

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): October 16, 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.)

1201 Demonbreun Street, Suite 700
Nashville, Tennessee
(Address of principal executive offices)

37203
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On October 16, 2017, CapStar Financial Holdings, Inc. (the “Company”) issued an earnings release announcing its financial results for the third quarter ended September 30, 2017. 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.

Section 7 – Regulation FD

Item 7.01. Regulation FD Disclosure.

The Company will conduct a conference call at 3:00 p.m. (Central Time) on October 16, 2017 to discuss its financial results for the third quarter ended September 30, 2017. 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.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Earnings release issued on October 16, 2017 by CapStar Financial Holdings, Inc.
99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on October 16, 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: October 16, 2017

EARNINGS RELEASE

CONTACT

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



CAPSTAR FINANCIAL HOLDINGS, INC. ANNOUNCES THIRD QUARTER 2017 RESULTS

NASHVILLE, TN, October 16, 2017/GlobeNewswire/ -- CapStar Financial Holdings, Inc. ("CapStar") (NASDAQ:CSTR) reported net income of \$4.42 million, or \$0.35 per share on a fully diluted basis, for the three months ended September 30, 2017, compared to net income of \$2.11 million, or \$0.20 per share on a fully diluted basis, for the three months ended September 30, 2016.

"Our vision for CapStar is to be a high performing financial institution known for sound, profitable, growth," said Claire W. Tucker, CapStar's president and chief executive officer. "This was a record quarter for the company in terms of profitability, and we experienced strong growth in our DDA balances and non-interest income sources. CapStar remains a sound, well-capitalized institution, with no charge-offs during the quarter and a \$1.9 million recovery on a previously charged-off loan. We believe these results further demonstrate our ability to execute this strategy and vision, while creating long-term value for our shareholders."

Soundness

- The allowance for loan losses represented 1.45% of total loans at September 30, 2017 compared to 1.25% at September 30, 2016.
- Non-performing assets as a percentage of total loans and other real estate owned was 0.32% at September 30, 2017 compared to 0.45% at September 30, 2016.
- Annualized net charge-offs (recoveries) to average loans totaled -0.75% for the three months ended September 30, 2017 compared to 0.25% for the same period in 2016.
- The total risk based capital ratio was to 12.42% at September 30, 2017 compared to 12.45% at September 30, 2016.

Profitability

- Return on average assets ("ROAA") for the three months ended September 30, 2017 was 1.28% compared to 0.65% for the same period in 2016.
 - Return on average tangible common equity ("ROATCE") for the three months ended September 30, 2017 was 13.88% compared to 8.84% for the same period in 2016.
 - The net interest margin ("NIM") for the three months ended September 30, 2017 was 3.26% compared to 3.23% for the same period in 2016.
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- The efficiency ratio for the three months ended September 30, 2017 was 59.6% compared to 64.0% for the same period in 2016.

Growth

- Average total assets for the quarter ended September 30, 2017 increased 5.5%, to \$1.37 billion, compared to \$1.30 billion for the same period in 2016.
- Average gross loans for the quarter ended September 30, 2017 increased 7.9%, to \$991.2 million, compared to \$918.3 million for the same period in 2016.
- Average total deposits for the quarter ended September 30, 2017 fell 3.3%, to \$1.09 billion, compared to \$1.13 billion for the same period in 2016.
- Average demand deposits for the quarter ended September 30, 2017 increased 26.7%, to \$237.2 million, compared to \$187.2 million for the same period in 2016.

“By many measures, this quarter’s performance exceeded our expectations. We had record net income of \$4.4 million, an ROAA of 1.28%, expansion in our NIM, no credit charge-offs, and strong growth in our DDA and Treasury Management fees,” said Rob Anderson, chief financial officer and chief administrative officer of CapStar. “Through consistent engagement with our clients, the CapStar associate base is building a loyal customer base.”

Conference Call and Webcast Information

CapStar will host a conference call and webcast at 3:00 p.m. Central Time on Monday, October 16, 2017. During the call, management will review the third quarter results and operational highlights. Interested parties may listen to the call by dialing (844) 412-1002. The conference ID number is 90272640. A simultaneous webcast may be accessed on CapStar’s website at ir.capstarbank.com by clicking on “News & Events”. 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 September 30, 2017, on a consolidated basis, CapStar had total assets of \$1.3 billion, gross loans of \$974.5 million, total deposits of \$1.1 billion, and shareholders’ equity of \$144.2 million. Visit 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,” “aspire,” “achieve,” “estimate,” “intend,” “plan,” “project,” “projection,” “forecast,” “roadmap,” “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 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, any factors identified in this earnings release as well as those factors that are detailed from time to time in CapStar's periodic and current reports filed with the Securities and Exchange Commission, including those factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 under the headings "Item 1A. Risk Factors" and "Cautionary Note Regarding Forward Looking Statements" and in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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.

Non-GAAP Disclaimer

This earnings release includes the following financial measures that were prepared other than in accordance with generally accepted accounting principles in the United States ("non-GAAP financial measure"): return on average tangible common equity and tangible book value per share. These non-GAAP financial measures (i) provides useful information to management and investors that is supplementary to CapStar's financial condition, results of operations and cash flows computed in accordance with GAAP, (ii) enables a more complete understanding of factors and trends affecting CapStar's business, and (iii) allows investors to evaluate CapStar's performance in a manner similar to management, the financial services industry, bank stock analysts and bank regulators; however, CapStar acknowledges that these non-GAAP financial measures have a number of limitations. As such, you should not view these non-GAAP financial measures 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 below for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Consolidated Statements of Income (unaudited) (dollars in thousands, except share data)

Third Quarter 2017 Earnings Release

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Interest income:				
Loans, including fees	\$ 12,095	\$ 10,659	\$ 33,935	\$ 29,532
Securities:				
Taxable	838	787	2,827	2,596
Tax-exempt	304	291	944	841
Federal funds sold	7	4	26	12
Restricted equity securities	108	71	271	210
Interest-bearing deposits in financial institutions	169	63	387	197
Total interest income	<u>13,521</u>	<u>11,875</u>	<u>38,390</u>	<u>33,388</u>
Interest expense:				
Interest-bearing deposits	635	404	1,839	1,096
Savings and money market accounts	772	689	2,360	2,141
Time deposits	706	546	1,750	1,566
Federal funds purchased	2	13	13	21
Securities sold under agreements to repurchase	—	—	—	1
Federal Home Loan Bank advances	563	97	1,083	280
Total interest expense	<u>2,678</u>	<u>1,749</u>	<u>7,045</u>	<u>5,105</u>
Net interest income	<u>10,843</u>	<u>10,126</u>	<u>31,345</u>	<u>28,283</u>
Provision for loan losses	(195)	1,639	12,900	2,759
Net interest income after provision for loan losses	<u>11,038</u>	<u>8,487</u>	<u>18,445</u>	<u>25,524</u>
Noninterest income:				
Treasury management and other deposit service charges	427	277	1,097	805
Loan commitment fees	223	329	646	901
Net gain (loss) on sale of securities	9	(4)	42	121
Tri-Net fees	367	—	748	—
Mortgage banking income	2,030	2,339	4,617	5,342
Other noninterest income	316	250	1,021	961
Total noninterest income	<u>3,372</u>	<u>3,191</u>	<u>8,171</u>	<u>8,130</u>
Noninterest expense:				
Salaries and employee benefits	5,119	5,119	14,989	15,275
Data processing and software	709	627	2,040	1,831
Professional fees	336	391	1,050	1,148
Occupancy	531	352	1,518	1,133
Equipment	564	458	1,604	1,301
Regulatory fees	270	250	877	742
Other operating	946	1,330	2,988	3,057
Total noninterest expense	<u>8,475</u>	<u>8,527</u>	<u>25,066</u>	<u>24,487</u>
Income before income taxes	<u>5,935</u>	<u>3,151</u>	<u>1,550</u>	<u>9,167</u>
Income tax expense	1,516	1,042	141	2,998
Net income	<u>\$ 4,419</u>	<u>\$ 2,109</u>	<u>\$ 1,409</u>	<u>\$ 6,169</u>
Per share information:				
Basic net income per share of common stock	<u>\$ 0.39</u>	<u>\$ 0.24</u>	<u>\$ 0.13</u>	<u>\$ 0.71</u>
Diluted net income per share of common stock	<u>\$ 0.35</u>	<u>\$ 0.20</u>	<u>\$ 0.11</u>	<u>\$ 0.58</u>
Weighted average shares outstanding:				
Basic	<u>11,279,364</u>	<u>8,792,665</u>	<u>11,239,093</u>	<u>8,701,596</u>
Diluted	<u>12,750,423</u>	<u>10,799,536</u>	<u>12,758,091</u>	<u>10,682,976</u>

