



CAPITAL BANK
FINANCIAL CORP

2015 Second Quarter Earnings

July 23, 2015



Safe Harbor Statement

Forward-Looking Statements

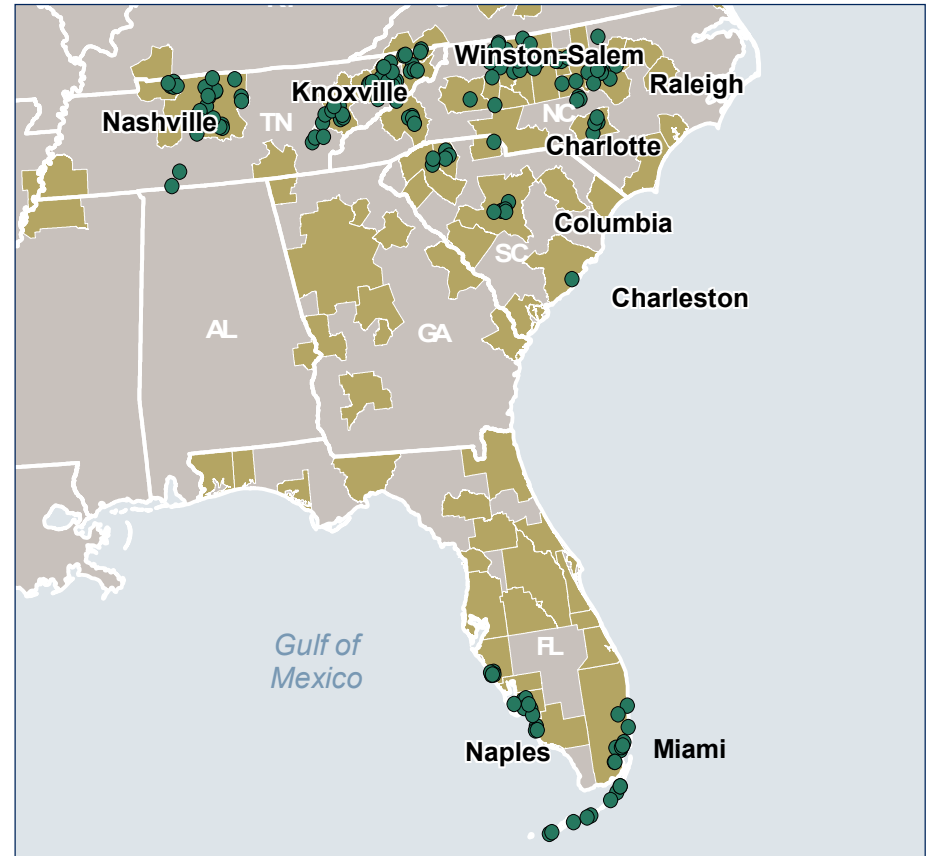
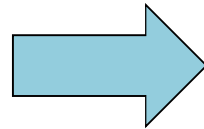
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We've Built One Bank out of Seven Acquisitions



GreenBankshares, Inc.





Second Quarter Highlights

Net income per share up 12% y/y, record core net income per share up 15% y/y

Record \$489 million of new loans, up 11% y/y

Total loans and deposits up 10% annualized q/q, and revenues +\$1.3 million sequentially

Core noninterest expense down \$2 million sequentially and 5% y/y, with core efficiency ratio declining to 67%

Core ROA improved to 0.82%

Board has approved quarterly common dividend program commencing in 3Q



Second Quarter Financial Summary

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

	2Q15	% change	
		1Q15	2Q14
Net interest income	60.7	2%	0%
Provision (reversal)	1.3	NM	-7%
Core non-interest income	10.4	6%	-13%
Core non-interest expense	47.9	-4%	-5%
Core pretax income	22.0	8%	5%
Core net income	14.0	8%	7%
Per share	\$0.30	8%	15%
Non-core adjustments	(1.0)	-34%	56%
Net income	13.0	14%	5%
Per share	\$0.28	17%	12%

Key Metrics	2Q15	1Q15	2Q14
Net interest margin	3.94%	3.96%	4.26%
Core fee ratio	14.7%	14.1%	16.4%
Core efficiency ratio	67.3%	71.9%	69.3%
Core ROA	0.82%	0.76%	0.76%
Core ROTCE	6.2%	5.8%	5.7%

Net revenues increased by \$1.3 million sequentially

\$1.3 mm provision includes \$0.5 million reversal of impairment in legacy portfolio and \$1.8 million provision for new loans

