



CAPITAL BANK
FINANCIAL CORP

Goldman Sachs
US Emerging/SMID Cap
Growth Conference

November 20, 2014



Safe Harbor Statement

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We've Built One Bank out of Seven Acquisitions



Single national charter: Capital Bank, NA

Single scalable processing platform

Consistent branding

Centralized back-office

Uniform products, pricing, and management

Appropriate governance, compliance, and enterprise risk management

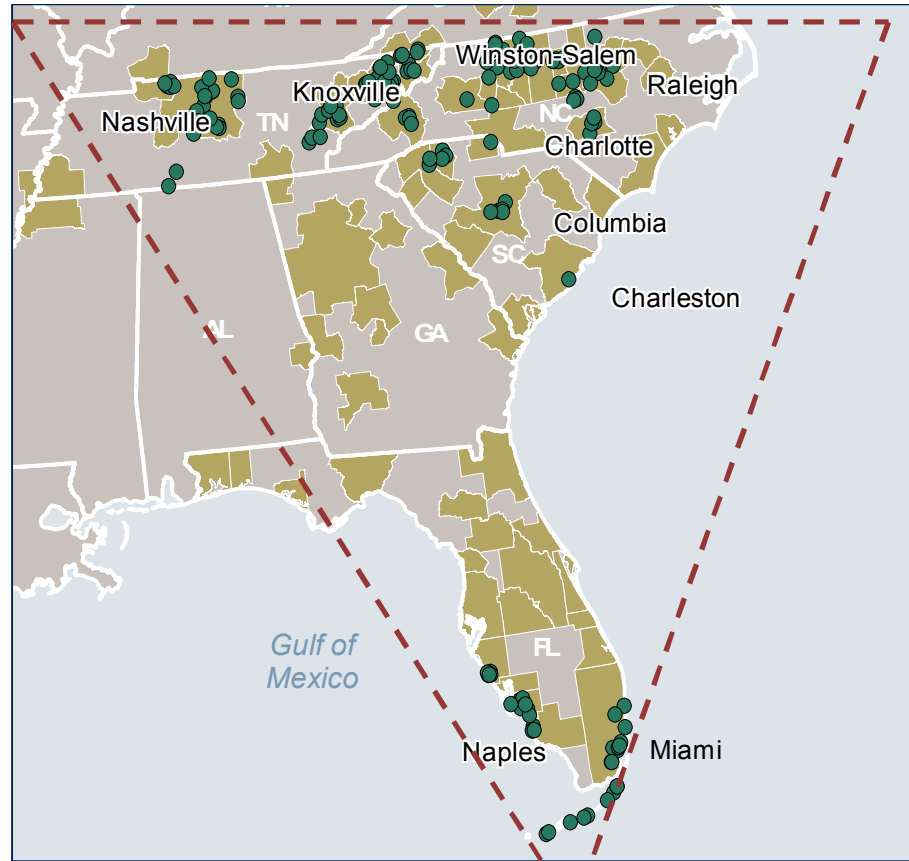
Common culture of performance and accountability



Positioned in Southeastern Growth Markets

MSA-level projected population growth rates 2014-2019

Nashville
6.2%



Raleigh
8.2%

Miami
6.4%



Third Quarter Highlights

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

| | 3Q14 | % change | |
|---------------------------|---------------|-----------|------------|
| | | 2Q14 | 3Q13 |
| Net interest income | 61.4 | 1% | -6% |
| Provision (reversal) | (1.3) | -195% | -235% |
| Core non-interest income | 9.6 | -19% | -38% |
| Core non-interest expense | 50.9 | 1% | -14% |
| Core pretax income | 21.4 | 2% | 4% |
| Core net income | 13.5 | 3% | 6% |
| Per share | \$0.27 | 3% | 13% |
| Non-core adjustments | (0.2) | -71% | -84% |
| Net income | 13.2 | 7% | 16% |
| Per share | \$0.27 | 8% | 23% |

Record \$445 mm of new loans, up 35% YTD

Loan portfolio grew sequentially 9% annualized

Core ROA improved to 0.81%, up from 0.76% in 3Q13

Core expenses excluding REO expense declined \$2.1 mm sequentially

| Key Metrics | 3Q14 | 2Q14 | 3Q13 |
|-----------------------|-------|-------|-------|
| Net interest margin | 4.14% | 4.26% | 4.45% |
| Core fee ratio | 13.6% | 16.4% | 19.0% |
| Core efficiency ratio | 71.6% | 69.3% | 73.5% |
| Core ROA | 0.81% | 0.80% | 0.76% |
| Core ROTCE | 5.9% | 5.7% | 5.3% |

