



CAPITAL BANK
FINANCIAL CORP

2015 Third Quarter Earnings

October 21, 2015



Safe Harbor Statement

Forward-Looking Statements

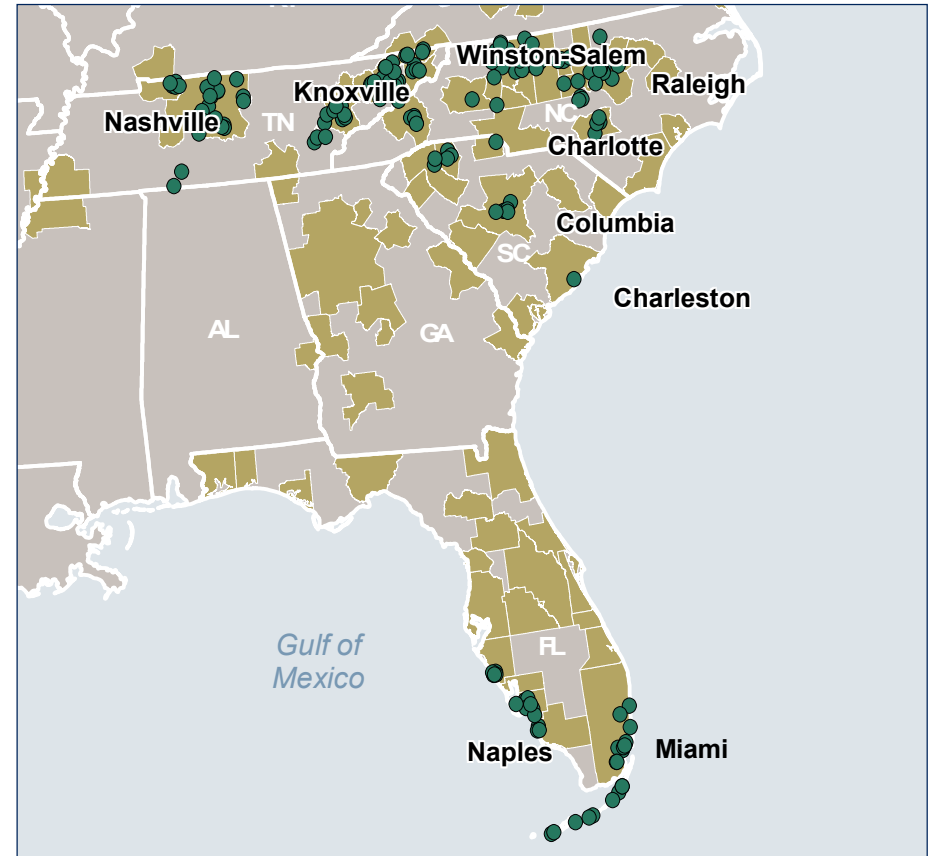
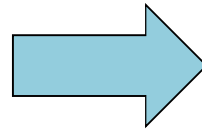
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We've Built One Bank out of Seven Acquisitions



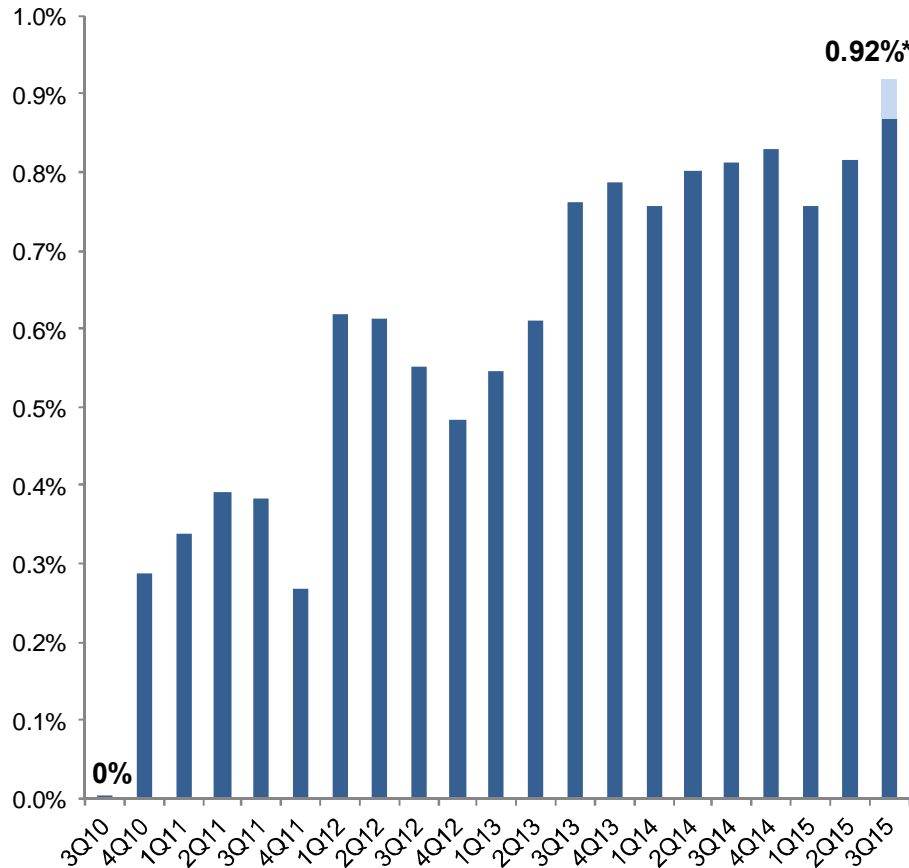
GreenBankshares, Inc.



