

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): July 27, 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 July 27, 2017, the Company issued an earnings release announcing its financial results for the second quarter ended June 30, 2017. A copy of the earnings release is furnished as Exhibit 99.1 to 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 9:00 a.m. (Central Time) on July 28, 2017 to discuss its financial results for the second quarter ended June 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.

(d) *Exhibits.*

Exhibit 99.1	Earnings release issued on July 27, 2017 by CapStar Financial Holdings, Inc.
Exhibit 99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on July 28, 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: July 27, 2017

EXHIBIT INDEX

Exhibit Number	Description
99.1	Earnings release issued on July 27, 2017 by CapStar Financial Holdings, Inc.
99.2	Presentation for conference call to be conducted by CapStar Financial Holdings, Inc. on July 28, 2017

EARNINGS RELEASE

CONTACT

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



CAPSTAR FINANCIAL HOLDINGS, INC. ANNOUNCES SECOND QUARTER 2017 RESULTS

NASHVILLE, TN, July 27, 2017/GlobeNewswire/ -- CapStar Financial Holdings, Inc. ("CapStar") (NASDAQ:CSTR) reported a net loss of \$3.34 million, or \$0.26 per share on a fully diluted basis, for the three months ended June 30, 2017, compared to net income of \$2.48 million, or \$0.23 per share on a fully diluted basis, for the three months ended June 30, 2016. The net loss for the quarter was primarily attributable to the charge off and costs associated with one borrowing relationship, which impacted pretax earnings by \$9.7 million.

"CapStar's organic growth remains strong," said Claire W. Tucker, CapStar's president and chief executive officer. "Comparing performance in the second quarter of 2017 to the same period in 2016, pre-tax pre-provision income increased 31% to \$5.0 million from \$3.8 million. Our otherwise strong quarterly performance was overshadowed by deterioration in one non-performing relationship that we discussed previously in connection with our first quarter results, which led to a charge off of the relationship's existing loan balance. We believe that our existing risk management processes and credit infrastructure provide a solid framework for sound asset quality. We are consistently focused on delivering strong operating and financial results, and we remain committed to achieving our stated goal of a 1% ROAA by the end of 2018."

Soundness

- The allowance for loan losses represented 1.25% of total loans at June 30, 2017 compared to 1.18% at June 30, 2016.
- Non-performing assets as a percentage of total loans and other real estate owned was 0.32% at June 30, 2017 compared to 0.66% at June 30, 2016.
- Annualized net charge-offs totaled 4.38% for the three months ended June 30, 2017 compared to 0.01% for the same period in 2016.
- The total risk based capital ratio increased to 11.51% at June 30, 2017 compared to 10.67% at June 30, 2016.

Profitability

- Return on average assets ("ROAA") for the three months ended June 30, 2017 was -0.96% compared to 0.80% for the same period in 2016.
 - Return on average equity ("ROAE") for the three months ended June 30, 2017 was -9.39% compared to 8.85% for the same period in 2016.
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- The net interest margin (“NIM”) for the three months ended June 30, 2017 was 3.15% compared to 3.09% for the same period in 2016.
- The efficiency ratio for the three months ended June 30, 2017 was 62.1% compared to 67.6% for the same period in 2016.

“While we are disappointed with the credit impact on our bottom-line performance, there are several positives from our quarterly performance,” said Rob Anderson, chief financial officer and chief administrative officer of CapStar. “Our net interest margin expanded 6 basis points, loan growth was up 18%, DDA & NOW deposits increased 14%, and noninterest income benefited from loan sales in our Tri-Net line of business. Absent the credit charges, the operating performance of the company met our internal expectations for the quarter.”

Growth

- Average total assets for the quarter ended June 30, 2017 increased 11.7%, to \$1.39 billion, compared to \$1.25 billion for the same period in 2016.
- Average gross loans for the quarter ended June 30, 2017 increased 17.7%, to \$1.03 billion, compared to \$874.0 million for the same period in 2016.
- Average total deposits for the quarter ended June 30, 2017 increased 1.7%, to \$1.11 billion, compared to \$1.09 billion for the same period in 2016.
- Average Demand and NOW deposits for the quarter ended June 30, 2017 increased 13.9%, to \$531.6 million, compared to \$466.7 million for the same period in 2016.

Conference Call and Webcast Information

CapStar will host a conference call and webcast at 9:00 a.m. Central Time on Friday, July 28, 2017. During the call, management will review the second quarter results and operational highlights. Interested parties may listen to the call by dialing (844) 412-1002. The conference ID number is 50968047. 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 June 30, 2017, on a consolidated basis, CapStar had total assets of \$1.4 billion, gross loans of \$996.6 million, total deposits of \$1.1 billion, and shareholders’ equity of \$138.0 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 measure that was prepared other than in accordance with generally accepted accounting principles in the United States ("non-GAAP financial measure"): pre-tax, pre-provision income. This non-GAAP financial measure (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 this non-GAAP financial measure has a number of limitations. As such, you should not view this non-GAAP financial measure as a substitute for results determined in accordance with GAAP, and it is not necessarily comparable to non-GAAP financial measures that other companies use. See below for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

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

Second Quarter 2017 Earnings Release

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Interest income:				
Loans, including fees	\$ 11,373	\$ 9,605	\$ 21,840	\$ 18,873
Securities:				
Taxable	983	911	1,987	1,810
Tax-exempt	317	268	642	549
Federal funds sold	16	4	18	9
Restricted equity securities	86	70	163	139
Interest-bearing deposits in financial institutions	115	56	219	133
Total interest income	12,890	10,914	24,869	21,513
Interest expense:				
Interest-bearing deposits	586	390	1,204	692
Savings and money market accounts	773	719	1,587	1,451
Time deposits	574	506	1,046	1,020
Federal funds purchased	7	6	11	8
Securities sold under agreements to repurchase	—	—	—	1
Federal Home Loan Bank advances	379	92	519	183
Total interest expense	2,319	1,713	4,367	3,355
Net interest income	10,571	9,201	20,502	18,158
Provision for loan losses	9,690	183	13,094	1,120
Net interest income after provision for loan losses	881	9,018	7,408	17,038
Noninterest income:				
Service charges on deposit accounts	342	303	670	529
Loan commitment fees	187	142	423	572
Net gain on sale of securities	40	86	34	125
Tri-Net fees	297	—	382	—
Mortgage banking income	1,370	1,655	2,587	3,002
Other noninterest income	430	382	703	711
Total noninterest income	2,666	2,568	4,799	4,939
Noninterest expense:				
Salaries and employee benefits	4,784	4,938	9,870	10,156
Data processing and software	711	635	1,331	1,203
Professional fees	350	426	714	757
Occupancy	539	371	987	781
Equipment	544	436	1,040	843
Regulatory fees	301	265	608	492
Other operating	988	880	2,042	1,729
Total noninterest expense	8,217	7,951	16,592	15,961
Income (loss) before income taxes	(4,670)	3,635	(4,385)	6,016
Income tax (benefit) expense	(1,328)	1,159	(1,375)	1,956
Net income (loss)	\$ (3,342)	\$ 2,476	\$ (3,010)	\$ 4,060
Per share information:				
Basic net income (loss) per share of common stock	\$ (0.30)	\$ 0.29	\$ (0.27)	\$ 0.47
Diluted net income (loss) per share of common stock	\$ (0.26)	\$ 0.23	\$ (0.24)	\$ 0.38
Weighted average shares outstanding:				
Basic	11,226,216	8,682,438	11,218,624	8,655,561
Diluted	12,740,104	10,675,916	12,761,989	10,624,004

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)