Core efficiency ratio excluding legacy credit costs of 59%

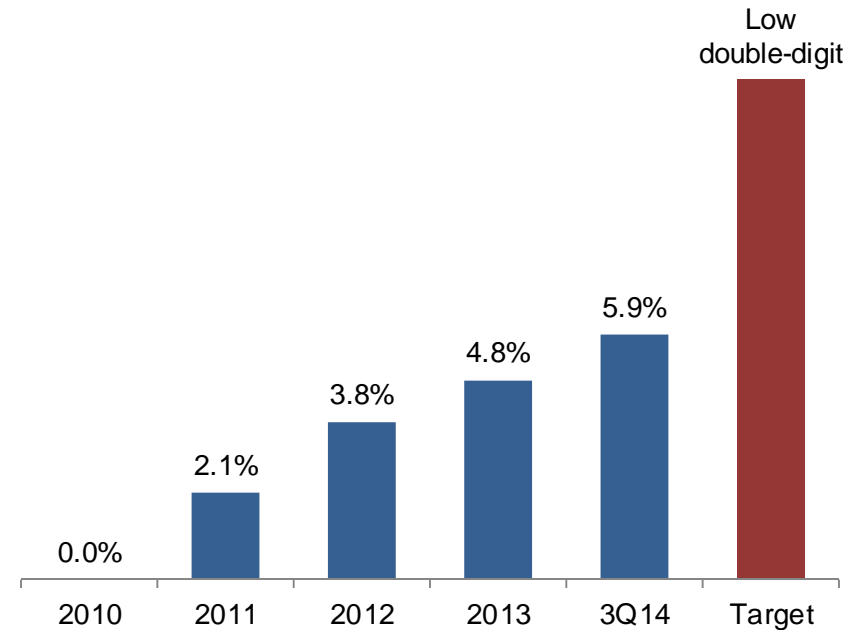
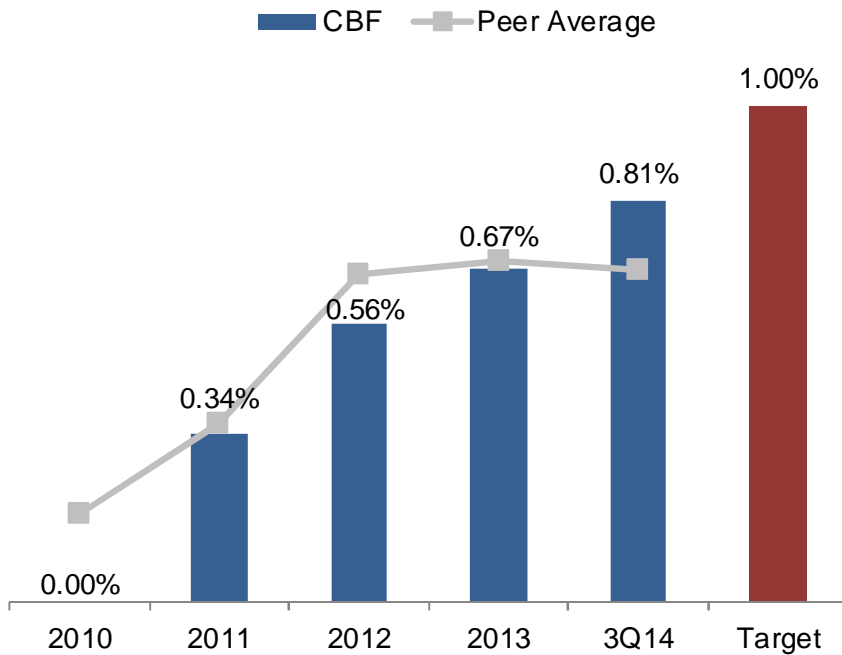
TBV per share of \$19.00



Significantly Improved Returns

Core Return on Assets

Core Return on Tangible Common Equity

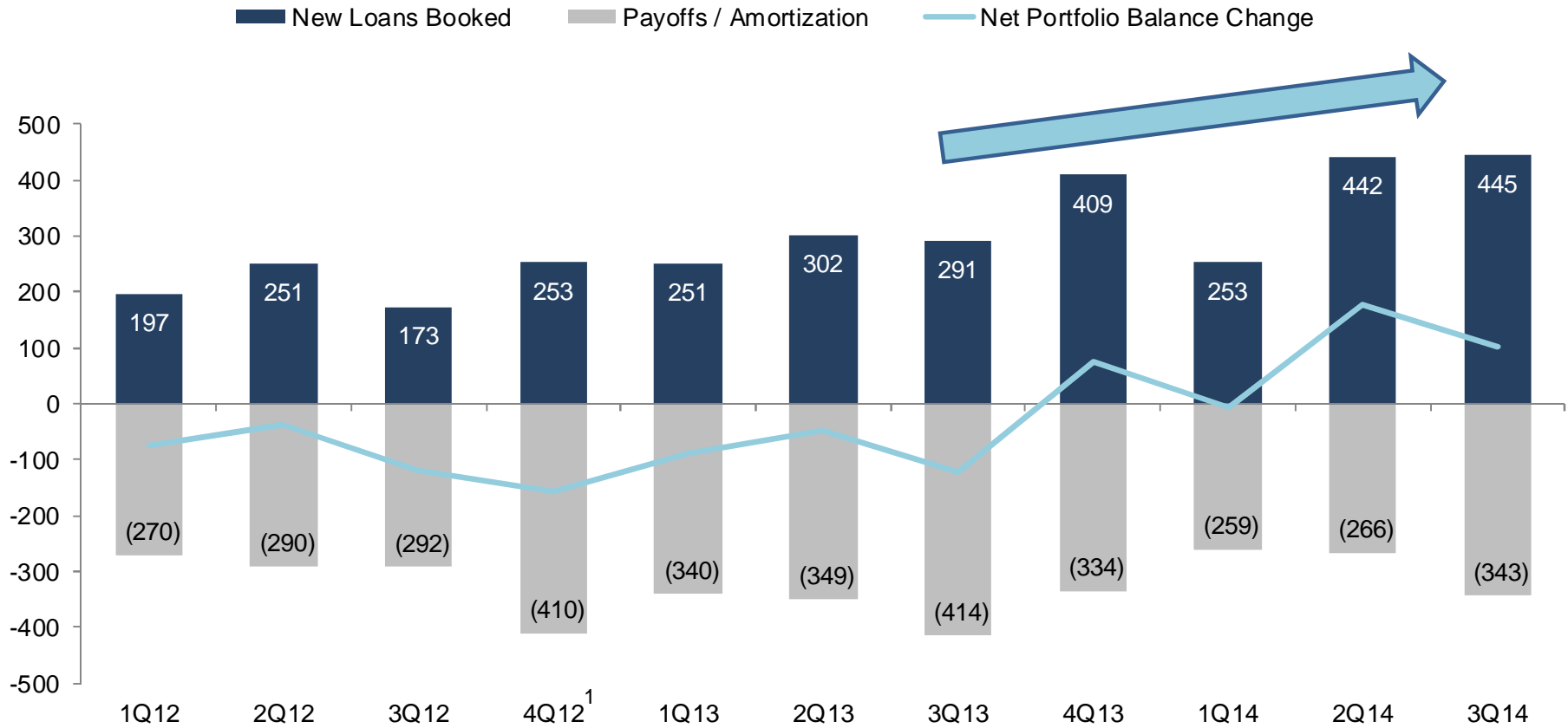


Peers include banks headquartered in FL, NC, SC, and TN with total assets greater than \$500mm as of 3Q14. Return on average assets before extraordinary items as defined by SNL Financial. Source: SNL Financial.



Long Term Growth Story Now Emerging

\$ mm's



Annualized Growth: +7% -1% +16% +9%

(1) Excludes effect of Southern Community acquisition.

