



CAPITAL BANK
FINANCIAL CORP

Barclays Capital Global Financial
Services Conference

September 10, 2014



Safe Harbor Statement

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We've Built One Bank out of Seven Acquisitions



Merged all acquisitions into single national charter: Capital Bank, NA

Integrated onto single scalable processing platform

Branded all retail stores Capital Bank

Centralized all back-office functions

Rolled out uniform products, pricing, and management practices across the footprint

Established a common culture of performance, accountability, and compliance

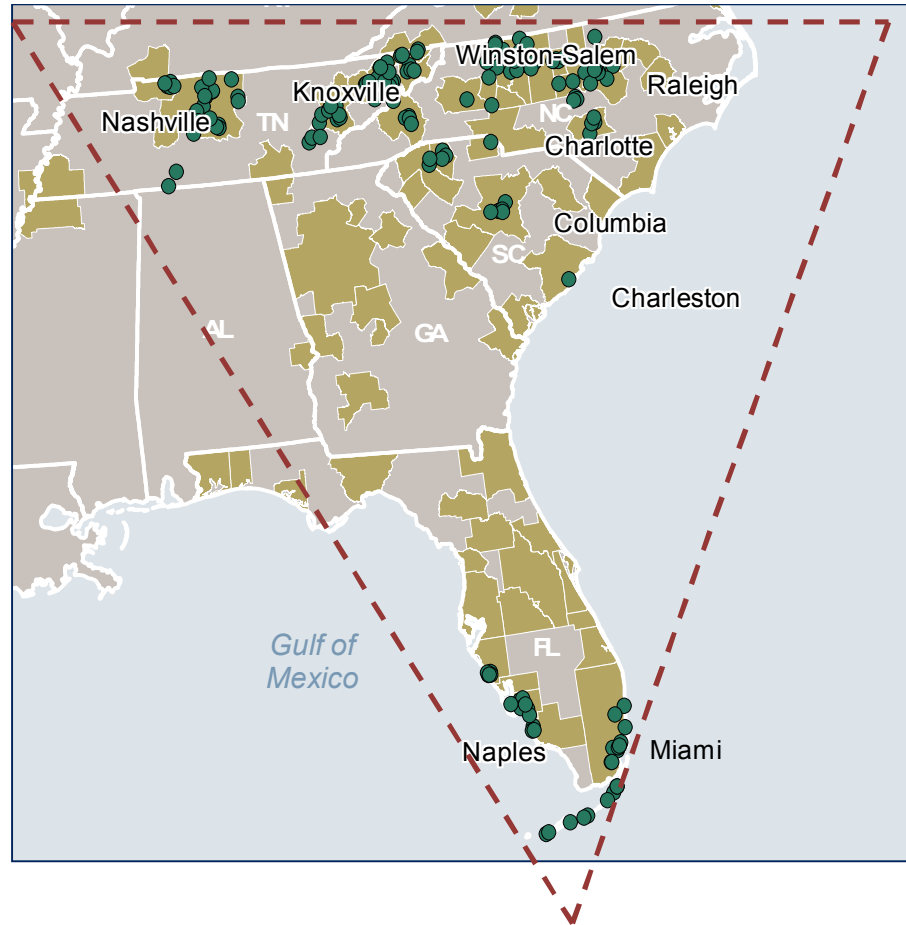




Positioned in Southeastern Growth Markets

Nashville MSA

Population: 1,765,552
Projected Pop. Growth: 6.2%



Raleigh MSA

Population: 1,219,465
Projected Pop. Growth: 8.2%

Miami MSA

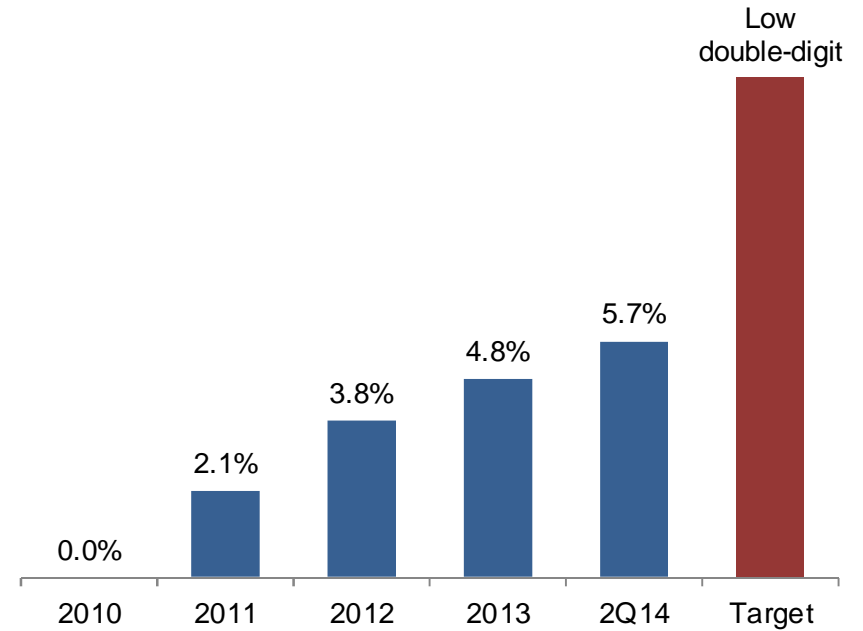
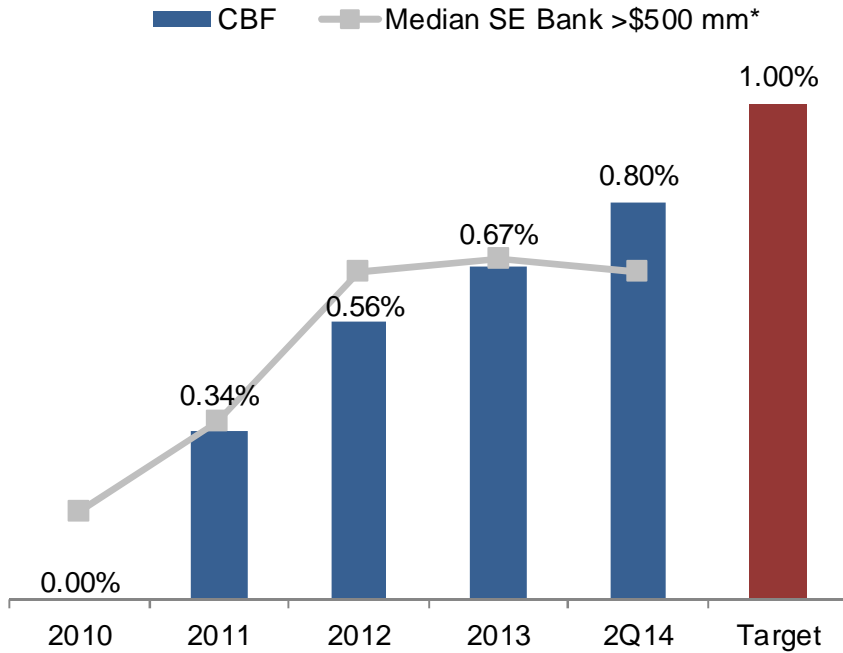
Population: 5,860,668
Projected Pop. Growth: 6.4%



