



CAPITAL BANCORP, INC.

**4Q 2023
Investor Overview**

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. While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: changes in general economic, political, or industry conditions; recent adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, liquidity, and regulatory responses to these developments; geopolitical concerns, including the ongoing wars in Ukraine and the Middle East; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Board of Governors of the Federal Reserve System; inflation/deflation, interest rate, market, and monetary fluctuations; volatility and disruptions in global capital and credit markets; any failure to adequately manage the transition from USD LIBOR as a reference rate; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services; the impact of changes in financial services policies, laws, and regulations, including those concerning taxes, banking, securities, and insurance, and the application thereof by regulatory bodies; cybersecurity threats and the cost of defending against them, including the costs of compliance with potential legislation to combat cybersecurity at a state, national, or global level; climate change, including any enhanced regulatory, compliance, credit and reputational risks and costs; and other factors that may affect our future results. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the Company's 2022 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.

Except as otherwise indicated, this presentation speaks as of the date hereof. The delivery of this presentation shall not, under any circumstances, create any implication that there has been no change in the affairs of Capital after the date hereof.

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This presentation may include certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. These non-GAAP financial measures should not be considered in isolation, and should be considered as additions to, and not substitutes for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company's non-GAAP financial measures as tools for comparison. If included in this presentation, see the Appendix to this presentation for a reconciliation of the non-GAAP financial measures used in (or conveyed orally during) this presentation to their most directly comparable GAAP financial measures.

Capital Bancorp, Inc. (NASDAQ-CBNK)

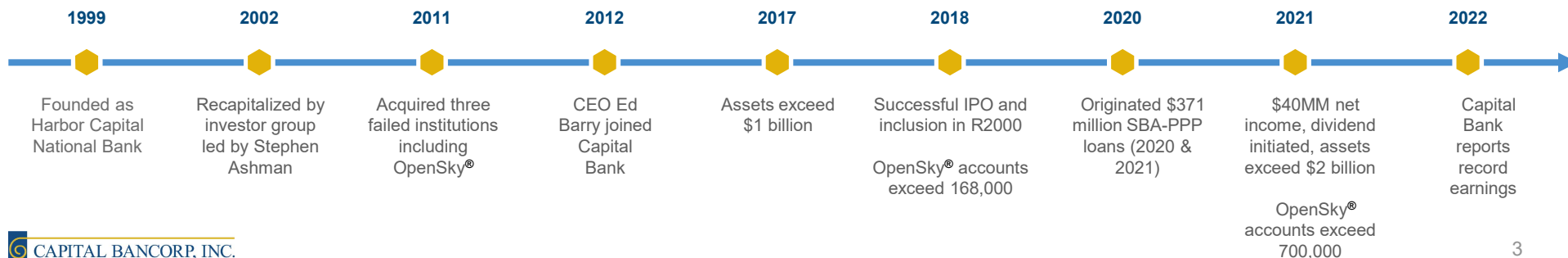
Financial Highlights

Corporate Headquarters - Rockville, MD

(in millions except per share data)

| Balance Sheet | December 31, 2023 | September 30, 2023 | QoQ Result | December 31, 2022 | YoY Result |
|--|--------------------------|---------------------------|-------------------|--------------------------|-------------------|
| Assets | \$ 2,225 | \$ 2,272 | -2.1% | \$ 2,124 | 4.8% |
| Portfolio Loans | 1,903 | 1,862 | 2.2% | 1,729 | 10.1% |
| Deposits | 1,896 | 1,968 | -3.7% | 1,758 | 7.8% |
| Quarterly Financial Performance | | | | | |
| Tangible Book Value per Share ⁽¹⁾ | \$ 18.31 | \$ 17.48 | 4.7% | \$ 15.84 | 15.6% |
| Earnings per Share, Diluted | \$ 0.65 | \$ 0.70 | -7.1% | \$ 0.62 | 4.8% |
| ROAA, annualized | 1.63% | 1.75% | -12 bps | 1.67% | -4 bps |
| ROAE, annualized | 14.44% | 16.00% | -156 bps | 16.18% | -174 bps |
| Efficiency Ratio | 65.91% | 65.02% | -89 bps | 65.59% | -32 bps |
| Net Interest Margin | 6.40% | 6.71% | -31 bps | 6.64% | -24 bps |
| Net Interest Margin, as adjusted ⁽¹⁾⁽²⁾ | 3.92% | 4.05% | -13 bps | 3.91% | 1 bps |

Corporate Timeline



Diversified Lines of Business

Differentiated Go-to-Market Strategy

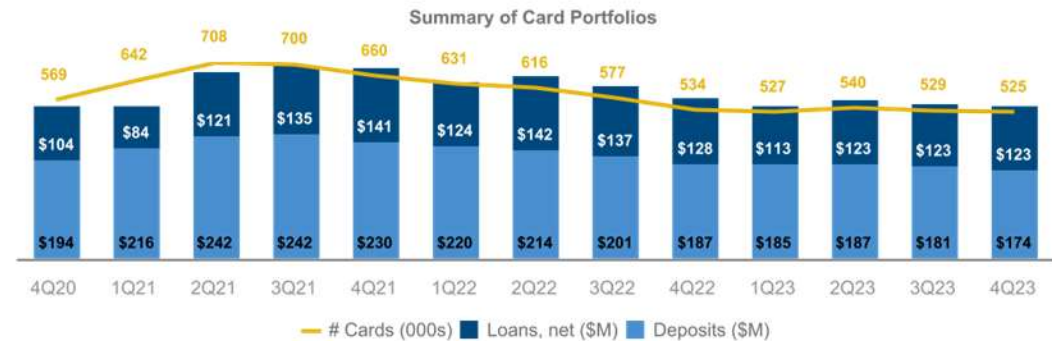
Capital Bank - Commercial Lending

- 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



OpenSky®

- Initial lead product - nationwide, secured credit card to help under-banked customers (re)establish their credit
- Secured and unsecured credit card availability to customers
- Building capabilities to cross-sell products and services as card-holders progress on their customer journeys
- Normal attrition from record COVID-19 card growth has resulted in decline in cards outstanding since 2Q21



Capital Bank Home Loans

- Increasing interest rates over the last 18 months have resulted in steep declines in mortgage origination volumes
- Gain on sale margin returning to normalized levels
- Expense management has reduced losses while maintaining robust origination capabilities



Distinctive Investment Opportunity



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

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



Growth and Diversified Revenue Generation Drive Superior Profitability

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



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
-



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 (>30%) board and management ownership

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

Partnerships driving growth in mortgage, OpenSky® and deposits



Customer Experience

Investment and partnerships providing enhanced customer experience



Back Office 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 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
- Expense reduction initiatives completed in 2022

Fourth Quarter 2023 Highlights

Earnings and Profitability

- Net Income of \$9.0 million
- Diluted EPS of \$0.65
- Return on Average Assets of 1.63%
- Return on Average Equity of 14.44%
- Tangible Book Value Per Share⁽¹⁾ of \$18.31 up 16% year over year
- Cash dividend of \$0.08 per share declared

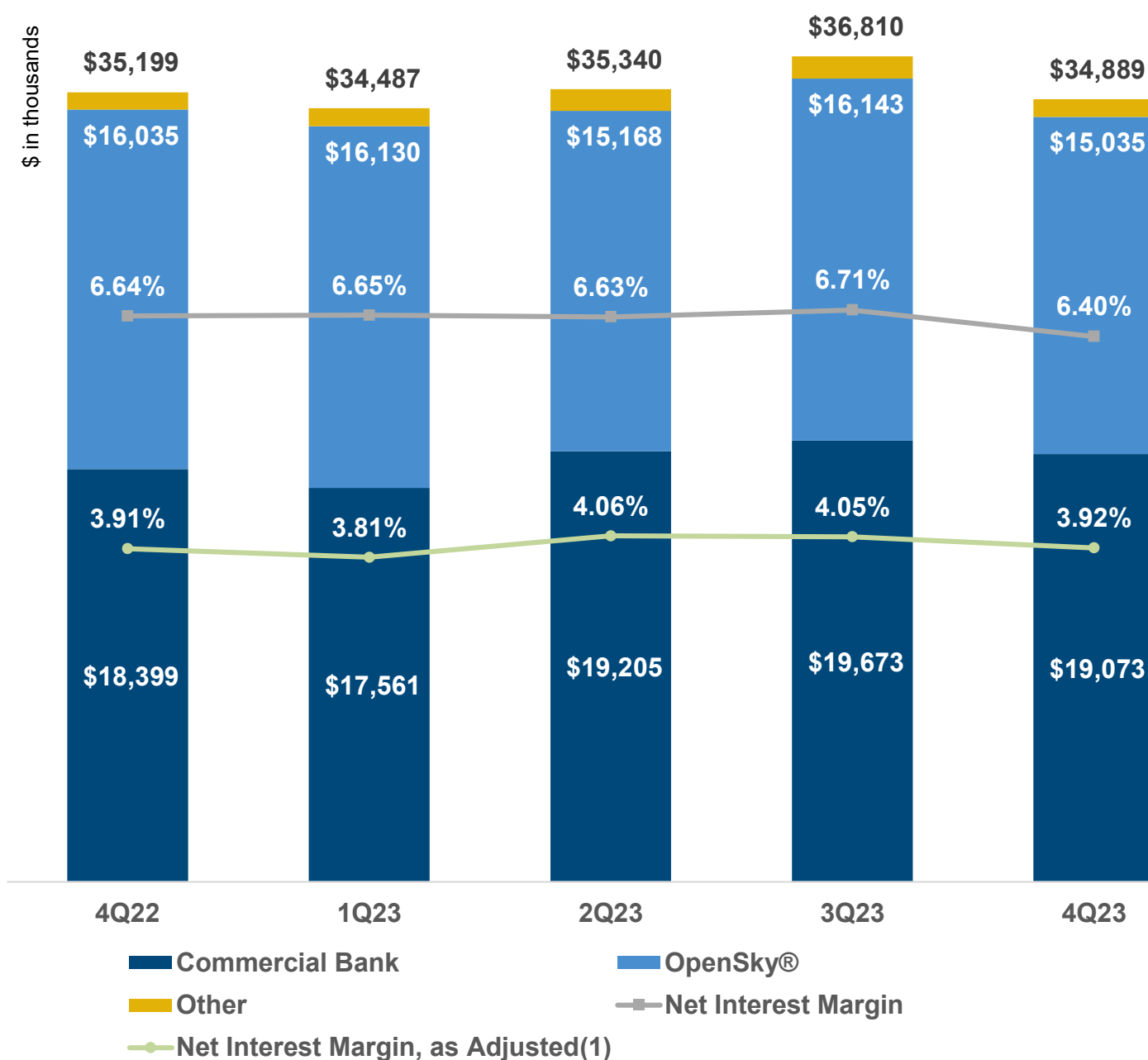
Key Operating Trends

- Net Interest Margin of 6.40%
- Net Interest Margin, Adjusted⁽¹⁾⁽²⁾ of 3.92%
- Efficiency Ratio of 65.91%