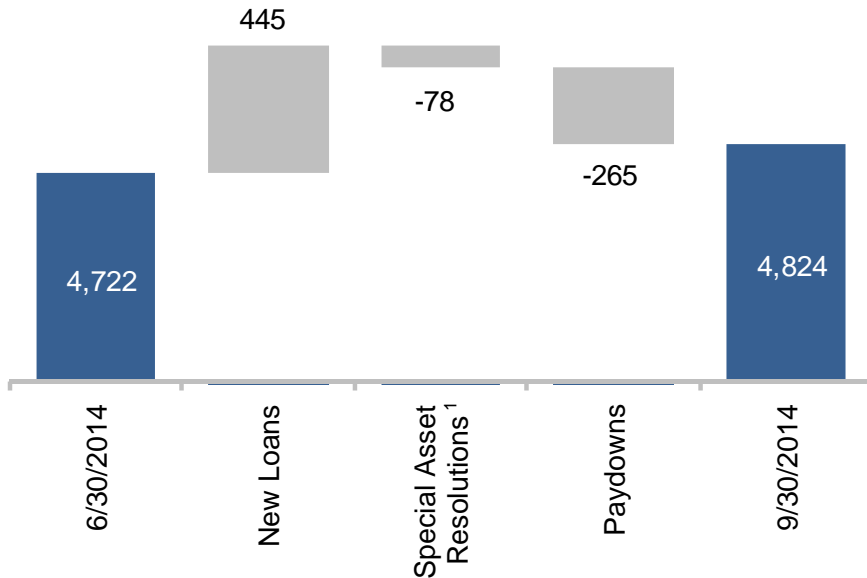


9% Annualized Loan Growth, Despite Resolutions

Loan Portfolio

\$ mm's

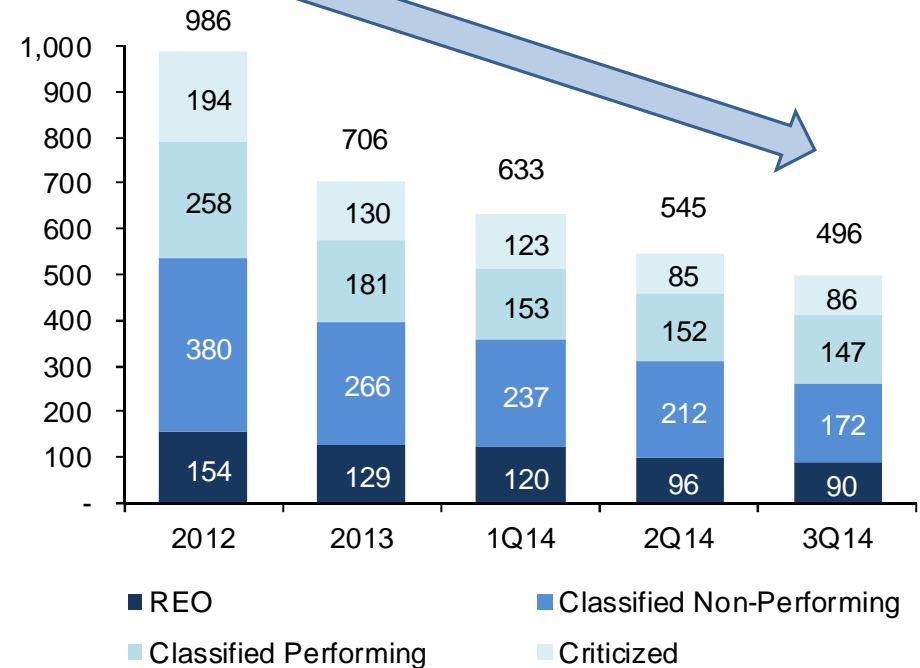
**+\$102 mm
Q/Q**



Special Assets

\$ mm's

-50%



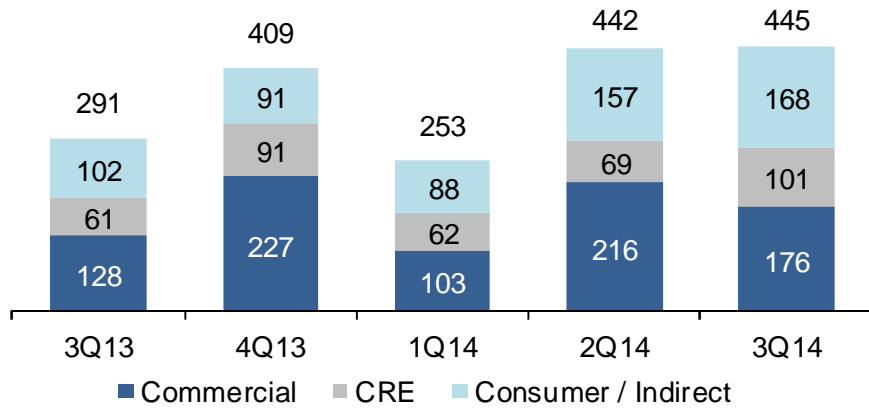
(1) Resolution of criticized / classified loans, including collections, foreclosures, and impairments



