

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO  
SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 30, 2017

**CAPSTAR FINANCIAL HOLDINGS, INC.**  
(Exact name of registrant as specified in its charter)

Tennessee  
(State or other jurisdiction of  
incorporation)

001-37886  
(Commission File Number)

81-1527911  
(IRS Employer Identification  
No.)

201 4th Avenue North, Suite 950  
Nashville, Tennessee  
(Address of principal executive  
offices)

37219  
(Zip Code)

Registrant's telephone number, including area code (615) 732-6400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Section 2 – Financial Information

### Item 2.02. Results of Operations and Financial Condition.

On January 30, 2017, CapStar Financial Holdings, Inc. (the “**Company**”) issued an earnings release announcing its financial results for the fourth quarter ended December 31, 2016. A copy of the earnings release is furnished as Exhibit 99.1 to this Current Report on Form 8-K (this “**Report**”) and is incorporated herein by reference in its entirety.

## Section 7 – Regulation FD

### Item 7.01. Regulation FD Disclosure.

The Company will conduct a conference call at 5:00 p.m. (Central Time) on January 30, 2017 to discuss its financial results for the fourth quarter ended December 31, 2016. A copy of the presentation to be used for the conference call is furnished as Exhibit 99.2 to this Report and is incorporated herein by reference in its entirety.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit 99.1	Earnings release issued on January 30, 2017 by CapStar Financial Holdings, Inc.
Exhibit 99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on January 30, 2017

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CAPSTAR FINANCIAL HOLDINGS, INC.**

By: /s/ Robert B. Anderson  
Robert B. Anderson  
Chief Financial Officer and Chief Administrative Officer

Date: January 30, 2017

EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
99.1	Earnings release issued on January 30, 2017 by CapStar Financial Holdings, Inc.
99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on January 30, 2017

## EARNINGS RELEASE

## CONTACT

**Rob Anderson**  
**Chief Financial Officer and Chief Administrative Officer**  
 (615) 732-6470



**CAPSTAR FINANCIAL HOLDINGS, INC. ANNOUNCES FOURTH QUARTER 2016 RESULTS**

**NASHVILLE, TN, January 30, 2017/GlobeNewswire/ -- CapStar Financial Holdings, Inc. ("CapStar") (NASDAQ:CSTR)** reported net income of \$2.9 million, or \$0.23 per share on a fully diluted basis, for the three months ended December 31, 2016, compared to \$2.1 million, or \$0.20 per share, for the three months ended December 31, 2015. For the year ended December 31, 2016, CapStar reported net income of \$9.1 million, or \$0.81 per share on a fully diluted basis, compared to \$7.6 million, or \$0.73 per share, for the year ended December 31, 2015.

"CapStar experienced an exciting year in 2016 with the completion of our initial public offering in September," said Claire W. Tucker, president and chief executive officer of CapStar "Our team of experienced bankers did an excellent job delivering sound, profitable growth as evidenced by 19% growth in loans and leases and 38% growth in demand and NOW deposits. In addition, 2016 was a record year for net income, excluding the reversal of our valuation allowance of our deferred tax asset in 2012."

**Profitability**

- Return on average assets ("ROAA") for the three months ended December 31, 2016 was 0.88% compared to 0.73% for the same period in 2015. ROAA for 2016 was 0.72% compared to 0.66% in 2015.
- Return on average equity ("ROAE") for the three months ended December 31, 2016 was 8.35% compared to 7.61% for the same period in 2015. ROAE for 2016 was 7.57% compared to 7.08% in 2015.
- The net interest margin ("NIM") for the three months ended December 31, 2016 was 3.17% compared to 3.22% for the same period in 2015. NIM for 2016 was 3.17% compared to 3.19% in 2015.
- The efficiency ratio for the three months ended December 31, 2016 was 65.8% compared to 68.1% for the same period in 2015. The efficiency ratio for 2016 was 66.9% compared to 71.0% in 2015.

**Growth**

- Average gross loans and leases for the quarter increased 18.7%, to \$939 million for the three months ended December 31, 2016 compared to \$791 million for the same period in 2015.
  - Average total deposits for the quarter increased 17.0%, to \$1.1 billion for the three months ended December 31, 2016 compared to \$973 million for the same period in 2015.
  - Average Demand and NOW deposits for the quarter increased 38.1%, to \$482 million for the three months ended December 31, 2016 compared to \$349 million for the same period in 2015.
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- Mortgage loan originations increased 36.2%, to \$128 million for the three months ended December 31, 2016 compared to \$94 million for the same period in 2015.

“By many measures, 2016 was a successful year. Our team produced 13% revenue growth, contained expense growth to 7%, maintained sound credit quality, and delivered 20% net income growth. We believe our shareholders will be similarly pleased with these results,” said Rob Anderson, chief financial officer and chief administrative officer of CapStar.

#### **Soundness**

- The allowance for loan and lease losses represented 1.24% of total loans at December 31, 2016 compared to 1.25% at December 31, 2015.
- Non-performing assets as a percent of total loans and other real estate owned was 0.39% at December 31, 2016 compared to 0.36% at December 31, 2015.
- Net recoveries totaled 0.02% for the three months ended December 31, 2016 compared to 0.04% for the same period in 2015. Net charge-offs for the year ended December 31, 2016 totaled 0.15% compared to 0.36% for the same period in 2015.
- The total risk based capital ratio increased to 12.6% at December 31, 2016 compared to 11.42% at December 31, 2015.

#### **Conference Call and Webcast Information**

CapStar will host a conference call and webcast at 5:00 p.m. Central Time on Monday, January 30, 2017. During the call, management will review the fourth quarter results and operational highlights. Interested parties may listen to the call by dialing (844) 412-1002. The conference ID number is 50977213. A simultaneous webcast may be accessed on CapStar’s website at [www.capstarbank.com](http://www.capstarbank.com). An archived version of the webcast will be available in the same location shortly after the live call has ended.

#### **About CapStar Financial Holdings, Inc.**

CapStar Financial Holdings, Inc. is a bank holding company headquartered in Nashville, Tennessee, and operates primarily through its wholly owned subsidiary, CapStar Bank, a Tennessee-chartered state bank. CapStar Bank is a commercial bank that seeks to establish and maintain comprehensive relationships with its clients by delivering customized and creative banking solutions and superior client service. As of December 31, 2016, on a consolidated basis, CapStar had total assets of \$1.3 billion, net loans of \$923.6 million, total deposits of \$1.1 billion, and shareholders’ equity of \$139.2 million. Visit [www.capstarbank.com](http://www.capstarbank.com) for more information.

#### **Forward-Looking Statements**

Certain statements in this earnings release are forward-looking statements that reflect CapStar’s current views with respect to, among other things, future events and CapStar’s financial and operational performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “project,” “projection,” “forecast,” “goal,” “target,” “would,” and “outlook,” or the negative version of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about CapStar’s industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond CapStar’s control. The inclusion of these forward-looking statements should not be regarded as a representation by CapStar or any other person that such expectations, estimates and projections will be achieved. Accordingly, CapStar cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although CapStar believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results

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expressed or implied by the forward-looking statements. There are or will be important factors that could cause CapStar's actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the risk factors previously disclosed in the "Risk Factors" section included in our prospectus filed with the SEC on September 23, 2016 pursuant to Rule 424(b)(4) under the Securities Act. If one or more events related to these or other risks or uncertainties materialize, or if CapStar's underlying assumptions prove to be incorrect, actual results may differ materially from our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this earnings release, and CapStar does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for CapStar to predict their occurrence or how they will affect CapStar.

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## CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

## Consolidated Statements of Income (unaudited)

## Fourth Quarter 2016 Earnings Release

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Interest income:				
Loans, including fees	\$ 10,680,975	\$ 9,009,779	\$ 40,212,379	\$ 34,844,200
Securities:				
Taxable	851,621	874,971	3,447,684	4,152,507
Tax-exempt	316,800	277,980	1,158,061	1,080,008
Federal funds sold	7,052	5,342	19,159	18,480
Restricted equity securities	71,332	67,997	280,985	268,171
Interest-bearing deposits in financial institutions	79,454	35,304	276,488	140,367
Total interest income	12,007,234	10,271,373	45,394,756	40,503,733
Interest expense:				
Interest-bearing deposits	393,486	214,335	1,489,470	748,082
Savings and money market accounts	718,660	693,235	2,859,064	2,732,985
Time deposits	518,398	466,514	2,084,771	2,031,267
Federal funds purchased	694	9,083	21,612	23,687
Securities sold under agreements to repurchase	—	1,894	1,311	14,625
Federal Home Loan Bank advances	195,723	48,865	475,308	179,866
Total interest expense	1,826,961	1,433,926	6,931,536	5,730,512
Net interest income	10,180,273	8,837,447	38,463,220	34,773,221
Provision for loan and lease losses	69,884	350,000	2,828,633	1,650,675
Net interest income after provision for loan and lease losses	10,110,389	8,487,447	35,634,587	33,122,546
Noninterest income:				
Service charges on deposit accounts	302,831	242,282	1,108,153	909,698
Loan commitment fees	217,042	191,032	1,118,565	822,162
Net gain (loss) on sale of securities	—	(40,561)	120,873	55,023
Mortgage banking income	2,033,459	1,262,590	7,375,064	5,961,766
Other noninterest income	400,689	262,814	1,361,794	1,134,861
Total noninterest income	2,954,021	1,918,157	11,084,449	8,883,510
Noninterest expense:				
Salaries and employee benefits	5,185,016	4,650,035	20,460,510	19,278,328
Data processing and software	542,300	539,752	2,372,854	2,316,707
Professional fees	405,947	355,255	1,553,680	1,469,031
Occupancy	365,741	365,994	1,498,405	1,538,157
Equipment	442,547	397,072	1,743,340	1,598,156
Regulatory fees	348,427	225,994	1,090,735	914,959
Other operating	1,351,527	788,918	4,409,324	3,861,435
Total noninterest expense	8,641,505	7,323,020	33,128,848	30,976,773
Income before income taxes	4,422,905	3,082,584	13,590,188	11,029,283
Income tax expense	1,495,445	989,615	4,493,410	3,469,847
Net income	\$ 2,927,460	\$ 2,092,969	\$ 9,096,778	\$ 7,559,436
Per share information:				
Basic net income per common share	\$ 0.26	\$ 0.24	\$ 0.98	\$ 0.89
Diluted net income per common share	\$ 0.23	\$ 0.20	\$ 0.81	\$ 0.73
Weighted average shares outstanding:				
Basic	11,194,534	8,574,964	9,328,236	8,538,970
Diluted	12,787,677	10,434,171	11,212,026	10,381,895

This information is preliminary and based on company data available at the time of the presentation.



CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Selected Quarterly Financial Data (unaudited)

Fourth Quarter 2016 Earnings Release

	Five Quarter Comparison				
	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
<b>Income Statement Data:</b>					
Net interest income	\$ 10,180,273	\$ 10,125,515	\$ 9,201,155	\$ 8,956,275	\$ 8,837,447
Provision for loan and lease losses	69,884	1,638,669	182,863	937,216	350,000
Net interest income after provision for loan and lease losses	10,110,389	8,486,845	9,018,292	8,019,059	8,487,447
Service charges on deposit accounts	302,831	276,751	303,144	225,427	242,282
Loan commitment fees	217,042	328,785	142,618	430,122	191,032
Net gain (loss) on sale of securities	—	(3,964)	85,876	38,961	(40,561)
Mortgage banking income	2,033,459	2,339,310	1,654,843	1,347,452	1,262,590
Other noninterest income	400,689	250,582	381,711	328,809	262,814
Total noninterest income	2,954,021	3,191,463	2,568,192	2,370,772	1,918,157
Salaries and employee benefits	5,185,016	5,119,356	4,938,383	5,217,755	4,650,035
Data processing and software	542,300	627,335	634,742	568,477	539,752
Professional fees	405,947	390,862	426,132	330,738	355,255
Occupancy	365,741	351,691	371,092	409,881	365,994
Equipment	442,547	458,053	436,168	406,571	397,072
Regulatory fees	348,427	250,424	264,625	227,260	225,994
Other operating	1,351,527	1,329,084	879,652	849,059	788,918
Total noninterest expense	8,641,505	8,526,805	7,950,794	8,009,741	7,323,020
Net income before income tax expense	4,422,905	3,151,504	3,635,690	2,380,090	3,082,584
Income tax expense	1,495,445	1,042,282	1,159,438	796,245	989,615
Net income	\$ 2,927,460	\$ 2,109,222	\$ 2,476,252	\$ 1,583,845	\$ 2,092,969
Weighted average shares - basic	11,194,534	8,792,665	8,682,438	8,628,683	8,574,964
Weighted average shares - diluted	12,787,677	10,799,536	10,675,916	10,572,193	10,434,171
Net income per share, basic	\$ 0.26	\$ 0.24	\$ 0.29	\$ 0.18	\$ 0.24
Net income per share, diluted	0.23	0.20	0.23	0.15	0.20
<b>Balance Sheet Data (at period end):</b>					
Cash and cash equivalents	\$ 80,110,806	\$ 73,450,735	\$ 97,546,046	\$ 76,706,579	\$ 100,184,841
Securities available for sale	182,354,987	167,213,109	171,336,596	189,807,985	173,382,957
Securities held to maturity	46,863,640	46,227,968	43,331,042	42,953,364	43,093,951
Loans held for sale	42,110,581	61,251,662	57,014,256	29,530,174	35,729,353
Total loans and leases	935,250,703	924,030,515	887,437,485	837,690,395	808,396,064
Allowance for loan and lease losses	(11,633,531)	(11,510,464)	(10,453,603)	(10,298,559)	(10,131,729)
Total assets	1,333,675,063	1,318,057,325	1,310,417,841	1,223,179,646	1,206,800,280
Non-interest-bearing deposits	197,787,618	191,469,462	193,541,662	220,686,364	190,580,468
Interest-bearing deposits	930,934,634	944,590,330	949,759,113	865,650,400	847,879,843
Federal Home Loan Bank advances	55,000,000	30,000,000	40,000,000	15,000,000	45,000,000
Total liabilities	1,194,467,666	1,179,630,825	1,196,099,660	1,112,320,842	1,098,214,173
Shareholders' equity	\$ 139,207,396	\$ 138,426,500	\$ 114,318,181	\$ 110,858,804	\$ 108,586,107
Total common shares outstanding	11,204,515	11,191,021	8,683,902	8,677,902	8,577,051
Total preferred shares outstanding	878,049	878,049	1,609,756	1,609,756	1,609,756
Book value per common share	\$ 11.62	\$ 11.57	\$ 11.26	\$ 10.87	\$ 10.74
Market value per common share (1)	21.96	16.92	-	-	-
<b>Capital ratios:</b>					
Total risk based capital	12.60%	12.45%	10.67%	11.26%	11.42%
Tier 1 risk based capital	11.61%	11.46%	9.73%	10.26%	10.41%
Common equity tier 1 capital	10.90%	10.75%	8.34%	8.75%	8.89%
Leverage	10.46%	10.47%	8.90%	9.16%	9.33%

(1) CapStar Financial Holdings, Inc. completed its initial public offering during the third quarter of 2016. As such, market values per share of common stock are not provided for previous periods.

This information is preliminary and based on company data available at the time of the presentation.

## CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

## Selected Quarterly Financial Data (unaudited)

## Fourth Quarter 2016 Earnings Release

	Five Quarter Comparison				
	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
<b>Average Balance Sheet Data:</b>					
Average cash and cash equivalents	\$ 66,757,676	\$ 55,054,076	\$ 56,458,924	\$ 67,706,162	\$ 63,187,062
Average investment securities	226,032,691	218,462,999	232,587,954	220,281,801	216,982,746
Average loans held for sale	52,483,255	63,640,373	43,055,160	29,798,738	27,338,722
Average loans and leases	938,887,232	918,301,556	873,984,373	822,111,590	790,899,319
Average assets	1,324,620,495	1,296,870,515	1,247,076,866	1,181,427,683	1,140,126,959
Average interest bearing deposits	942,922,989	944,794,017	909,027,610	837,952,639	781,893,266
Average total deposits	1,138,778,930	1,132,037,604	1,093,452,418	1,027,457,215	973,109,277
Average Federal Home Loan Bank advances	33,478,261	29,565,217	27,417,582	28,021,978	39,891,304
Average liabilities	1,185,091,445	1,179,480,497	1,134,506,177	1,070,607,967	1,030,995,222
Average shareholders' equity	139,529,051	117,390,018	112,570,689	110,819,715	109,131,737
<b>Performance Ratios:</b>					
Annualized return on average assets	0.88%	0.65%	0.80%	0.54%	0.73%
Annualized return on average equity	8.35%	7.15%	8.85%	5.75%	7.61%
Net interest margin	3.17%	3.23%	3.09%	3.18%	3.22%
Annualized Non-interest income to average assets	0.89%	0.98%	0.83%	0.81%	0.67%
Efficiency ratio	65.8%	64.0%	67.6%	70.7%	68.1%
<b>Loans by Type:</b>					
Commercial and industrial	\$ 379,619,518	\$ 389,717,893	\$ 389,087,927	\$ 381,548,046	\$ 353,442,069
Commercial real estate - owner occupied	106,734,888	108,920,619	104,345,021	104,243,080	108,132,048
Commercial real estate - non-owner occupied	195,586,977	163,625,512	171,426,074	161,466,867	143,064,438
Construction and development	94,491,256	91,366,437	63,744,151	52,479,785	52,521,802
Consumer real estate	97,014,959	96,918,661	91,090,508	90,393,165	93,785,260
Consumer	5,974,465	7,045,978	7,486,178	8,291,223	8,668,242
Other	56,795,954	67,805,899	61,669,965	40,698,880	50,196,845
<b>Asset Quality Data:</b>					
Allowance for loan and lease losses to total loans	1.24%	1.25%	1.18%	1.23%	1.25%
Allowance for loan and lease losses to non-performing loans	321%	279%	179%	184%	377%
Nonaccrual loans	\$ 3,619,422	\$ 4,122,942	\$ 5,829,423	\$ 5,586,503	\$ 2,689,000
Troubled debt restructurings	1,271,897	1,288,324	-	-	125,000
Loans - 90 days past due & still accruing	-	-	-	-	-
Total non-performing loans	3,619,422	4,122,942	5,829,423	5,586,503	2,689,000
OREO and repossessed assets	-	-	-	-	216,254
Total non-performing assets	3,619,422	4,122,942	5,829,423	5,586,503	2,905,000
Non-performing loans to total loans	0.39%	0.45%	0.66%	0.67%	0.33%
Non-performing assets to total assets	0.27%	0.31%	0.44%	0.46%	0.24%
Non-performing assets to total loans and OREO	0.39%	0.45%	0.66%	0.67%	0.36%
Annualized net charge-offs to average loans	-0.02%	0.25%	0.01%	0.38%	-0.04%
Net charge-offs (recoveries)	\$ (53,183)	\$ 581,809	\$ 27,819	\$ 770,386	\$ (81,689)
<b>Other Information:</b>					
Full-time equivalent employees	170	168	166	163	162

This information is preliminary and based on company data available at the time of the presentation.

## CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

## Analysis of Interest Income and Expense, Rates and Yields (unaudited)

## Fourth Quarter 2016 Earnings Release

	For the Three Months Ended December 31,					
	2016			2015		
	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate
<b>Interest-Earning Assets</b>						
Loans (1)	\$ 938,887	\$ 10,198	4.32%	\$ 790,899	\$ 8,756	4.39%
Loans held for sale	52,483	483	3.66%	27,339	254	3.69%
Securities:						
Taxable investment securities	172,771	923	2.14%	175,527	943	2.15%
Investment securities exempt from federal income tax (2)	53,262	317	2.38%	41,456	278	2.68%
Total securities	226,033	1,240	2.19%	216,983	1,221	2.25%
Cash balances in other banks	56,263	79	0.56%	51,636	35	0.27%
Funds sold	2,449	7	1.15%	3,039	5	0.70%
Total interest-earning assets	1,276,115	12,007	3.74%	1,089,896	10,271	3.74%
Noninterest-earning assets	48,505			50,231		
Total assets	\$ 1,324,620			\$ 1,140,127		
<b>Interest-Bearing Liabilities</b>						
Interest-bearing transaction accounts	\$ 286,572	393	0.55%	\$ 158,122	214	0.54%
Savings and money market deposits	455,201	719	0.63%	448,667	693	0.61%
Time deposits	201,151	518	1.03%	175,103	467	1.06%
Borrowings and repurchase agreements	33,696	197	2.32%	45,986	60	0.52%
Total interest-bearing liabilities	976,620	1,827	0.74%	827,878	1,434	0.69%
Noninterest-bearing deposits	195,856			191,216		
Total funding sources	1,172,475			1,019,094		
Noninterest-bearing liabilities	12,617			11,900		
Shareholders' equity	139,529			109,132		
Total liabilities and shareholders' equity	\$ 1,324,621			\$ 1,140,126		
Net interest spread (3)			3.00%			3.05%
Net interest income/margin (4)		\$ 10,180	3.17%		\$ 8,837	3.22%

(1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.

(2) Balances for investment securities exempt from federal income tax are not calculated on a tax equivalent basis.

(3) Net interest spread is the average yield on total interest-earning assets minus the average rate on total interest-bearing liabilities.

(4) Net interest margin is net interest income divided by total interest-earning assets.

This information is preliminary and based on company data available at the time of the presentation.

## CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

## Analysis of Interest Income and Expense, Rates and Yields (unaudited)

## Fourth Quarter 2016 Earnings Release

	For the Year Ended December 31,					
	2016			2015		
	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate
<b>Interest-Earning Assets</b>						
Loans (1)	\$ 888,541	\$ 38,450	4.33%	\$ 744,151	\$ 33,722	4.53%
Loans held for sale	47,303	1,763	3.73%	29,324	1,123	3.83%
Securities:						
Taxable investment securities	176,977	3,729	2.11%	220,167	4,421	2.01%
Investment securities exempt from federal income tax (2)	47,353	1,158	2.45%	40,160	1,080	2.69%
Total securities	224,330	4,887	2.18%	260,327	5,501	2.11%
Cash balances in other banks	51,147	276	0.54%	54,143	140	0.26%
Funds sold	2,153	19	0.89%	3,094	18	0.60%
Total interest-earning assets	1,213,475	45,395	3.74%	1,091,039	40,504	3.71%
Noninterest-earning assets	49,288			49,721		
Total assets	\$ 1,262,763			\$ 1,140,760		
<b>Interest-Bearing Liabilities</b>						
Interest-bearing transaction accounts	\$ 269,113	1,489	0.55%	\$ 143,939	748	0.52%
Savings and money market deposits	445,873	2,859	0.64%	465,622	2,733	0.59%
Time deposits	193,881	2,085	1.08%	197,535	2,031	1.03%
Borrowings and repurchase agreements	32,371	499	1.54%	39,581	219	0.55%
Total interest-bearing liabilities	941,238	6,932	0.74%	846,677	5,731	0.68%
Noninterest-bearing deposits	189,270			176,577		
Total funding sources	1,130,507			1,023,255		
Noninterest-bearing liabilities	12,133			10,778		
Shareholders' equity	120,123			106,727		
Total liabilities and shareholders' equity	\$ 1,262,763			\$ 1,140,760		
Net interest spread (3)			3.00%			3.04%
Net interest income/margin (4)		\$ 38,463	3.17%		\$ 34,773	3.19%

(1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.

(2) Balances for investment securities exempt from federal income tax are not calculated on a tax equivalent basis.

(3) Net interest spread is the average yield on total interest-earning assets minus the average rate on total interest-bearing liabilities.

(4) Net interest margin is net interest income divided by total interest-earning assets.

This information is preliminary and based on company data available at the time of the presentation.



**CAPSTAR**

FINANCIAL HOLDINGS, INC.

**Fourth Quarter 2016  
Earnings Call  
January 30, 2017**

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# Disclaimer

## Terminology

The terms “we,” “our,” “us,” “the Company,” “CSTR” and “CapStar” that appear in this presentation refer to CapStar Financial Holdings, Inc. and its wholly-owned subsidiary, CapStar Bank. The terms “CapStar Bank,” “the bank” and “our bank” that appear in this presentation refer to CapStar Bank.

## Contents of Presentation

Except as is otherwise expressly stated in this presentation, the contents of this presentation are presented as of the date on the front cover of this presentation.

## Market Data

Market data used in this presentation has been obtained from government and independent industry sources and publications available to the public, sometimes with a subscription fee, as well as from research reports prepared for other purposes. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. CSTR did not commission the preparation of any of the sources or publications referred to in this presentation. CSTR has not independently verified the data obtained from these sources, and, although CSTR believes such data to be reliable as of the dates presented, it could prove to be inaccurate. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this presentation.

## Non-GAAP Disclaimer

This presentation includes the following financial measures that have been prepared other than in accordance with generally accepted accounting principles in the United States (“non-GAAP financial measures”): pre-tax, pre-provision net income, pre-tax, pre-provision return on average assets, tangible equity, tangible common equity, tangible assets, return on average tangible equity, return on average tangible common equity, book value per share (as adjusted), tangible book value per share (as reported and as adjusted), tangible equity to tangible assets and adjusted shares outstanding at end of period. CSTR non-GAAP financial measures (i) provide useful information to management and investors that is supplementary to its financial condition, results of operations and cash flows computed in accordance with GAAP, (ii) enable a more complete understanding of factors and trends affecting the Company’s business, and (iii) allow investors to evaluate the Company’s performance in a manner similar to management, the financial services industry, bank stock analysts and bank regulators; however, CSTR acknowledges that its non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. See the Appendix to this presentation for a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

# Safe Harbor Statements

Certain statements in this presentation are forward-looking statements that reflect our current views with respect to, among other things, future events and our financial and operational performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “project,” “projection,” “forecast,” “goal,” “target,” “would,” and “outlook,” or the negative version of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. The inclusion of these forward-looking statements should not be regarded as a representation by us or any other person that such expectations, estimates and projections will be achieved. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

Economic conditions (including interest rate environment, government economic and monetary policies, the strength of global financial markets and inflation and deflation) that impact the financial services industry as a whole and/or our business; the concentration of our business in the Nashville metropolitan statistical area (“MSA”) and the effect of changes in the economic, political and environmental conditions on this market; increased competition in the financial services industry, locally, regionally or nationally, which may adversely affect pricing and the other terms offered to our clients; our dependence on our management team and board of directors and changes in our management and board composition; our reputation in the community; our ability to execute our strategy and to achieve our loan ROAA and efficiency ratio goals, hire seasoned bankers, loan and deposit growth through organic growth and strategic acquisitions; credit risks related to the size of our borrowers and our ability to adequately assess and limit our credit risk; our concentration of large loans to a small number of borrowers; the significant portion of our loan portfolio that originated during the past two years and therefore may less reliably predict future collectability than older loans; the adequacy of reserves (including our allowance for loan and lease losses) and the appropriateness of our methodology for calculating such reserves; adverse trends in the healthcare service industry, which is an integral component of our market’s economy; our management of risks inherent in our commercial real estate loan portfolio, and the risk of a prolonged downturn in the real estate market, which could impair the value of our collateral and our ability to sell collateral upon any foreclosure; governmental legislation and regulation, including changes in the nature and timing of the adoption and effectiveness of new requirements under the Dodd-Frank Act of 2010, as amended, Basel guidelines, capital requirements, accounting regulation or standards and other applicable laws and regulations; the loss of large depositor relationships, which could force us to fund our business through more expensive and less stable sources; operational and liquidity risks associated with our business, including liquidity risks inherent in correspondent banking; volatility in interest rates and our overall management of interest rate risk, including managing the sensitivity of our interest-earning assets and interest-bearing liabilities to interest rates, and the impact to our earnings from a change in interest rates; the potential for our bank’s regulatory lending limits and other factors related to our size to restrict our growth and prevent us from effectively implementing our business strategy; strategic acquisitions we may undertake to achieve our goals; the sufficiency of our capital, including sources of capital and the extent to which we may be required to raise additional capital to meet our goals; fluctuations in the fair value of our investment securities that are beyond our control; deterioration in the fiscal position of the U.S. government and downgrades in Treasury and federal agency securities; potential exposure to fraud, negligence, computer theft and cyber-crime; the adequacy of our risk management framework; our dependence on our information technology and telecommunications systems and the potential for any systems failures or interruptions; our dependence upon outside third parties for the processing and handling of our records and data; our ability to adapt to technological change; the financial soundness of other financial institutions; our exposure to environmental liability risk associated with our lending activities; our engagement in derivative transactions; our involvement from time to time in legal proceedings and examinations and remedial actions by regulators; the susceptibility of our market to natural disasters and acts of God; and the effectiveness of our internal controls over financial reporting and our ability to remediate any future material weakness in our internal controls over financial reporting.

The foregoing factors should not be construed as exhaustive and should be read in conjunction with the section entitled “Risk Factors” included in the Company’s prospectus filed with the United States Securities and Exchange Commission on September 23, 2016. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this presentation, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for us to predict their occurrence or how they will affect us.

