



CAPITAL BANCORP, INC.

**1Q 2022
Investor Presentation**

Forward Looking Statements

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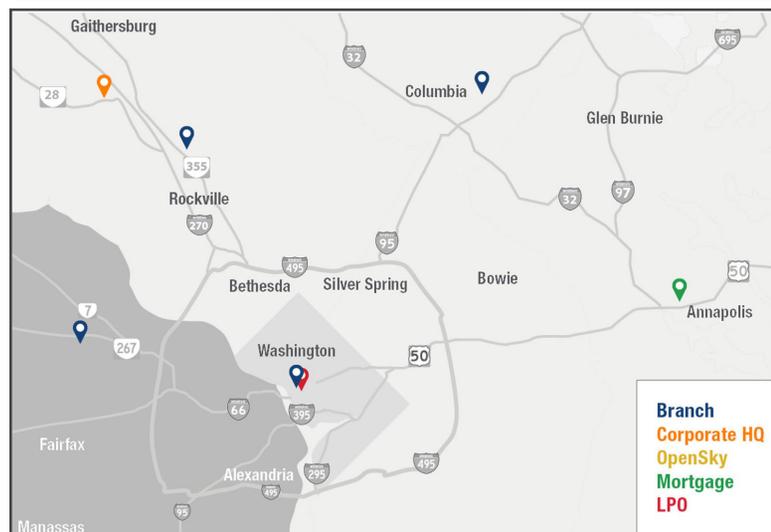
Capital Bancorp, Inc. (NASDAQ-CBNK)

Financial Highlights

Corporate Headquarters - Rockville, MD

Balance Sheet (\$M, except per share amounts)		Unaudited March 31, 2022	Quarterly Result ¹	Yearly Result
Assets	\$	2,122	↑ 3.3 %	↑ 1.5 %
Portfolio Loans		1,526	↑ 0.1 %	↑ 16.3 %
Deposits		1,863	↑ 3.6 %	↔ — %
Quarterly Financial Performance				
Earnings per Share, Diluted	\$	0.71	↔ — %	↑ 9.2 %
ROAA		2.01 %	↑ 6 bps	↑ 14 bps
ROATCE		20.30 %	↓ -36 bps	↓ -200 bps
Tangible Book Value per Share	\$	14.39	↑ 1.5 %	↑ 18.5 %
Efficiency Ratio		65.12 %	↓ -71 bps	↓ -199 bps
Net Interest Margin		6.79 %	↑ 30 bps	↑ 164 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

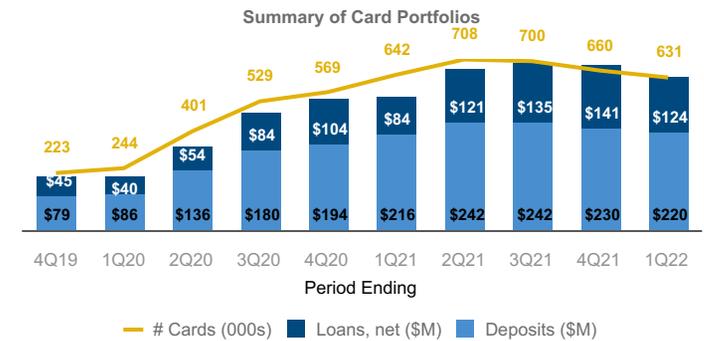


Back office automation & Fraud Prevention

Differentiated Go-to-Market Strategy

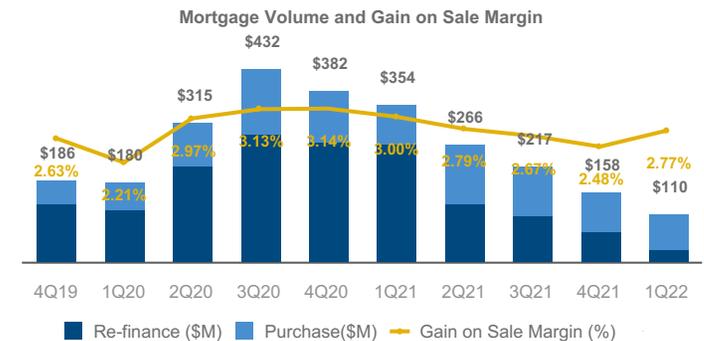
OpenSky® Digital Bank

- 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



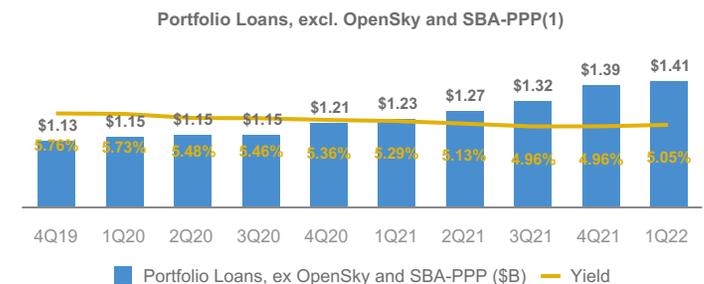
Capital Bank Home Loans

- Nationwide, digitally-enabled, consumer-direct product drives ~10% of origination volume
- ~2/3 of mortgages originated in dynamic MD/DC/VA area
- New hires focused on purchase (~73% of volume) and niche products



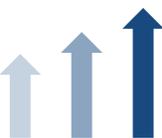
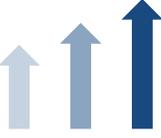
Capital Bank - Commercial Lending

- 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: 44% non-interest DDA



High Profitability Funds Re-Investment in Businesses

Accelerating investments in 2022 to develop future revenue opportunities

OpenSky® Digital Bank	Opportunities	2022 Investment	Expected Revenue Build		
			2022	2023	2024
 <ul style="list-style-type: none"> Expand digital marketing and partnerships Optimize application funnel Increase customer graduation Cross-sell Digital Bank products / services Expand entry products beyond secured card 					
Capital Bank Home Loans  <ul style="list-style-type: none"> Expand digital marketing and partnerships Accelerate third party origination efforts Reduce costs with technology 					
Capital Bank - Commercial Lending  <ul style="list-style-type: none"> Selective additions of C&I and CRE lending teams Energy efficient lending Digital commercial deposit opening Geographic expansion (Eastern Seaboard SBA) 					
Capital Bank - Corporate  <ul style="list-style-type: none"> IT and HR infrastructure upgrades CRM enhancement API Gateway enhancement Risk monitoring enhancement DC branch relocation 					

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[®] drives high non-interest income and provides 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



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 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



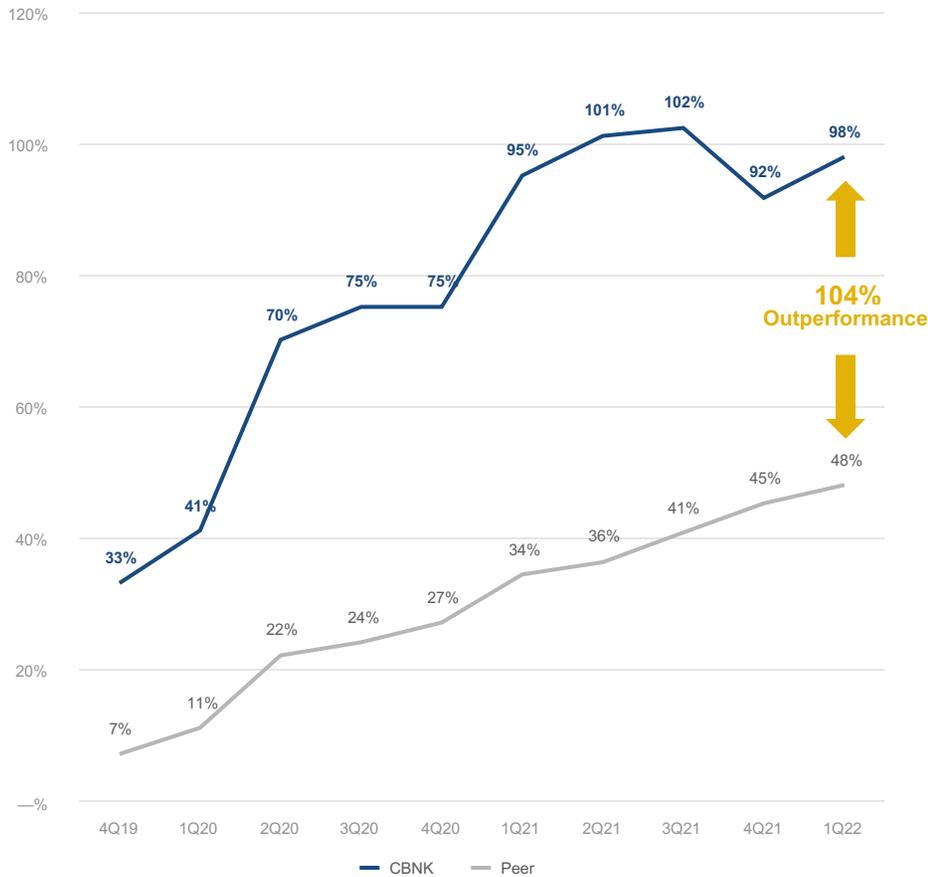
- Social media marketing programs efficiently accessing diverse, nationwide customer base
- QuickClose digital mortgage platform reducing costs
- Active product management enhancing volumes and margins



Growth and Diversified Revenue Generation...