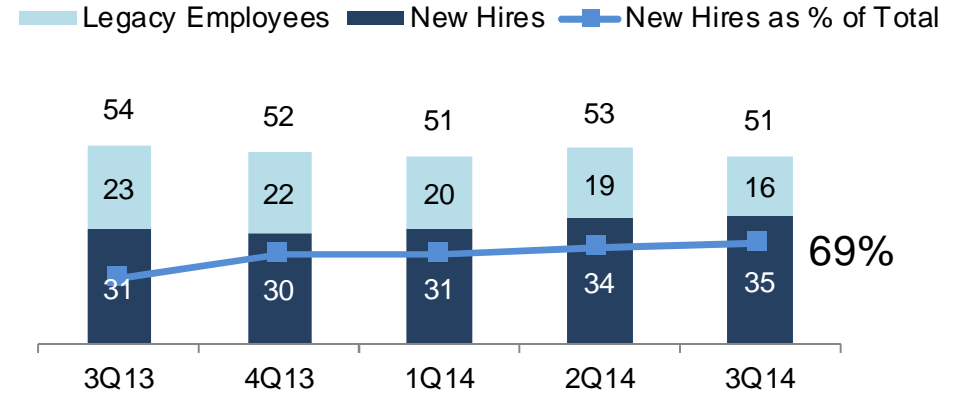
Record \$445 mm New Loan Production

New Loans by Product

\$ mm's

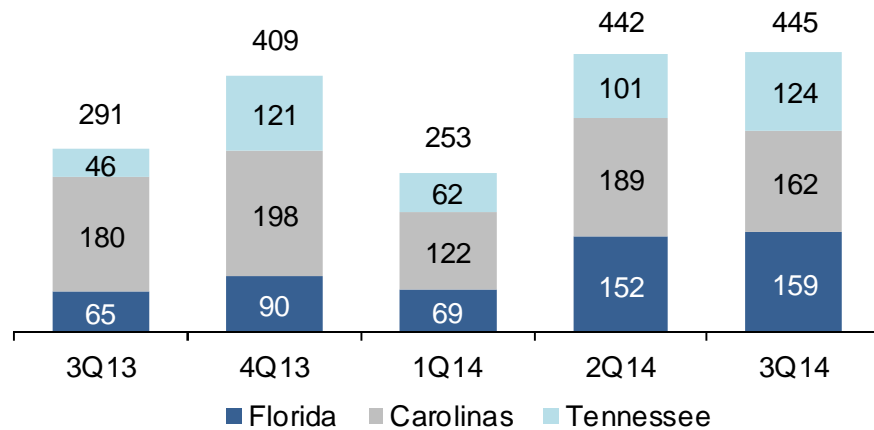


Top-Grading the Commercial Salesforce



New Loans by Geography

\$ mm's



New loan production up 35% YTD

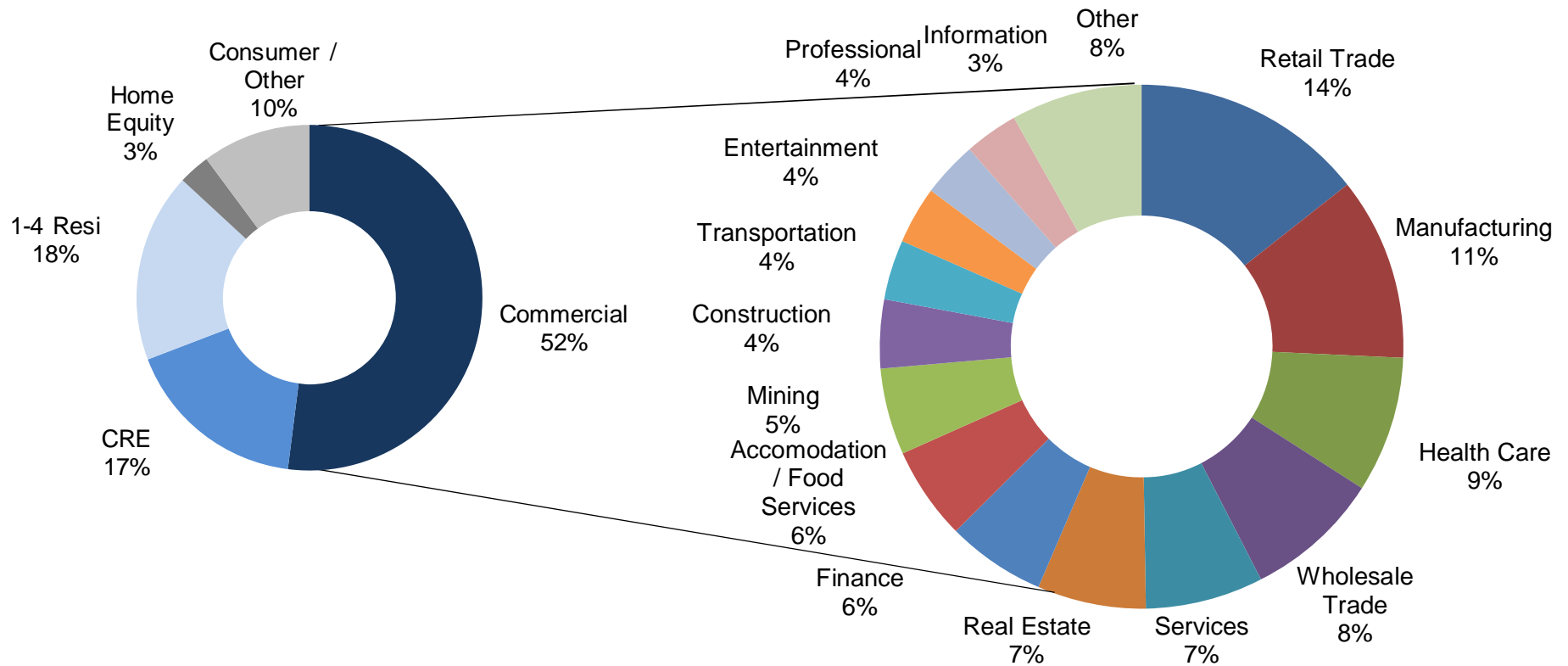
Commercial / CRE originations up more than 50% per loan officer