Second Quarter 2017 Earnings Release

	Five Quarter Comparison				
	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Income Statement Data:					
Net interest income	\$ 10,571	\$ 9,932	\$ 10,180	\$ 10,126	\$ 9,201
Provision for loan losses	9,690	3,405	70	1,639	183
Net interest income after provision for loan losses	881	6,527	10,110	8,487	9,018
Service charges on deposit accounts	342	329	303	277	303
Loan commitment fees	187	236	217	329	142
Net gain (loss) on sale of securities	40	(6)	—	(4)	86
Tri-Net fees	297	84	125	—	—
Mortgage banking income	1,370	1,216	2,033	2,339	1,655
Other noninterest income	430	274	276	251	382
Total noninterest income	2,666	2,133	2,954	3,192	2,568
Salaries and employee benefits	4,784	5,086	5,185	5,119	4,938
Data processing and software	711	621	542	627	635
Professional fees	350	365	406	391	426
Occupancy	539	449	366	352	371
Equipment	544	496	443	458	436
Regulatory fees	301	307	348	250	265
Other operating	988	1,052	1,352	1,329	880
Total noninterest expense	8,217	8,376	8,642	8,526	7,951
Net income (loss) before income tax expense	(4,670)	284	4,422	3,153	3,635
Income tax (benefit) expense	(1,328)	(47)	1,495	1,042	1,159
Net income (loss)	\$ (3,342)	\$ 331	\$ 2,927	\$ 2,111	\$ 2,476
Weighted average shares - basic	11,226,216	11,210,948	11,194,534	8,792,665	8,682,438
Weighted average shares - diluted	12,740,104	12,784,117	12,787,677	10,799,536	10,675,916
Net income (loss) per share, basic	\$ (0.30)	\$ 0.03	\$ 0.26	\$ 0.24	\$ 0.29
Net income (loss) per share, diluted	(0.26)	0.03	0.23	0.20	0.23
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 48,093	\$ 60,039	\$ 80,111	\$ 73,451	\$ 97,546
Securities available-for-sale	155,663	188,516	182,355	167,213	171,337
Securities held-to-maturity	46,458	46,855	46,864	46,228	43,331
Loans held for sale	73,573	35,371	42,111	61,252	57,014
Total loans	996,617	1,003,434	935,251	924,031	887,437
Allowance for loan losses	(12,454)	(13,997)	(11,634)	(11,510)	(10,454)
Total assets	1,371,626	1,381,703	1,333,675	1,318,057	1,310,418
Non-interest-bearing deposits	231,169	223,450	197,788	191,469	193,542
Interest-bearing deposits	889,816	934,545	930,935	944,590	949,759
Federal Home Loan Bank advances	105,000	75,000	55,000	30,000	40,000
Total liabilities	1,233,596	1,241,491	1,194,468	1,179,631	1,196,100
Shareholders' equity	138,030	140,211	139,207	138,427	114,318
Total shares of common stock outstanding	11,235,255	11,218,328	11,204,515	11,191,021	8,683,902
Total shares of preferred stock outstanding	878,049	878,049	878,049	878,049	1,609,756
Book value per share of common stock	11.48	11.70	11.62	11.57	11.26
Market value per share of common stock (1)	17.74	19.07	21.96	16.92	-
Capital ratios:					
Total risk based capital	11.51%	12.13%	12.60%	12.45%	10.67%
Tier 1 risk based capital	10.54%	11.01%	11.61%	11.46%	9.73%
Common equity tier 1 capital	9.86%	10.32%	10.90%	10.75%	8.34%
Leverage	9.77%	10.37%	10.46%	10.47%	8.90%

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

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

CAPSTAR FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Selected Quarterly Financial Data (unaudited) (dollars in thousands, except share data)

Second Quarter 2017 Earnings Release

	Five Quarter Comparison				
	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Average Balance Sheet Data:					
Average cash and cash equivalents	\$ 62,002	\$ 58,925	\$ 66,758	\$ 55,054	\$ 56,459
Average investment securities	227,431	237,084	226,033	218,463	232,588
Average loans held for sale	34,690	28,359	52,483	63,640	43,055
Average loans	1,028,968	974,350	938,887	918,302	873,984
Average assets	1,393,331	1,340,237	1,324,620	1,296,871	1,247,077
Average interest bearing deposits	882,722	933,328	942,923	944,794	909,028
Average total deposits	1,111,833	1,143,636	1,138,779	1,132,038	1,093,452
Average Federal Home Loan Bank advances	128,901	43,837	33,478	29,565	27,418
Average liabilities	1,250,544	1,198,686	1,185,091	1,179,480	1,134,506
Average shareholders' equity	142,787	141,551	139,529	117,390	112,571
Performance Ratios:					
Annualized return on average assets	-0.96%	0.10%	0.88%	0.65%	0.80%
Annualized return on average equity	-9.39%	0.95%	8.35%	7.15%	8.85%
Net interest margin	3.15%	3.12%	3.17%	3.23%	3.09%
Annualized Non-interest income to average assets	0.77%	0.65%	0.89%	0.98%	0.83%
Efficiency ratio	62.1%	69.4%	65.8%	64.0%	67.6%
Loans by Type:					
Commercial and industrial	\$ 406,636	\$ 420,825	\$ 379,620	\$ 389,718	\$ 389,088
Commercial real estate - owner occupied	97,635	92,213	106,735	108,921	104,345
Commercial real estate - non-owner occupied	288,123	268,742	195,587	163,626	171,426
Construction and development	62,152	74,007	94,491	91,366	63,744
Consumer real estate	99,751	99,952	97,015	96,919	91,091
Consumer	4,096	4,495	5,974	7,046	7,486
Other	38,783	43,983	56,796	67,806	61,670
Asset Quality Data:					
Allowance for loan losses to total loans	1.25%	1.39%	1.24%	1.25%	1.18%
Allowance for loan losses to non-performing loans	386%	103%	321%	279%	179%
Nonaccrual loans	\$ 3,229	\$ 13,624	\$ 3,619	\$ 4,123	\$ 5,829
Troubled debt restructurings	1,239	1,256	1,272	1,288	-
Loans - 90 days past due and accruing	15	-	-	-	-
Total non-performing loans	3,229	13,624	3,619	4,123	5,829
OREO and repossessed assets	-	-	-	-	-
Total non-performing assets	3,229	13,624	3,619	4,123	5,829
Non-performing loans to total loans	0.32%	1.36%	0.39%	0.45%	0.66%
Non-performing assets to total assets	0.24%	0.99%	0.27%	0.31%	0.44%
Non-performing assets to total loans and OREO	0.32%	1.36%	0.39%	0.45%	0.66%
Annualized net charge-offs to average loans	4.38%	0.43%	-0.02%	0.25%	0.01%
Net charge-offs (recoveries)	\$ 11,233	\$ 1,041	\$ (53)	\$ 582	\$ 28
Interest Rates and Yields:					
Loans	4.29%	4.24%	4.32%	4.36%	4.24%
Securities	2.44%	2.37%	2.19%	2.10%	2.15%
Total interest-earning assets	3.85%	3.77%	3.74%	3.79%	3.66%
Deposits	0.70%	0.67%	0.57%	0.58%	0.59%
Borrowings and repurchase agreements	1.18%	1.30%	2.32%	1.25%	1.31%
Total interest-bearing liabilities	0.92%	0.85%	0.74%	0.71%	0.73%
Other Information:					
Full-time equivalent employees	169	168	170	168	166

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)

Second Quarter 2017 Earnings Release

	For the Three Months Ended June 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)	\$ 1,028,968	\$ 11,011	4.29%	\$ 873,984	\$ 9,204	4.24%
Loans held for sale	34,690	362	4.18%	43,055	401	3.74%
Securities:						
Taxable investment securities (2)	174,075	1,069	2.46%	187,309	981	2.09%
Investment securities exempt from federal income tax (3)	53,356	317	2.38%	45,279	268	2.37%
Total securities	227,431	1,386	2.44%	232,588	1,249	2.15%
Cash balances in other banks	49,735	115	0.93%	46,787	56	0.49%
Funds sold	3,637	16	1.78%	1,952	4	0.90%
Total interest-earning assets	1,344,461	12,890	3.85%	1,198,366	10,914	3.66%
Noninterest-earning assets	48,869			48,712		
Total assets	\$ 1,393,330			\$ 1,247,078		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 302,532	586	0.78%	\$ 282,299	390	0.56%
Savings and money market deposits	379,800	773	0.82%	444,558	719	0.65%
Time deposits	200,389	574	1.15%	182,171	506	1.12%
Total interest-bearing deposits	882,721	1,933	0.88%	909,028	1,615	0.71%
Borrowings and repurchase agreements	130,824	386	1.18%	30,000	98	1.31%
Total interest-bearing liabilities	1,013,545	2,319	0.92%	939,028	1,713	0.73%
Noninterest-bearing deposits	229,111			184,425		
Total funding sources	1,242,656			1,123,453		
Noninterest-bearing liabilities	7,887			11,054		
Shareholders' equity	142,787			112,571		
Total liabilities and shareholders' equity	\$ 1,393,330			\$ 1,247,078		
Net interest spread (4)			2.93%			2.93%
Net interest income/margin (5)		\$ 10,571	3.15%		\$ 9,201	3.09%

