



CAPITAL BANCORP, INC.

**3Q 2021
Investor Presentation**

Forward Looking Statements

The statements contained in this presentation that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on Capital Bancorp, Inc. (the "Company" or "Capital") including, without limitation, plans, strategies and goals, and statements about the Company's expectations regarding revenue and asset growth, financial performance and profitability, loan and deposit growth, yields and returns, loan diversification and credit management, and shareholder value creation. These statements are often, but not always, made through the use of words or phrases such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "could," "should," "seeks," "projects", "can", "ongoing", "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of those words or other comparable words. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond the control of the Company. The inclusion of or reference to forward-looking information in this presentation should not be regarded as a representation by Capital or any other person that the future plans, estimates or expectations contemplated by the Company will be achieved. Any or all of the forward-looking statements in (or conveyed orally regarding) this presentation may turn out to be inaccurate. Accordingly, you are cautioned not to place undue reliance on forward-looking statements and that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the expected results expressed or implied by such forward-looking statements. Further, given its ongoing and dynamic nature, it is difficult to predict the full impact of the COVID-19 outbreak on our business. The extent of such impact will depend on future developments, which are highly uncertain, including when the coronavirus can be controlled and abated and when and how the economy may be fully reopened. As the result of the COVID-19 pandemic and the related adverse local and national economic consequences, we could be subject to any of the following risks, any of which could have a material, adverse effect on our business, financial condition, liquidity, and results of operations: the demand for our products and services may decline, making it difficult to grow assets and income; if the economy is unable to substantially reopen as planned, and high levels of unemployment continue for an extended period of time, loan delinquencies, problem assets, and foreclosures may increase, resulting in increased charges and reduced income; collateral for loans, especially real estate, may decline in value, which could cause loan losses to increase; our allowance for loan losses may increase if borrowers experience financial difficulties, which will adversely affect our net income; the net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us; as the result of the decline in the Federal Reserve Board's target federal funds rate to near 0%, the yield on our assets may decline to a greater extent than the decline in our cost of interest-bearing liabilities, reducing our net interest margin and spread and reducing net income; our cyber security risks are increased as the result of an increase in the number of employees working remotely; and Federal Deposit Insurance Corporation premiums may increase if the agency experience additional resolution costs. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the Company's 2020 Annual Report on Form 10-K and other periodic and current reports filed with the Securities and Exchange Commission ("SEC") and available at the SEC's Internet site (<http://www.sec.gov>). Unless otherwise required by law, Capital also disclaims any obligation to update its view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made in this presentation.

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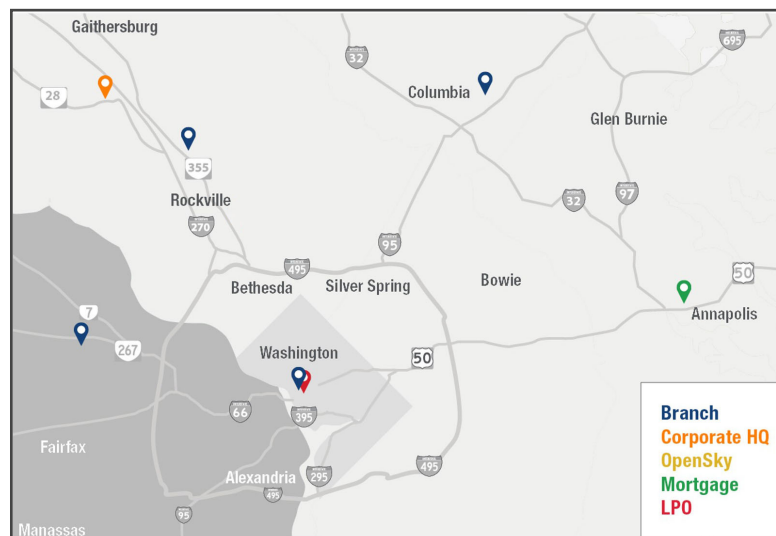
Capital Bancorp, Inc. (NASDAQ-CBNK)

Financial Highlights

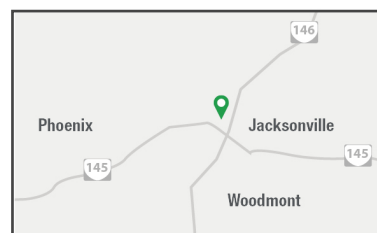
Corporate Headquarters - Rockville, MD

Balance Sheet (\$M, except per share amounts)		Unaudited September 30, 2021	Quarterly Result ¹	Yearly Result
Assets	\$	2,170	↑ 0.8 %	↑ 15.5 %
Portfolio Loans		1,308	↑ 9.9 %	↑ 5.1 %
Deposits		1,921	↑ 0.2 %	↑ 15.6 %
Quarterly Financial Performance				
Earnings per Share, Diluted	\$	0.79	↑ 15.4 %	↑ 28.4 %
ROAA		2.13 %	↑ 23 bps	↑ 24 bps
ROATCE		23.87 %	↑ 151 bps	↑ 59 bps
Tangible Book Value per Share	\$	13.70	↑ 6.5 %	↑ 25.5 %
Efficiency Ratio		64.10 %	↓ -227 bps	↓ -107 bps
Net Interest Margin		6.27 %	↑ 80 bps	↑ 126 bps

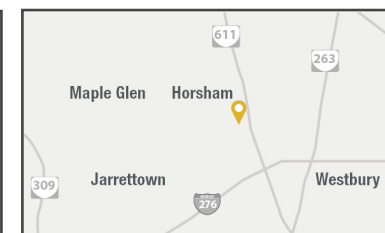
Footprint



DC-MD-VA

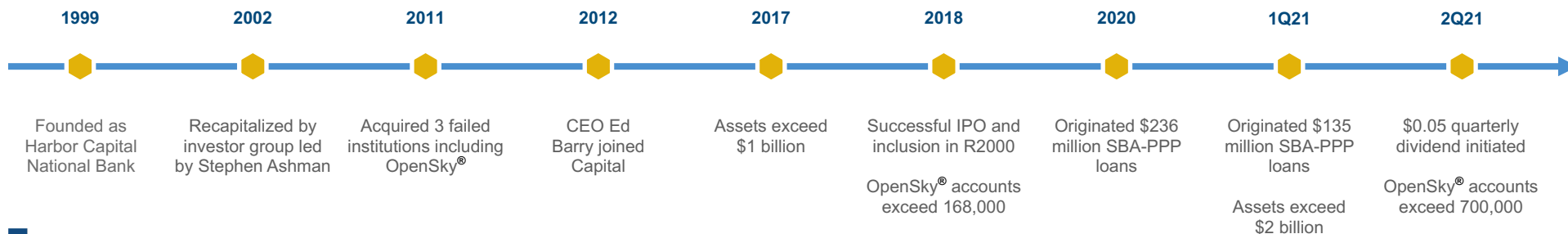


Maryland



Pennsylvania

Corporate Timeline



¹ Results comparing current quarter with immediately prior quarter

Digital Challenger Bank with Diversified Lines of Business

Technology-driven



Data and analytics



Digital-lead generations



Customer experience



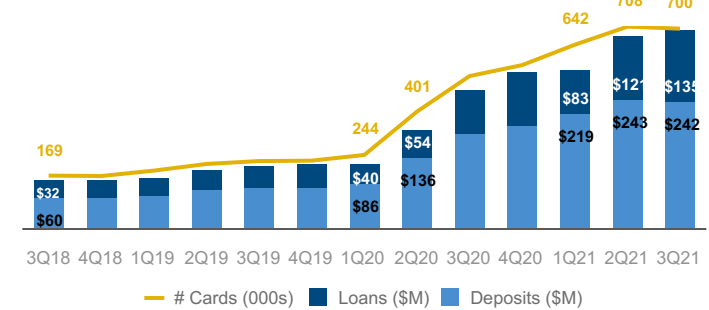
Back office automation & Fraud Prevention

Differentiated Go-to-Market Strategy

OpenSky® Digital Bank

- Initial lead product - nationwide, secured credit card to help under-banked customers (re)establish their credit
- Building capabilities to cross-sell products and services as card-holders progress on their customer journeys
- Proprietary platforms for web/mobile originations, credit monitoring and scoring analytics

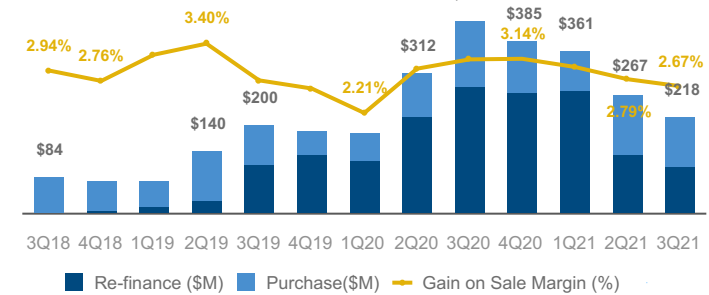
Summary of Card Portfolios



Capital Bank Home Loans

- Nationwide, digitally-enabled, consumer-direct product drives ~40% of origination volume
- 2/3 of mortgages originated in dynamic MD/DC/VA area
- New hires focused on purchase (~50% of volume) and niche products

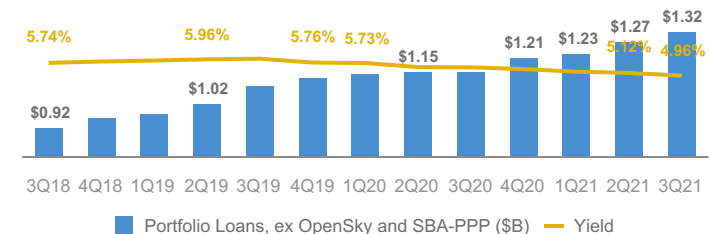
Mortgage Volume and Gain on Sale Margin



Capital Bank - Commercial Lending

- Commercial branch-lite model focused on attractive Maryland, D.C. and Northern Virginia markets
- High value-added services generate above-average risk-adjusted loan yields
- Improving deposit portfolio mix: 43% non-interest DDA

Portfolio Loans, excl. OpenSky and SBA-PPP(1)



Distinctive Investment Opportunity



Track Record of Leveraging Technology to Execute Innovation-Focused Business Plan

- Investments in proprietary technology, data analytics and digital marketing
- Scalable OpenSky[®] and Capital Bank Home Loans infrastructure
- Continued investment and talent acquisitions to bolster innovation capabilities



Growth and Diversified Revenue Generation Drive Superior Profitability

- Organic growth has consistently exceeded community banking peers
- OpenSky[®] and mortgage drive high non-interest income and provide resiliency during economically stressed periods
- Asset growth and differentiated businesses drive margins, profitability and book value



