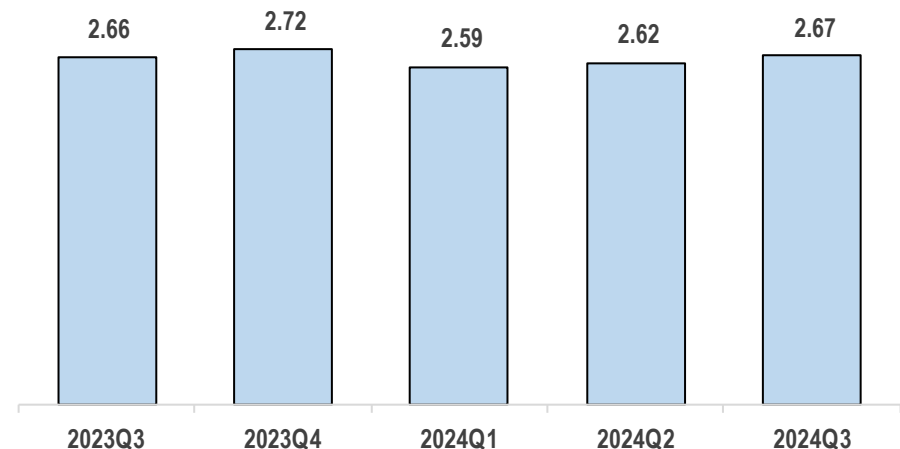
## Earnings Per Share (Diluted)



## ROAA (%)



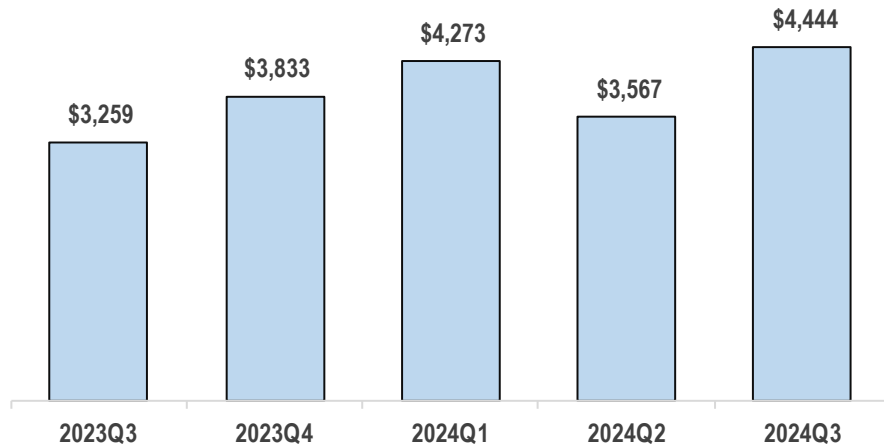
## Net Interest Margin (%)



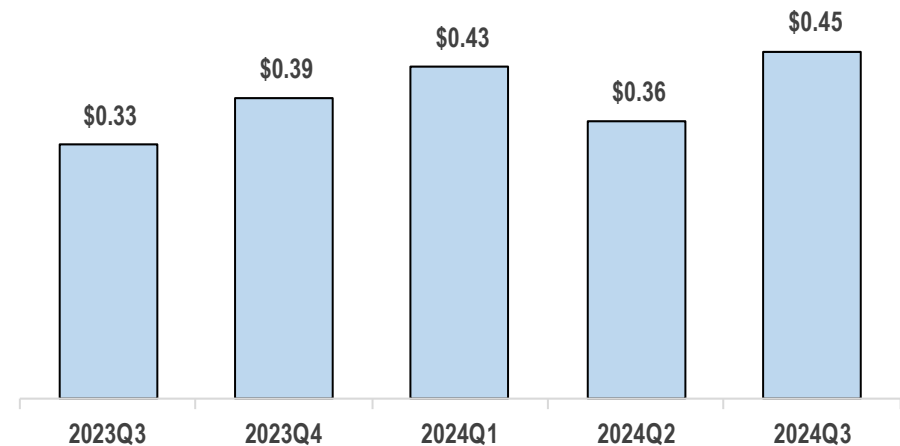


# Recent Core Earnings Performance

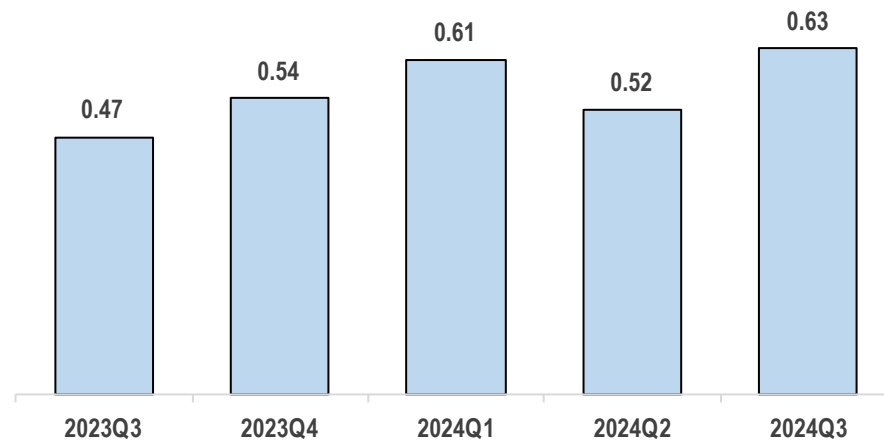
## Core Earnings (\$000)<sup>1</sup>



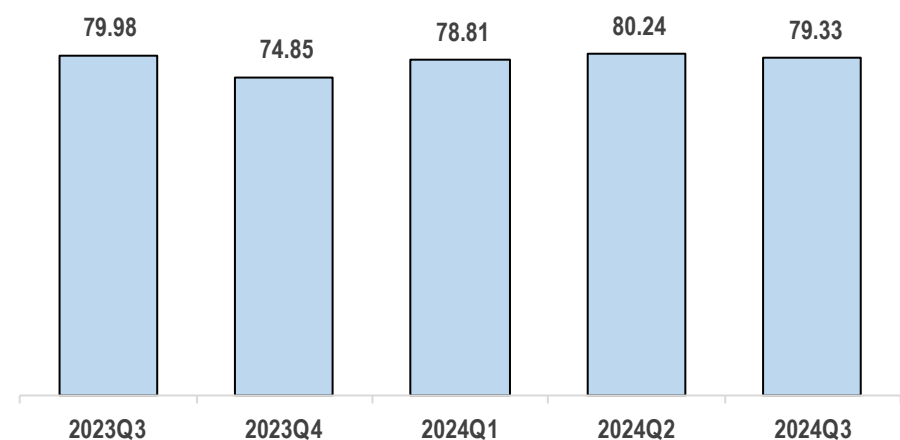
## Core Earnings Per Share (Diluted)<sup>1</sup>



## Core ROAA (%)<sup>1</sup>



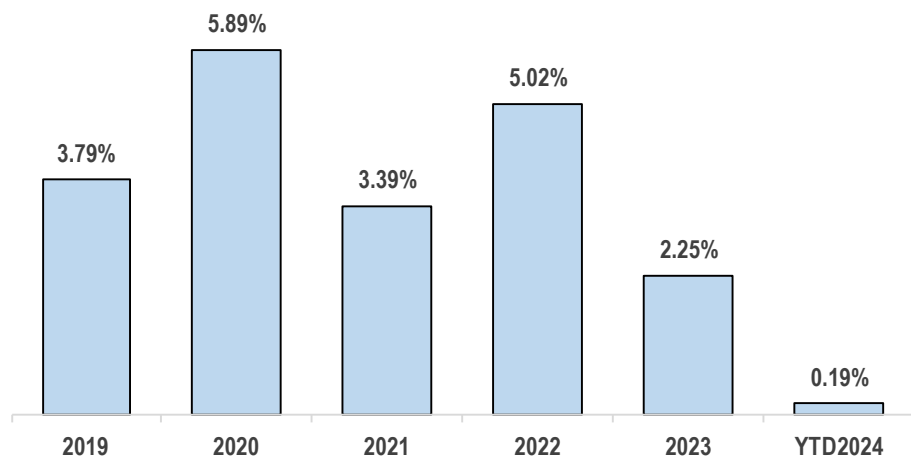
## Core Efficiency Ratio (%)<sup>1</sup>