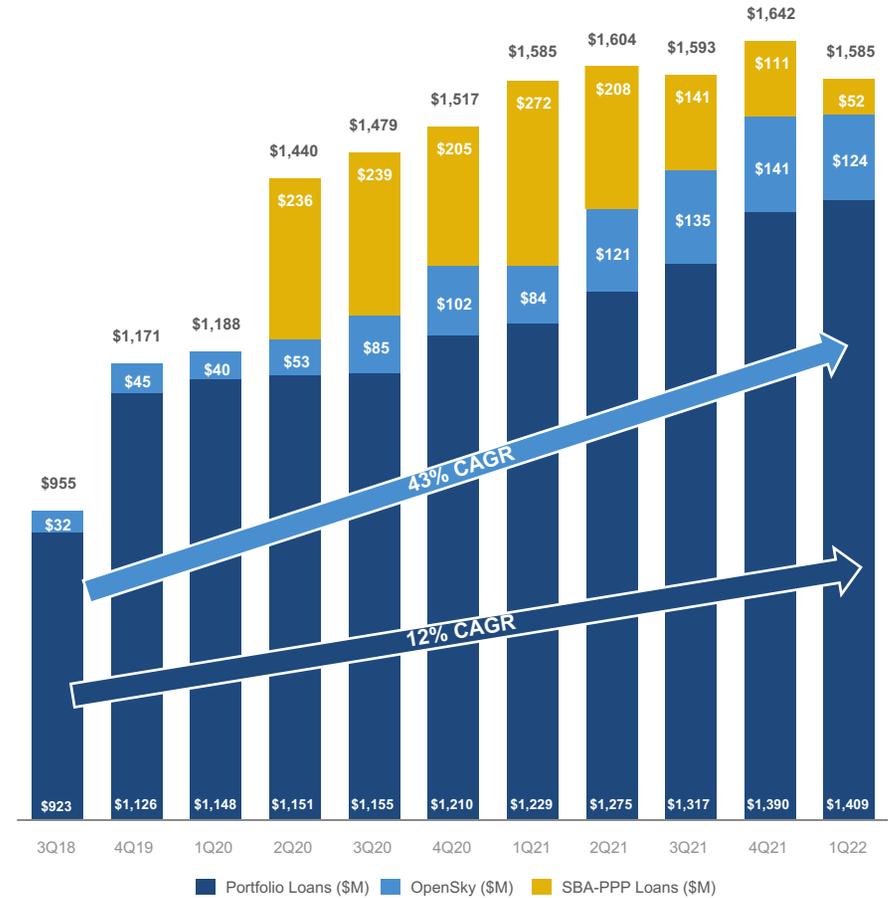
Growth has Outpaced Peers

Asset Growth ⁽¹⁾



Strong Organic Loan Growth

Loan Growth

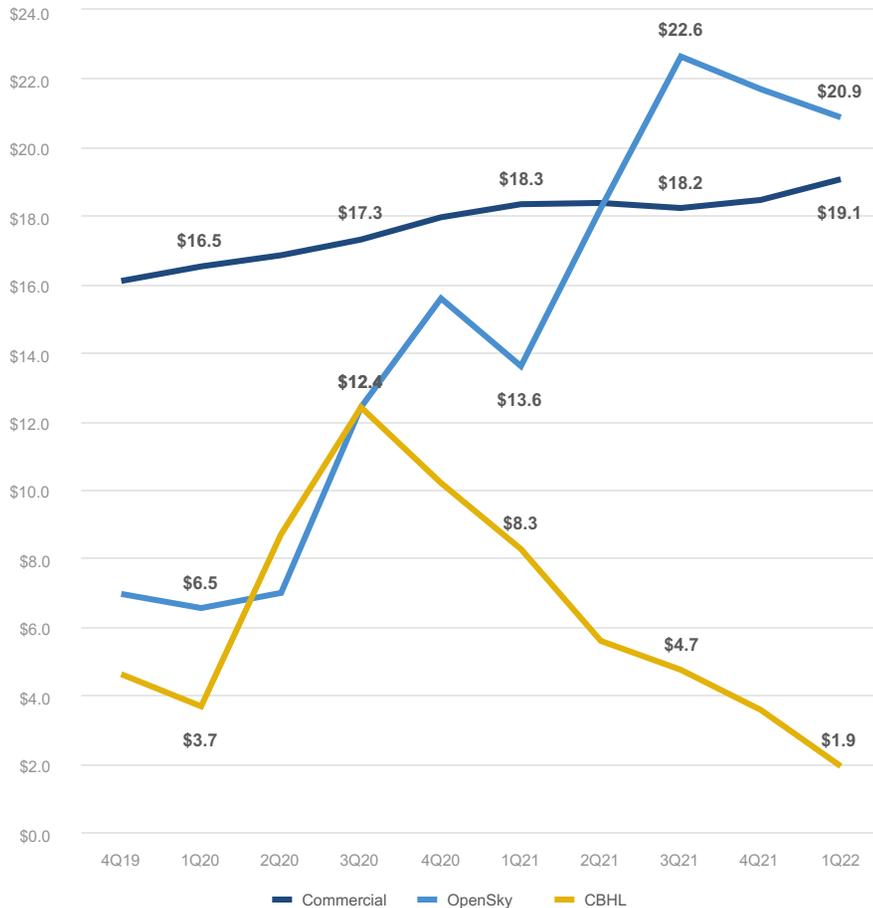




Growth and Diversified Revenue Generation...

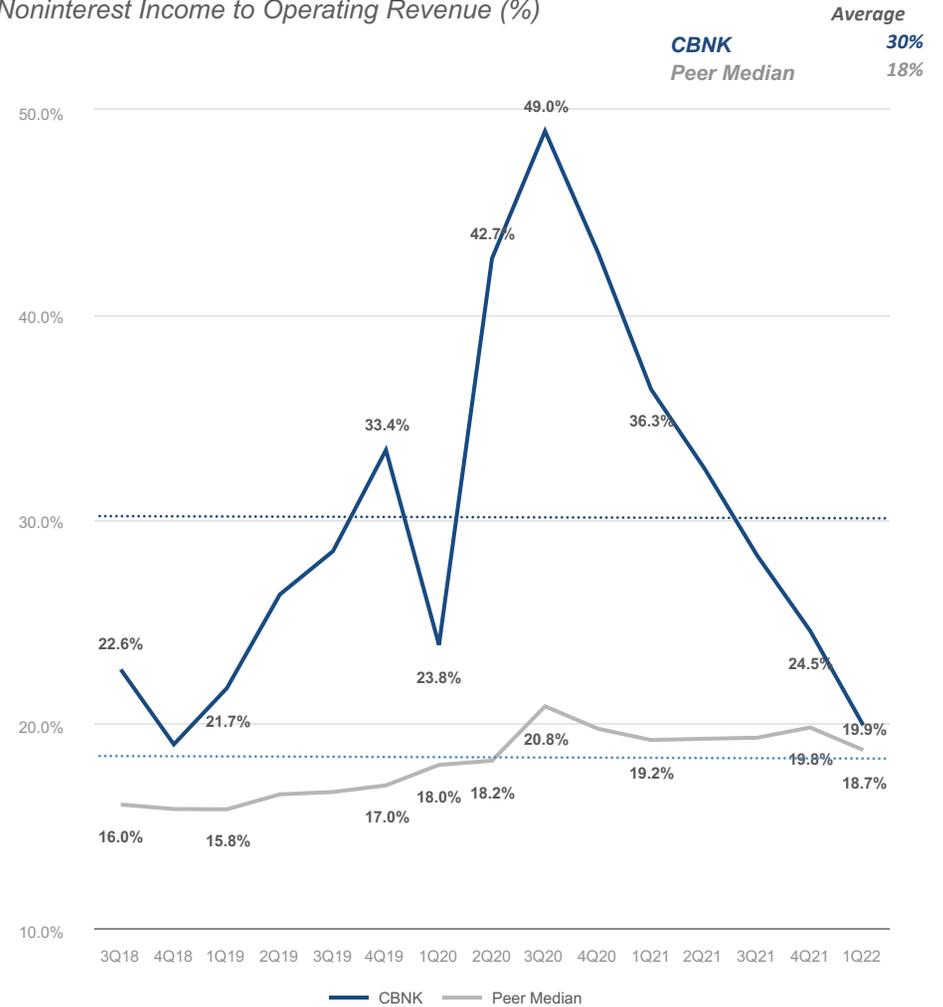
Varied Revenue Generation Capabilities

Revenue by Line of Business (\$M)