Significantly Improved Returns

Core Return on Average Assets

Core Return on Tangible Common Equity



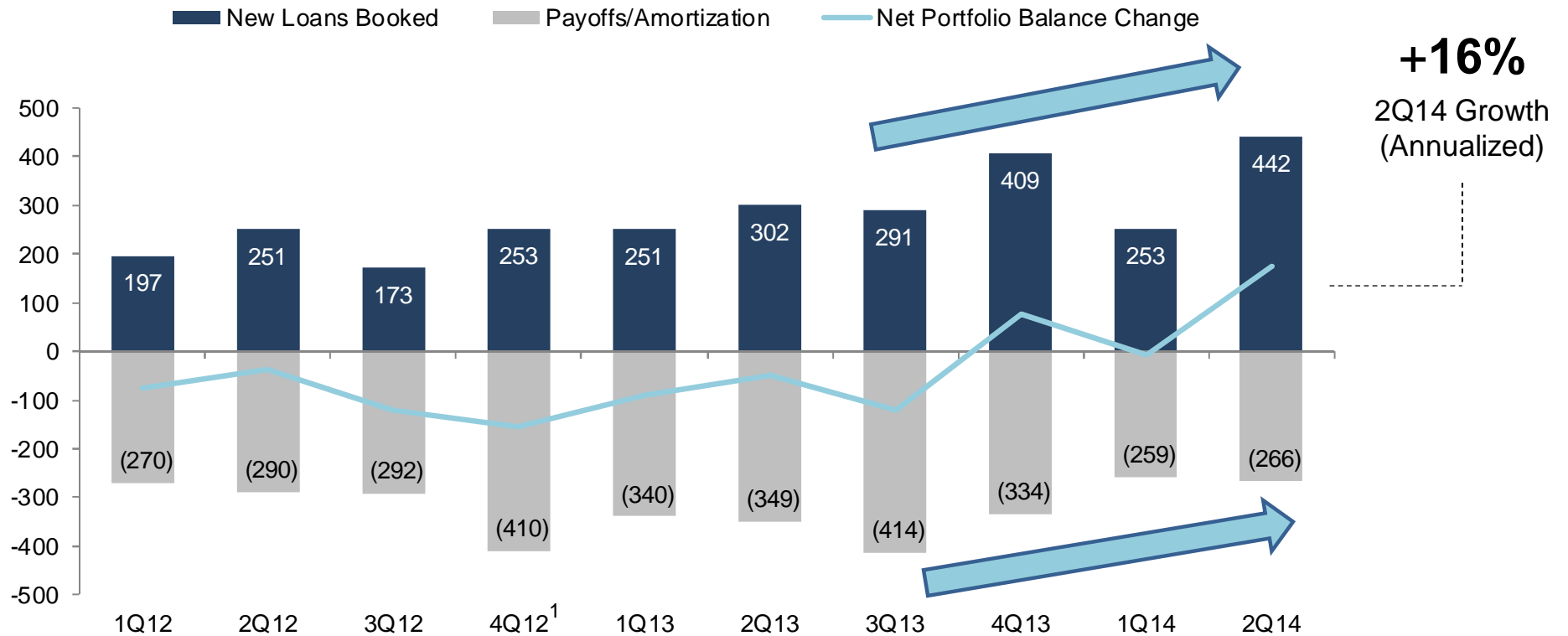
*Includes commercial and retail banks headquartered in FL, NC, SC, and TN with total assets greater than \$500mm as of 2Q14. Return on average assets before extraordinary items as defined by SNL Financial. Source: SNL Financial.