Experienced Entrepreneurial Management Team

- Experts in their fields combining large bank and community bank skills to scale the business
- Capabilities in data, analytics, marketing and technology
- Significant (>40%) board and management ownership



Operate in Exceptional Market

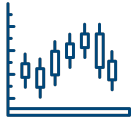
- The D.C. and Baltimore MSAs comprise one of the largest and wealthiest regions in the U.S
- Opportunities for customer and talent acquisition created by consolidation
- Market historically insulated from economic downturns by federal government presence and provides core profitability to invest in Digital Challenger Bank expansion



Strong Balance Sheet and Robust Capital Positions

- Superior credit performance and track record
- Well-reserved portfolio and robust capital to provide support in economic downturn and finance continued growth

Track Record of Leveraging Technology to Execute Innovation-Focused Business Plan



Data and Analytics

Proprietary data and analytics support consumer and commercial lending



Digital-lead Generation

Fintech partnerships driving growth in mortgage, OpenSky® and deposits



Customer Experience

Investment and partnerships providing enhanced customer experience



Backoffice Automation & Fraud Prevention

Technology facilitating gains in operating leverage and fraud prevention

Technology facilitates growth and profitability



- Proprietary technology facilitating acquisition of middle-market customers
- Strategic fintech partnerships driving niche deposit growth
- Internally-developed commercial score tracking micro market performance



- OpenSky® mobile app enabling cost-effective customer acquisition and servicing
- Proprietary data, credit scoring (B-Score), and algorithms improving customer retention with unsecured credit initiative
- NPV models driving product and marketing decisions



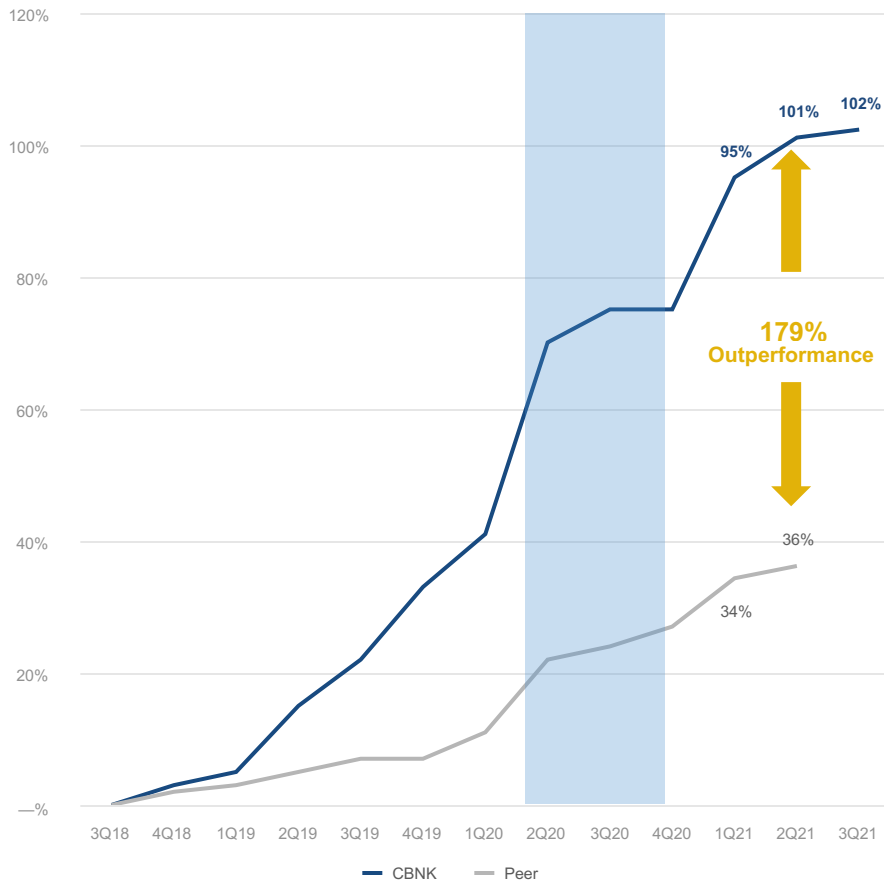
- Social media marketing programs efficiently accessing diverse, nationwide customer base
- QuickClose digital mortgage platform reducing costs
- Active product management maintaining volumes and margins



Growth and Diversified Revenue Generation...

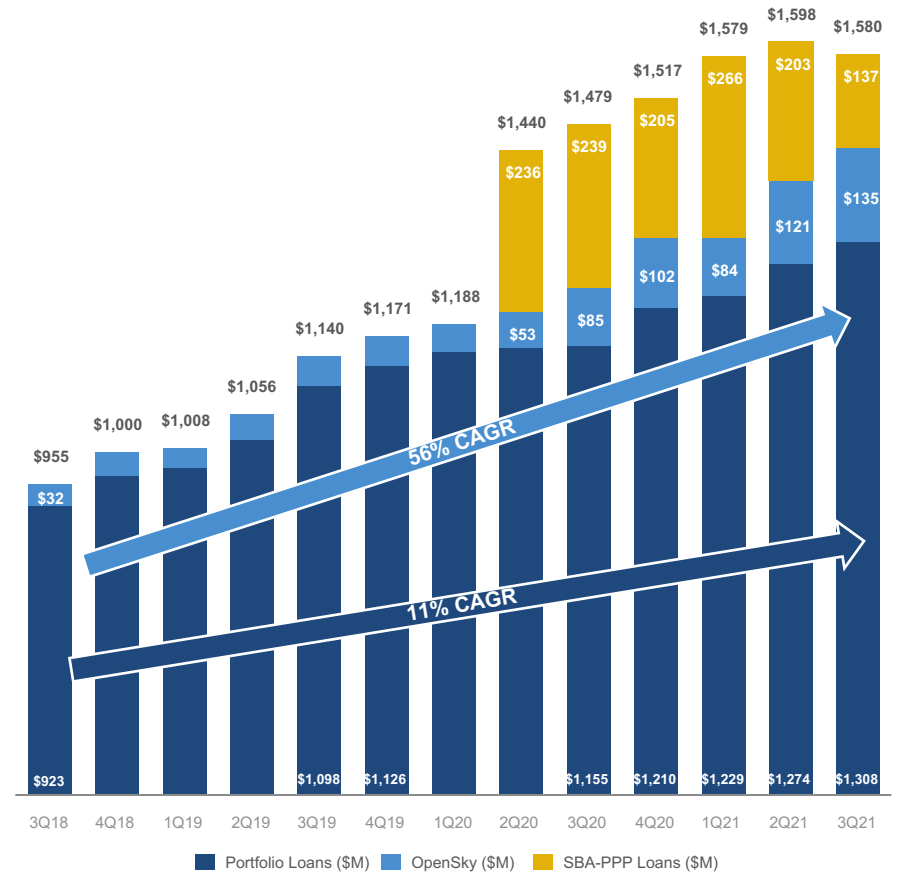
Growth has Outpaced Peers

Asset Growth



Strong Organic Loan Growth

Loan Growth

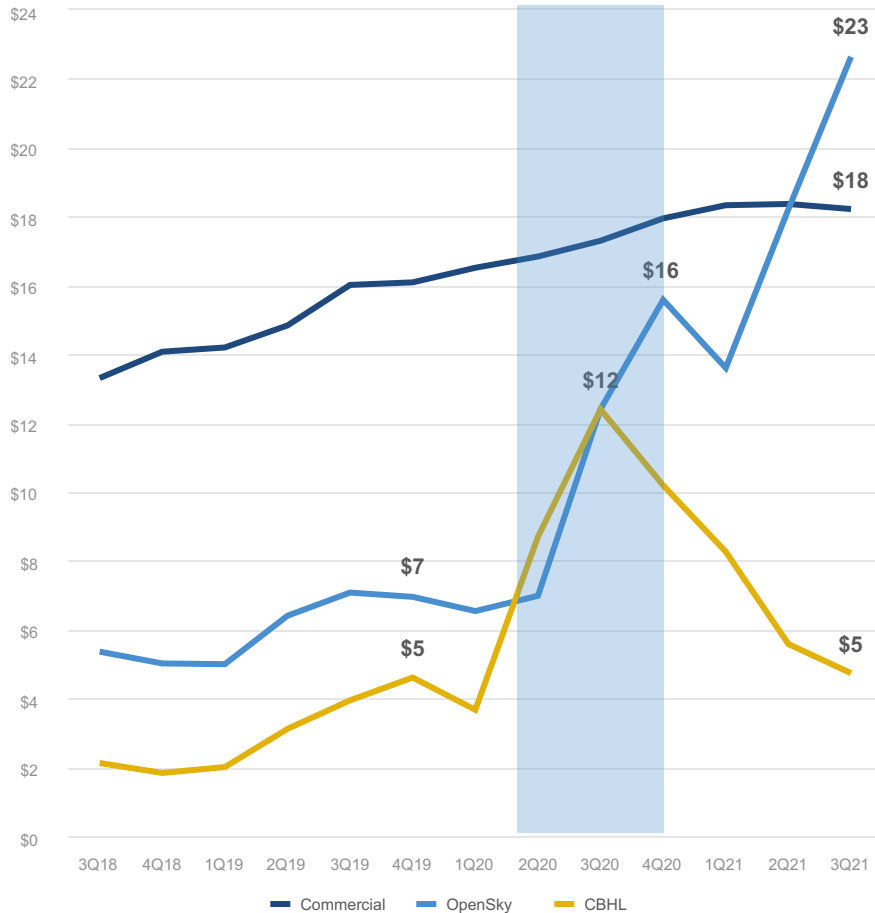




Growth and Diversified Revenue Generation...