- (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)

Second Quarter 2017 Earnings Release

	For the Six Months Ended June 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)	\$ 1,001,810	\$ 21,205	4.27%	\$ 848,048	\$ 18,180	4.31%
Loans held for sale	31,542	635	4.06%	36,427	693	3.83%
Securities:						
Taxable investment securities (2)	177,840	2,150	2.42%	182,436	1,949	2.14%
Investment securities exempt from federal income tax (3)	54,391	642	2.36%	43,999	549	2.50%
Total securities	232,231	2,792	2.40%	226,435	2,498	2.21%
Cash balances in other banks	48,893	219	0.91%	51,607	133	0.52%
Funds sold	2,689	18	1.39%	2,328	9	0.74%
Total interest-earning assets	1,317,165	24,869	3.81%	1,164,845	21,513	3.71%
Noninterest-earning assets	49,766			49,407		
Total assets	\$ 1,366,931			\$ 1,214,252		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	\$ 316,502	1,204	0.77%	\$ 242,791	692	0.57%
Savings and money market deposits	406,937	1,587	0.79%	445,224	1,451	0.66%
Time deposits	184,446	1,046	1.14%	185,475	1,020	1.11%
Total interest-bearing deposits	907,885	3,837	0.85%	873,490	3,163	0.73%
Borrowings and repurchase agreements	88,206	530	1.21%	30,399	192	1.27%
Total interest-bearing liabilities	996,091	4,367	0.88%	903,889	3,355	0.75%
Noninterest-bearing deposits	219,762			186,965		
Total funding sources	1,215,853			1,090,854		
Noninterest-bearing liabilities	8,905			11,703		
Shareholders' equity	142,173			111,695		
Total liabilities and shareholders' equity	\$ 1,366,931			\$ 1,214,252		
Net interest spread (4)			2.92%			2.97%
Net interest income/margin (5)		\$ 20,502	3.14%		\$ 18,158	3.13%

- (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)

Second Quarter 2017 Earnings Release

	Three Months Ended	
	June 30,	
	2017	2016
Pre-Tax Pre-Provision Income:		
Income (loss) before income taxes	\$ (4,670)	\$ 3,635
Add: provision for loan losses	9,690	183
Pre-tax pre-provision income	\$ 5,020	\$ 3,818



CAPSTAR™

FINANCIAL HOLDINGS, INC.

**Second Quarter 2017
Earnings Call
July 28, 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 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.

2Q17 Financial Results

- Important themes:
 - Organic growth of company remains strong (Q217 vs. Q216)
 - Pretax, Pre-provision Income increased 31%
 - Average loan growth increased 18%
 - Average DDA and NOW accounts increased 14%
 - Treasury Management and Deposit Service charges increased 13%
 - We charged off the existing balance on a non-performing loan relationship that we discussed with you previously.
 - Overall Asset Quality
 - Deliver strong operating and financial results

2Q17 Financial Highlights

- A pretax charge of \$9.7MM for the one relationship we previously discussed with you drove a Net Loss of \$3.3MM, Fully Diluted EPS at (\$0.26) for the quarter.
- PTPP income in Q217 of \$5.0MM vs Q216 of \$3.8MM, up 31%.
- Our otherwise strong quarterly operating performance was overshadowed by the deterioration of one non-performing borrower that we previously discussed with you.

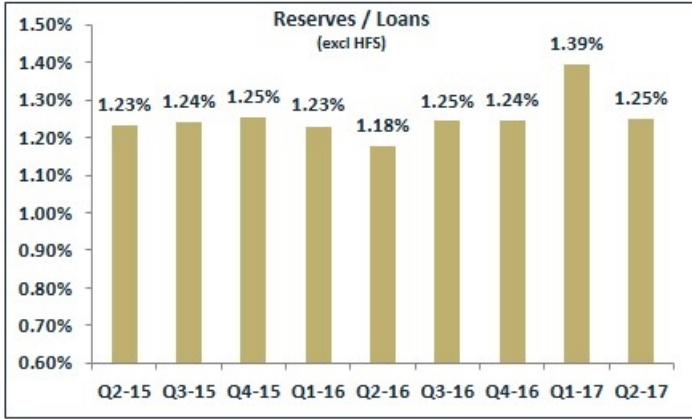
Asset Quality

- Conservatively dealt with one borrowing relationship:
 - Previously, we recorded a specific reserve of \$2MM on a relationship originated in the healthcare sector.
 - In concert with plans for a pre-packaged bankruptcy filing, an asset purchase agreement was negotiated with a potential purchaser which was backed by a private equity investor.
 - We agreed to fund the Debtor in Possession loan to bridge the bankruptcy to the sale of the company.
 - Issues emerged which negatively impacted the potential purchaser’s ability to close, causing our assessment of an expedient outcome to deteriorate.
 - The decision was made to charge-off the remaining balance of the loan relationship, although active recovery efforts will continue, as we pursue our secured creditor claims and other sources.
 - We are continuously focused on delivering strong operating and financial results.

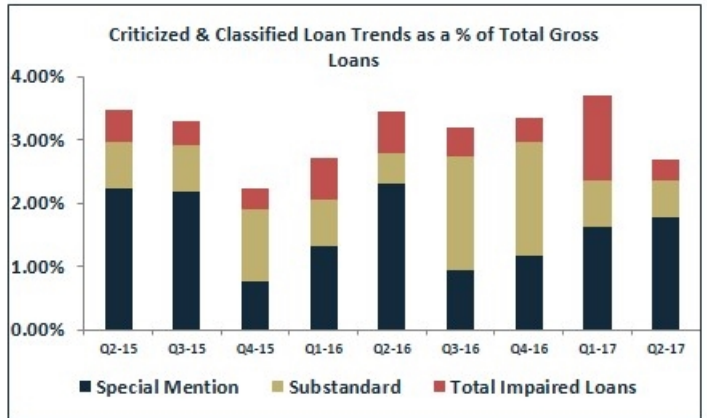
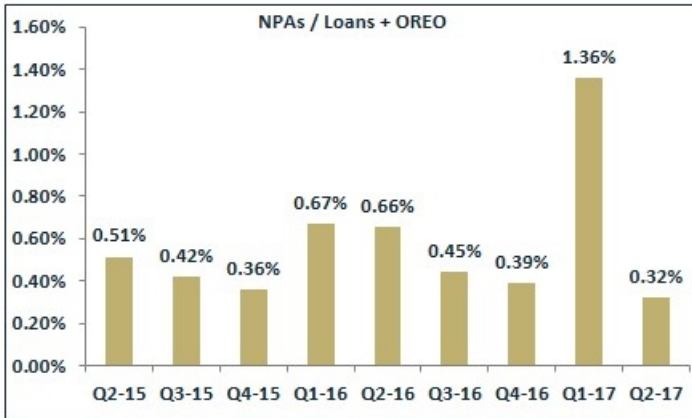
Asset Quality

- Overall Asset Quality
 - Key metrics indicate a sound loan portfolio.
 - We believe that our existing credit infrastructure and risk management systems are sound.
 - Refinements introduced in 2016 further strengthening quality of loan originations:
 - Lower levels of acceptable leverage
 - Deeper stress testing on customer M&A loan requests
 - Continual assessment of regulatory, legislative and reimbursement trends impacting the healthcare sector

Credit Quality



- Maintain strong reserve levels
- Non-performing loans are at their lowest level in two years.