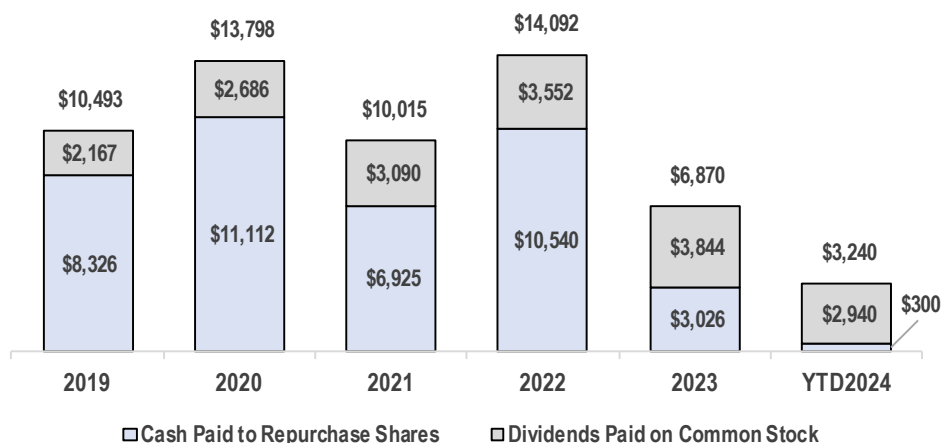
# Returns to Shareholders

## Shares Repurchased (%)<sup>1</sup>



- In July 2023, the Board of Directors authorized an additional 350,000 shares for repurchase under our stock repurchase program.
- Repurchased 2,000 shares during the 3<sup>rd</sup> quarter at an average price of \$18.50 and 18,621 shares YTD at an average price of \$16.13.
- QTD and YTD purchases represent discounts to tangible book value of 11% and 22%, respectively, as of September 30, 2024.

## Dollars Returned to Shareholders (\$000)

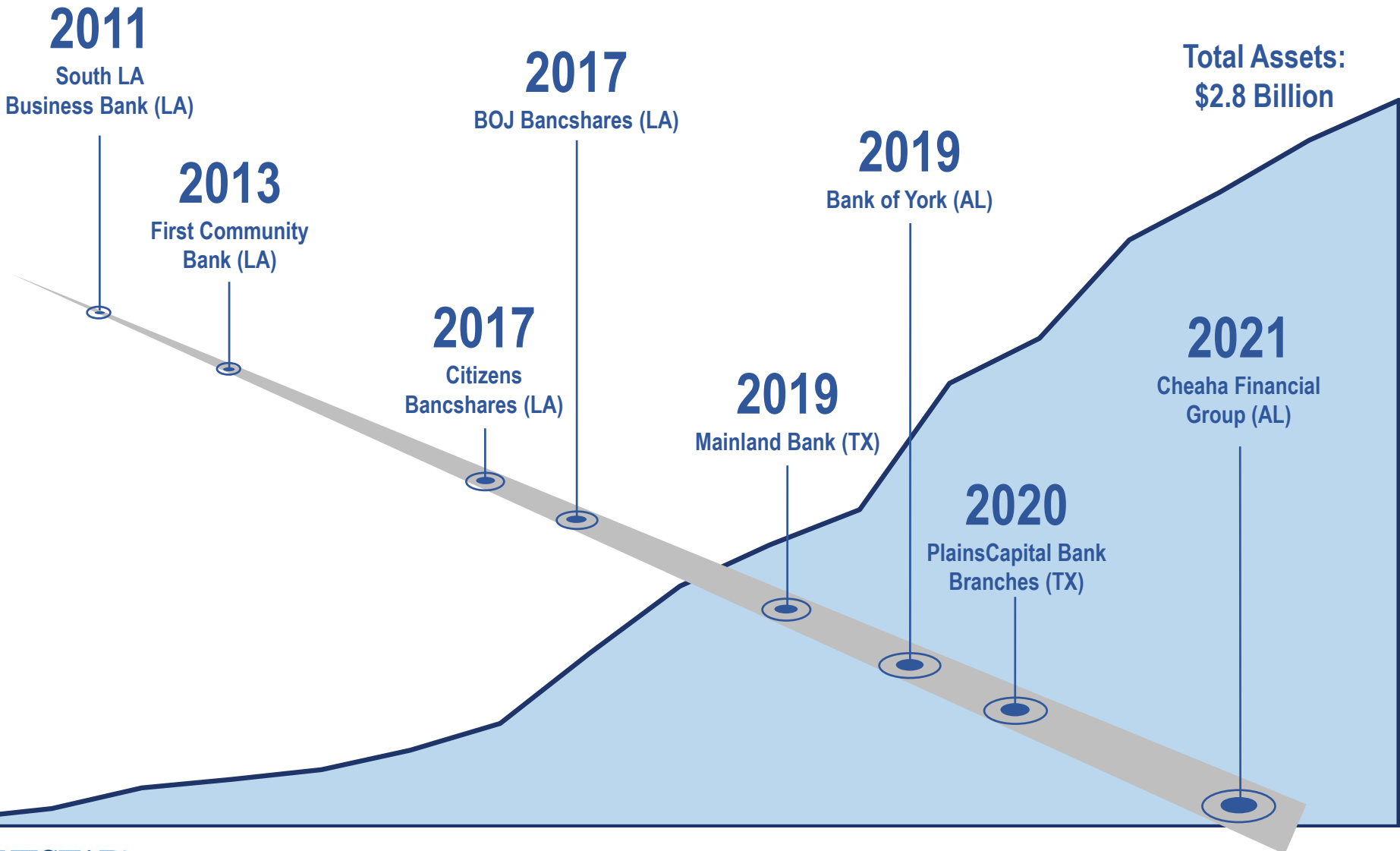


- Since the inception of the stock repurchase program in 2015, the Company has paid \$48.0 million to repurchase 2,554,355 shares at an average price of \$18.80.
- The repurchase program is complemented by our ongoing quarterly shareholder dividend, which has increased at 31% per annum since our initial public offering to \$0.105 per share.



# Continued Execution of Acquisition Strategy

*Investar Has Completed 7 Whole Bank Acquisitions and 1 Branch Transaction*





# Investment Portfolio – 3<sup>rd</sup> Quarter 2024

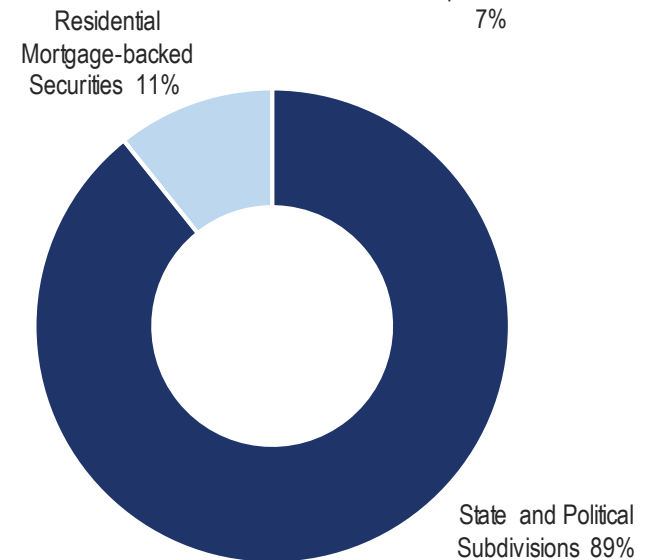
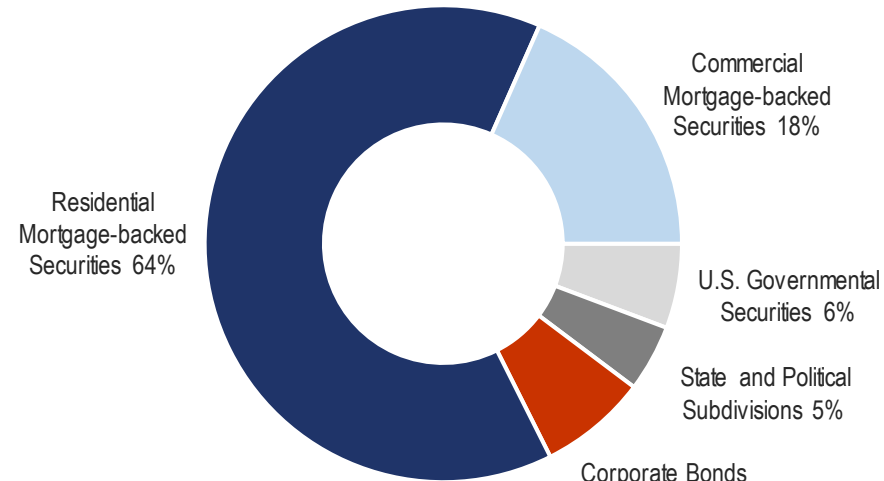
<b>Available-for-Sale</b>			
<i>(Dollars in thousands)</i>	<b>Book Value</b>	<b>Gain (Loss)</b>	<b>Fair Value</b>
U.S. Governmental Securities	\$ 20,298	\$ (173)	\$ 20,125
State and Political Subdivisions	17,748	(1,866)	15,882
Corporate Bonds	28,322	(2,623)	25,699
Residential Mortgage-backed Securities	261,627	(37,190)	224,437
Commercial Mortgage-backed Securities	71,620	(7,117)	64,503
<b>Total</b>	<b>\$ 399,615</b>	<b>\$ (48,969)</b>	<b>\$ 350,646</b>