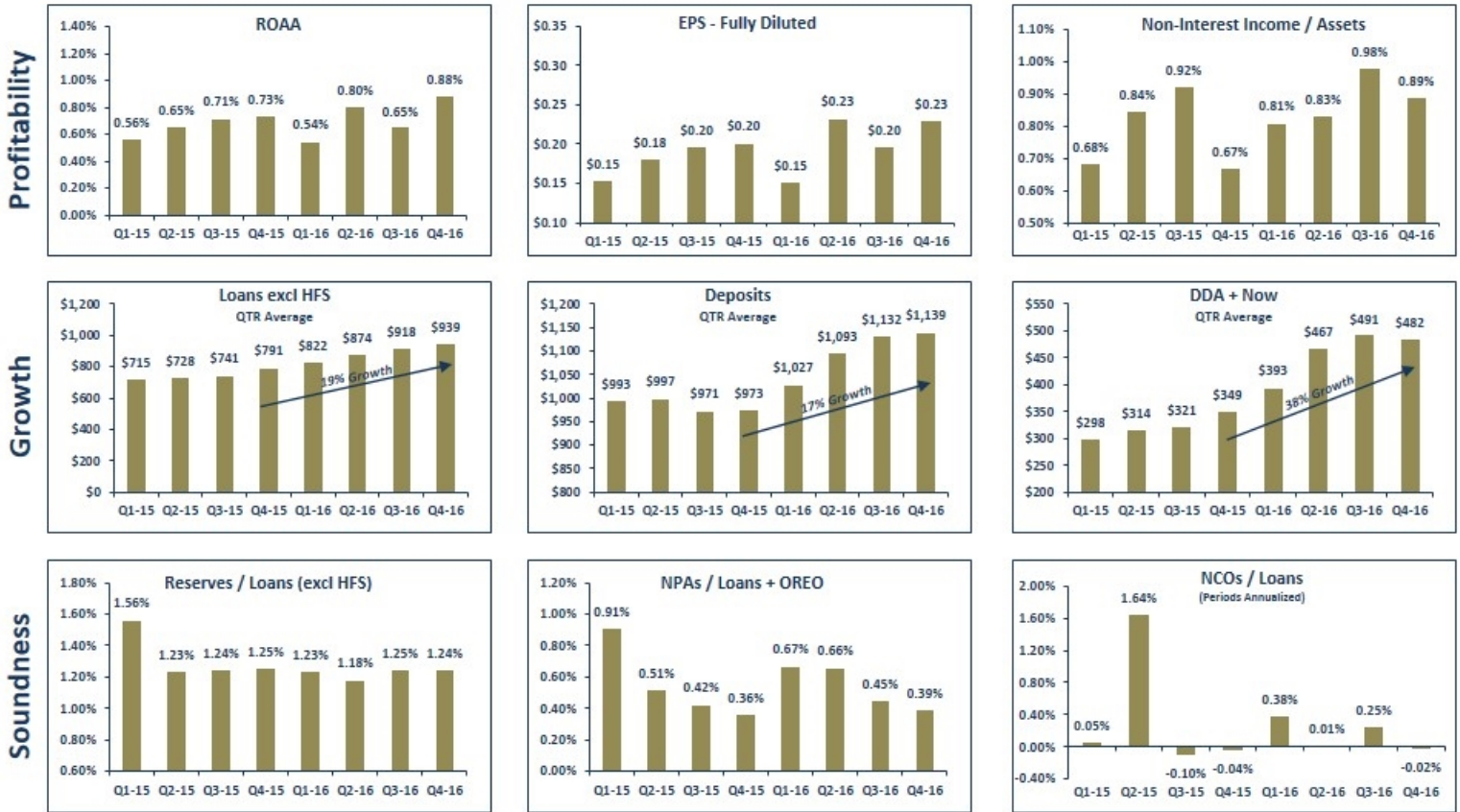
## 4Q16 Financial Highlights

- Record Net income at \$2.9MM<sup>1</sup>
- Fully Diluted EPS at \$0.23
- ROAA at 0.88% and ROATCE of 9.37% for the quarter
- The following are fourth quarter results vs. the same period last year:
  - Net Income up 40%
  - Average Loan growth up 19%
  - Average Deposit growth up 17%
  - Average DDA and NOW (combined) up 38%
- Improved Deposit costs to 0.57%
- Strong Mortgage originations of \$129MM
- Efficiency ratio of 65.8%
- Net Interest Margin at 3.17%
- No Charge-offs for the quarter with net recoveries of 0.02%
- Allowance for loan and lease losses at December 31 was \$11.6MM or 1.24%
- Expanded bank product loan offerings with the launch of the Tri-Net initiative with first loans sold in December
- Tangible book value per common share at \$11.06

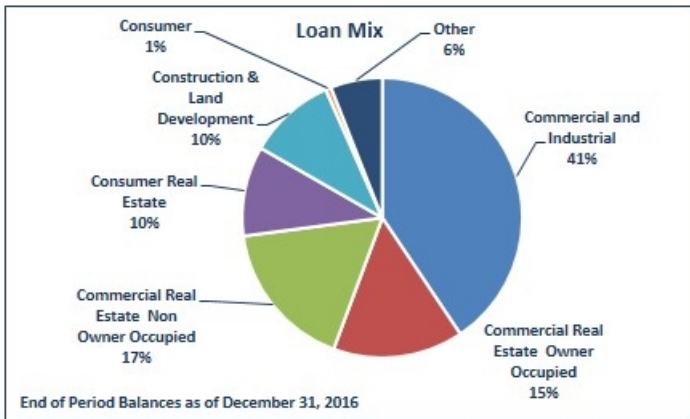
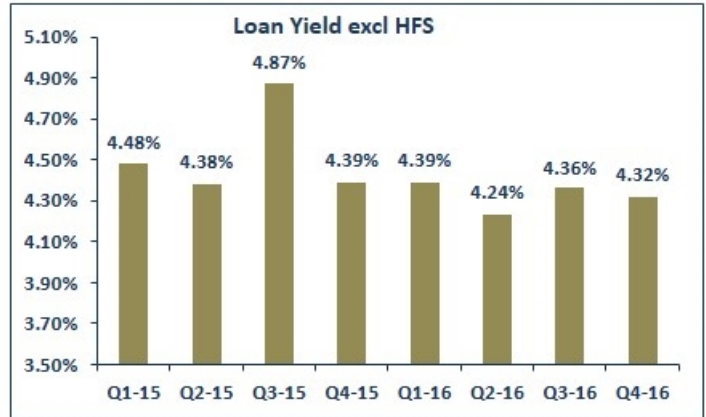
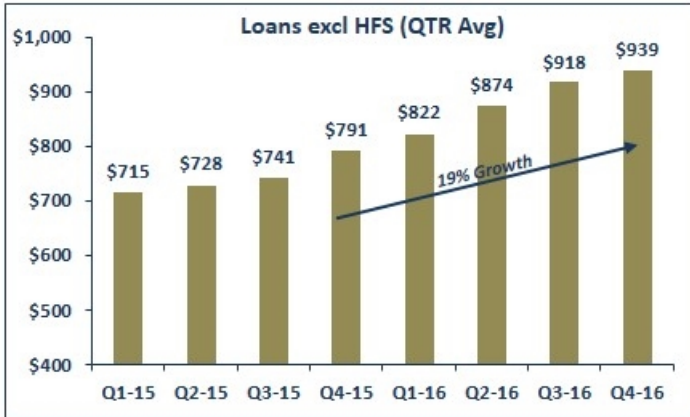
<sup>1</sup>excluding December 2012 when CapStar recorded the reversal of the valuation allowance on the deferred tax asset.



# 4Q16 Summary Results/Financial Highlights

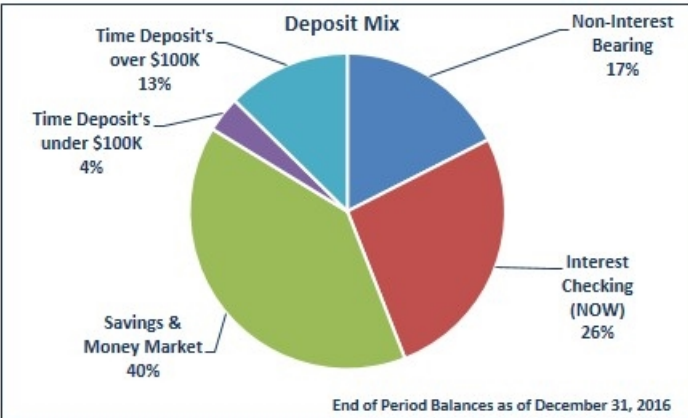
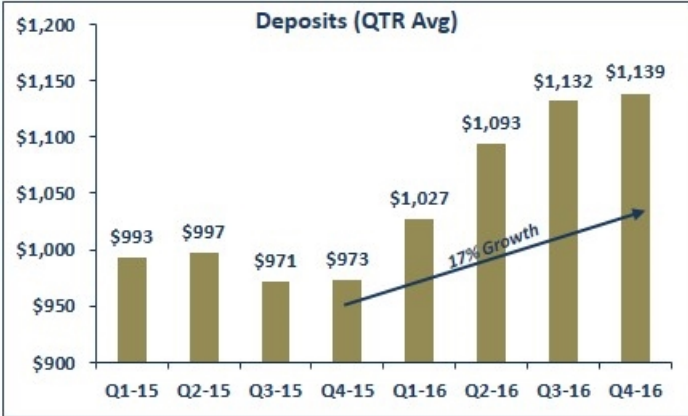