Moving Forward

- Continue to drive and enhance operational and earnings performance
- Organic growth of the company (Q217 vs. Q216)
- Hired two revenue producers in Q2
- Recent Greenwich study affirmed opportunities for future growth
 - Excellent customer satisfaction
 - The level of market penetration provides opportunities to support organic growth.

Summary Financials 2Q17

CapStar continues to experience balance sheet growth over the prior year.
Pre-tax, Pre-Provision income increased 31% over the prior year.

\$ in millions	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	% Change	2017	2016	% Change
Balance Sheet (Period Averages)						
Loans (Excl HFS)	\$ 1,029	\$ 874	18%	\$ 1,002	\$ 848	18%
Deposits	1,112	1,093	2%	1,128	1,060	6%
Total Transaction Deposits (DDA + Now)	532	467	14%	536	430	25%
Total Assets	1,393	1,247	12%	1,367	1,214	13%
Income Statement						
Net Interest Income	\$ 10.6	\$ 9.2	15%	\$ 20.5	\$ 18.2	13%
Non Interest Income	2.7	2.6	4%	4.8	4.9	-3%
Total Revenue	13.2	11.8	12%	25.3	23.1	10%
Provision for Loan Losses	9.7	0.2	5199%	13.1	1.1	1069%
Non Interest Expense	8.2	8.0	3%	16.6	16.0	4%
Income before Income Taxes	(4.7)	3.6	-228%	(4.4)	6.0	-173%
Income Tax Expense	(1.3)	1.2	-215%	(1.4)	2.0	-170%
Net Income	(3.3)	2.5	-235%	(3.0)	4.1	-174%
Pre-tax Pre-Provision Income*	5.0	3.8	31%	8.7	7.1	22%

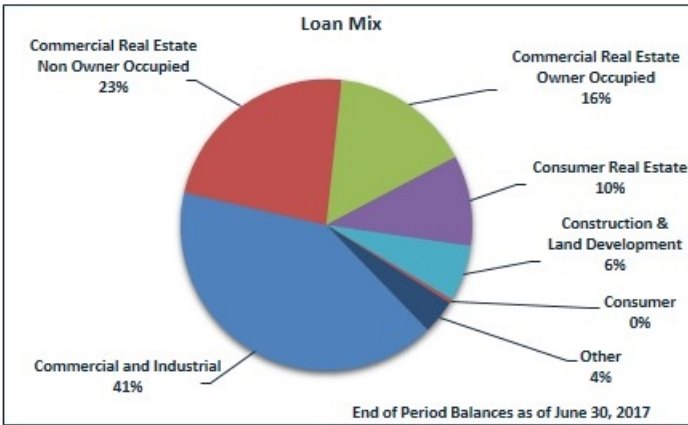
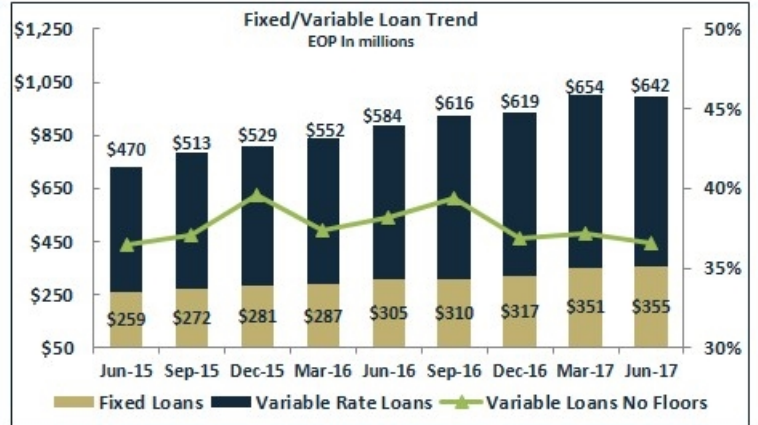
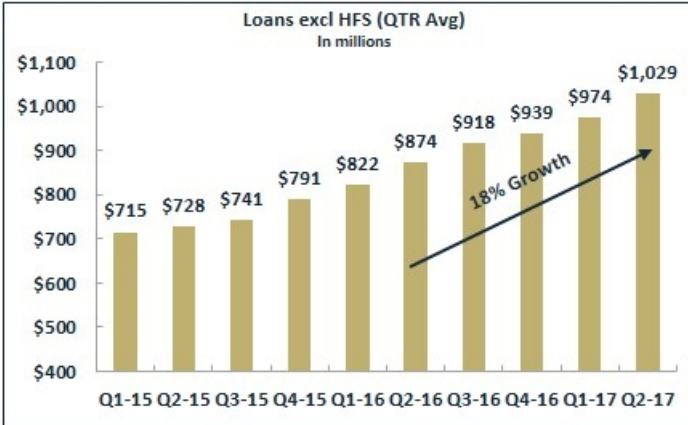
Relationship driven products

Operating Leverage of 2.5x

Positive earnings growth

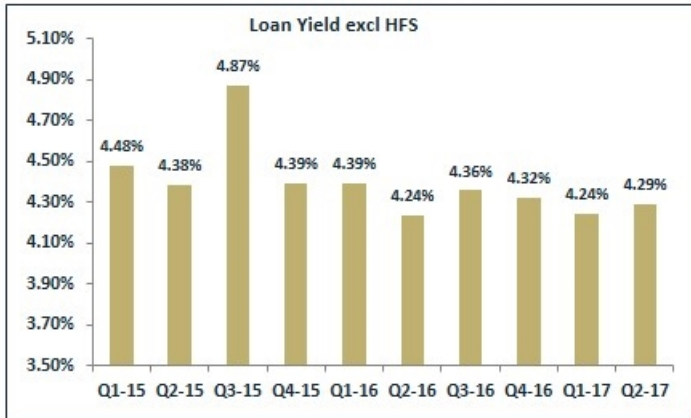
*Reconciliation provided in non-GAAP tables

Loan Growth

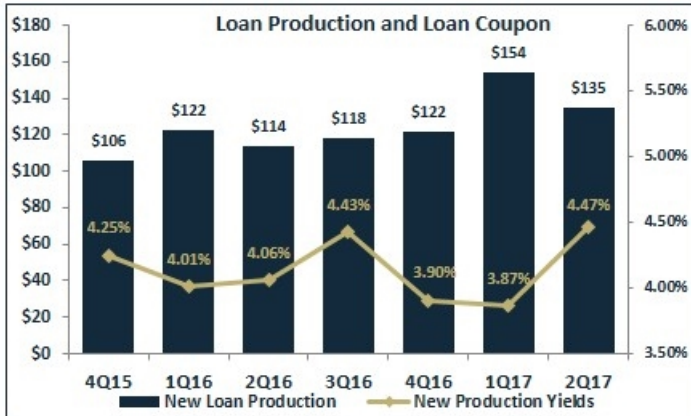


\$ in millions	Q2-17 EOP		Q2-17 AVG		% Change Vs. Q2-16 AVG
	Q2-17 EOP	Q2-17 AVG	Q2-17 EOP	Q2-17 AVG	
Balance Sheet					
C&I - Healthcare	\$ 177	\$ 193			7%
C&I - All Other	230	231			10%
Commercial and Industrial	407	424			8%
Commercial Real Estate	386	395			45%
Consumer Real Estate	100	101			15%
Construction and Land Development	62	61			4%
Consumer	4	4			-43%
Other	38	43			-22%
Total Loans HFI	\$ 997	\$ 1,029			18%
Tri-Net Funding - LHFS	43	6			N/A
Residential Mortgage - LHFS	31	29			-33%
Total Loans (Including Loans HFS)	\$ 1,070	\$ 1,064			16%