Noninterest Income Impacted by Slowing Mortgage Activity but Higher on Average Over Time

Noninterest Income to Operating Revenue (%)

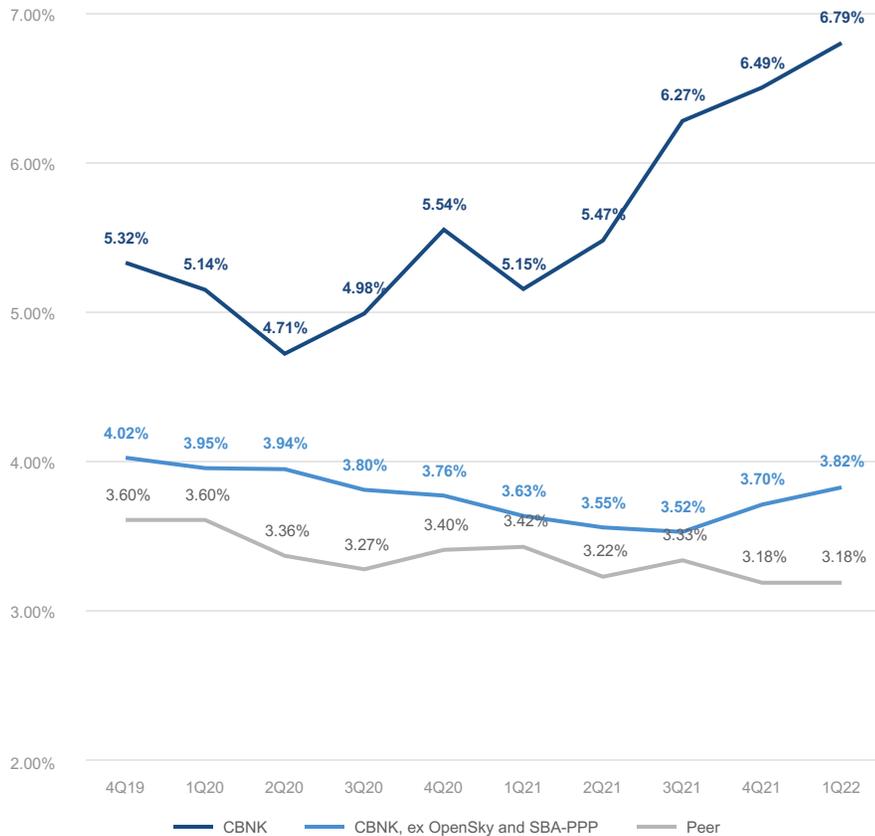




...Drive Superior Profitability

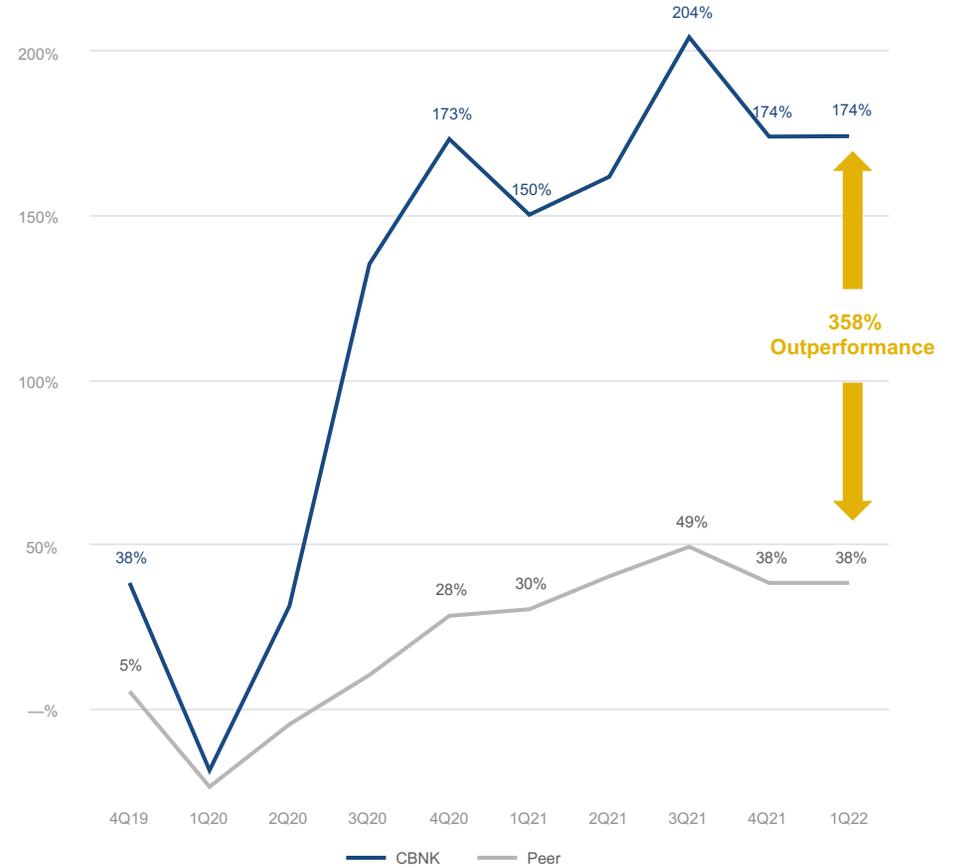
OpenSky® Drives Consistently High Margins