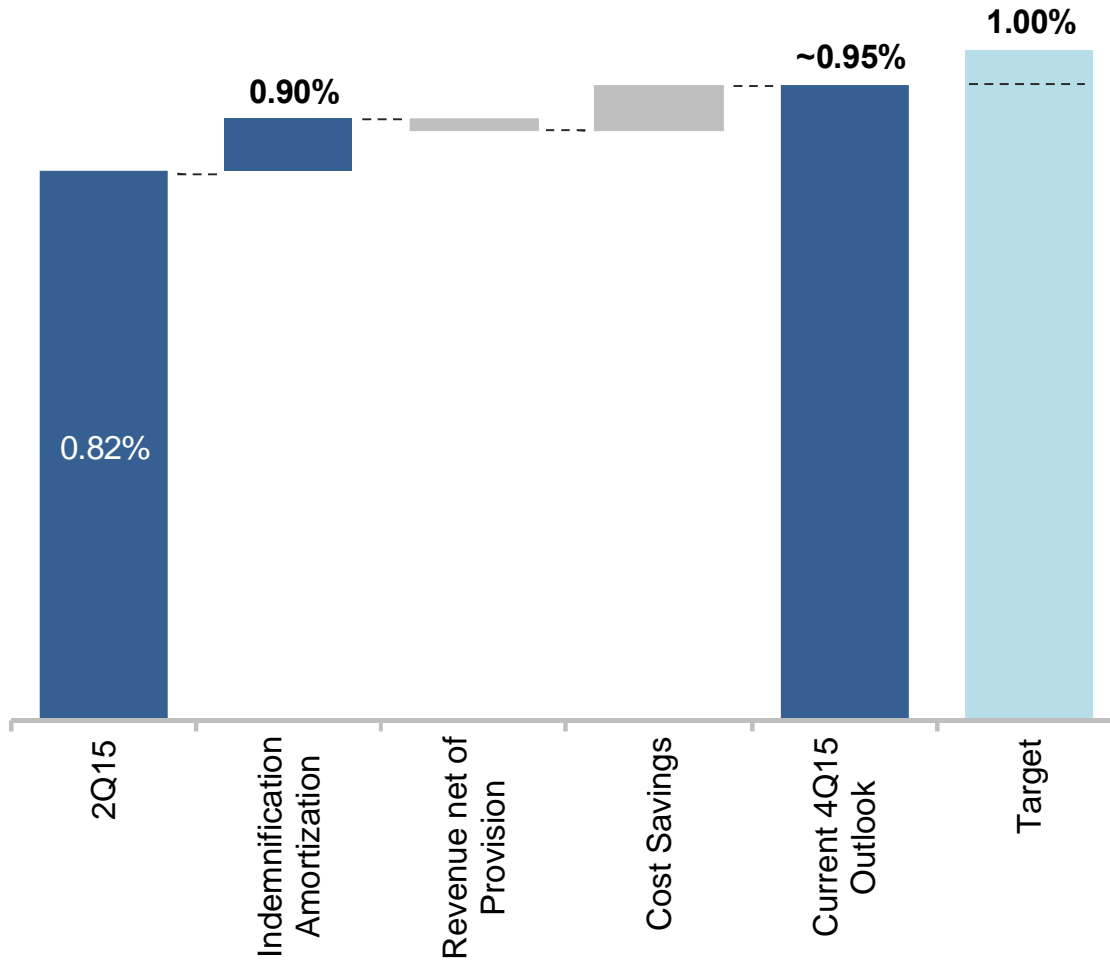
Tangible book value per share increased \$0.20 to \$19.69



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

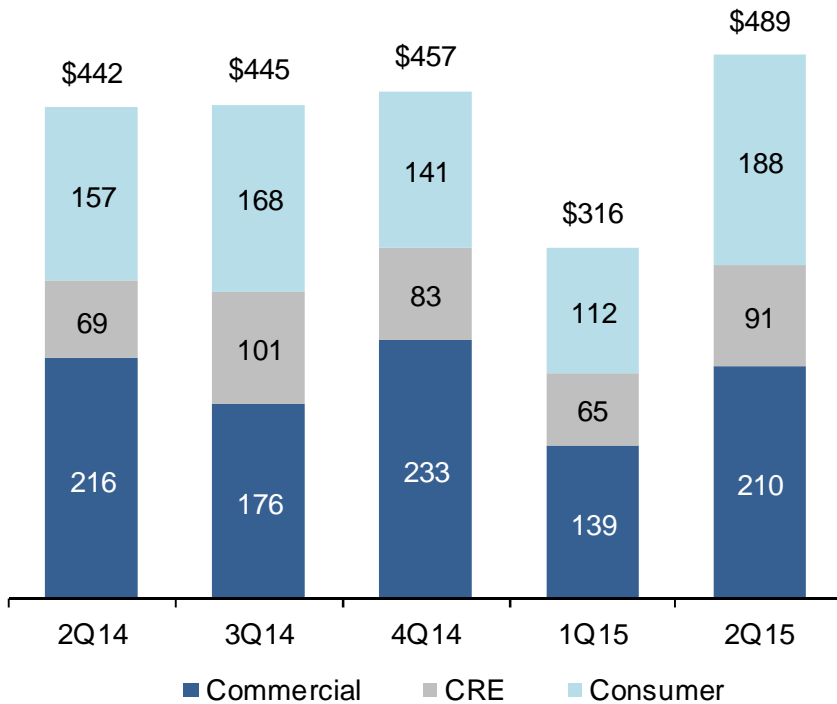
New cost and revenue initiatives to close remaining gap