Long Term Growth Story Starting to Emerge

Loan Portfolio Trend

\$ mm's



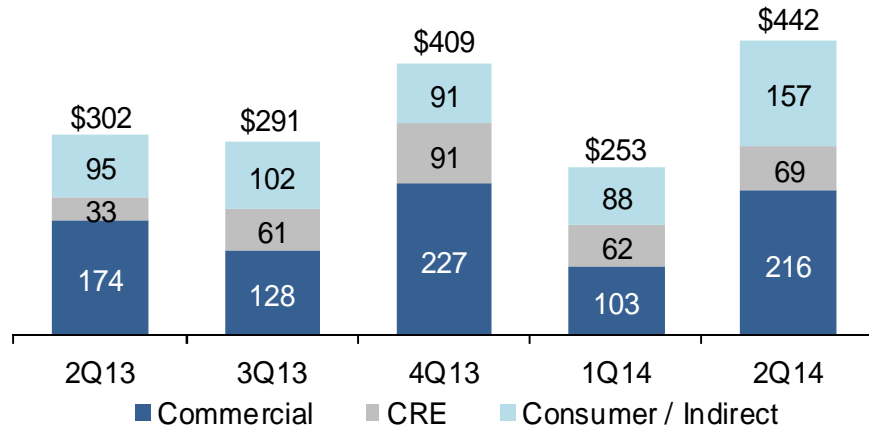
(1) Excludes effect of Southern Community acquisition.



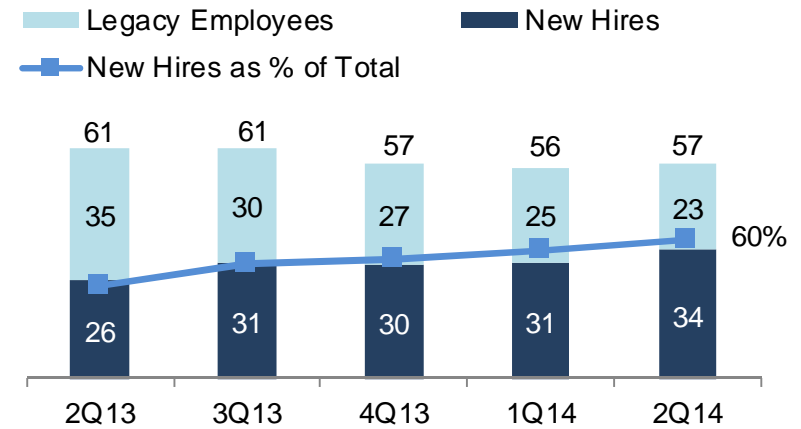
Record New Loan Production of \$442 mm in 2Q14

