



**CAPITAL BANK**

Merger with



CommunityOne

November 23, 2015



# Safe Harbor Statement



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## Forward-Looking Statements

The information presented above may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, the expected completion date, financial benefits and other effects of the proposed merger of Capital Bank or COB. Forward-looking statements can be identified by the use of the words anticipate, expect, intend, estimate, target and words of similar import. Forward-looking statements are not historical facts but instead express only management's beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of the management's control. It is possible that actual results and outcomes may differ, possibly materially, from the anticipated results or outcomes indicated in these forward-looking statements. Factors that may cause such a difference include, but are not limited to, the reaction to the transaction of the companies' customers, employees and counterparties; customer disintermediation; inflation; expected synergies, cost savings and other financial benefits of the proposed transaction might not be realized within the expected timeframes or might be less than projected; the requisite stockholder and regulatory approvals for the proposed transaction might not be obtained; credit and interest rate risks associated Capital Bank or COB's respective businesses, customer borrowing, repayment, investment and deposit practices, and general economic conditions, either nationally or in the market areas in which Capital Bank or COB operate or anticipate doing business, are less favorable than expected; new regulatory or legal requirements or obligations; and other risks and important factors that could affect Capital Bank or COB's future results are identified in their Annual Report on Form 10-K for the year ended December 31, 2014 and other reports filed with the Securities and Exchange Commission (SEC). Forward-looking statements are made only as of the date of this presentation, and neither Capital Bank nor COB undertakes any obligation to update any forward-looking statements contained in this presentation to reflect events or conditions after the date hereof.

## Additional Information and Where to Find It

This communication is being made in respect of the proposed merger transaction involving Capital Bank or COB. Capital Bank intends to file a registration statement on Form S-4 with the SEC, which will include a joint proxy statement of Capital Bank and COB and a prospectus of Capital Bank, and each party will file other documents regarding the proposed transaction with the SEC. A definitive joint proxy statement/prospectus will also be sent to the COB's stockholders seeking any required stockholder approvals. Before making any voting or investment decision, investors and security holders of Capital Bank and COB are urged to carefully read the entire registration statement and joint proxy statement/prospectus, when they become available, as well as any amendments or supplements to these documents, because they will contain important information about the proposed transaction. The documents filed by Capital Bank and COB with the SEC may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, the documents filed by Capital Bank may be obtained free of charge at Capital Bank's website at <http://investor.capitalbank-us.com/> and the documents filed by COB may be obtained free of charge at COB's website at <http://ir.community1.com/>. Alternatively, these documents, when available, can be obtained free of charge from Capital Bank upon written request to Capital Bank Financial Corp., Attention: Secretary, 121 Alhambra Plaza, Suite 1601, Coral Gables, Florida 33134 or from COB upon written request to CommunityOne Bancorp, Attention: Secretary, 1017 E. Morehead Street, Suite 200, Charlotte, North Carolina 28203.

Capital Bank, COB, their directors, executive officers and certain other persons may be deemed to be participants in the solicitation of proxies from Capital Bank and COB's stockholders in favor of the approval of the merger. Information about the directors and executive officers of Capital Bank and their ownership of Capital Bank common stock is set forth in the proxy statement for Capital Bank's 2015 annual meeting of stockholders, as previously filed with the SEC on April 30, 2015. Information about the directors and executive officers of COB and their ownership of COB common stock is set forth in the proxy statement for COB's 2015 annual meeting of stockholders, as previously filed with the SEC on April 7, 2015. Stockholders may obtain additional information regarding the interests of such participants by reading the registration statement and the proxy statement/prospectus when they become available.