Record \$489 mm New Loans, Up 11% Y/Y

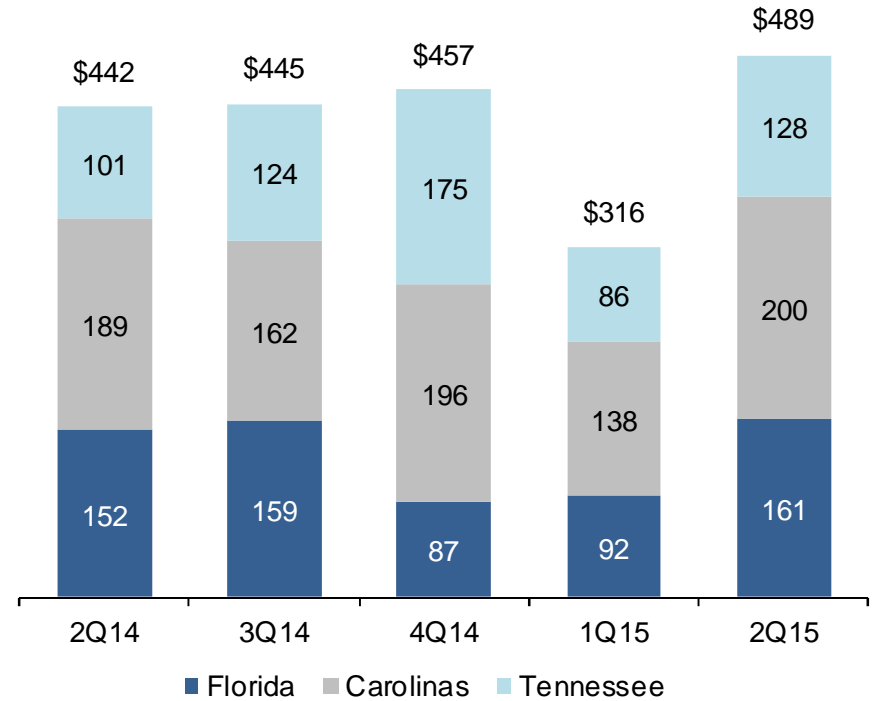
New Loans by Product

\$ mm's



New Loans by Geography

\$ mm's



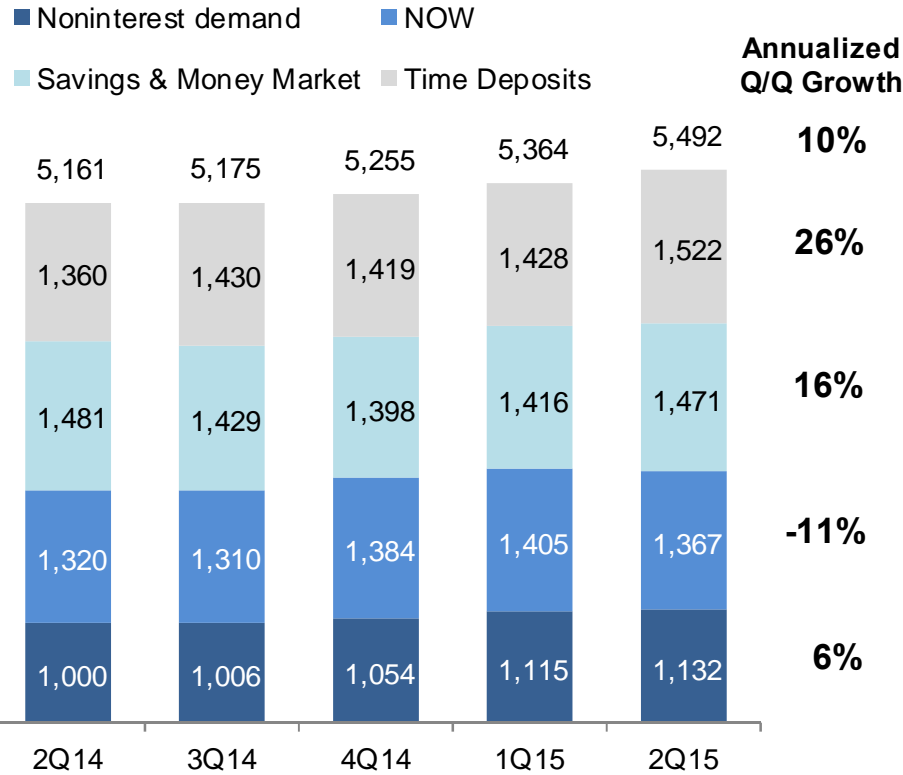
Note: 2Q15 includes \$33 mm of purchased residential mortgages.