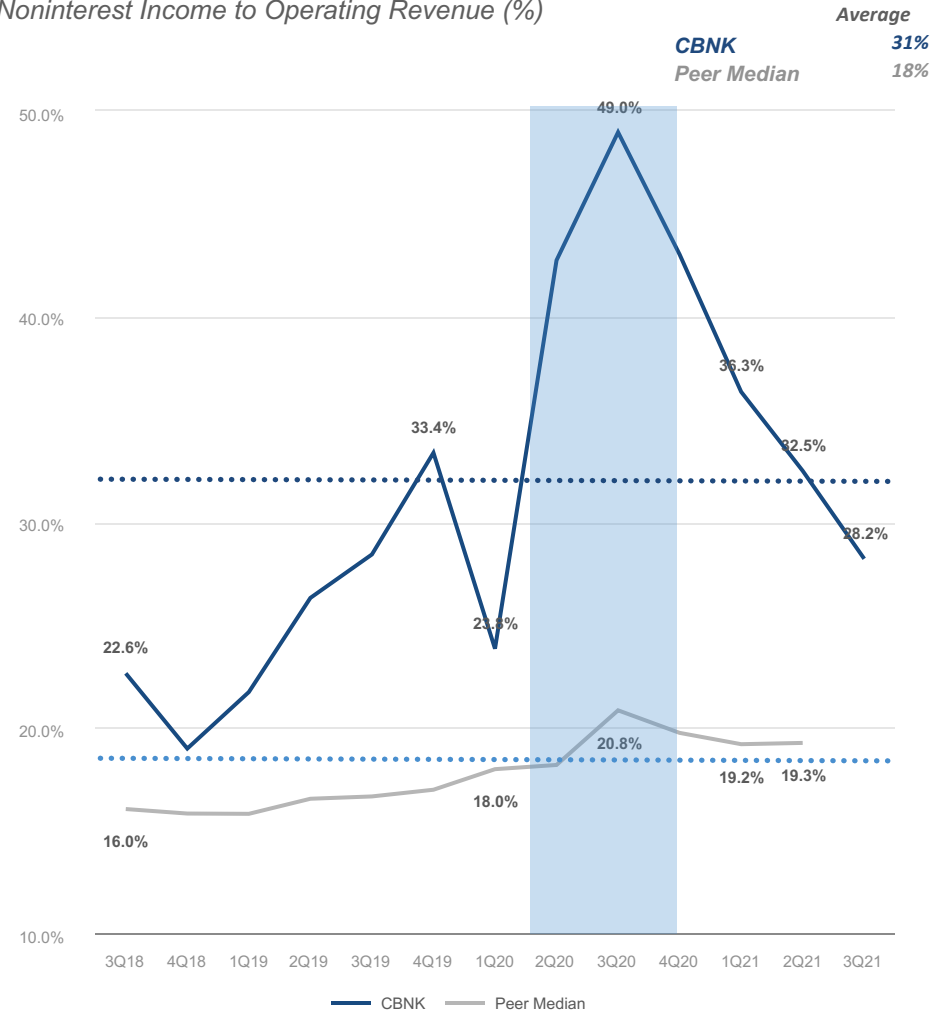
Varied Revenue Generation Capabilities

Revenue by Line of Business (\$M)



Diversified Approach Consistently Outperforms Peers

Noninterest Income to Operating Revenue (%)

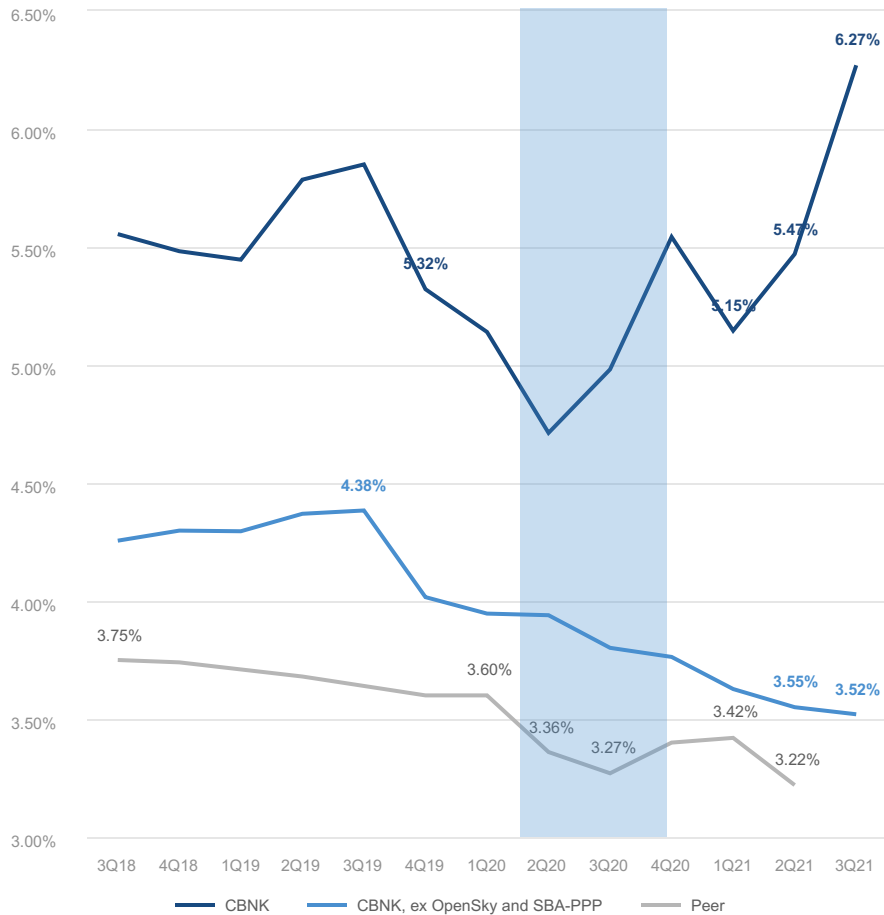




...Drive Superior Profitability

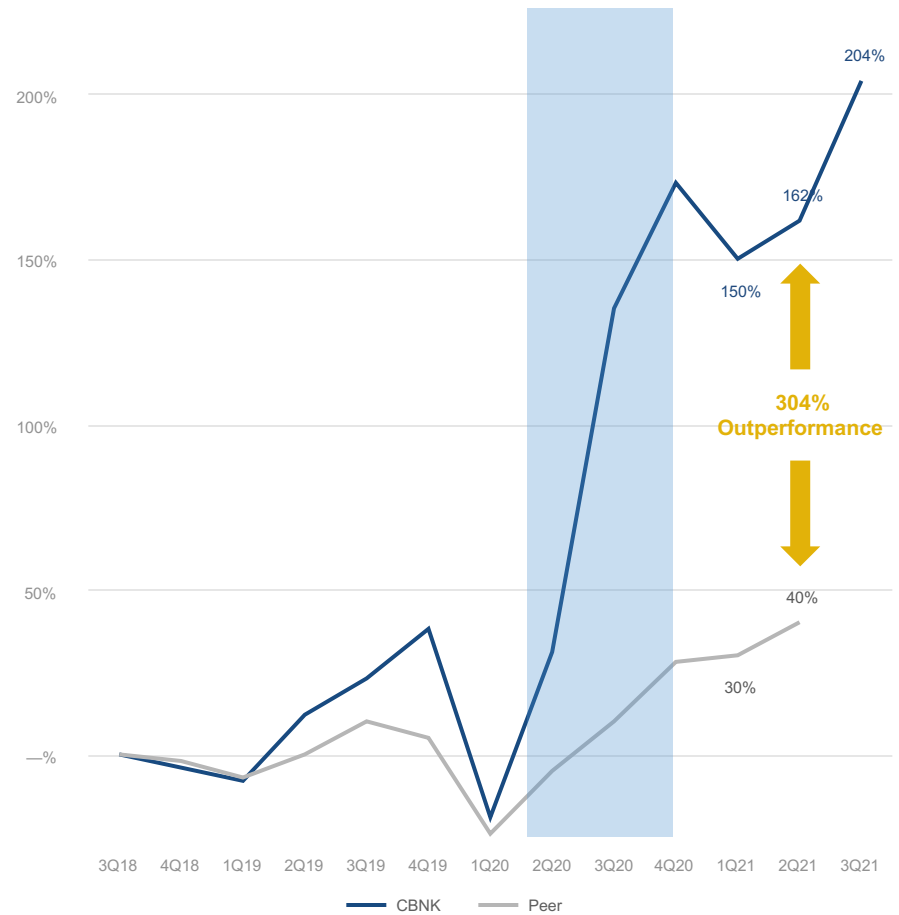
OpenSky® Drives Consistently High Margins

