

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 25, 2018

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 January 25, 2018, CapStar Financial Holdings, Inc. (the “Company”) issued an earnings release announcing its financial results for the fourth quarter ended December 31, 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 8:30 a.m. (Central Time) on January 26, 2018 to discuss its financial results for the fourth quarter ended December 31, 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 January 25, 2018 by CapStar Financial Holdings, Inc.
99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on January 26, 2018

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 25, 2018

EARNINGS RELEASE

CONTACT

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



CAPSTAR FINANCIAL HOLDINGS, INC. ANNOUNCES FOURTH QUARTER 2017 RESULTS

NASHVILLE, TN, January 25, 2018/GlobeNewswire/ -- CapStar Financial Holdings, Inc. ("CapStar") (NASDAQ:CSTR) reported unaudited net income of \$91,000, or \$0.01 per share on a fully diluted basis, for the three months ended December 31, 2017. As a result of the Tax Cuts and Jobs Act of 2017 that was signed into law last month, CapStar revalued its net deferred tax asset position. CapStar currently expects that the revaluation will result in a one-time, non-cash charge of approximately \$3.6 million, or \$0.27 per share on a fully diluted basis. Reconciliations of non-GAAP measures are provided in the tables that follow. Adjusted net income was \$3.7 million, or \$0.28 per share on a fully diluted basis for the three months ended December 31, 2017, compared to net income of \$2.9 million, or \$0.23 per share on a fully diluted basis, for the three months ended December 31, 2016.

"We remain focused on delivering consistent financial results for our shareholders through sound, profitable growth," said Claire W. Tucker, CapStar's president and chief executive officer. "The recent addition of a SBA team is intended to augment financial results by expanding market penetration and enhancing fee income."

Soundness

- The allowance for loan losses represented 1.45% of total loans at December 31, 2017 compared to 1.24% at December 31, 2016.
- Non-performing assets as a percentage of total loans and other real estate owned was 0.28% at December 31, 2017 compared to 0.39% at December 31, 2016.
- Annualized net charge-offs (recoveries) to average loans was 0.15% for the three months ended December 31, 2017 compared to (0.02%) for the same period in 2016.
- The total risk based capital ratio was 12.50% at December 31, 2017 compared to 12.60% at December 31, 2016.

Profitability

- Return on average assets ("ROAA") for the three months ended December 31, 2017 was 0.03% compared to 0.88% for the same period in 2016.
 - Adjusting for the impact for tax reform, our adjusted ROAA was 1.09%.
 - The net interest margin ("NIM") for the three months ended December 31, 2017 was 3.26% compared to 3.17% for the same period in 2016.
 - The efficiency ratio for the three months ended December 31, 2017 was 65.6% compared to 65.8% for the same period in 2016.
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Growth

- Average demand deposits for the quarter ended December 31, 2017 increased 29.5%, to \$253.6 million, compared to \$195.9 million for the same period in 2016.
- Average gross loans for the quarter ended December 31, 2017 increased 1.9%, to \$956.4 million, compared to \$938.9 million for the same period in 2016.
- Average total assets for the quarter ended December 31, 2017 increased 0.4%, to \$1.33 billion, compared to \$1.32 billion for the same period in 2016.

“Although 2017 presented some challenges, there are many positives that have us excited about our prospects for 2018,” said Rob Anderson, chief financial officer and chief administrative officer of CapStar. “Banking is a relationship business, and our bankers continue to have success growing core relationships, as over half of our deposit book is now in DDA or NOW checking accounts. In addition, our treasury management and other deposit service charges increased 38% over prior year.”

Conference Call and Webcast Information

CapStar will host a conference call and webcast at 8:30 a.m. Central Time on Friday, January 26, 2018. 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 8989947. 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 December 31, 2017, on a consolidated basis, CapStar had total assets of \$1.3 billion, gross loans of \$947.5 million, total deposits of \$1.1 billion, and shareholders’ equity of \$146.9 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,” “guidance,” “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”): adjusted net income, adjusted diluted net income per share, adjusted return on average assets, adjusted return on average tangible common equity and tangible book value per share. These non-GAAP financial measures (i) provide 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) enable a more complete understanding of factors and trends affecting CapStar’s business, and (iii) allow 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)

Fourth Quarter 2017 Earnings Release

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Interest income:				
Loans, including fees	\$ 11,666	\$ 10,681	\$ 45,601	\$ 40,213
Securities:				
Taxable	855	852	3,682	3,448
Tax-exempt	300	317	1,244	1,158
Federal funds sold	15	7	41	19
Restricted equity securities	125	71	396	281
Interest-bearing deposits in financial institutions	163	79	551	276
Total interest income	13,124	12,007	51,515	45,395
Interest expense:				
Interest-bearing deposits	608	393	2,447	1,489
Savings and money market accounts	827	719	3,188	2,859
Time deposits	694	518	2,445	2,085
Federal funds purchased	—	1	13	22
Securities sold under agreements to repurchase	—	—	—	1
Federal Home Loan Bank advances	477	196	1,559	475
Total interest expense	2,606	1,827	9,652	6,931
Net interest income	10,518	10,180	41,863	38,464
Provision for loan losses	(30)	70	12,870	2,829
Net interest income after provision for loan losses	10,548	10,110	28,993	35,635
Noninterest income:				
Treasury management and other deposit service charges	419	303	1,516	1,108
Loan commitment fees	124	217	771	1,118
Net gain (loss) on sale of securities	(108)	—	(66)	121
Tri-Net fees	254	125	1,002	125
Mortgage banking income	1,621	2,033	6,238	7,375
Other noninterest income	426	276	1,447	1,237
Total noninterest income	2,736	2,954	10,908	11,084
Noninterest expense:				
Salaries and employee benefits	5,411	5,185	20,400	20,461
Data processing and software	746	542	2,786	2,373
Professional fees	473	406	1,522	1,554
Occupancy	507	366	2,025	1,498
Equipment	467	443	2,071	1,743
Regulatory fees	234	348	1,111	1,091
Other operating	861	1,352	3,850	4,409
Total noninterest expense	8,699	8,642	33,765	33,129
Income before income taxes	4,585	4,422	6,136	13,590
Income tax expense	4,494	1,495	4,635	4,493
Net income	\$ 91	\$ 2,927	\$ 1,501	\$ 9,097
Per share information:				
Basic net income per share of common stock	\$ 0.01	\$ 0.26	\$ 0.13	\$ 0.98
Diluted net income per share of common stock	\$ 0.01	\$ 0.23	\$ 0.12	\$ 0.81
Weighted average shares outstanding:				
Basic	11,403,689	11,194,534	11,280,580	9,328,236
Diluted	12,938,288	12,787,677	12,803,511	11,212,026

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)