## Transaction

- ~ Merger of Capital Bank Financial Corp (CBF+) and CommunityOne Bancorp (COB+)
- ~ Two COB directors to join CBF board

## Strategic Rationale

- ~ Expand CBF's North Carolina franchise, enter Charlotte MSA and increase presence in Greensboro and Hickory MSAs, enhance ROA and ROTCE

## Consideration

- ~ Approximately \$350 mm.<sup>1</sup> COB shareholders receive \$14.25 per share in cash or 0.430 of a CBF share, with total consideration consisting of 85% stock and 15% cash

## Valuation Multiples

- ~ 1.3x tangible book value
- ~ 1.6x tangible book value reflecting expected accounting marks

## Financial Metrics

- ~ Projecting \$0.19 or 1.0% dilution to TBV, earn-back of approximately 2.3 years<sup>2</sup>
- ~ Expected to be \$0.09, or 5% accretive to EPS in 2016, and double-digit thereafter<sup>3</sup>

## Approvals

- ~ CBF and COB shareholder approval
- ~ Customary regulatory approvals

## Timing

- ~ Expected closing in first quarter 2016

1. Based on CBF November 20, 2015 closing price of \$33.59.

2. Crossover method, reflects pro forma TBV dilution as of 9/30/2015. Includes merger charges, does not include revenue synergies, includes Durbin impact in 2018.

3. Based on consensus as of 11/20/2015, excludes merger charges.



# Key Assumptions



## Purchase Accounting Marks

- ~ Gross loan mark of \$5 mm
- ~ DTA marked at \$66 mm based on section 382 limitation
- ~ TRUPs marked from \$57 mm to \$32 mm
- ~ \$8 mm in net other marks

## Capital

- ~ TRUPs grandfathered as Tier 1 capital

## Synergies

- ~ Targeting approximately 39% of COB $\Phi$  expense base by 2017 with half achieved in 2016, reflecting consolidation of duplicative overhead
- ~ No revenue synergies assumed

## Merger Costs

- ~ Approximately \$25 mm pre-tax

## Due Diligence

- ~ Comprehensive due diligence process completed, including in-depth loan file review



# Financial Metrics



## Core Earnings Accretion (1)

*\$ in millions*

	2016E	2017E
<b>Consensus Earnings</b>		
Capital Bank per share	69.4 \$1.58	76.3 \$1.74
CommunityOne	13.0	15.2
<b>After-tax Adjustments</b>		
Cost of financing	(0.5)	(0.5)
Purchase accounting adjustments	(2.5)	(2.5)
Cost savings, after-tax (2)	8.5	17.0
Pro Forma Combined per share	87.9 \$1.67	105.6 \$2.00
<b>Accretion</b>	<b>\$0.09</b> <b>5.4%</b>	<b>\$0.26</b> <b>15.1%</b>
<b>Estimated ROTCE</b>	<b>8.3%</b>	<b>9.4%</b>

## Balance Sheet Metrics as of 9/30/2015

*\$ in millions*

	CBF	Pro Forma
Assets	7,261	9,614
Loans	5,405	6,875
Deposits	5,566	7,462
Tier 1 Leverage Ratio	13.6%	11.6%
TCE Ratio	12.3%	11.0%
Loan / Deposit Ratio	97%	92%
Tangible Book Value	\$19.75	\$19.56

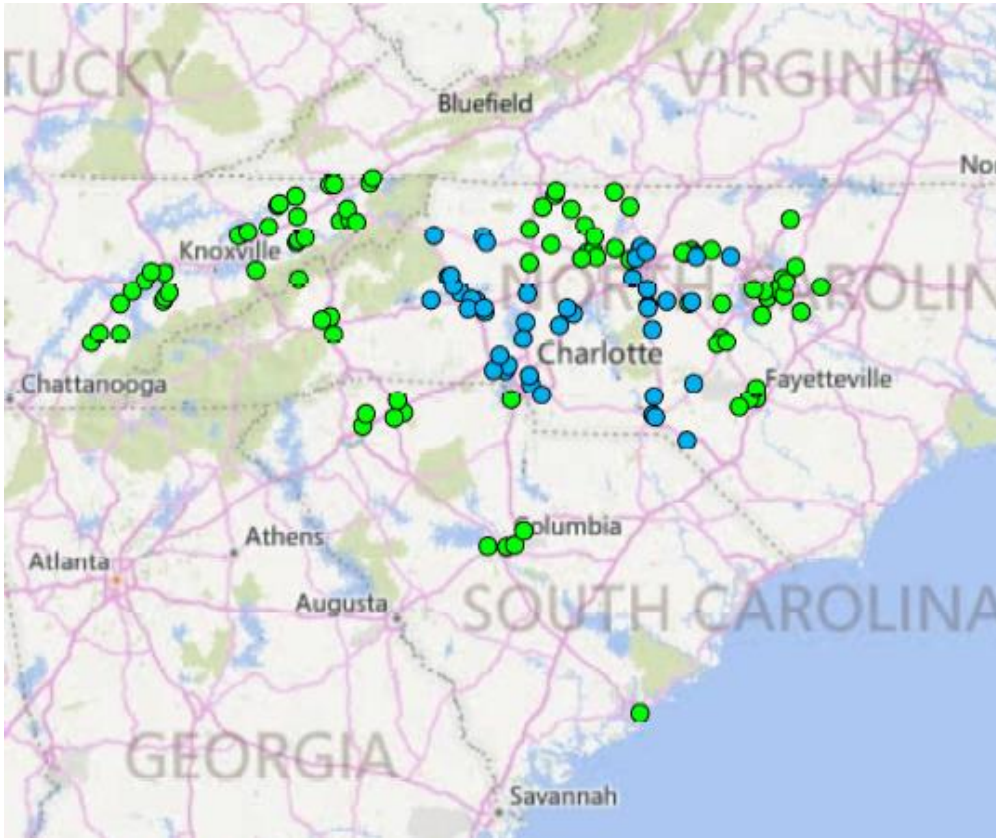
1) 2016E excludes merger and severance expense.