Loans and Deposits

- Total portfolio loans increased \$40.7 million to \$1.903 billion
- Total average portfolio loans increased \$15.7 million to \$1.863 billion
- Total deposits decreased \$72.0 million to \$1.896 billion
- Total average deposits decreased \$33.4 million to \$1.885 billion
- Portfolio loans-to-deposit ratio (average balances) of 98.8%

Net Interest Income and Net Interest Margin



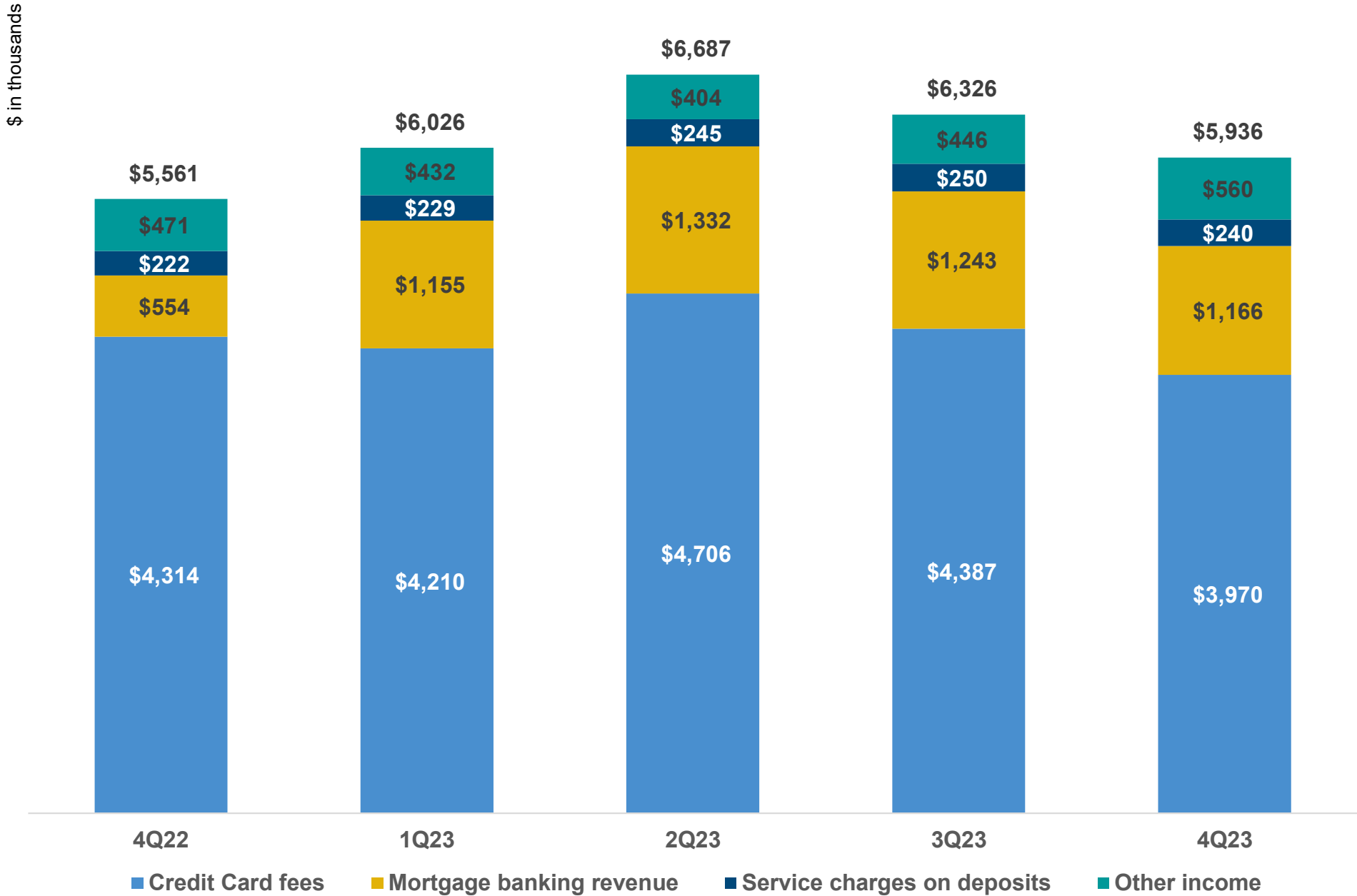
Net Interest Income

- Net interest income of \$34.9 million decreased \$1.9 million or 5.2% compared to \$36.8 million from the prior quarter.
- Commercial Bank net interest income decreased \$0.6 million from the prior quarter driven by an increase in the average cost of interest-bearing liabilities.
- OpenSky® net interest income decreased \$1.1 million from the prior quarter. Average OpenSky® loan balances, net of reserves and deferred fees of \$114.6 million for the fourth quarter 2023, decreased \$2.3 million as compared to the prior quarter.

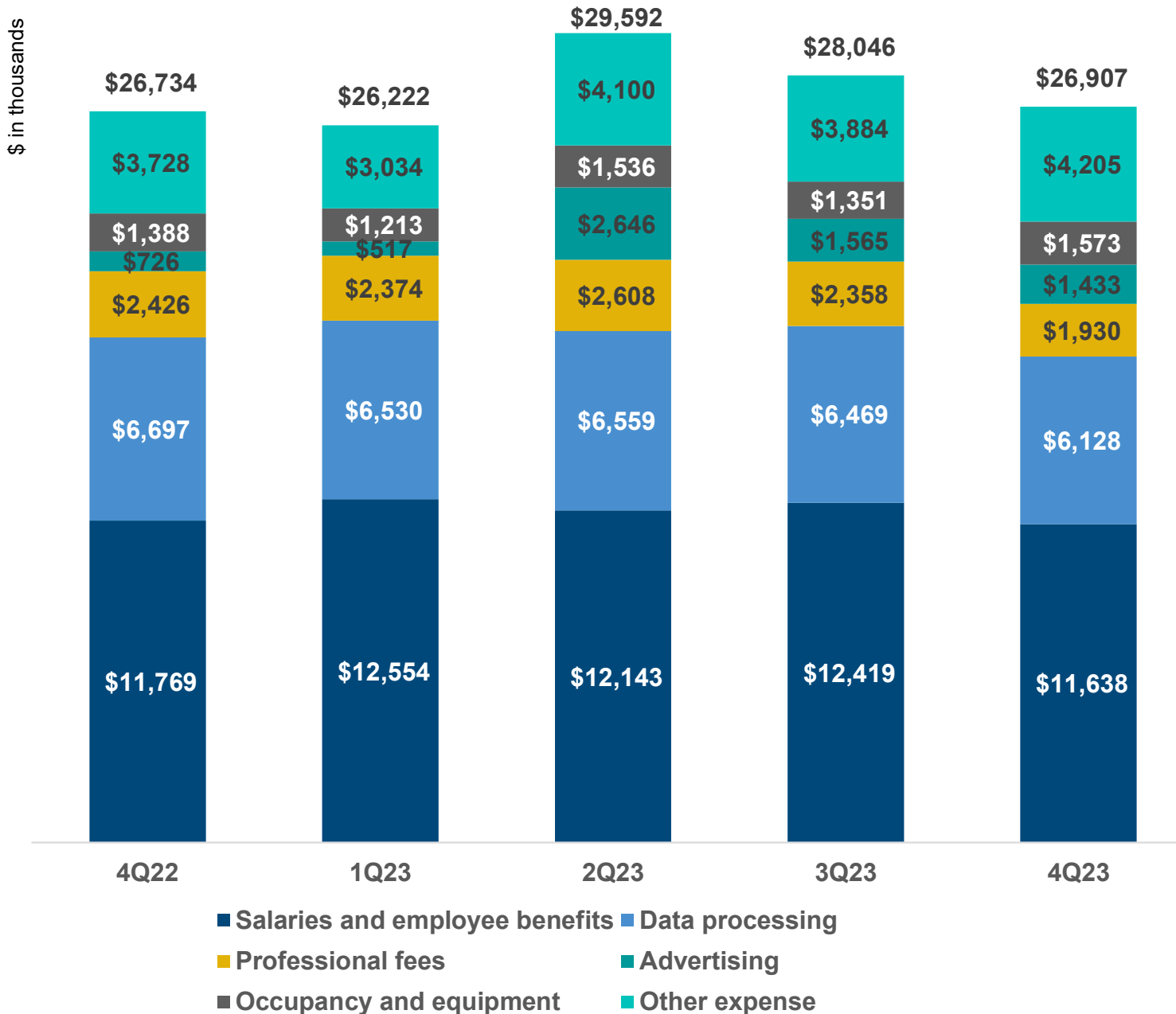
Net Interest Margin

- Net interest margin declined 31 bps to 6.40%, driven by lower OpenSky® interest income.
- Net interest margin, as adjusted⁽¹⁾ declined 13 bps from the prior quarter to 3.92% as a result of the rising cost of interest-bearing liabilities.

