

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 29, 2019

**CAPITAL BANCORP, INC.**  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of incorporation or organization)

001-38671  
(Commission file number)

52-2083046  
(IRS Employer Identification No.)

2275 Research Boulevard, Suite 600, Rockville, Maryland 20850  
(Address of principal executive offices) (Zip Code)

(301) 468-8848  
Registrant's telephone number, including area code

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- 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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company  x

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.  x

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	CBNK	NASDAQ Stock Market

**Item 7.01 Regulation FD Disclosure**

On July 30, 2019, Edward F. Barry, Chief Executive Officer; Scot Browning, President; and Alan W. Jackson, Executive Vice President and Chief Financial Officer, of Capital Bancorp, Inc. (NASDAQ: CBNK)(the "Company"), the holding company of Capital Bank, N.A., will participate in the KBW Community Bank Investor Conference in New York, New York. During the conference the members of the Company's management team will hold a series of meetings with institutional investors.

The Company is filing an investor presentation (the "Presentation"), which will be used by the management team for presentations to investors and others. A copy of the Presentation is attached hereto as Exhibit 99.1 and incorporated herein by reference. The Presentation is also available on the Company's website at [www.capitalbankmd.com](http://www.capitalbankmd.com).

Information contained herein, including Exhibit 99.1, shall not be deemed filed for the purposes of the Securities Exchange Act of 1934, as amended, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits**

99.1 [Capital Bancorp, Inc., Investor Presentation, July 2019](#)

**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.

**CAPITAL BANCORP, INC.**

By: /s/ Alan W. Jackson  
Name: Alan W. Jackson  
Title: Chief Financial Officer

July 29, 2019

 CAPITAL BANCORP, INC.

CAPITAL  
BANK   
PARTNERS *in* YOUR VISION

Thinking

Ahead

**Ed Barry**  
Chief Executive Officer

**Scot Browning**  
President

**Alan Ja**  
Chief Financ

KBW Community Bank Investor Conference

July 30, 2019

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 a 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. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the 2018 Annual Report on Form 10-K of Capital Bancorp, Inc. 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.

Certain of the information contained herein may be derived from information provided by industry sources. The Company believes that such information is accurate and that the sources from which it has been obtained are reliable. Capital cannot guarantee the accuracy of such information, however, and has not independently verified such information. While Capital is not aware of any misstatements regarding the industry data presented in this presentation, Capital's estimates involve risks and uncertainties and are subject to change based on various factors. Similarly, Capital believes that its internal research is reliable, even though such research has not been verified by independent sources.

This presentation includes 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. 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.

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# Capital Bancorp, Inc. (NASDAQ - CBNK)

## Franchise Highlights

### Corporate Headquarters - Rockville, MD

<b>Balance Sheet</b> (\$M, except per share amounts)	Unaudited <b>6/30/2019</b>	<b>Quarter Result</b>
Assets	\$ 1,234	↑ 10% QoQ
Loans	1,056	↑ 5% QoQ
Deposits	1,037	↑ 7% QoQ

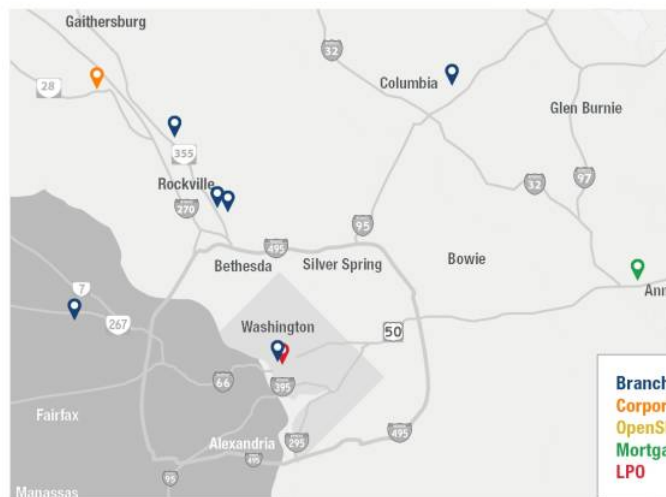
### Quarterly Financial Performance

Earnings per Share, Diluted	\$ 0.29	↑ 21% QoQ
ROAA	1.39%	↑ 14% QoQ
ROATCE	13.23%	↑ 16% QoQ
Tangible Book Value per Share	\$ 8.97	↑ 4% QoQ
Efficiency Ratio	72.18%	↓ 390 bps
Net Interest Margin	5.79%	↑ 33 bps