2) Assumes 50% of cost savings realized in 2016, the remainder in 2017.

Note: Assumes 52.8 mm pro forma average diluted shares in 2016 based on consensus forecast and 8.9 mm shares issued in the transaction. Based on 2016E consensus as of 11/20/15; 2017 based on 10% long-term EPS growth.

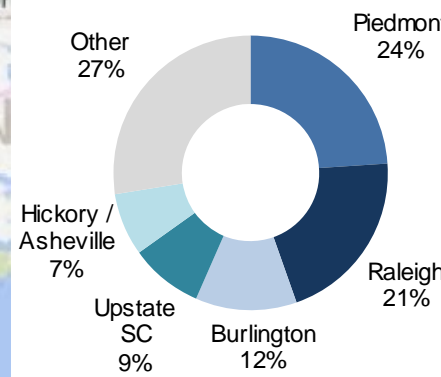


# Creates High-Powered Carolinas Franchise

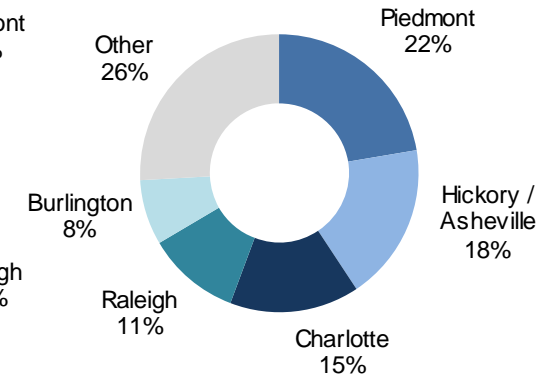


## \$4bn Carolinas Deposit Franchise

### Current



### Pro Forma



● CommunityOne

● Capital Bank

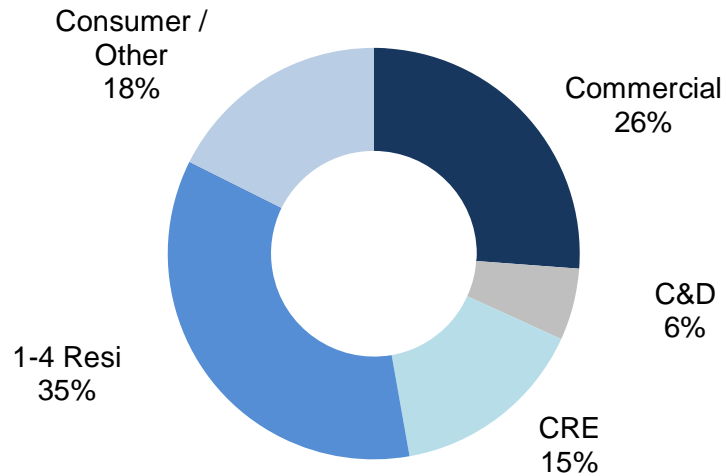
Source: SNL Financial



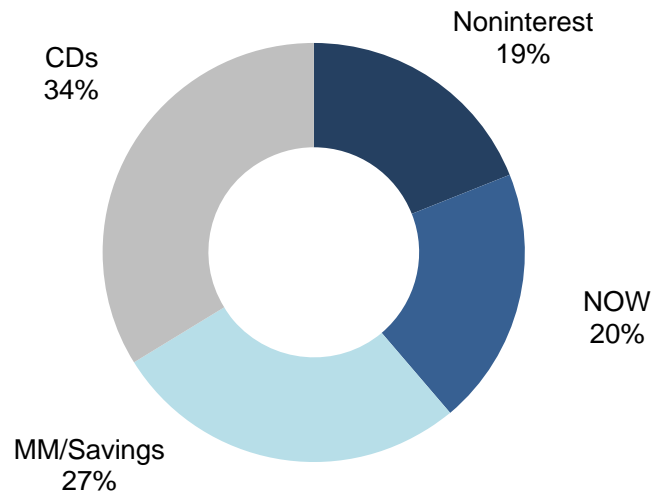
# Acquiring High Quality Loans and Deposits