# We continue to experience strong loan growth



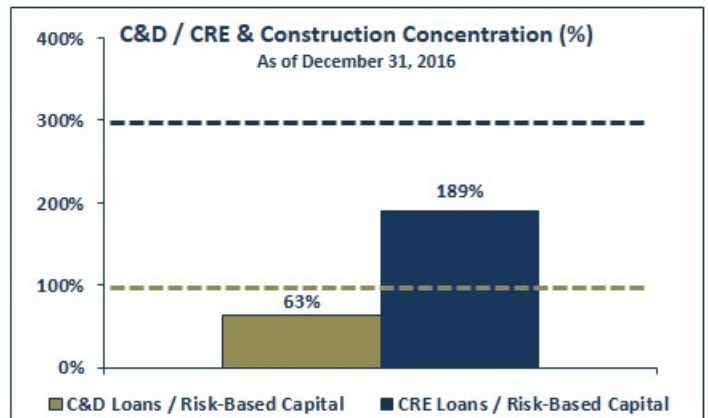
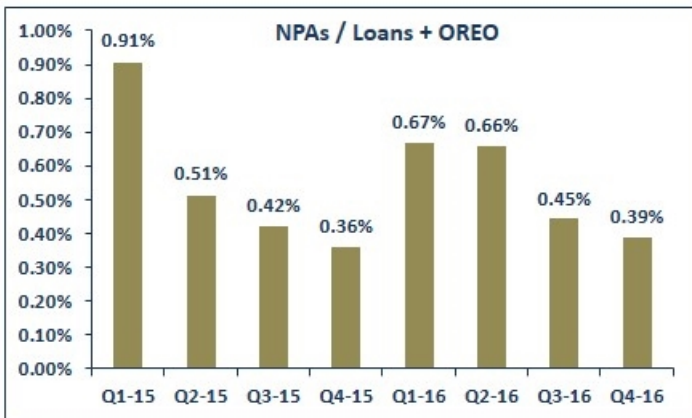
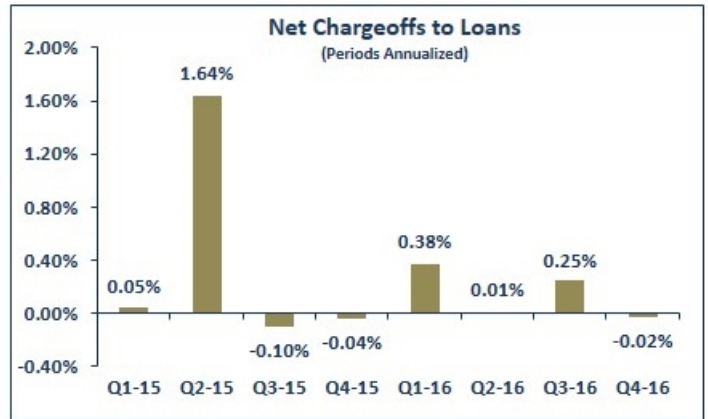
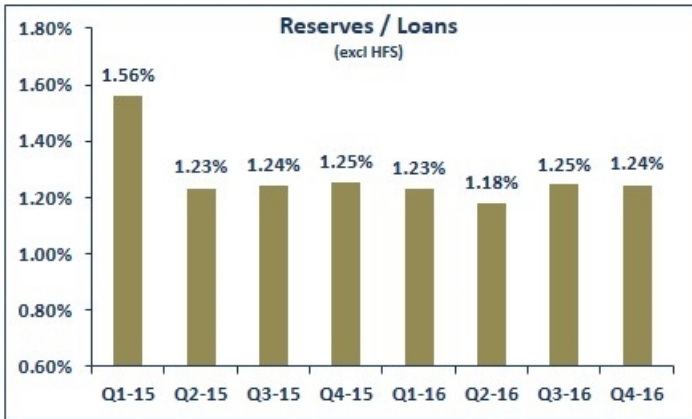
	Q4-16		Q4-15		% Change
Balance Sheet (Quarter Averages)					
C&I - Healthcare	\$	186	\$	151	23%
C&I - All Other		199		196	2%
Commercial and Industrial		385		347	11%
Commercial Real Estate		291		240	21%
Consumer Real Estate		99		95	5%
Construction and Land Development		95		52	81%
Consumer		7		9	-15%
Other		63		49	27%
<b>Total</b>	<b>\$</b>	<b>940</b>	<b>\$</b>	<b>792</b>	<b>19%</b>
Less Net Unearned Income		(1)		(1)	-9%
<b>Total Loans (Net of Unearned Income)</b>	<b>\$</b>	<b>939</b>	<b>\$</b>	<b>791</b>	<b>19%</b>
Loans Held for Sale		52		27	92%
<b>Total Loans (Including Loans HFS)</b>	<b>\$</b>	<b>991</b>	<b>\$</b>	<b>818</b>	<b>21%</b>

# Deposits continue to grow with a decline in rates



\$ in millions	Q4-16	Q4-15	% Change
	<b>Balance Sheet (Quarter Averages)</b>		
Non-Interest Bearing	\$ 196	\$ 191	2%
Interest Checking (NOW)	287	158	81%
Savings & Money Market	455	449	1%
Time Deposit's under \$100K	42	45	-6%
Time Deposit's over \$100K	159	130	22%
<b>Deposits</b>	<b>\$ 1,139</b>	<b>\$ 973</b>	<b>17%</b>

# Sound Credit Quality



# Summary Financials 4Q16

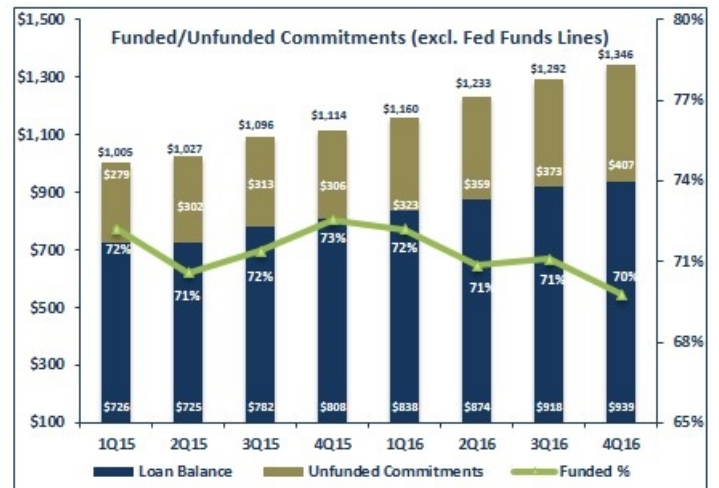
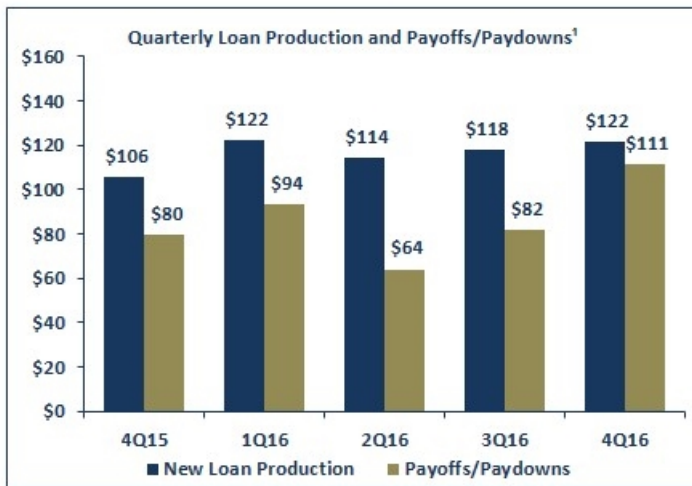
CapStar has experienced both balance sheet and earnings growth over the prior year

\$ in millions	Three Months Ended December 31,			Twelve Months Ended December 31,			
	2016	2015	%/bp Change	2016	2015	%/bp Change	
<b>Balance Sheet (Period Averages)</b>							
Loans (Excl HFS)	\$ 939	\$ 791	19%	\$ 889	\$ 744	19%	
Deposits	1,139	973	17%	1,098	984	12%	
Total Transaction Deposits (DDA + Now)	482	349	38%	458	321	43%	← Relationship driven products
Total Assets	1,325	1,140	16%	1,263	1,141	11%	
<b>Income Statement</b>							
Net Interest Income	\$ 10.2	\$ 8.8	15%	\$ 38.5	\$ 34.8	11%	← Expansion of Fee businesses
Non Interest Income	3.0	1.9	54%	11.1	8.9	25%	← Operating Leverage
Total Revenue	13.1	10.8	22%	49.5	43.7	13%	← Operating Leverage
Provision for Loan and Lease Losses	0.1	0.4	-80%	2.8	1.7	71%	← Strong earnings growth
Non Interest Expense	8.6	7.3	18%	33.1	31.0	7%	← Strong earnings growth
Net income	2.9	2.1	40%	9.1	7.6	20%	
Pre-tax Pre-Provision Income*	4.5	3.4	31%	16.4	12.7	29%	
<b>Ratios</b>							
EPS Fully Diluted	\$0.23	\$0.20	14%	\$0.81	\$0.73	11%	} Improving profitability metrics
Tangible Book Value Common*	\$11.06	\$10.00	11%	\$11.06	\$10.00	11%	
ROAA	0.88%	0.73%	0.15	0.72%	0.66%	0.06	
ROAE	8.35%	7.61%	0.74	7.57%	7.08%	0.49	
Efficiency Ratio*	65.8%	68.1%	(2.3)	66.9%	71.0%	(4.1)	