Fourth Quarter 2017 Earnings Release

	Five Quarter Comparison				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
Income Statement Data:					
Net interest income	\$ 10,518	\$ 10,843	\$ 10,571	\$ 9,932	\$ 10,180
Provision for loan losses	(30)	(195)	9,690	3,405	70
Net interest income after provision for loan losses	10,548	11,038	881	6,527	10,110
Treasury management and other deposit service charges	419	427	342	329	303
Loan commitment fees	124	223	187	236	217
Net gain (loss) on sale of securities	(108)	9	40	(6)	—
Tri-Net fees	254	367	297	84	125
Mortgage banking income	1,621	2,030	1,370	1,216	2,033
Other noninterest income	426	316	430	274	276
Total noninterest income	2,736	3,372	2,666	2,133	2,954
Salaries and employee benefits	5,411	5,119	4,784	5,086	5,185
Data processing and software	746	709	711	621	542
Professional fees	473	336	350	365	406
Occupancy	507	531	539	449	366
Equipment	467	564	544	496	443
Regulatory fees	234	270	301	307	348
Other operating	861	946	988	1,052	1,352
Total noninterest expense	8,699	8,475	8,217	8,376	8,642
Net income (loss) before income tax expense	4,585	5,935	(4,670)	284	4,422
Income tax (benefit) expense	4,494	1,516	(1,328)	(47)	1,495
Net income (loss)	\$ 91	\$ 4,419	\$ (3,342)	\$ 331	\$ 2,927
Weighted average shares - basic	11,403,689	11,279,364	11,226,216	11,210,948	11,194,534
Weighted average shares - diluted	12,938,288	12,750,423	12,740,104	12,784,117	12,787,677
Net income (loss) per share, basic	\$ 0.01	\$ 0.39	\$ (0.30)	\$ 0.03	\$ 0.26
Net income (loss) per share, diluted	0.01	0.35	(0.26)	0.03	0.23
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 82,797	\$ 69,789	\$ 48,093	\$ 60,039	\$ 80,111
Securities available-for-sale	192,621	146,600	155,663	188,516	182,355
Securities held-to-maturity	3,759	45,635	46,458	46,855	46,864
Loans held for sale	74,093	53,225	73,573	35,371	42,111
Total loans	947,537	974,530	996,617	1,003,434	935,251
Allowance for loan losses	(13,721)	(14,122)	(12,454)	(13,997)	(11,634)
Total assets	1,344,429	1,338,559	1,371,626	1,381,703	1,333,675
Non-interest-bearing deposits	301,742	250,007	231,169	223,450	197,788
Interest-bearing deposits	818,124	841,488	889,816	934,545	930,935
Federal Home Loan Bank advances	70,000	95,000	105,000	75,000	55,000
Total liabilities	1,197,483	1,194,355	1,233,596	1,241,491	1,194,468
Shareholders' equity	\$ 146,946	\$ 144,204	\$ 138,030	\$ 140,211	\$ 139,207
Total shares of common stock outstanding	11,582,026	11,346,498	11,235,255	11,218,328	11,204,515
Total shares of preferred stock outstanding	878,049	878,049	878,049	878,049	878,049
Book value per share of common stock	\$ 11.91	\$ 11.92	\$ 11.48	\$ 11.70	\$ 11.62
Tangible book value per share of common stock *	11.37	11.36	10.93	11.14	11.06
Market value per common share	\$ 20.77	\$ 19.58	\$ 17.74	\$ 19.07	\$ 21.96
Capital ratios:					
Total risk based capital	12.50%	12.42%	11.51%	12.13%	12.60%
Tier 1 risk based capital	11.39%	11.28%	10.54%	11.01%	11.61%
Common equity tier 1 capital	10.68%	10.58%	9.86%	10.32%	10.90%
Leverage	10.75%	10.36%	9.77%	10.37%	10.46%

*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)

Fourth Quarter 2017 Earnings Release

	Five Quarter Comparison				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
Average Balance Sheet Data:					
Cash and cash equivalents	\$ 64,850	\$ 59,352	\$ 62,002	\$ 58,925	\$ 66,758
Investment securities	202,818	207,926	227,431	237,084	226,033
Loans held for sale	66,311	67,886	34,690	28,359	52,483
Loans	956,441	991,238	1,028,968	974,350	938,887
Assets	1,329,621	1,367,993	1,393,331	1,340,237	1,324,620
Interest bearing deposits	827,733	857,344	882,722	933,328	942,923
Deposits	1,081,380	1,094,500	1,111,833	1,143,636	1,138,779
Federal Home Loan Bank advances	92,554	123,315	128,901	43,837	33,478
Liabilities	1,181,954	1,226,438	1,250,544	1,198,686	1,185,091
Shareholders' equity	\$ 147,667	\$ 141,556	\$ 142,787	\$ 141,551	\$ 139,529
Performance Ratios:					
Annualized return on average assets	0.03%	1.28%	(0.96)%	0.10%	0.88%
Annualized return on average equity	0.25%	12.38%	(9.39)%	0.95%	8.35%
Net interest margin	3.26%	3.26%	3.15%	3.12%	3.17%
Annualized Non-interest income to average assets	0.82%	0.98%	0.77%	0.65%	0.89%
Efficiency ratio	65.6%	59.6%	62.1%	69.4%	65.8%
Loans by Type (at period end):					
Commercial and industrial	\$ 373,248	\$ 394,600	\$ 406,636	\$ 420,825	\$ 379,620
Commercial real estate - owner occupied	101,132	103,183	97,635	92,213	106,735
Commercial real estate - non-owner occupied	249,490	263,595	288,123	268,742	195,587
Construction and development	82,586	79,951	62,152	74,007	94,491
Consumer real estate	102,581	100,811	99,751	99,952	97,015
Consumer	6,862	6,289	4,096	4,495	5,974
Other	\$ 31,983	\$ 26,460	\$ 38,783	\$ 43,983	\$ 56,796
Asset Quality Data:					
Allowance for loan losses to total loans	1.45%	1.45%	1.25%	1.39%	1.24%
Allowance for loan losses to non-performing loans	509%	446%	386%	103%	321%
Nonaccrual loans	\$ 2,695	\$ 3,165	\$ 3,229	\$ 13,624	\$ 3,619
Troubled debt restructurings	1,206	1,222	1,239	1,256	1,272
Loans - 90 days past due & still accruing	231	27	15	-	-
Total non-performing loans	2,695	3,165	3,229	13,624	3,619
OREO and repossessed assets	-	-	-	-	-
Total non-performing assets	\$ 2,695	\$ 3,165	\$ 3,229	\$ 13,624	\$ 3,619
Non-performing loans to total loans	0.28%	0.32%	0.32%	1.36%	0.39%
Non-performing assets to total assets	0.20%	0.24%	0.24%	0.99%	0.27%
Non-performing assets to total loans and OREO	0.28%	0.32%	0.32%	1.36%	0.39%
Annualized net charge-offs (recoveries) to average loans	0.15%	(0.75)%	4.38%	0.43%	(0.02)%
Net charge-offs (recoveries)	\$ 372	\$ (1,863)	\$ 11,233	\$ 1,041	\$ (53)
Interest Rates and Yields:					
Loans	4.54%	4.55%	4.29%	4.24%	4.32%
Securities	2.53%	2.40%	2.44%	2.37%	2.19%
Total interest-earning assets	4.06%	4.07%	3.85%	3.77%	3.74%
Deposits	0.78%	0.77%	0.70%	0.67%	0.57%
Borrowings and repurchase agreements	2.04%	1.81%	1.18%	1.30%	2.32%
Total interest-bearing liabilities	1.12%	1.08%	0.92%	0.85%	0.74%
Other Information:					
Full-time equivalent employees	175	168	169	168	170

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)