Noninterest Income – Quarter to Date



Noninterest Expense – Quarter to Date

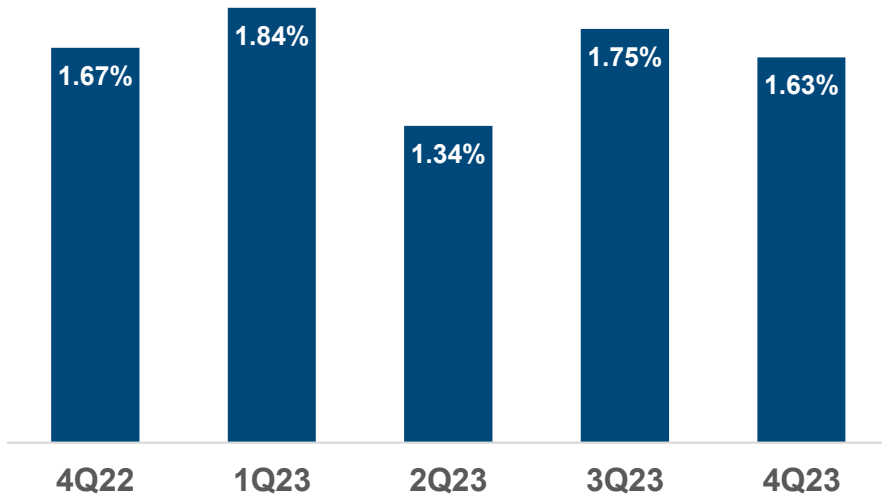


Noninterest expense decreased \$1.1 million

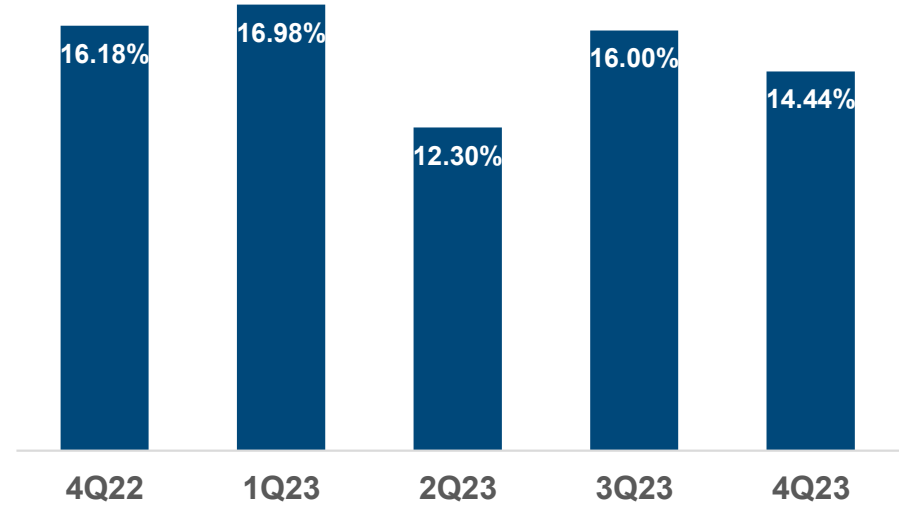
- Salaries and benefits decreased \$0.8 million, primarily due to adjustments to annual incentive based compensation.
- Professional fees declined \$0.4 million from lower third party consulting fees.
- Data processing expense decreased \$0.3 million from processor rebates.