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) (dollars in thousands, except share data)

Third Quarter 2017 Earnings Release

	Five Quarter Comparison				
	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Income Statement Data:					
Net interest income	\$ 10,843	\$ 10,571	\$ 9,932	\$ 10,180	\$ 10,126
Provision for loan losses	(195)	9,690	3,405	70	1,639
Net interest income after provision for loan losses	11,038	881	6,527	10,110	8,487
Treasury management and other deposit service charges	427	342	329	303	277
Loan commitment fees	223	187	236	217	329
Net gain (loss) on sale of securities	9	40	(6)	—	(4)
Tri-Net fees	367	297	84	125	—
Mortgage banking income	2,030	1,370	1,216	2,033	2,339
Other noninterest income	316	430	274	276	250
Total noninterest income	3,372	2,666	2,133	2,954	3,191
Salaries and employee benefits	5,119	4,784	5,086	5,185	5,119
Data processing and software	709	711	621	542	627
Professional fees	336	350	365	406	391
Occupancy	531	539	449	366	352
Equipment	564	544	496	443	458
Regulatory fees	270	301	307	348	250
Other operating	946	988	1,052	1,352	1,330
Total noninterest expense	8,475	8,217	8,376	8,642	8,527
Net income (loss) before income tax expense	5,935	(4,670)	284	4,422	3,151
Income tax (benefit) expense	1,516	(1,328)	(47)	1,495	1,042
Net income (loss)	\$ 4,419	\$ (3,342)	\$ 331	\$ 2,927	\$ 2,109
Weighted average shares - basic	11,279,364	11,226,216	11,210,948	11,194,534	8,792,665
Weighted average shares - diluted	12,750,423	12,740,104	12,784,117	12,787,677	10,799,536
Net income (loss) per share, basic	\$ 0.39	\$ (0.30)	\$ 0.03	\$ 0.26	\$ 0.24
Net income (loss) per share, diluted	0.35	(0.26)	0.03	0.23	0.20
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 69,789	\$ 48,093	\$ 60,039	\$ 80,111	\$ 73,451
Securities available-for-sale	146,600	155,663	188,516	182,355	167,213
Securities held-to-maturity	45,635	46,458	46,855	46,864	46,228
Loans held for sale	53,225	73,573	35,371	42,111	61,252
Total loans	974,530	996,617	1,003,434	935,251	924,031
Allowance for loan losses	(14,122)	(12,454)	(13,997)	(11,634)	(11,510)
Total assets	1,338,559	1,371,626	1,381,703	1,333,675	1,318,057
Non-interest-bearing deposits	250,007	231,169	223,450	197,788	191,469
Interest-bearing deposits	841,488	889,816	934,545	930,935	944,590
Federal Home Loan Bank advances	95,000	105,000	75,000	55,000	30,000
Total liabilities	1,194,355	1,233,596	1,241,491	1,194,468	1,179,631
Shareholders' equity	\$ 144,204	\$ 138,030	\$ 140,211	\$ 139,207	\$ 138,427
Total shares of common stock outstanding	11,346,498	11,235,255	11,218,328	11,204,515	11,191,021
Total shares of preferred stock outstanding	878,049	878,049	878,049	878,049	878,049
Book value per share of common stock	\$ 11.92	\$ 11.48	\$ 11.70	\$ 11.62	\$ 11.57
Tangible book value per share of common stock *	11.36	10.93	11.14	11.06	11.00
Market value per share of common stock	\$ 19.58	\$ 17.74	\$ 19.07	\$ 21.96	\$ 16.92
Capital ratios:					
Total risk based capital	12.42%	11.51%	12.13%	12.60%	12.45%
Tier 1 risk based capital	11.28%	10.54%	11.01%	11.61%	11.46%
Common equity tier 1 capital	10.58%	9.86%	10.32%	10.90%	10.75%
Leverage	10.36%	9.77%	10.37%	10.46%	10.47%

*This metric is a non-GAAP financial measure. See below for a reconciliation to the most directly comparable GAAP financial measure.

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) (dollars in thousands, except share data)

Third Quarter 2017 Earnings Release

	Five Quarter Comparison				
	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Average Balance Sheet Data:					
Cash and cash equivalents	\$ 59,352	\$ 62,002	\$ 58,925	\$ 66,758	\$ 55,054
Investment securities	207,926	227,431	237,084	226,033	218,463
Loans held for sale	67,886	34,690	28,359	52,483	63,640
Loans	991,238	1,028,968	974,350	938,887	918,302
Assets	1,367,993	1,393,331	1,340,237	1,324,620	1,296,871
Interest bearing deposits	857,344	882,722	933,328	942,923	944,794
Deposits	1,094,500	1,111,833	1,143,636	1,138,779	1,132,038
Federal Home Loan Bank advances	123,315	128,901	43,837	33,478	29,565
Liabilities	1,226,438	1,250,544	1,198,686	1,185,091	1,179,480
Shareholders' equity	\$ 141,556	\$ 142,787	\$ 141,551	\$ 139,529	\$ 117,390
Performance Ratios:					
Annualized return on average assets	1.28%	-0.96%	0.10%	0.88%	0.65%
Annualized return on average equity	12.38%	-9.39%	0.95%	8.35%	7.15%
Net interest margin	3.26%	3.15%	3.12%	3.17%	3.23%
Annualized Non-interest income to average assets	0.98%	0.77%	0.65%	0.89%	0.98%
Efficiency ratio	59.6%	62.1%	69.4%	65.8%	64.0%
Loans by Type (at period end):					
Commercial and industrial	\$ 394,600	\$ 406,636	\$ 420,825	\$ 379,620	\$ 389,718
Commercial real estate - owner occupied	103,183	97,635	92,213	106,735	108,921
Commercial real estate - non-owner occupied	263,595	288,123	268,742	195,587	163,626
Construction and development	79,951	62,152	74,007	94,491	91,366
Consumer real estate	100,811	99,751	99,952	97,015	96,919
Consumer	6,289	4,096	4,495	5,974	7,046
Other	\$ 26,460	\$ 38,783	\$ 43,983	\$ 56,796	\$ 67,806
Asset Quality Data:					
Allowance for loan losses to total loans	1.45%	1.25%	1.39%	1.24%	1.25%
Allowance for loan losses to non-performing loans	446%	386%	103%	321%	279%
Nonaccrual loans	\$ 3,165	\$ 3,229	\$ 13,624	\$ 3,619	\$ 4,123
Troubled debt restructurings	1,222	1,239	1,256	1,272	1,288
Loans - 90 days past due and accruing	27	15	-	-	-
Total non-performing loans	3,165	3,229	13,624	3,619	4,123
OREO and repossessed assets	-	-	-	-	-
Total non-performing assets	\$ 3,165	\$ 3,229	\$ 13,624	\$ 3,619	\$ 4,123
Non-performing loans to total loans	0.32%	0.32%	1.36%	0.39%	0.45%
Non-performing assets to total assets	0.24%	0.24%	0.99%	0.27%	0.31%
Non-performing assets to total loans and OREO	0.32%	0.32%	1.36%	0.39%	0.45%
Annualized net charge-offs to average loans	-0.75%	4.38%	0.43%	-0.02%	0.25%
Net charge-offs (recoveries)	\$ (1,863)	\$ 11,233	\$ 1,041	\$ (53)	\$ 582
Interest Rates and Yields:					
Loans	4.55%	4.29%	4.24%	4.32%	4.36%
Securities	2.40%	2.44%	2.37%	2.19%	2.10%
Total interest-earning assets	4.07%	3.85%	3.77%	3.74%	3.79%
Deposits	0.77%	0.70%	0.67%	0.57%	0.58%
Borrowings and repurchase agreements	1.81%	1.18%	1.30%	2.32%	1.25%
Total interest-bearing liabilities	1.08%	0.92%	0.85%	0.74%	0.71%
Other Information:					
Full-time equivalent employees	168	169	168	170	168