New Loans by Product

\$ mm's

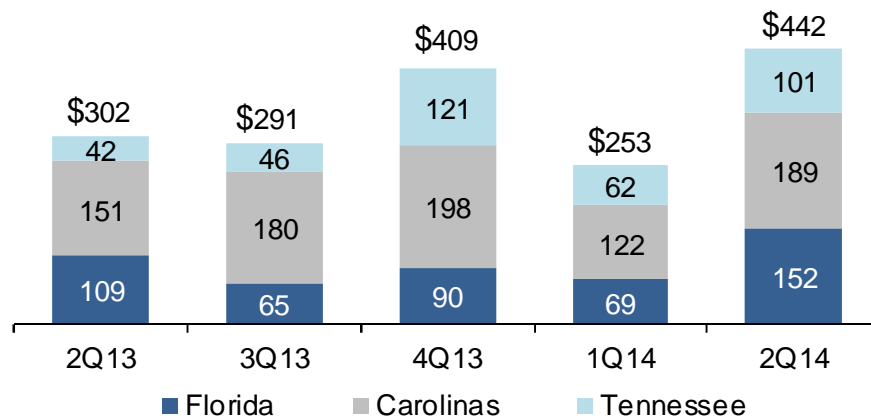


Top-Grading the Commercial Salesforce



New Loans by Geography

\$ mm's

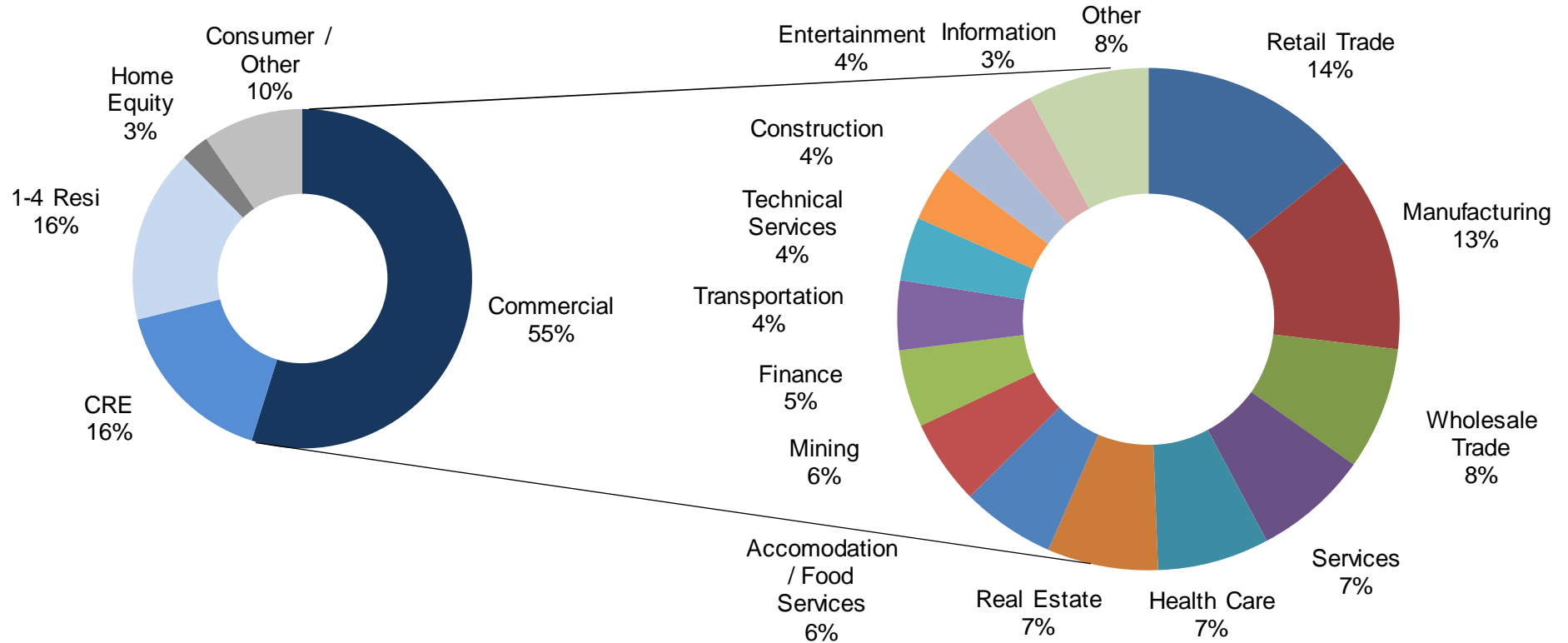




Building a High Quality Diversified Portfolio

\$2.7 bn Originated Loan Portfolio by Type

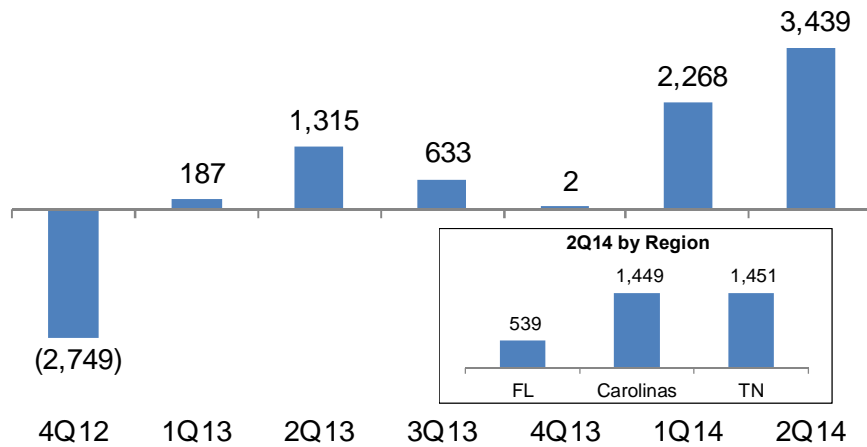
Originated Commercial Loans by Industry



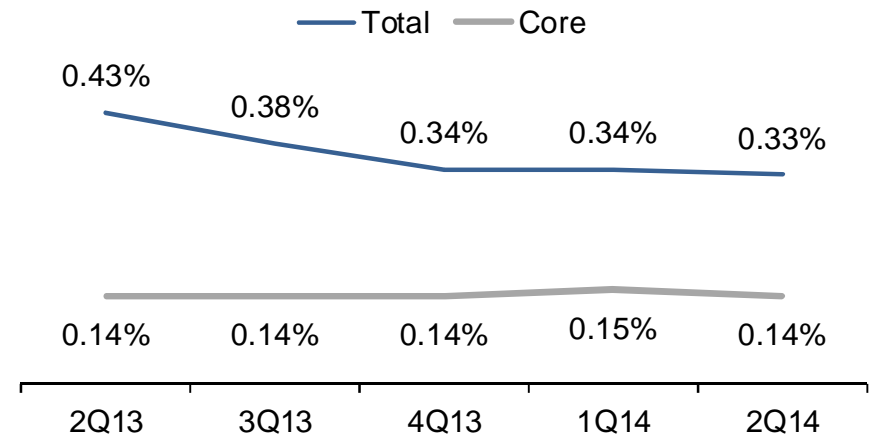


Continued Improvement in Deposit Quality and Cost

Record Net Checking Account Growth

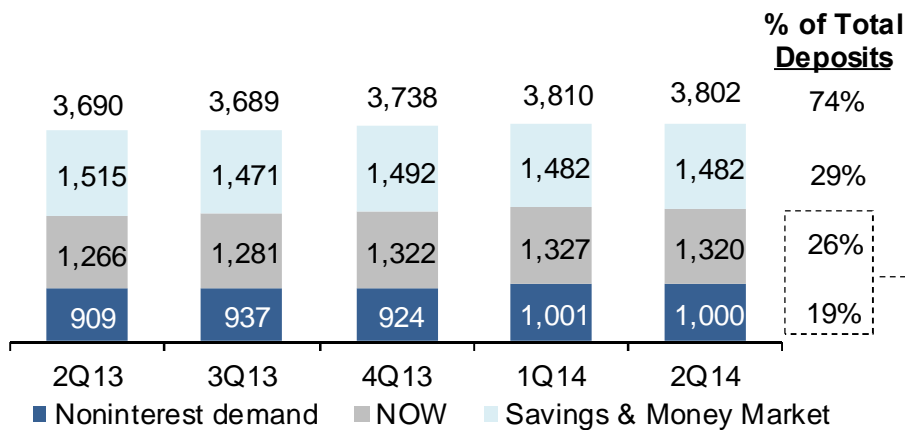


Cost of Deposits



Core Deposit Balances

\$ mm's





Second Quarter Highlights

GAAP net income of \$12.4 mm, or \$0.25 per diluted share, up 47% y/y

Core net income of \$13.1 mm, or \$0.26 per diluted share, up 30% y/y

Core ROA improved to 0.80%, up from 0.61% in 2Q13

Record net checking account growth, non-interest bearing deposits up 10% y/y