<b>Available-for-Sale Portfolio Characteristics</b>	
Weighted average modified duration	5.3 years
Current tax-equivalent yield	2.79%

<b>Held-to-Maturity</b>			
<i>(Dollars in thousands)</i>	<b>Book Value</b>	<b>Gain (Loss)</b>	<b>Fair Value</b>
Residential Mortgage-backed Securities	\$ 2,090	\$ (156)	\$ 1,934
State and Political Subdivisions	16,212	(128)	16,084
<b>Total</b>	<b>\$ 18,302</b>	<b>\$ (284)</b>	<b>\$ 18,018</b>

<b>Held-to-Maturity Portfolio Characteristics</b>	
Weighted average modified duration	7.5 years
Current tax-equivalent yield	5.12%

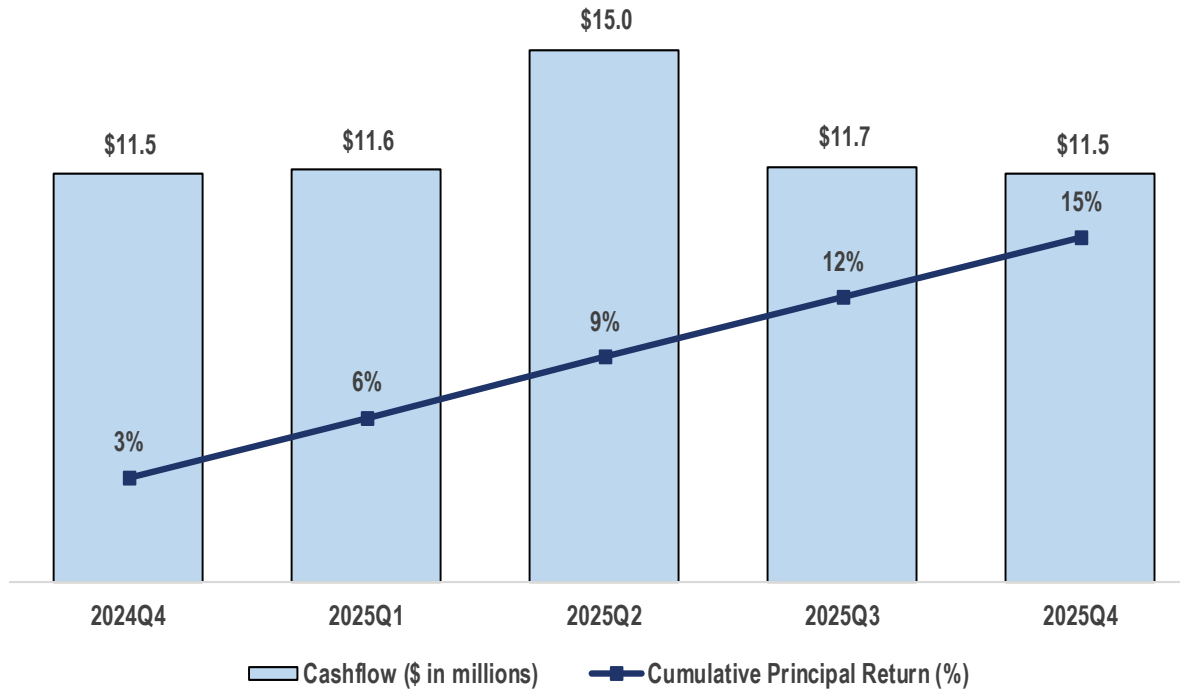
Total Effective Duration:	5.6 years
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# Investment Portfolio – Principal Cash Flows

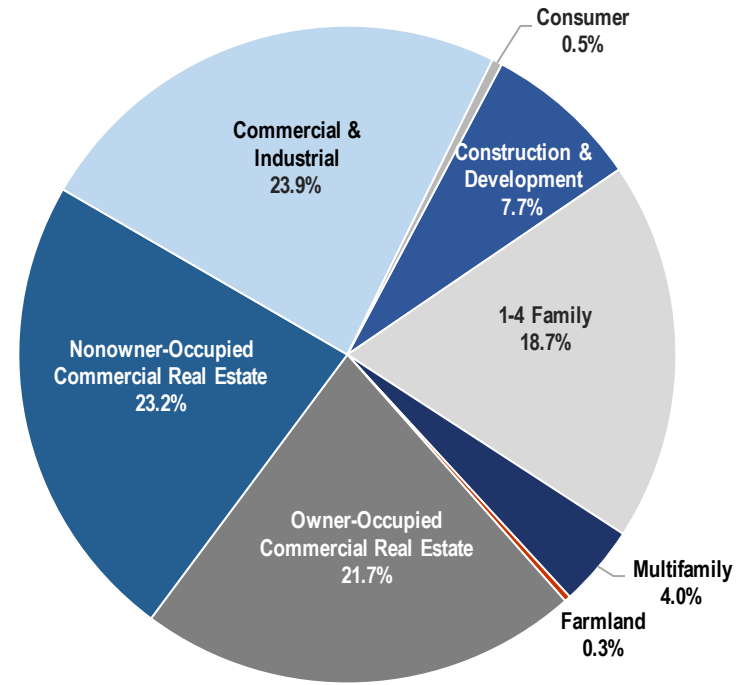
*~\$61 Million Maturing by Q4 2025*





# Loan Portfolio – 3<sup>rd</sup> Quarter 2024

- Consistent with our strategy to optimize the balance sheet, total loans decreased \$10.9 million, or 0.5%, to \$2.16 billion at September 30, 2024 compared to \$2.17 billion at June 30, 2024.
- Loan yield increased to 6.04% for the 3<sup>rd</sup> quarter of 2024 compared to 5.96% for the 2<sup>nd</sup> quarter of 2024. Exclusive of interest income accretion from the acquisition of loans and interest recoveries, adjusted loan yield<sup>1</sup> improved to 6.02% for the 3<sup>rd</sup> quarter of 2024 compared to 5.95% for the 2<sup>nd</sup> quarter of 2024.
- Variable-rate loans represented 30% of total loans at both September 30, 2024 and June 30, 2024. Variable-rate loans as a percentage of loan originations and renewals was 77% for the 3<sup>rd</sup> quarter of 2024.



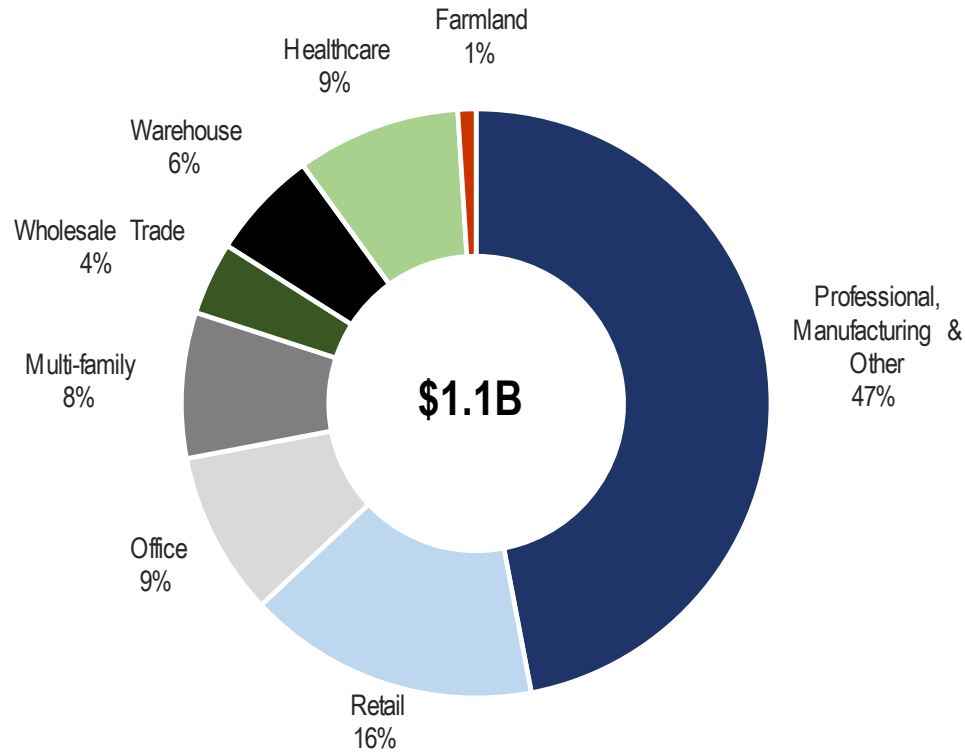
Loan Portfolio Detail - Quarterly Lookback