Fourth Quarter 2017 Earnings Release

	For the Three Months Ended December 31,					
	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)	\$ 956,441	\$ 10,950	4.54%	\$ 938,887	\$ 10,198	4.32%
Loans held for sale	66,311	716	4.28%	52,483	483	3.66%
Securities:						
Taxable investment securities (2)	153,955	980	2.55%	172,771	923	2.14%
Investment securities exempt from federal income tax (3)	48,863	300	2.46%	53,262	317	2.38%
Total securities	202,818	1,280	2.53%	226,033	1,240	2.19%
Cash balances in other banks	52,988	163	1.22%	56,263	79	0.56%
Funds sold	2,989	15	2.04%	2,449	7	1.15%
Total interest-earning assets	1,281,547	13,124	4.06%	1,276,115	12,007	3.74%
Noninterest-earning assets	48,074			48,505		
Total assets	<u>\$ 1,329,621</u>			<u>\$ 1,324,620</u>		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 281,881	608	0.86%	\$ 286,572	393	0.55%
Savings and money market deposits	346,639	827	0.95%	455,201	719	0.63%
Time deposits	199,212	694	1.38%	201,151	518	1.03%
Total interest-bearing deposits	827,732	2,129	1.02%	942,924	1,630	0.69%
Borrowings and repurchase agreements	92,554	477	2.04%	33,694	197	2.32%
Total interest-bearing liabilities	920,286	2,606	1.12%	976,618	1,827	0.74%
Noninterest-bearing deposits	253,647			195,856		
Total funding sources	1,173,934			1,172,474		
Noninterest-bearing liabilities	8,020			12,617		
Shareholders' equity	147,667			139,529		
Total liabilities and shareholders' equity	<u>\$ 1,329,621</u>			<u>\$ 1,324,620</u>		
Net interest spread (4)			2.94%			3.00%
Net interest income/margin (5)		<u>\$ 10,518</u>	3.26%		<u>\$ 10,180</u>	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

Analysis of Interest Income and Expense, Rates and Yields (unaudited) (dollars in thousands)

Fourth Quarter 2017 Earnings Release

(Amounts in thousands)	For the Year Ended December 31,					
	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)	\$ 987,710	\$ 43,531	4.41%	\$ 888,541	\$ 38,450	4.33%
Loans held for sale	49,466	2,070	4.19%	47,303	1,763	3.73%
Securities:						
Taxable investment securities (2)	166,561	4,078	2.45%	176,977	3,729	2.11%
Investment securities exempt from federal income tax (3)	52,130	1,244	2.39%	47,353	1,158	2.45%
Total securities	218,691	5,322	2.43%	224,330	4,887	2.18%
Cash balances in other banks	49,990	551	1.10%	51,147	276	0.54%
Funds sold	2,518	41	1.63%	2,153	19	0.89%
Total interest-earning assets	1,308,375	51,515	3.94%	1,213,475	45,395	3.74%
Noninterest-earning assets	49,419			49,288		
Total assets	\$ 1,357,794			\$ 1,262,763		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 301,411	2,447	0.81%	\$ 269,113	1,489	0.55%
Savings and money market deposits	378,640	3,188	0.84%	445,873	2,859	0.64%
Time deposits	194,892	2,445	1.25%	193,881	2,085	1.08%
Total interest-bearing deposits	874,943	8,080	0.92%	908,867	6,433	0.71%
Borrowings and repurchase agreements	98,289	1,572	1.60%	32,371	498	1.54%
Total interest-bearing liabilities	973,232	9,652	0.99%	941,238	6,931	0.74%
Noninterest-bearing deposits	232,687			189,270		
Total funding sources	1,205,919			1,130,507		
Noninterest-bearing liabilities	8,473			12,133		
Shareholders' equity	143,402			120,123		
Total liabilities and shareholders' equity	\$ 1,357,794			\$ 1,262,763		
Net interest spread (4)			2.95%			3.00%
Net interest income/margin (5)		\$ 41,863	3.20%		\$ 38,464	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)

Fourth Quarter 2017 Earnings Release

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Average Tangible Equity:				
Average Total shareholders' equity	\$ 147,667	\$ 139,529	\$ 143,402	\$ 120,123
Less: average intangible assets	(6,248)	(6,298)	(6,265)	(6,318)
Average Tangible equity	\$ 141,419	\$ 133,231	\$ 137,137	\$ 113,805
Average Tangible Common Equity:				
Average tangible equity	\$ 141,419	\$ 133,231	\$ 137,137	\$ 113,805
Less: average preferred equity	(9,000)	(9,000)	(9,000)	(14,533)
Average tangible common equity	\$ 132,419	\$ 124,231	\$ 128,137	\$ 99,272
Annualized Return on Average Tangible Common Equity (ROATCE):				
Average tangible common equity	\$ 132,419	\$ 124,231	\$ 128,137	\$ 99,272
Net income	\$ 91	\$ 2,927	\$ 1,501	\$ 9,097
Annualized return on average tangible common equity (ROATCE)	0.27%	9.37%	1.17%	9.16%

	12/31/17	12/31/16
Tangible Equity:		
Total shareholders' equity	\$ 146,946	\$ 139,207
Less: intangible assets	(6,242)	(6,290)
Tangible equity	\$ 140,704	\$ 132,917
Tangible Common Equity:		
Tangible equity	\$ 140,704	\$ 132,917
Less: preferred equity	(9,000)	(9,000)
Tangible common equity	\$ 131,704	\$ 123,917
Tangible Book Value per Share of Common Stock:		
Tangible common equity	\$ 131,704	\$ 123,917
Total shares of common stock outstanding	11,582,026	11,204,515
Tangible book value per share of common stock	\$ 11.37	\$ 11.06

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

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

Fourth Quarter 2017 Earnings Release

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Adjusted Net Income:				
Reported net income	\$ 91	\$ 2,927	\$ 1,501	\$ 9,097
Impact of tax reform*	(3,562)	—	(3,562)	—
Adjusted net income	\$ 3,653	\$ 2,927	\$ 5,063	\$ 9,097
Adjusted Diluted Net Income per Share of Common Stock:				
Reported diluted net income per share of common stock	\$ 0.01	\$ 0.23	\$ 0.12	\$ 0.81
Impact of tax reform*	(0.27)	—	(0.28)	—
Adjusted diluted net income per share of common stock	\$ 0.28	\$ 0.23	\$ 0.40	\$ 0.81
Adjusted Return on Average Assets (ROAA):				
Reported ROAA	0.03%	0.88%	0.11%	0.72%
Impact of tax reform*	(1.06)%	—	(0.26)%	—
Adjusted ROAA	1.09%	0.88%	0.37%	0.72%

* As a result of the Tax Cuts and Jobs Act of 2017, which included a Federal corporate tax rate change from 35% to 21%, we revalued our deferred tax assets, which resulted in a \$3.6 million increase in income tax expense for 2017. The adjusted non-GAAP amounts and ratios above have excluded the impact of this transaction.



CAPSTAR™

FINANCIAL HOLDINGS, INC.

**Fourth Quarter 2017
Earnings Call
January 26, 2018**

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.

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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," "guidance," "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 impact of the Tax Cuts and Job Act of 2017 on the Company and its operations; 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.