## Corporate Timeline



## Footprint



Maryland

Pennsylvania



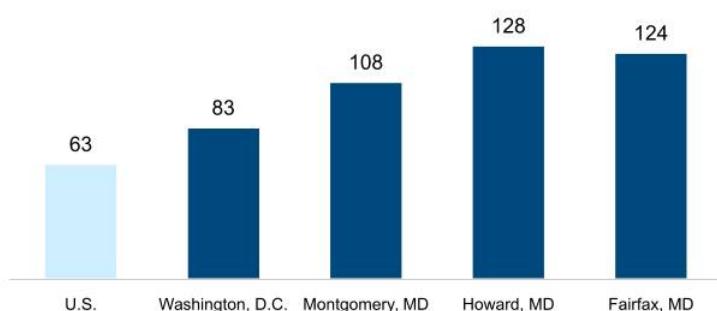
# Investment Opportunity

<p><b>Operate in Exceptional Markets</b></p>	<ul style="list-style-type: none"> <li>• The Washington, D.C. and Baltimore, MD MSAs make up one of the largest and wealthiest regions in the U.S.</li> <li>• Consolidation creates new opportunities for customer and talent acquisition</li> <li>• Market insulated from economic downturns by federal government presence</li> </ul>
<p><b>Entrepreneurial Management Team</b></p>	<ul style="list-style-type: none"> <li>• Experts in their fields combining large and community bank skills</li> <li>• Capabilities in data, analytics, marketing and technology</li> <li>• Significant board and management ownership</li> </ul>
<p><b>Consistently High Performing Community Bank</b></p>	<ul style="list-style-type: none"> <li>• Profitability has consistently exceeded community banking peers</li> <li>• Entrepreneurial culture with a disciplined strategic approach</li> <li>• Strong organic balance sheet growth</li> <li>• Superior asset quality</li> </ul>
<p><b>Innovation Driven, Fee Based Businesses</b></p>	<ul style="list-style-type: none"> <li>• Secured credit card and mortgage divisions drive high fee income</li> <li>• Proprietary technology and analytics</li> <li>• Digital enabled marketing</li> </ul>
<p><b>Building Earnings Momentum</b></p>	<ul style="list-style-type: none"> <li>• Significant investments in core deposit generation and commercial sales force</li> <li>• Scalable OpenSky<sup>®</sup> infrastructure with processor conversion (Q4 2017) and investment in analytics</li> </ul>



# Exceptional Markets

## Median Household Income by County (\$000)



## Growth of Capital Bank Cities of Operation<sup>(2)</sup>



## Washington, D.C. – Baltimore, MD Market

- Recent M&A in market creating disruptions and creating opportunities to acquire talent and customers
- Total population of more than 9.1 million
- Includes the four wealthiest counties in the U.S. (as measured by median HH income)
- Combined GDP of \$722 billion (would rank 3<sup>rd</sup> nationally among U.S. MSAs)
- Washington D.C. MSA added 60,700 jobs between Oct 2017 and Oct 2018<sup>(1)</sup>
- Approximately 45% of the combined population of the Washington, DC and Baltimore, MD MSAs has a college degree<sup>(3)</sup>
- Home to 15 companies from the 2017 Fortune 500 list and 5 of the U.S.'s largest 100 private companies, including the most recent announcement of Amazon's HQ2
- Significant opportunity to take market share from large, out of market players: Top 6 banks in both Washington, D.C. and Baltimore, MD MSAs are \$50B+ institutions

Source: S&P Global Market Intelligence, Bureau of Labor Statistics and GMU Center for Regional Analysis.

<sup>(1)</sup> Data is not seasonally adjusted.

<sup>(2)</sup> Represents aggregate population growth of Capital's cities of operation. Cities of operation defined as cities where the Company has a full service branch location.

<sup>(3)</sup> Determined as the percentage of the population with a bachelor's degree or higher.