(Dollars in thousands)	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Construction & Development	\$ 201,633	\$ 210,274	\$ 197,850	\$ 211,390	\$ 190,371	\$ 173,511	\$ 177,840	\$ 166,954
1-4 Family	401,377	401,329	414,380	415,162	413,786	414,480	414,756	403,097
Multifamily	81,812	80,980	80,424	102,974	105,946	105,124	104,269	85,283
Farmland	12,877	10,731	8,434	8,259	7,651	7,539	7,542	7,173
Owner-Occupied Commercial Real Estate	445,148	433,585	441,393	440,208	449,610	453,414	453,456	467,467
Nonowner-Occupied Commercial Real Estate	513,095	533,572	530,820	501,649	488,098	495,844	489,984	499,274
Commercial & Industrial	435,093	425,093	399,488	411,290	543,421	518,969	507,822	515,273
Consumer	13,732	13,480	12,074	12,090	11,736	11,697	11,090	11,325
<b>Total Loans</b>	<b>\$ 2,104,767</b>	<b>\$ 2,109,044</b>	<b>\$ 2,084,863</b>	<b>\$ 2,103,022</b>	<b>\$ 2,210,619</b>	<b>\$ 2,180,578</b>	<b>\$ 2,166,759</b>	<b>\$ 2,155,846</b>





# CRE Portfolio Overview



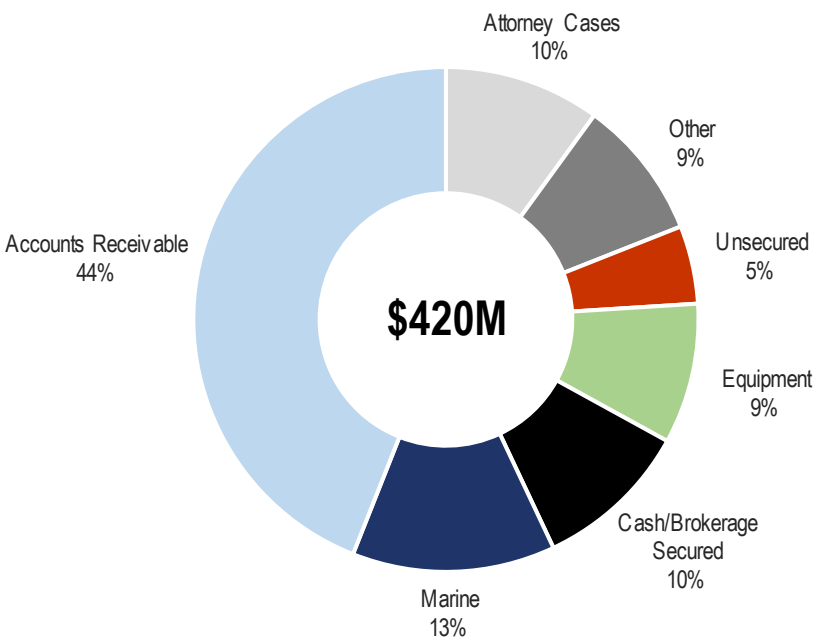
## Portfolio Characteristics September 30, 2024

% of Total Portfolio	49.2%
Owner-Occupied as % of CRE Portfolio	44.1%
Nonowner-Occupied Office as a % of Total Portfolio	4.7%
Average Loan Size	\$979K