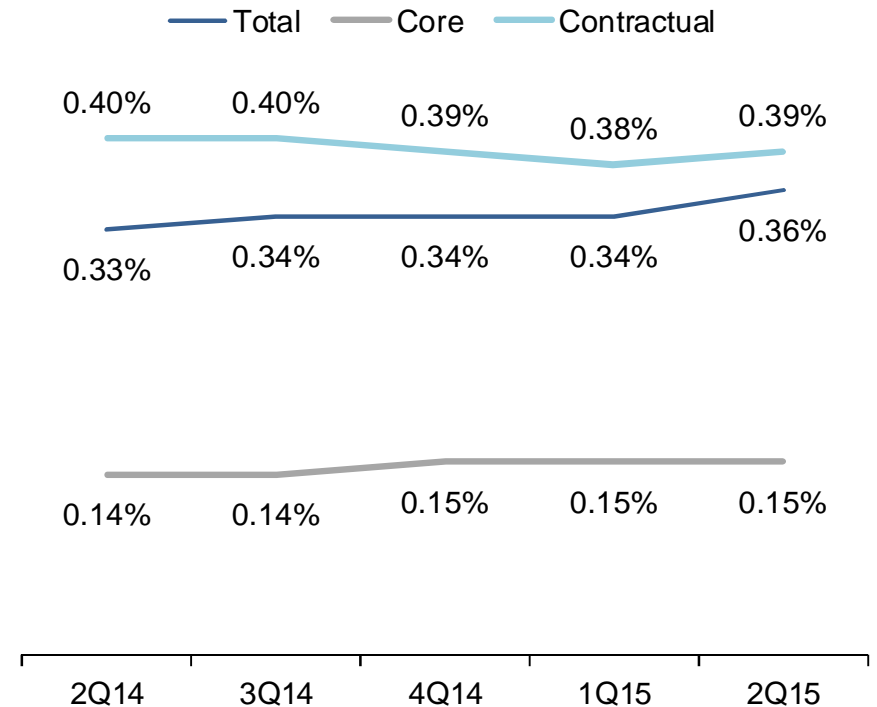
Deposits Up 10% Annualized

Deposit Balances

\$ mm's



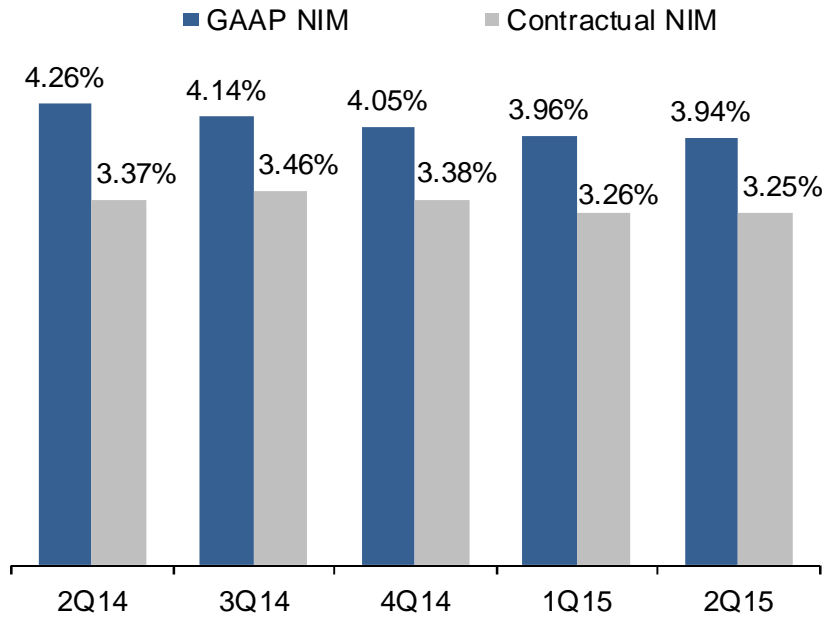
Cost of Deposits



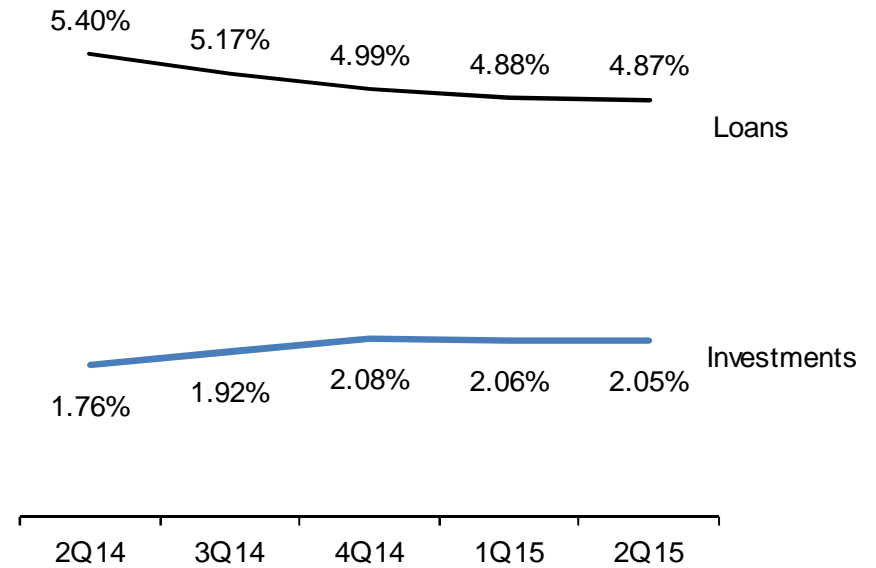


NIM Compression Slowed

Net Interest Margin (NIM)