Net Interest Margin



Diversified Business Model Drives Earnings Growth

Earnings per Share Growth ⁽¹⁾

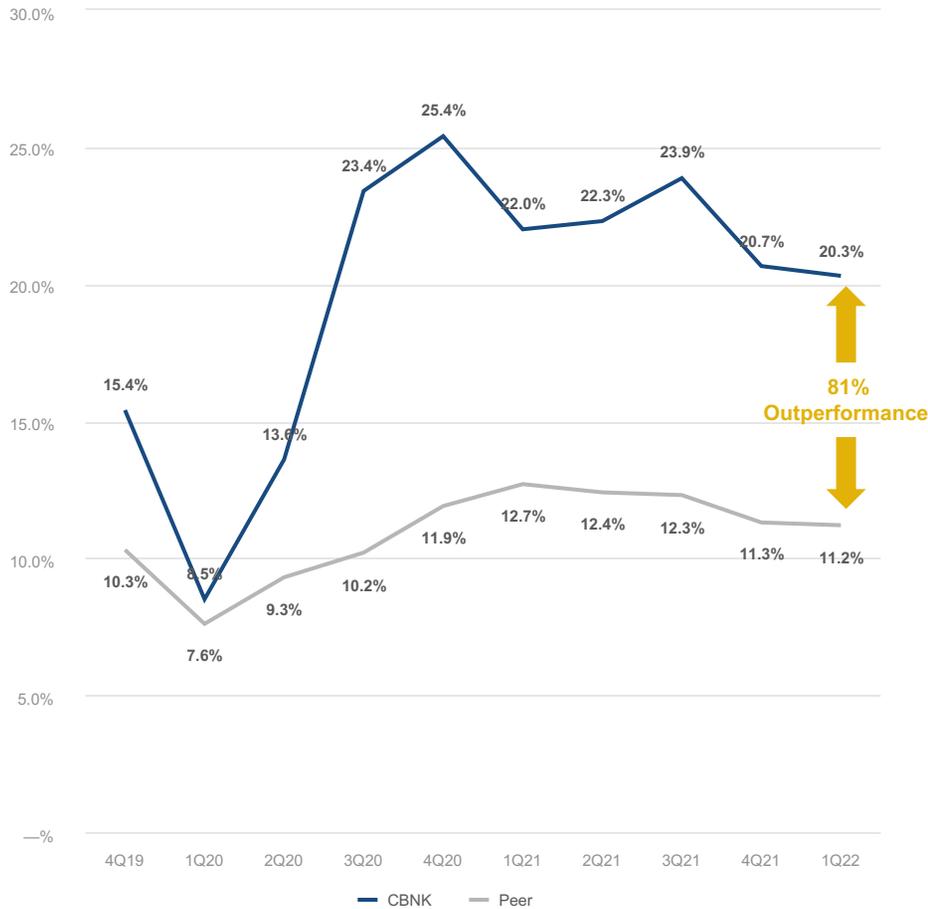




...Drive Superior Profitability

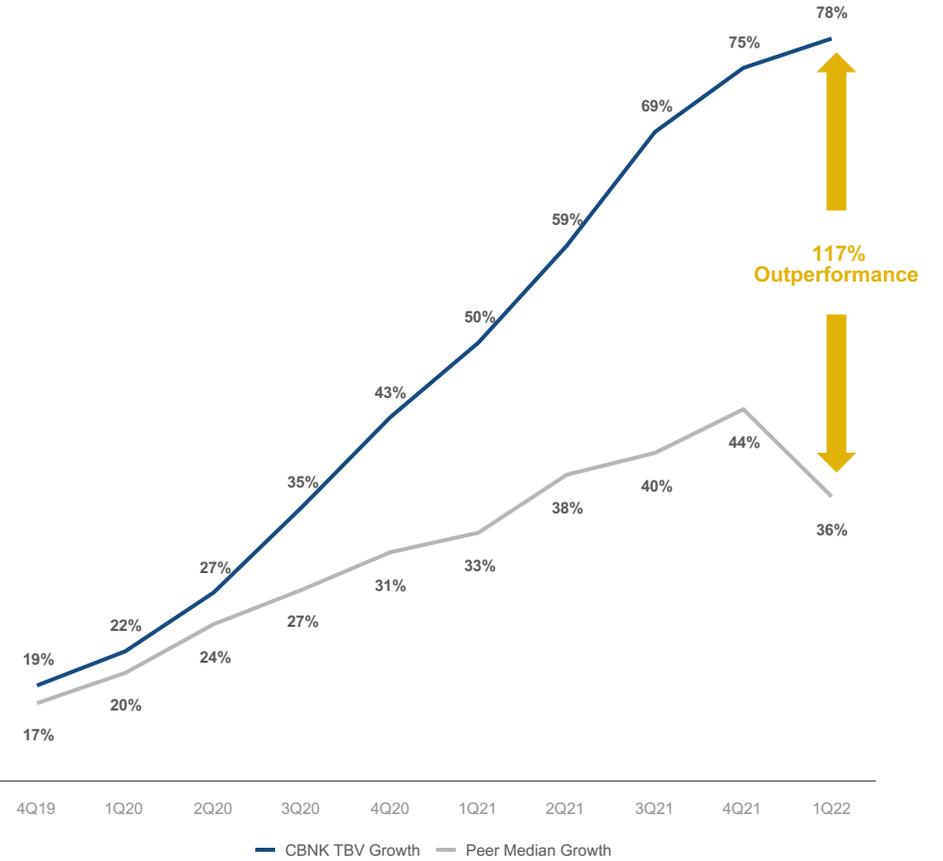
Growth and NIM Result in High ROE

Return on Average Tangible Equity ⁽¹⁾



Earnings Outperformance Translates to Capital Accumulation

Tangible Book Value Growth per Share ⁽¹⁾





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



Experienced Entrepreneurial Management Team



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



Sandeep Uthra
Chief Information Officer
Joined 2021

- Mr. Uthra has more than two decades experience developing and executing information technology strategies, including executive roles in the financial services space.
- Prior to joining Capital Bank, Mr. Uthra served in global IT leadership roles in banking, manufacturing, healthcare and consulting corporations in United States, Asia and Africa.



Operate in Exceptional Markets

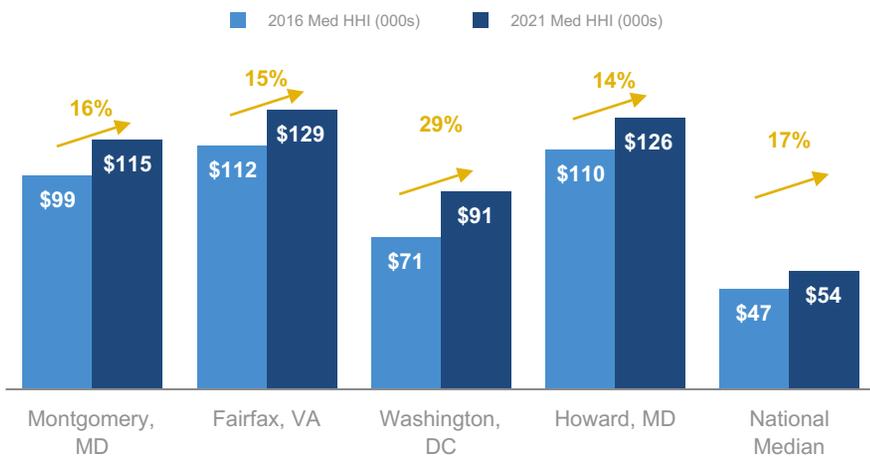
Among the Leaders in the DC MSA for Community Banks⁽¹⁾

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 %

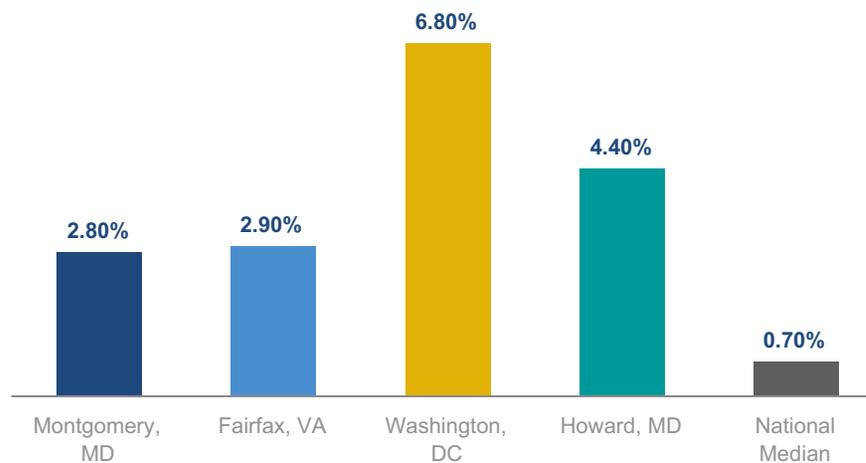
Ranking in Top 25 Counties in US by Median HHI

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 (%)

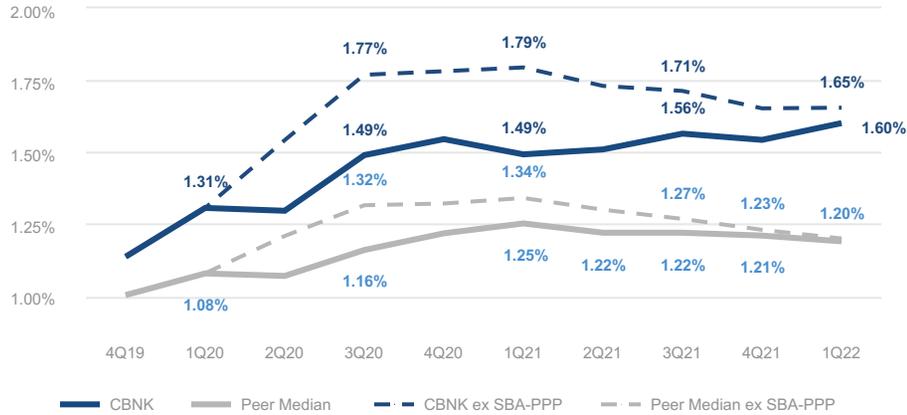




Strong Balance Sheet and Robust Capital Positions

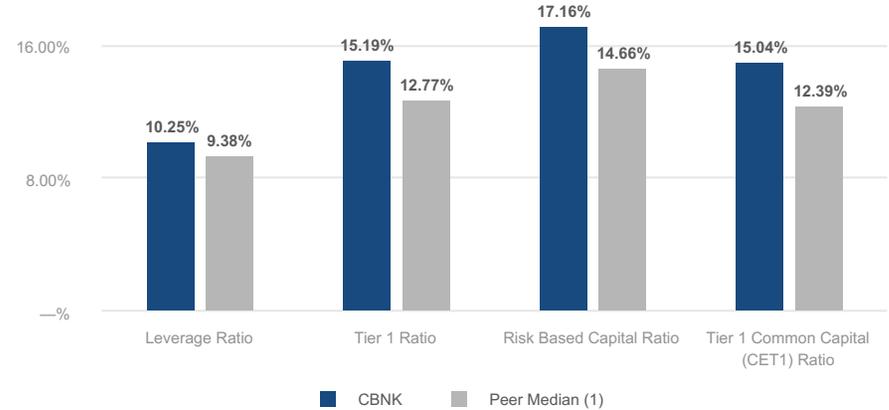
Reserves Consistently Above Peers

Loan Loss Reserve / Loans



Capital Generation Results in Robust Capital Ratios

Capital Ratios Relative to Peers (1Q22)