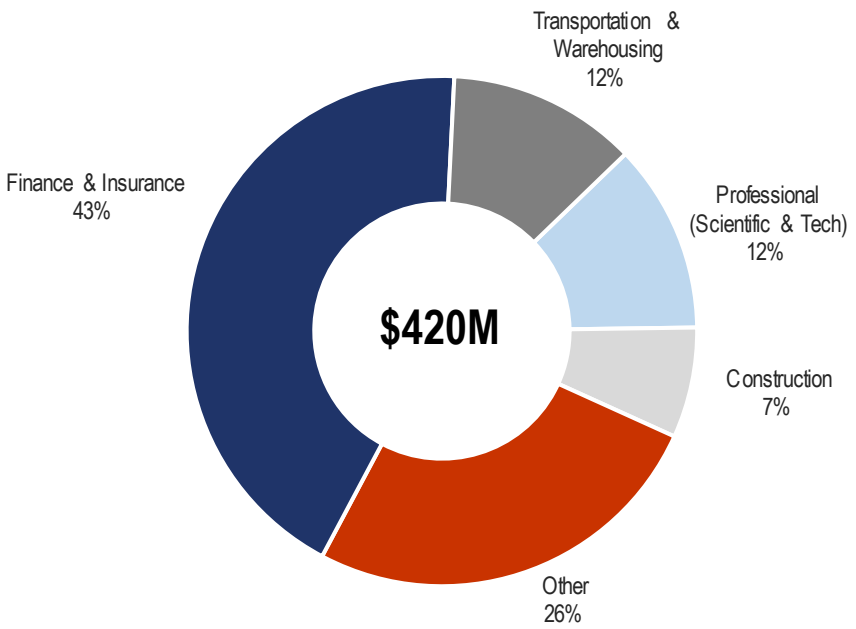


# C&I Portfolio Overview

## By Collateral Type



## By Industry



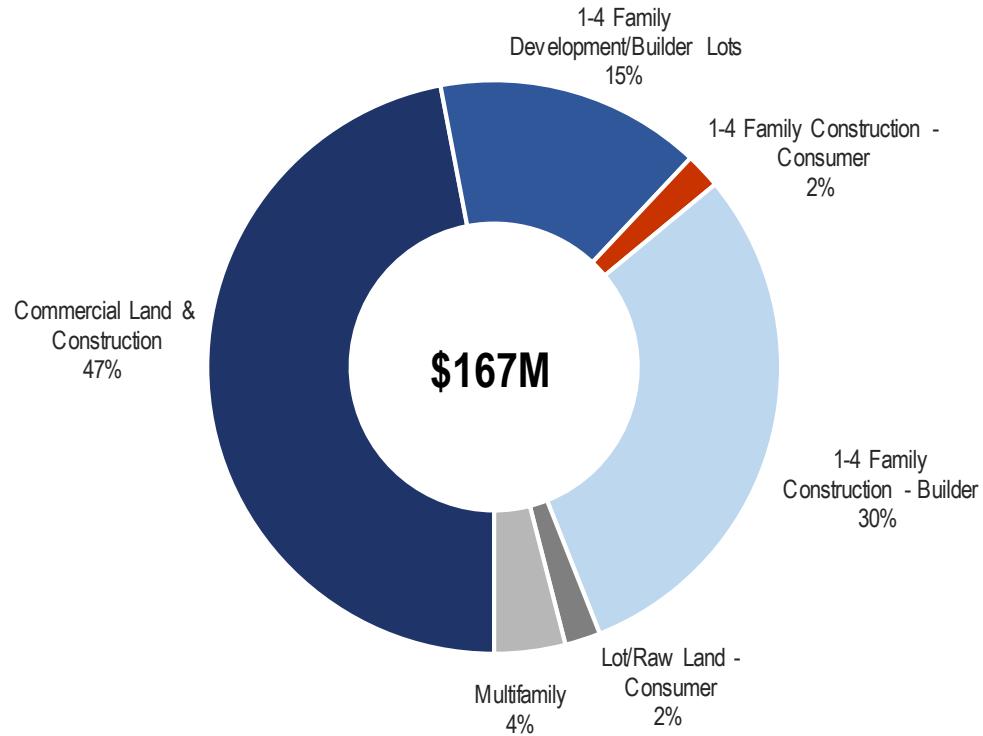
### Portfolio Characteristics

September 30, 2024

% of Total Portfolio	19.5%
Average Loan Size	\$109K



# Construction & Development Portfolio Overview

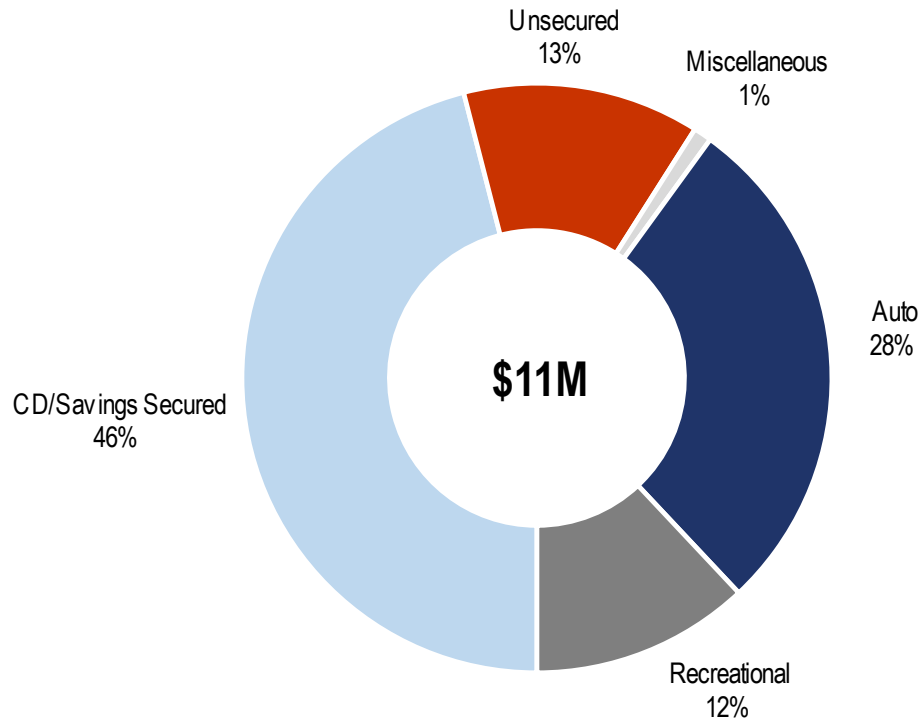


## Portfolio Characteristics September 30, 2024

% of Total Portfolio	7.7%
Average Loan Size	\$597K



# Consumer Portfolio Overview



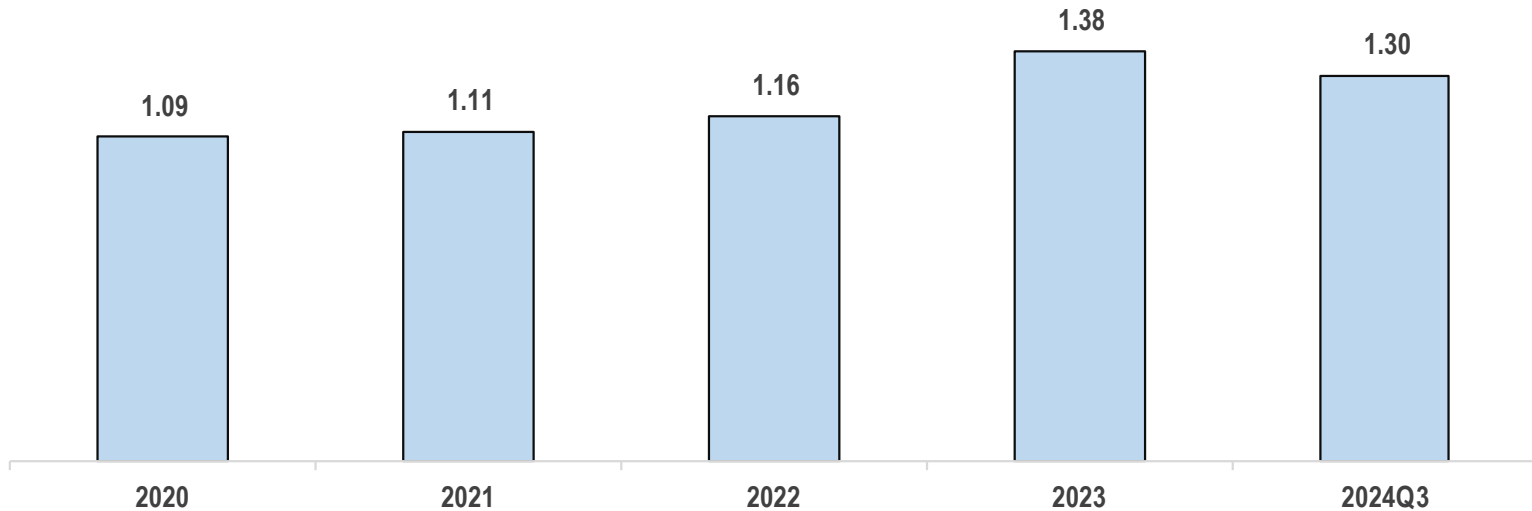
## Portfolio Characteristics September 30, 2024

% of Total Portfolio	0.5%
Average Loan Size	\$11K



# Allowance for Credit Losses

## Allowance for Credit Losses / Total Loans (%)



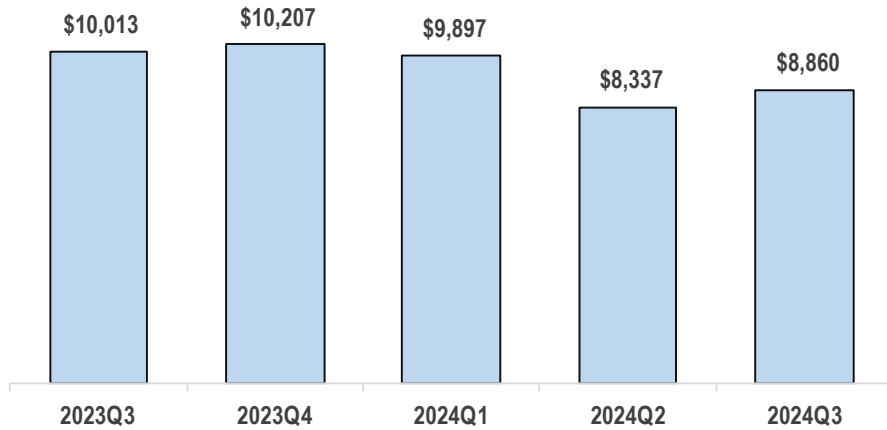
(Dollars in thousands)	For the Year Ended				For the Nine Months Ended
	12/31/2020	12/31/2021	12/31/2022	12/31/2023	9/30/2024
<b>Allowance for Credit Losses</b>					
Allowance for Credit Losses - Beginning	\$ 10,700	\$ 20,363	\$ 20,859	\$ 24,364	\$ 30,540
ASC Topic 326 adoption impact <sup>1</sup>	-	-	-	5,865	-
Provision for credit losses on loans	11,160	22,885	2,922	(1,964)	(2,615)
Charge-offs & Adj.	(1,754)	(22,636)	(633)	(742)	(455)
Recoveries	257	247	1,216	3,017	633
<b>Allowance for Credit Losses - Ending</b>	<b>\$ 20,363</b>	<b>\$ 20,859</b>	<b>\$ 24,364</b>	<b>\$ 30,540</b>	<b>\$ 28,103</b>

<sup>1</sup> Investar adopted the Current Expected Credit Loss accounting standard on January 1, 2023. Upon adoption, Investar recorded a one-time, cumulative effect adjustment to increase the allowance for credit losses by \$5.9 million and reduce retained earnings, net of tax, by \$4.3 million.

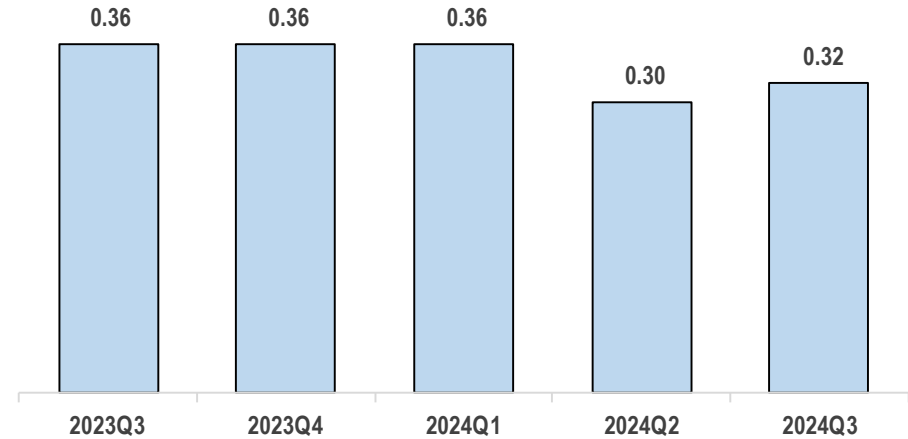


# Asset Quality Trends

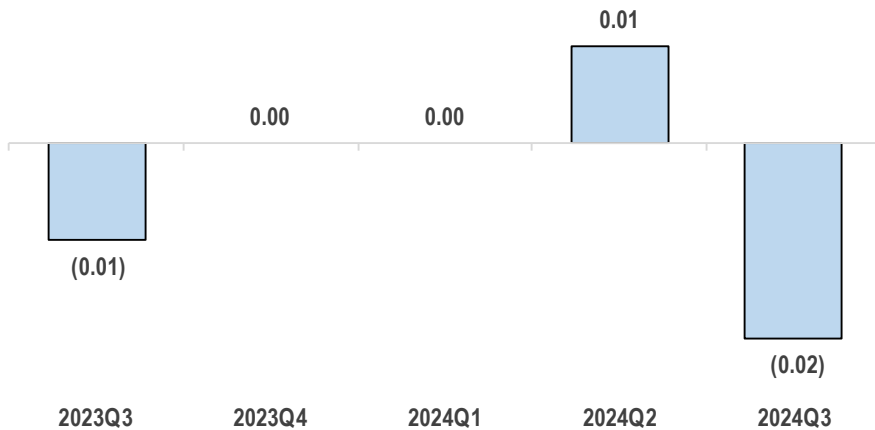
## Nonperforming Assets (\$000s)