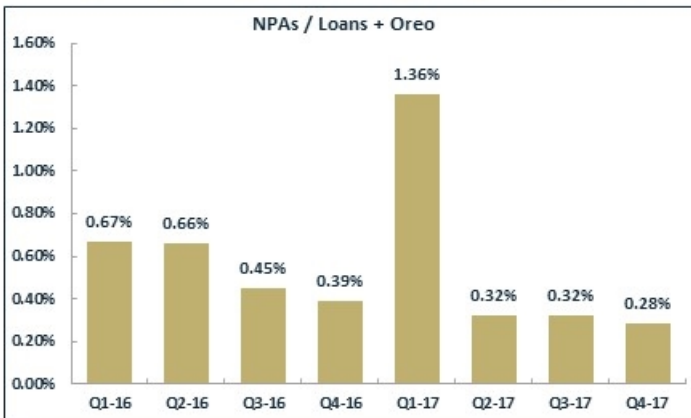
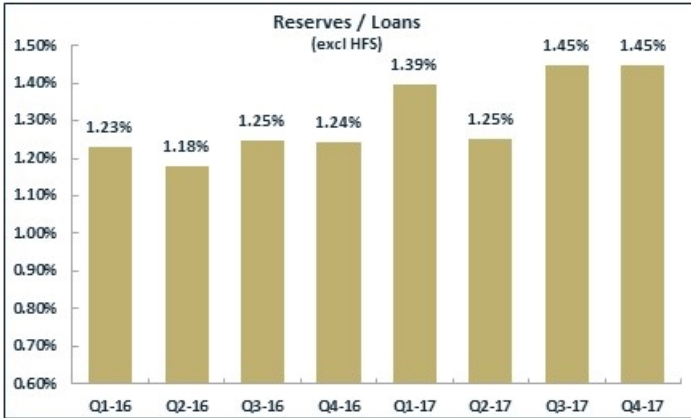
4Q17 Financial Results

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

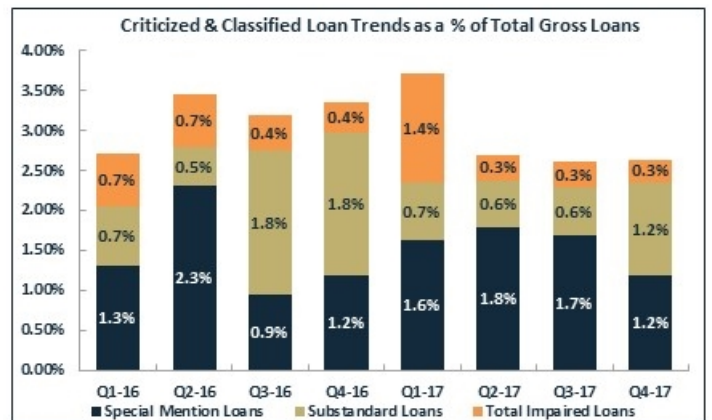
- **Soundness:**
 - Allowance for Loan Losses at 1.45% of gross loans
 - NPA's/Loans+ OREO down 4 basis points to 0.28% from the third quarter of 2017
 - Net Charge-offs of \$372K for the quarter on a loan which was previously reserved
- **Profitability:**
 - Net Income was \$0.1MM and Fully Diluted EPS of \$0.01. ROAA was 0.03%
 - Adjusting for the impact of Tax Reform, Adjusted Net Income was \$3.7 million, Adjusted Fully Diluted EPS was \$0.28 and Adjusted ROAA was 1.09%*
 - Net Interest Margin of 3.26%
- **Growth (Q417 vs Q416):**
 - Average DDA increased 30%
 - Treasury Management and other Deposit service charges increased 38%
 - Hired 3 new Mortgage Loan Originators (MLOs)
 - Wealth Management Assets Under Management (AUM) increased to over \$100MM

*Reconciliation provided in non-GAAP tables

Credit Quality



- Net Charge-offs of \$372K for the quarter on a loan which was previously reserved.
- NPAs/Loans + OREO down 4 bps vs. last quarter
- Non-performing loans consistent with last quarter

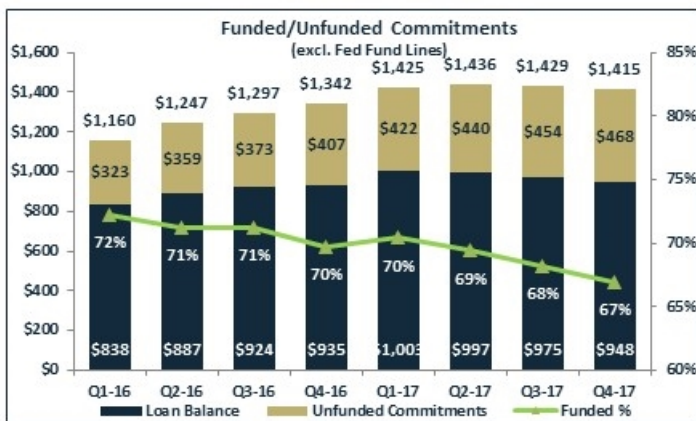


Loan Growth



• Loan growth was 2% vs. 4Q16 averages. Our loan growth was impacted by several factors:

- Healthcare loans declined \$38MM on average vs. Q416. Excluding this decline, loans HFI increased 8%.
- During the quarter, there were several large CRE projects that reached completion and were paid off as anticipated.



	Q4-17		Change Vs. Q3-17*		Change Vs. Q4-16	
	\$	%	\$	%	\$	%
Balance Sheet (Avg Balances)						
Commercial and Industrial	\$ 380	(26)	-25%	\$ (6)	-1%	
Commercial Real Estate	353	(23)	-24%	62	21%	
Consumer Real Estate	103	4	15%	4	4%	
Construction & Land Development	81	11	62%	(14)	-15%	
Consumer	7	1	89%	(1)	-12%	
Other	34	(2)	-20%	(28)	-45%	
Total Loans HFI	\$ 956	(35)	-14%	\$ 18	2%	
Loans - Healthcare	161	(27)	-57%	(38)	-19%	
Total Loans HFI - excl. Healthcare	\$ 795	(8)	-4%	\$ 56	8%	

*Annualized % change from 3Q17 to 4Q17

Summary Financials 4Q17

CapStar experienced adjusted Net Income of \$3.7MM for the quarter

\$ in millions	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Balance Sheet (Period Averages)						
Loans (Excl HFS)	\$ 956	\$ 939	2%	\$ 988	\$ 889	11%
Deposits	1,081	1,139	-5%	1,108	1,098	1%
Total Transaction Deposits (DDA + Now)	536	482	11%	534	458	17%
Total Assets	1,330	1,325	0%	1,358	1,263	8%
Income Statement						
Net Interest Income	\$ 10.5	\$ 10.2	3%	\$ 41.9	\$ 38.5	9%
Non Interest Income	2.7	3.0	-7%	10.9	11.1	-2%
Total Revenue	13.3	13.1	1%	52.8	49.5	7%
Provision for Loan Losses	(0.0)	0.1	-142%	12.9	2.8	355%
Non Interest Expense	8.7	8.6	1%	33.8	33.1	2%
Income before Income Taxes	4.6	4.4	4%	6.1	13.6	-55%
Income Tax Expense	4.5	1.5	200%	4.6	4.5	3%
Net Income	0.1	2.9	-97%	1.5	9.1	-84%
Adjusted Net Income*	3.7	2.9	25%	5.1	9.1	-44%
Pre-tax Pre-Provision Income*	4.6	4.5	1%	19.0	16.4	16%
Adjusted Diluted Net Earnings per Share*	\$0.28	\$0.23	22%	\$0.40	\$0.81	-51%
Tangible Book Value per Share, Reported*	\$11.37	\$11.06	3%	\$11.37	\$11.06	3%
Adjusted ROAA*	1.09%	0.88%	0.21%	0.37%	0.72%	-0.35%
Net Interest Margin	3.26%	3.17%	0.08%	3.20%	3.17%	0.03%