## Experienced Management Team



**Edward F. Barry**  
*Chief Executive Officer*

Joined Capital Bank as Chief Executive Officer in 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<sup>(1)</sup>



**Scot R. Browning**  
*President*

Joined Capital Bank as President in 2002

Currently oversees the commercial lending department, which has grown from \$13.1 million to over \$850.2 million in funded loans during his tenure

30 years of banking experience primarily in commercial lending

Prior leadership roles with United Bank, F&M Bank Allegiance and Century National



**Alan W. Jackson**  
*Chief Financial Officer*

Joined Capital Bank as Chief Financial Officer in 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 FinF and spent 5 years with Banker's Dashboard & S&P Global Market Intelligence



**Karl Dicker**  
*Chief Operating Officer*

Joined Capital Bank as Chief Operating Officer in 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

<sup>(1)</sup> Financial Services category.

# Experienced Management Team



**Nick Bryan**  
*Chief Marketing Officer  
GM – OpenSky®*

Joined Capital Bank in 2013  
Mr. Bryan leads the OpenSky® credit card business line for Capital Bank and manages the Bank's data analytics platforms  
Prior to Capital Bank, Mr. Bryan spent eight years with Capital One Bank in marketing operations and corporate finance and began his career at Donaldson, Lufkin & Jenrette



**Kathy M. Curtis**  
*Chief Risk/Compliance Officer*

Joined Capital Bank in 2002  
Day to day responsibilities include all aspects of enterprise risk management including Bank Secrecy Act compliance, information security, and regulatory compliance  
Prior to Capital Bank, Ms. Curtis spent 16 years at Century National Bank until its acquisition by United Bank in 2001



**Kathy Yamada**  
*Chief Credit Officer*

Joined Capital Bank in 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 M. Suss**  
*Chief Human Resources Officer*

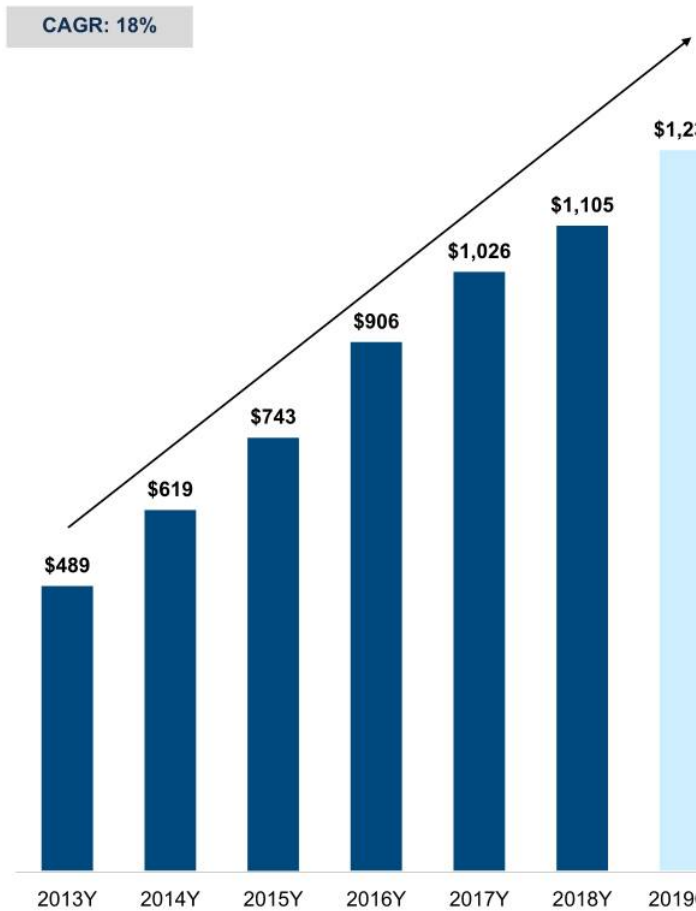
Joined Capital Bank in 2012  
Nearly 20 years of experience in human resources and talent recruitment  
Prior to Capital Bank, Mr. Suss spent nearly 10 years in human resources with CPA Global, a leading international provider of outsourced intellectual property solutions

# Unique Strategy Consistently Drives Performance

## Disciplined Business Strategy

- Deliver premium, advice-based solutions to our customers
- Leverage technology to differentiate products and services
- Instill a sales-focused, entrepreneurial culture