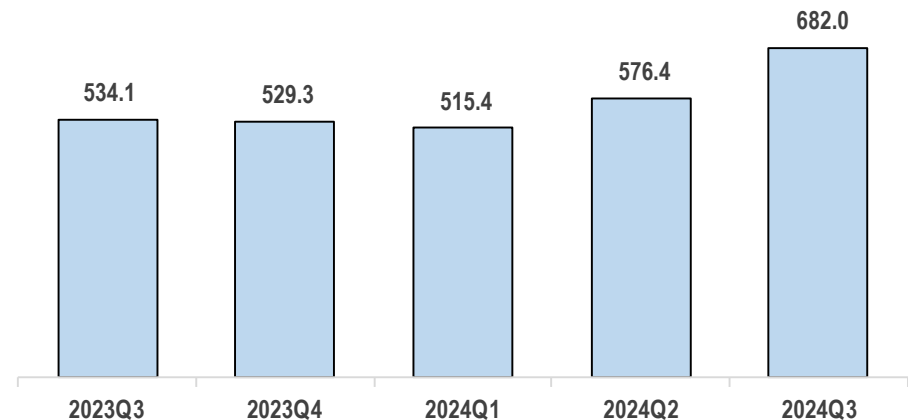
## NPAs / Assets (%)



## Net Charge-offs / Avg. Loans (%)



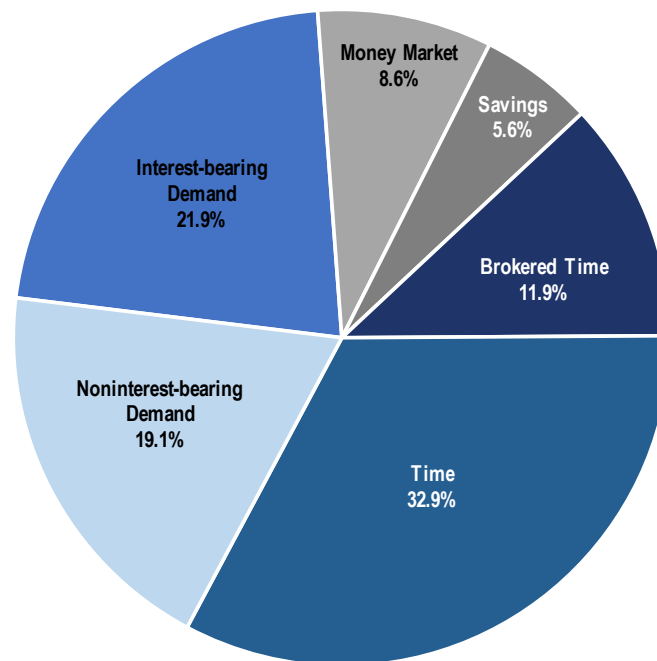
## Reserves / NPLs (%)





# Deposit Portfolio – 3<sup>rd</sup> Quarter 2024

- Total deposits increased \$77.2 million, or 3.5%, to \$2.29 billion at September 30, 2024, compared to \$2.21 billion at June 30, 2024.
- Beginning in the 4<sup>th</sup> quarter of 2022, management utilized brokered time deposits, entirely in denominations of less than \$250,000, to secure fixed cost funding and reduce short-term borrowings. At September 30, 2024, the remaining weighted average duration of brokered time deposits was approximately 9 months with a weighted average rate of 5.07%
- We utilized shorter term brokered time deposits, which were laddered to provide flexibility, to fund a portion of the purchase of commercial and industrial revolving lines of credit in the 2<sup>nd</sup> half of 2023.

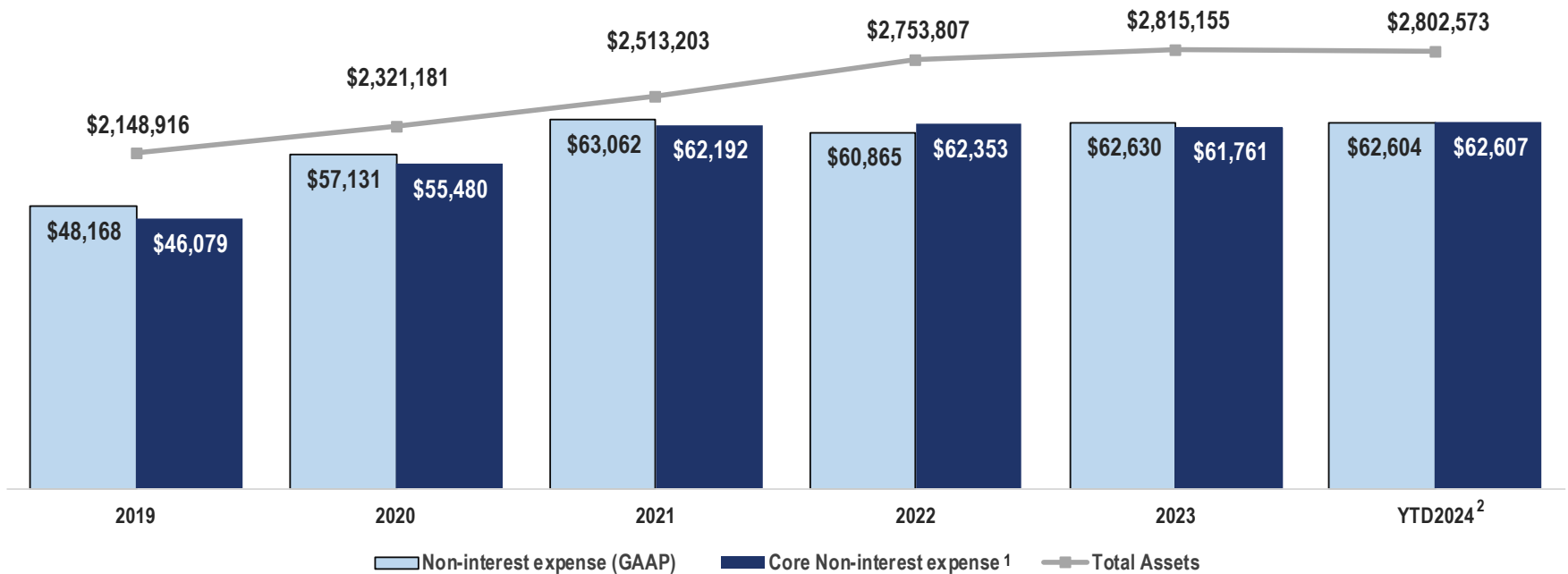


Deposit Composition - Quarterly Lookback

<i>(Dollars in thousands)</i>	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Noninterest-bearing Demand	\$ 590,610	\$ 580,741	\$ 508,241	\$ 488,311	\$ 459,519	\$ 448,752	\$ 435,397	\$ 436,571	\$ 437,734
Interest-bearing Demand	624,025	565,598	538,515	514,501	482,706	489,604	502,818	467,184	500,345
Money Market	251,213	208,596	180,402	158,984	186,478	179,366	171,113	177,191	196,710
Savings	167,131	155,176	137,336	125,442	131,743	137,606	132,449	128,583	128,241
Brokered Time	-	9,990	146,270	153,365	197,747	269,102	237,850	249,354	271,684
Time	419,704	562,264	634,883	740,250	751,240	731,297	728,201	751,319	752,694
<b>Total Deposits</b>	<b>\$ 2,052,683</b>	<b>\$ 2,082,365</b>	<b>\$ 2,145,647</b>	<b>\$ 2,180,853</b>	<b>\$ 2,209,433</b>	<b>\$ 2,255,727</b>	<b>\$ 2,207,828</b>	<b>\$ 2,210,202</b>	<b>\$ 2,287,408</b>
<b>Total Deposit Interest Rate<sup>1</sup></b>	<b>0.25%</b>	<b>0.58%</b>	<b>1.20%</b>	<b>1.78%</b>	<b>2.14%</b>	<b>2.54%</b>	<b>2.67%</b>	<b>2.72%</b>	<b>2.78%</b>