Net Interest Margin



Diversified Business Model Drives Earnings Growth

Earnings per Share Growth

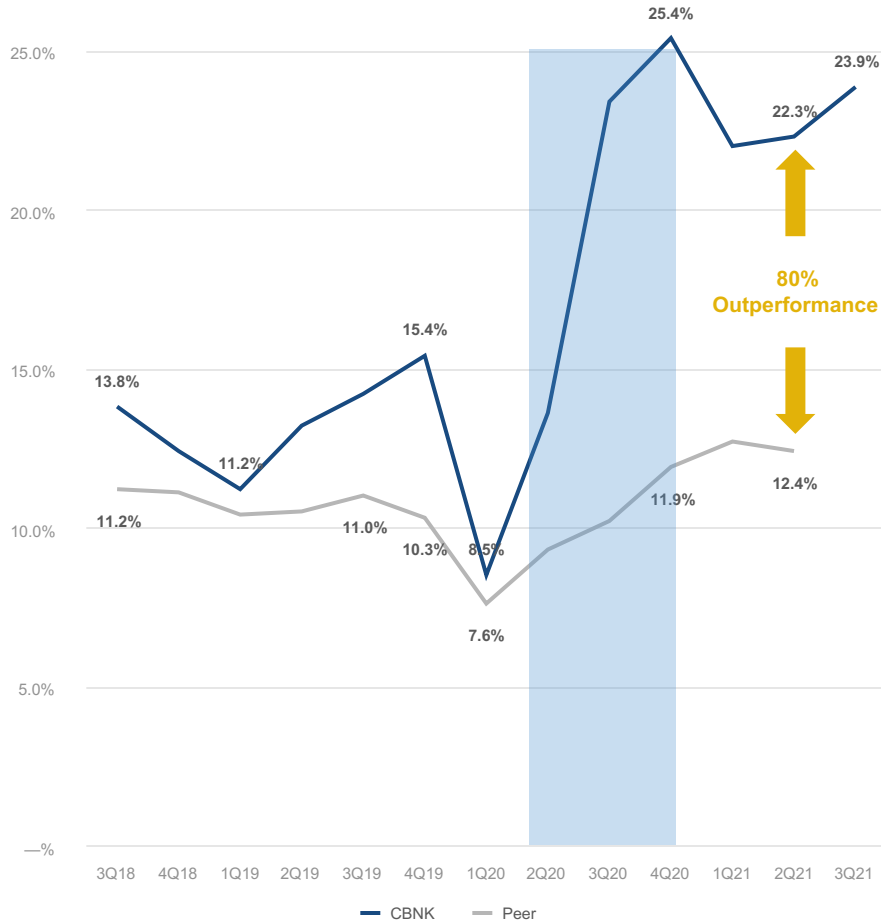




...Drive Superior Profitability

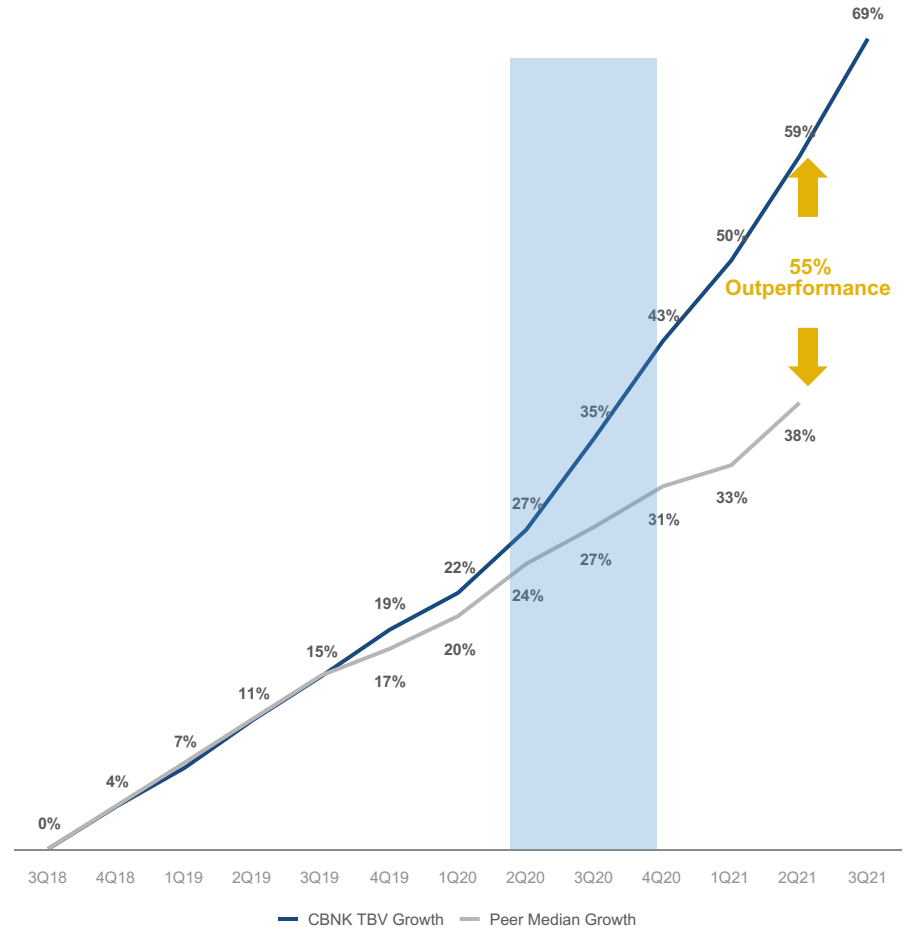
Growth and NIM Result in High ROE

Return on Average Tangible Equity



Earnings Outperformance Translates to Capital Accumulation

Tangible Book Value Growth per Share





Experienced Entrepreneurial Management Team



Edward F. Barry
Chief Executive Officer
Joined 2012

- Prior to joining Capital Bank, Mr. Barry held senior positions at Capital One Bank, Bank of America, and E&Y/Capgemini where he held a variety of roles primarily focusing on marketing, data, analytics and strategy
- Recognized in 2017 as E&Y's Entrepreneur of the Year, Mid-Atlantic Region



Scot R. Browning
President
Joined 2002

- Mr. Browning oversees the commercial lending department and commercial loan portfolio which has grown from \$13.7 million to over \$1.5 billion during his tenure
- More than 30 years of banking experience primarily in commercial lending with prior leadership roles at United Bank, F&M Bank Allegiance and Century National Bank



Alan W. Jackson
Chief Financial Officer
Joined 2017

- Mr. Jackson has more than 30 years of financial services experience including previously serving as CFO of two publicly traded banks
- Prior to joining Capital Bank, Mr. Jackson was a Senior Managing Director with FinPro and spent 5 years with Banker's Dashboard & S&P Global Market Intelligence



Karl Dicker
Chief Operating Officer
Joined 2018

- Prior to joining Capital Bank, Mr. Dicker spent 16 years with Capital One Bank rising to Senior Vice President where he led Treasury Management Strategy, Marketing & Analytics and served as Head of Enterprise Payments
- Key experience also includes core system and CRM implementations, sales enablement, banking innovation, data and analytics



Kathy Yamada
Chief Credit Officer
Joined 2010

- Ms. Yamada is responsible for the credit administration function including credit policy, loan approval process, loan quality, portfolio risk management and special assets
- Prior to Capital Bank, Ms. Yamada spent more than 20 years at Equitable Bank managing its loan origination and credit administration functions



Eric Suss
Chief Human Resources Officer
Joined 2012

- More than 20 years of experience in human resources and talent recruitment
- Prior to Capital Bank, Mr. Suss spent nearly 10 years in human resources with CPA Global, a leading international provider of outsourced intellectual property solutions



Gary Kausmeyer
Chief Risk Officer
Joined 2020

- More than 15 years building second line of defense in publicly traded community banks ranging from \$1-17 billion in assets
- Prior to banking, worked in Assurance Services for a public accounting firm and is an active Certified Public Accountant, Certified Anti-Money Laundering Specialist, and Certified Sarbanes-Oxley Expert



Operate in Exceptional Markets

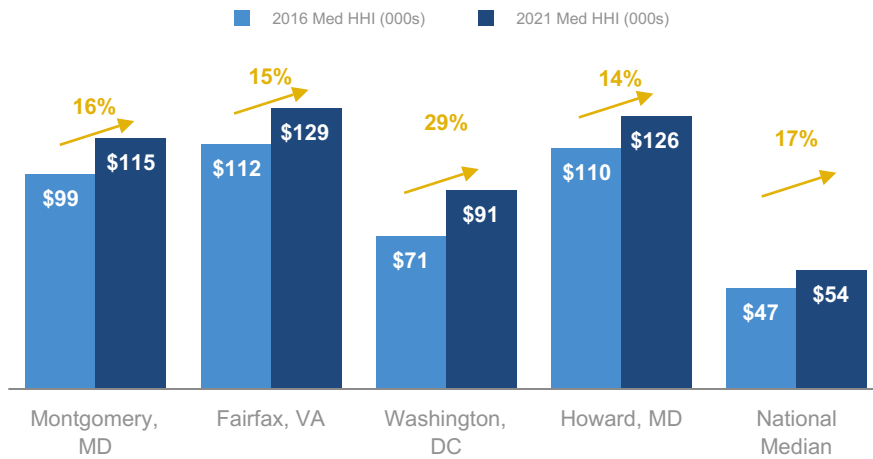
Among the Leaders in the DC MSA for Community Banks⁽¹⁾

Company	2020 Deposits (\$Bs)	NIB / Deposits (%)	HHI (\$000s)	Cost of Deposits (%)	Core ROAA	CRE / TRBC (%)
Burke & Herbert Bank & Trust (VA)	\$ 2.71	31 %	\$ 118	0.22 %	1.08 %	285 %
Workers United (PA)	2.03	49	91	0.13	0.89	258
Capital Bancorp Inc. (MD)	1.57	37	115	0.57	2.09	325
John Marshall Bancorp Inc. (VA)	1.57	22	125	0.62	1.14	365
FVCBankcorp Inc. (VA)	1.49	26	125	0.60	1.12	373
MainStreet Bcshs (VA)	1.34	26	126	0.89	1.88	394
Congressional Bancshares Inc (MD)	1.24	41	114	0.58	0.98	130
Community Finl Corp. (MD)	1.14	21	103	0.26	1.10	316
Chain Bridge Bancorp Inc. (VA)	0.97	74	129	0.02	0.17	47
Virginia National Bkshs Corp. (VA)	0.71	29	89	0.36	1.44	239
Median Below \$10 B in Deposits	\$ 0.34	30 %	\$ 90	0.43 %	1.13 %	225 %

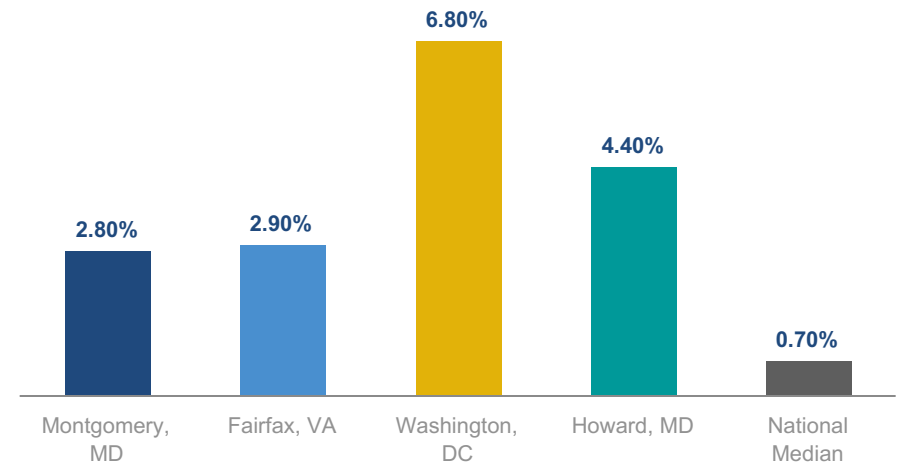
Ranking in Top 25 Counties in US by Median HHI

Rank	County	2021 Median HHI
1	Loudoun, VA	\$ 149,148
2	Falls Church, VA (City)	140,659
7	Arlington, VA	129,368
8	Fairfax, VA	128,955
9	Howard, MD	125,526
13	Fairfax, VA (City)	123,771
21	Montgomery, MD	115,401
	National Median	\$ 54,475

Median Household Income Growth



Projected 5 Year Count Population Growth (%)