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) (dollars in thousands)

Third Quarter 2017 Earnings Release

	For the Three Months Ended September 30,					
	2017			2016		
	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate
Interest-Earning Assets						
Loans (1)	\$ 991,238	\$ 11,375	4.55%	\$ 918,302	\$ 10,072	4.36%
Loans held for sale	67,886	720	4.21%	63,640	587	3.67%
Securities:						
Taxable investment securities (2)	156,979	946	2.41%	170,382	858	2.01%
Investment securities exempt from federal income tax (3)	50,947	304	2.39%	48,081	291	2.42%
Total securities	207,926	1,250	2.40%	218,463	1,149	2.10%
Cash balances in other banks	49,151	169	1.36%	45,122	63	0.56%
Funds sold	1,711	7	1.67%	1,510	4	0.95%
Total interest-earning assets	1,317,912	13,521	4.07%	1,247,037	11,875	3.79%
Noninterest-earning assets	50,081			49,834		
Total assets	\$ 1,367,993			\$ 1,296,871		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 291,250	635	0.87%	\$ 303,727	404	0.53%
Savings and money market deposits	354,972	772	0.86%	437,827	689	0.63%
Time deposits	211,122	706	1.32%	203,240	546	1.07%
Total interest-bearing deposits	857,344	2,113	0.98%	944,794	1,639	0.69%
Borrowings and repurchase agreements	123,859	565	1.81%	34,946	110	1.25%
Total interest-bearing liabilities	981,203	2,678	1.08%	979,740	1,749	0.71%
Noninterest-bearing deposits	237,156			187,244		
Total funding sources	1,218,359			1,166,984		
Noninterest-bearing liabilities	8,078			12,497		
Shareholders' equity	141,556			117,390		
Total liabilities and shareholders' equity	\$ 1,367,993			\$ 1,296,871		
Net interest spread (4)			2.99%			3.08%
Net interest income/margin (5)		\$ 10,843	3.26%		\$ 10,126	3.23%

- (1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.
- (2) Taxable investment securities include restricted equity securities.
- (3) Balances for investment securities exempt from federal income tax are not calculated on a tax equivalent basis.
- (4) Net interest spread is the average yield on total average interest-earning assets minus the average rate on total average interest-bearing liabilities.
- (5) Net interest margin is net interest income divided by total average interest-earning assets and is presented in the table above on an annualized basis.

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) (dollars in thousands)

Third Quarter 2017 Earnings Release

	For the Nine Months Ended September 30,					
	2017			2016		
	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield/Rate
Interest-Earning Assets						
Loans (1)	\$ 998,247	\$ 32,580	4.36%	\$ 871,637	\$ 28,252	4.33%
Loans held for sale	43,790	1,355	4.14%	45,564	1,280	3.75%
Securities:						
Taxable investment securities (2)	170,810	3,098	2.42%	178,388	2,806	2.10%
Investment securities exempt from federal income tax (3)	53,230	944	2.36%	45,370	841	2.47%
Total securities	224,040	4,042	2.41%	223,758	3,647	2.17%
Cash balances in other banks	48,980	387	1.06%	49,430	197	0.53%
Funds sold	2,359	26	1.46%	2,053	12	0.79%
Total interest-earning assets	1,317,416	38,390	3.90%	1,192,442	33,388	3.74%
Noninterest-earning assets	49,873			49,550		
Total assets	\$ 1,367,289			\$ 1,241,992		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 307,992	1,839	0.80%	\$ 263,251	1,096	0.56%
Savings and money market deposits	389,425	2,360	0.81%	442,740	2,141	0.65%
Time deposits	193,436	1,750	1.21%	191,440	1,566	1.09%
Total interest-bearing deposits	890,853	5,949	0.89%	897,431	4,803	0.71%
Borrowings and repurchase agreements	100,221	1,096	1.46%	31,926	302	1.26%
Total interest-bearing liabilities	991,074	7,045	0.95%	929,357	5,105	0.73%
Noninterest-bearing deposits	225,623			187,058		
Total funding sources	1,216,697			1,116,415		
Noninterest-bearing liabilities	8,627			11,970		
Shareholders' equity	141,965			113,607		
Total liabilities and shareholders' equity	\$ 1,367,289			\$ 1,241,992		
Net interest spread (4)			2.95%			3.01%
Net interest income/margin (5)		\$ 31,345	3.18%		\$ 28,283	3.17%

- (1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.
- (2) Taxable investment securities include restricted equity securities.
- (3) Balances for investment securities exempt from federal income tax are not calculated on a tax equivalent basis.
- (4) Net interest spread is the average yield on total average interest-earning assets minus the average rate on total average interest-bearing liabilities.
- (5) Net interest margin is net interest income divided by total average interest-earning assets and is presented in the table above on an annualized basis.

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

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Non-GAAP Financial Measures (unaudited) (dollars in thousands)

Third Quarter 2017 Earnings Release

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Average Tangible Equity:				
Average Total shareholders' equity	\$ 141,556	\$ 117,390	\$ 141,965	\$ 113,607
Less: average intangible assets	(6,258)	(6,312)	(6,271)	(6,325)
Average Tangible equity	\$ 135,298	\$ 111,078	\$ 135,694	\$ 107,282
Average Tangible Common Equity:				
Average tangible equity	\$ 135,298	\$ 111,078	\$ 135,694	\$ 107,282
Less: average preferred equity	(9,000)	(16,174)	(9,000)	(16,391)
Average tangible common equity	\$ 126,298	\$ 94,904	\$ 126,694	\$ 90,891
Annualized Return on Average Tangible Common Equity (ROATCE):				
Average tangible common equity	\$ 126,298	\$ 94,904	\$ 126,694	\$ 90,892
Net income	\$ 4,419	\$ 2,109	\$ 1,409	\$ 6,169
Annualized return on average tangible common equity (ROATCE)	13.88%	8.84%	1.49%	9.07%

	9/30/17	9/30/16
Tangible Equity:		
Total shareholders' equity	\$ 144,204	\$ 138,427
Less: intangible assets	(6,252)	(6,303)
Tangible equity	\$ 137,952	\$ 132,124
Tangible Common Equity:		
Tangible equity	\$ 137,952	\$ 132,124
Less: preferred equity	(9,000)	(9,000)
Tangible common equity	\$ 128,952	\$ 123,124
Tangible Book Value per Share of Common Stock:		
Tangible common equity	\$ 128,952	\$ 123,124
Total shares of common stock outstanding	11,346,498	11,191,021
Tangible book value per share of common stock	\$ 11.36	\$ 11.00



CAPSTAR™

FINANCIAL HOLDINGS, INC.

**Third Quarter 2017
Earnings Call
October 16, 2017**

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, tangible common 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,” “aspire,” “estimate,” “intend,” “plan,” “project,” “projection,” “forecast,” “roadmap,” “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 identify, 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 reserve; non-performing loans and leases; non-performing assets; charge-offs, non-accruals, troubled debt restructurings, impairments and other credit-related issues; 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 those factors that are detailed from time to time in the Company’s periodic and current reports filed with the Securities and Exchange Commission, including those factors included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 under the headings “Item 1A. Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” and in the Company’s Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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.