\*Reconciliation provided in non-GAAP tables

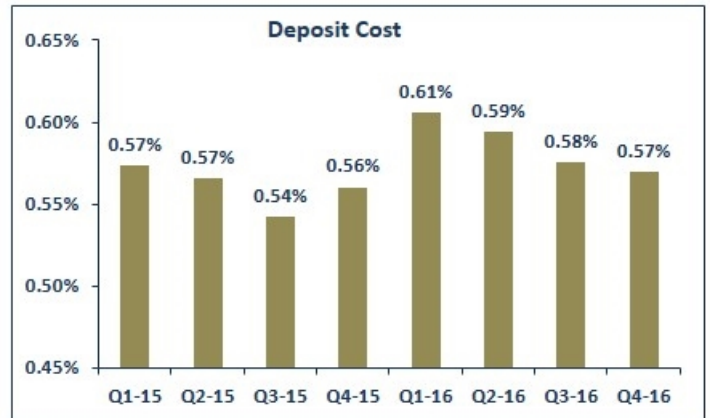
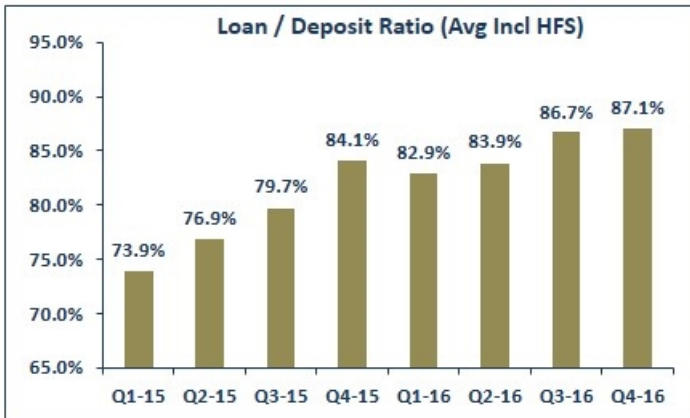
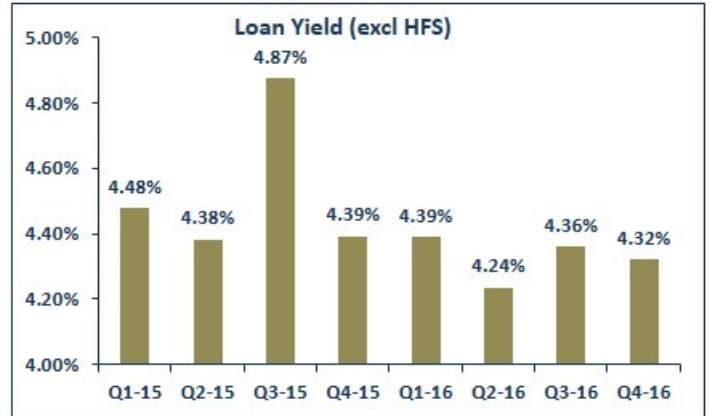
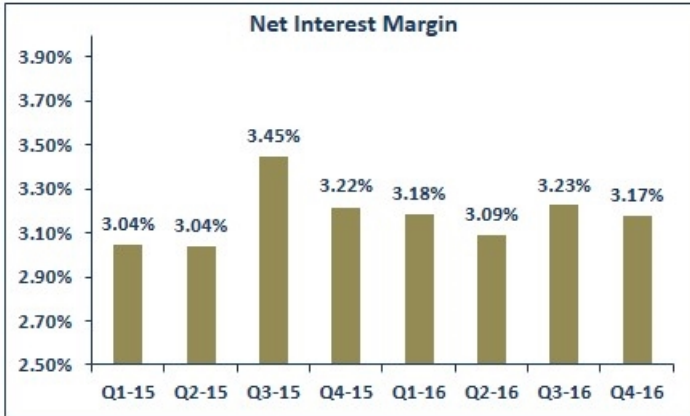
# Loan Growth and Line Utilization

- While average loan growth for the quarter increased 19%, loan growth in the fourth quarter was impacted by the increased levels of payoffs and paydowns.
- New loan production has been consistent all year.
- Low line utilization continues to provide opportunity for future loan fundings.



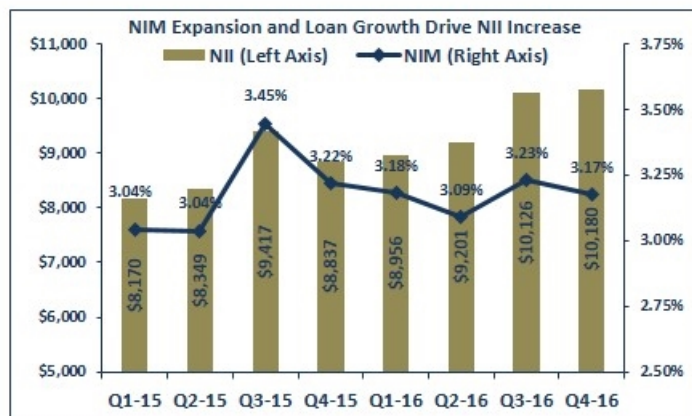
<sup>1</sup>Source: Internal CapStar records. New loans include new fundings to new and existing clients as well as increases in lines of credit. Pay offs and pay downs include line decreases, payoffs of existing loans and loan amortization.

# Net Interest Margin



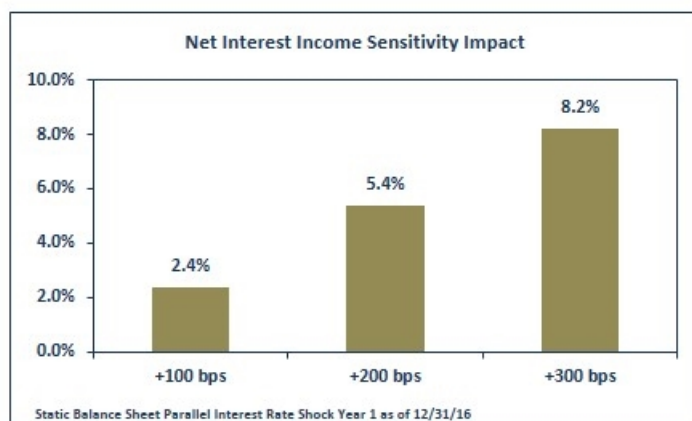
# Net Interest Income & Net Interest Margin

- Net Interest Income increased 15% from 4Q15 and is within the expected range.
- 1 month LIBOR and Fed Funds rate increases occurred late in the fourth quarter of 2016 and therefore, the full impact of our loan portfolio should be seen in 1Q17 once contractual repricings are complete.
- We remain asset sensitive and are well positioned for rising rates.



## NIM Linked-Quarter Change Drivers

(\$ in millions)	NIM
<b>3Q16</b>	<b>3.23%</b>
Lower Loan Yields	-0.02%
Lower Loan Fees	-0.02%
Higher Cash Volumes	-0.02%
<b>4Q16</b>	<b>3.17%</b>





## Tri-Net Initiative helping us to expand our Fee Businesses

(Dollars in thousands)	Three Months Ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
<b>Non Interest Income</b>				
Service Charges on Deposit Accounts	\$ 303	\$ 277	\$ 303	\$ 225
Loan Commitment Fees	217	329	143	430
Mortgage Fees	2,033	2,339	1,655	1,347
Wealth Management	30	25	27	31
Gain on OREO	-	-	85	73
BOLI	150	151	150	150
Net Gain (Loss) on Sale of Securities	-	(4)	86	39
Net Gain (Loss) on Sale of Loans	125	-	9	-
Other	95	74	111	76
<b>Total Non Interest Income</b>	<b>\$ 2,954</b>	<b>\$ 3,191</b>	<b>\$ 2,568</b>	<b>\$ 2,371</b>
<i>Average Assets</i>	<i>1,324,620</i>	<i>1,296,871</i>	<i>1,247,077</i>	<i>1,181,428</i>
<i>Non Interest Income / Average Assets</i>	<i>0.89%</i>	<i>0.98%</i>	<i>0.83%</i>	<i>0.81%</i>
<b>Total Mortgage Loans Sold</b>	<b>\$ 152,656</b>	<b>\$ 154,565</b>	<b>\$ 123,155</b>	<b>\$ 92,654</b>

## Absent the Mortgage earnout, expenses have been flat

(Dollars in thousands)	Three Months Ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
<b>Non Interest Expense</b>				
Salaries and Employee Benefits	\$ 5,185	\$ 5,119	\$ 4,938	\$ 5,218
Data Processing & Software	542	627	635	568
Professional Fees	406	391	426	331
Occupancy	366	352	371	410
Equipment	443	458	436	407
Regulatory Fees	348	250	265	227
Advertising & Marketing	88	56	84	140
Mortgage Earnout – Contingent Liability	774	661	123	123
Other	489	612	672	586
<b>Total Non Interest Expense</b>	<b>\$ 8,642</b>	<b>\$ 8,527</b>	<b>\$ 7,951</b>	<b>\$ 8,010</b>
<i>Efficiency Ratio</i>	<i>65.8%</i>	<i>64.0%</i>	<i>67.6%</i>	<i>70.7%</i>
<b>Total Non Interest Expense excl Mortgage Earnout - Contingent Liability</b>	<b>\$ 7,868</b>	<b>\$ 7,866</b>	<b>\$ 7,828</b>	<b>\$ 7,887</b>

## Strong Capital Position

- With our initial public offering in September 2016, CapStar continues to have strong capital ratios well above regulatory guidelines.