Building a High Quality Diversified Portfolio

\$3.0 bn New Loan Portfolio by Type

New Commercial Loans by Industry





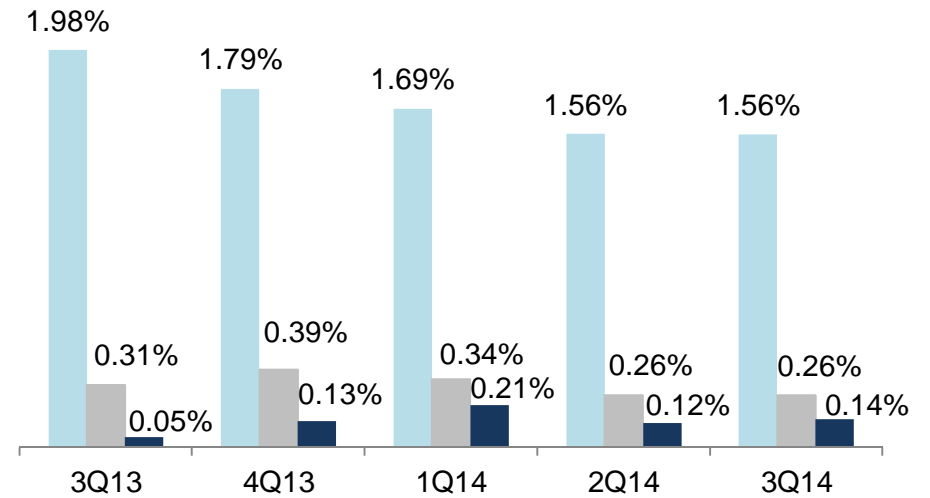
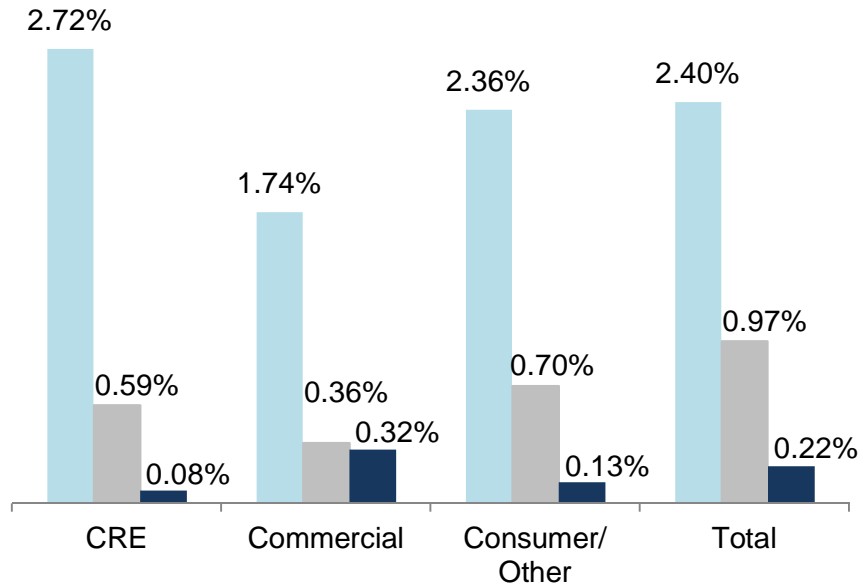
New Loan Portfolio Performing Strongly

3Q14 Noncurrent Loans vs. Peers

Past Dues vs. Peers

Peer Average Peer 75th Percentile CBF

Peer Average Peer 75th Percentile CBF

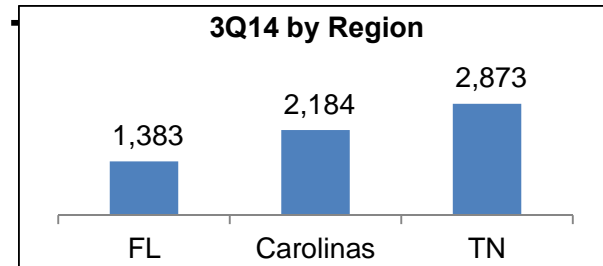
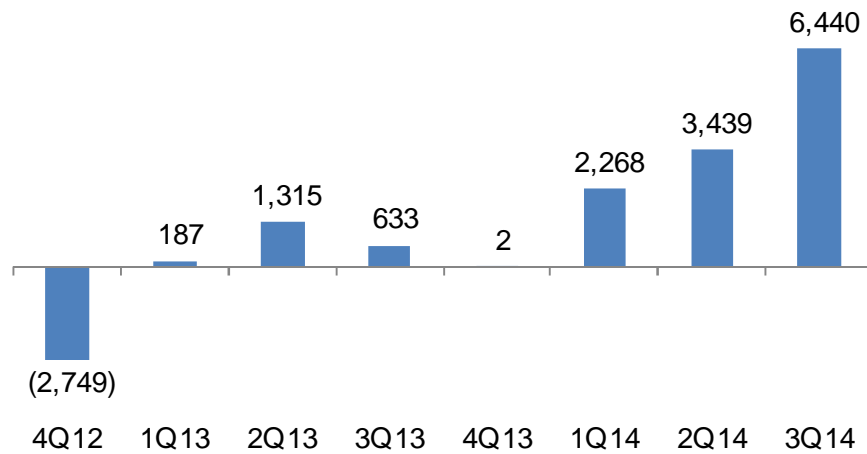