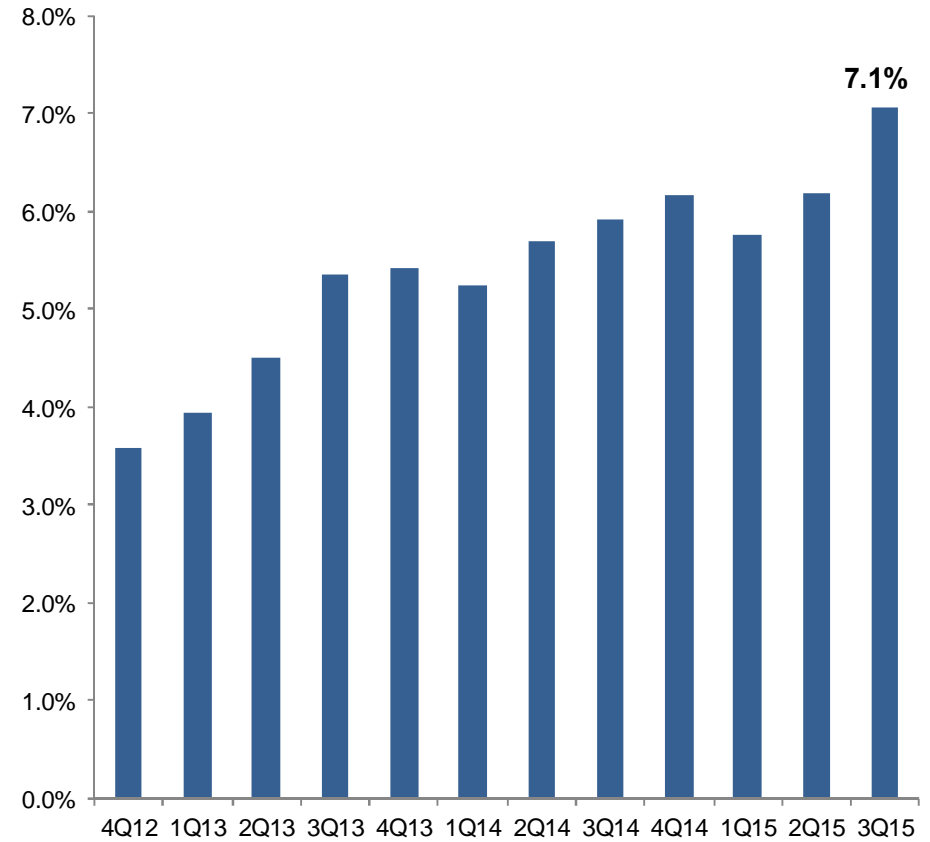


Significantly Improving Returns

Steady Progress Toward Core ROA Goal



Core ROTCE



* Excluding commercial FDIC indemnification asset expense
See reconciliation of non-GAAP measures in appendix.



Third Quarter Highlights

Reported EPS and record core EPS of \$0.33, up 22% y/y

Record \$490 million of new loans, up 10% y/y

Total loans up 15% annualized q/q and 12% y/y

Noninterest expense down 6% y/y, with core efficiency ratio declining to 65%*

Core ROA improved to 0.92%*

De novo operating agreement lifted

Repurchased 2.0 million shares, declared common dividend of \$0.10

* Excluding commercial FDIC indemnification asset expense
See reconciliation of non-GAAP measures in appendix.



Third Quarter Financial Summary

(\$ mm's except per share data, growth rates, and metrics)

	3Q15	% change	
		2Q15	3Q14
Net interest income	61.6	2%	0%
Provision (reversal)	0.8	-38%	-160%
Non-interest income	11.4	10%	15%
Non-interest expense	48.3	-2%	-6%
Pretax income	23.9	18%	12%
Net income	15.3	18%	16%
Per share	\$0.33	20%	22%
Core adjustments	0.1	-92%	-66%
Core Net Income	15.4	10%	14%
Per share	\$0.33	10%	22%

Net interest income increased by \$1.0 million sequentially

Noninterest income improved by \$1.1 million reflecting reduction in FDIC indemnification expense

Tangible book value per share increased \$0.06 to \$19.75

Key Metrics	3Q15	2Q15	3Q14
Net interest margin	3.82%	3.94%	4.14%
Core fee ratio	15.7%	14.7%	13.6%
Core efficiency ratio*	64.7%	65.3%	
Core ROA*	0.92%	0.90%	
Core ROTCE	7.1%	6.2%	5.9%

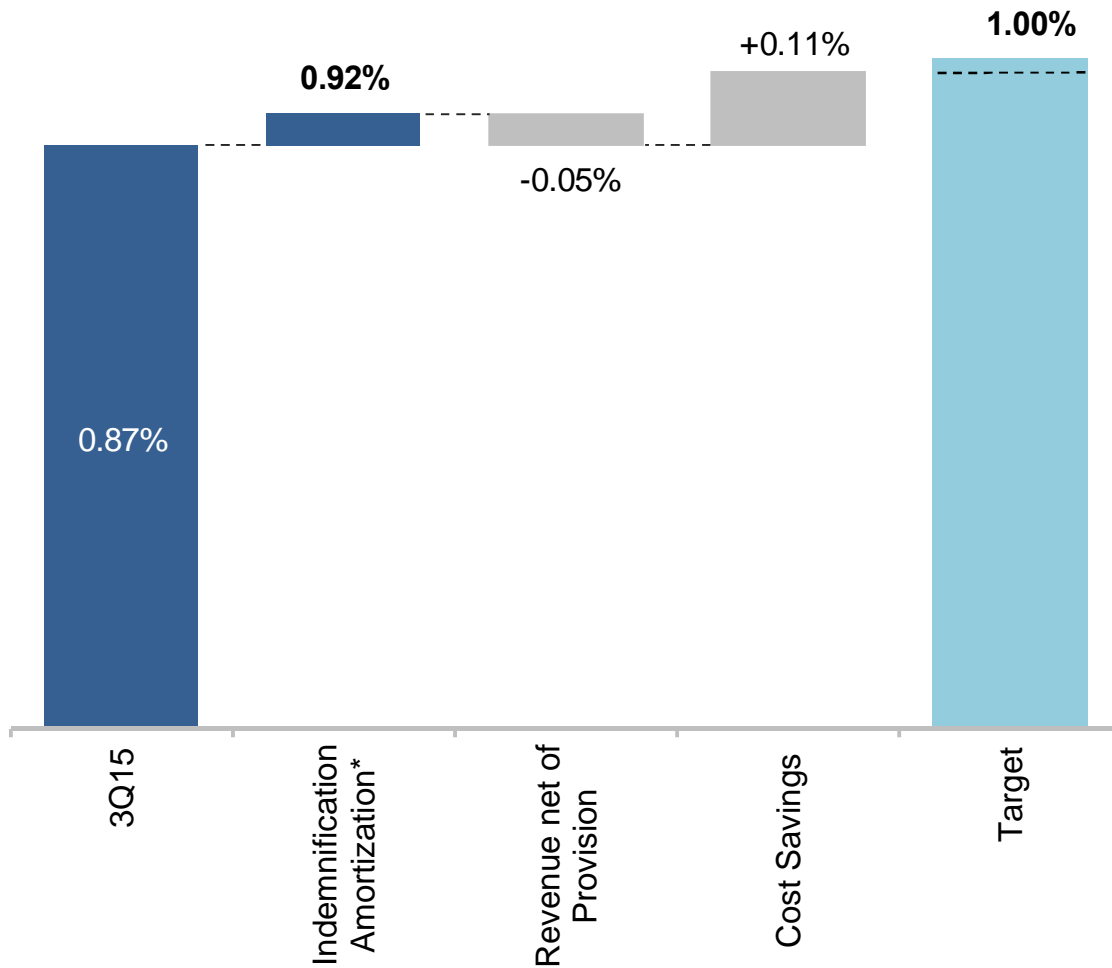
* Excluding commercial FDIC indemnification asset expense.
See reconciliation of non-GAAP measures in appendix.