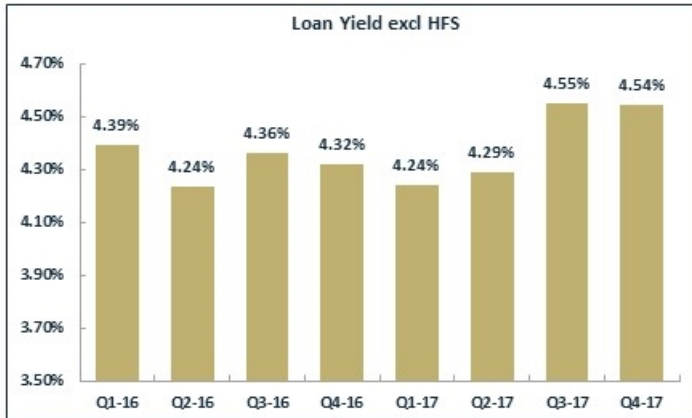
Relationship driven products

Operating Leverage of 3.4x

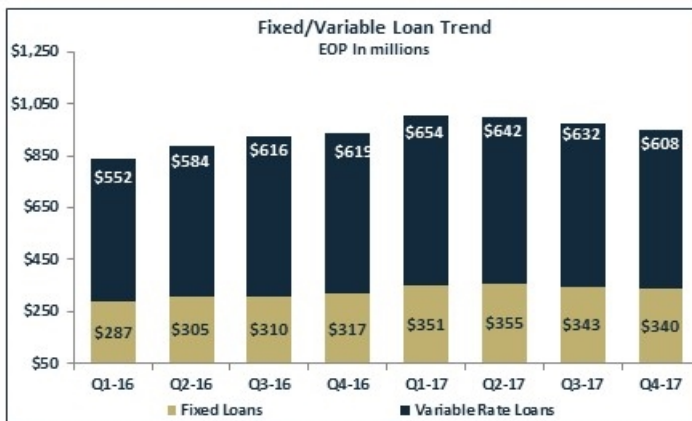
Positive earnings growth

*Reconciliation provided in non-GAAP tables

Loan Yields



- The average loan yield was down slightly primarily due to one-time fees in the third quarter.
- Variable rate loans are repricing as expected and improved the loan yield 3 bps.
- Unfunded commitments continue to increase which will provide opportunities for loan growth.

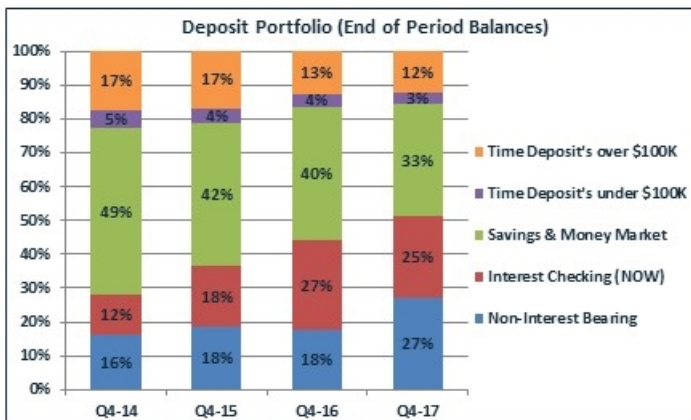
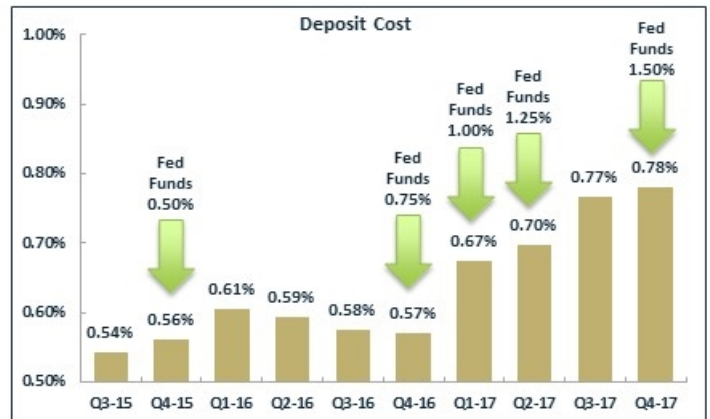


Loan Yield Rollforward

3Q17 (Avg)	4.55%
New Loan Production	0.00%
Repricing of Variable Rate Loans	0.03%
Loan Volume/Mix	-0.01%
Decrease in Loan Fees	-0.03%
4Q17 (Avg)	4.54%

Deposit Growth and Costs

- With the last five rate increases (+125 bps), we have held our deposit costs to a 19% beta (0.54%-0.78% with a 125 bps increase in Fed Funds)
- 52% of our deposit book is in some form of checking account (DDA & NOW).
- We are growing the right type of deposits → DDA growth of 28% over 3Q17 averages and 30% over 4Q16.



\$ in millions	Q4-17	Change Vs. Q3-17*		Change Vs. Q4-16	
	\$	\$	%	\$	%
Balance Sheet (Avg Balances)					
Non-Interest Bearing	\$ 254	\$ 16	28%	\$ 58	30%
Interest Checking (NOW)	282	(9)	-13%	(5)	-2%
Savings & Money Market	347	(8)	-9%	(109)	-24%
Time Deposit's under \$100K	37	(2)	-21%	(5)	-12%
Time Deposit's over \$100K	162	(10)	-23%	3	2%
Deposits	\$ 1,081	\$ (13)	-5%	\$ (57)	-5%

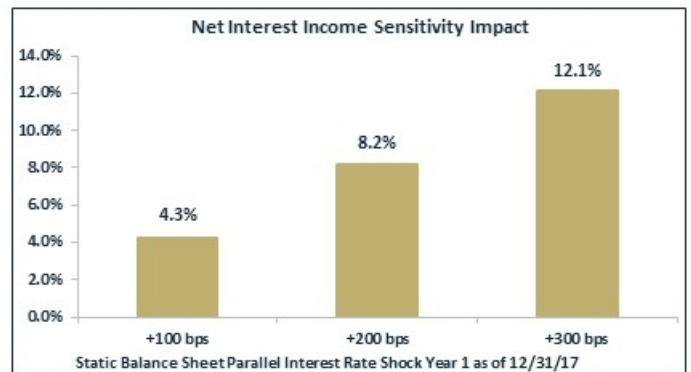
* Annualized % Change from 3Q17 to 4Q17

Net Interest Margin



- Our Net Interest Margin was flat for the quarter.
- Investment yields increased 13 bps for the quarter.
- Asset sensitive balance sheet.

Net Interest Margin	
3Q17 (Avg)	3.26%
Loan Volumes	0.00%
Loan Repricing	0.01%
Decrease in Loan Fees	-0.03%
Investment Yields	0.02%
4Q17 (Avg)	3.26%



Non-Interest Income

(Dollars in thousands)	Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Non Interest Income					
Treasury Management and Other Deposit Service Charges	\$ 419	\$ 427	\$ 342	\$ 329	\$ 303
Loan Commitment Fees	124	223	187	236	217
Net Gain (Loss) on Sale of Securities	(108)	9	40	(6)	-
Tri-Net Fees	254	367	297	84	125
Mortgage Banking Income	1,621	2,030	1,370	1,216	2,033
Other	426	316	430	274	276
Total Non Interest Income	\$ 2,736	\$ 3,372	\$ 2,666	\$ 2,134	\$ 2,954
<i>Average Assets</i>	<i>\$ 1,329,621</i>	<i>\$ 1,367,993</i>	<i>\$ 1,393,331</i>	<i>\$ 1,340,237</i>	<i>\$ 1,324,620</i>
<i>Non Interest Income / Average Assets</i>	<i>0.82%</i>	<i>0.98%</i>	<i>0.77%</i>	<i>0.65%</i>	<i>0.89%</i>

- Treasury Management and Other Deposit Service charges have steadily increased 38% over prior year as we gain share of wallet with our client base.
- Loan Fees down with lower production levels.
- Slight repositioning of investment portfolio.
- Mortgage fees declined due to seasonality.
- Other income increased primarily due to Wealth Management fees.