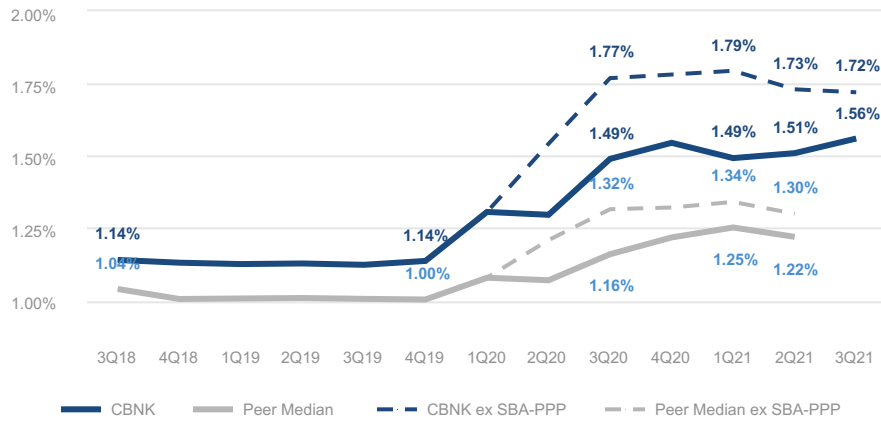




Strong Balance Sheet and Robust Capital Positions

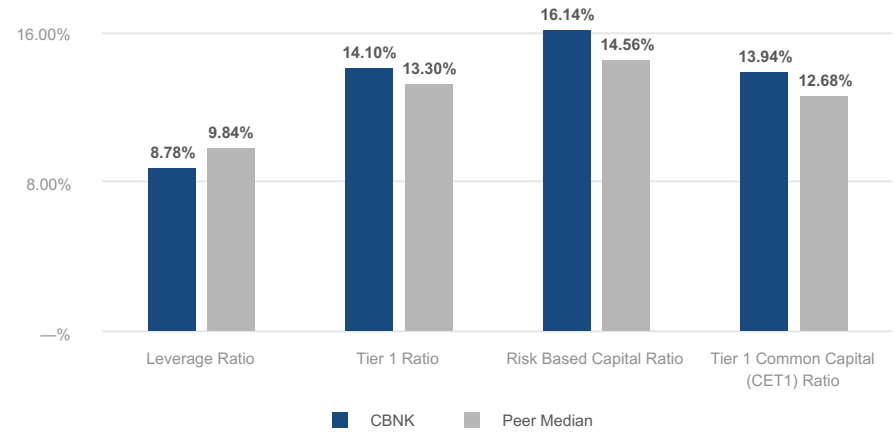
Reserves Consistently Above Peers

Loan Loss Reserve / Loans



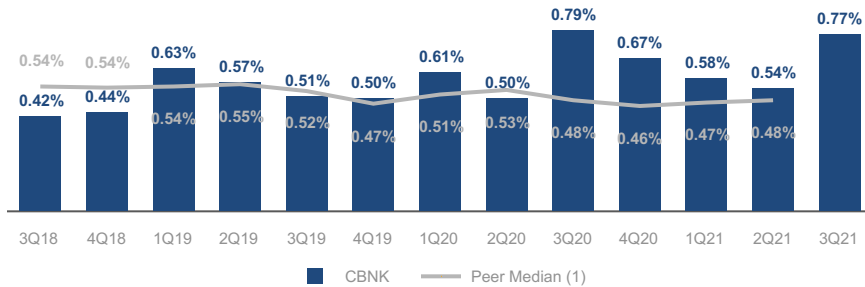
Capital Generation Results in Robust Capital Ratios

Capital Ratios Relative to Peers



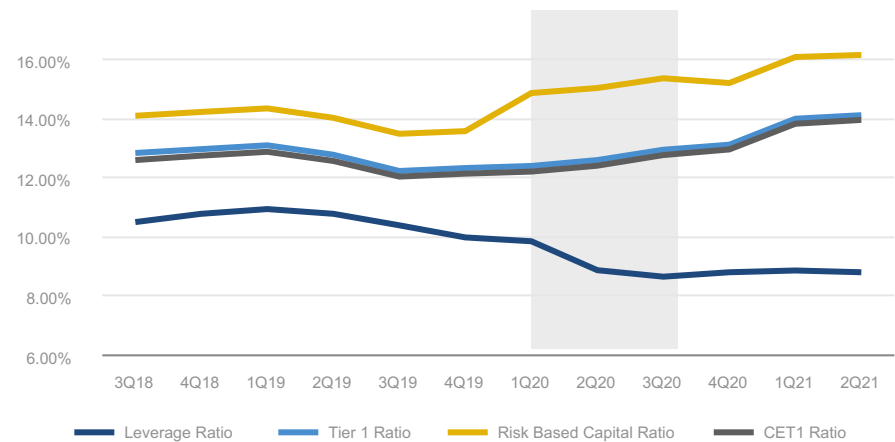
Nonperforming Assets Consistent with Peers

Nonperforming Assets to Assets



Elevated Capital Ratios Despite Strong Asset Growth

Historical Capital Ratios



Distinctive Investment Opportunity



Track Record of Leveraging Technology to Execute Innovation-Focused Business Plan



Growth and Diversified Revenue Generation Drive Superior Profitability



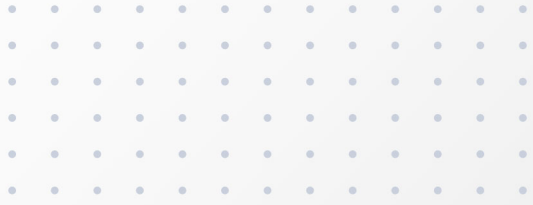
Experienced Entrepreneurial Management Team



Operate in Exceptional Markets



Strong Balance Sheet and Robust Capital Positions



Appendix



OpenSky® Digital Bank

Value Proposition

Customer demographics

- Nationwide customer base - underserved by traditional credit products
- Poor or nonexistent credit history

Customer Credit Repair / Establishment

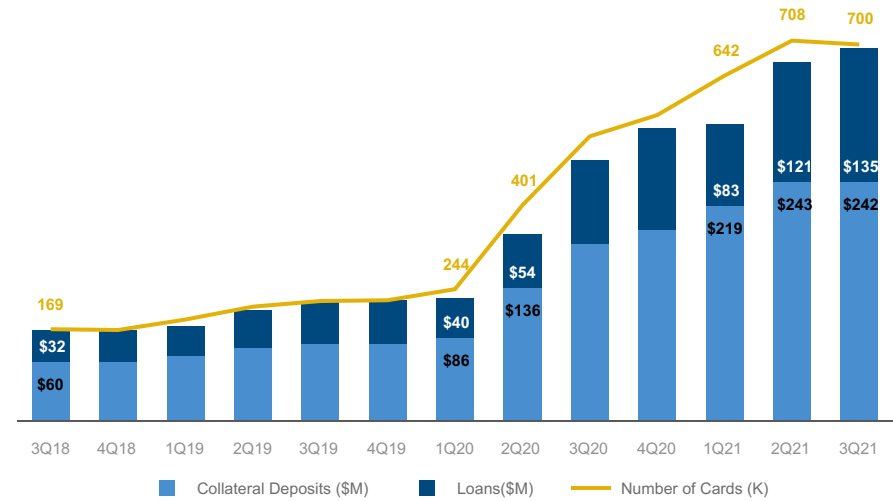
- Help customers repair or create acceptable credit history
- Functions as a traditional VISA credit card
- Initial deposit min \$200, max \$3,000 per card (\$5,000 per individual)

Technology driven

- Nationwide web and mobile platform – 81% of applications are submitted on mobile devices using adaptive digital platform
- Perform proprietary analytics on customer base to monitor and innovate the portfolio
- Website drives >5 million unique visitors annually

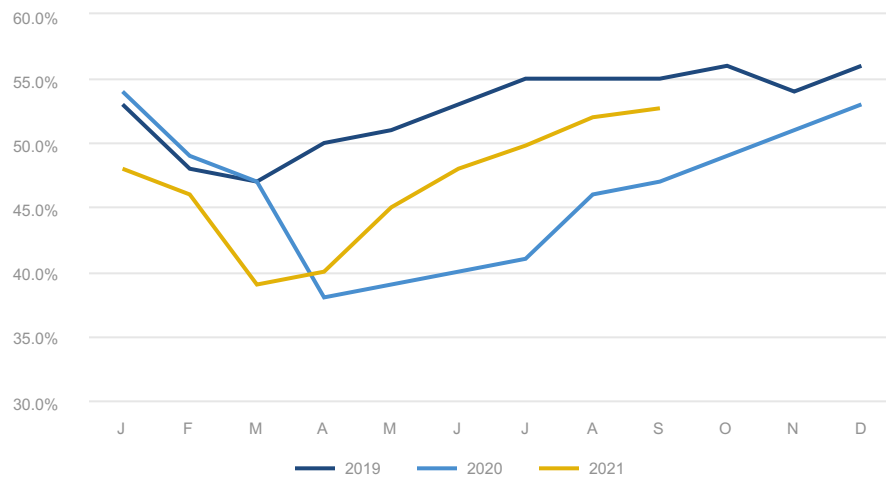
Accelerated Card Growth

Credit Cards Outstanding, Loans & Deposits (\$M)



Pandemic-related Government Support Impacted Utilization

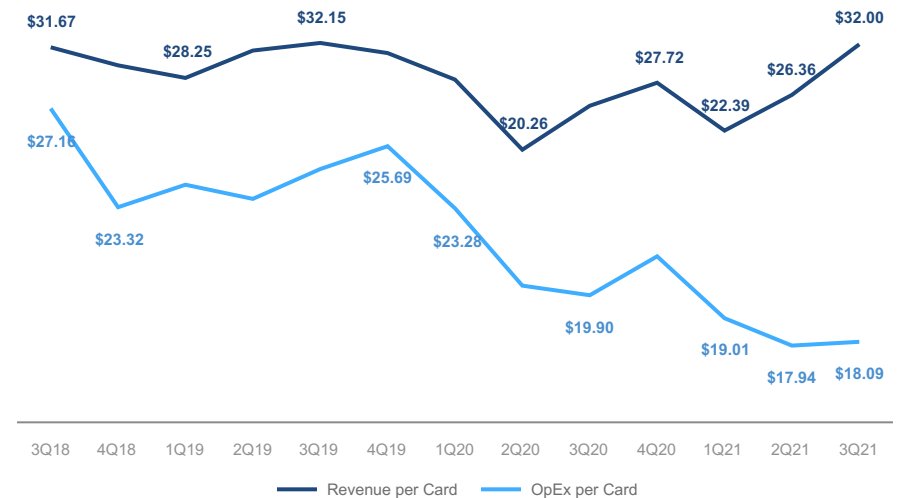
Line Utilization Rate⁽¹⁾



⁽¹⁾ - Utilization rate is defined as the ratio of the balance outstanding to the line amount.