Working on Closing the Gap to 1.0%

Core Return on Average Assets

Profitability Drivers



Indemnification asset amortization significantly reduced in 4Q

Loan growth offsets margin compression

Provision normalized

Impact of completed initiatives and legacy credit savings

New cost and revenue initiatives to close remaining gap

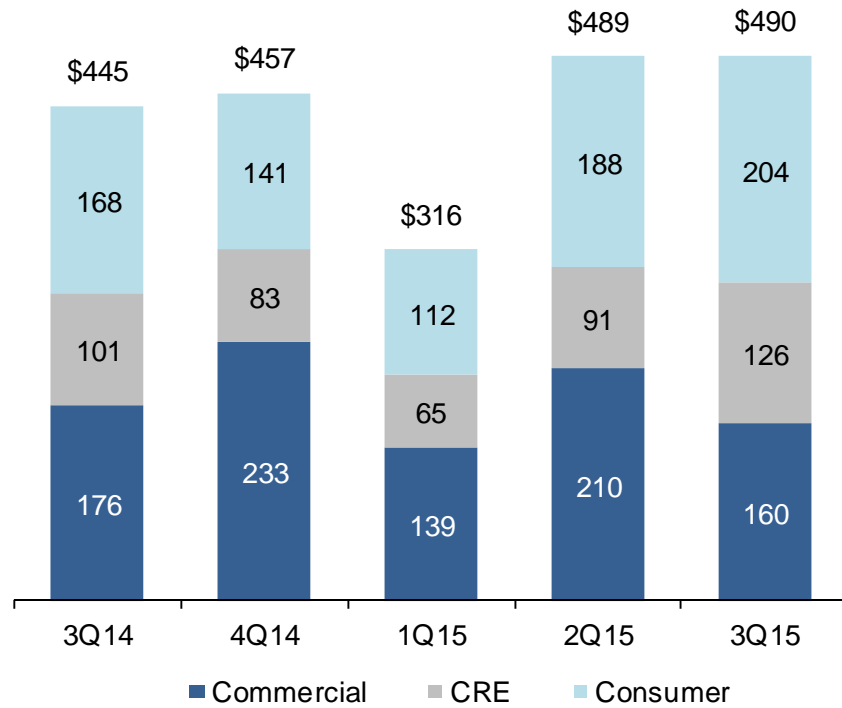
* Excluding commercial FDIC indemnification asset expense. See reconciliation of non-GAAP measures in appendix.



