

Investar Holding Corporation (NASDAQ: ISTR; Baton Rouge, LA) has agreed to acquire Mainland Bank (Private; Texas City, TX)

Deal Value: Approximately \$19.9 Million

Sandler O'Neill served as exclusive financial advisor and rendered a fairness opinion to Investar Holding Corporation in this transaction. This transaction represents Sandler O'Neill's 199th bank or thrift transaction nationwide since January 1, 2015 representing \$63.9 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate deal value than any other investment bank during that time period.¹

Sandler O'Neill has advised Investar Holding Corporation (ISTR) on ISTR's last 4 acquisitions, representing ~\$92.0 million in aggregate transaction value, and served as the sole book-running manager for ISTR's public offerings of common stock and subordinated debt in March 2017.

BATON ROUGE, La., October 10, 2018 (GLOBE NEWSWIRE) -- Investar Holding Corporation (Nasdaq:ISTR)("Investar"), and its wholly-owned subsidiary, Investar Bank, Baton Rouge, Louisiana ("Investar Bank"), today announced that they have entered into a definitive agreement (the "Agreement") to acquire Mainland Bank, a Texas state bank headquartered in Texas City, Texas ("Mainland Bank"). The transaction, which has been approved by each company's board of directors, is expected to close in the first quarter of 2019 and is subject to customary closing conditions, including obtaining the approval of Mainland Bank's shareholders and bank regulatory authorities.

The Agreement provides that shareholders of Mainland Bank will receive, for each outstanding share of Mainland Bank common stock that they own at the effective time of the merger, 3.0389 shares of Investar common stock. The transaction is valued at approximately \$19.9 million, or \$79.22 per share, based upon the closing price of Investar's common stock of \$26.07 on October 10, 2018. Shareholders of Mainland Bank will be entitled to receive an aggregate of approximately 764,000 shares of Investar common stock, subject to certain adjustments described in the Agreement. It is expected that shareholders of Mainland will own approximately 7.4% of the combined company following the acquisition. The transaction is expected to be approximately 3% accretive to earnings in 2019 and 1% dilutive to tangible book value at closing.

At June 30, 2018, Mainland Bank had approximately \$131.3 million in assets, \$87.7 million in net loans, \$113.0 million in deposits with \$55.7 million in noninterest-bearing accounts, \$12.7 million in stockholders' equity, and a loan-to-deposit ratio of 79%. Mainland Bank offers a full range of banking products and services to the residents and businesses of Harris and Galveston counties through its main office in Texas City and two branch locations in Houston and Dickinson, Texas.

Investar's acquisition of Mainland Bank would expand Investar's branch footprint in to the Greater Houston market - further bolstering its core deposit base and positioning Investar to continue to build on its existing record of growth and client service under the leadership of its current management team. For Mainland Bank, the transaction is expected to provide the benefits of additional financial strength and the expanded resources of a larger banking enterprise. Although Mainland Bank will transition to the Investar name, the experienced Mainland Bank branch staff is expected to remain substantially intact, continuing to provide exemplary and personal service to Mainland Bank's vibrant and growing customer base.

Investar President and Chief Executive Officer John D'Angelo said, "Investar is extremely excited to take its 'star' to Texas through the acquisition of Mainland Bank in the Greater Houston market. Expansion into Texas enhances our regional footprint and provides the opportunity for additional mergers and acquisitions in Texas markets. The acquisition of Mainland Bank complements our strategy of increasing market share through partnerships with organizations having strong core deposit funding, solid commercial banking and credit practices, and exemplary customer service. Mainland Bank brings a committed management team, strong core deposit base and history of growth. We are enthusiastic about this partnership and look forward to welcoming Mainland Bank's customers, shareholders and employees to the Investar family."

Robert Harris, President and Chief Executive Officer of Mainland Bank stated, "We are excited to be partnering with an organization that shares our approach to community banking. We view this as an opportunity to become part of a larger community bank, allowing us to better serve our customers and to further expand our business model in our current high growth markets. We believe our franchise will contribute to the success of the combined organization and that Investar is the ideal partner for maximizing the long-term value of our company for our employees, customers and shareholders."

Financial Highlights

| <i>Dollars in thousands</i> | ISTR | Mainland Bank |
|-----------------------------|-------------|----------------------|
| Total Assets | \$1,697,471 | \$131,333 |
| Net Loans | \$1,291,860 | \$87,696 |
| Total Deposits | \$1,230,930 | \$112,958 |
| Shareholders Equity | \$177,230 | \$12,688 |
| TCE/TA | 9.38% | 9.66% |

¹) Majority and minority transactions; Excludes terminated transactions and self-advisory roles
 Note: Financial data as of June 30, 2018
 Source: S&P Global Market Intelligence, Company press release

Pro Forma Branch Map



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