New loan portfolio performing better than at least 75% of peers

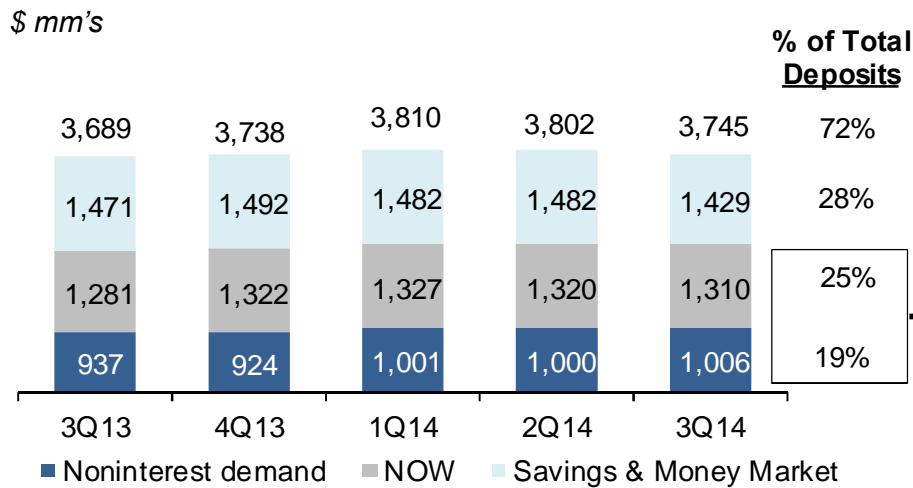


Strong Momentum in Net Checking Account Growth

Record Net Checking Account Growth



Core Deposit Balances

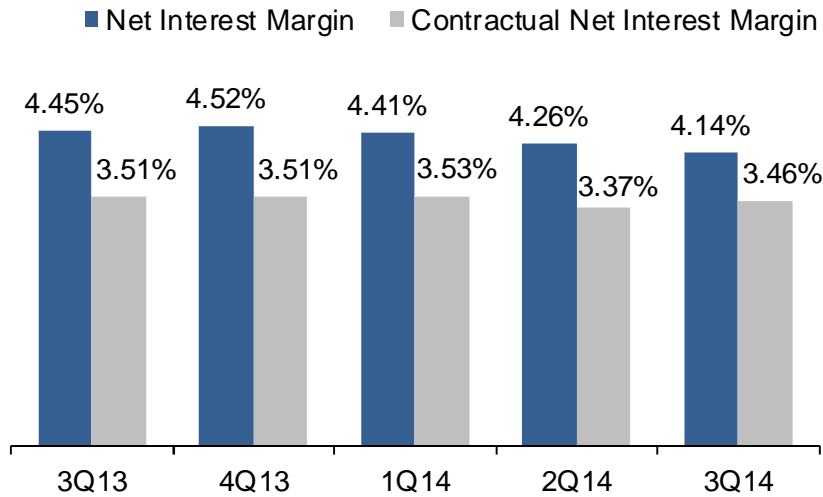


Checking balances **+7% y/y**,
44% of total deposits

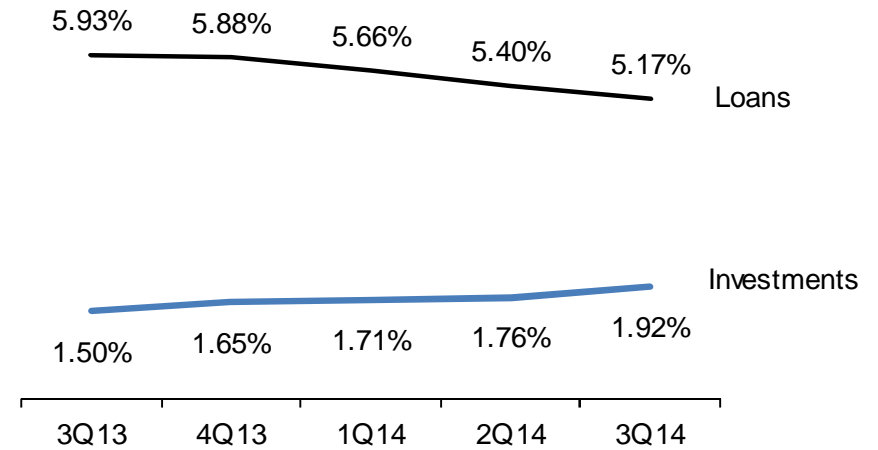


NIM Declines as Expected

Purchase Accounting Impact on NIM



Yields

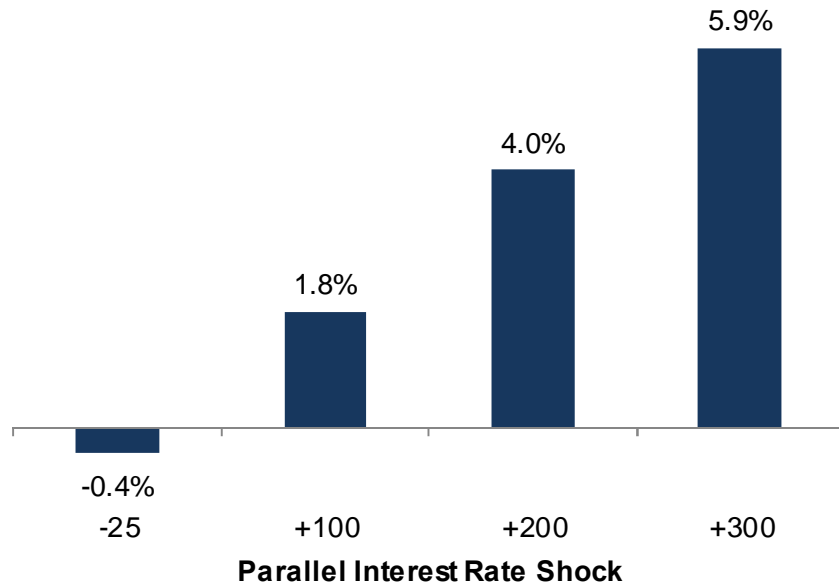


The net interest margin declined by 12 bps in the quarter, in line with expectations, as yields on loans fell and deposit costs were largely flat