Non-Interest Expense

(Dollars in thousands)	Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Non Interest Expense					
Salaries and Employee Benefits	\$ 5,411	\$ 5,119	\$ 4,784	\$ 5,086	\$ 5,185
Data Processing & Software	746	709	711	621	542
Professional Fees	473	336	350	365	406
Occupancy	507	531	539	449	366
Equipment	467	564	544	496	443
Regulatory Fees	234	270	301	307	348
Other	861	947	990	1,052	1,352
Total Non Interest Expense	\$ 8,699	\$ 8,474	\$ 8,217	\$ 8,375	\$ 8,642
<i>Efficiency Ratio</i>	65.6%	59.6%	62.1%	69.4%	65.8%
<i>Average Assets</i>	\$ 1,329,621	\$ 1,367,993	\$ 1,393,331	\$ 1,340,237	\$ 1,324,620
<i>Non Interest Expense / Average Assets</i>	2.60%	2.46%	2.37%	2.53%	2.60%

- Overall expense base of \$8.7MM and flat to prior year.
- Salary and Employee Benefits increased due to new hires, associated acquisition cost and increase in sales incentives accrual.
- Data Processing and Software increased due to increased volumes and implementation of Mortgage banking software.

Effective Tax Rate with Stock Compensation Benefits

- We have 571K stock options and organizer warrants 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.

	4Q17	
	Effective Tax Rate	\$ in thousands
Normalized 2017 income tax expense	34.0%	\$ 1,559
Reduction in effective tax rate related to lower taxable income due to 2Q17 charge-off	(4.9%)	(225)
Income Tax Expense, prior to tax benefit from stock compensation transactions and DTA revaluation	29.1%	1,334
Income tax benefit from stock compensation transactions	(8.8%)	(402)
Income Tax Expense, prior to DTA revaluation	20.3%	\$ 932
Impact of tax reform - DTA revaluation	77.7%	3,562
Income Tax Expense	98.0%	\$ 4,494

Assumed Stock Price -->

2018 Estimated Income tax benefit from stock compensation transactions* (in thousands)

Stock Price Sensitivity				
\$17.00	\$18.00	\$19.00	\$20.00	\$21.00
\$ 694	\$ 843	\$ 992	\$ 1,142	\$ 1,291

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

*Assumes current statutory tax rates (Federal corporate tax rate of 21%)

Capital

- Capital ratios are above regulatory guidelines.

<u>Capital Ratios</u>	Q4-17	Q3-17	Q2-17	Q1-17	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	10.51%	10.35%	9.65%	9.74%	NA
Tangible Common Equity / Tangible Assets*	9.84%	9.68%	8.99%	9.08%	NA
Tier 1 Leverage Ratio	10.75%	10.36%	9.77%	10.37%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	11.39%	11.28%	10.54%	11.01%	≥ 8.00%
Total Risk Based Capital Ratio	12.50%	12.42%	11.51%	12.13%	≥ 10.00%

*Reconciliation provided in non-GAAP tables

2018 Guidance*

- High single to low double digit loan growth.
- Net charge-offs of 15-30 bps.
- Continued expansion of Net Interest Margin with Fed interest rate increases.
- Continued expansion of Non-Interest Income on fee related businesses.
- Efficiency ratio trending to low 60%'s by 4Q18 but elevated in 1Q18 due to new hires.
- Effective Tax Rate of 13-16% due to tax reform and stock compensation tax benefits.
- Tax benefit will allow us to continue to make investments in new business lines while still achieving our goal of a 1.00% ROAA by 4Q18.

*Refer to "Safe Harbor Statements" on page 3

Key Takeaways*

- CapStar's strategy remains one of sound, profitable growth.
- Gaining primary bank status with more clients.
- Organic growth opportunities through market share takeaway and creation of new business lines.
- Remain committed to delivering sustainable ROAA of 1.00% by the end of 2018.
- Exploration of M&A opportunities.

Appendix: Historical Financials

Historical Financials

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,						
	2017	2016	2017	2016	2015	2014	2013	2012	2011
STATEMENT OF INCOME DATA									
Interest Income	\$ 13,124	\$ 12,007	\$ 51,515	\$ 45,395	\$ 40,504	\$ 38,287	\$ 41,157	\$ 33,966	\$ 23,454
Interest Expense	2,606	1,827	9,651	6,932	5,731	5,871	6,576	6,682	7,146
Net Interest Income	10,518	10,180	41,863	38,463	34,773	32,416	34,581	27,284	16,308
Provision for Loan and Lease Losses	(30)	70	12,870	2,829	1,651	3,869	938	3,968	1,897
Non-Interest Income	2,736	2,954	10,908	11,084	8,884	7,419	1,946	1,935	874
Non-Interest Expense	8,699	8,642	33,765	33,129	30,977	28,562	25,432	19,021	13,211
Income before Income Taxes	4,585	4,423	6,136	13,590	11,029	7,404	10,157	6,230	2,073
Income Tax Expense	4,494	1,495	4,635	4,493	3,470	2,412	3,749	(3,168)	-
Net Income	91	2,927	1,501	9,097	7,559	4,992	6,408	9,398	2,073
Pre-Tax Pre-Provision Net Income *	4,556	4,493	19,006	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)	2017	2016	2015	2014	2013	2012	2011
BALANCE SHEET (AT PERIOD END)							
Cash & Due From Banks	\$ 82,797	\$ 80,111	\$ 100,185	\$ 73,934	\$ 44,793	\$ 113,282	\$ 44,043
Investment Securities	205,186	235,250	221,890	285,514	305,291	280,115	236,837
Loans Held for Sale	74,093	42,111	35,729	15,386	-	-	-
Gross Loans and Leases (Net of Unearned Income)	947,537	935,251	808,396	713,077	626,382	624,328	430,329
Total Intangibles	6,242	6,290	6,344	6,398	284	317	-
Total Assets	1,344,429	1,333,675	1,206,800	1,128,395	1,008,709	1,031,755	711,183
Deposits	1,119,866	1,128,722	1,038,460	981,057	879,165	919,782	621,212
Borrowings and Repurchase Agreements	70,000	55,000	48,755	34,837	29,494	7,452	12,622
Total Liabilities	1,197,483	1,194,468	1,098,214	1,025,744	913,294	931,277	636,613
Common Equity	137,946	130,207	92,086	86,151	79,691	83,977	58,070
Preferred Equity	9,000	9,000	16,500	16,500	16,500	16,500	16,500
Total Shareholders' Equity	146,946	139,207	108,586	102,651	96,191	100,478	74,570
Tangible Equity *	140,704	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,						
	2017	2016	2017	2016	2015	2014	2013	2012	2011
SELECTED PERFORMANCE RATIOS									
Return on Average Assets (ROAA)	0.03%	0.88%	0.11%	0.72%	0.66%	0.47%	0.62%	1.11%	0.34%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) *	1.36%	1.35%	1.40%	1.30%	1.11%	1.06%	1.08%	1.20%	0.65%
Return on Average Equity (ROAE)	0.25%	8.35%	1.05%	7.57%	7.08%	4.94%	6.46%	10.56%	2.94%
Return on Average Tangible Equity (ROATE) *	0.26%	8.74%	1.09%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
Return on Average Tangible Common Equity (ROATCE) *	0.27%	9.37%	1.17%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
Net Interest Margin	3.26%	3.17%	3.20%	3.17%	3.19%	3.20%	3.45%	3.30%	2.73%
Efficiency Ratio **	65.63%	65.79%	63.98%	66.86%	70.96%	71.70%	69.62%	65.10%	76.89%
Non-Interest Income / Average Assets	0.82%	0.89%	0.80%	0.88%	0.78%	0.70%	0.19%	0.23%	0.14%
Non-Interest Expense / Average Assets	2.60%	2.60%	2.49%	2.62%	2.72%	2.68%	2.47%	2.25%	2.16%
Loan and Lease Yield	4.54%	4.32%	4.41%	4.33%	4.53%	4.74%	5.48%	5.50%	5.02%
Deposit Cost	0.78%	0.57%	0.73%	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