Profitability

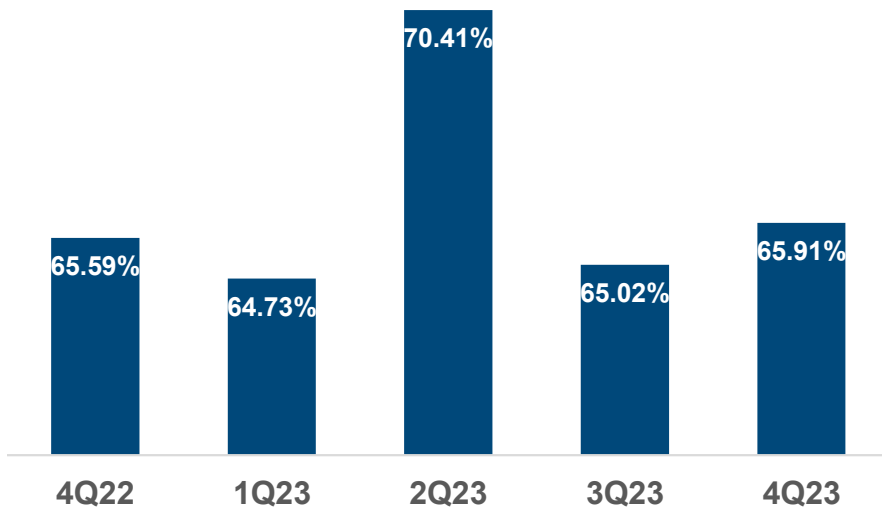
Return on Average Assets



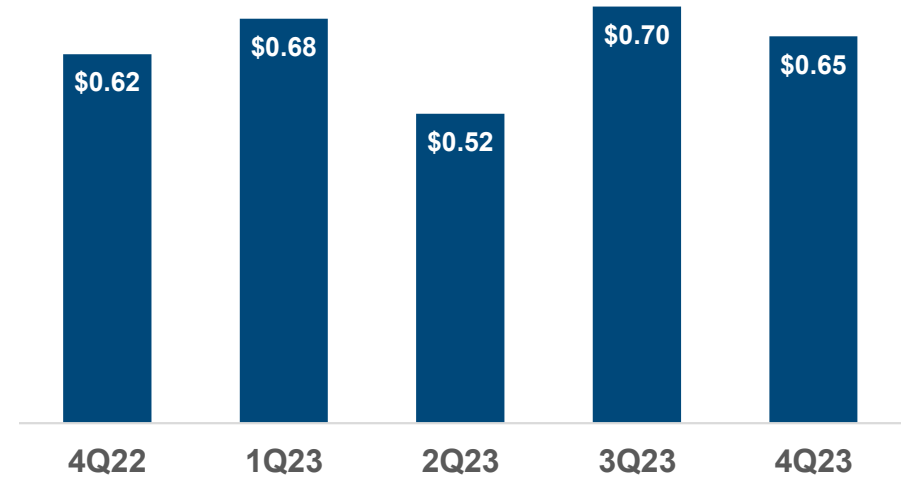
Return on Average Equity



Efficiency Ratio

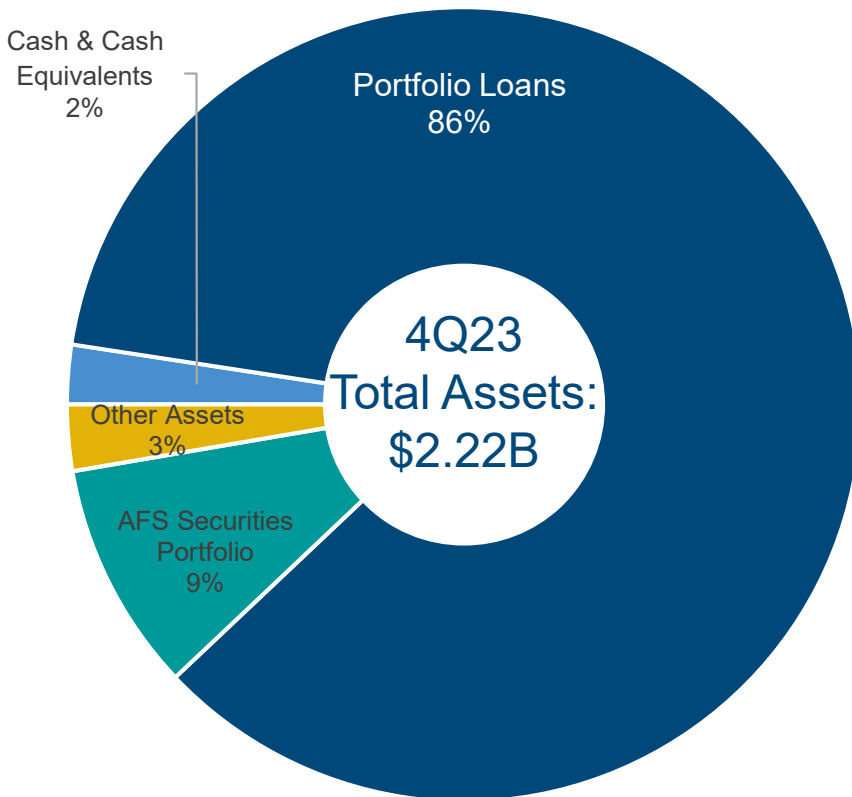


Earnings Per Share, diluted

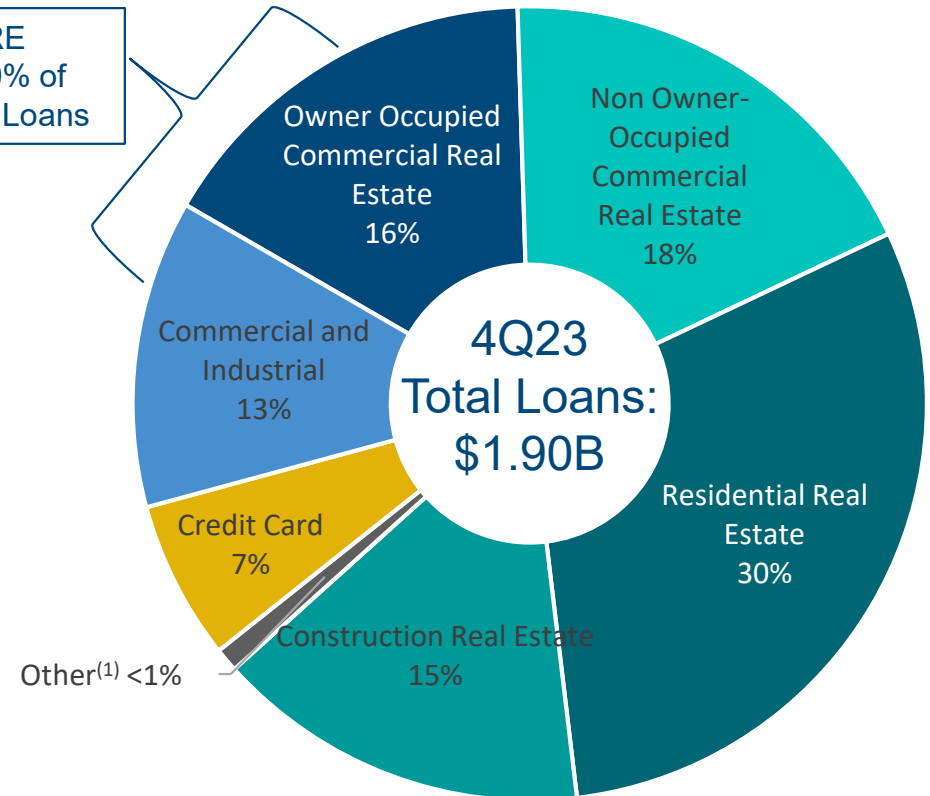


Balance Sheet Composition

Asset Composition



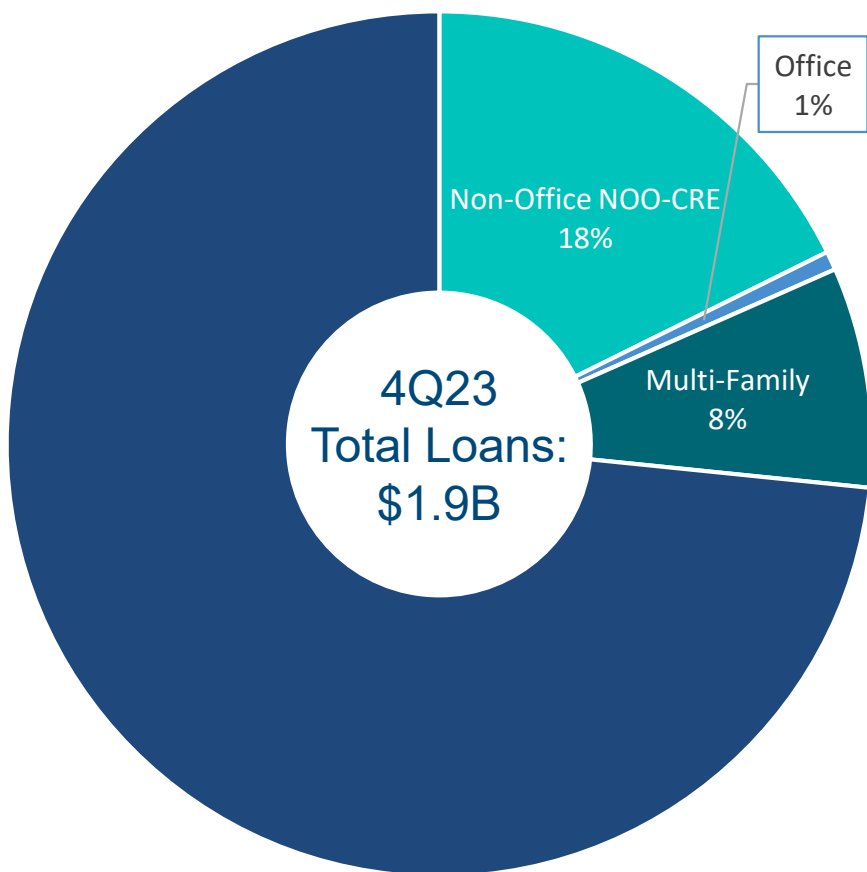
Portfolio Loan Composition



Portfolio Loan Composition Changes

- Total Portfolio Loans increased \$40.7 million, or 8.7% annualized, from the third quarter 2023.
- Owner Occupied Commercial Real Estate Loans totaled \$307.9 million.
- Non-Owner Occupied Commercial Real Estate Loans totaled \$351.1 million.
- Average Portfolio Loans increased \$15.7 million, or 0.9%, from the third quarter 2023.
- Average Portfolio loans-to-deposit ratio of 98.8%.

Non Owner-Occupied Commercial Real Estate (“NOO-CRE”), incl. Multi-Family



(in thousands)

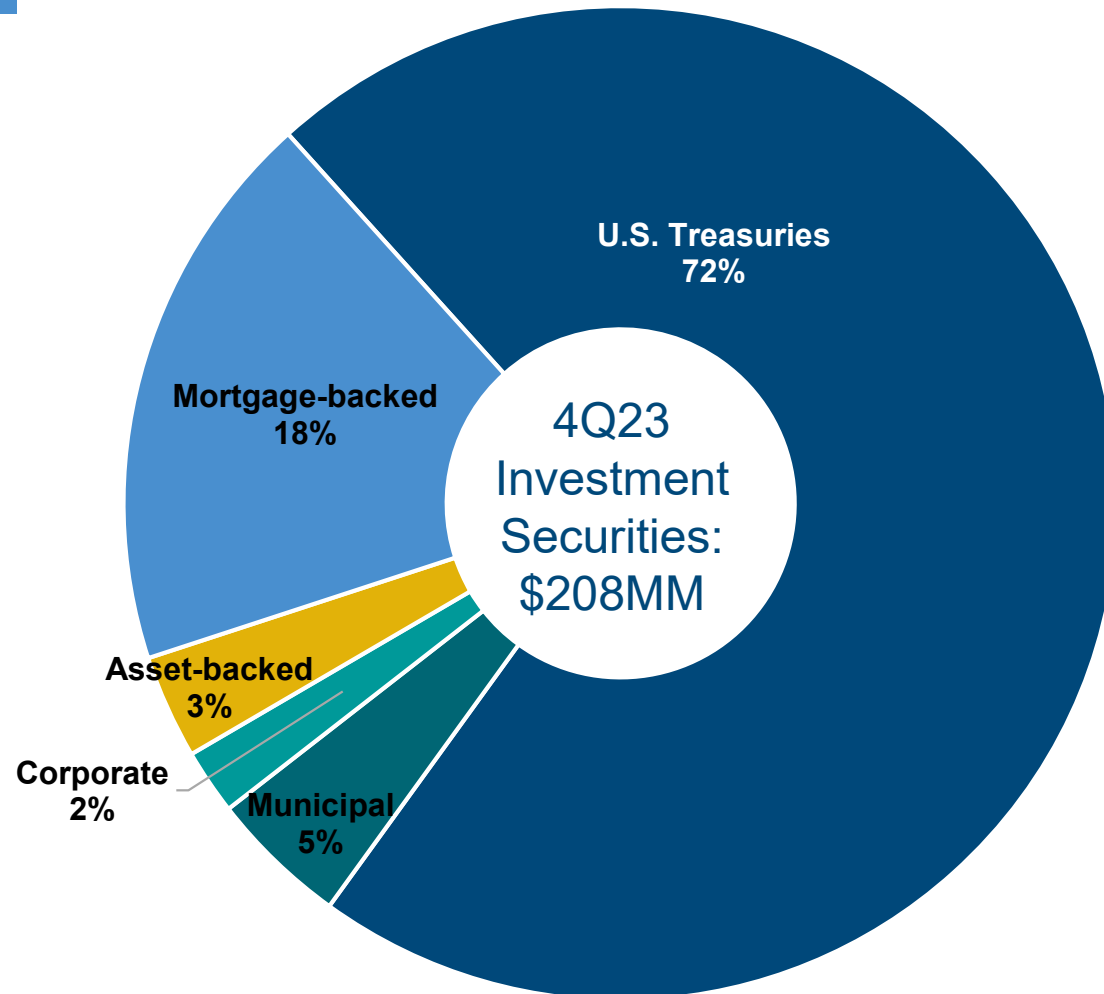
As of December 31, 2023

| <u>Loan Type</u> | <u>Amount</u> | <u>% of Total Portfolio Loans, Gross</u> | <u>Weighted Average LTV</u> |
|-------------------------------------|--------------------|--|-----------------------------|
| Multi-family | \$ 157,257 | 8.2% | 49.8% |
| Retail | \$ 103,508 | 5.4% | 54.0% |
| Mixed Use | 75,780 | 4.0% | 48.8% |
| Industrial | 63,015 | 3.3% | 47.1% |
| Hotel | 60,307 | 3.2% | 44.8% |
| Office | 13,416 | 0.7% | 54.2% |
| Other | 35,090 | 1.8% | 49.3% |
| <u>Total NOO-CRE loans</u> | <u>\$ 351,116</u> | <u>18.4%</u> | <u>49.6%</u> |
| <u>Total portfolio loans, gross</u> | <u>\$1,910,270</u> | | |

Loan-to-Value (“LTV”)

- Weighted average LTV is calculated by reference to the most recent available appraisal of the property securing each loan.
- Commercial Real Estate Loans with Office space exposure totaled \$56.3 million, or 3.0% of total portfolio loans, gross with a weighted average LTV of 49.5%.
- Office Non Owner-Occupied Commercial Real Estate loans totaled \$13.4 million, or 0.7% of total portfolio loans, gross with a weighted average LTV of 54.2%.