Record \$490 mm New Loans, Up 10% Y/Y

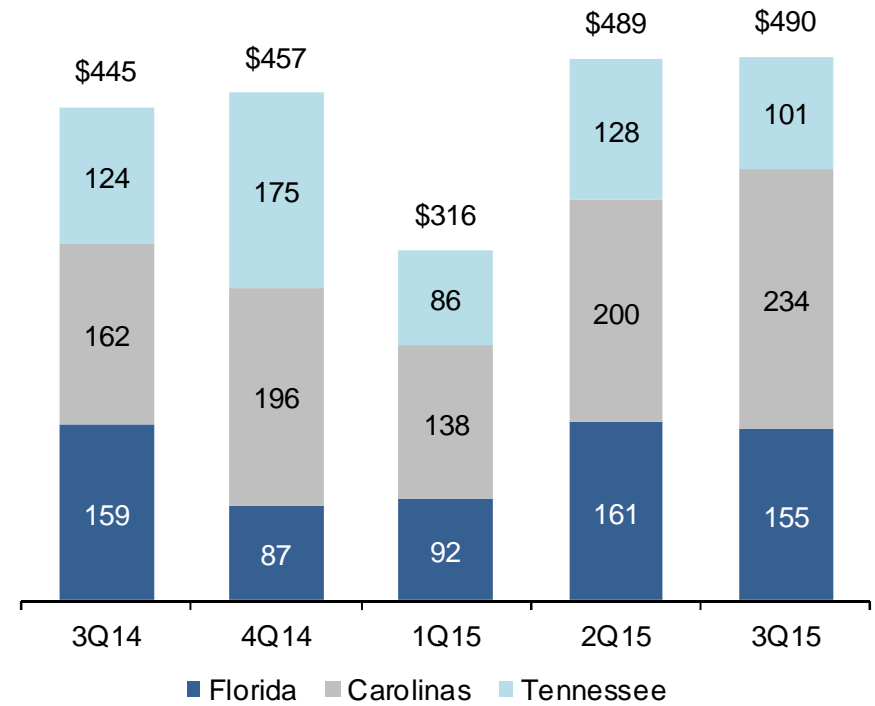
New Loans by Product

\$ mm's



New Loans by Geography

\$ mm's

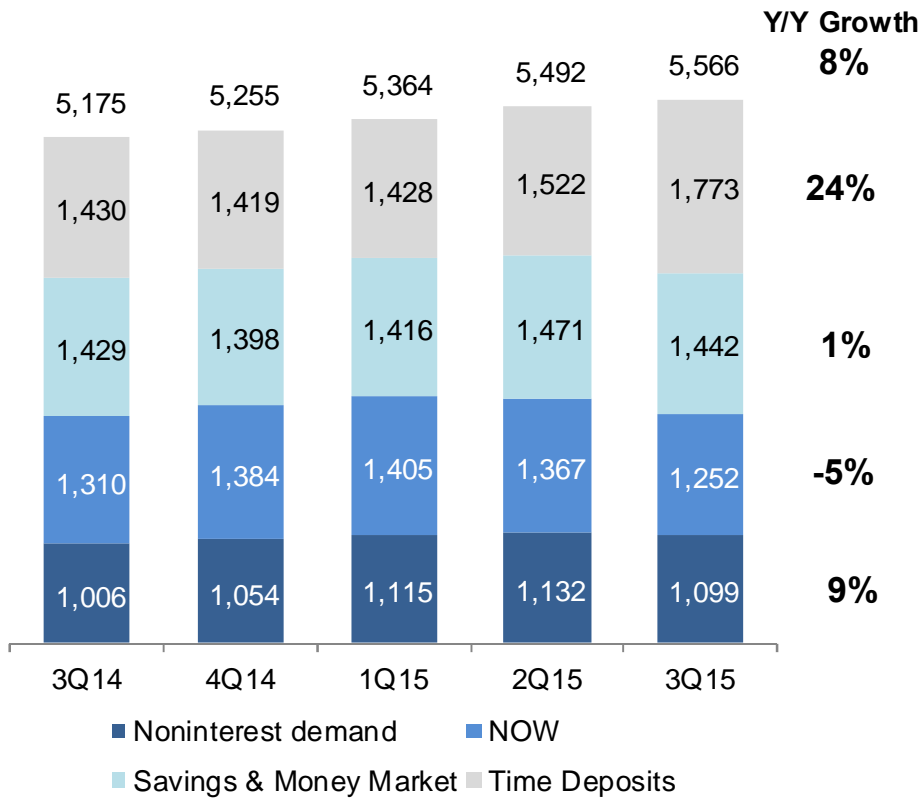




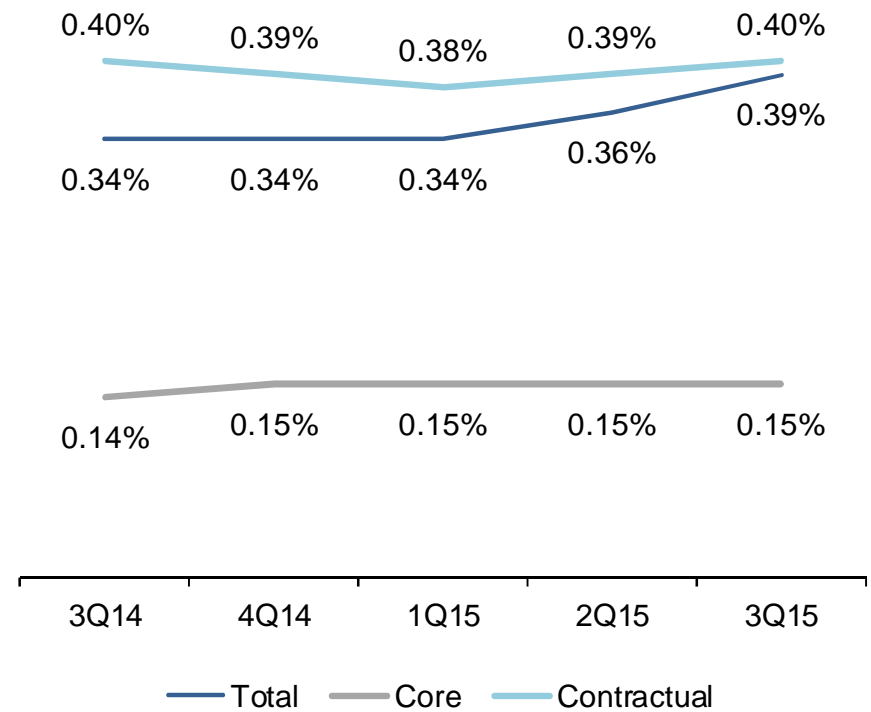
Deposits Up 8% Y/Y With Contractual Costs Flat