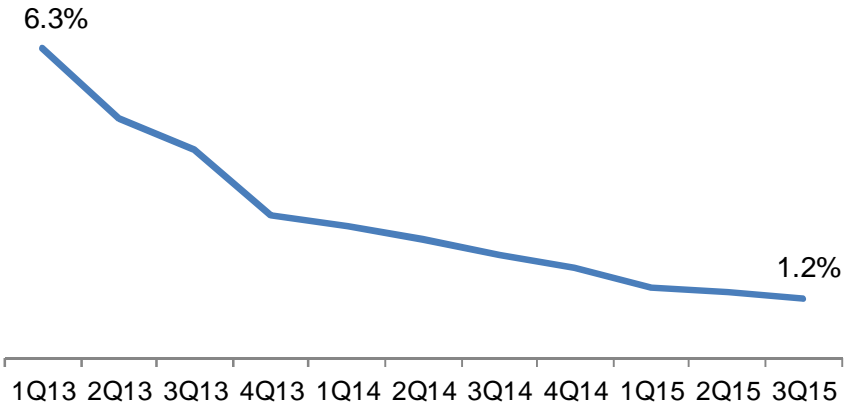
### Loan Portfolio



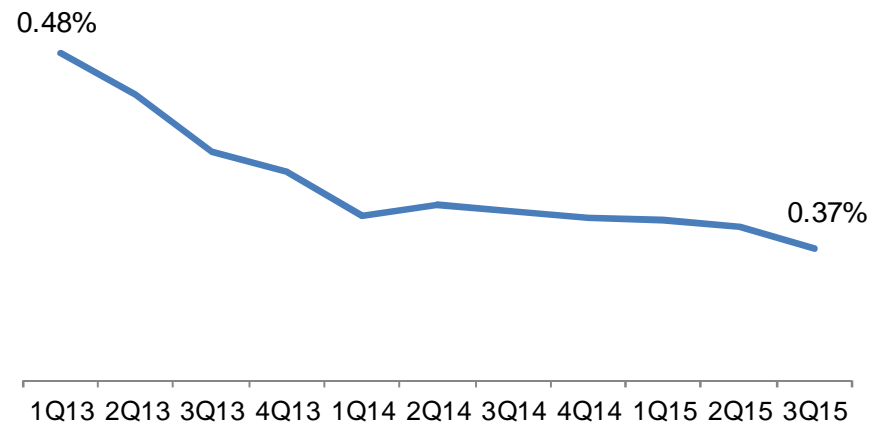
### Deposits



### NPLs / Loans



### Cost of Deposits

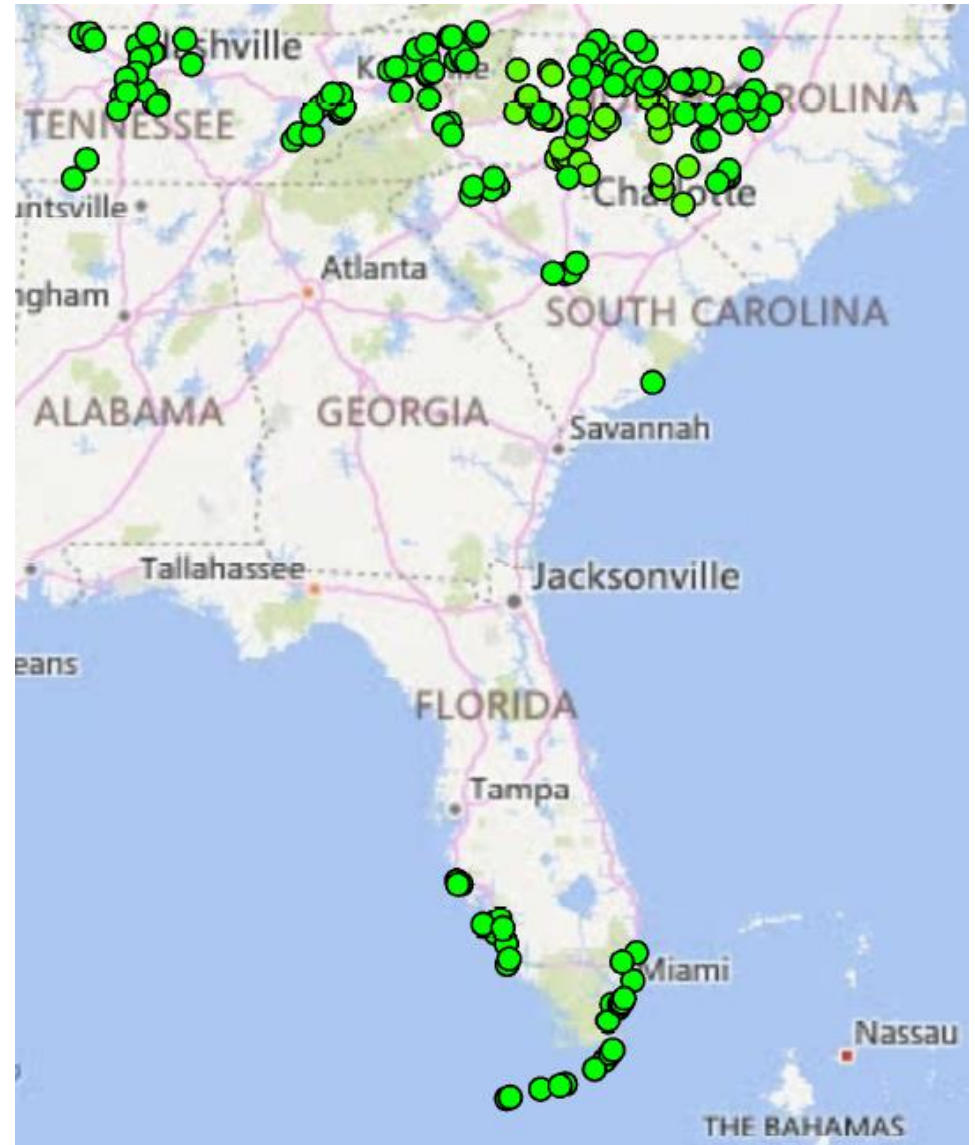
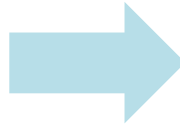




# Pro Forma Capital Bank



## CommunityOne



### Loans & Deposits

	CBF		Pro Forma	
	\$ bn	%	\$ bn	%
<b>Loans</b>				
Carolinas	2.5	47%	4.0	58%
Florida	1.7	30%	1.7	24%
Tennessee	1.2	23%	1.2	18%
<b>Total</b>	<b>5.4</b>		<b>6.9</b>	
<b>Deposits</b>				
Carolinas	2.1	37%	4.0	53%
Florida	2.1	38%	2.1	28%
Tennessee	1.4	25%	1.4	19%
<b>Total</b>	<b>5.6</b>		<b>7.5</b>	





# Capital Bank Investment Highlights



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Experienced management team with institutional track record

Positioned in Southeastern growth markets

Disciplined and sustainable growth story

Focused on deploying capital and improving profitability

Attractive valuation