3Q17 Financial Results

Our vision for CapStar is to be a high performing financial institution known for **sound, profitable, growth**. Third quarter results demonstrating execution of this strategy are highlighted below.

- **Soundness:**
 - No charge-offs for the quarter
 - \$1.9 million recovery on a Healthcare loan charged-off in 2Q17
 - NPA's/Loans+ OREO at 0.32%
- **Profitability:**
 - Record earnings for the quarter; Net Income of \$4.4 million; Fully Diluted EPS of \$0.35
 - ROAA at 1.28%
 - Net Interest Margin increased 11 basis points from 2Q17; asset sensitivity realized
- **Growth (Q317 vs Q316):**
 - Average loan growth increased 8%; 13% excluding Healthcare
 - Average DDA increased 27%
 - Treasury Management and other Deposit service charges increased 54%

Summary Financials 3Q17

CapStar experienced record earnings of \$0.35 for the quarter

\$ in millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	% Change	2017	2016	% Change
Balance Sheet (Period Averages)						
Loans (Excl HFS)	\$ 991	\$ 918	8%	\$ 998	\$ 872	15%
Deposits	1,094	1,132	-3%	1,116	1,084	3%
Total Transaction Deposits (DDA + Now)	528	491	8%	534	450	18%
Total Assets	1,368	1,297	5%	1,367	1,242	10%
Income Statement						
Net Interest Income	\$ 10.8	\$ 10.1	7%	\$ 31.3	\$ 28.3	11%
Non Interest Income	3.4	3.2	6%	8.2	8.1	1%
Total Revenue	14.2	13.3	7%	39.5	36.4	9%
Provision for Loan Losses	(0.2)	1.6	-112%	12.9	2.8	368%
Non Interest Expense	8.5	8.5	-1%	25.1	24.5	2%
Income before Income Taxes	5.9	3.2	88%	1.6	9.2	-83%
Income Tax Expense	1.5	1.0	45%	0.1	3.0	-95%
Net Income	4.4	2.1	109%	1.4	6.2	-77%
Pre-tax Pre-Provision Income*	5.7	4.8	20%	14.4	11.9	21%
Diluted Net Earnings per Share	\$0.35	\$0.20	77%	\$0.11	\$0.58	-81%
Tangible Book Value per Share, Reported*	\$11.36	\$11.00	3%	\$11.36	\$11.00	3%
ROAA	1.28%	0.65%	0.63%	0.14%	0.66%	-0.53%
ROATCE*	13.88%	8.84%	5.04%	1.49%	9.07%	-7.58%
Net Interest Margin	3.26%	3.23%	0.03%	3.18%	3.17%	0.01%

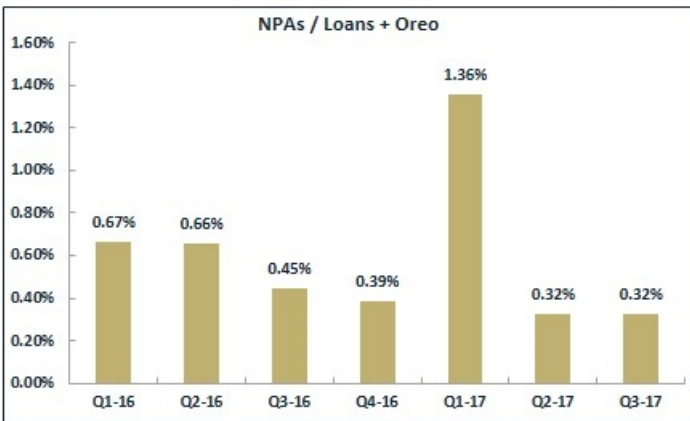
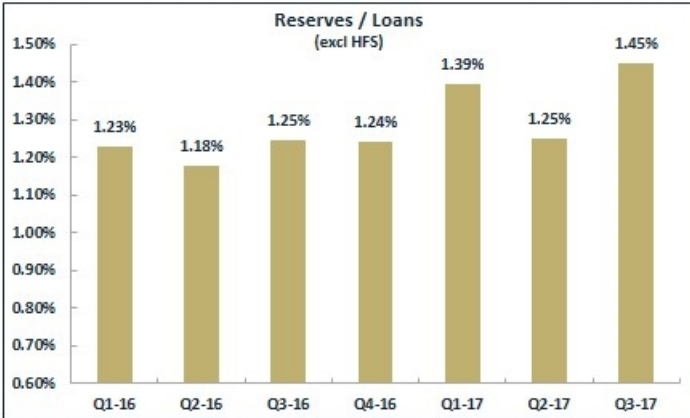
← Relationship driven products

← Operating Leverage of 3.6x

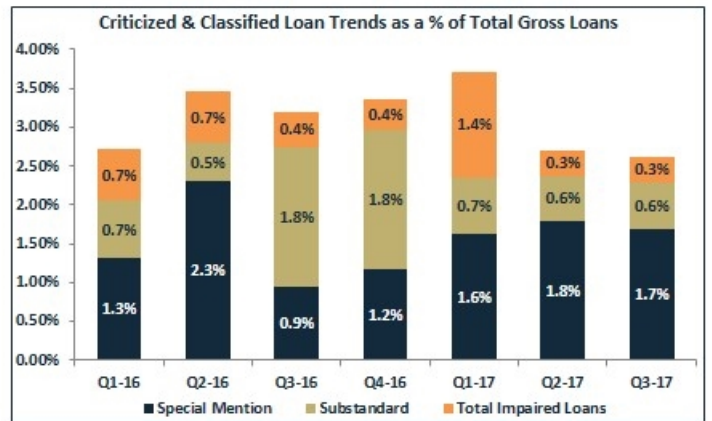
← Positive earnings growth

*Reconciliation provided in non-GAAP tables

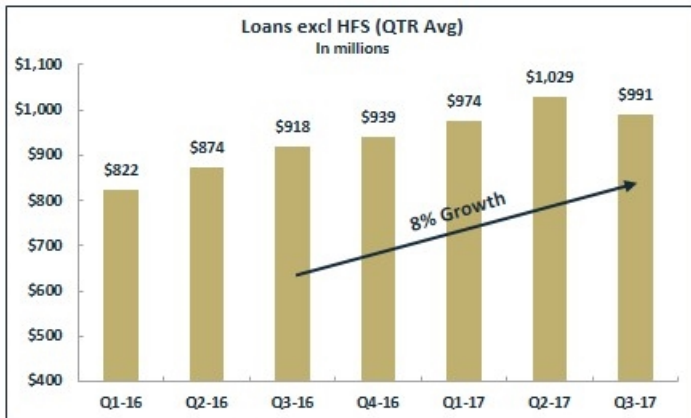
Credit Quality



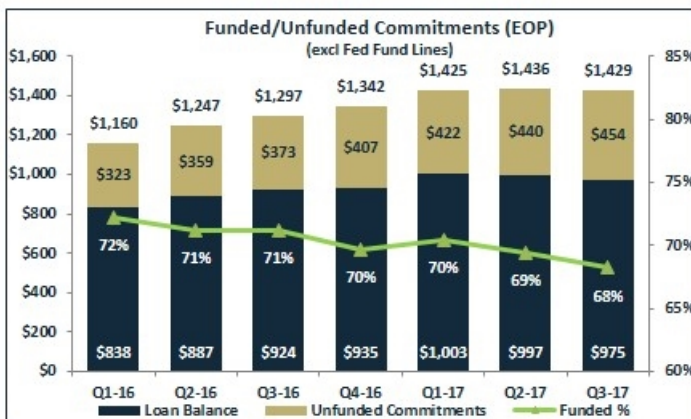
- Recovery of \$1.9MM from Healthcare loan charged-off in 2Q17.
- Non-performing loans consistent with last quarter.