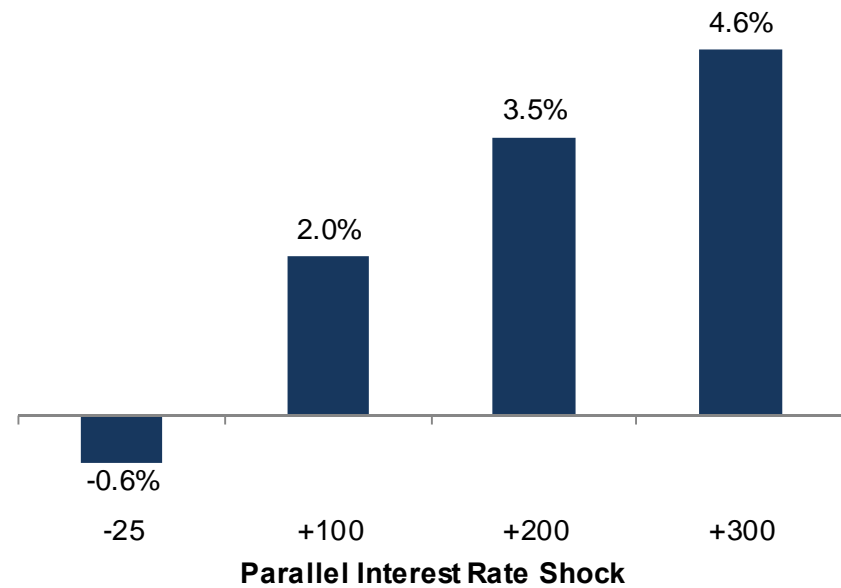


Capital Bank is Asset Sensitive

12-month Net Interest Income at Risk



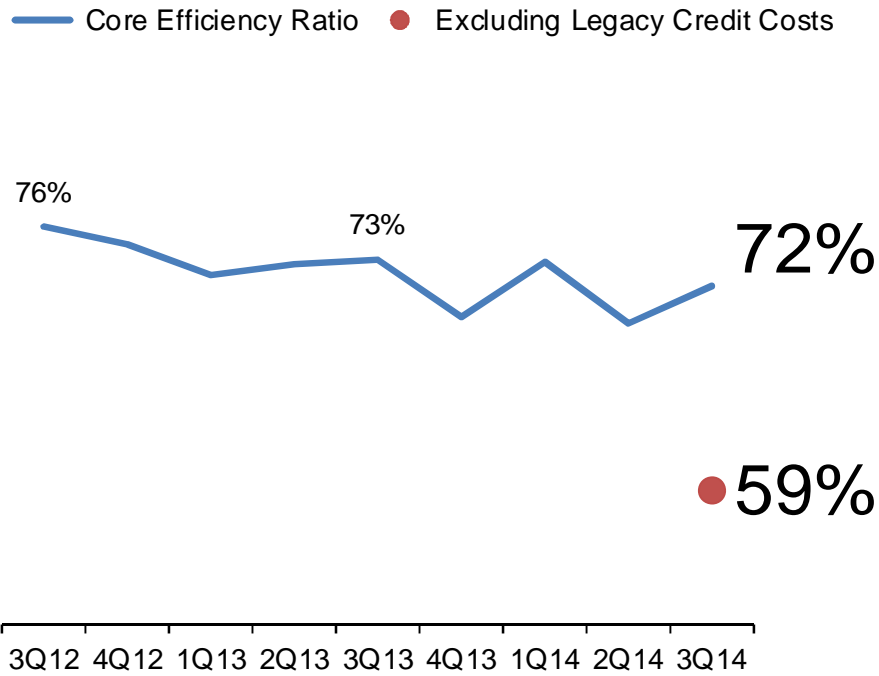
Economic Value of Equity at Risk



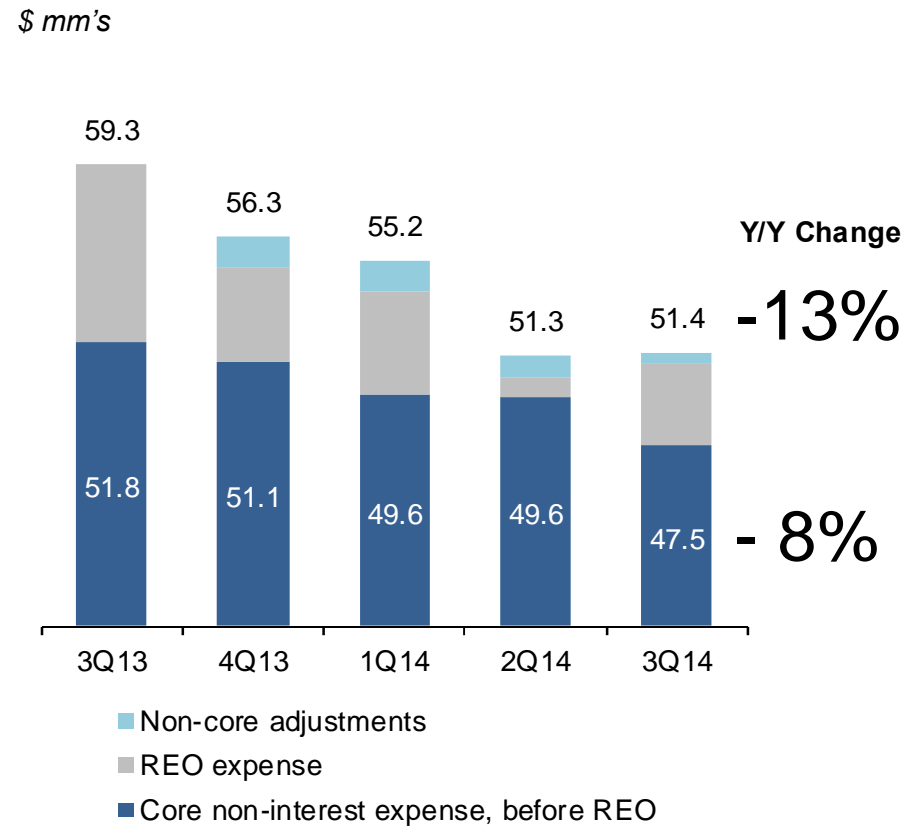


Focused on Efficiency

Core Efficiency Ratio



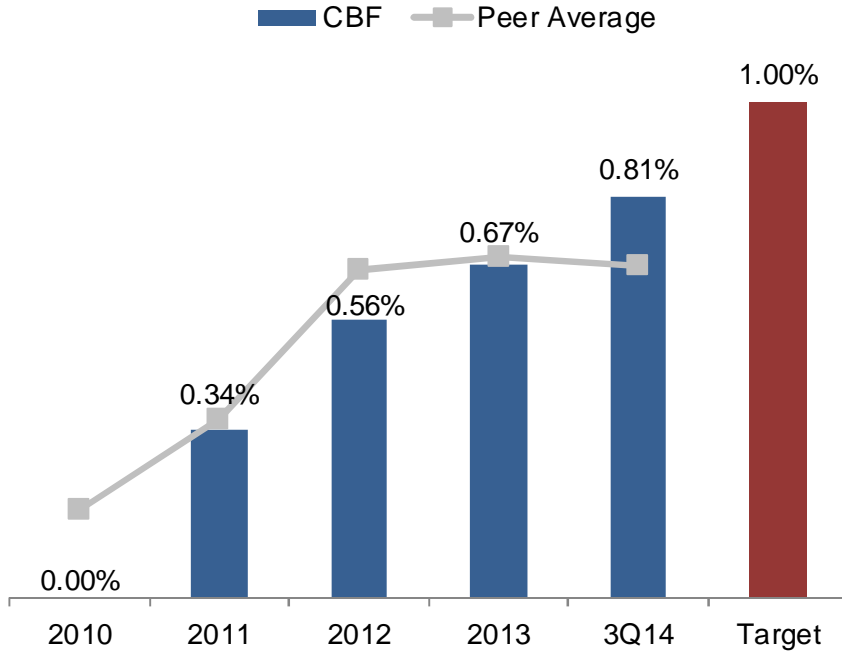
Non-interest Expense



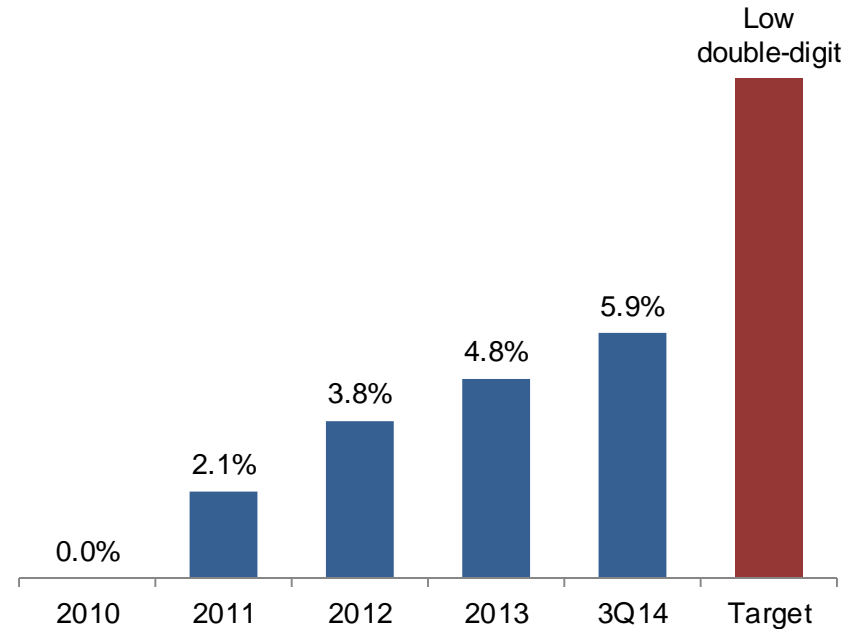


Capital Bank Investment Highlights

Core Return on Average Assets



Core Return on Tangible Common Equity



Peers include banks headquartered in FL, NC, SC, and TN with total assets greater than \$500mm as of 3Q14. Return on average assets before extraordinary items as defined by SNL Financial. Source: SNL Financial. See reconciliation of non-GAAP measures in appendix.



Appendix



Reconciliation of Core Noninterest Income / Expense

\$ 000's

| | 3Q14 | 2Q14 | 1Q14 | 4Q13 | 3Q13 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net interest income | \$61,425 | \$60,831 | \$62,453 | \$65,723 | \$65,386 |
| Reported non-interest income | 9,957 | 11,887 | 11,369 | 13,271 | 15,280 |
| Less: Securities gains (losses) | 317 | (28) | 174 | 164 | (54) |
| Core non-interest income | \$9,640 | \$11,915 | \$11,195 | \$13,107 | \$15,334 |
| Reported non-interest expense | \$51,418 | \$51,273 | \$55,224 | \$56,251 | \$59,263 |
| Less: Stock-based compensation expense | 242 | 531 | 533 | 942 | 1,147 |
| Contingent value right expense (income) | 278 | 327 | 767 | 299 | (776) |
| Conversion and severance expense | . | . | . | . | 7 |
| Gain on extinguishment of debt | . | . | . | . | (430) |
| Legal settlement | . | . | . | . | 11 |
| Core non-interest expense | \$50,898 | \$50,415 | \$53,924 | \$55,010 | \$59,304 |
| Core Fee Ratio* | 13.6% | 16.4% | 15.2% | 16.6% | 19.0% |
| Efficiency Ratio** | 72.0% | 70.5% | 74.8% | 71.2% | 73.5% |
| Core Efficiency Ratio*** | 71.6% | 69.3% | 73.2% | 69.8% | 73.5% |

* 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 3Q14 | Quarter Ended 3Q14 | Quarter Ended 2Q14 | Quarter Ended 2Q14 | Quarter Ended 3Q13 | Quarter Ended 3Q13 |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Net income | \$13,243 | \$13,243 | \$12,425 | \$12,425 | \$11,444 | \$11,444 |
| Adjustments | Pre-Tax | After-tax | Pre-Tax | After-tax | Pre-Tax | After-tax |
| Non-Interest Income | | | | | | |
| Security (gains) losses* | (317) | (194) | 28 | 17 | 54 | 33 |
| Non-Interest Expense | | | | | | |
| Stock-based compensation* | 242 | 148 | 531 | 324 | 1,147 | 700 |
| CVR expense (income) | 278 | 278 | 327 | 327 | (776) | (776) |
| Conversion and severance* | - | - | - | - | 7 | 4 |