Loan Yields



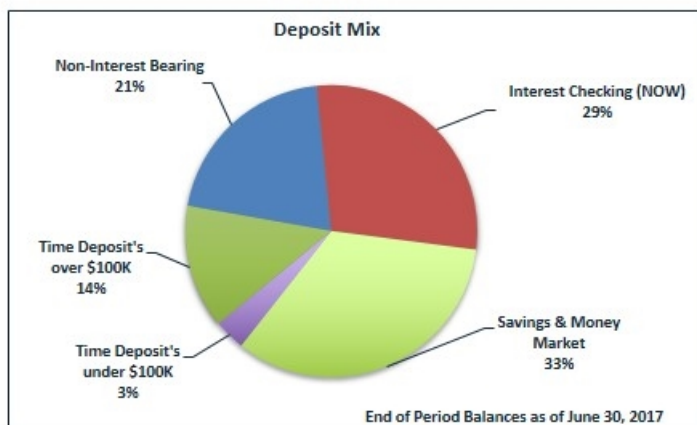
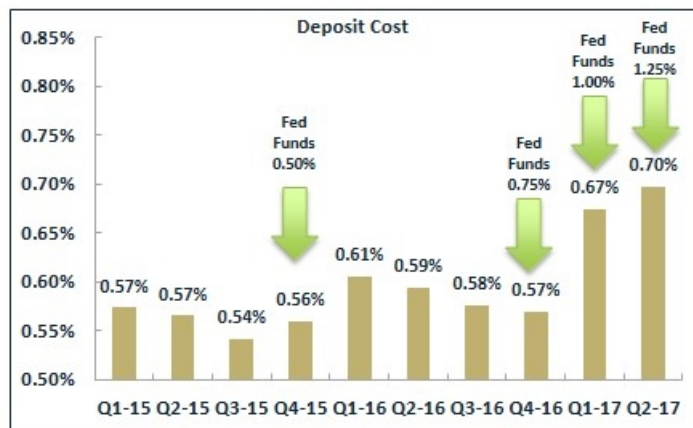
- The average loan yield on new loan production was 4.47% for the quarter and above the portfolio average of 4.29%.
- Variable loans are repricing as expected and improved the loan yield 9 bps.
- Loan fees declined largely due to a large one-time prepayment penalty fee in Q1.



1Q17 (Avg)	4.24%
New Loan Production	0.01%
Repricing of Remaining Portfolio	0.09%
Loans Paid Off	0.01%
Decrease in Loan Fees (one time prepayment penalty fee in Q1)	-0.06%
2Q17 (Avg)	4.29%

Deposit Growth and Costs

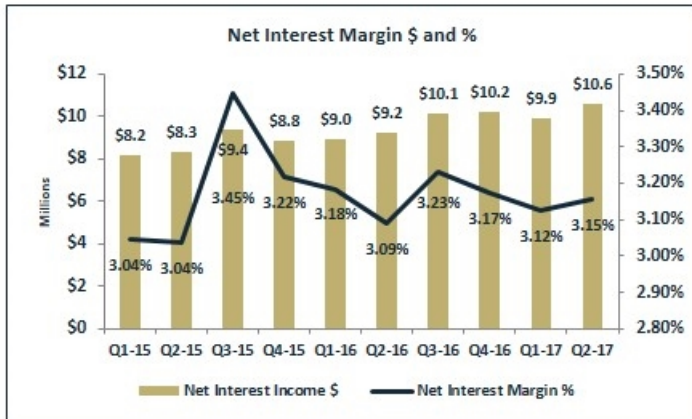
- With the last four rate increases (+100 bps), we have held our deposit costs to a 16% beta (0.54%-0.70% with a 100 bps increase in Fed Funds)
- 50% of our deposit book is in some form of checking account (DDA & NOW). We are gaining “primary bank” status with our clients.



\$ in millions	% Change Vs.		
	Q2-17	Q1-17*	Q2-16
Balance Sheet (Quarter Averages)			
Non-Interest Bearing	\$ 229	36%	24%
Interest Checking (NOW)	303	-34%	7%
Savings & Money Market	380	-50%	-15%
Time Deposit's under \$100K	40	-10%	-12%
Time Deposit's over \$100K	161	104%	17%
Deposits	\$ 1,112	-11%	2%

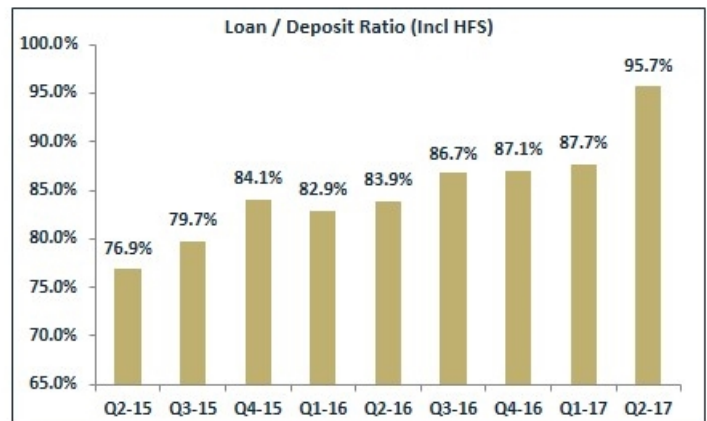
* Annualized % Change from Q1-17 to Q2-17

Net Interest Margin



- Our net interest margin was impacted by yields on new production, runoff and loan fees (prepayment penalty in 1Q17).
- We continue to improve our balance sheet mix and loan/deposit ratio.
- Increased loan/deposit ratio with seasonally lower correspondent balances offset with borrowings.

Net Interest Margin	
1Q17 (Avg)	3.12%
Loan Volumes/Repricing	0.14%
Decrease in Loan Fees (one time prepayment penalty fee in Q1)	-0.04%
Liabilities Mix (Deposits/Borrowings)	-0.05%
Investment/Cash Mix	-0.02%
2Q17 (Avg)	3.15%



Non-Interest Income

(Dollars in thousands)	Three Months Ended				
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Non Interest Income					
Service Charges on Deposit Accounts	\$ 342	\$ 329	\$ 303	\$ 277	\$ 303
Loan Commitment Fees	187	236	217	329	143
Mortgage Fees	1,370	1,216	2,033	2,339	1,655
Wealth Management	56	42	30	25	27
BOLI	145	144	150	151	150
Tri-Net Fees	297	84	125	-	-
Other	269	83	95	70	290
Total Non Interest Income	\$ 2,666	\$ 2,134	\$ 2,954	\$ 3,191	\$ 2,568
Average Assets	\$ 1,393,331	\$ 1,340,237	\$ 1,324,620	\$ 1,296,871	\$ 1,247,077
Non Interest Income / Average Assets	0.77%	0.65%	0.89%	0.98%	0.83%

- Service charges have steadily increased as we gain share of wallet with our client base.
- Loan fees are in line with expectations and higher than 2Q16.
- Mortgage fees increased with production vs. last quarter.
- TriNet business gaining traction and execution.

Non-Interest Expense

(Dollars in thousands)	Three Months Ended				
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Non Interest Expense					
Salaries and Employee Benefits	\$ 4,784	\$ 5,086	\$ 5,185	\$ 5,119	\$ 4,938
Data Processing & Software	711	621	542	627	635
Professional Fees	350	365	406	391	426
Occupancy	539	449	366	352	371
Equipment	544	496	443	458	436
Regulatory Fees	301	307	348	250	265
Advertising & Marketing	94	143	88	56	84
Mortgage Earnout – Contingent Liability	(37)	50	774	661	123
Other	932	859	489	612	672
Total Non Interest Expense	\$ 8,217	\$ 8,375	\$ 8,642	\$ 8,527	\$ 7,951
<i>Efficiency Ratio</i>	62.1%	69.4%	65.8%	64.0%	67.6%
<i>Average Assets</i>	\$ 1,393,331	\$ 1,340,237	\$ 1,324,620	\$ 1,296,871	\$ 1,247,077
<i>Non Interest Expense / Average Assets</i>	2.37%	2.53%	2.60%	2.62%	2.56%

- Overall expense base of \$8.2MM, slightly lower than previous quarter.
- Efficiency ratio improved due to increased revenues and slightly lower expenses.
- Other non-interest expenses increased due to special asset expenses related to the charge-off.