Loan Growth



- Loan growth was 8% vs. 3Q16 averages. Our loan growth was impacted by several factors this quarter:
 - The Healthcare client segment was impacted by loan payoffs as well as lower new production as a result of the refined Healthcare strategy. Excluding Healthcare, Loans grew 13% vs. 3Q16 averages.
- Average Loan growth vs. 2Q17 was impacted by a reclassification of TriNet loans from HFI to HFS during the quarter. Excluding both the TriNet reclassification and Healthcare, Total Loans HFI increased 1%.



\$ in millions	Q3-17	Change Vs. Q2-17*		Change Vs. Q3-16	
	\$	\$	%	\$	%
Balance Sheet (Avg Balances)					
Commercial and Industrial	\$ 406	\$ (18)	-17%	\$ 5	1%
Commercial Real Estate	376	(20)	-20%	102	37%
Consumer Real Estate	99	(2)	-8%	6	6%
Construction and Land Development	70	9	57%	(8)	-11%
Consumer	5	1	83%	(2)	-26%
Other	36	(8)	-69%	(30)	-46%
Total Loans HFI	\$ 991	\$ (38)	-15%	\$ 73	8%
Loans - Healthcare	188	(15)	-29%	(16)	-8%
Loans - Tri-Net Funding	(0)	(24)	-100%	(0)	N/A
Total Loans HFI - excl. Healthcare & Tri-Net	\$ 803	\$ 1	1%	\$ 89	13%

*Annualized % change from Q217 to Q317

Loan Participations

Loan Participations \$ and % of Gross Loans (EOP)



- Our goal is to become the client's primary bank and lead more transactions.
- Transactions we lead are up to 39% since Q415
- Transactions we don't lead declined \$42MM to \$264MM from Q217.
- We have direct calling efforts on all of these customers and many have depository relationships with us.
- Loan participations are NOT transactions purchased from a syndications desk where there is no relationship with client.

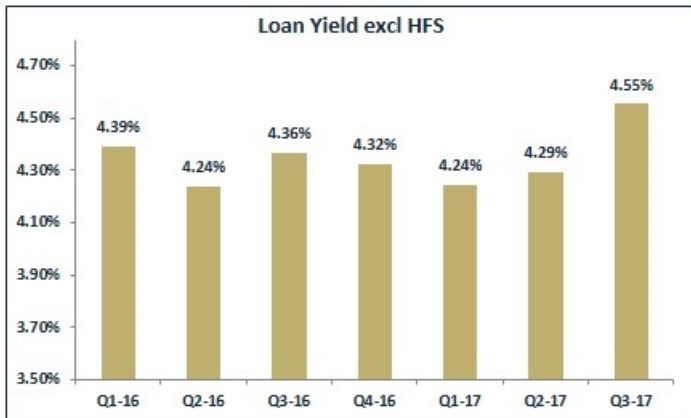
Loan Participations – In/Out of Market (EOP)

In Market	\$198.0	75%
Out of Market	66.0	25%
Total Participations	\$264.0	100%

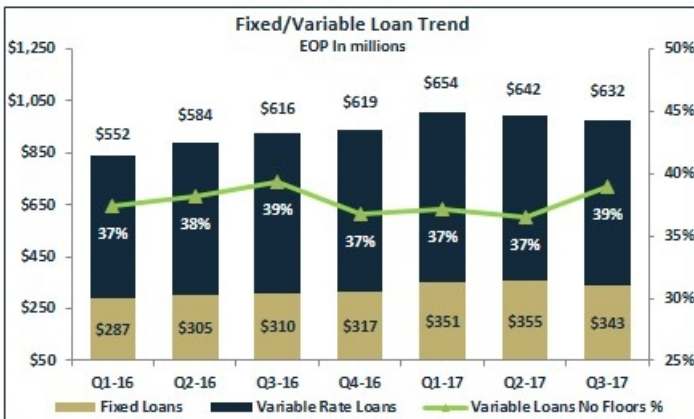
Loan Participations by Line of Business (EOP)

	Q316	Q217	Q317	Vs Q316	Vs Q217
Healthcare	\$142.5	\$129.4	\$106.7	-25%	-18%
C&I	116.8	121.7	120.4	3%	-1%
CRE	33.0	46.0	37.0	12%	-20%
Correspondent	16.7	8.6	0.0	-100%	-100%
Total Loans	\$309.0	\$305.7	\$264.0	-15%	-14%

Loan Yields



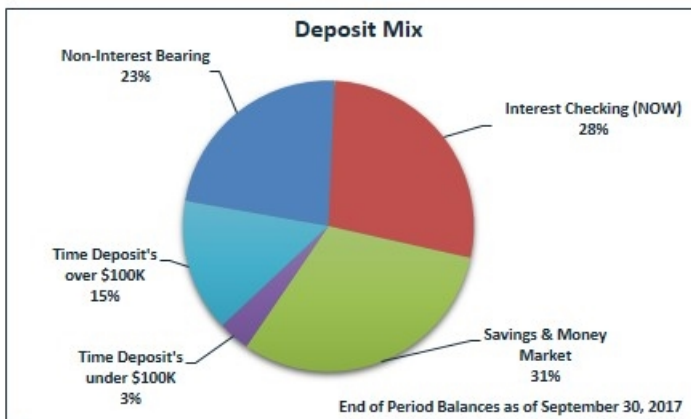
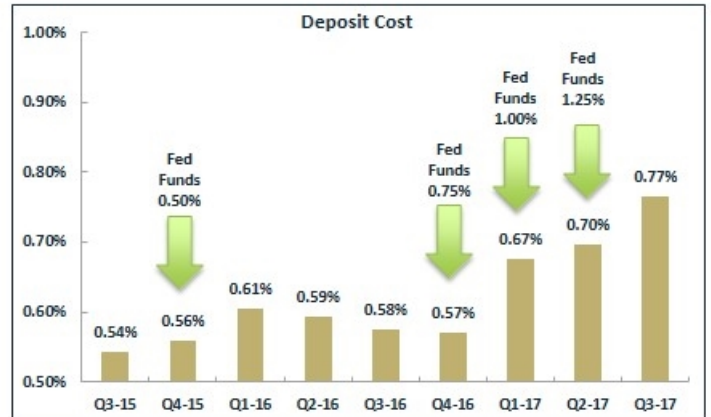
- The average loan yield on new loan production was 4.87% for the quarter, up 40 basis points from 2Q17 and above the portfolio average of 4.55%.
- Variable loans are repricing as expected and improved the loan yield 18 bps.
- Loan fees increased predominantly due to accelerated amortization on paid off loans.



2Q17 (Avg)	4.29%
New Loan Production	0.01%
Repricing of Variable Rate Loans	0.18%
Loans Paid Off	-0.01%
Increase in Loan Fees	0.08%
3Q17 (Avg)	4.55%

Deposit Growth and Costs

- With the last four rate increases (+100 bps), we have held our deposit costs to a 23% beta (0.54%-0.77% with a 100 bps increase in Fed Funds)
- 51% of our deposit book is in some form of checking account (DDA & NOW). We are gaining “primary bank” status with our clients.
- DDA growth of 14% over 2Q17 averages and 27% over 3Q16.