Deposit Balances

\$ mm's



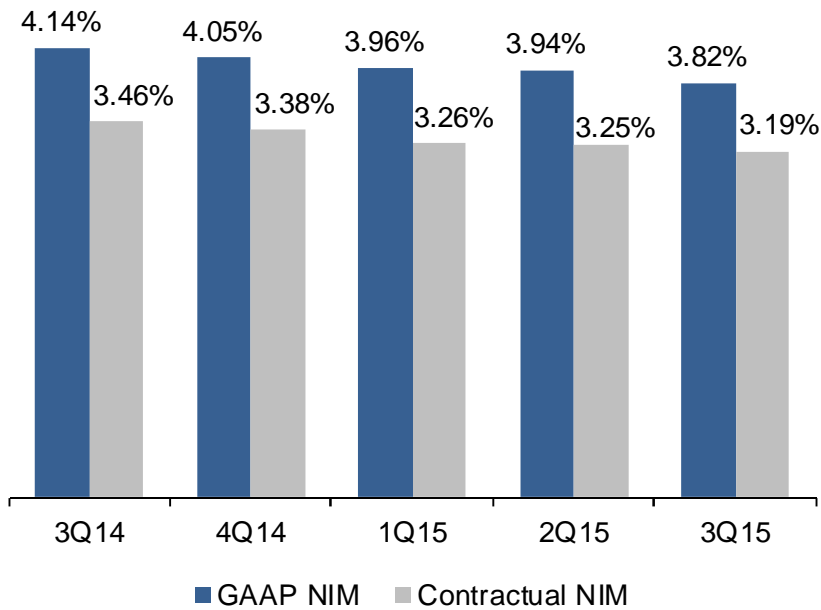
Cost of Deposits



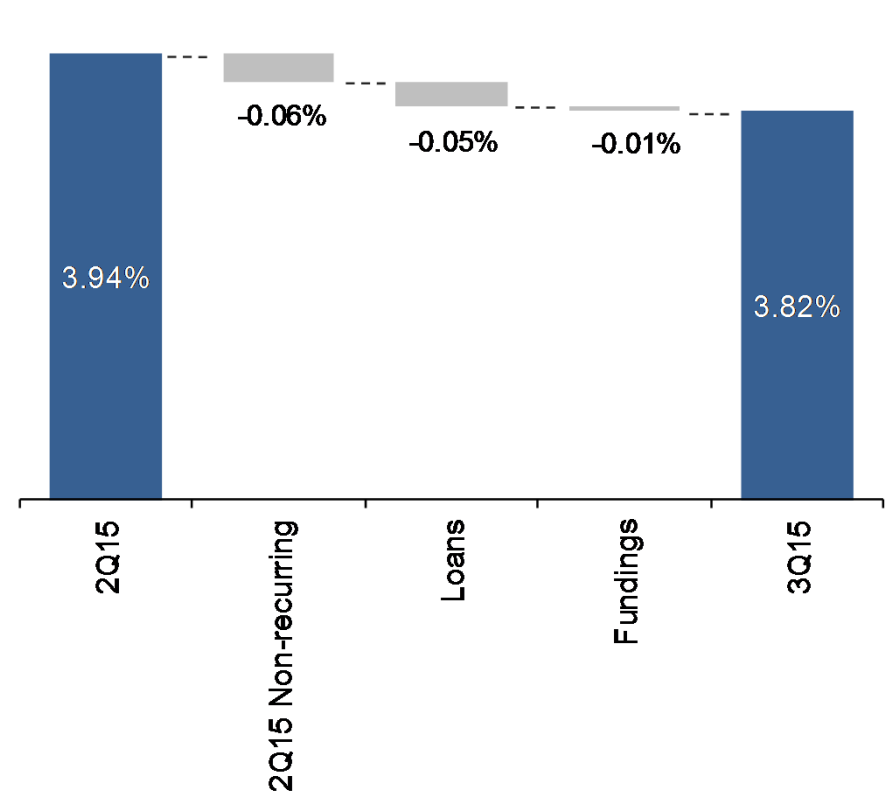


NIM Compression In Line with Forecast

Net Interest Margin (NIM)



NIM Roll-forward

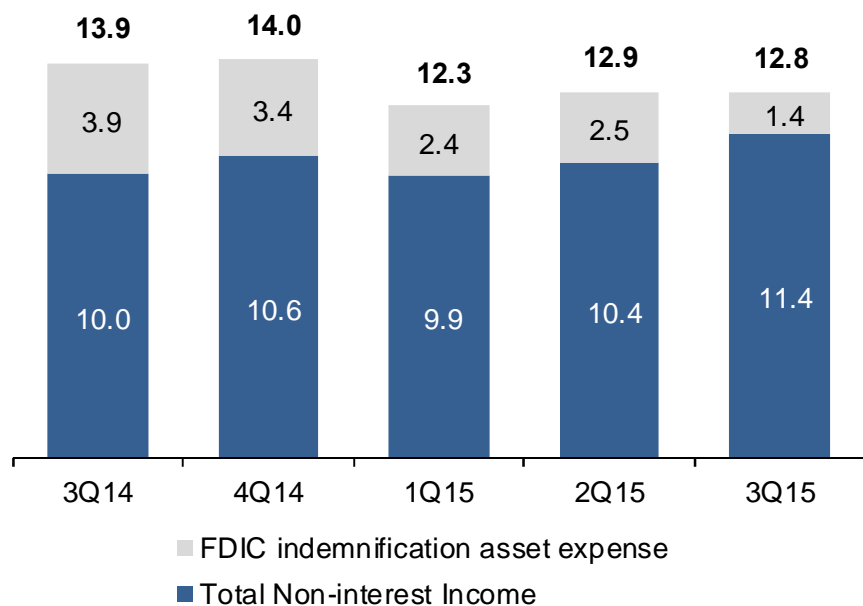




Fee Income Flat Sequentially

Non-interest Income Before FDIC Expense

\$ mm's



Non-interest Income Detail

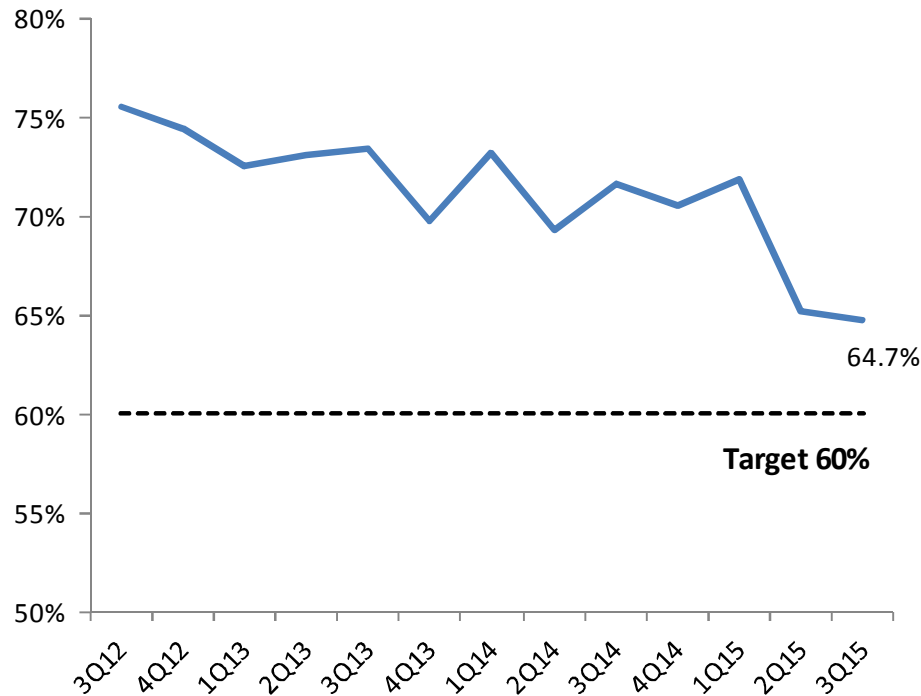
\$ mm's

	3Q14	2Q15	3Q15
Services charges on deposits	5.6	5.2	5.5
Debit card income	3.0	3.2	3.1
Fees on mortgage loans sold	1.2	1.3	1.0
Investment advisory and trust fees	1.2	1.1	0.9
Other	2.9	2.1	2.4
Non-interest Income ex FDIC expense	13.9	12.9	12.8
FDIC indemnification asset expense	(3.9)	(2.5)	(1.4)
Non-interest Income	10.0	10.4	11.4