Strong Revenue Muted by Government Support

OpenSky® Revenue and Operating Expense per Card(\$)



Capital Bank Home Loans

Positioning Contributes to Out-performance

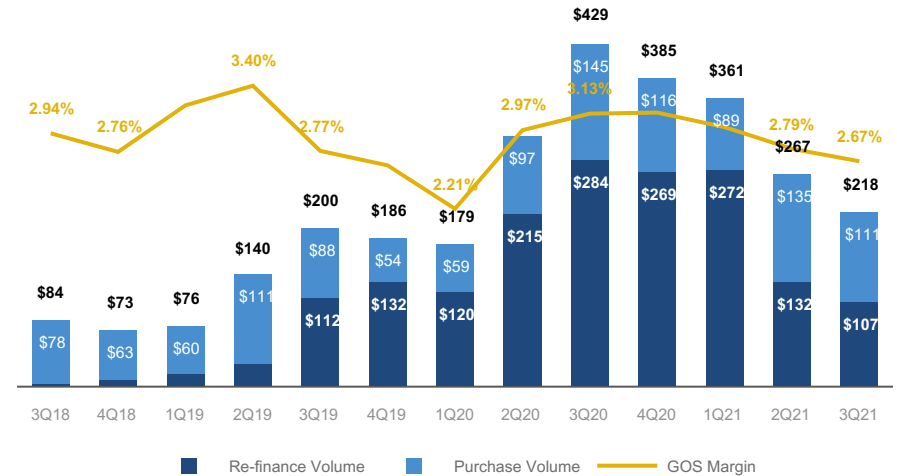
- Elevated volumes continue to outpace expectations
- Production hires since the beginning of 2017 focused on niche products and purchase originations
- MD, VA and Washington, D.C. represent 49% of origination volume within our primary market areas

Technology Investments Driving Efficiency

- Increased sales staff to improve productivity while optimizing back-office support
- National, technology-enabled, consumer-direct marketing efforts
- Digital mortgage platform captures online leads and drives customer experience, while reducing costs and building an end-to-end digital process

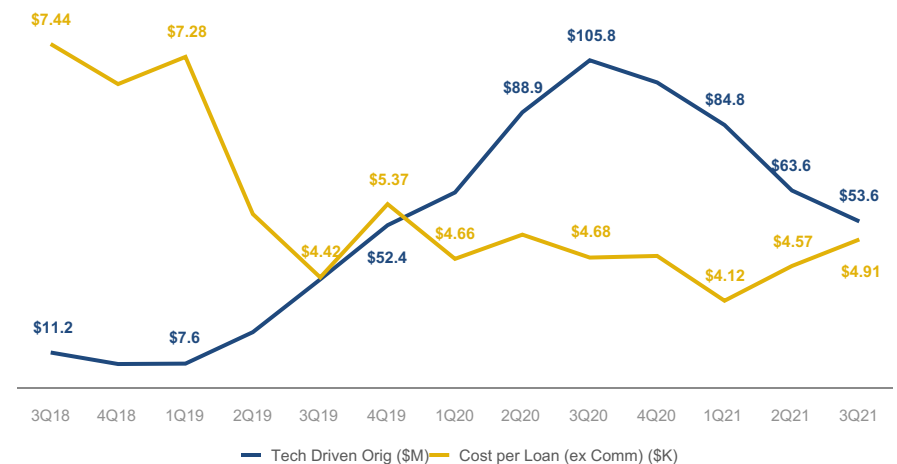
Originations and Margins Outperforming Peers

Mortgage Originations and Gain on Sale Margin



Investment in Digital Platform Provides Cost Efficiencies

Tech Driven Originations and Costs per Loan (net of commissions)



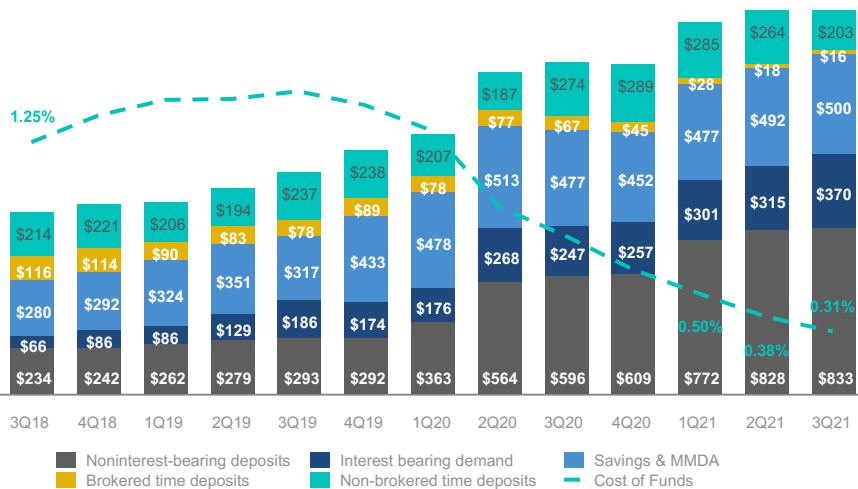
Commercial Bank

Value Proposition

- Branch-lite model in attractive Maryland, D.C. and Northern Virginia markets
- High value-added service generates above-average risk-adjusted loan yields
- Improving deposit portfolio mix
- Recent hires have bolstered deposit acquisition and loan origination capabilities
- Ongoing investments in technology to provide state-of-the-art solutions to business clients

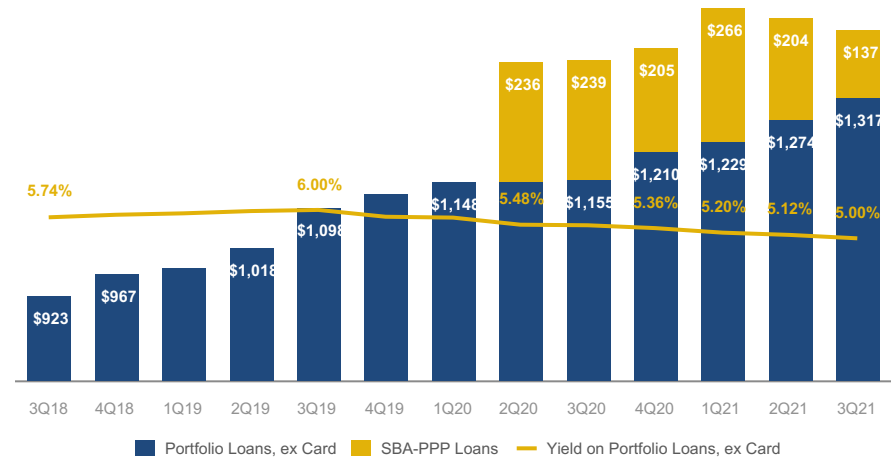
Improving Deposit Franchise

Deposit Portfolio Mix



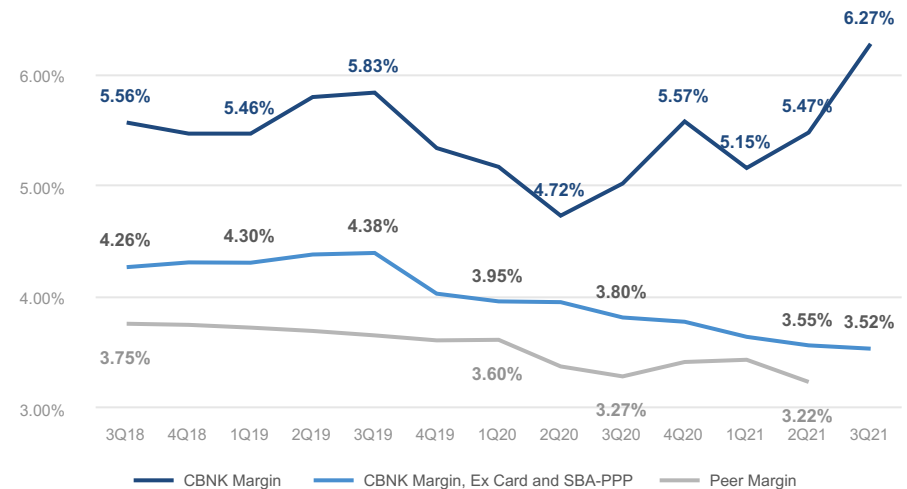
Consistent Loan Growth Without Sacrificing Yields

Loan Portfolio Growth



Core NIM Consistently Outperforms Peers

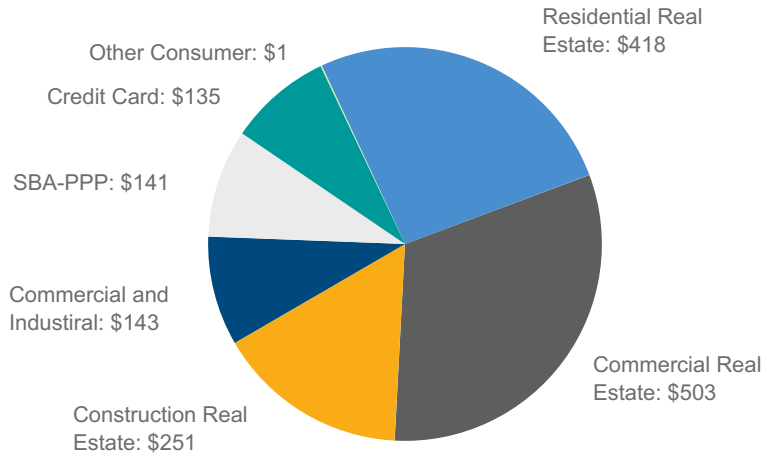
Net Interest Margin



Diversified Loan Portfolio Capitalizes on Real Estate Expertise

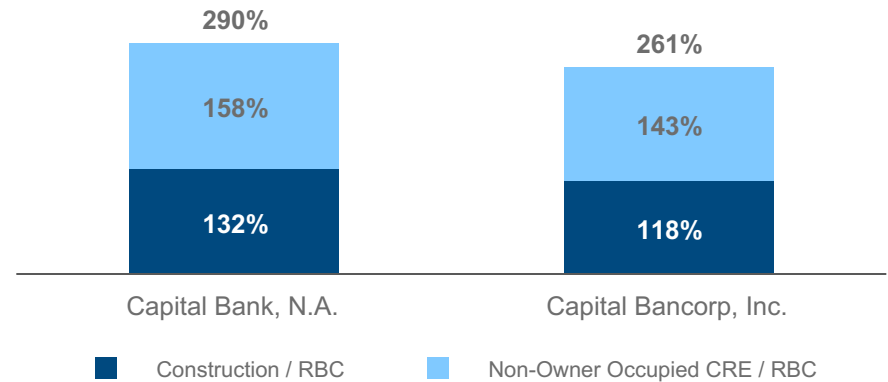
Balanced Loan Portfolio

Loan Composition (\$1.6B in millions) (3Q 21)



CRE Concentration Mitigated by Holding Company Capital

CRE / Total Risk Based Capital ("RBC") Breakdown (3Q 21)



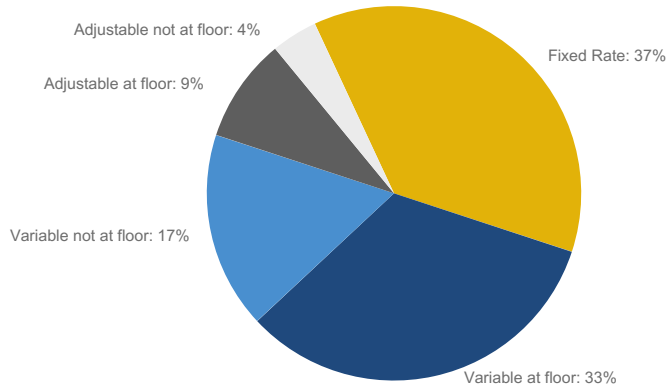
CRE Expertise Focused in Strong DC Metro Market