## Total Assets (\$M)



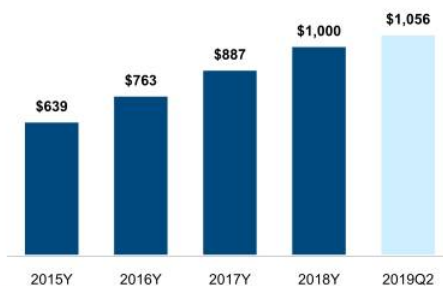


# Diversified Lines of Business

## Commercial Banking

- Approximately \$1.2 billion of assets
- Provide sophisticated advice and exceptional client service
- Target customers with complex financial needs
- Loan officers are trusted advisors to their clients
- Service level proven by significantly greater than peer loan yield

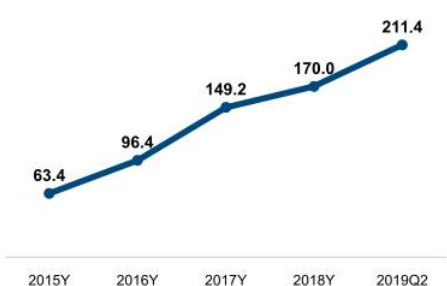
### Loans Held for Investment (\$M)



## OpenSky® Secured Credit Card

- \$40.1 million loan portfolio
- Credit related consumer product secured by deposits
- High yield plus fee income and significant NIB deposits
- Differentiated consumer business line
- Originated nationwide through digital channels
- Proprietary web/mobile origination platform

### Number of Cards Outstanding (000s)



## Residential Mortgage Origination

- 3.40% QTD GOS margin
- 79.1% purchase volume
- MD, VA and DC comprise 77% of origination volume
- Recent hires focused on purchased money originations and niche products

### Mortgage Volume (\$M) & Gain on Sale



## Leveraging the Power of Technology

### Internally Developed Technology Solutions

- In-house development team
- Apollo customer acquisition system developed for OpenSky<sup>®</sup> provides automated work flows for digital account applications processes
- In-house staff participates in business development calls and designs bespoke technology solutions for customers to enhance their operational efficiency
- Proprietary data warehouse built to run analytics and identify opportunities

### Proprietary Business Analytics

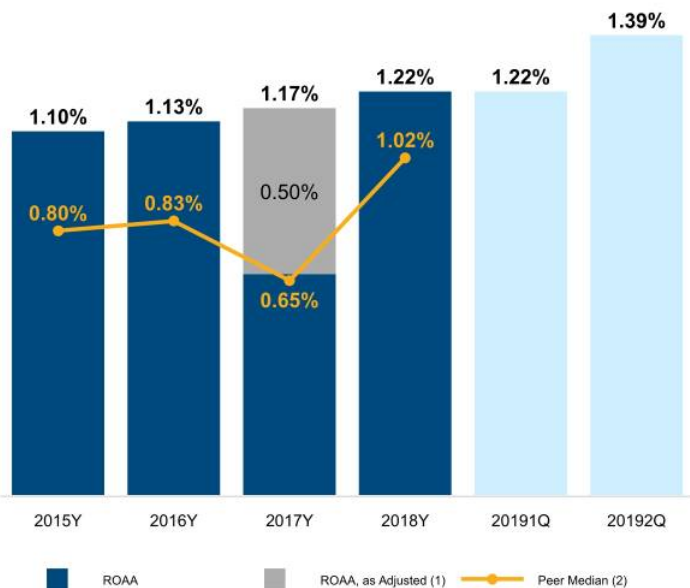
- OpenSky<sup>®</sup>:
  - Proprietary customer behavior scoring (B-Score)
  - Algorithmic, selective credit line increases (CLIP program)
  - Net present value driven models drive product and marketing decisions
- Internally developed commercial credit stress testing that tracks micro market performance