Legacy credit expenses down 33% q/q, record REO sales of \$29 mm

TBV per share improved by \$0.16 to \$18.85

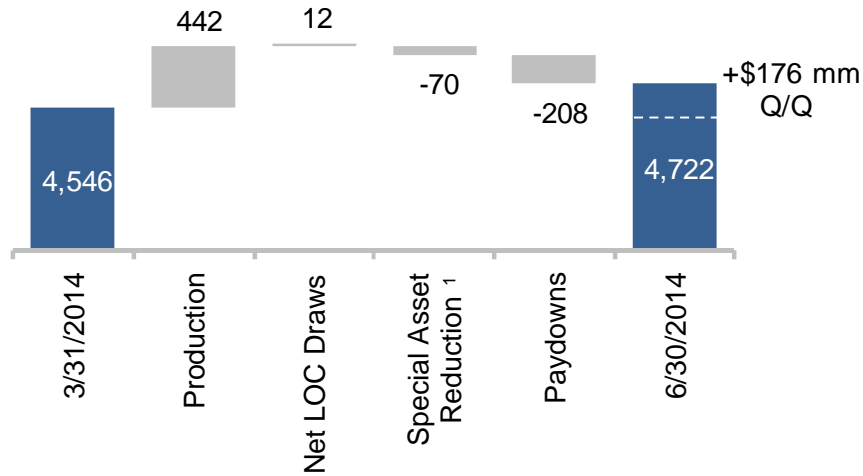
Strongly capitalized with consolidated tier 1 leverage of 14.6%



Loan Portfolio Grew 16% Annualized in 2Q

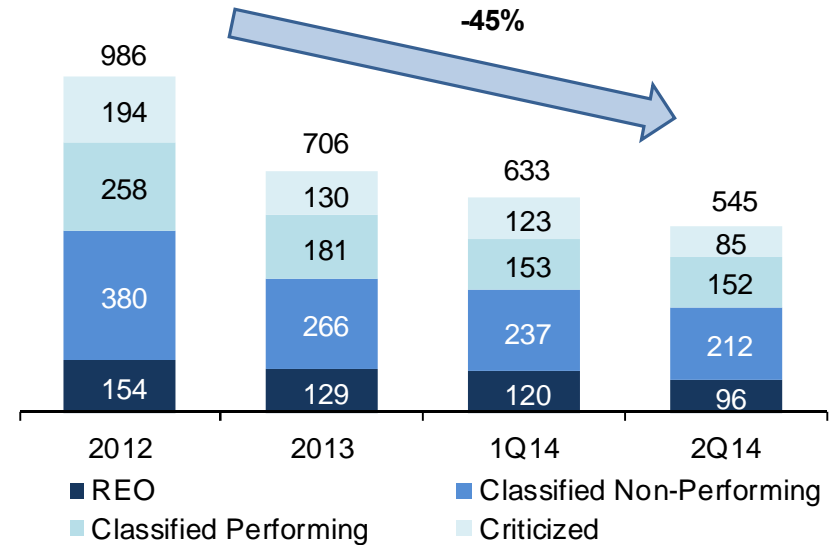
Loan Portfolio

\$ mm's



Special Assets

\$ mm's



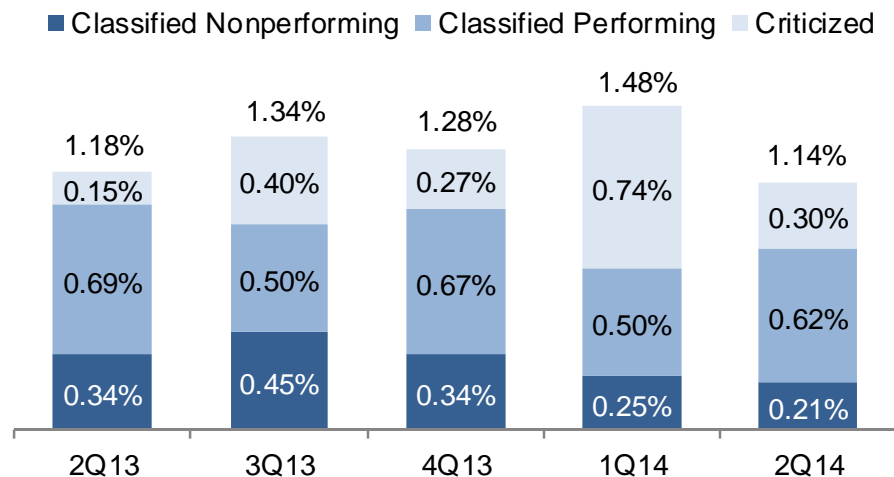
(1) Resolution of criticized / classified loans, including collections, foreclosures, and impairments



Originated Loan Portfolio Performing Strongly

Originated Loan Portfolio Credit Metrics

\$ mm's



At June 30, past dues were 12 bps

Non-performing loans were 21 bps

Criticized and classified performing loans were 0.92%, down from 1.24% in 1Q

Net charge-offs in 2Q14 totaled \$1.7 mm, and the provision was \$2.3 mm. The reserve ratio is 0.78% of originated loans.