| Gain on extinguishment of debt | - | - | - | - | (430) | (262) |
| Tax adjustment | - | - | - | - | 1,545 | 1,545 |
| Legal settlement | - | - | - | - | 11 | 11 |
| Tax effect of adjustments* | 29 | N/A | (218) | N/A | (302) | N/A |
| Core Net Income | 13,475 | 13,475 | \$13,093 | \$13,093 | \$12,699 | \$12,699 |
| Average Assets | \$6,637,179 | | \$6,519,651 | | \$6,680,667 | |
| Tangible Common Equity | \$910,552 | | \$918,160 | | \$951,158 | |
| ** ROA | 0.80% | | 0.76% | | 0.69% | |
| *** Core ROA | 0.81% | | 0.80% | | 0.76% | |
| **** Core ROTCE | 5.9% | | 5.7% | | 5.3% | |

* Tax effected at an income tax rate of 39%

** ROA: Annualized net income / average assets

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

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



Reconciliation of Annual Core Net Income

\$ mm's

| | 2013 | 2012 | 2011 | YTD 2010 |
|------------------------------|------------------|------------------|------------------|------------------|
| Net income | \$38.8 | \$55.0 | \$7.5 | \$12.0 |
| Adjustments | 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 | 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 | (0.1) | 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 | \$46.3 | \$37.4 | \$18.2 | \$0.1 |
| Average Assets | \$6,855 | \$6,619 | \$5,361 | \$1,581 |
| Tangible Common Equity | \$957 | \$995 | \$848 | \$830 |
| **Core ROA | 0.67% | 0.56% | 0.34% | 0.00% |
| ***Core ROTCE | 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)

September 30, 2014

| | |
|-----------------------------------|------------------|
| Total common shareholders' equity | \$1,064,939 |
| Intangibles, net of taxes | 146,671 |
| Tangible book value* | <u>\$918,268</u> |
| Common shares outstanding | 48,331 |
| Tangible book value per share | \$19.00 |

* 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, 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% |
| March 31, 2014 | | | |
| Reported | 5,774,135 | 62,721 | 4.41% |
| Purchase accounting impact | (117,732) | 12,762 | 0.88% |
| Contractual Net Interest Margin (1) | | | 3.53% |
| December 31, 2013 | | | |
| Reported | 5,790,444 | 65,997 | 4.52% |
| Purchase accounting impact | (134,367) | 15,094 | 1.01% |
| Contractual Net Interest Margin (1) | | | 3.51% |
| September 30, 2013 | | | |
| Reported | 5,847,708 | 65,640 | 4.45% |
| Purchase accounting impact | (148,206) | 14,269 | 0.94% |
| Contractual Net Interest Margin (1) | | | 3.51% |

(1) Excludes purchase accounting adjustments

11/20/2014

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