Capital

- Capital ratios are above regulatory guidelines.

<u>Capital Ratios</u>	Q2-17	Q1-17	Q4-16	Q3-16	"Well Capitalized" Guidelines
Tangible Equity / Tangible Assets*	9.65%	9.74%	10.01%	10.07%	NA
Tangible Common Equity / Tangible Assets*	8.99%	9.08%	9.34%	9.39%	NA
Tier 1 Leverage Ratio	9.77%	10.37%	10.46%	10.47%	≥ 5.00%
Tier 1 Risk Based Capital Ratio	10.54%	11.01%	11.61%	11.46%	≥ 8.00%
Total Risk Based Capital Ratio	11.51%	12.13%	12.60%	12.45%	≥ 10.00%

*Reconciliation provided in non-GAAP tables

Key Takeaways

- CapStar's strategy remains one of sound, profitable growth
- Conservatively dealt with previously identified problem credit
- Overall asset quality metrics improving
- Focused on consistently delivering financial results throughout the company
- Organic growth opportunities through market share takeaway
- Remain committed to delivering ROAA of 1.00% by the end of 2018



Appendix: Historical Financials

Historical Financials

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,					
(Dollars in thousands, except per share information)	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
STATEMENT OF INCOME DATA										
Interest Income	\$ 12,890	\$ 10,915	\$ 24,869	\$ 21,513	\$ 45,395	\$ 40,504	\$ 38,287	\$ 41,157	\$ 33,966	\$ 23,454
Interest Expense	2,320	1,714	4,367	3,355	6,932	5,731	5,871	6,576	6,682	7,146
Net Interest Income	10,571	9,201	20,502	18,157	38,463	34,773	32,416	34,581	27,284	16,308
Provision for Loan and Lease Losses	9,690	183	13,094	1,120	2,829	1,651	3,869	938	3,968	1,897
Non-Interest Income	2,666	2,568	4,799	4,939	11,084	8,884	7,419	1,946	1,935	874
Non-Interest Expense	8,217	7,951	16,592	15,961	33,129	30,977	28,562	25,432	19,021	13,211
Income before Income Taxes	(4,670)	3,636	(4,385)	6,016	13,590	11,029	7,404	10,157	6,230	2,073
Income Tax Expense	(1,328)	1,159	(1,375)	1,956	4,493	3,470	2,412	3,749	(3,168)	-
Net Income	(3,342)	2,476	(3,010)	4,060	9,097	7,559	4,992	6,408	9,398	2,073
Pre-Tax Pre-Provision Net Income *	5,020	3,819	8,709	7,136	16,419	12,680	11,273	11,095	10,197	3,970

* Reconciliation provided in non-GAAP tables

Historical Financials

	As of June 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	\$ 48,093	\$ 97,546	\$ 80,111	\$ 100,185	\$ 73,934	\$ 44,793	\$ 113,282	\$ 44,043
Investment Securities	210,413	220,186	235,250	221,890	285,514	305,291	280,115	236,837
Loans Held for Sale	73,573	57,014	42,111	35,729	15,386	-	-	-
Gross Loans and Leases (Net of Unearned Income)	996,617	887,437	935,251	808,396	713,077	626,382	624,328	430,329
Total Intangibles	6,263	6,317	6,290	6,344	6,398	284	317	-
Total Assets	1,371,626	1,310,418	1,333,675	1,206,800	1,128,395	1,008,709	1,031,755	711,183
Deposits	1,120,984	1,143,301	1,128,722	1,038,460	981,057	879,165	919,782	621,212
Borrowings and Repurchase Agreements	105,000	40,000	55,000	48,755	34,837	29,494	7,452	12,622
Total Liabilities	1,233,596	1,196,100	1,194,468	1,098,214	1,025,744	913,294	931,277	636,613
Common Equity	129,031	97,818	130,207	92,086	86,151	79,691	83,977	58,070
Preferred Equity	9,000	16,500	9,000	16,500	16,500	16,500	16,500	16,500
Total Shareholders' Equity	138,031	114,318	139,207	108,586	102,651	96,191	100,478	74,570
Tangible Equity *	131,768	108,001	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 June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
SELECTED PERFORMANCE RATIOS										
Return on Average Assets (ROAA)	-0.96%	0.80%	-0.44%	0.67%	0.72%	0.66%	0.47%	0.62%	1.11%	0.34%
Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA) *	1.45%	1.23%	1.28%	1.18%	1.30%	1.11%	1.06%	1.08%	1.20%	0.65%
Return on Average Equity (ROAE)	-9.39%	8.85%	-4.27%	7.31%	7.57%	7.08%	4.94%	6.46%	10.56%	2.94%
Return on Average Tangible Equity (ROATE) *	-9.82%	9.37%	-4.47%	7.75%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
Return on Average Tangible Common Equity (ROATCE) *	-10.51%	11.10%	-4.78%	9.19%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
Net Interest Margin	3.15%	3.09%	3.14%	3.13%	3.17%	3.19%	3.20%	3.45%	3.30%	2.73%
Efficiency Ratio **	62.08%	67.56%	65.58%	69.10%	66.86%	70.96%	71.70%	69.62%	65.10%	76.89%
Non-Interest Income / Average Assets	0.77%	0.83%	0.71%	0.82%	0.88%	0.78%	0.70%	0.19%	0.23%	0.14%
Non-Interest Expense / Average Assets	2.37%	2.56%	2.45%	2.64%	2.62%	2.72%	2.68%	2.47%	2.25%	2.16%
Loan and Lease Yield	4.29%	4.24%	4.27%	4.31%	4.33%	4.53%	4.74%	5.48%	5.50%	5.02%
Deposit Cost	0.70%	0.59%	0.69%	0.60%	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 June 30,		Six Months Ended June 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	-\$0.30	\$0.29	-\$0.27	\$0.47	\$0.98	\$0.89	\$0.59	\$0.75	\$1.20	\$0.29
Diluted Net Earnings per Share	-\$0.26	\$0.23	-\$0.24	\$0.38	\$0.81	\$0.73	\$0.49	\$0.62	\$1.00	\$0.24
Book Value Per Share, Reported	\$11.48	\$11.26	\$11.48	\$11.26	\$11.62	\$10.74	\$10.17	\$9.54	\$9.65	\$8.13
Tangible Book Value Per Share, Reported	\$10.93	\$10.54	\$10.93	\$10.54	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
Book Value Per Share, Adjusted *	\$11.39	\$11.11	\$11.39	\$11.11	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
Tangible Book Value Per Share, Adjusted *	\$10.88	\$10.49	\$10.88	\$10.49	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52
Shares of Common Stock Outstanding at End of Period	11,235,255	8,683,902	11,235,255	8,683,902	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	9.77%	8.90%	9.77%	8.90%	10.46%	9.33%	8.56%	8.96%	9.22%	10.31%
Common Equity Tier 1 Capital (Cet1)	9.86%	8.34%	9.86%	8.34%	10.90%	8.89%	-	-	-	-
Tier 1 Risk-Based Capital	10.54%	9.73%	10.54%	9.73%	11.61%	10.41%	10.32%	11.14%	11.77%	13.47%
Total Risk-Based Capital Ratio	11.51%	10.67%	11.51%	10.67%	12.60%	11.42%	11.54%	12.19%	12.86%	14.68%
Total Shareholders' Equity to Total Assets Ratio	10.06%	8.72%	10.06%	8.72%	10.44%	9.00%	9.10%	9.54%	9.74%	10.49%
Tangible Equity to Tangible Assets *	9.65%	8.28%	9.65%	8.28%	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 June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
NON-PERFORMING ASSETS (NPA)										
Non-Performing Loans	\$ 3,229	\$ 5,829	\$ 3,229	\$ 5,829	\$ 3,619	\$ 2,689	\$ 7,738	\$ 6,552	\$ 8,784	\$ 141
Troubled Debt Restructurings	1,239	-	1,239	-	1,272	125	2,618	-	-	141
Other Real Estate and Repossessed Assets	-	-	-	-	-	216	575	1,451	1,822	-
Non-Performing Assets	3,229	5,829	3,229	5,829	3,619	2,905	8,313	8,003	10,606	141
ASSET QUALITY RATIOS										
Non-Performing Assets / Assets	0.24%	0.44%	0.24%	0.44%	0.27%	0.24%	0.74%	0.79%	1.03%	0.02%
Non-Performing Loans / Loans	0.32%	0.66%	0.32%	0.66%	0.39%	0.33%	1.09%	1.05%	1.41%	0.03%
Non-Performing Assets / Loans + OREO	0.32%	0.66%	0.32%	0.66%	0.39%	0.36%	1.16%	1.27%	1.69%	0.03%
Net Charge-Offs to Average Loans (Periods Annualized)	4.38%	0.01%	2.47%	0.19%	0.15%	0.38%	0.15%	0.11%	0.40%	0.14%
Allowance for Loan Losses to Total Loans and Leases	1.25%	1.18%	1.25%	1.18%	1.24%	1.25%	1.58%	1.35%	1.32%	1.45%
Allowance for Loan to Non-Performing Loans	385.7%	179.3%	385.7%	179.3%	321.4%	376.8%	145.8%	129.1%	93.5%	4415.6%