### Web and Mobile Enabled Platforms

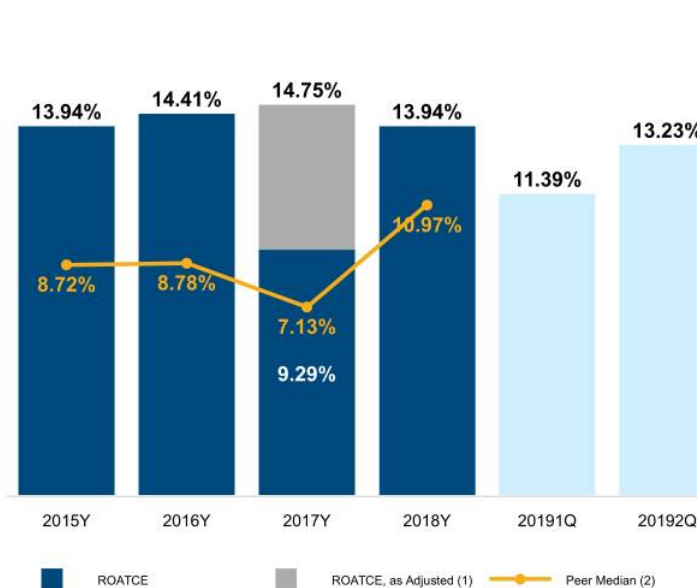
- Social media driven OpenSky<sup>®</sup> and mortgage marketing programs
- User-friendly OpenSky<sup>®</sup> mobile application; 81% of applications are submitted on mobile devices using a digital platform
- Online marketing campaigns are closely tracked and analyzed to assess efficacy and ensure commercial effectiveness
- QuickClose digital mortgage platform launched in fourth quarter 2018

# Consistently High Performing

ROAA (%) vs. Peer



ROATCE (%) vs. Peer

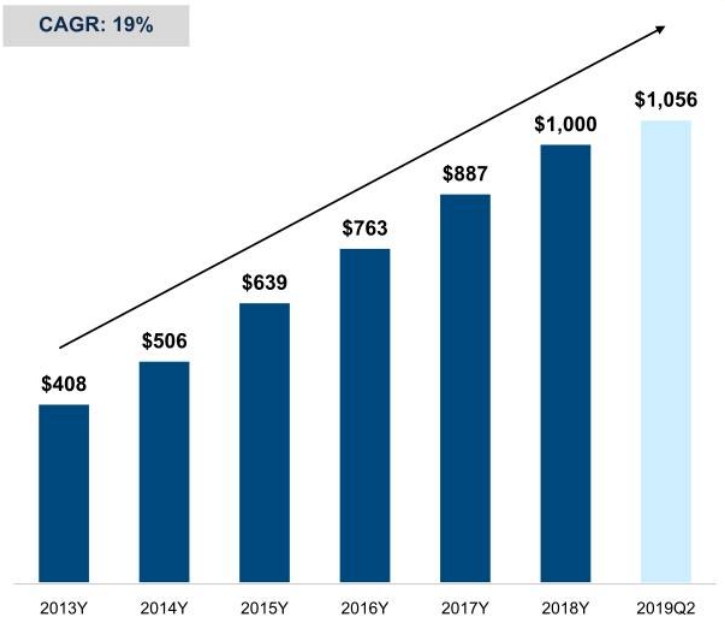


Note: 2019 is YTD data as of 6/30/19. 2013 data excludes the impact of bargain purchase gains. 2017 earnings impacted by \$2.3 million of pre-tax, one-time data processing conversion costs, \$2.4 million of pre-tax, non-recurring forgone interest and fees and a \$1.4 million deferred tax asset revaluation  
<sup>(1)</sup> ROAA, as Adjusted and ROATCE, as Adjusted are non-GAAP measures and exclude \$4.2 million of non-recurring charges and lost revenue. Please refer to the non-GAAP schedules included in the Appendix to this presentation for a reconciliation of this measure.  
<sup>(2)</sup> Peer group consists of major exchange traded ("MET") banks with most recent quarter assets less than \$2.0 billion. Peer data per S&P Global Market Intelligence.