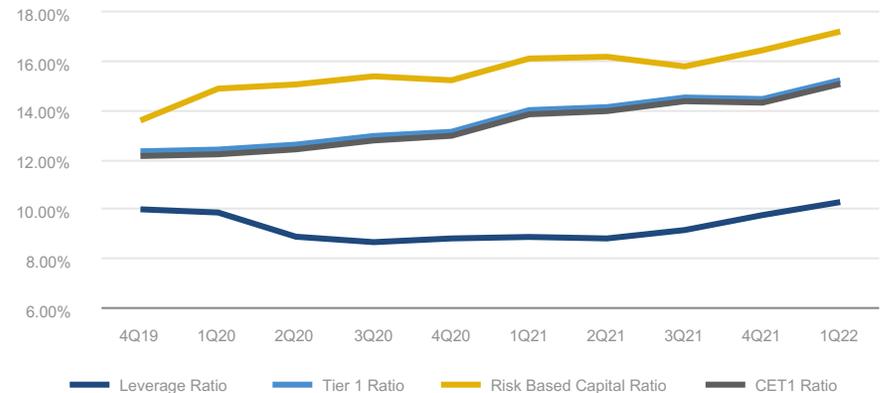
Nonperforming Assets Consistent with Peers

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

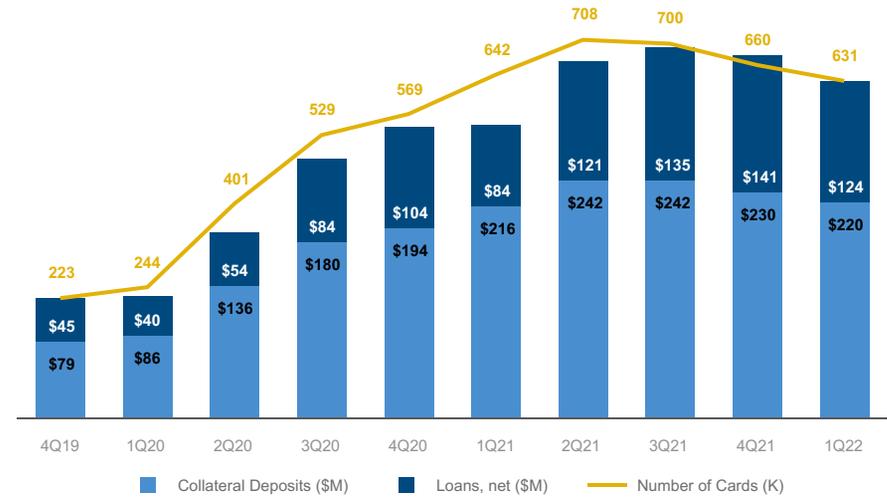
- Help customers repair or create acceptable credit history
- Functions as a traditional VISA credit card
- Initial deposit min \$200 - max \$3,000 per card (\$5,000 per individual)

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

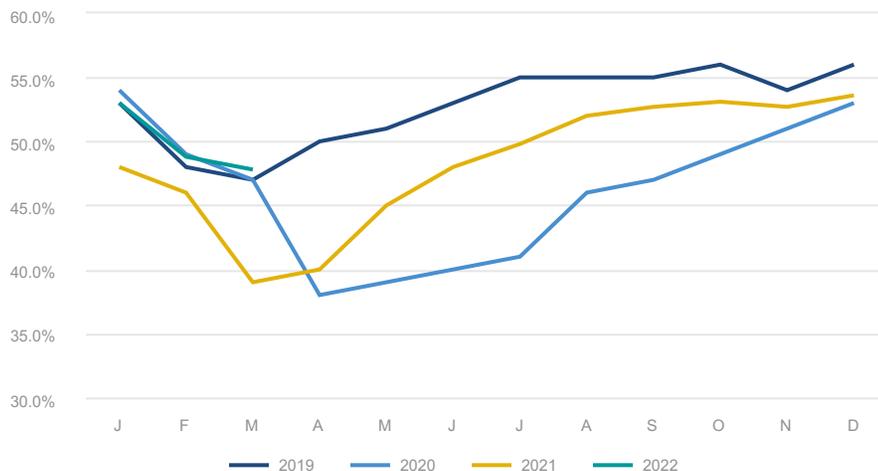
Accelerated Card Growth

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 for Prolonged Slowdown

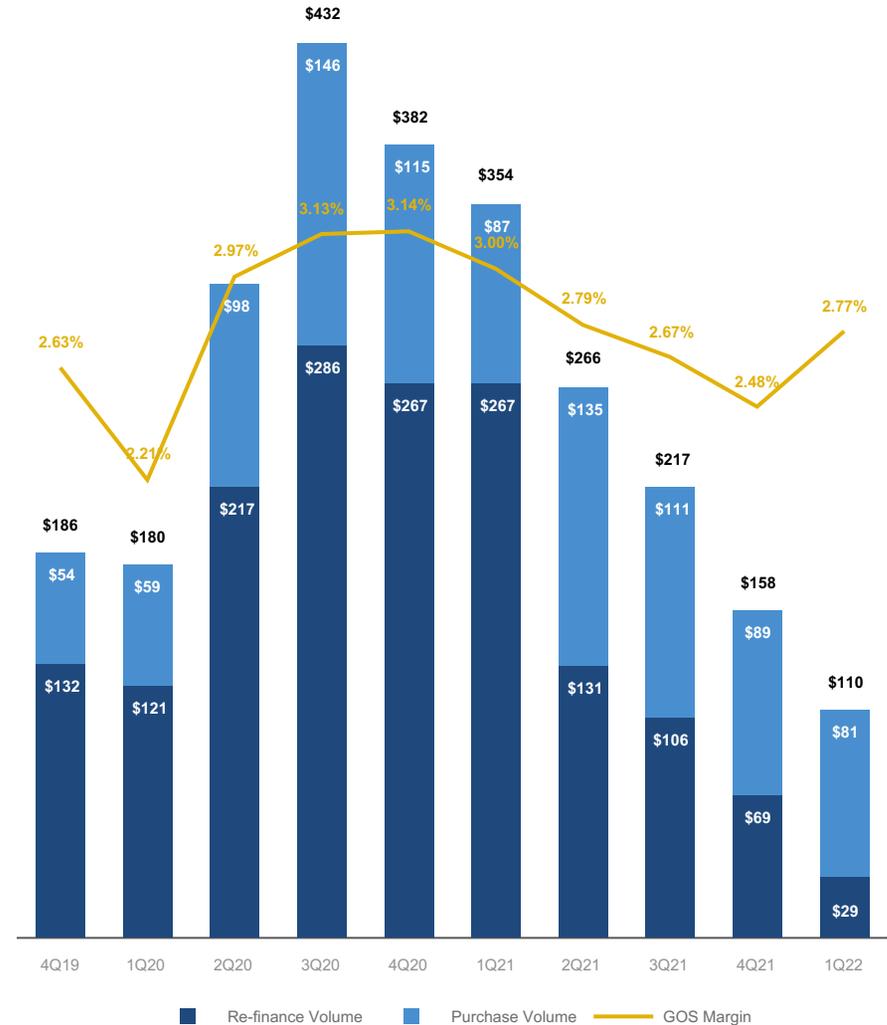
- Accelerating fintech partnerships to expand originations
- Production focused on niche products and purchase originations
- MD, VA and Washington, D.C. represent 69% of origination volume within our primary market areas