Yields

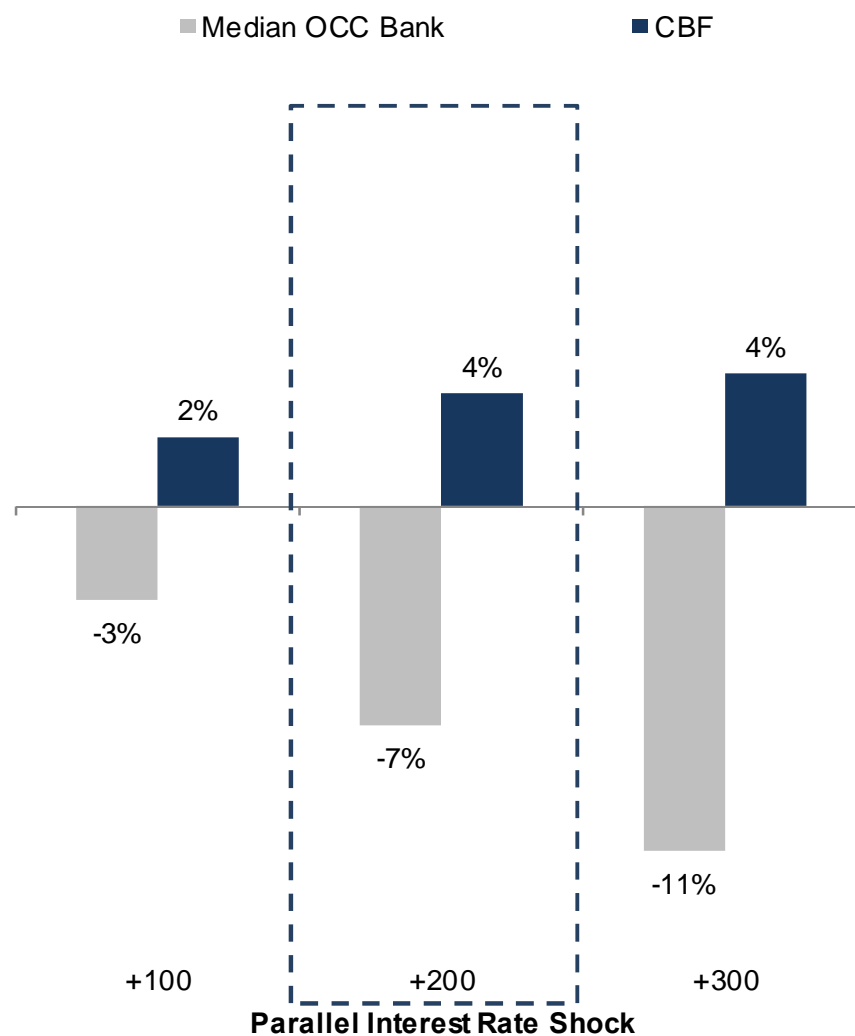
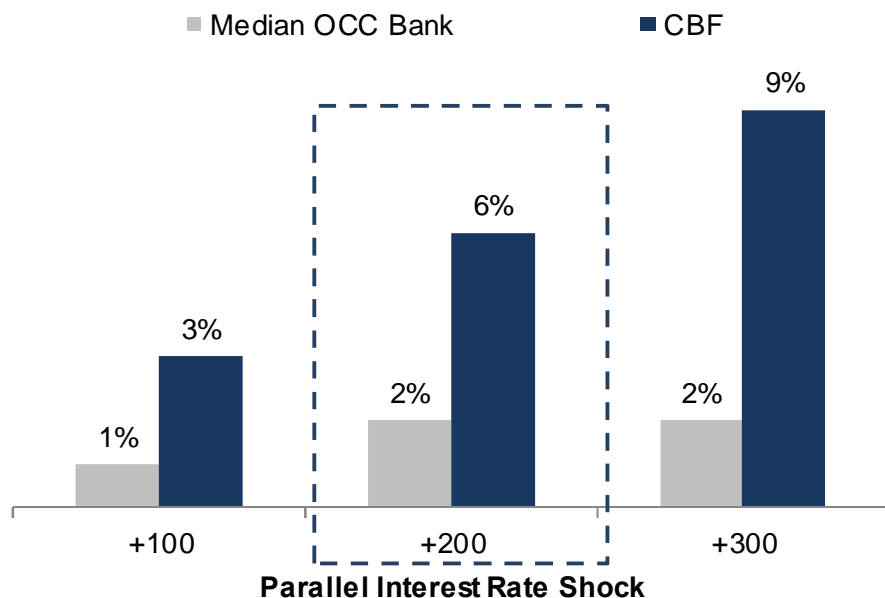




Highly Asset Sensitive Relative to Median Bank

12-month Net Interest Income at Risk

Economic Value of Equity at Risk



Non-Maturity Deposit Assumptions

	Capital Bank		Median OCC Bank	
	Decay Rate	Repricing Beta	Decay Rate	Repricing Beta
DDA	15%	0%	15%	0%
NOW	15%	27%	15%	23%
Money Market	21%	46%	21%	40%
Savings	14%	43%	14%	25%
Total Core Deposits	17%	27%	17%	22%

Note: OCC Banks include 1,100 . 1,400 community and mid-size banks/thrifts, data collected in 4Q13 and 1Q14.

Source: OCC Interest Rate Risk (IRR) Measurement . Range of Practice Memorandum, 12/17/2014.