<u>Capital Ratios</u>	Q4-16	Q3-16	Q2-16	Q1-16	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	10.01%	10.07%	8.28%	8.59%	NA
Tangible Common Equity / Tangible Assets*	9.34%	9.39%	7.02%	7.23%	NA
Tier 1 Leverage Ratio	10.46%	10.47%	8.90%	9.16%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	11.61%	11.46%	9.73%	10.26%	≥ 8.00%
Total Risk Based Capital Ratio	12.60%	12.45%	10.67%	11.26%	≥ 10.00%

\*Reconciliation provided in non-GAAP tables

## Strategic Outlook

- CapStar's core strategy will continue to focus on sound, profitable, growth
- Improving profitability profile
  - Targeting a 1.0% ROAA by the end of 2018
  - Targeting an efficiency ratio in the low 60%'s by the end of 2018
- Opportunistic hiring of bankers
- Strategic M&A
  - Scale
  - Cost of Funds
  - Complementary business
  - Non-Interest Income fee sources

# Appendix: Historical Financials

# Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,					
	2016	2015	2016	2015	2014	2013	2012	2011
<b>STATEMENT OF INCOME DATA</b>								
Interest Income	\$ 12,007	\$ 10,271	\$ 45,395	\$ 40,504	\$ 38,287	\$ 41,157	\$ 33,966	\$ 23,454
Interest Expense	1,827	1,434	6,932	5,731	5,871	6,576	6,682	7,146
Net Interest Income	10,180	8,837	38,463	34,773	32,416	34,581	27,284	16,308
Provision for Loan and Lease Losses	70	350	2,829	1,651	3,869	938	3,968	1,897
Non-Interest Income	2,954	1,918	11,084	8,884	7,419	1,946	1,935	874
Non-Interest Expense	8,642	7,323	33,129	30,977	28,562	25,432	19,021	13,211
Income before Income Taxes	4,423	3,083	13,590	11,029	7,404	10,157	6,230	2,073
Income Tax Expense	1,495	990	4,493	3,470	2,412	3,749	(3,168)	-
Net Income	2,927	2,093	9,097	7,559	4,992	6,408	9,398	2,073
Pre-Tax Pre-Provision Net Income *	4,493	3,433	16,419	12,680	11,273	11,095	10,197	3,970

\*Reconciliation provided in non-GAAP tables

# Historical Financials

	As of December 31,					
(Dollars in thousands, except per share information)	2016	2015	2014	2013	2012	2011
<b>BALANCE SHEET (AT PERIOD END)</b>						
Cash & Due From Banks	\$ 80,111	\$ 100,185	\$ 73,934	\$ 44,793	\$ 113,282	\$ 44,043
Investment Securities	235,250	221,890	285,514	305,291	280,115	236,837
Loans Held for Sale	42,111	35,729	15,386	-	-	-
Gross Loans and Leases (Net of Unearned Income)	935,251	808,396	713,077	626,382	624,328	430,329
Total Intangibles	6,290	6,344	6,398	284	317	-
<b>Total Assets</b>	<b>1,333,675</b>	<b>1,206,800</b>	<b>1,128,395</b>	<b>1,009,485</b>	<b>1,031,755</b>	<b>711,183</b>
Deposits	1,128,594	1,038,460	981,057	879,165	919,782	621,212
Borrowings and Repurchase Agreements	55,000	48,755	34,837	29,494	7,452	12,622
<b>Total Liabilities</b>	<b>1,194,468</b>	<b>1,098,214</b>	<b>1,025,744</b>	<b>913,294</b>	<b>931,277</b>	<b>636,613</b>
Common Equity	130,207	92,086	86,151	79,691	83,977	58,070
Preferred Equity	9,000	16,500	16,500	16,500	16,500	16,500
<b>Total Shareholders' Equity</b>	<b>139,207</b>	<b>108,586</b>	<b>102,651</b>	<b>96,191</b>	<b>100,478</b>	<b>74,570</b>
Tangible Equity *	132,918	102,242	96,253	95,907	100,160	74,570

\* Reconciliation provided in non-GAAP tables

# Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,					
	2016	2015	2016	2015	2014	2013	2012	2011
<b>SELECTED PERFORMANCE RATIOS</b>								
Return on Average Assets (ROAA)	0.88%	0.73%	0.72%	0.66%	0.47%	0.62%	1.11%	0.34%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) *	1.35%	1.19%	1.30%	1.11%	1.06%	1.08%	1.20%	0.65%
Return on Average Equity (ROAE)	8.35%	7.61%	7.57%	7.08%	4.94%	6.46%	10.56%	2.94%
Return on Average Tangible Equity (ROATE) *	8.74%	8.08%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
Return on Average Tangible Common Equity (ROATCE) *	9.37%	9.62%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
Net Interest Margin	3.17%	3.22%	3.17%	3.19%	3.20%	3.45%	3.30%	2.73%
Efficiency Ratio **	65.8%	68.1%	66.9%	71.0%	71.7%	69.6%	65.1%	76.9%
Non-Interest Income / Average Assets	0.89%	0.67%	0.88%	0.78%	0.70%	0.19%	0.23%	0.14%
Non-Interest Expense / Average Assets	2.60%	2.55%	2.62%	2.72%	2.68%	2.47%	2.25%	2.16%
Loan and Lease Yield	4.32%	4.39%	4.33%	4.53%	4.74%	5.48%	5.50%	5.02%
Deposit Cost	0.57%	0.56%	0.59%	0.56%	0.62%	0.71%	0.89%	1.34%

\* Reconciliation provided in non-GAAP tables

\*\* Efficiency ratio is non-interest expense divided by the sum of net interest income and non-interest income.





# Historical Financials

	Three Months Ended December 31,		Twelve Months Ended December 31,					
(Dollars in thousands, except per share information)	2016	2015	2016	2015	2014	2013	2012	2011
<b>PER SHARE OUTSTANDING DATA</b>								
Basic Net Earnings per Share	\$0.26	\$0.24	\$0.98	\$0.89	\$0.59	\$0.75	\$1.20	\$0.29
Diluted Net Earnings per Share	\$0.23	\$0.20	\$0.81	\$0.73	\$0.49	\$0.62	\$1.00	\$0.24
Book Value Per Share, Reported	\$11.62	\$10.74	\$11.62	\$10.74	\$10.17	\$9.54	\$9.65	\$8.13
Tangible Book Value Per Share, Reported	\$11.06	\$10.00	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
Book Value per Share, Adjusted *	\$11.52	\$10.66	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
Tangible Book Value per Share, Adjusted *	\$11.00	\$10.04	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52
Shares of Common Stock Outstanding at End of Period	11,204,515	8,577,051	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
<b>CAPITAL RATIOS (AT PERIOD END)</b>								
Tier 1 Leverage Ratio	10.46%	9.33%	10.46%	9.33%	8.56%	8.96%	9.22%	10.31%
Common Equity Tier 1 Capital (Cet1)	10.90%	8.89%	10.90%	8.89%	-	-	-	-
Tier 1 Risk-Based Capital	11.61%	10.41%	11.61%	10.41%	10.32%	11.14%	11.77%	13.47%
Total Risk-Based Capital Ratio	12.60%	11.42%	12.60%	11.42%	11.54%	12.19%	12.86%	14.68%
Total Shareholders' Equity to Total Asset Ratio	10.44%	9.00%	10.44%	9.00%	9.10%	9.54%	9.74%	10.49%
Tangible Equity to Tangible Assets *	10.01%	8.52%	10.01%	8.52%	8.58%	9.51%	9.71%	10.49%

\* Reconciliation provided in non-GAAP tables

# Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,					
	2016	2015	2016	2015	2014	2013	2012	2011
<b>NON-PERFORMING ASSETS (NPA)</b>								
Non-Performing Loans	\$ 3,619	\$ 2,689	\$ 3,619	\$ 2,689	\$ 7,738	\$ 6,552	\$ 8,784	\$ 141
Troubled Debt Restructurings	1,272	125	1,272	125	2,618	-	-	141
Other Real Estate and Repossessed Assets	-	216	-	216	575	1,451	1,822	-
Non-Performing Assets	3,619	2,905	3,619	2,905	8,313	8,003	10,606	141
<b>ASSET QUALITY RATIOS</b>								
Non-Performing Assets / Assets	0.27%	0.24%	0.27%	0.24%	0.74%	0.79%	1.03%	0.02%
Non-Performing Loans / Loans	0.39%	0.33%	0.39%	0.33%	1.09%	1.05%	1.41%	0.03%
Non-Performing Assets / Loans + OREO	0.39%	0.36%	0.39%	0.36%	1.16%	1.27%	1.69%	0.03%
Net Charge-Offs to Average Loans (Periods Annualized)	-0.02%	-0.04%	0.15%	0.38%	0.15%	0.11%	0.40%	0.14%
Allowance for Loan and Lease Losses to Total Loans and Leases	1.24%	1.25%	1.24%	1.25%	1.58%	1.35%	1.32%	1.45%
Allowance for Loan and Lease Losses to Non-Performing Loans	321.4%	376.8%	321.4%	376.8%	145.8%	129.1%	93.5%	4,415.6%

\* Reconciliation provided in non-GAAP tables

# Historical Financials

	As of December 31,					
(Dollars in thousands, except per share information)	2016	2015	2014	2013	2012	2011
<b>COMPOSITION OF LOANS HELD FOR INVESTMENT</b>						
Commercial Real Estate	\$ 302,322	\$ 251,196	\$ 219,793	\$ 182,392	\$ 177,584	\$ 135,855
Consumer Real Estate	97,015	93,785	77,688	61,174	73,637	51,256
Construction and Land Development	94,491	52,522	46,193	30,217	35,674	24,676
Commercial and Industrial	379,620	353,442	332,914	312,527	279,755	175,518
Consumer	5,974	8,668	7,910	7,939	10,749	12,687
Other Loans	55,829	48,782	28,578	32,132	46,929	30,337
<b>DEPOSIT COMPOSITION</b>						
Non-Interest Bearing	\$ 197,659	\$ 190,580	\$ 157,355	\$ 135,448	\$ 102,786	\$ 66,641
Interest Checking	299,621	189,983	115,915	84,028	60,663	12,655
Savings & Money Market	447,686	437,214	484,600	427,312	544,762	404,775
Time Deposits Less Than \$100,000	41,128	45,902	51,813	46,819	52,844	21,563
Time Deposits Greater Than or Equal to \$100,000	142,500	174,781	171,373	185,482	158,778	115,578