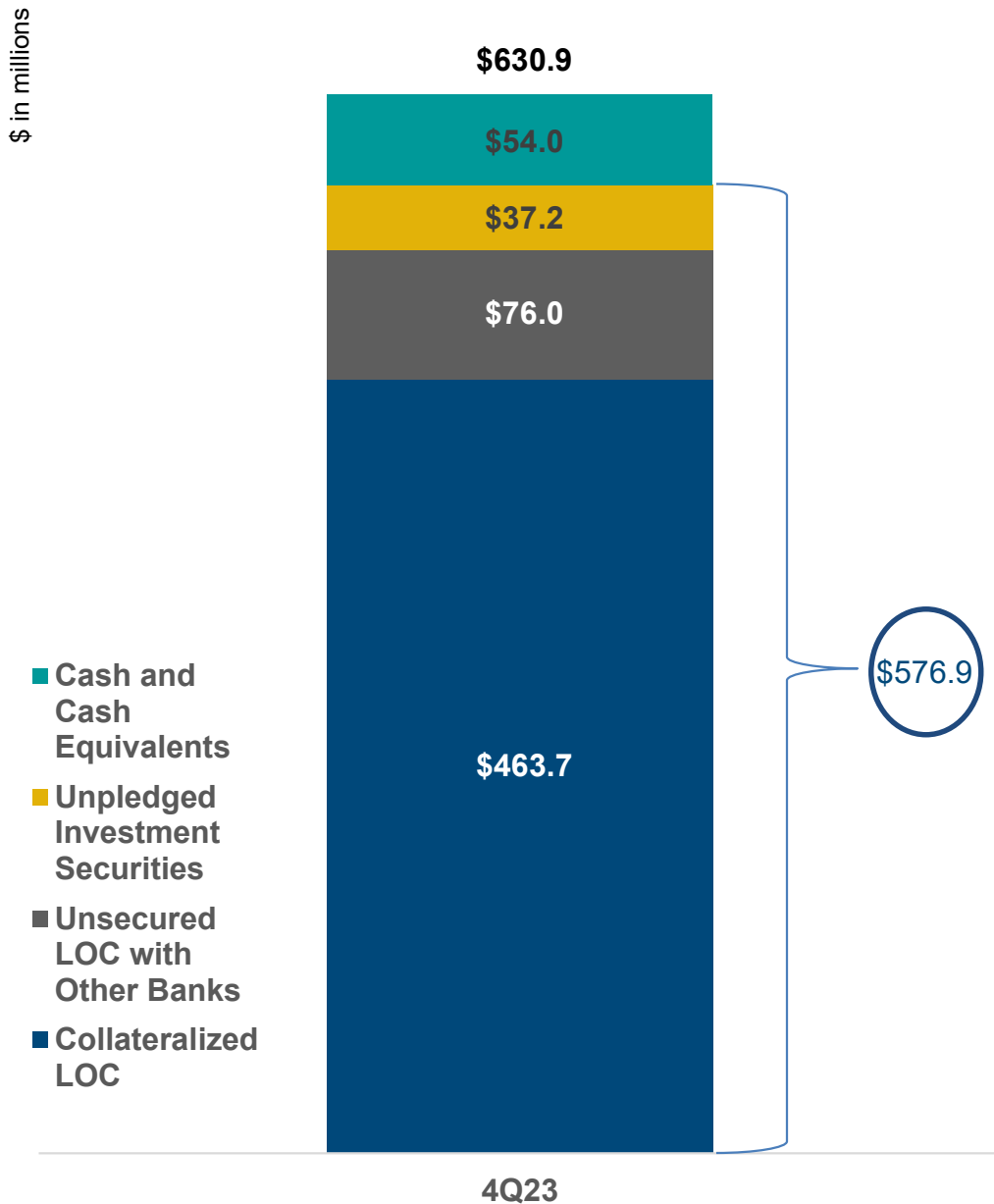
High Quality, Low Risk Investment Portfolio



Investment Securities Portfolio

- Classified as available for sale with a fair market value of \$208 million, or 9.4% of total assets.
- The amortized cost of the investment securities portfolio was \$225.7 million, with an effective duration of 3.22 years.
- U.S. Treasuries represent 71.5% of the overall investment portfolio.
- The accumulated other comprehensive loss on the investment securities portfolio of \$13.1 million represents 5.1% of total stockholders' equity.
- The Company does not have a held to maturity investment securities portfolio.

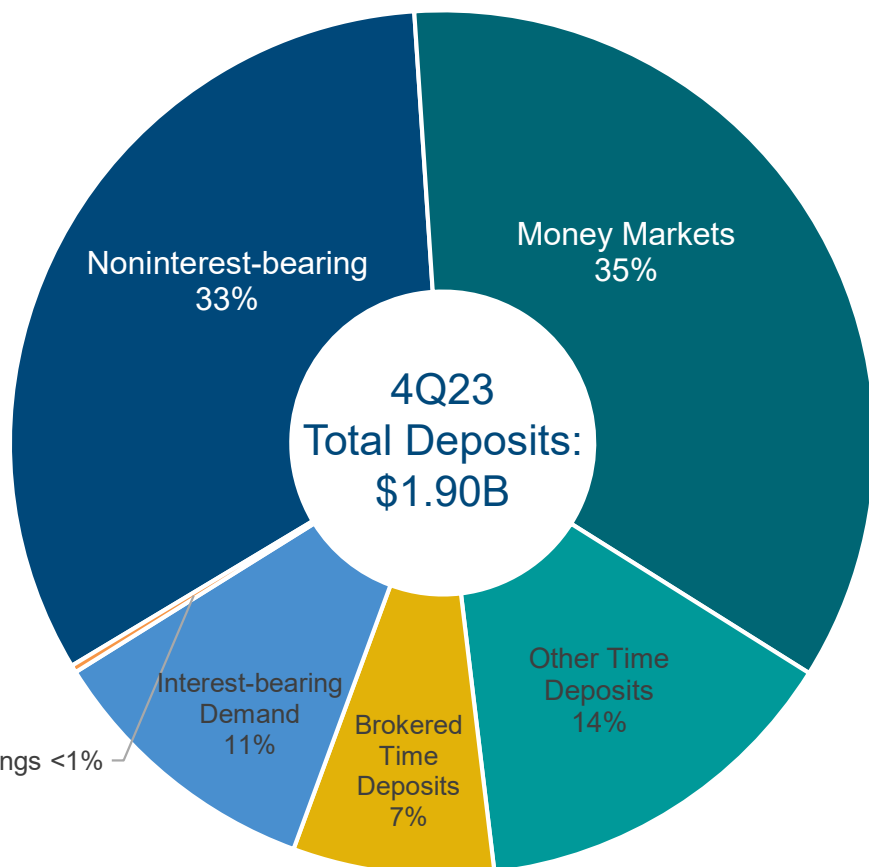
Liquidity



Sources of Liquidity:

- As of December 31, 2023, sources of available borrowings totaled \$576.9 million.
- \$463.7 million of collateralized lines of credit include:
 - \$291.5 million of available borrowing capacity from the FHLB.
 - \$155.7 million available through the Bank Term Funding Program⁽¹⁾
 - \$16.6 million of available borrowing capacity from the Federal Reserve Bank of Richmond Borrower in Custody program.
- Available lines of credit with other correspondent banks totaled \$76.0 million.
- Unpledged investment securities available as collateral for potential additional borrowings totaled \$37.2 million.
- Cash and cash equivalents totaled \$54.0 million.

Composition of Deposits

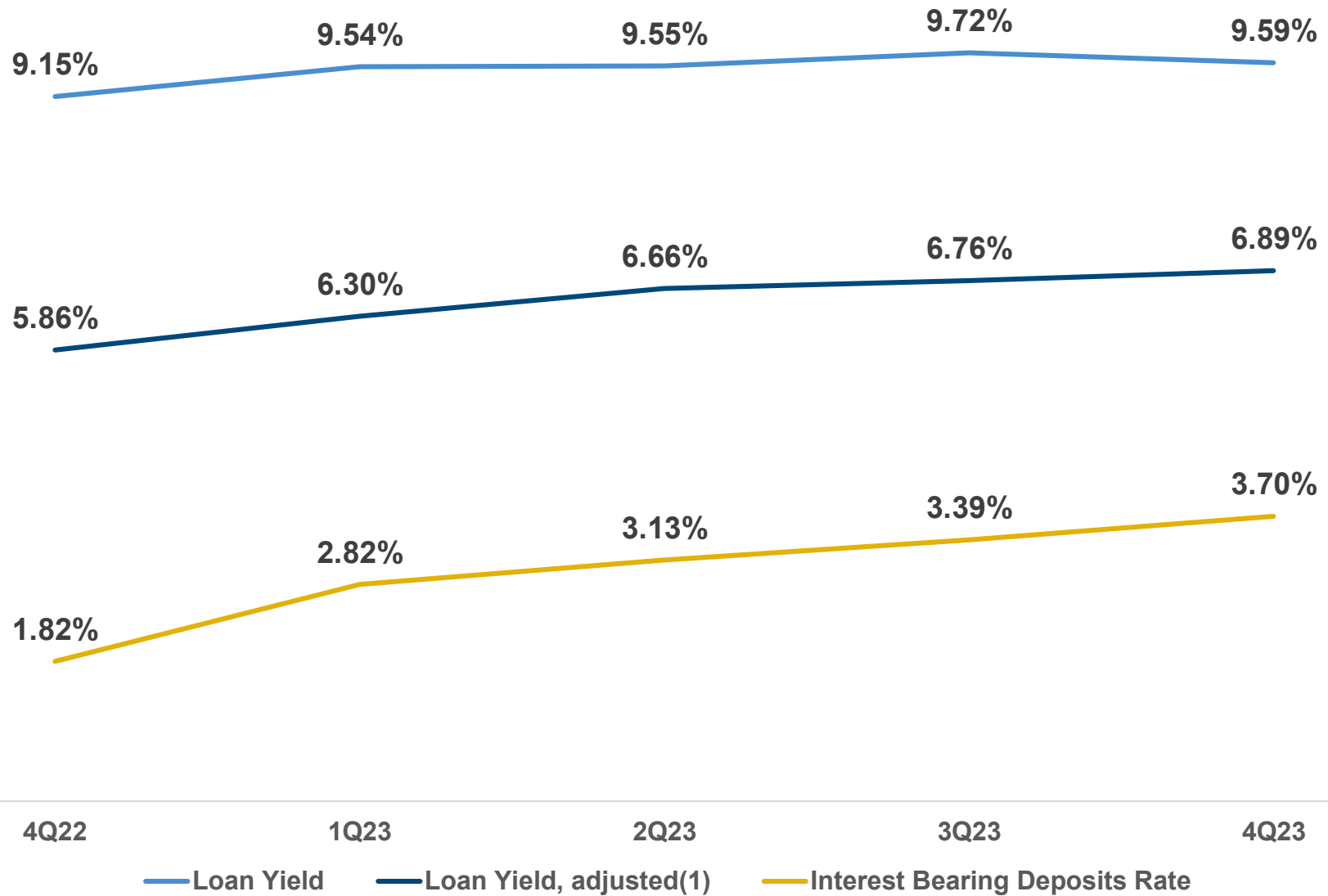


| | As of | | For the Three Months Ended | |
|-------------------------|---------------------|---------------------|-----------------------------|--|
| | December 31, 2023 | | December 31, 2023 | |
| (in thousands) | Spot Balance | Average Balance | Average Rate ⁽¹⁾ | |
| Deposits: | | | | |
| Noninterest-bearing | \$ 617,373 | \$ 622,941 | 0.00% | |
| Interest-bearing demand | 199,308 | 195,539 | 0.18% | |
| Savings | 5,211 | 5,184 | 0.15% | |
| Money markets | 663,129 | 680,697 | 4.16% | |
| Time deposits | 410,975 | 380,731 | 4.72% | |
| Total deposits | \$ 1,895,996 | \$ 1,885,092 | 2.47% | |