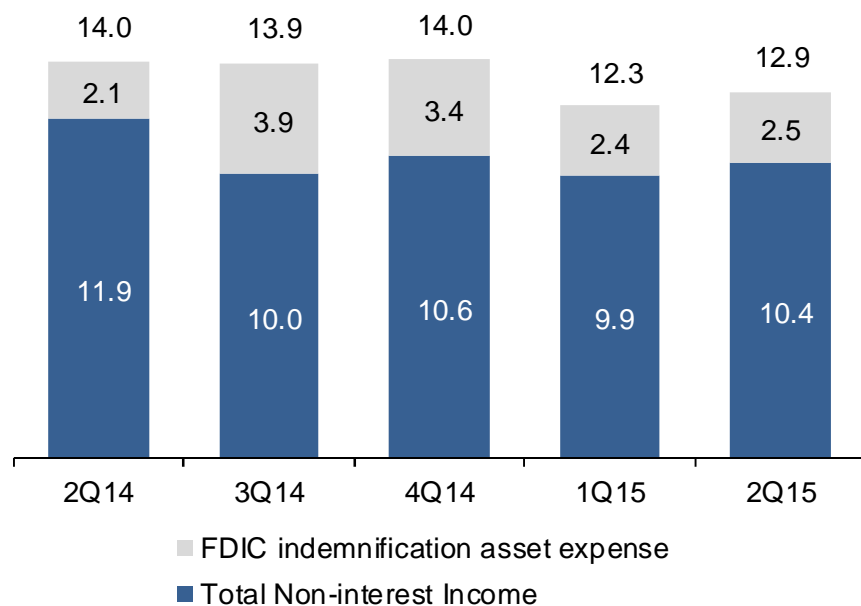
CBF data is bank only.



Fee Income Improved Sequentially

Non-interest Income Before FDIC Expense

\$ mm's



Non-interest Income Detail

\$ mm's

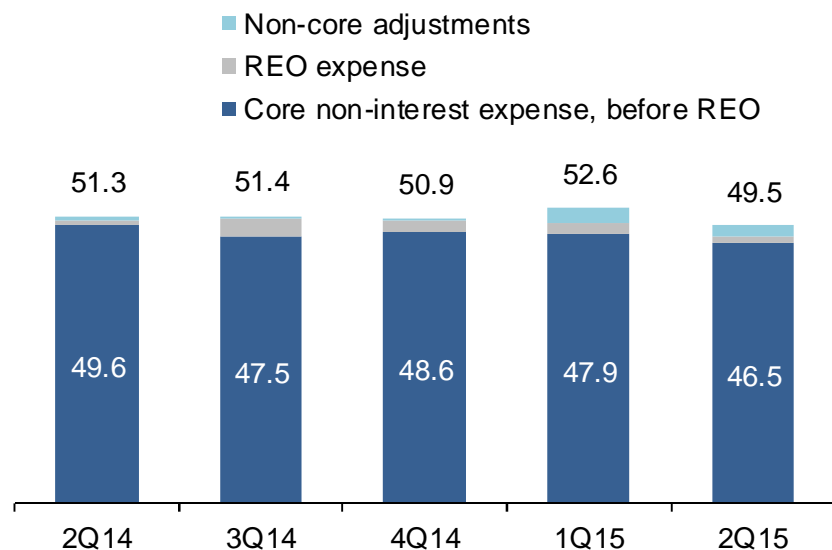
	2Q14	1Q15	2Q15
Services charges on deposits	5.7	4.7	5.2
Debit card income	3.1	3.0	3.2
Fees on mortgage loans sold	1.1	1.1	1.3
Investment advisory and trust fees	0.9	1.0	1.1
Other	3.1	2.5	2.1
Non-interest Income ex FDIC expense	14.0	12.3	12.9
FDIC indemnification asset expense	(2.1)	(2.4)	(2.5)
Non-interest Income	11.9	9.9	10.4



Core Expenses Down 5% Y/Y

Non-interest Expense

\$ mm's



Core Non-interest Expense

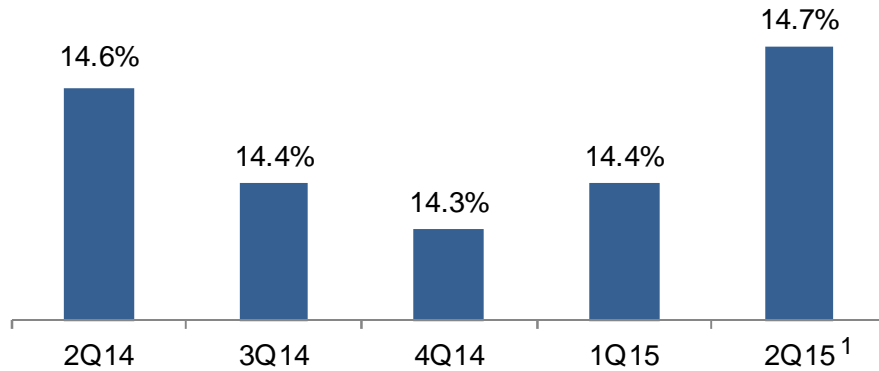
\$ mm's

	2Q14	1Q15	2Q15
Salaries and employee benefits	23.4	23.9	21.9
Net occupancy and equipment	8.7	8.1	7.8
Professional fees	2.0	1.7	1.7
Other	15.5	14.2	15.1
Core non-interest expense, before REO	49.6	47.9	46.5
REO expense	0.8	2.1	1.4
Core non-interest expense	50.4	50.0	47.9
Non-core adjustments	0.9	2.6	1.6
Total non-interest expense	51.3	52.6	49.5