Criticized / Classified by Loan Type

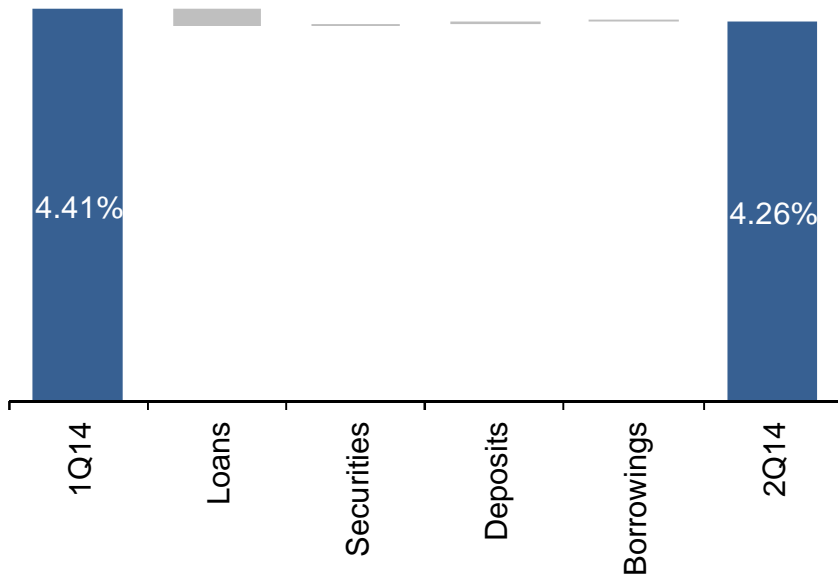
\$ mm's

	2Q14 Balance	% of Total	Criticized		Classified Performing		Classified Non- Performing	
			Balance	%	Balance	%	Balance	%
CRE	438.8	16.3%	2.8	0.6%	2.6	0.6%	0.3	0.1%
Commercial	1,486.3	55.3%	5.2	0.3%	13.7	0.9%	3.2	0.2%
Consumer / Other	763.5	28.4%	0.2	0.0%	0.3	0.0%	2.2	0.3%
Total	2,688.6	100.0%	8.2	0.3%	16.6	0.6%	5.7	0.2%

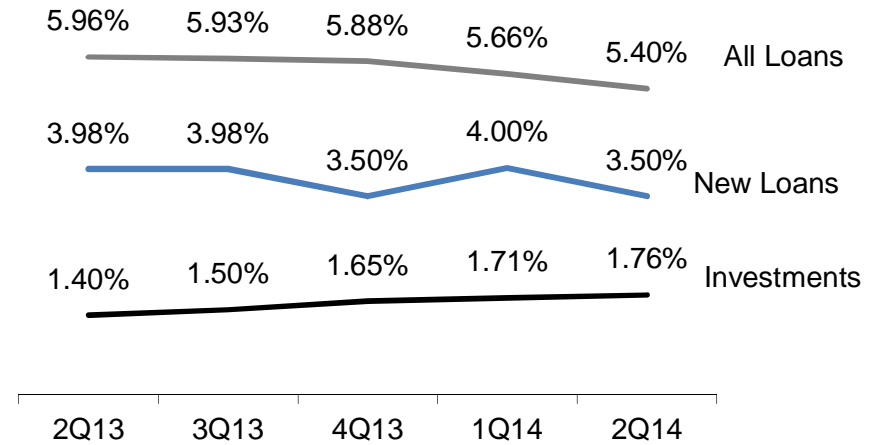


NIM Declines on Lower Loan Yields

Net Interest Margin



Yields

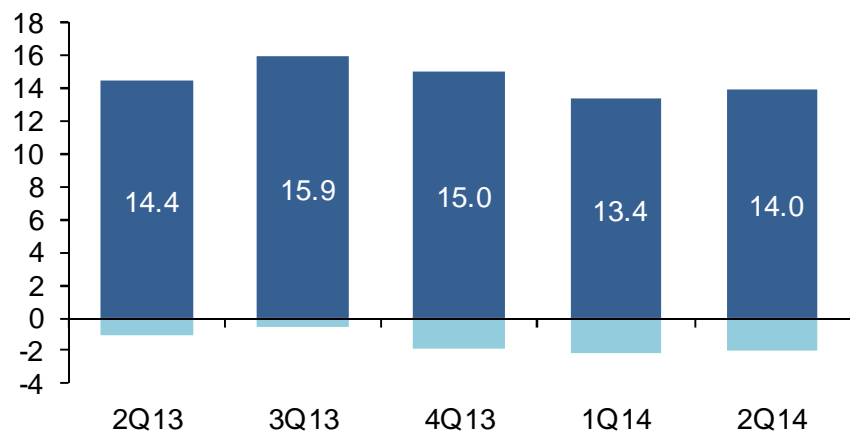




Core Non-interest Income Stronger Sequentially

Core Non-interest Income

\$ mm's



- FDIC indemnification asset (IA)
- Core noninterest income, ex FDIC IA

\$ mm's

	2Q13	1Q14	2Q14
Services charges on deposits	6.3	5.4	5.7
Debit card income	3.0	2.8	3.1
Fees on mortgage loans sold	1.6	0.8	1.1
Investment advisory and trust fees	0.4	1.3	0.9
Other	3.1	3.1	3.2
Total	14.4	13.4	14.0
FDIC indemnification asset	(1.1)	(2.2)	(2.1)
Total core non-interest income	13.3	11.2	11.9
Core fee ratio	16.9%	15.2%	16.4%