	Q3-17		Change Vs. Q2-17*		Change Vs. Q3-16	
	\$	%	\$	%	\$	%
<i>\$ in millions</i>						
Balance Sheet (Avg Balances)						
Non-Interest Bearing	\$ 237	8	14%	\$ 50	27%	
Interest Checking (NOW)	291	(11)	-15%	(12)	-4%	
Savings & Money Market	355	(25)	-26%	(83)	-19%	
Time Deposit's under \$100K	39	(0)	-3%	(5)	-10%	
Time Deposit's over \$100K	172	11	27%	12	8%	
Deposits	\$ 1,094	\$ (17)	-6%	\$ (38)	-3%	

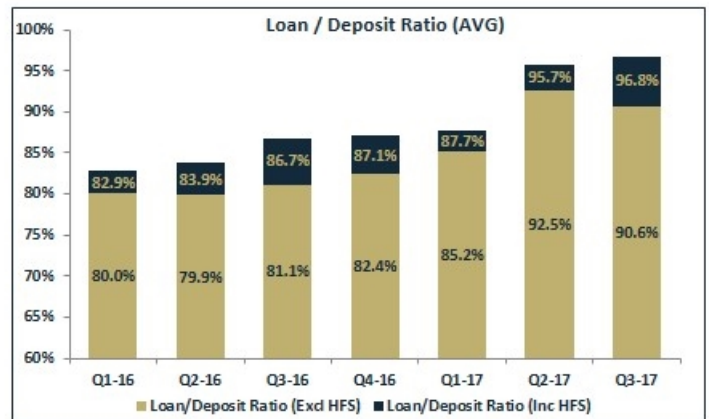
* Annualized % Change from Q2-17 to Q3-17

Net Interest Margin



- Our net interest margin increased with repricing on loans and loan fees.
- We continue to improve our balance sheet mix and loan/deposit ratio.
- Increased loan/deposit ratios contributed to net interest margin improvement.

Net Interest Margin	
2Q17 (Avg)	3.15%
Loan Volumes/Repricing	0.22%
Increase in Loan Fees	0.03%
Liabilities Mix (Deposits/Borrowings)	-0.12%
Investment/Cash Mix	-0.02%
3Q17 (Avg)	3.26%



Non-Interest Income

(Dollars in thousands)	Three Months Ended				
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Non Interest Income					
Treasury Management and Other Deposit Service Charges	\$ 427	\$ 342	\$ 329	\$ 303	\$ 277
Loan Commitment Fees	223	187	236	217	329
Net Gain (Loss) on Sale of Securities	9	40	(6)	-	(4)
Tri-Net Fees	367	297	84	125	-
Mortgage Banking Income	2,030	1,370	1,216	2,033	2,339
Other	316	430	274	276	251
Total Non Interest Income	\$ 3,372	\$ 2,666	\$ 2,134	\$ 2,954	\$ 3,191
<i>Average Assets</i>	<i>\$ 1,367,993</i>	<i>\$ 1,393,331</i>	<i>\$ 1,340,237</i>	<i>\$ 1,324,620</i>	<i>\$ 1,296,871</i>
<i>Non Interest Income / Average Assets</i>	<i>0.98%</i>	<i>0.77%</i>	<i>0.65%</i>	<i>0.89%</i>	<i>0.98%</i>

- Treasury Management and Other Deposit Service charges have steadily increased 54% over prior year as we gain share of wallet with our client base.
- Mortgage fees increased with production vs. last quarter.
- TriNet business gaining traction and execution.
- 3rd quarter is our strongest quarter due to seasonality with Mortgage

Non-Interest Expense

(Dollars in thousands)	Three Months Ended				
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Non Interest Expense					
Salaries and Employee Benefits	\$ 5,119	\$ 4,784	\$ 5,086	\$ 5,185	\$ 5,119
Data Processing & Software	709	711	621	542	627
Professional Fees	336	350	365	406	391
Occupancy	531	539	449	366	352
Equipment	564	544	496	443	458
Regulatory Fees	270	301	307	348	250
Other	947	990	1,052	1,352	1,329
Total Non Interest Expense	\$ 8,474	\$ 8,217	\$ 8,375	\$ 8,642	\$ 8,527
<i>Efficiency Ratio</i>	<i>59.6%</i>	<i>62.1%</i>	<i>69.4%</i>	<i>65.8%</i>	<i>64.0%</i>
<i>Average Assets</i>	<i>\$ 1,367,993</i>	<i>\$ 1,393,331</i>	<i>\$ 1,340,237</i>	<i>\$ 1,324,620</i>	<i>\$ 1,296,871</i>
<i>Non Interest Expense / Average Assets</i>	<i>2.46%</i>	<i>2.37%</i>	<i>2.53%</i>	<i>2.60%</i>	<i>2.62%</i>

- Overall expense base of \$8.5MM.
- Salary and Employee Benefits increased due to new hires and associated acquisition cost as well as incentive expense related to Tri-Net loan sale.
- Efficiency ratio improved due to increased revenues.

Effective Tax Rate with Stock Compensation Benefits

- We have 984K stock options and organizer warrants expiring over the next several years with the majority of them expiring in 2018.
- Our normalized tax rate will be impacted by the exercise of these grants depending on the stock price at the date of exercise.

	3Q17	
	Effective Tax Rate	\$ in thousands
Normalized income tax expense	34.0%	\$ 2,018
Reduction in effective tax rate related to lower taxable income due to 2Q17 charge-off	(6.0%)	(358)
Income Tax Expense, prior to tax benefit from stock compensation transactions	28.0%	1,660
Income tax benefit from stock compensation transactions	(2.5%)	(144)
Income Tax Expense	25.5%	\$ 1,516

	2018	2019	2020	Thereafter	Total
Stock Options expiring	628,100	-	42,000	253,750	923,850
Organizer Warrants expiring	60,000	-	-	-	60,000
Total	688,100	-	42,000	253,750	983,850

	Stock Price Sensitivity				
	\$17.00	\$18.00	\$19.00	\$20.00	\$21.00
Assumed Stock Price -->					
2018 Estimated Income tax benefit from stock compensation transactions*	\$ 1,225,152	\$ 1,488,625	\$ 1,752,099	\$ 2,015,572	\$ 2,279,046

*Assumes all 2018 expiring stock options and organizer warrants are exercised in 2018

*Assumes current statutory tax rates

Capital

- Capital ratios are above regulatory guidelines.

<u>Capital Ratios</u>	Q3-17	Q2-17	Q1-17	Q4-16	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	10.35%	9.65%	9.74%	10.01%	NA
Tangible Common Equity / Tangible Assets*	9.68%	8.99%	9.08%	9.34%	NA
Tier 1 Leverage Ratio	10.36%	9.77%	10.37%	10.46%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	11.28%	10.54%	11.01%	11.61%	≥ 8.00%
Total Risk Based Capital Ratio	12.42%	11.51%	12.13%	12.60%	≥ 10.00%

*Reconciliation provided in non-GAAP tables

Key Takeaways

- CapStar's strategy remains one of sound, profitable growth
- Overall asset quality metrics improving, no charge-offs with a net recovery for the quarter
- Focused on consistently delivering financial results throughout the company
- Organic growth opportunities through market share takeaway
- Remain committed to delivering sustainable ROAA of 1.00% by the end of 2018

Appendix: Historical Financials

Historical Financials

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
(Dollars in thousands, except per share information)										
STATEMENT OF INCOME DATA										
Interest Income	\$ 13,521	\$ 11,875	\$ 38,390	\$ 33,388	\$ 45,395	\$ 40,504	\$ 38,287	\$ 41,157	\$ 33,966	\$ 23,454
Interest Expense	2,678	1,749	7,045	5,105	6,932	5,731	5,871	6,576	6,682	7,146
Net Interest Income	10,843	10,126	31,345	28,283	38,463	34,773	32,416	34,581	27,284	16,308
Provision for Loan and Lease Losses	(195)	1,639	12,900	2,759	2,829	1,651	3,869	938	3,968	1,897
Non-Interest Income	3,372	3,191	8,171	8,130	11,084	8,884	7,419	1,946	1,935	874
Non-Interest Expense	8,474	8,527	25,067	24,487	33,129	30,977	28,562	25,432	19,021	13,211
Income before Income Taxes	5,935	3,152	1,550	9,167	13,590	11,029	7,404	10,157	6,230	2,073
Income Tax Expense	1,516	1,042	141	2,998	4,493	3,470	2,412	3,749	(3,168)	-
Net Income	4,419	2,109	1,409	6,169	9,097	7,559	4,992	6,408	9,398	2,073
Pre-Tax Pre-Provision Net Income *	5,740	4,790	14,450	11,926	16,419	12,680	11,273	11,095	10,197	3,970