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 Slowing While Margins Hold Steady

Mortgage Originations and Gain on Sale Margin



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

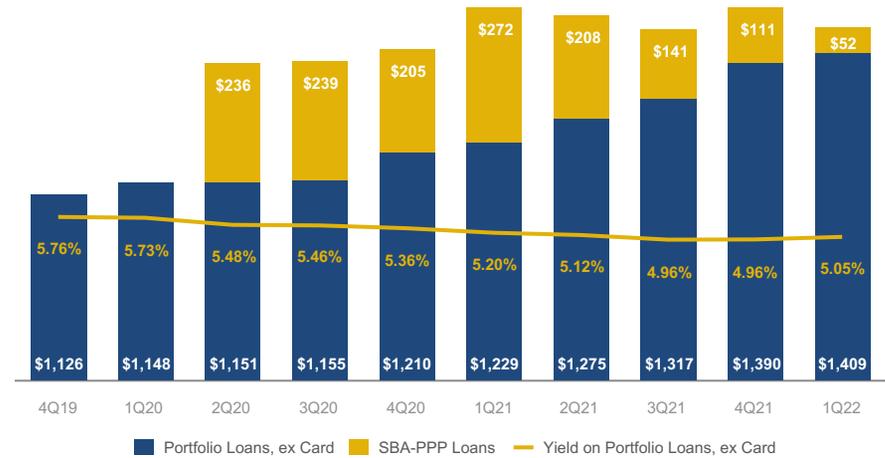
Improving Deposit Franchise

Deposit Portfolio Mix



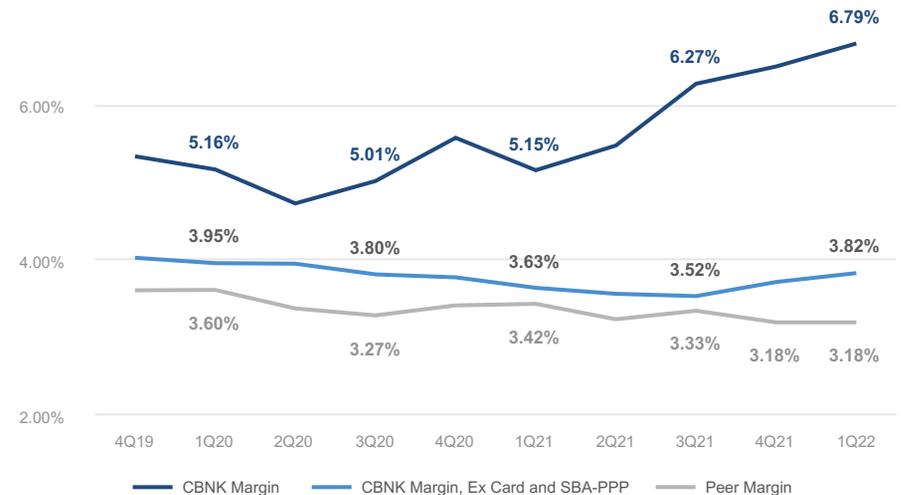
Consistent Loan Growth Without Sacrificing Yields

Loan Portfolio Growth



Core NIM Consistently Outperforms Peers

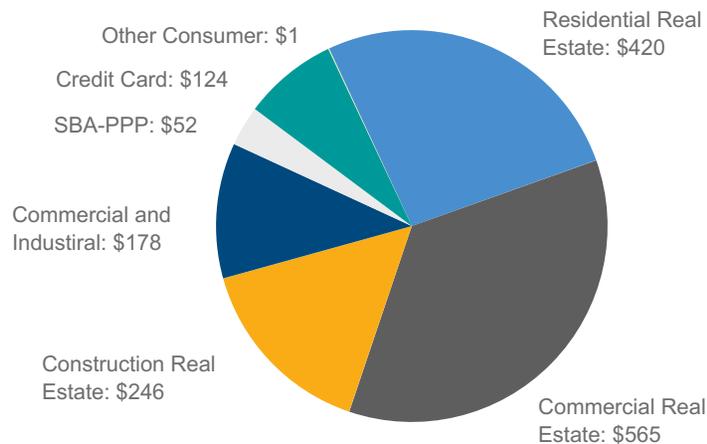
Net Interest Margin



Diversified Loan Portfolio Capitalizes on Real Estate Expertise

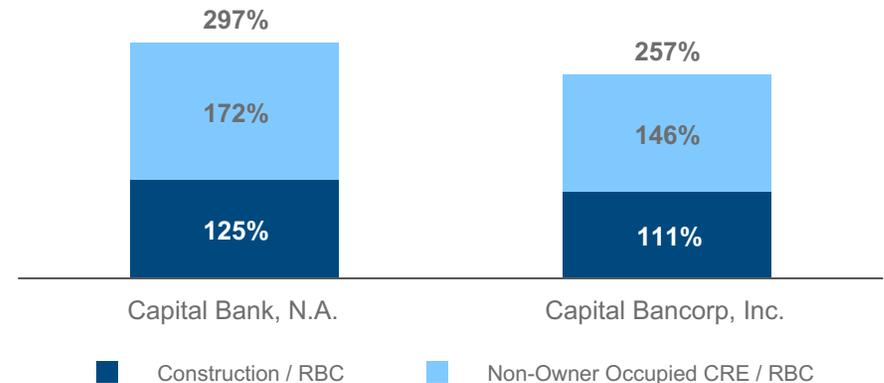
Balanced Loan Portfolio

Loan Composition (\$1.6B 1Q22)



CRE Concentration Mitigated by Holding Company Capital

CRE / Total Risk Based Capital ("RBC") Breakdown (1Q22)



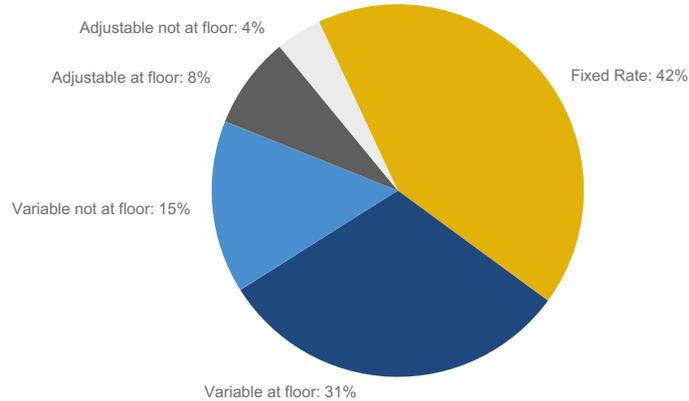
CRE Expertise Focused in Strong DC Metro Market

- 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 54.8% 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 (1Q22)

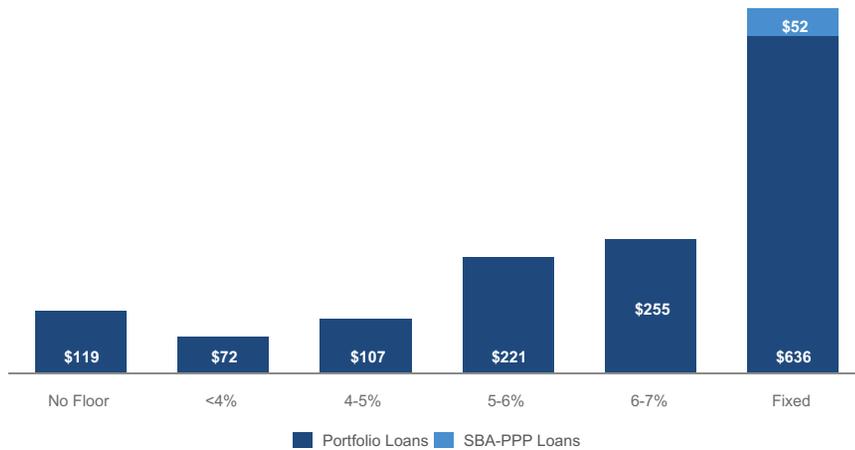


Conservative Priced Portfolio Drives Higher Yields

- Effective use of rate floors has mitigated impact of declining rate environment
- 58% of portfolio loans are variable/adjustable and well positioned for rising rates
- Loan yields, excluding the credit card portfolio, have consistently averaged nearly 40bps above local peers
- Forgiveness and repayment of lower-yielding PPP loans will benefit portfolio yields