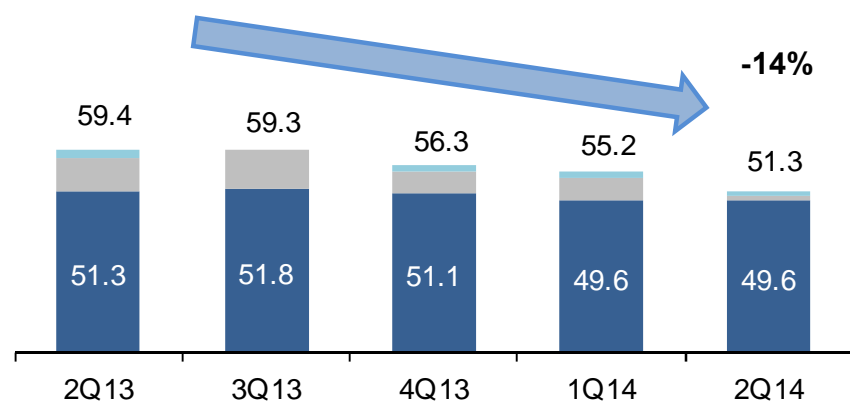


Expenses Down 14% Y/Y

Non-interest Expense

\$ mm's

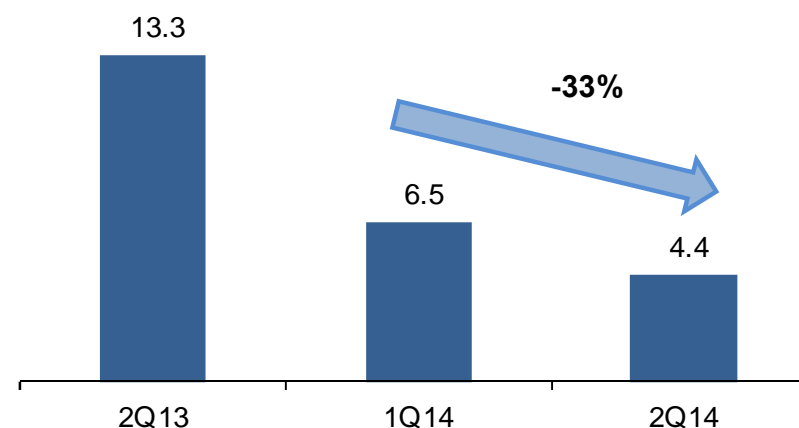
- Non-core adjustments
- REO expense
- Core non-interest expense, before REO



	2Q13	1Q14	2Q14
Salaries and employee benefits	22.6	23.5	23.4
Net occupancy and equipment expense	8.7	8.6	8.7
Professional fees	2.3	2.0	2.0
Other	17.7	15.5	15.4
Core non-interest expense, before REO	51.3	49.6	49.6
REO expense	6.2	4.3	0.8
Core non-interest expense	57.5	53.9	50.4
Non-core adjustments	1.9	1.3	0.9
Total non-interest expense	59.4	55.2	51.3
Core Efficiency Ratio	73.0%	73.2%	69.3%

Legacy Credit Expense

\$ mm's



	2Q13	1Q14	2Q14
Provision (reversal) on legacy loans	2.5	(2.5)	(0.9)
FDIC indemnification asset expense	1.1	2.2	2.1
OREO valuation expense	6.2	3.6	3.0
(Gain) loss on sales of OREO	(2.2)	(0.7)	(3.2)
Foreclosed asset related expense	2.2	1.4	1.0
Loan workout expense	2.2	1.2	1.1
Salaries and employee benefits	1.3	1.3	1.3
Total legacy credit expense	13.3	6.5	4.4

See reconciliation of non-GAAP measures in appendix.