# Non-Interest Expense



<sup>1</sup> Non-GAAP financial measure; please see appendix for additional details

<sup>2</sup> Annualized based YTD 2024 actual results as of September 30, 2024





# Financial Profile

	As of December 31,					For the Three Months Ended			
	2019	2020	2021	2022	2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
<i>(Dollars in thousands, except per share data)</i>									
<b>Balance Sheet</b>									
Total Assets	\$ 2,148,916	\$ 2,321,181	\$ 2,513,203	\$ 2,753,807	\$ 2,815,155	\$ 2,815,155	\$ 2,787,706	\$ 2,787,578	\$ 2,802,573
Total Loans	\$ 1,691,975	\$ 1,860,318	\$ 1,872,012	\$ 2,104,767	\$ 2,210,619	\$ 2,210,619	\$ 2,180,578	\$ 2,166,759	\$ 2,155,846
Total Deposits	\$ 1,707,706	\$ 1,887,824	\$ 2,120,266	\$ 2,082,365	\$ 2,255,727	\$ 2,255,727	\$ 2,207,828	\$ 2,210,202	\$ 2,287,408
Loans/Deposits	99.08%	98.54%	88.29%	101.08%	98.00%	98.00%	98.77%	98.03%	94.25%
<b>Capital</b>									
TCA/TA <sup>1</sup>	9.96%	9.22%	8.04%	6.37%	6.65%	6.65%	6.73%	6.85%	7.38%
Total Capital	15.02%	14.71%	12.99%	13.25%	12.99%	12.99%	13.21%	13.16%	13.48%
Tier 1 Capital	12.03%	11.36%	9.90%	10.21%	9.90%	9.90%	10.18%	10.42%	10.74%
Tier 1 Leverage Capital	10.45%	9.49%	8.12%	8.53%	8.35%	8.35%	8.62%	8.81%	8.95%
<b>Profitability Measures</b>									
Net Interest Margin	3.51%	3.49%	3.53%	3.67%	2.83%	2.72%	2.59%	2.62%	2.67%
Non Interest Income / Average Assets	0.31%	0.53%	0.47%	0.70%	0.24%	0.25%	0.39%	0.40%	0.50%
Non Interest Expense / Average Assets	2.44%	2.51%	2.45%	2.34%	2.27%	2.17%	2.20%	2.24%	2.30%
Efficiency Ratio	67.81%	66.72%	65.79%	56.29%	77.26%	76.26%	76.62%	77.59%	75.61%
ROAA	0.85%	0.61%	0.31%	1.37%	0.60%	0.50%	0.68%	0.59%	0.77%
ROAE	8.21%	5.77%	3.22%	15.63%	7.63%	6.61%	8.28%	7.17%	8.97%
Diluted Earnings Per Share	\$ 1.66	\$ 1.27	\$ 0.76	\$ 3.50	\$ 1.69	\$ 0.36	\$ 0.48	\$ 0.41	\$ 0.54
Net Income	\$ 16,839	\$ 13,889	\$ 8,000	\$ 35,709	\$ 16,678	\$ 3,538	\$ 4,707	\$ 4,057	\$ 5,381
<b>Asset Quality</b>									
NPAs / Assets	0.30%	0.62%	1.28%	0.44%	0.36%	0.36%	0.36%	0.30%	0.32%
NCOs / Avg Loans	0.04%	0.08%	1.18%	-0.03%	-0.11%	0.00%	0.00%	0.01%	-0.02%

## APPENDIX



# Non-GAAP Reconciliation

<i>(Dollars in thousands, except per share data)</i>	As of December 31,					As of the Three Months Ended			
	2019	2020	2021	2022	2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
<b>Tangible common equity:</b>									
Total stockholders' equity	\$ 241,976	\$ 243,284	\$ 242,598	\$ 215,782	\$ 226,768	\$ 226,768	\$ 227,005	\$ 230,196	\$ 245,542
<b>Adjustments:</b>									
Goodwill	(26,132)	(28,144)	(40,088)	(40,088)	(40,088)	(40,088)	(40,088)	(40,088)	(40,088)
Other intangibles	(4,903)	(4,088)	(3,948)	(3,059)	(2,232)	(2,232)	(2,066)	(1,908)	(1,756)
Tangible common equity	\$ 210,941	\$ 211,052	\$ 198,562	\$ 172,635	\$ 184,448	\$ 184,448	\$ 184,851	\$ 188,200	\$ 203,698
AOCI	1,891	1,805	1,163	(48,913)	(45,147)	(45,147)	(48,957)	(49,061)	(38,539)
Tangible common equity excluding AOCI	\$ 209,050	\$ 209,247	\$ 197,399	\$ 221,548	\$ 229,595	\$ 229,595	\$ 233,808	\$ 237,261	\$ 242,237
Common shares outstanding	11,228,775	10,608,869	10,343,494	9,901,847	9,748,067	9,748,067	9,781,946	9,828,825	9,827,622
Book value per common share	\$ 21.55	\$ 22.93	\$ 23.45	\$ 21.79	\$ 23.26	\$ 23.26	\$ 23.21	\$ 23.42	\$ 24.98
Tangible book value per common share	\$ 18.79	\$ 19.89	\$ 19.20	\$ 17.43	\$ 18.92	\$ 18.92	\$ 18.90	\$ 19.15	\$ 20.73
Tangible book value per common share excluding AOCI	\$ 18.62	\$ 19.72	\$ 19.08	\$ 22.37	\$ 23.55	\$ 23.55	\$ 23.90	\$ 24.14	\$ 24.65
<b>Tangible assets:</b>									
Total assets	\$ 2,148,916	\$ 2,321,181	\$ 2,513,203	\$ 2,753,807	\$ 2,815,155	\$ 2,815,155	\$ 2,787,706	\$ 2,787,578	\$ 2,802,573
<b>Adjustments:</b>									
Goodwill	(26,132)	(28,144)	(40,088)	(40,088)	(40,088)	(40,088)	(40,088)	(40,088)	(40,088)
Other intangibles	(4,903)	(4,088)	(3,948)	(3,059)	(2,232)	(2,232)	(2,066)	(1,908)	(1,756)
Tangible assets	\$ 2,117,881	\$ 2,288,949	\$ 2,469,167	\$ 2,710,660	\$ 2,772,835	\$ 2,772,835	\$ 2,745,552	\$ 2,745,582	\$ 2,760,729
Total stockholders' equity to total assets ratio	11.26%	10.48%	9.65%	7.84%	8.06%	8.06%	8.14%	8.26%	8.76%
Tangible common equity to tangible assets ratio	9.96%	9.22%	8.04%	6.37%	6.65%	6.65%	6.73%	6.85%	7.38%



# Non-GAAP Reconciliation (continued)

<i>(Dollars in thousands)</i>	For the Three Months Ended						
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Net Income	\$ 3,812	\$ 6,547	\$ 2,781	\$ 3,538	\$ 4,707	\$ 4,057	\$ 5,381
Plus: Provision for Credit Losses	388	(2,840)	(34)	486	(1,419)	(415)	(945)
Plus: Income Tax Expense	874	1,509	585	782	1,380	829	784
<b>Pre-Tax, Pre-Provision Net Income</b>	<b>\$ 5,074</b>	<b>\$ 5,216</b>	<b>\$ 3,332</b>	<b>\$ 4,806</b>	<b>\$ 4,668</b>	<b>\$ 4,471</b>	<b>\$ 5,220</b>



# Non-GAAP Reconciliation (continued)

<i>(Dollars in thousands)</i>	For the Three Months Ended								
	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Interest on Deposits	\$ 1,315	\$ 3,052	\$ 6,221	\$ 9,534	\$ 11,733	\$ 14,584	\$ 14,845	\$ 14,865	\$ 15,729
Average Interest-Bearing Deposits	1,456,826	1,482,268	1,557,665	1,655,506	1,707,848	1,824,318	1,805,569	1,770,985	1,813,775
Average Noninterest-Bearing Deposits	612,777	590,020	550,503	490,123	462,525	454,893	428,135	425,964	433,126
Average Total Deposits	2,069,603	2,072,288	2,108,168	2,145,629	2,170,373	2,279,211	2,233,704	2,196,949	2,246,901
<b>Total Deposit Interest Rate</b>	<b>0.25%</b>	<b>0.58%</b>	<b>1.20%</b>	<b>1.78%</b>	<b>2.14%</b>	<b>2.54%</b>	<b>2.67%</b>	<b>2.72%</b>	<b>2.78%</b>