- Construction lending is a core competency with focus on established builders of single family homes / condos and townhouse conversions
- Loan to value limits of 75% for investor and 80% for owner-occupied construction lending
- Construction loans provide a short-duration, high-yield asset class, plus loan fee income, which supports overall asset sensitivity
- Management and the Board possess extensive expertise in CRE and real estate development
- Owner-occupied commercial real estate "CRE" loans make up approximately 58% of total CRE
- Residential real estate loans consist primarily of investment 1-4 family property (rentals)

Stable Loan Portfolio Positioned for Higher Rates

Portfolio Priced Defensively to Protect Yield

Fixed vs. Floating Rate Loans Mix - Portfolio Loans (3Q21)

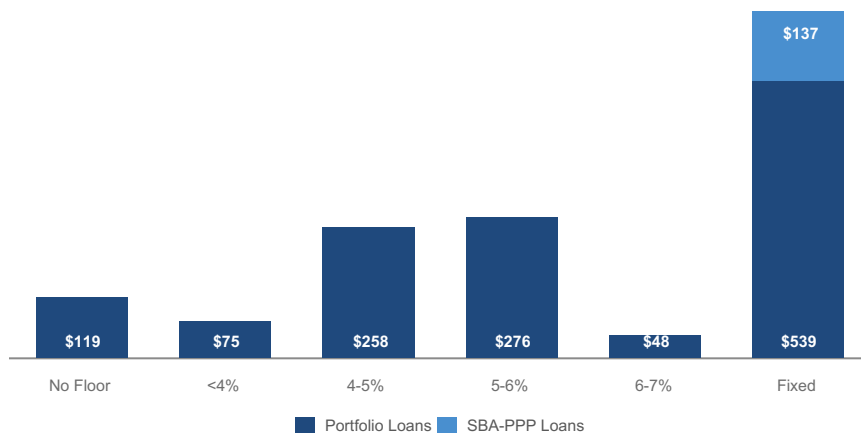


Conservative Priced Portfolio Drives Higher Yields

- Effective use of rate floors has mitigated impact of declining rate environment
- 63% of portfolio loans are variable/adjustable and well positioned for rising rates
- Loan yields, excluding the credit card portfolio, have consistently averaged nearly 100bps above local peers
- Forgiveness and repayment of lower-yielding PPP loans will benefit portfolio yields

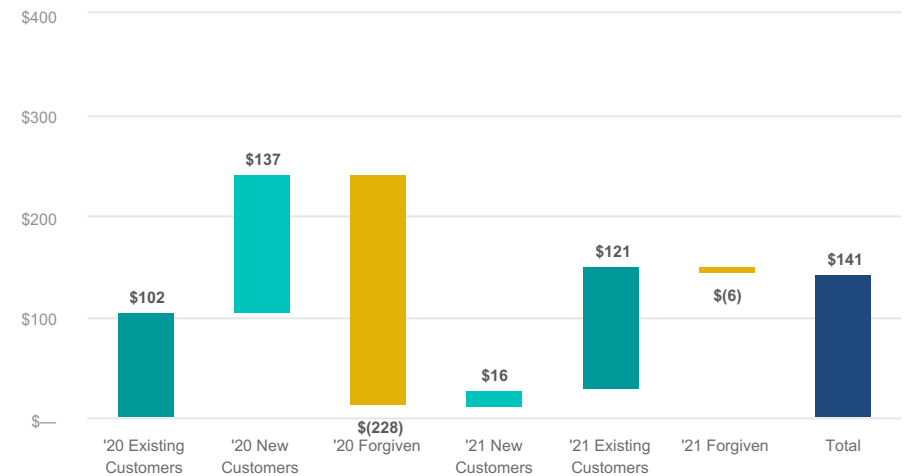
Premium Pricing for Custom Commercial Credit Products⁽¹⁾

Loan Rate Analysis (\$M) (3Q21)



SBA-PPP Loan Originations and Subsequent Forgiveness

Gross SBA-PPP Loans (\$M) (3Q21)

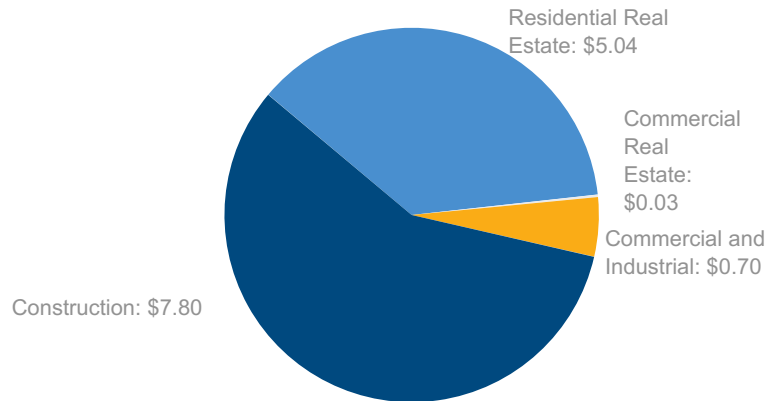


⁽¹⁾ - Portfolio loans in this analysis exclude OpenSky credit card loans.

Asset Quality Metrics

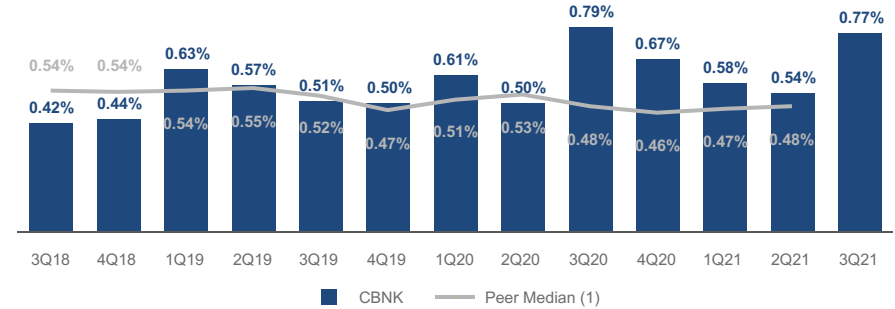
Nonperforming Loans Largely Real Estate Secured

Nonperforming Loans (\$13.56M) (3Q21)



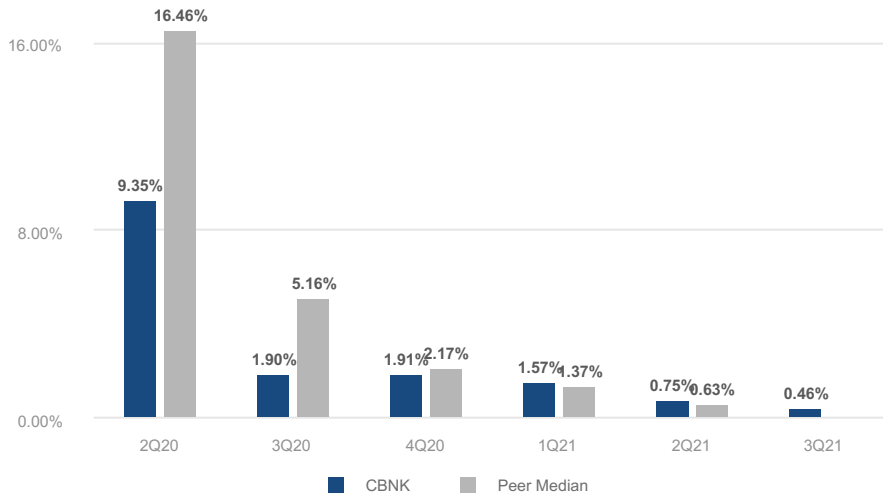
Nonperforming Assets Consistent with Peers

Nonperforming Assets to Assets



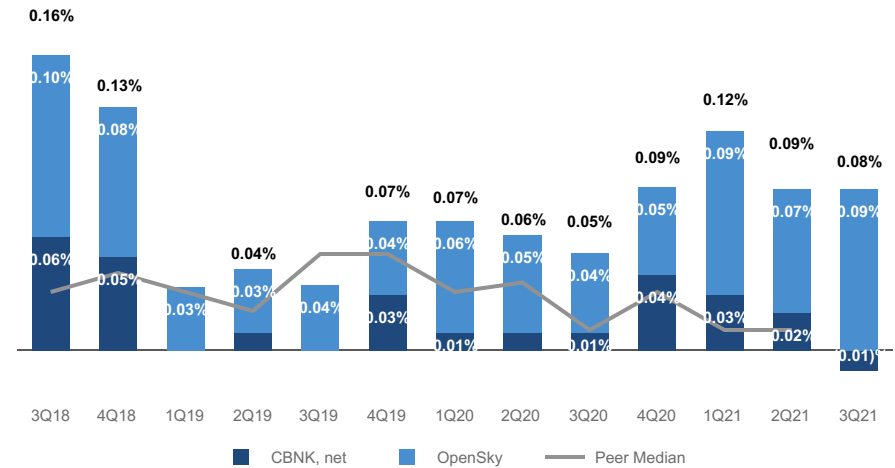
Lower Level of COVID-19 Deferrals

COVID-19 Deferrals / Total Net Loans



Managing Credit and Identifying Issues Early

Net Charge-offs to Average Portfolio Loans



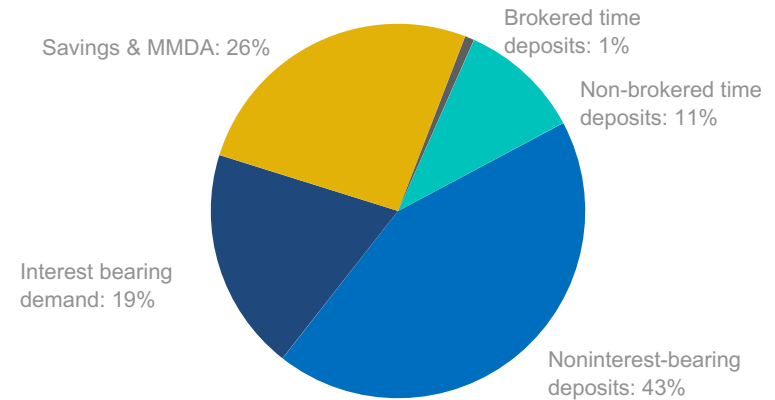
Improving Deposit Franchise

Core Deposit Momentum

- Recruiting deposit sales teams, including fiduciary specialists, from recently acquired competitors driving core deposit growth
- Customizing solutions for clients, including fiduciary and non-profit organizations, to generate low-cost business deposit accounts
- OpenSky® provides a unique channel for generating non-interest bearing deposits