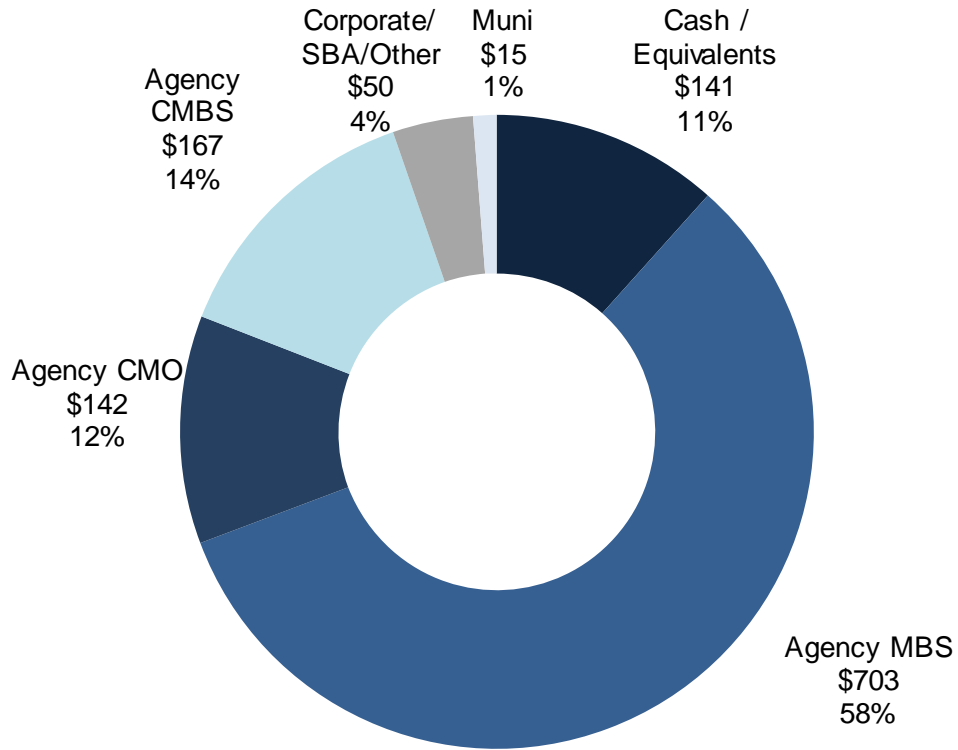
9/10/2014



Liquidity and Capital Ratios Remain Strong

Liquidity

\$ mm's



Modified duration of investments was 4.1 years at June 30, 2014

During 2Q, the company repurchased \$43 mm of stock

Consolidated Tier 1 leverage of 14.6%



Capital Bank Investment Highlights

Experienced management team with institutional track record

Positioned in Southeastern growth markets

Long-term, disciplined, sustainable growth story

Focused on deploying capital and improving profitability

Attractive valuation



Appendix



Reconciliation of Core Noninterest Income / Expense

\$ mm's

Core non Interest Income	2Q14	1Q14	4Q13	3Q13	2Q13
Net interest income	\$60.8	\$62.5	\$65.7	\$65.4	\$65.4
Reported non interest income	11.9	11.4	13.3	15.3	13.5
(-)Securities / Gains (losses)	(0.0)	0.2	0.2	(0.1)	0.2
Core non interest income	\$11.9	\$11.2	\$13.1	\$15.4	\$13.3
Reported non interest expense	\$51.3	\$55.2	\$56.3	\$59.3	\$59.4
(-) Conversion expenses	.	.	.	.	0.1
(-) Stock-based compensation	0.5	0.5	0.9	1.1	1.4
(-) Gain on extinguishment of debt	.	.	.	(0.4)	.
(-) CVR expense (income)	0.3	0.8	0.3	(0.8)	0.4
(-) Legal fees	.	.	.	.	.
Core non interest expense	\$50.4	\$53.9	\$55.0	\$59.3	\$57.5
*Core fee ratio	16.4%	15.2%	16.6%	19.0%	16.9%
**Core efficiency ratio	69.3%	73.2%	69.8%	73.4%	73.0%

*Core fee ratio: core noninterest income / (net interest income + core noninterest income)

**Core efficiency ratio: core noninterest expense / (net interest income + core noninterest income)



Reconciliation of Core Net Income

\$ mm's

	Quarter Ended 2Q14	2013	2012	2011	YTD 2010
Net income	\$12.4	\$38.8	\$55.0	\$7.5	\$12.0
Adjustments	After-Tax	After-Tax	After-Tax	After-Tax	After-Tax
Conversion expenses	-	0.1	4.5	4.6	1.2
Legal/Merger fees	-	0.1	1.6	1.5	0.8
Stock-based comp	0.3	3.1	11.4	6.0	-
Legal settlement	-	-	0.5	-	-
Insurance Settlement Gain	-	-	1.1	-	-
Insurance Settlement Expense	-	-	(1.1)	-	-
Securities gains	-	(0.1)	(5.2)	(2.9)	-
CVR Valuation	-	2.8	0.3	-	-
Extinguishment of debt	0.3	(0.1)	2.0	(0.3)	-
Professional	-	-	-	-	1.2
Bargain Purchase Gain	-	-	-	-	(15.2)
Tax Gain	-	1.6	(34.0)	-	-
Intangible Impairment Charge	-	-	0.1	1.8	-
Severance	-	0.0	1.1	-	0.1
Core Net Income	\$13.1	\$46.3	\$37.4	\$18.2	\$0.1
Average Assets	\$6,520	\$6,855	\$6,619	\$5,361	\$1,581
Tangible Common Equity	\$918	\$957	\$995	\$848	\$830
**Core ROA	0.80%	0.67%	0.56%	0.34%	0.0%
***Core ROTCE	5.7%	4.8%	3.8%	2.1%	0.0%

*Tax effected at an income tax rate of 39%

**Core ROA: Annualized core net income / average assets

***Core ROTCE: Annualized core net income / tangible common equity



Tangible Book Value

(In thousands, except per share data)

June 30, 2014

Total common shareholders' equity	\$1,073,558
Intangibles, net of taxes	<u>147,290</u>
Tangible book value*	<u><u>\$926,268</u></u>
Common shares outstanding	49,150
Tangible book value per share	\$18.85

* Tangible book value is equal to book value less goodwill and core deposit intangibles, net of related deferred tax liabilities.