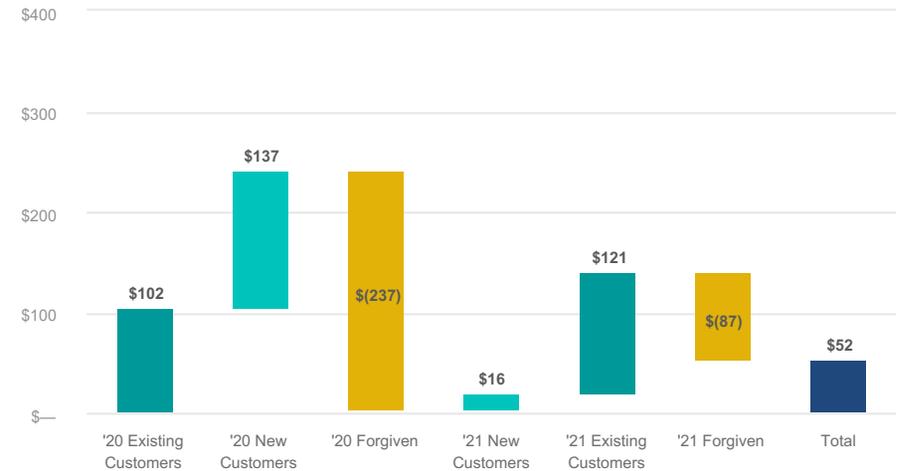
Premium Pricing for Custom Commercial Credit Products⁽¹⁾

Loan Rate Analysis (\$M) (1Q22)



SBA-PPP Loan Originations and Subsequent Forgiveness

Gross SBA-PPP Loans (\$M) (1Q22)

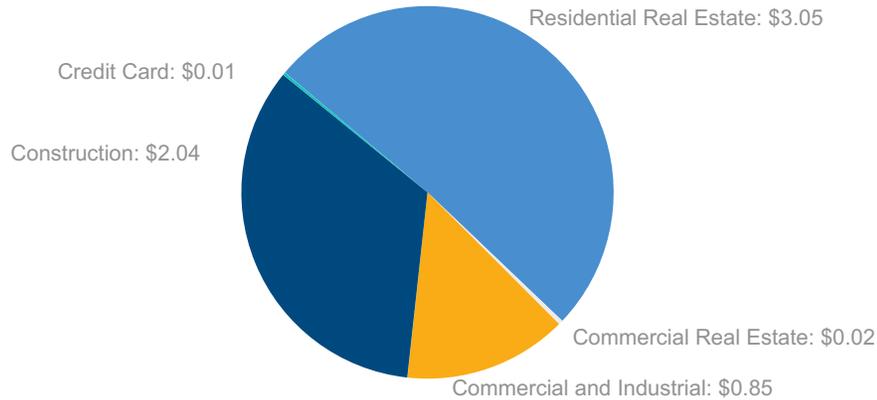


⁽¹⁾ - Portfolio loans in this analysis exclude OpenSky credit card loans.

Asset Quality Metrics

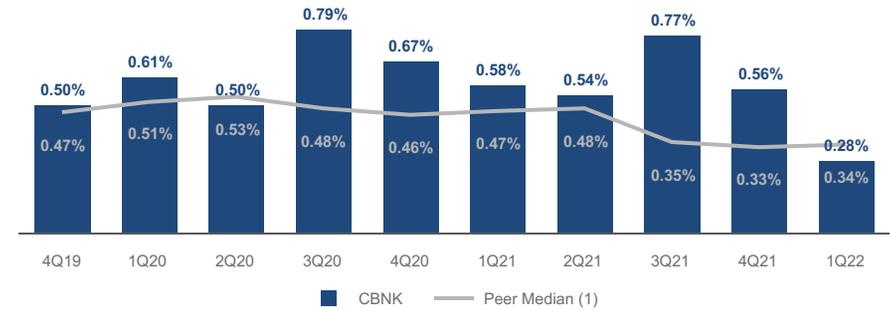
Nonperforming Loans Largely Real Estate Secured

Nonperforming Loans (\$5.98M) (1Q22)



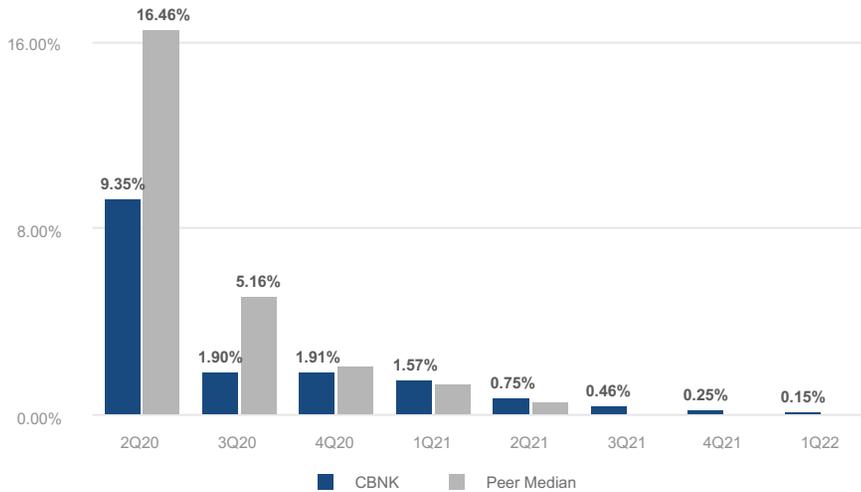
Nonperforming Assets Consistent with Peers

Nonperforming Assets to Assets



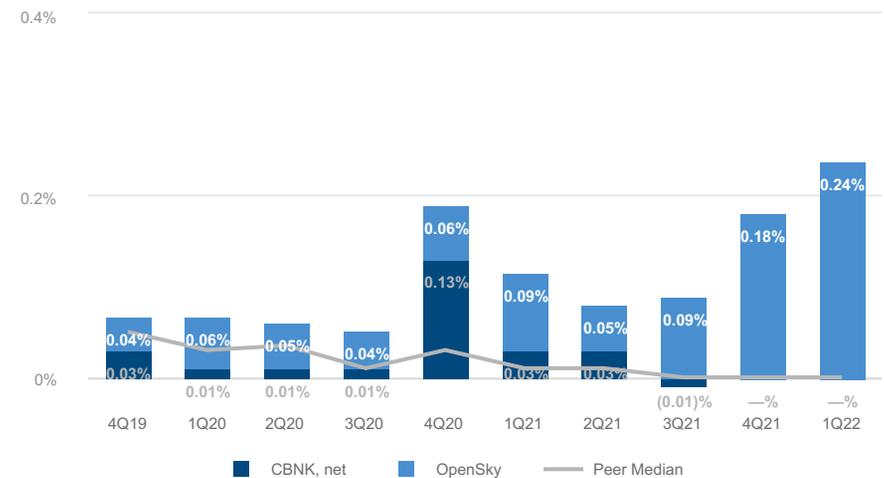
Lower Level of COVID-19 Deferrals

COVID-19 Deferrals / Total Net Loans



Managing Credit and Identifying Issues Early

Net Charge-offs to Average Portfolio Loans



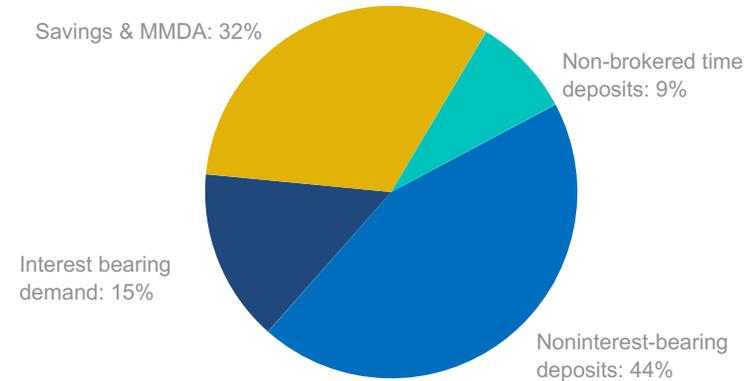
Improving Deposit Franchise

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 (\$1.9B) (1Q22)