# Non-GAAP Reconciliation (continued)

<i>(Dollars in thousands)</i>	For the Three Months Ended				
	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Net interest income	\$ 17,469	\$ 18,491	\$ 17,216	\$ 17,198	\$ 17,856
Provision for credit losses	(34)	486	(1,419)	(415)	(945)
<b>Net interest income after provision for credit losses</b>	<b>\$ 17,503</b>	<b>\$ 18,005</b>	<b>\$ 18,635</b>	<b>\$ 17,613</b>	<b>\$ 18,801</b>
Noninterest income	1,637	1,755	2,748	2,750	3,544
Loss (gain) on call or sale of investment securities, net	-	322	-	383	(1)
Loss (gain) on sale or disposition of fixed assets, net	367	39	(427)	-	-
(Gain) loss on sale of other real estate owned, net	(23)	-	-	(712)	4
Change in the fair value of equity securities	(22)	(24)	(80)	-	(174)
Legal settlement <sup>1</sup>	-	-	-	-	(1,122)
Change in the net asset value of other investments <sup>2</sup>	105	(43)	(70)	27	(48)
<b>Core noninterest income</b>	<b>\$ 2,064</b>	<b>\$ 2,049</b>	<b>\$ 2,171</b>	<b>\$ 2,448</b>	<b>\$ 2,203</b>
Core earnings before noninterest expense	19,567	20,054	20,806	20,061	21,004
Total noninterest expense	15,774	15,440	15,296	15,477	16,180
Write down of other real estate owned <sup>3</sup>	-	-	(233)	-	-
Gain on early extinguishment of subordinated debt	-	-	215	287	-
Severance <sup>4</sup>	(123)	-	-	-	-
Loan purchase expense <sup>5</sup>	(29)	(66)	-	-	-
Legal settlement expense <sup>6</sup>	-	-	-	-	(267)
<b>Core noninterest expense</b>	<b>\$ 15,622</b>	<b>\$ 15,374</b>	<b>\$ 15,278</b>	<b>\$ 15,764</b>	<b>\$ 15,913</b>
<b>Core earnings before income tax expense</b>	<b>\$ 3,945</b>	<b>\$ 4,680</b>	<b>\$ 5,528</b>	<b>\$ 4,297</b>	<b>\$ 5,091</b>
Core income tax expense <sup>7</sup>	686	847	1,255	730	647
<b>Core earnings</b>	<b>\$ 3,259</b>	<b>\$ 3,833</b>	<b>\$ 4,273</b>	<b>\$ 3,567</b>	<b>\$ 4,444</b>



# Non-GAAP Reconciliation (continued)

<i>(Dollars in thousands, except per share data)</i>	For the Three Months Ended				
	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Core basic earnings per common share	\$ 0.33	\$ 0.39	\$ 0.44	\$ 0.36	\$ 0.45
Diluted earnings per common share (GAAP)	0.28	0.36	0.48	0.41	0.54
Loss (gain) on call or sale of investment securities, net	-	0.03	-	0.03	-
Loss (gain) on sale or disposition of fixed assets, net	0.03	-	(0.03)	-	-
(Gain) loss on sale of other real estate owned, net	-	-	-	(0.06)	-
Change in the fair value of equity securities	-	-	(0.01)	-	(0.01)
Legal settlement <sup>1</sup>	-	-	-	-	(0.10)
Change in the net asset value of other investments <sup>2</sup>	0.01	-	(0.01)	-	-
Write down of other real estate owned <sup>3</sup>	-	-	0.02	-	-
Gain on early extinguishment of subordinated debt	-	-	(0.02)	(0.02)	-
Severance <sup>4</sup>	0.01	-	-	-	-
Loan purchase expense <sup>5</sup>	-	-	-	-	-
Legal settlement expense <sup>6</sup>	-	-	-	-	0.02
Core diluted earnings per common share	<u>\$ 0.33</u>	<u>\$ 0.39</u>	<u>\$ 0.43</u>	<u>\$ 0.36</u>	<u>\$ 0.45</u>
Efficiency Ratio	82.56%	76.26%	76.62%	77.59%	75.61%
Core Efficiency Ratio	79.98%	74.85%	78.81%	80.24%	79.33%
Core return on average assets <sup>8</sup>	0.47%	0.54%	0.61%	0.52%	0.63%
Total average assets	\$ 2,736,358	\$ 2,817,388	\$ 2,802,192	\$ 2,773,792	\$ 2,796,969



<sup>1</sup> Adjustment to noninterest income directly attributable to income from a legal settlement related to one loan relationship that became impaired in the third quarter of 2021 as a result of Hurricane Ida.

<sup>2</sup> Change in net asset value of other investments represents unrealized gains or losses on Investar's investments in Small Business Investment Companies and other investment funds included in other operating income in the accompanying consolidated statements of income.

<sup>3</sup> Adjustment to noninterest expense for provision for estimated losses on other real estate owned when fair value is determined to be less than carrying values, which is included in other operating expense in the accompanying consolidated statements of income.

<sup>4</sup> Severance in the third quarter of 2023 is directly attributable to Investar's exit from its consumer mortgage origination business, consisting of salaries and employee benefits.

<sup>5</sup> Adjustments to noninterest expense directly attributable to the purchase of loans, consisting of professional fees for legal and consulting services.

<sup>6</sup> Adjustments to noninterest expense directly attributable to the income from a legal settlement, consisting of professional fees for legal services and collection and repossession expenses included in other operating expenses in the accompanying consolidated statements of income.

<sup>7</sup> Core income tax expense is calculated using the effective tax rates of 12.7%, 17.0%, 22.7%, 18.1%, and 17.4% for the quarters ended September 30, 2024, June 30, 2024, March 31, 2024, December 31, 2023, and September 30, 2023, respectively.

<sup>8</sup> Core earnings used in calculation. No adjustments were made to average assets.





# Non-GAAP Reconciliation (continued)

<i>(Dollars in thousands)</i>	2019	2020	2021	2022	2023	YTD 2024	YTD 2024 Annualized
Total noninterest expense	\$ 48,168	\$ 57,131	\$ 63,062	\$ 60,865	\$ 62,630	\$ 46,953	\$ 62,604
Severance	-	(289)	(181)	(632)	(123)	-	-
Loan purchase expense	-	-	-	-	(95)	-	-
Acquisition expense	(2,089)	(1,062)	(2,448)	-	-	-	-
Employee retention credit, net of consulting fees	-	-	1,759	2,342	-	-	-
(Loss) gain on early extinguishment of subordinated debt	-	-	-	(222)	-	502	-
Divestiture expense	-	-	-	-	(651)	-	-
PPP incentive	-	(200)	-	-	-	-	-
Community grant	-	(100)	-	-	-	-	-
Write down of other real estate owned	-	-	-	-	-	(233)	-
Loan settlement expense	-	-	-	-	-	(267)	-
<b>Core noninterest expense</b>	<b>\$ 46,079</b>	<b>\$ 55,480</b>	<b>\$ 62,192</b>	<b>\$ 62,353</b>	<b>\$ 61,761</b>	<b>\$ 46,955</b>	<b>\$ 62,607</b>



# Non-GAAP Reconciliation (continued)

<i>(Dollars in thousands)</i>	For the three months ended					
	September 30, 2024			June 30, 2024		
	Average Balance	Interest Income/Expense	Yield/ Rate	Average Balance	Interest Income/Expense	Yield/ Rate
Interest-earning assets:						
Loans	\$ 2,159,412	\$ 32,764	6.04%	\$ 2,168,762	\$ 32,161	5.96%
Adjustments:						
Interest recoveries		79			44	
Accretion		13			18	
Adjusted loans	2,159,412	32,672	6.02	2,168,762	32,099	5.95
Securities:						
Taxable	396,254	2,755	2.77	403,391	2,766	2.76
Tax-exempt	24,552	228	3.68	23,558	214	3.66
Interest-bearing balances with banks	79,793	1,101	5.49	47,521	649	5.50
Adjusted interest-earning assets	2,660,011	36,756	5.50	2,643,232	35,728	5.44
Total interest-bearing liabilities	2,093,260	18,992	3.61	2,090,296	18,592	3.58
Net interest income/net interest margin		<u>\$ 17,856</u>	<u>2.67%</u>		<u>\$ 17,198</u>	<u>2.62%</u>
Adjusted net interest income/adjusted net interest margin		<u>\$ 17,764</u>	<u>2.66%</u>		<u>\$ 17,136</u>	<u>2.61%</u>