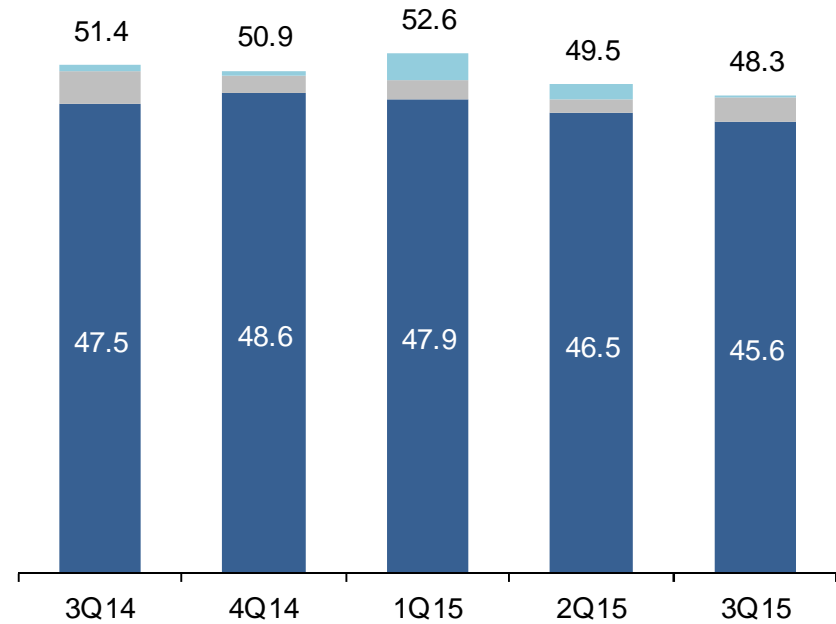
Noninterest Expense Down 6% Y/Y

Core Efficiency Ratio*



Non-interest Expense

\$ mm's



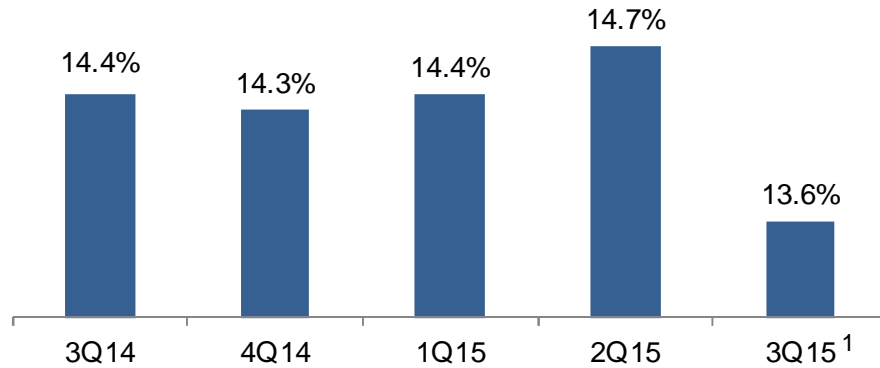
- Non-core adjustments
- REO expense
- Core non-interest expense, before REO

* 2Q15 and 3Q15 excludes commercial FDIC indemnification asset expense. See reconciliation of non-GAAP measures in appendix.



Liquidity and Capital Ratios Remain Strong

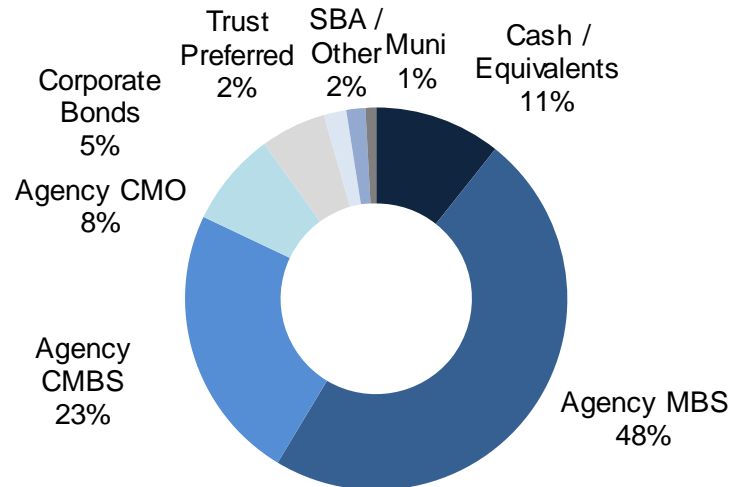
Tier 1 Leverage Ratio



The company repurchased \$2.0 mm shares of stock during 3Q at a weighted average price of \$29.94

Modified duration of investments was 4.7 years at September 30, 2015, vs. 4.4 years at June 30, 2015

Liquidity



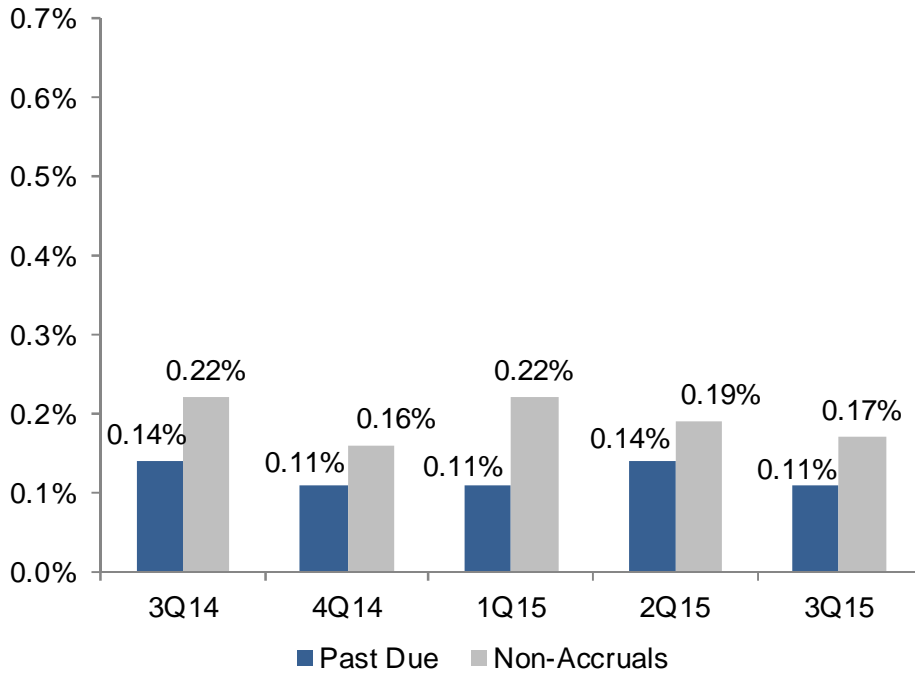
(1) 3Q15 capital ratio is preliminary.