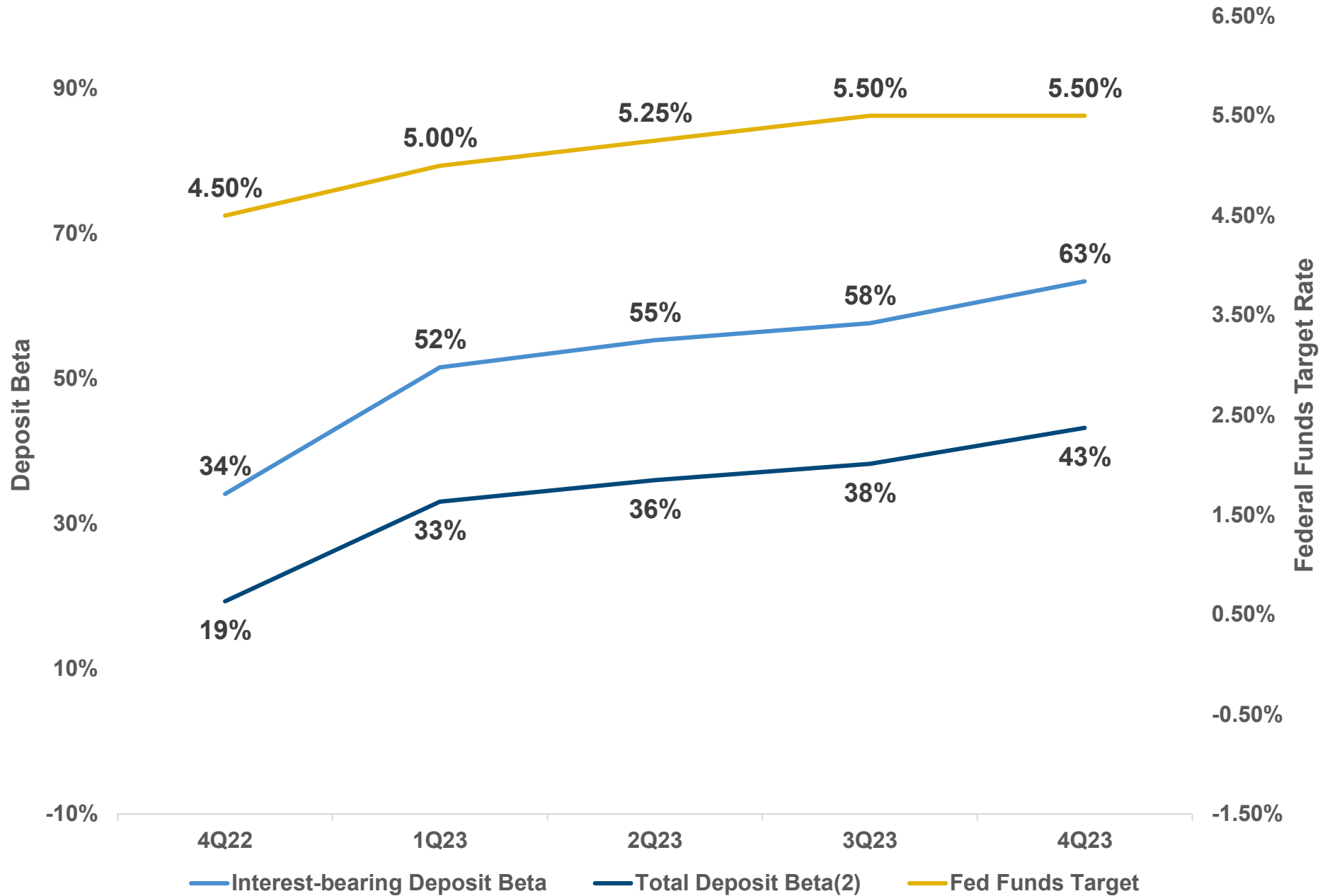
Deposit Composition and Costs

- Total Deposits decreased \$72.0 million, or 3.7%, from the third quarter 2023.
- Average deposits decreased \$33.4 million, or 1.7%, from the third quarter 2023.
- Interest bearing deposit costs increased 31bps to 3.70% from 3.39% in the prior quarter and total deposit costs increased 26bps to 2.47% from 2.21% in the prior quarter.
- Transaction accounts (noninterest-bearing and interest-bearing demand) represent 43.1% of overall deposit funding at December 31, 2023.

Loan Yield and Deposit Rate Trends



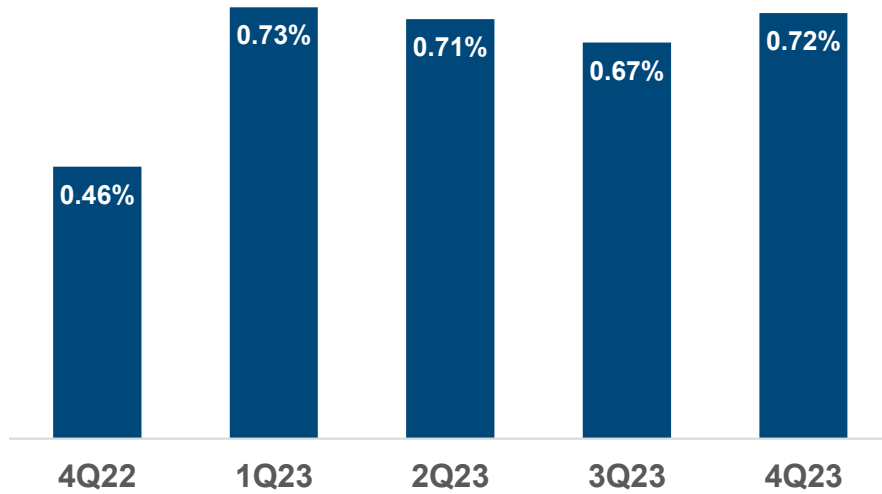
Deposit Betas⁽¹⁾



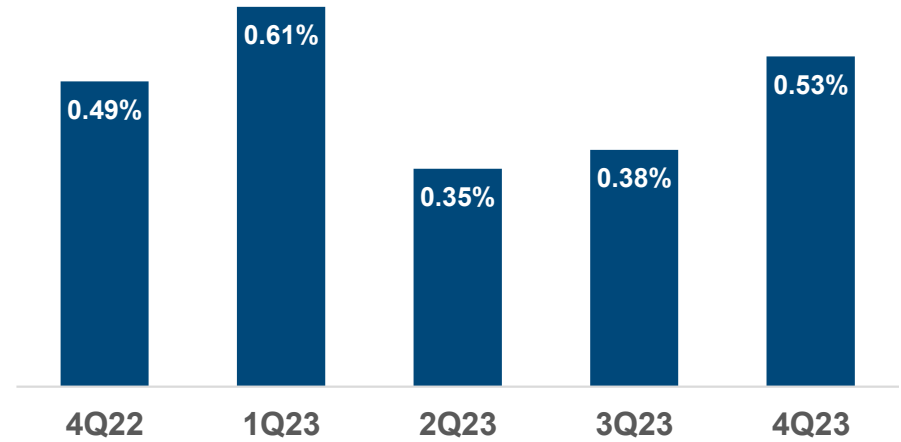
(1) Deposit betas are cumulative customer deposits for the current cycle; Federal Funds Target rates are end-of-period value
 (2) Includes noninterest bearing and interest-bearing deposits

Credit Metrics

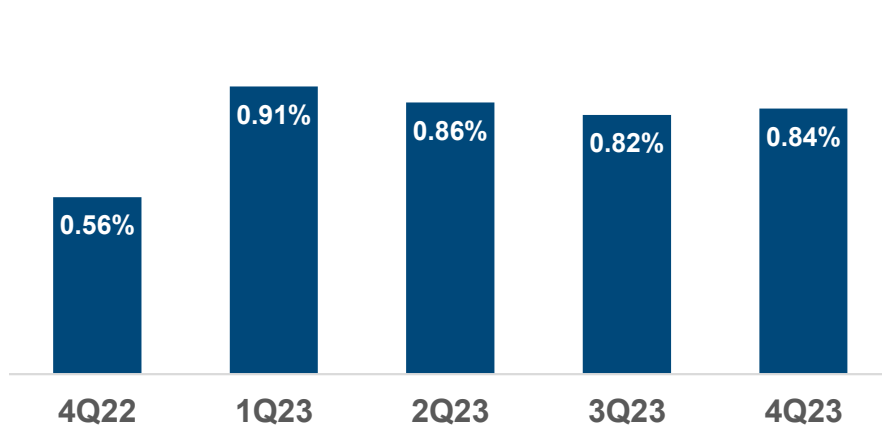
Non-performing Assets / Total Assets



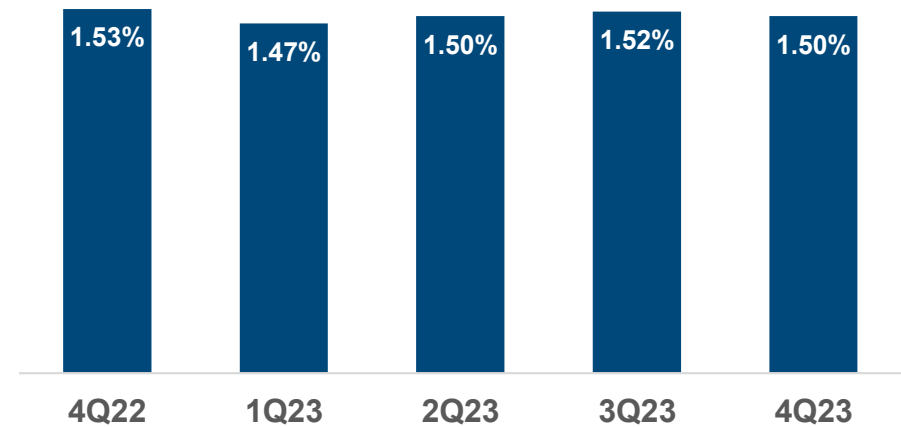
Annualized Net Charge-Offs / Average Portfolio Loans⁽¹⁾