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,						
	2017	2016	2017	2016	2015	2014	2013	2012	2011
PER SHARE OUTSTANDING DATA									
Basic Net Earnings per Share	\$0.01	\$0.26	\$0.13	\$0.98	\$0.89	\$0.59	\$0.75	\$1.20	\$0.29
Diluted Net Earnings per Share	\$0.01	\$0.23	\$0.12	\$0.81	\$0.73	\$0.49	\$0.62	\$1.00	\$0.24
Book Value Per Share, Reported	\$11.91	\$11.62	\$11.91	\$11.62	\$10.74	\$10.17	\$9.54	\$9.65	\$8.13
Tangible Book Value Per Share, Reported*	\$11.37	\$11.06	\$11.37	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
Book Value Per Share, Adjusted *	\$11.79	\$11.52	\$11.79	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
Tangible Book Value Per Share, Adjusted *	\$11.29	\$11.00	\$11.29	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52
Shares of Common Stock Outstanding at End of Period	11,582,026	11,204,515	11,582,026	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	10.75%	10.46%	10.75%	10.46%	9.33%	8.56%	8.96%	9.22%	10.31%
Common Equity Tier 1 Capital (Cet1)	10.68%	10.90%	10.68%	10.90%	8.89%	-	-	-	-
Tier 1 Risk-Based Capital	11.39%	11.61%	11.39%	11.61%	10.41%	10.32%	11.14%	11.77%	13.47%
Total Risk-Based Capital Ratio	12.50%	12.60%	12.50%	12.60%	11.42%	11.54%	12.19%	12.86%	14.68%
Total Shareholders' Equity to Total Assets Ratio	10.93%	10.44%	10.93%	10.44%	9.00%	9.10%	9.54%	9.74%	10.49%
Tangible Equity to Tangible Assets *	10.51%	10.01%	10.51%	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,						
	2017	2016	2017	2016	2015	2014	2013	2012	2011
NON-PERFORMING ASSETS (NPA)									
Non-Performing Loans	\$ 2,695	\$ 3,619	\$ 2,695	\$ 3,619	\$ 2,689	\$ 7,738	\$ 6,552	\$ 8,784	\$ 141
Troubled Debt Restructurings	1,206	1,272	1,206	1,272	125	2,618	-	-	141
Other Real Estate and Repossessed Assets	-	-	-	-	216	575	1,451	1,822	-
Non-Performing Assets	2,695	3,619	2,695	3,619	2,905	8,313	8,003	10,606	141
ASSET QUALITY RATIOS									
Non-Performing Assets / Assets	0.20%	0.27%	0.20%	0.27%	0.24%	0.74%	0.79%	1.03%	0.02%
Non-Performing Loans / Loans	0.28%	0.39%	0.28%	0.39%	0.33%	1.09%	1.05%	1.41%	0.03%
Non-Performing Assets / Loans + OREO	0.28%	0.39%	0.28%	0.39%	0.36%	1.16%	1.27%	1.69%	0.03%
Net Charge-Offs to Average Loans (Periods Annualized)	0.15%	-0.02%	1.09%	0.15%	0.38%	0.15%	0.11%	0.40%	0.14%
Allowance for Loan Losses to Total Loans and Leases	1.45%	1.24%	1.45%	1.24%	1.25%	1.58%	1.35%	1.32%	1.45%
Allowance for Loan to Non-Performing Loans	509.1%	321.4%	509.1%	321.4%	376.8%	145.8%	129.1%	93.5%	4415.6%

* Reconciliation provided in non-GAAP tables

Historical Financials

	As of December 31,						
(Dollars in thousands, except per share information)	2017	2016	2015	2014	2013	2012	2011
COMPOSITION OF LOANS HELD FOR INVESTMENT							
Commercial Real Estate	\$ 350,622	\$ 302,322	\$ 251,196	\$ 219,793	\$ 182,392	\$ 177,584	\$ 135,855
Consumer Real Estate	102,581	97,015	93,785	82,167	63,893	77,787	51,256
Construction and Land Development	82,586	94,491	52,522	46,193	30,217	35,674	24,676
Commercial and Industrial	373,248	379,620	353,442	332,914	312,527	279,755	175,518
Consumer	6,862	5,974	8,668	7,910	7,939	10,749	12,687
Other Loans	31,638	55,829	48,782	28,578	32,132	46,929	30,337
DEPOSIT COMPOSITION							
Non-Interest Bearing	301,742	197,788	190,580	157,355	135,448	102,786	66,641
Interest Checking	274,681	299,621	189,983	115,915	84,028	60,663	12,655
Savings & Money Market	367,245	447,686	437,214	484,600	427,312	544,762	404,775
Time Deposits Less Than \$100,000	36,587	41,128	45,902	51,813	46,819	52,844	21,563
Time Deposits Greater Than or Equal to \$100,000	139,610	142,500	174,781	171,373	185,482	158,778	115,578