New Loan Portfolio Performing Strongly

Past Dues & Nonaccruals

New Loan Portfolio Credit Metrics

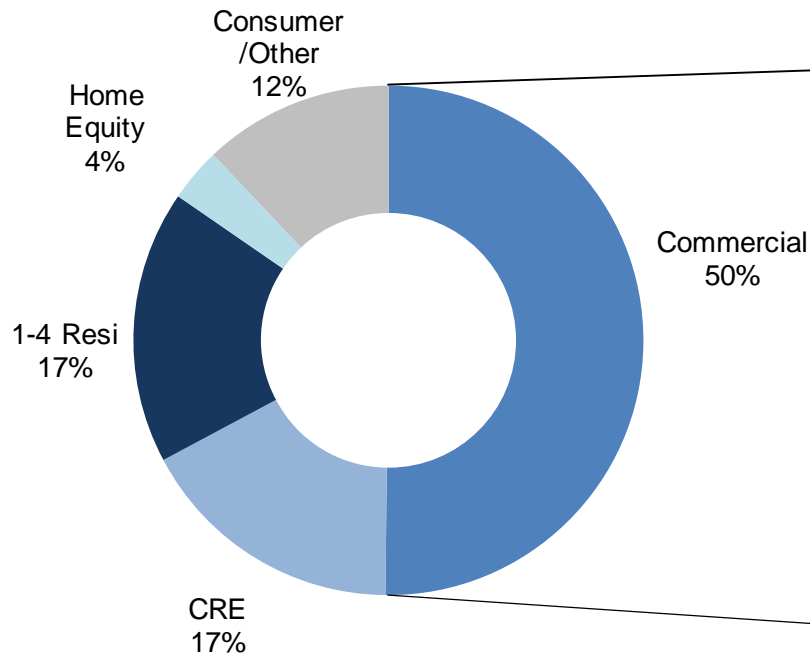


	3Q14	2Q15	3Q15
Criticized	0.23%	0.65%	0.61%
Classified Performing	0.53%	0.37%	0.28%
Classified Nonperforming	0.22%	0.19%	0.17%
Total Criticized/Classified	0.98%	1.21%	1.06%
NCOs, Annualized	0.18%	0.16%	0.15%