Liquidity and Capital Ratios Remain Strong

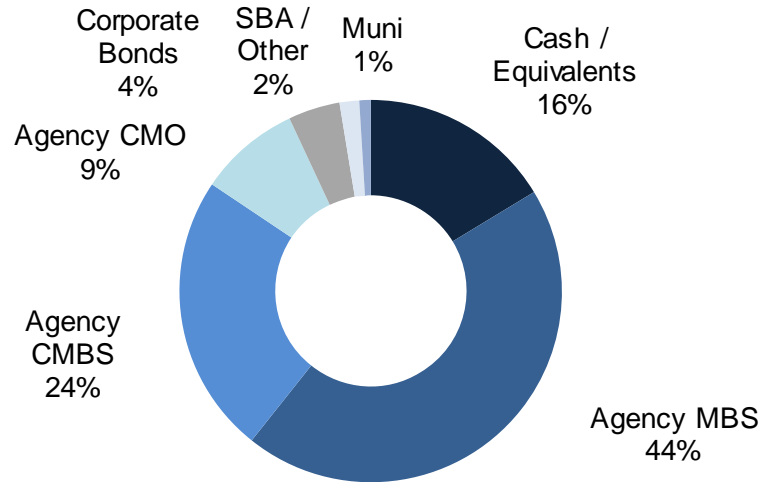
Tier 1 Leverage Ratio¹



The company did not repurchase stock during 2Q

Modified duration of investments was 4.4 years at June 30, 2015, unchanged from March 31, 2015

Liquidity

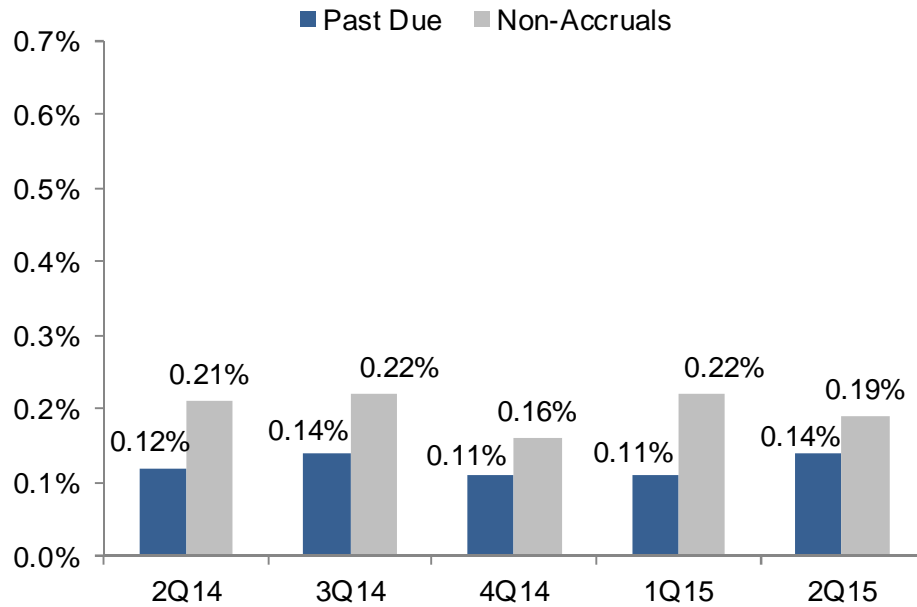


(1) 2Q15 capital ratio is preliminary.



New Loan Portfolio Performing Strongly

Past Dues & Nonaccruals



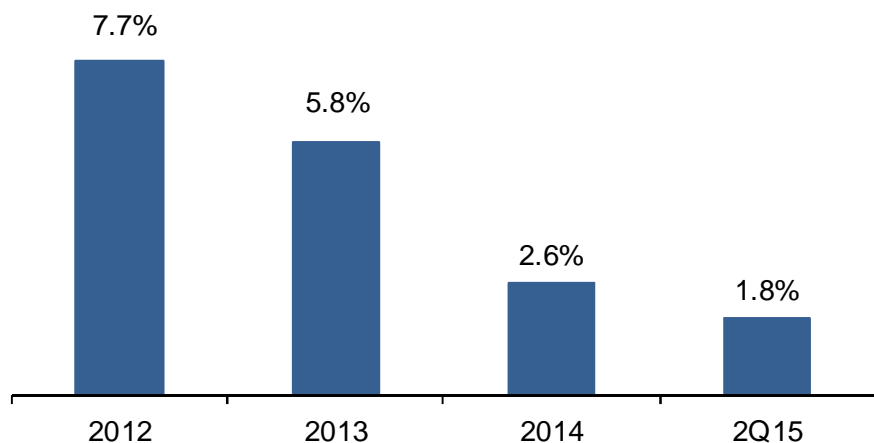
New Loan Portfolio Credit Metrics

	2Q14	1Q15	2Q15
Criticized	0.30%	0.37%	0.65%
Classified Performing	0.62%	0.28%	0.37%
Classified Nonperforming	0.21%	0.22%	0.19%
Total Criticized/Classified	1.14%	0.87%	1.21%
Reserve (\$ mm)	20.8	21.3	21.8
Reserve as % of New Loan Portfolio	0.78%	0.61%	0.60%