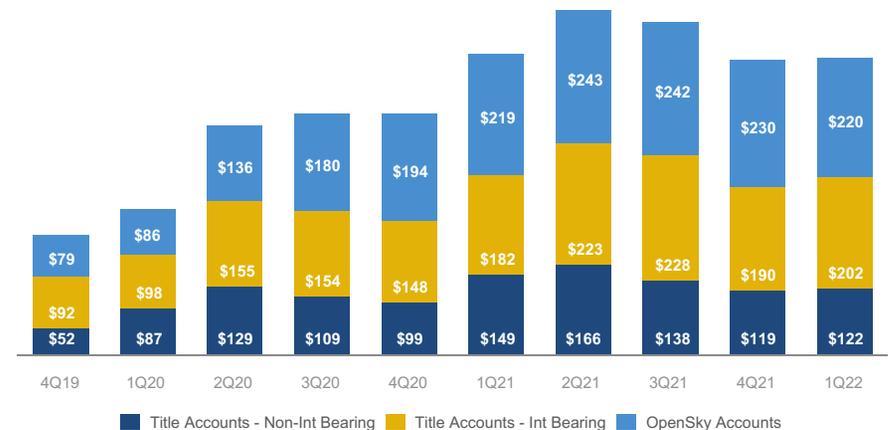
Time Deposit Maturities Reducing Forward Funding Costs

Certificates of Deposits Maturity Schedule (\$M)



Niche Verticals Improving Deposit Franchise

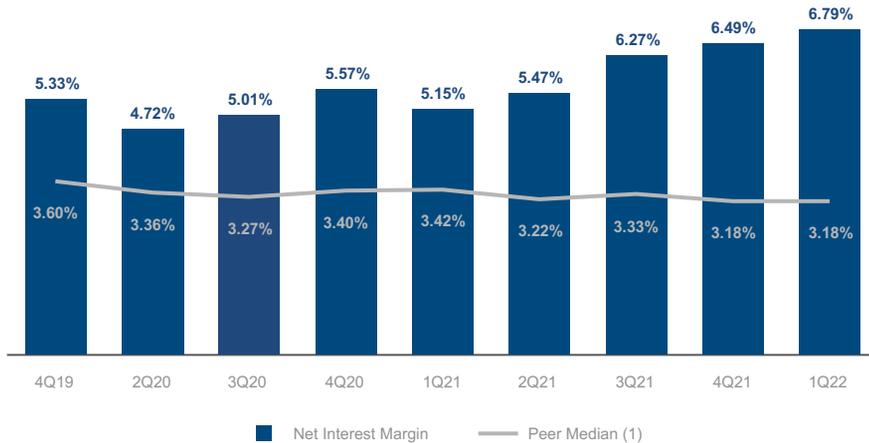
Low Cost Deposits (\$M)



Delivering Superior Net Interest Margin

Elevated Margin Supported by Card and Fee Discipline

Net Interest Margin

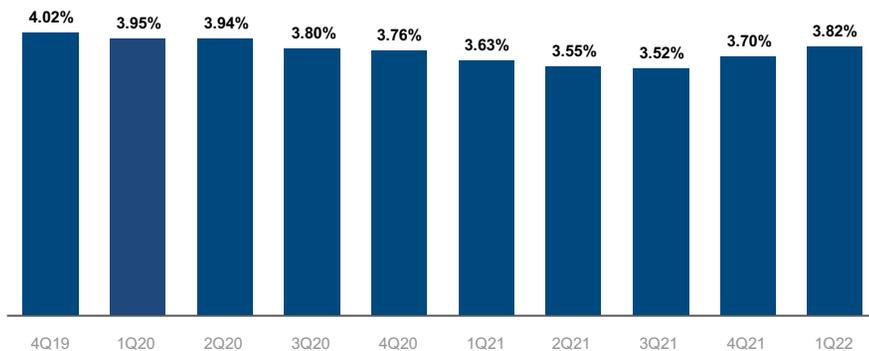


Business Model Focused on Adding Value for Customers

- 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

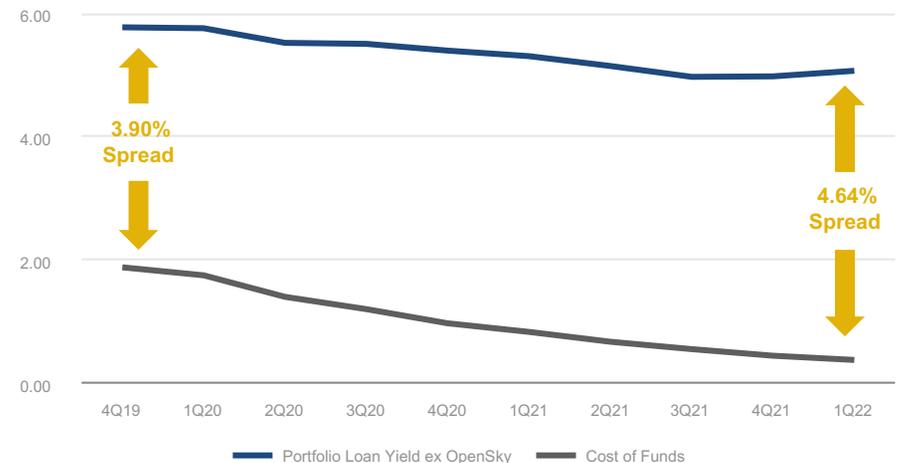
Core Margin Supported by Disciplined Fee Collection

Net Interest Margin, ex Card and SBA-PPP Loans



Compression of Loan Yields Offset by Cost of Funds

Margin Components



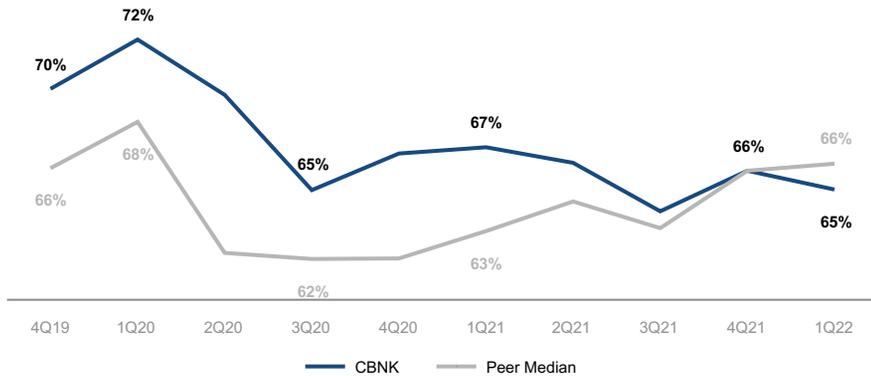
Efficiency Ratio

Improving Efficiency Ratio as Businesses Scale

Efficiency Ratio

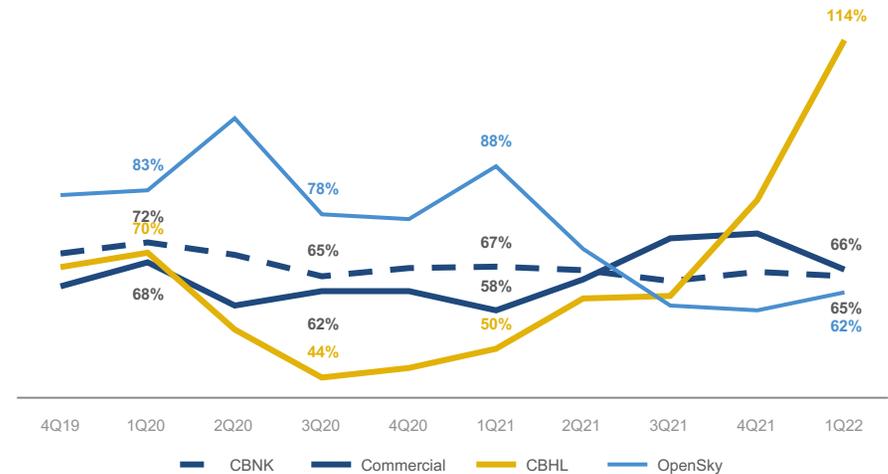
Efficiency Improvement

CBNK	6.76 %
Peer Median	(0.50)%



Diversified Businesses with Complimentary Efficiencies

Efficiency Ratio by Line of Business



Investments Driving a Positive Long-term Impact on Efficiency:

- Renegotiation of data processing contracts will reduce costs and improve efficiency
- Expand digital marketing and partnerships
- IT and HR infrastructure upgrades
- Implement technology to reduce cost in mortgage bank