Non-performing Loans / Total Portfolio Loans⁽¹⁾

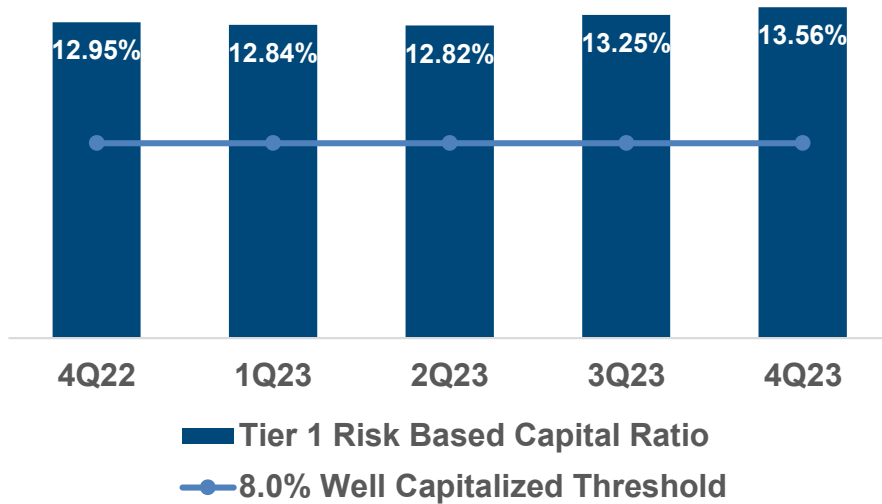


Allowance for Credit Losses / Total Portfolio Loans⁽¹⁾

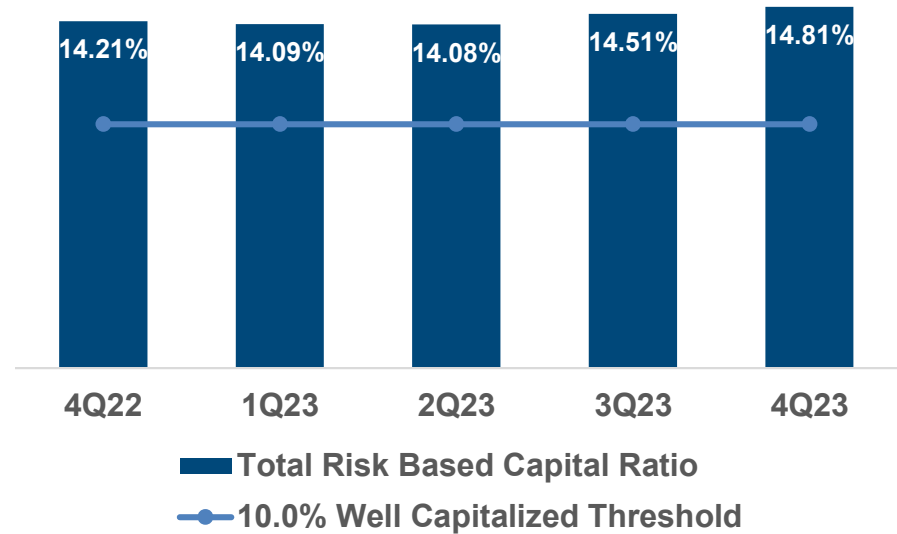


Robust Capital Ratios

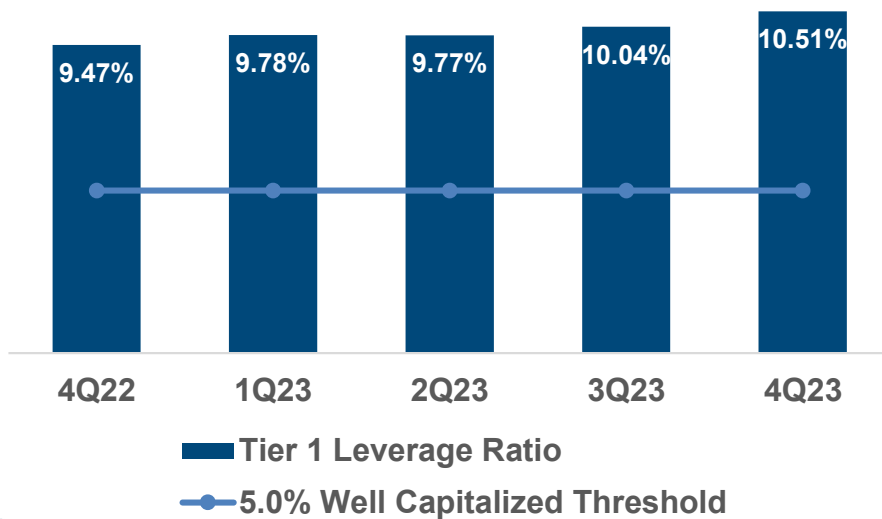
Tier 1 Risk Based Capital Ratio



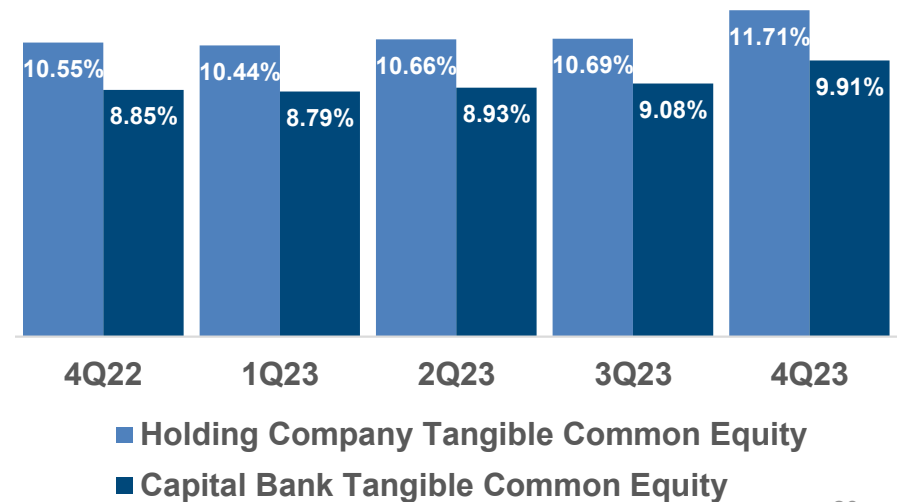
Total Risk Based Capital Ratio



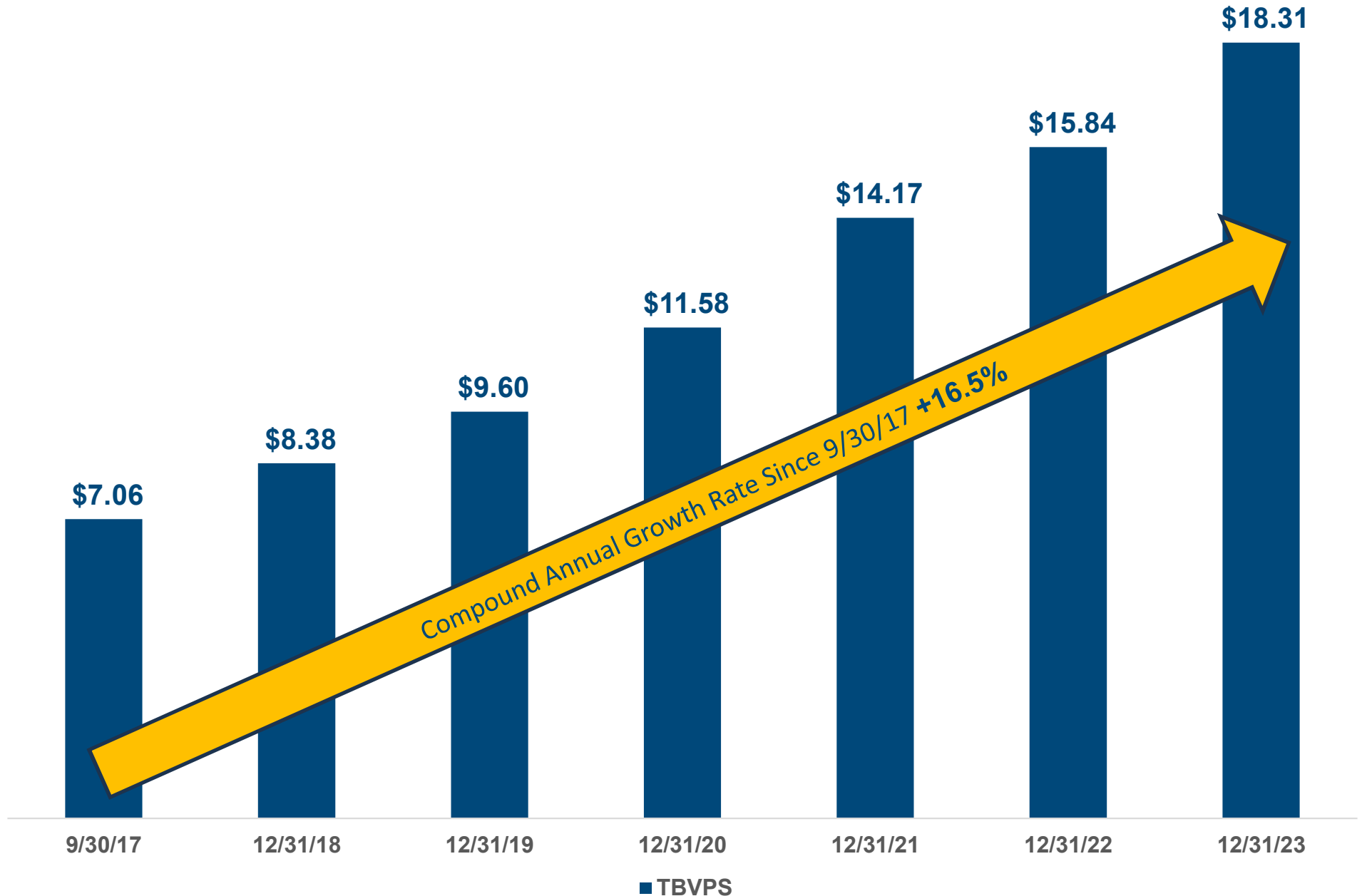
Tier 1 Leverage Ratio



Tangible Common Equity

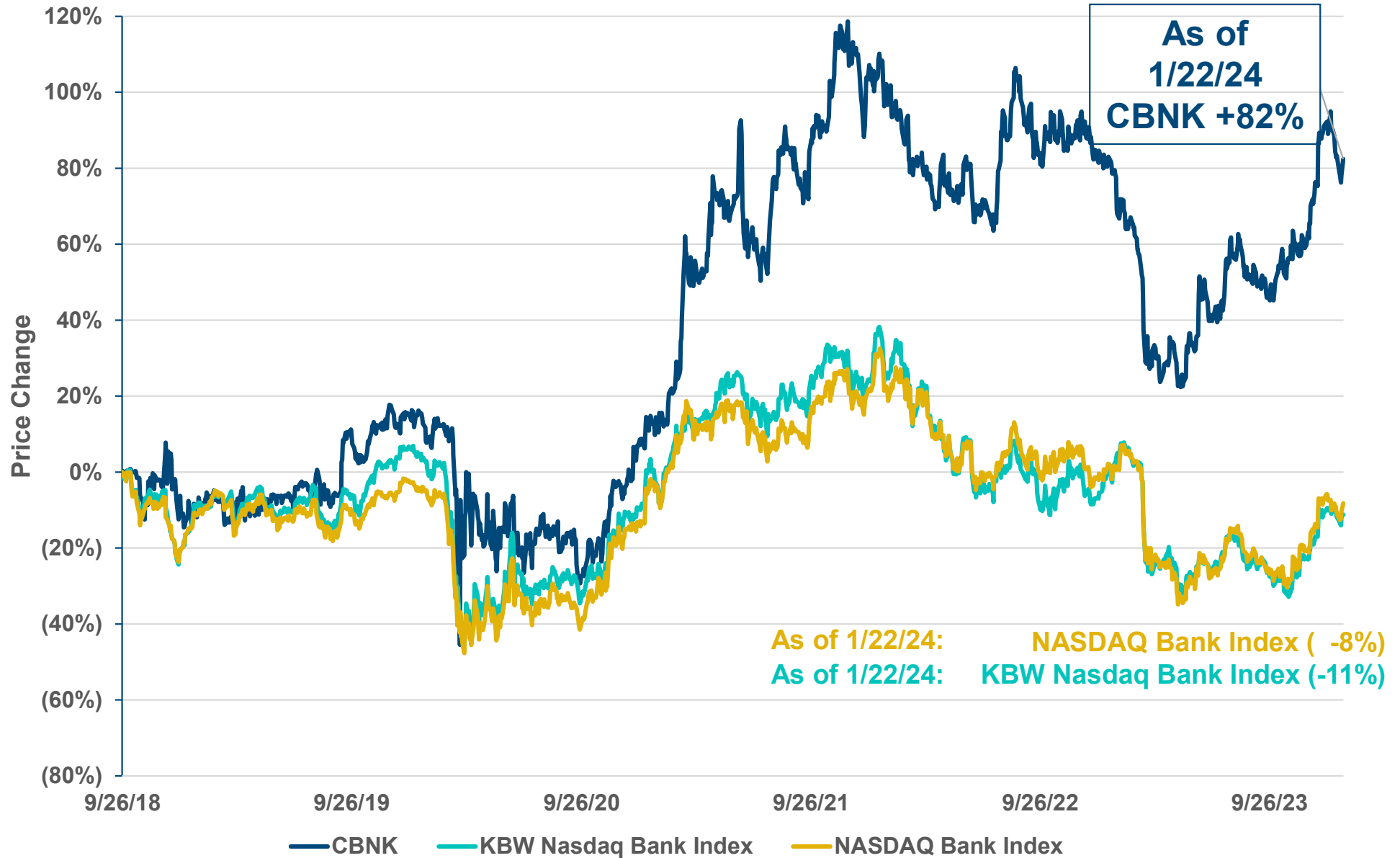


Tangible Book Value Per Share (“TBVPS”)(1)



Share Appreciation Outperforms Industry

Share Price Change Since Capital Bancorp, Inc. IPO on 9/26/2018





CAPITAL BANCORP, INC.

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Chief Financial Officer
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Ed Barry
Chief Executive Officer
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NASDAQ: CBNK



Appendix



Reconciliation of Non-GAAP Information

| Tangible Book Value Per Share | Quarters Ended | | |
|---|--------------------------|---------------------------|--------------------------|
| | December 31, 2023 | September 30, 2023 | December 31, 2022 |
| (in thousands, except per share amount) | | | |
| Total Stockholders' Equity | \$ 254,860 | \$ 242,878 | \$ 224,015 |
| Less: Preferred equity | - | - | - |
| Less: Intangible assets | - | - | - |
| Tangible Common Equity | \$ 254,860 | \$ 242,878 | \$ 224,015 |
| Period End Shares Outstanding | 13,922,532 | 13,893,083 | 14,138,829 |
| Tangible Book Value Per Share | \$ 18.31 | \$ 17.48 | \$ 15.84 |
| | | | |
| Net Interest Margin, as Adjusted⁽¹⁾ | Quarters Ended | | |
| | December 31, 2023 | September 30, 2023 | December 31, 2022 |
| (in thousands) | | | |
| Net Interest Income | \$ 34,889 | \$ 36,810 | \$ 35,199 |
| Less: Credit card loan income | 14,677 | 15,792 | 15,717 |
| Less: SBA-PPP loan income | 4 | 11 | 28 |
| Net Interest Income, as Adjusted | \$ 20,208 | \$ 21,007 | \$ 19,454 |
| Average Interest Earning Assets | 2,162,459 | 2,176,477 | 2,101,617 |
| Less: Average credit card loans | 114,551 | 116,814 | 124,120 |
| Less: Average SBA-PPP loans | 699 | 906 | 2,435 |