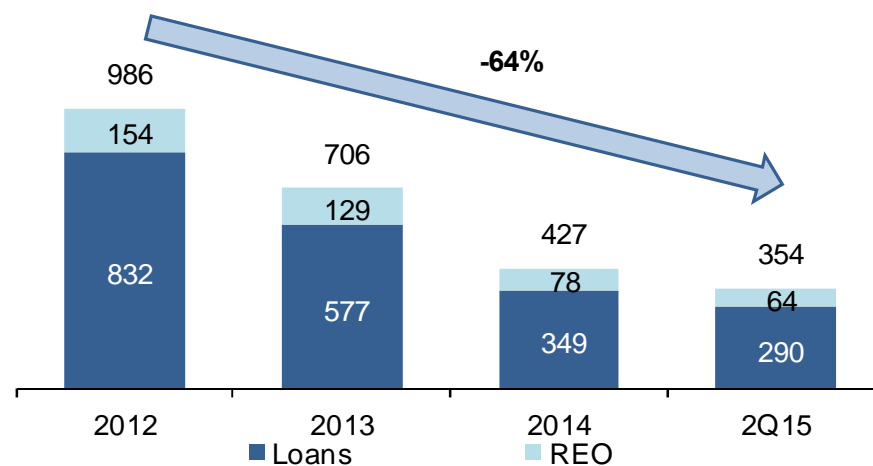
Special Assets Down 64% Since 2012

Nonperforming Loans / Total Loans



Special Assets

\$ mm's



Legacy Credit Expenses

\$ mm's

	2Q14	1Q15	2Q15
Provision (reversal) on legacy loans	(0.9)	(1.9)	(0.5)
FDIC indemnification asset expense	2.1	2.4	2.5
OREO valuation expense	3.0	1.4	1.7
(Gains) losses on sales of OREO	(3.2)	(0.0)	(1.0)
Foreclosed asset related expense	1.0	0.7	0.6
Loan workout expense	1.1	0.6	0.8
Salaries and employee benefits	1.3	0.8	0.8
Total legacy credit expense	4.4	4.0	4.9



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

	2Q15	1Q15	4Q14	3Q14	2Q14
Net interest income	\$60,685	\$59,729	\$61,351	\$61,425	\$60,831
Reported non-interest income	10,363	9,920	10,594	9,957	11,887
Less: Securities gains (losses), net	(57)	90	513	317	(28)
Core non-interest income	\$10,420	\$9,830	\$10,081	\$9,640	\$11,915
Reported non-interest expense	\$49,502	\$52,647	\$50,932	\$51,418	\$51,273
Less: Stock-based compensation expense	.	95	239	242	531
Contingent value right expense	4	116	334	278	327
Debt Extinguishment	1,438
Restructuring charges	178	2,341	.	.	.
Severance expense	14	111	.	.	.
Core non-interest expense	\$47,868	\$49,984	\$50,359	\$50,898	\$50,415
Core Fee Ratio*	14.7%	14.1%	14.1%	13.6%	16.4%
Efficiency Ratio**	69.7%	75.6%	70.8%	72.0%	70.5%
Core Efficiency Ratio***	67.3%	71.9%	70.5%	71.6%	69.3%

* 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)



Reconciliation of Core Net Income

\$ 000's

	Quarter Ended 2Q15	Quarter Ended 2Q15	Quarter Ended 1Q15	Quarter Ended 1Q15	Quarter Ended 2Q14	Quarter Ended 2Q14
Net income	\$12,990	\$12,990	\$11,389	\$11,389	\$12,425	\$12,425
Adjustments	Pre-Tax	After-tax	Pre-Tax	After-tax	Pre-Tax	After-tax
Non-Interest Income						
Security losses / (gains)*	57	35	(90)	(55)	28	17
Non-Interest Expense						
Stock-based compensation expense*	-	-	95	58	529	324
Contingent Value Right expense	4	2	116	72	327	327
Severance expense *	14	9	111	68	-	-
Restructuring charges*	178	110	2,341	1,444	-	-
Losses on extinguishment of debt*	1,438	887	-	-	-	-
Tax effect of adjustments*	(648)	NA	(986)	NA	216	NA
Core Net Income	14,033	14,033	12,976	12,976	\$13,093	\$13,093
Average Assets	\$6,885,513		\$6,854,322		\$6,519,651	
Tangible Common Equity	\$907,829		\$901,884		\$918,160	
** ROA	0.75%		0.66%		0.76%	
*** Core ROA	0.82%		0.76%		0.80%	
**** Core ROTCE	6.2%		5.8%		5.7%	

* 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)

June 30, 2015

Total common shareholders' equity	\$1,059,346
Intangibles, net of taxes	145,035
Tangible book value*	<u>\$914,311</u>
Common shares outstanding	46,440
Tangible book value per share	\$19.69

* 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
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%
June 30, 2014			
Reported	5,756,466	61,077	4.26%
Purchase accounting impact	(101,062)	12,977	0.89%
Contractual Net Interest Margin (1)			3.37%

(1) Excludes purchase accounting adjustments

7/23/2015