* Reconciliation provided in non-GAAP tables

Historical Financials

	As of June 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	\$ 385,758	\$ 275,771	\$ 302,322	\$ 251,196	\$ 219,793	\$ 182,392	\$ 177,584	\$ 135,855
Consumer Real Estate	99,751	91,091	97,015	93,785	82,167	63,893	77,787	51,256
Construction and Land Development	62,152	63,744	94,491	52,522	46,193	30,217	35,674	24,676
Commercial and Industrial	406,636	389,088	379,620	353,442	332,914	312,527	279,755	175,518
Consumer	4,096	7,486	5,974	8,668	7,910	7,939	10,749	12,687
Other Loans	38,225	60,258	55,829	48,782	28,578	32,132	46,929	30,337
DEPOSIT COMPOSITION								
Non-Interest Bearing	231,169	193,542	197,788	190,580	157,355	135,448	102,786	66,641
Interest Checking	321,153	314,325	299,621	189,983	115,915	84,028	60,663	12,655
Savings & Money Market	376,130	440,900	447,686	437,214	484,600	427,312	544,762	404,775
Time Deposits Less Than \$100,000	38,892	44,859	41,128	45,902	51,813	46,819	52,844	21,563
Time Deposits Greater Than or Equal to \$100,000	153,641	149,675	142,500	174,781	171,373	185,482	158,778	115,578

* Reconciliation provided in non-GAAP tables

Historical Financials

	Three Months Ended June 30,		Six Months Ended June 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	\$ 62,152	\$ 63,744	\$ 62,152	\$ 63,744	\$ 94,491	\$ 52,522	\$ 46,193	\$ 30,217	\$ 35,674	\$ 24,676
Commercial Real Estate and Construction	385,327	239,866	385,327	239,866	282,513	198,285	172,803	146,258	150,253	109,988
Construction and Development to Total Risk Based Capital (Reg. 100%)	42.0%	52.7%	42.0%	52.7%	63.2%	45.3%	42.8%	30.1%	36.7%	32.3%
Coml. Real Estate and Const. to Total Risk Based Capital (Reg. 300%)	260.3%	198.4%	260.3%	198.4%	188.8%	170.9%	160.0%	145.8%	154.6%	144.0%
MORTGAGE METRICS										
Total Origination Volume	\$ 113,759	\$ 151,807	\$ 206,921	\$ 236,915	\$ 522,037	\$ 422,323	\$ 253,099	-	-	-
Total Mortgage Loans Sold	121,018	123,155	221,072	215,810	523,031	407,941	245,891	-	-	-
Purchase Volume as a % of Originations	80%	72%	77%	69%	67%	72%	76%	-	-	-
Mortgage Fees/Gain on Sale of Loans	1,370	1,655	2,587	3,002	7,375	5,962	4,067	-	-	-
Mortgage Fees/Gain on Sale as a % of Loans Sold	1.13%	1.34%	1.17%	1.39%	1.41%	1.46%	1.65%	-	-	-
Mortgage Fees/Gain on Sale as a % of Total Revenue	10.4%	14.1%	10.2%	13.0%	14.9%	13.7%	10.2%	-	-	-

Non-GAAP Financial Measures

(Dollars in thousands, except per share information)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
PRE-TAX PRE-PROVISION INCOME										
Pre-Tax Income	\$ (4,670)	\$ 3,636	\$ (4,385)	\$ 6,016	\$ 13,590	\$ 11,029	\$ 7,404	\$ 10,157	\$ 6,230	\$ 2,073
Add: Provision for Loan Losses	9,690	183	13,094	1,120	2,829	1,651	3,869	938	3,968	1,897
Pre-Tax Pre-Provision Income	5,020	3,819	8,709	7,136	16,419	12,680	11,273	11,095	10,197	3,970
PRE-TAX PRE-PROVISION RETURN ON AVERAGE ASSETS										
Total Average Assets	\$1,393,331	\$1,247,077	\$1,366,931	\$1,214,252	\$1,262,763	\$1,140,760	\$1,064,705	\$1,028,709	\$ 846,901	\$ 612,775
Pre-Tax Pre-Provision Income	5,020	3,819	8,709	7,136	16,419	12,680	11,273	11,095	10,197	3,970
Pre-Tax Pre-Provision Return on Average Assets	1.45%	1.23%	1.29%	1.18%	1.30%	1.11%	1.06%	1.08%	1.20%	0.65%

Non-GAAP Financial Measures

	As of June 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	\$ 138,031	\$ 114,318	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Less: Intangible Assets	6,263	6,317	6,290	6,344	6,398	284	317	-
Tangible Equity	131,768	108,001	132,918	102,242	96,253	95,907	100,160	74,570
TANGIBLE COMMON EQUITY								
Tangible Equity	\$ 131,768	\$ 108,001	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Less: Preferred Equity	9,000	16,500	9,000	16,500	16,500	16,500	16,500	16,500
Tangible Common Equity	122,768	91,501	123,918	85,742	79,753	79,407	83,660	58,070
TANGIBLE EQUITY TO TANGIBLE ASSETS								
Tangible Equity	\$ 131,768	\$ 108,001	\$ 132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Total Assets	1,371,626	1,310,418	1,333,675	1,206,800	1,128,395	1,009,485	1,031,755	711,183
Less: Intangible Assets	6,263	6,317	6,290	6,344	6,398	284	317	-
Tangible Assets	1,365,364	1,304,101	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Equity to Tangible Assets	9.65%	8.28%	10.01%	8.52%	8.58%	9.51%	9.71%	10.49%
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS								
Tangible Common Equity	\$ 122,768	\$ 91,501	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Tangible Assets	1,365,364	1,304,101	1,327,385	1,200,456	1,121,997	1,008,425	1,031,437	711,183
Tangible Common Equity to Tangible Assets	8.99%	7.02%	9.34%	7.14%	7.11%	7.87%	8.11%	8.17%