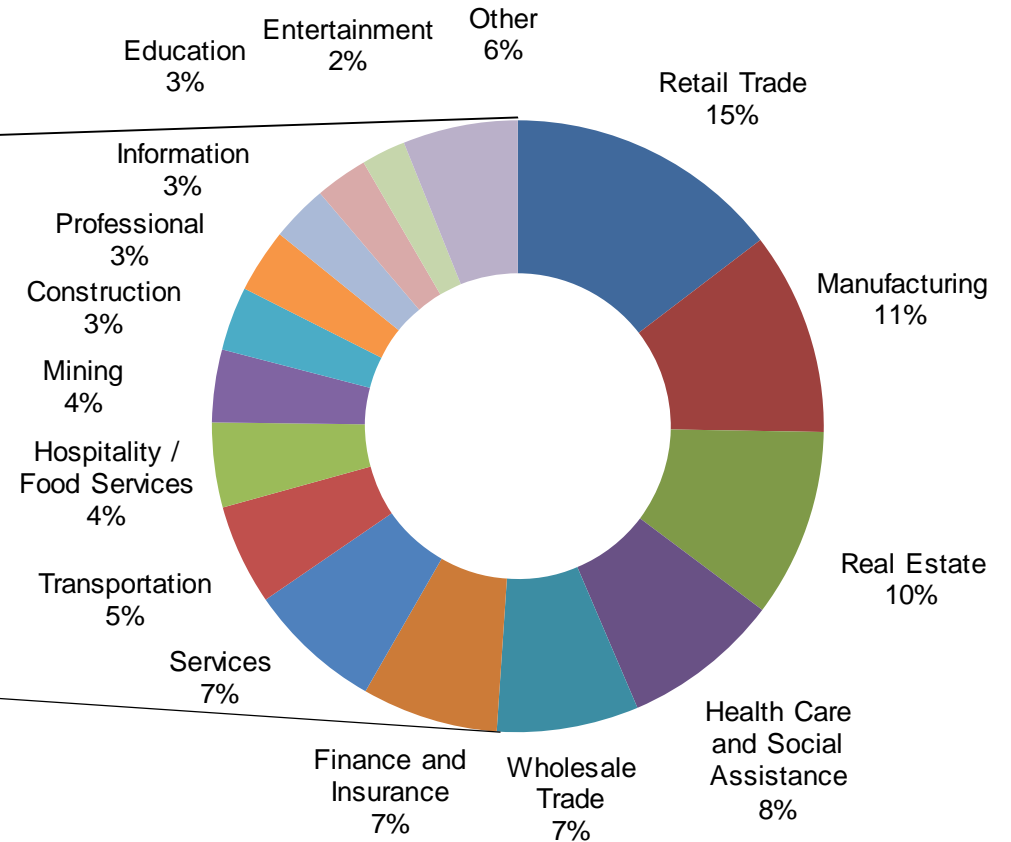


Sustainable Revenue Based on Customer Selection

New Loan Portfolio by Type



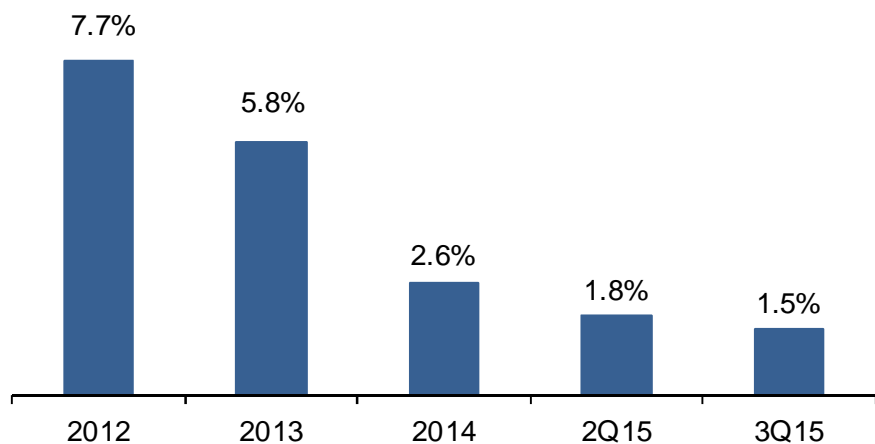
New Commercial Loans by Industry



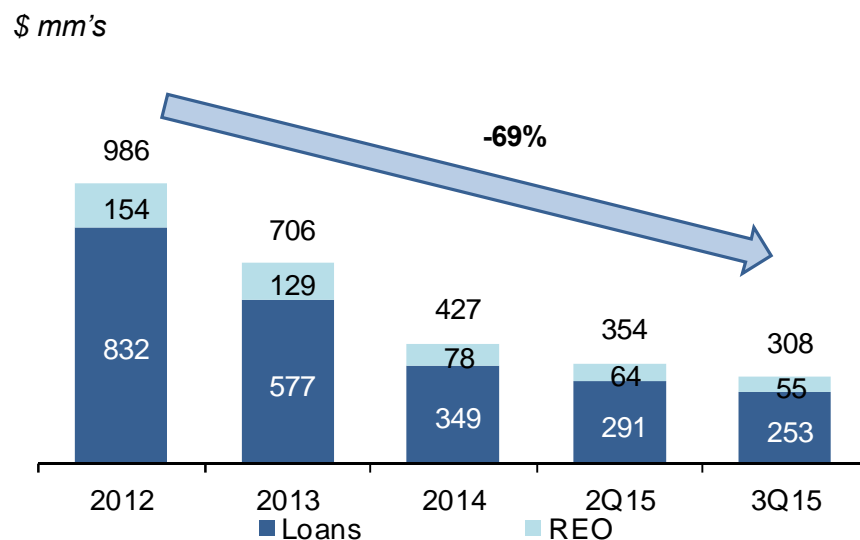


Special Assets Down 69% Since 2012

Nonperforming Loans / Total Loans



Special Assets



Legacy Credit Expenses

\$ mm's

	3Q14	2Q15	3Q15
Provision (reversal) on legacy loans	(4.2)	(0.5)	0.5
FDIC indemnification asset expense	3.9	2.5	1.4
OREO valuation expense	2.8	1.7	2.1
(Gains) losses on sales of OREO	(0.2)	(1.0)	(0.4)
Foreclosed asset related expense	0.8	0.6	0.9
Loan workout expense	0.9	0.8	0.2
Salaries and employee benefits	1.1	0.8	0.8
Total legacy credit expense	5.1	4.9	5.5



Capital Bank Investment Highlights

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



Appendix



Reconciliation of Core Noninterest Income / Expense

\$ 000's

	3Q15	2Q15	1Q15	4Q14	3Q14
Net interest income	\$61,637	\$60,685	\$59,729	\$61,351	\$61,425
Reported non-interest income	11,418	10,363	9,920	10,594	9,957
Less: Securities gains (losses), net	(43)	(57)	90	513	317
Core non-interest income	\$11,461	\$10,420	\$9,830	\$10,081	\$9,640
Reported non-interest expense	\$48,346	\$49,502	\$52,647	\$50,932	\$51,418
Less: Stock-based compensation expense	.	.	95	239	242
Contingent value right expense	.	4	116	334	278
Debt Extinguishment	.	1,438	.	.	.
Restructuring charges	23	178	2,341	.	.
Severance expense	63	14	111	.	.
Core non-interest expense	\$48,260	\$47,868	\$49,984	\$50,359	\$50,898
Core Fee Ratio*	15.7%	14.7%	14.1%	14.1%	13.6%
Efficiency Ratio**	66.2%	69.7%	75.6%	70.8%	72.0%
Core Efficiency Ratio***	66.0%	67.3%	71.9%	70.5%	71.6%
Core Efficiency Ratio*** (excluding FDIC indemnification asset expense)	64.7%	65.3%			

* Core Fee Ratio: Core non-interest income / (Net interest income + Core non-interest income)

** Efficiency Ratio: Non-interest expense / (Net interest income + Non-interest income)

***Core Efficiency Ratio: Core non-interest expense / (Net interest income + Core non-interest income)



Reconciliation of Core Net Income

\$ 000's

	Quarter Ended 3Q15	Quarter Ended 3Q15	Quarter Ended 2Q15	Quarter Ended 2Q15	Quarter Ended 3Q14	Quarter Ended 3Q14
Net income	\$15,321	\$15,321	\$12,990	\$12,990	\$13,243	\$13,243
Adjustments	Pre-Tax	After-tax	Pre-Tax	After-tax	Pre-Tax	After-tax
Non-Interest Income						
Security losses / (gains)*	43	26	57	35	(317)	(194)
Non-Interest Expense						
Stock-based compensation expense*	-	-	-	-	242	148
Contingent Value Right expense	-	-	4	2	278	278
Severance expense *	63	39	14	9	-	-
Restructuring charges*	23	14	178	110	-	-
Losses on extinguishment of debt*	-	-	1,438	887	-	-
Tax effect of adjustments*	(50)	NA	(648)	NA	29	NA
Core Net Income	15,400	15,400	14,033	14,033	\$13,475	\$13,475
Average Assets	\$7,087,882		\$6,885,513		\$6,637,179	
Tangible Common Equity	\$872,075		\$907,829		\$910,552	
** ROA	0.86%		0.75%		0.80%	
*** Core ROA	0.87%		0.82%		0.81%	
**** Core ROTCE	7.1%		6.2%		5.9%	
*** Core ROA (excluding FDIC indemnification asset expense)	0.92%		0.90%			

* Tax effected at an income tax rate of 38%

** ROA: Annualized net income / average assets

*** 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)

September 30, 2015

Total common shareholders' equity	\$1,022,642
Intangibles, net of taxes	<u>144,447</u>
Tangible book value*	<u>\$878,195</u>
Common shares outstanding	44,466
Tangible book value per share	\$19.75

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



Contractual Net Interest Margin

\$ 000s

	Average Earning Assets	Net Interest Income	Net Interest Margin
September 30, 2015			
Reported	6,442,167	69,167	3.82%
Purchase accounting impact	(55,281)	10,381	0.63%
Contractual Net Interest Margin (1)			3.19%
June 30, 2015			
Reported	6,221,394	67,696	3.94%
Purchase accounting impact	(63,174)	10,711	0.69%
Contractual Net Interest Margin (1)			3.25%
March 31, 2015			
Reported	6,168,668	66,572	3.96%
Purchase accounting impact	(73,831)	10,790	0.70%
Contractual Net Interest Margin (1)			3.26%
December 31, 2014			
Reported	6,045,748	61,723	4.05%
Purchase accounting impact	(79,632)	10,295	0.67%
Contractual Net Interest Margin (1)			3.38%
September 30, 2014			
Reported	5,911,601	61,660	4.14%
Purchase accounting impact	(91,982)	10,292	0.68%
Contractual Net Interest Margin (1)			3.46%

(1) Excludes purchase accounting adjustments