* Reconciliation provided in non-GAAP tables

Historical Financials

	Three Months Ended December 31,		Twelve Months Ended December 31,						
(Dollars in thousands, except per share information)	2017	2016	2017	2016	2015	2014	2013	2012	2011
REAL ESTATE - COMMERCIAL AND CONSTRUCTION CONCENTRATIONS									
Construction and Development	\$ 82,586	\$ 94,491	\$ 82,586	\$ 94,491	\$ 52,522	\$ 46,193	\$ 30,217	\$ 35,674	\$ 24,676
Commercial Real Estate and Construction	382,300	282,513	382,300	282,513	198,285	172,803	146,258	150,253	109,988
Construction and Development to Total Risk Based Capital (Reg. 100%)	52.9%	63.2%	52.9%	63.2%	45.3%	42.8%	30.1%	36.7%	32.3%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	244.8%	188.8%	244.8%	188.8%	170.9%	160.0%	145.8%	154.6%	144.0%
MORTGAGE METRICS									
Total Origination Volume	\$ 116,592	\$ 128,659	\$ 440,132	\$ 522,037	\$ 422,323	\$ 253,099	-	-	-
Total Mortgage Loans Sold	113,277	152,656	462,506	523,031	407,941	245,891	-	-	-
Purchase Volume as a % of Originations	70%	64%	77%	67%	72%	76%	-	-	-
Mortgage Fees/Gain on Sale of Loans	1,621	2,033	6,238	7,375	5,962	4,067	-	-	-
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.43%	1.33%	1.35%	1.41%	1.46%	1.65%	-	-	-
Mortgage Fees/Gain on Sale as a % of Total Revenue	12.2%	15.5%	11.8%	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,						
	2017	2016	2017	2016	2015	2014	2013	2012	2011
PRE-TAX PRE-PROVISION INCOME									
Pre-Tax Income	\$ 4,585	\$ 4,423	\$ 6,136	\$ 13,590	\$ 11,029	\$ 7,404	\$ 10,157	\$ 6,230	\$ 2,073
Add: Provision for Loan Losses	(30)	70	12,870	2,829	1,651	3,869	938	3,968	1,897
Pre-Tax Pre-Provision Income	4,556	4,493	19,006	16,419	12,680	11,273	11,095	10,197	3,970
PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS									
Total Average Assets	\$1,329,621	\$1,324,620	\$1,357,794	\$1,262,763	\$1,140,760	\$1,064,705	\$1,028,709	\$ 846,901	\$ 612,775
Pre-Tax Pre-Provision Income	4,556	4,493	19,006	16,419	12,680	11,273	11,095	10,197	3,970
Pre-Tax Pre-Provision Return on Average Assets	1.36%	1.35%	1.40%	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)	2017	2016	2015	2014	2013	2012	2011
TANGIBLE EQUITY							
Total Shareholders' Equity	\$ 146,946	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Less: Intangible Assets	6,242	6,290	6,344	6,398	284	317	-
Tangible Equity	140,704	132,918	102,242	96,253	95,907	100,160	74,570
TANGIBLE COMMON EQUITY							
Tangible Equity	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Less: Preferred Equity	9,000	9,000	16,500	16,500	16,500	16,500	16,500
Tangible Common Equity	131,704	123,918	85,742	79,753	79,407	83,660	58,070
TANGIBLE EQUITY TO TANGIBLE ASSETS							
Tangible Equity	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Total Assets	1,344,429	1,333,675	1,206,800	1,128,395	1,009,485	1,031,755	711,183
Less: Intangible Assets	6,242	6,290	6,344	6,398	284	317	-
Tangible Assets	1,338,188	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Equity to Tangible Assets	10.51%	10.01%	8.52%	8.58%	9.51%	9.71%	10.49%
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS							
Tangible Common Equity	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Tangible Assets	1,338,188	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Common Equity to Tangible Assets	9.84%	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,						
	2017	2016	2017	2016	2015	2014	2013	2012	2011
RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)									
Total Average Shareholder's Equity	\$ 147,667	\$ 139,529	\$ 143,402	\$ 120,123	\$ 106,727	\$ 101,030	\$ 99,153	\$ 88,990	\$ 70,625
Less: Average Intangible Assets	6,248	6,298	6,265	6,318	6,371	6,855	301	1,151	-
Average Tangible Equity	141,419	133,231	137,137	113,805	100,356	94,175	98,852	87,838	70,625
Net Income to Shareholders	91	2,927	1,501	9,097	7,559	4,992	6,408	9,398	2,073
Return on Average Tangible Equity (ROATE)	0.26%	8.74%	1.09%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)									
Average Tangible Equity	\$ 141,419	\$ 133,231	\$ 137,137	\$ 113,805	\$ 100,356	\$ 94,175	\$ 98,852	\$ 87,838	\$ 70,625
Less: Preferred Equity	9,000	9,000	9,000	14,533	16,500	16,500	16,500	16,500	16,500
Average Tangible Common Equity	132,419	124,231	128,137	99,273	83,856	77,675	82,352	71,338	54,125
Net Income to Shareholders	91	2,927	1,501	9,097	7,559	4,992	6,408	9,398	2,073
Return on Average Tangible Common Equity (ROATCE)	0.27%	9.37%	1.17%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
ADJUSTED SHARES OUTSTANDING AT END OF PERIOD									
Shares of Common Stock Outstanding	11,582,026	11,204,515	11,582,026	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	1,609,756	1,609,756	1,609,756	1,609,756	1,609,756
Adjusted Shares Outstanding at End of Period	12,460,075	12,082,564	12,460,075	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended December 31,		Twelve Months Ended December 31,						
	2017	2016	2017	2016	2015	2014	2013	2012	2011
ADJUSTED NET INCOME*									
Net Income	\$ 91	\$ 2,927	\$ 1,501	\$ 9,097	\$ 7,559	\$ 4,992	\$ 6,408	\$ 9,398	\$ 2,073
Less: Impact of Tax Reform	(3,562)	-	(3,562)	-	-	-	-	-	-
Adjusted Net Income	\$ 3,653	\$ 2,927	\$ 5,063	\$ 9,097	\$ 7,559	\$ 4,992	\$ 6,408	\$ 9,398	\$ 2,073
ADJUSTED DILUTED NET INCOME PER SHARE*									
Adjusted Net Income	\$ 3,653	\$ 2,927	\$ 5,063	\$ 9,097	\$ 7,559	\$ 4,992	\$ 6,408	\$ 9,398	\$ 2,073
Average Diluted Shares Outstanding	12,938,288	12,787,677	12,803,511	11,212,026	10,425,039	10,281,044	10,409,750	9,425,547	8,776,098
Adjusted Diluted Net Income per Share	\$0.28	\$0.23	\$0.40	\$ 0.81	\$0.73	\$0.49	\$0.62	\$1.00	\$0.24
ADJUSTED RETURN ON AVERAGE ASSETS (ROAA)*									
Total Average Assets	\$1,329,621	\$1,324,620	\$1,357,794	\$1,262,763	\$1,140,760	\$1,064,705	\$1,028,709	\$ 846,901	\$ 612,775
Less: Impact of Tax Reform	(39)	-	(10)	-	-	-	-	-	-
Adjusted Average Assets	1,329,660	1,324,620	1,357,804	1,262,763	1,140,760	1,064,705	1,028,709	846,901	611,165
Adjusted Net Income	3,653	2,927	5,063	9,097	7,559	4,992	6,408	9,398	2,073
Adjusted Return on Average Assets (ROAA)	1.09%	0.88%	0.37%	0.72%	0.66%	0.47%	0.62%	1.11%	0.34%

* As a result of the Tax Cuts and Jobs Act of 2017, which included a Federal corporate tax rate change from 35% to 21%, we revalued our deferred tax assets, which resulted in a \$3.6 million increase in income tax expense for 2017. The adjusted non-GAAP amounts and ratios above have excluded the impact of this transaction.



Non-GAAP Financial Measures

	As of December 31,						
(Dollars in thousands, except per share information)	2017	2016	2015	2014	2013	2012	2011
BOOK VALUE PER SHARE, ADJUSTED							
Total Shareholders Equity	\$ 146,946	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,460,075	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Book Value Per Share, Adjusted	\$11.79	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
TANGIBLE BOOK VALUE PER SHARE, REPORTED							
Tangible Common Equity	\$ 131,704	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Shares of Common Stock Outstanding	11,582,026	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
Tangible Book Value Per Share, Reported	\$11.37	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
TANGIBLE BOOK VALUE PER SHARE, ADJUSTED							
Tangible Equity	\$ 140,704	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,460,075	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Tangible Book Value Per Share, Adjusted	\$11.29	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52

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