| Total Average Interest Earning Assets, as Adjusted | \$ 2,047,209 | \$ 2,058,757 | \$ 1,975,062 |
| Net Interest Margin, as Adjusted⁽¹⁾ | 3.92% | 4.05% | 3.91% |
| | | | |
| (1) Annualized | | | |

Reconciliation of Non-GAAP Information

| Net Charge-offs to Average Portfolio Loans ⁽¹⁾ | Quarters Ended | | | | |
|---|-------------------|--------------------|---------------|----------------|-------------------|
| | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 |
| (in thousands) | | | | | |
| Total Net Charge-offs | \$ 2,477 | \$ 1,780 | \$ 1,583 | \$ 2,633 | \$ 2,090 |
| Total Average Loans | 1,863,298 | 1,847,772 | 1,802,608 | 1,752,638 | 1,677,869 |
| Less: Average SBA-PPP loans | 699 | 906 | 1,808 | 2,099 | 2,435 |
| Total Average Portfolio Loans | \$ 1,862,599 | \$ 1,846,866 | \$ 1,800,800 | \$ 1,750,539 | \$ 1,675,434 |
| Net Charge-offs to Average Portfolio Loans⁽¹⁾ | 0.53% | 0.38% | 0.35% | 0.61% | 0.49% |
| | | | | | |
| Nonperforming Loans to Total Portfolio Loans | Quarters Ended | | | | |
| | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 |
| (in thousands) | | | | | |
| Total Nonperforming Loans | \$ 16,042 | \$ 15,236 | \$ 15,709 | \$ 16,293 | \$ 9,756 |
| Total Loans | 1,903,288 | 1,862,679 | 1,838,131 | 1,788,146 | 1,730,755 |
| Less: SBA-PPP loans | 645 | 750 | 1,090 | 2,037 | 2,163 |
| Total Portfolio Loans | \$ 1,902,643 | \$ 1,861,929 | \$ 1,837,041 | \$ 1,786,109 | \$ 1,728,592 |
| Nonperforming Loans to Total Portfolio Loans | 0.84% | 0.82% | 0.86% | 0.91% | 0.56% |
| | | | | | |
| Allowance for Credit Losses to Total Portfolio Loans | Quarters Ended | | | | |
| | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 |
| (in thousands) | | | | | |
| Allowance for Credit Losses | \$ 28,610 | \$ 28,279 | \$ 27,495 | \$ 26,216 | \$ 26,385 |
| Total Loans | 1,903,288 | 1,862,679 | 1,838,131 | 1,788,146 | 1,730,755 |
| Less: SBA-PPP loans | 645 | 750 | 1,090 | 2,037 | 2,163 |
| Total Portfolio Loans | \$ 1,902,643 | \$ 1,861,929 | \$ 1,837,041 | \$ 1,786,109 | \$ 1,728,592 |
| Nonperforming Loans to Total Portfolio Loans | 1.50% | 1.52% | 1.50% | 1.47% | 1.53% |

(1) Annualized