\* Reconciliation provided in non-GAAP tables

# Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,					
	2016	2015	2016	2015	2014	2013	2012	2011
<b>REAL ESTATE - COMMERCIAL AND CONSTRUCTION CONCENTRATIONS</b>								
Construction and Development	\$ 94,491	\$ 52,522	\$ 94,491	\$ 52,522	\$ 46,193	\$ 30,217	\$ 35,674	\$ 24,676
Commercial Real Estate and Construction	282,513	198,285	282,513	198,285	172,803	146,258	150,253	109,988
Construction and Development to Total Risk Based Capital (Reg. 100%)	63.2%	45.3%	63.2%	45.3%	42.8%	30.1%	36.7%	32.3%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	188.8%	170.9%	188.8%	170.9%	160.0%	145.8%	154.6%	144.0%
<b>MORTGAGE METRICS</b>								
Total Origination Volume	\$ 128,659	\$ 94,257	\$ 522,037	\$ 422,323	\$ 253,099	-	-	-
Total Mortgage Loans Sold	152,656	88,560	523,031	407,941	245,891	-	-	-
Purchase Volume as a % of Originations	64%	72%	67%	72%	76%	-	-	-
Mortgage Fees/Gain on Sale of Loans	2,033	1,263	7,375	5,962	4,067	-	-	-
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.33%	1.43%	1.41%	1.46%	1.65%	-	-	-
Mortgage Fees/Gain on Sale as a % of Total Revenue	15.5%	11.7%	14.9%	13.7%	10.2%	-	-	-

# Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,					
	2016	2015	2016	2015	2014	2013	2012	2011
<b>PRE-TAX PRE-PROVISION NET INCOME</b>								
Pre-Tax Income	\$ 4,423	\$ 3,083	\$ 13,590	\$ 11,029	\$ 7,404	\$ 10,157	\$ 6,230	\$ 2,073
Add: Provision for Loan and Lease Losses	70	350	2,829	1,651	3,869	938	3,968	1,897
Pre-Tax Pre-Provision Net Income	4,493	3,433	16,419	12,680	11,273	11,095	10,198	3,970
<b>PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS</b>								
Total Average Assets	\$1,324,620	\$ 1,140,127	\$1,262,763	\$ 1,140,760	\$ 1,064,705	\$ 1,028,709	\$ 846,901	\$ 612,775
Pre-Tax Pre-Provision Net Income	4,493	3,433	16,419	12,680	11,273	11,095	10,198	3,970
Pre-Tax Pre-Provision Return on Average Assets	1.35%	1.19%	1.30%	1.11%	1.06%	1.08%	1.20%	0.65%

# Non-GAAP Financial Measures

	As of December 31,					
(Dollars in thousands, except per share information)	2016	2015	2014	2013	2012	2011
<b>TANGIBLE EQUITY</b>						
Total Shareholders' Equity	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Less: Intangible Assets	6,290	6,344	6,398	284	317	-
Tangible Equity	132,918	102,242	96,253	95,907	100,160	74,570
<b>TANGIBLE COMMON EQUITY</b>						
Tangible Equity	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Less: Preferred Equity	9,000	16,500	16,500	16,500	16,500	16,500
Tangible Common Equity	123,918	85,742	79,753	79,407	83,660	58,070
<b>TANGIBLE EQUITY TO TANGIBLE ASSETS</b>						
Tangible Equity	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Total Assets	1,333,675	1,206,800	1,128,395	1,008,709	1,031,755	711,183
Less: Intangible Assets	6,290	6,344	6,398	284	317	-
Tangible Assets	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Equity to Tangible Assets	10.01%	8.52%	8.58%	9.51%	9.71%	10.49%
<b>TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS</b>						
Tangible Common Equity	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Tangible Assets	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Common Equity to Tangible Assets	9.34%	7.14%	7.11%	7.87%	8.11%	8.17%

# Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,					
	2016	2015	2016	2015	2014	2013	2012	2011
<b>RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)</b>								
Total Average Shareholder's Equity	\$ 139,529	\$ 109,132	\$ 120,123	\$ 106,727	\$ 101,030	\$ 99,153	\$ 88,990	\$ 70,625
Less: Average Intangible Assets	6,298	6,351	6,318	6,371	6,855	301	1,151	-
Average Tangible Equity	133,231	102,781	113,805	100,356	94,175	98,852	87,838	70,625
Net Income to Shareholders	2,927	2,093	9,097	7,559	4,992	6,408	9,397	2,073
Return on Average Tangible Equity (ROATE)	8.74%	8.08%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
<b>RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)</b>								
Average Tangible Equity	133,231	102,781	113,805	100,356	94,175	98,852	87,838	70,625
Less: Preferred Equity	9,000	16,500	14,533	16,500	16,500	16,500	16,500	16,500
Average Tangible Common Equity	124,231	86,281	99,273	83,856	77,675	82,352	71,338	54,125
Net Income to Shareholders	2,927	2,093	9,097	7,559	4,992	6,408	9,397	2,073
Return on Average Tangible Common Equity (ROATCE)	9.37%	9.62%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
<b>ADJUSTED SHARES OUTSTANDING AT END OF PERIOD</b>								
Shares of Common Stock Outstanding	11,204,515	8,577,051	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
Shares of Preferred Stock Outstanding	878,049	1,609,756	878,049	1,609,756	1,609,756	1,609,756	1,609,756	1,609,756
Adjusted Shares Outstanding at End of Period	12,082,564	10,186,807	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539

# Non-GAAP Financial Measures

	As of December 31,					
(Dollars in thousands, except per share information)	2016	2015	2014	2013	2012	2011
<b>BOOK VALUE PER SHARE, ADJUSTED</b>						
Total Shareholders Equity	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Book Value Per Share, Adjusted	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
<b>TANGIBLE BOOK VALUE PER SHARE, REPORTED</b>						
Tangible Common Equity	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Shares of Common Stock Outstanding	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
Tangible Book Value Per Share, Reported	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
<b>TANGIBLE BOOK VALUE PER SHARE, ADJUSTED</b>						
Tangible Equity	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Tangible Book Value Per Share, Adjusted	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52



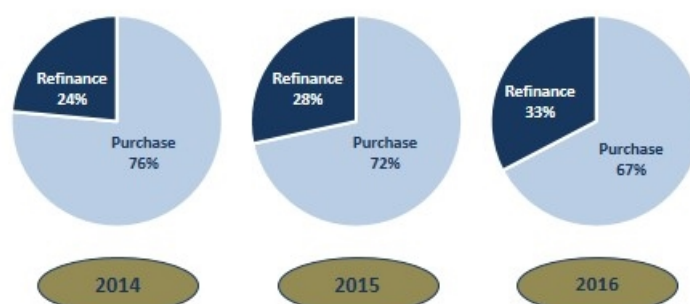
# Scalable Mortgage Platform

- ❖ The acquisition of Farmington Financial in February 2014 added mortgage origination services to CapStar's product offering and enhanced fee income generation.
- ❖ Farmington's strategy is to originate conforming loans which are sold into the secondary mortgage market.
- ❖ As of December 2016, approximately 67% of originated loans represent new loan originations as opposed to refinancings.

**Total Production (\$mm)**



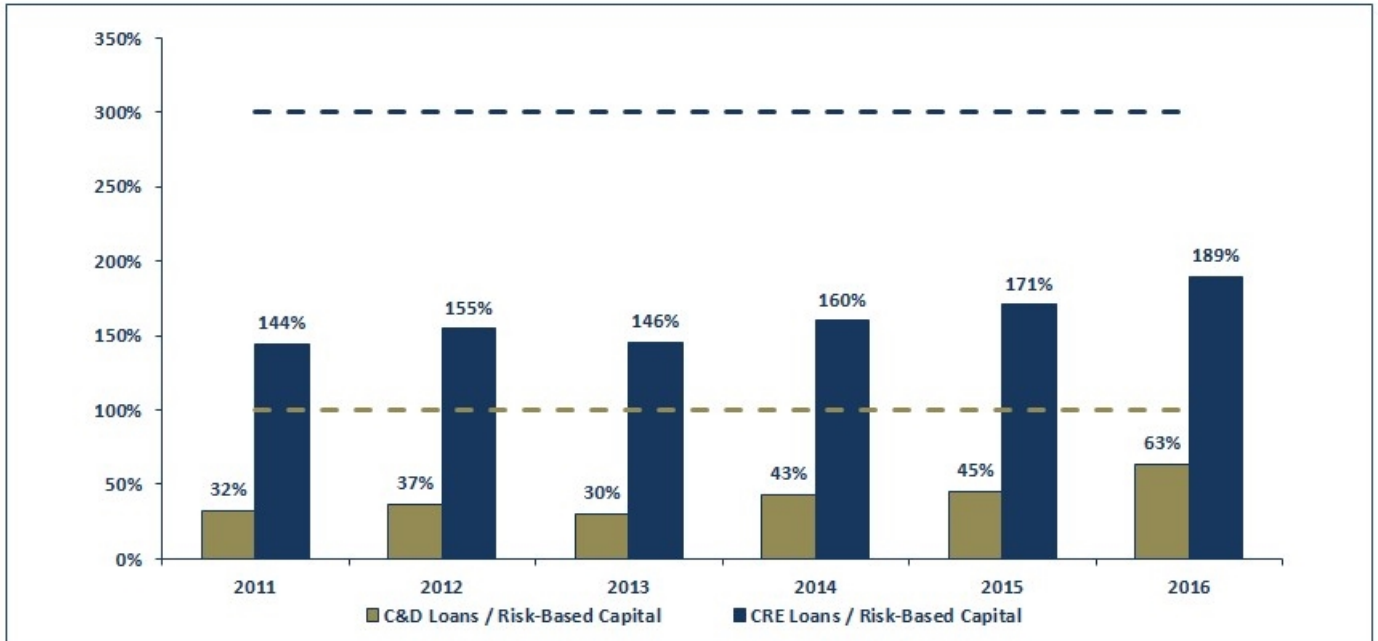
**Purchase vs. Refinance (% of Total Production)**



1) Acquisition of Farmington Financial closed 2/3/14  
2) Data as of or for the twelve months ended 12/31 each respective year

# C&D and CRE & Construction Concentration

- Historical C&D and CRE & Construction as a Percentage of Risk-Based Capital



Data as of 12/31 each respective year  
Blue line designates recommended limits from the regulators for CRE loans to risk-based capital  
Gold line designates recommended limits from the regulators for C&D loans to risk-based capital

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**CAPSTAR**

FINANCIAL HOLDINGS, INC.

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