* Reconciliation provided in non-GAAP tables

Historical Financials

	As of September 30,		As of December 31,					
(Dollars in thousands, except per share information)	2017	2016	2016	2015	2014	2013	2012	2011
BALANCE SHEET (AT PERIOD END)								
Cash & Due From Banks	\$ 69,789	\$ 73,451	\$ 80,111	\$ 100,185	\$ 73,934	\$ 44,793	\$ 113,282	\$ 44,043
Investment Securities	201,034	218,967	235,250	221,890	285,514	305,291	280,115	236,837
Loans Held for Sale	53,225	61,252	42,111	35,729	15,386	-	-	-
Gross Loans and Leases (Net of Unearned Income)	974,530	924,031	935,251	808,396	713,077	626,382	624,328	430,329
Total Intangibles	6,252	6,303	6,290	6,344	6,398	284	317	-
Total Assets	1,338,559	1,318,057	1,333,675	1,206,800	1,128,395	1,008,709	1,031,755	711,183
Deposits	1,091,495	1,136,060	1,128,722	1,038,460	981,057	879,165	919,782	621,212
Borrowings and Repurchase Agreements	95,000	30,000	55,000	48,755	34,837	29,494	7,452	12,622
Total Liabilities	1,194,355	1,179,631	1,194,468	1,098,214	1,025,744	913,294	931,277	636,613
Common Equity	135,204	129,427	130,207	92,086	86,151	79,691	83,977	58,070
Preferred Equity	9,000	9,000	9,000	16,500	16,500	16,500	16,500	16,500
Total Shareholders' Equity	144,204	138,427	139,207	108,586	102,651	96,191	100,478	74,570
Tangible Equity *	137,953	132,123	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 September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
SELECTED PERFORMANCE RATIOS										
Return on Average Assets (ROAA)	1.28%	0.65%	0.14%	0.66%	0.72%	0.66%	0.47%	0.62%	1.11%	0.34%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) *	1.66%	1.47%	1.41%	1.28%	1.30%	1.11%	1.06%	1.08%	1.20%	0.65%
Return on Average Equity (ROAE)	12.38%	7.15%	1.33%	7.25%	7.57%	7.08%	4.94%	6.46%	10.56%	2.94%
Return on Average Tangible Equity (ROATE) *	12.96%	7.55%	1.39%	7.68%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
Return on Average Tangible Common Equity (ROATCE) *	13.88%	8.84%	1.49%	9.07%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
Net Interest Margin	3.26%	3.23%	3.18%	3.17%	3.17%	3.19%	3.20%	3.45%	3.30%	2.73%
Efficiency Ratio **	59.62%	64.03%	63.43%	67.25%	66.86%	70.96%	71.70%	69.62%	65.10%	76.89%
Non-Interest Income / Average Assets	0.98%	0.98%	0.80%	0.87%	0.88%	0.78%	0.70%	0.19%	0.23%	0.14%
Non-Interest Expense / Average Assets	2.46%	2.62%	2.45%	2.63%	2.62%	2.72%	2.68%	2.47%	2.25%	2.16%
Loan and Lease Yield	4.55%	4.36%	4.36%	4.33%	4.33%	4.53%	4.74%	5.48%	5.50%	5.02%
Deposit Cost	0.77%	0.58%	0.71%	0.59%	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 September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,					
(Dollars in thousands, except per share information)	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
PER SHARE OUTSTANDING DATA										
Basic Net Earnings per Share	\$0.39	\$0.24	\$0.13	\$0.71	\$0.98	\$0.89	\$0.59	\$0.75	\$1.20	\$0.29
Diluted Net Earnings per Share	\$0.35	\$0.20	\$0.11	\$0.58	\$0.81	\$0.73	\$0.49	\$0.62	\$1.00	\$0.24
Book Value Per Share, Reported	\$11.92	\$11.57	\$11.92	\$11.57	\$11.62	\$10.74	\$10.17	\$9.54	\$9.65	\$8.13
Tangible Book Value Per Share, Reported*	\$11.36	\$11.00	\$11.36	\$11.00	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
Book Value Per Share, Adjusted *	\$11.80	\$11.47	\$11.80	\$11.47	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
Tangible Book Value Per Share, Adjusted *	\$11.28	\$10.95	\$11.28	\$10.95	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52
Shares of Common Stock Outstanding at End of Period	11,346,498	11,191,021	11,346,498	11,191,021	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
CAPITAL RATIOS (AT PERIOD END)										
Tier 1 Leverage Ratio	10.36%	10.47%	10.36%	10.47%	10.46%	9.33%	8.56%	8.96%	9.22%	10.31%
Common Equity Tier 1 Capital (Cet1)	10.58%	10.75%	10.58%	10.75%	10.90%	8.89%	-	-	-	-
Tier 1 Risk-Based Capital	11.28%	11.46%	11.28%	11.46%	11.61%	10.41%	10.32%	11.14%	11.77%	13.47%
Total Risk-Based Capital Ratio	12.42%	12.45%	12.42%	12.45%	12.60%	11.42%	11.54%	12.19%	12.86%	14.68%
Total Shareholders' Equity to Total Assets Ratio	10.77%	10.50%	10.77%	10.50%	10.44%	9.00%	9.10%	9.54%	9.74%	10.49%
Tangible Equity to Tangible Assets *	10.35%	10.07%	10.35%	10.07%	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 September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
NON-PERFORMING ASSETS (NPA)										
Non-Performing Loans	\$ 3,165	\$ 4,123	\$ 3,165	\$ 4,123	\$ 3,619	\$ 2,689	\$ 7,738	\$ 6,552	\$ 8,784	\$ 141
Troubled Debt Restructurings	1,222	1,288	1,222	1,288	1,272	125	2,618	-	-	141
Other Real Estate and Repossessed Assets	-	-	-	-	-	216	575	1,451	1,822	-
Non-Performing Assets	3,165	4,123	3,165	4,123	3,619	2,905	8,313	8,003	10,606	141
ASSET QUALITY RATIOS										
Non-Performing Assets / Assets	0.24%	0.31%	0.24%	0.31%	0.27%	0.24%	0.74%	0.79%	1.03%	0.02%
Non-Performing Loans / Loans	0.32%	0.45%	0.32%	0.45%	0.39%	0.33%	1.09%	1.05%	1.41%	0.03%
Non-Performing Assets / Loans + OREO	0.32%	0.45%	0.32%	0.45%	0.39%	0.36%	1.16%	1.27%	1.69%	0.03%
Net Charge-Offs to Average Loans (Periods Annualized)	-0.75%	0.25%	1.39%	0.21%	0.15%	0.38%	0.15%	0.11%	0.40%	0.14%
Allowance for Loan Losses to Total Loans and Leases	1.45%	1.25%	1.45%	1.25%	1.24%	1.25%	1.58%	1.35%	1.32%	1.45%
Allowance for Loan to Non-Performing Loans	446.2%	279.2%	446.2%	279.2%	321.4%	376.8%	145.8%	129.1%	93.5%	4415.6%

* Reconciliation provided in non-GAAP tables

Historical Financials

	As of September 30,		As of December 31,					
(Dollars in thousands, except per share information)	2017	2016	2016	2015	2014	2013	2012	2011
COMPOSITION OF LOANS HELD FOR INVESTMENT								
Commercial Real Estate	\$ 366,778	\$ 272,546	\$ 302,322	\$ 251,196	\$ 219,793	\$ 182,392	\$ 177,584	\$ 135,855
Consumer Real Estate	100,811	96,919	97,015	93,785	82,167	63,893	77,787	51,256
Construction and Land Development	79,951	91,366	94,491	52,522	46,193	30,217	35,674	24,676
Commercial and Industrial	394,600	389,718	379,620	353,442	332,914	312,527	279,755	175,518
Consumer	6,289	7,046	5,974	8,668	7,910	7,939	10,749	12,687
Other Loans	26,101	66,435	55,829	48,782	28,578	32,132	46,929	30,337
DEPOSIT COMPOSITION								
Non-Interest Bearing	250,007	191,469	197,788	190,580	157,355	135,448	102,786	66,641
Interest Checking	303,756	284,501	299,621	189,983	115,915	84,028	60,663	12,655
Savings & Money Market	338,391	451,416	447,686	437,214	484,600	427,312	544,762	404,775
Time Deposits Less Than \$100,000	38,397	42,744	41,128	45,902	51,813	46,819	52,844	21,563
Time Deposits Greater Than or Equal to \$100,000	160,944	165,930	142,500	174,781	171,373	185,482	158,778	115,578