Non-GAAP Financial Measures

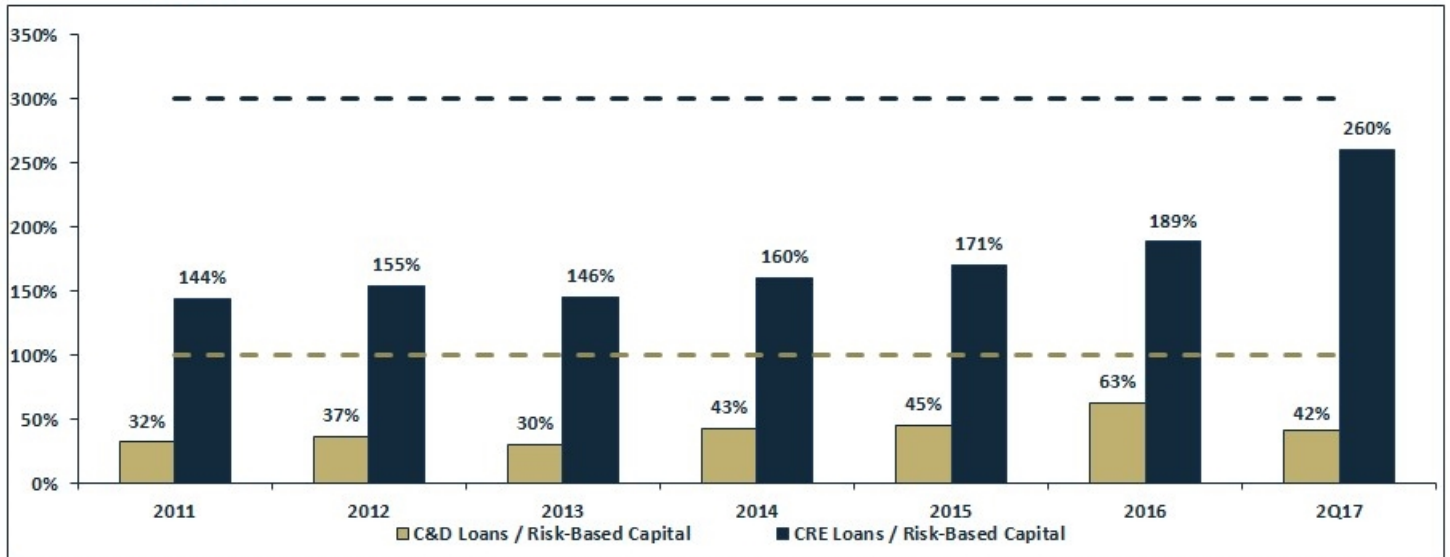
	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended December 31,					
	2017	2016	2017	2016	2016	2015	2014	2013	2012	2011
(Dollars in thousands, except per share information)										
RETURN ON AVERAGE TANGIBLE EQUITY (ROATE)										
Total Average Shareholder's Equity	\$ 142,787	\$ 112,571	\$ 142,173	\$ 111,695	\$ 120,123	\$ 106,727	\$ 101,030	\$ 99,153	\$ 88,990	\$ 70,625
Less: Average Intangible Assets	6,271	6,324	6,278	6,331	6,318	6,371	6,855	301	1,151	-
Average Tangible Equity	136,517	106,247	135,895	105,364	113,805	100,356	94,175	98,852	87,838	70,625
Net Income to Shareholders	(3,342)	2,476	(3,010)	4,060	9,097	7,559	4,992	6,408	9,398	2,073
Return on Average Tangible Equity (ROATE)	-9.93%	9.37%	-4.47%	7.75%	7.99%	7.53%	5.30%	6.48%	10.70%	2.94%
RETURN ON AVERAGE TANGIBLE COMMON EQUITY (ROATCE)										
Average Tangible Equity	\$ 136,517	\$ 106,247	\$ 135,895	\$ 105,364	\$ 113,805	\$ 100,356	\$ 94,175	\$ 98,852	\$ 87,838	\$ 70,625
Less: Preferred Equity	9,000	16,500	9,000	16,500	14,533	16,500	16,500	16,500	16,500	16,500
Average Tangible Common Equity	127,517	89,747	126,895	88,864	99,273	83,856	77,675	82,352	71,338	54,125
Net Income to Shareholders	(3,342)	2,476	(3,010)	4,060	9,097	7,559	4,992	6,408	9,398	2,073
Return on Average Tangible Common Equity (ROATCE)	-10.63%	11.10%	-4.80%	9.19%	9.16%	9.01%	6.43%	7.78%	13.17%	3.83%
ADJUSTED SHARES OUTSTANDING AT END OF PERIOD										
Shares of Common Stock Outstanding	11,235,255	8,683,902	11,235,255	8,683,902	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
Shares of Preferred Stock Outstanding	878,049	1,609,756	878,049	1,609,756	878,049	1,609,756	1,609,756	1,609,756	1,609,756	1,609,756
Adjusted Shares Outstanding at End of Period	12,113,304	10,293,658	12,113,304	10,293,658	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539

Non-GAAP Financial Measures

	As of June 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	\$ 138,031	\$ 114,318	\$ 139,207	\$ 108,586	\$ 102,651	\$ 96,191	\$ 100,477	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,113,304	10,293,658	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Book Value Per Share, Adjusted	\$11.39	\$11.11	\$11.52	\$10.66	\$10.18	\$9.65	\$9.74	\$8.52
TANGIBLE BOOK VALUE PER SHARE, REPORTED								
Tangible Common Equity	\$ 122,768	\$ 91,501	\$ 123,918	\$ 85,742	\$ 79,753	\$ 79,407	\$ 83,660	\$ 58,070
Shares of Common Stock Outstanding	11,235,255	8,683,902	11,204,515	8,577,051	8,471,516	8,353,087	8,705,283	7,142,783
Tangible Book Value Per Share, Reported	\$10.93	\$10.54	\$11.06	\$10.00	\$9.41	\$9.51	\$9.61	\$8.13
TANGIBLE BOOK VALUE PER SHARE, ADJUSTED								
Tangible Equity	\$ 131,768	\$ 108,001	\$132,918	\$ 102,242	\$ 96,253	\$ 95,907	\$ 100,160	\$ 74,570
Adjusted Shares Outstanding at End of Period	12,113,304	10,293,658	12,082,564	10,186,807	10,081,272	9,962,843	10,315,039	8,752,539
Tangible Book Value Per Share, Adjusted	\$10.88	\$10.49	\$11.00	\$10.04	\$9.55	\$9.63	\$9.71	\$8.52

C&D and CRE & Construction Concentration

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



Data as of 12/31 each respective year (2011-2016); Data as of 6/30/17
 Blue line designates recommended limits from the regulators for CRE loans to risk-based capital
 Gold line designates recommended limits from the regulators for C&D loans to risk-based capital

We have opportunity in our market for continued growth

Overall Client Satisfaction Compared to Customer Penetration



Note: Cross-hairs are set at the mean for market penetration (Y-axis) and excellent client satisfaction (X-axis).

Question: Using a 5-point scale, from "1" poor to "5" excellent, how do you rate your overall client satisfaction with the bank? Which other banks, non-banks, credit unions, or financial institutions does your company currently use for any product?

Source: 2017 Greenwich Associated Market Tracking Program (CapStar – Nashville \$1-150MM Q1 2017 Rolling Four Quarters)

Loan Participations

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



Loan Participations by Line of Business

	\$	%
Healthcare	\$129.4	42%
C&I	121.7	40%
CRE	46.0	15%
Correspondent	8.6	3%
Total Loans	\$305.7	100%

Loan Participations by Source

Club	\$212.9	70%
SNC	92.8	30%
Total Participations	\$305.7	100%

Loan Participations – Fixed/Variable

Fixed	\$23.2	8%
Variable	282.5	92%
Total Participations	\$305.7	100%

\$ In millions

Healthcare

Healthcare - Loan Balances (Avg) and Yields¹



Healthcare Loan Portfolio Stats

Loan Balance (EOP) at 6/30/17	\$ 188.3
Participations Bought	\$ 129.4
% Participations Bought	69%
# of Borrowers	44
Average Loan size per borrower	\$ 4.3
% Fixed	10.7%
% Variable	89.3%

Healthcare LOB Loan Composition by NAICS Code

	\$	%
Freestanding Ambulatory Surgical & ER Centers	\$ 40.3	21%
Surgical & Medical Instrument Manufacturing	16.4	9%
Misc Ambulatory Health Care Services	10.9	6%
Residential Mental Retardation Facilities	10.5	6%
All Other Outpatient Care Centers	9.5	5%
Psychiatric & Substance Abuse Hospitals	8.8	5%
Nursing Care Facilities	8.7	5%
Funeral Homes & Services	8.7	5%
All Other (≤ 4% of portfolio)	74.6	40%
Total	\$ 188.3	100%

\$ In millions

¹Loan Yield includes impact of interest, loan fee and cost amortization

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