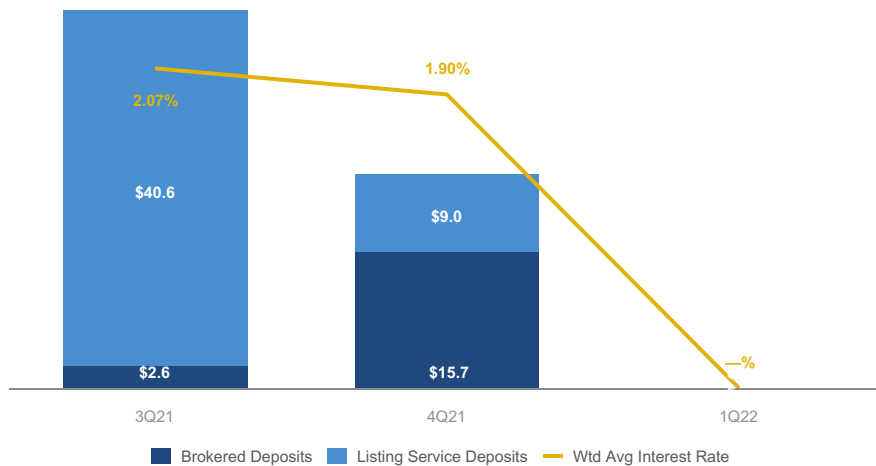
Focused Efforts Increasing Non-Interest Bearing Deposits

Deposit Franchise Composition (\$1.92B) (3Q21)



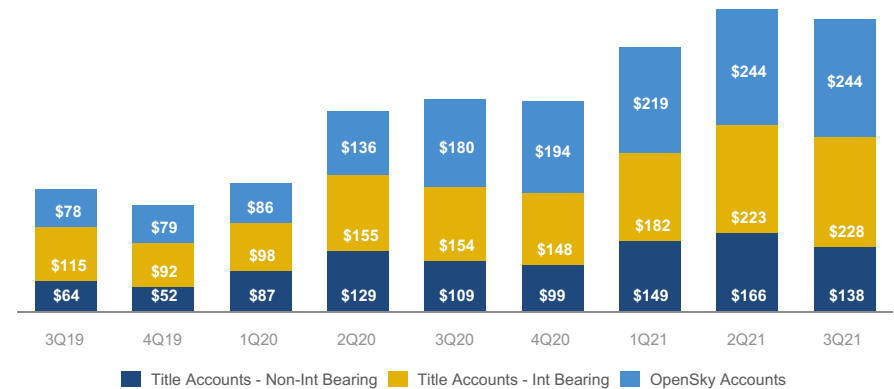
Time Deposit Maturities Reducing Forward Funding Costs

Brokered and Listing Service Time Deposits Maturity Schedule (\$M)



Niche Verticals Improving Deposit Franchise

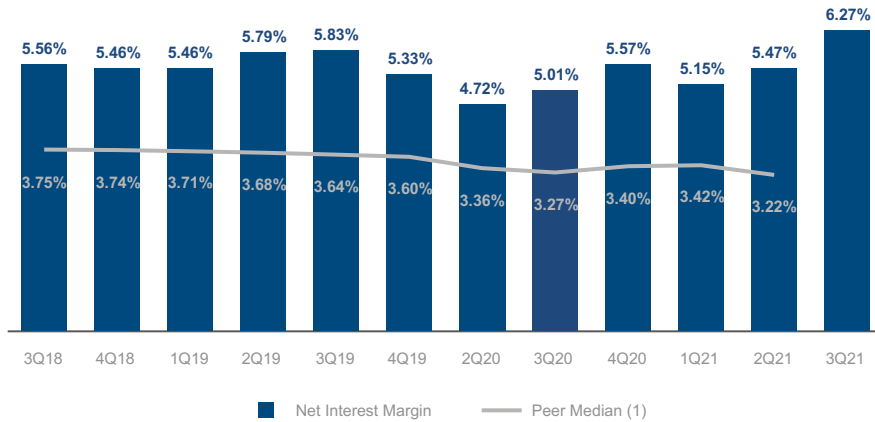
Low Cost Deposits (\$M)



Delivering Superior Net Interest Margin

Elevated Margin Supported by Card and Fee Discipline

Net Interest Margin

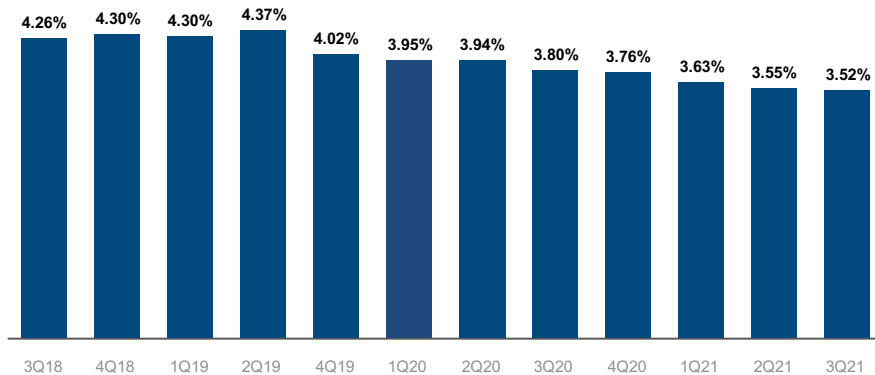


Business Model Focused on Adding Value for Customers

- Deliver real, advice-based solutions to complex credit needs rather than acting as the low-cost provider (largely avoid bid situations)
- Target customers with complex credit needs who recognize our added value to their business
- Net interest margin is enhanced by OpenSky[®] card returns and deposit contribution
- Consistently collect loan fees

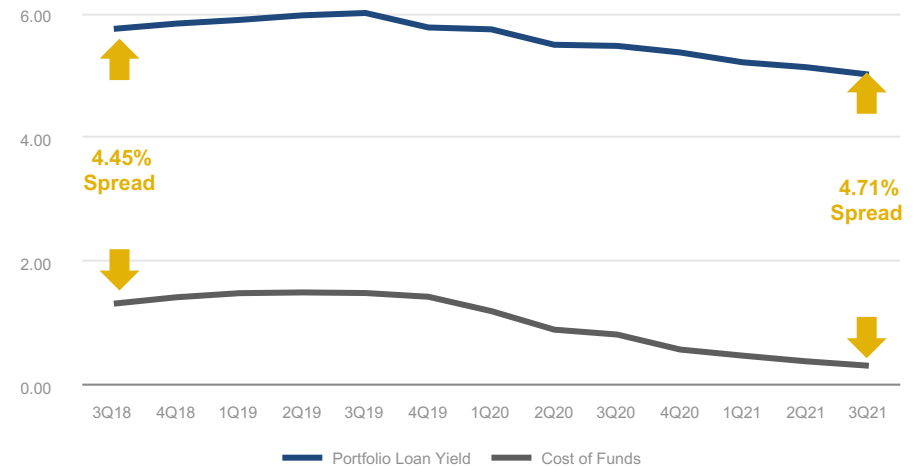
Core Margin Supported by Disciplined Fee Collection

Net Interest Margin, ex Card and SBA-PPP Loans



Compression of Loan Yields Offset by Cost of Funds

Margin Components



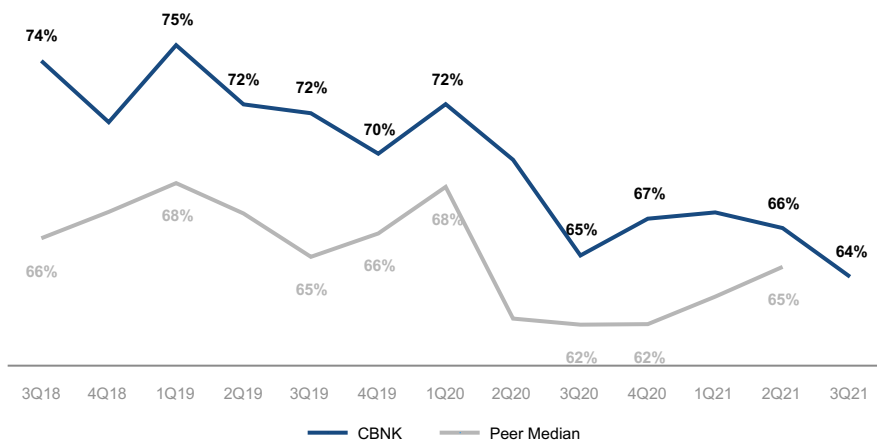
Efficiency Ratio

Improving Efficiency Ratio as Businesses Scale

Efficiency Ratio

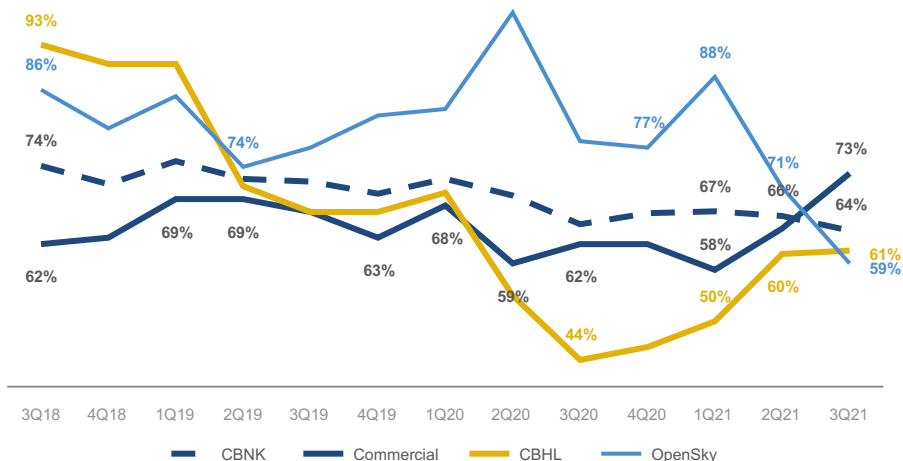
Efficiency Improvement

CBNK	13.57 %
Peer Median	2.03 %



Diversified Businesses with Complimentary Efficiencies

Efficiency Ratio by Line of Business



Investments Driving a Positive Long-term Impact on Efficiency:

- Credit card data processing conversion elevated expenses but positioned the business line for long-term growth
- Added a 7-person business development team and a 12-person mortgage origination and processing team in an adjacent market in 2020
- Reston, VA and Columbia, MD branch locations opened in Q2 2017 and Q2 2018, respectively
- Closing of redundant branch in Rockville market