* Reconciliation provided in non-GAAP tables

Historical Financials

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,					
(Dollars in thousands, except per share information)	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
REAL ESTATE - COMMERCIAL AND CONSTRUCTION CONCENTRATIONS										
Construction and Development	\$ 79,951	\$ 91,366	\$ 79,951	\$ 91,366	\$ 94,491	\$ 52,522	\$ 46,193	\$ 30,217	\$ 35,674	\$ 24,676
Commercial Real Estate and Construction	376,416	254,541	376,416	254,541	282,513	198,285	172,803	146,258	150,253	109,988
Construction and Development to Total Risk Based Capital (Reg. 100%)	51.4%	62.3%	51.4%	62.3%	63.2%	45.3%	42.8%	30.1%	36.7%	32.3%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	242.2%	173.7%	242.2%	173.7%	188.8%	170.9%	160.0%	145.8%	154.6%	144.0%
MORTGAGE METRICS										
Total Origination Volume	\$ 116,619	\$ 156,463	\$ 349,229	\$ 393,378	\$ 522,037	\$ 422,323	\$ 253,099	-	-	-
Total Mortgage Loans Sold	126,965	154,565	323,539	370,375	523,031	407,941	245,891	-	-	-
Purchase Volume as a % of Originations	84%	68%	79%	69%	67%	72%	76%	-	-	-
Mortgage Fees/Gain on Sale of Loans	2,030	2,339	4,617	5,342	7,375	5,962	4,067	-	-	-
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.60%	1.51%	1.43%	1.44%	1.41%	1.46%	1.65%	-	-	-
Mortgage Fees/Gain on Sale as a % of Total Revenue	14.3%	17.6%	11.7%	14.7%	14.9%	13.7%	10.2%	-	-	-

Non-GAAP Financial Measures

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,					
(Dollars in thousands, except per share information)	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
PRE-TAX PRE-PROVISION INCOME										
Pre-Tax Income	\$ 5,935	\$ 3,152	\$ 1,550	\$ 9,167	\$ 13,590	\$ 11,029	\$ 7,404	\$ 10,157	\$ 6,230	\$ 2,073
Add: Provision for Loan Losses	(195)	1,639	12,900	2,759	2,829	1,651	3,869	938	3,968	1,897
Pre-Tax Pre-Provision Income	5,740	4,790	14,450	11,926	16,419	12,680	11,273	11,095	10,197	3,970
PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS										
Total Average Assets	\$1,367,993	\$1,296,871	\$1,367,289	\$1,241,993	\$1,262,763	\$1,140,760	\$1,064,705	\$1,028,709	\$ 846,901	\$ 612,775
Pre-Tax Pre-Provision Income	5,740	4,790	14,450	11,926	16,419	12,680	11,273	11,095	10,197	3,970
Pre-Tax Pre-Provision Return on Average Assets	1.66%	1.47%	1.41%	1.28%	1.30%	1.11%	1.06%	1.08%	1.20%	0.65%

Non-GAAP Financial Measures

	As of September 30,		As of December 31,					
(Dollars in thousands, except per share information)	2017	2016	2016	2015	2014	2013	2012	2011
TANGIBLE EQUITY								
Total Shareholders' Equity	\$ 144,204	\$ 138,427	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Less: Intangible Assets	6,252	6,303	6,290	6,344	6,398	284	317	-
Tangible Equity	137,953	132,123	132,918	102,242	96,253	95,907	100,160	74,570
TANGIBLE COMMON EQUITY								
Tangible Equity	\$ 137,953	\$ 132,123	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Less: Preferred Equity	9,000	9,000	9,000	16,500	16,500	16,500	16,500	16,500
Tangible Common Equity	128,953	123,123	123,918	85,742	79,753	79,407	83,660	58,070
TANGIBLE EQUITY TO TANGIBLE ASSETS								
Tangible Equity	\$ 137,953	\$ 132,123	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Total Assets	1,338,559	1,318,057	1,333,675	1,206,800	1,128,395	1,009,485	1,031,755	711,183
Less: Intangible Assets	6,252	6,303	6,290	6,344	6,398	284	317	-
Tangible Assets	1,332,308	1,311,754	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Equity to Tangible Assets	10.35%	10.07%	10.01%	8.52%	8.58%	9.51%	9.71%	10.49%
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS								
Tangible Common Equity	\$ 128,953	\$ 123,123	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Tangible Assets	1,332,308	1,311,754	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Common Equity to Tangible Assets	9.68%	9.39%	9.34%	7.14%	7.11%	7.87%	8.11%	8.17%

Non-GAAP Financial Measures

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
(Dollars in thousands, except per share information)										
RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)										
Total Average Shareholder's Equity	\$ 141,556	\$ 117,390	\$ 141,965	\$ 113,607	\$ 120,123	\$ 106,727	\$ 101,030	\$ 99,153	\$ 88,990	\$ 70,625
Less: Average Intangible Assets	6,258	6,312	6,271	6,325	6,318	6,371	6,855	301	1,151	-
Average Tangible Equity	135,297	111,078	135,694	107,283	113,805	100,356	94,175	98,852	87,838	70,625
Net Income to Shareholders	4,419	2,109	1,409	6,169	9,097	7,559	4,992	6,408	9,398	2,073
Return on Average Tangible Equity (ROATE)	12.96%	7.55%	1.39%	7.68%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)										
Average Tangible Equity	135,297	111,078	135,694	107,283	\$ 113,805	\$ 100,356	\$ 94,175	\$ 98,852	\$ 87,838	\$ 70,625
Less: Preferred Equity	9,000	16,174	9,000	16,391	14,533	16,500	16,500	16,500	16,500	16,500
Average Tangible Common Equity	126,297	94,904	126,694	90,892	99,273	83,856	77,675	82,352	71,338	54,125
Net Income to Shareholders	4,419	2,109	1,409	6,169	9,097	7,559	4,992	6,408	9,398	2,073
Return on Average Tangible Common Equity (ROATCE)	13.88%	8.84%	1.49%	9.07%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
ADJUSTED SHARES OUTSTANDING AT END OF PERIOD										
Shares of Common Stock Outstanding	11,346,498	11,191,021	11,346,498	11,191,021	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	878,049	878,049	878,049	878,049	1,609,756	1,609,756	1,609,756	1,609,756	1,609,756
Adjusted Shares Outstanding at End of Period	12,224,547	12,069,070	12,224,547	12,069,070	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539

Non-GAAP Financial Measures

	As of September 30,		As of December 31,					
(Dollars in thousands, except per share information)	2017	2016	2016	2015	2014	2013	2012	2011
BOOK VALUE PER SHARE, ADJUSTED								
Total Shareholders Equity	\$ 144,204	\$ 138,427	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,224,547	12,069,070	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Book Value Per Share, Adjusted	\$ 11.80	\$ 11.47	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
TANGIBLE BOOK VALUE PER SHARE, REPORTED								
Tangible Common Equity	\$ 128,953	\$ 123,123	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Shares of Common Stock Outstanding	11,346,498	11,191,021	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
Tangible Book Value Per Share, Reported	\$ 11.36	\$ 11.00	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
TANGIBLE BOOK VALUE PER SHARE, ADJUSTED								
Tangible Equity	\$ 137,953	\$ 132,123	\$132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,224,547	12,069,070	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Tangible Book Value Per Share, Adjusted	\$ 11.28	\$ 10.95	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52

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