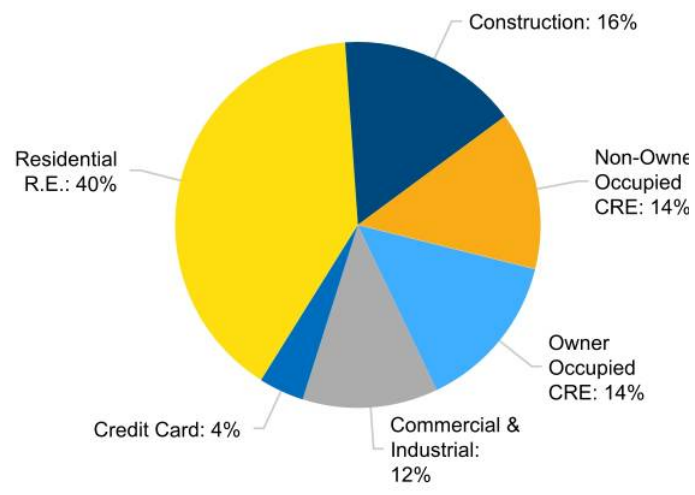


# Loan Portfolio

## Total Loans HFI (\$M)



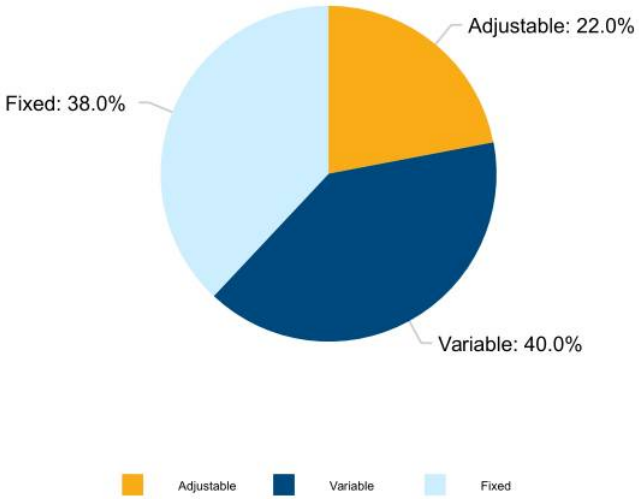
## Loan Composition



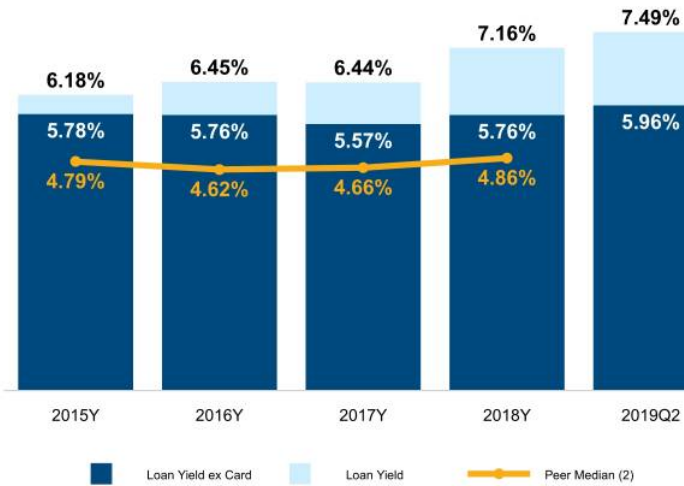
- Owner-occupied CRE loans make up approximately 49% of total commercial real estate loans
- Residential real estate loans consist primarily of investment 1-4 family property (rentals)
- Strong underwriting standards
- Regular portfolio stress testing includes analyzing the construction portfolio for declines in property values

# Balanced Loan Portfolio

## Fixed vs. Floating Rate Loan Mix



## Yield on Loans



- Short duration loan portfolio well positioned for current interest rate environment
  - 21% of the loan portfolio re-prices within three months and 38% re-prices within one year
- Excluding credit card portfolio, loan yield has averaged more than a 100bps premium to local pe since 2015

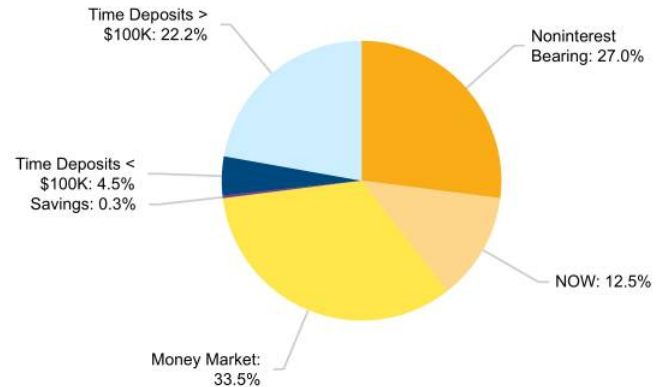
Data as of 6/30/19.  
 (1) Data excludes loans held for sale.  
 (2) Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.

# Deposit Portfolio Composition

## Core Deposit Momentum

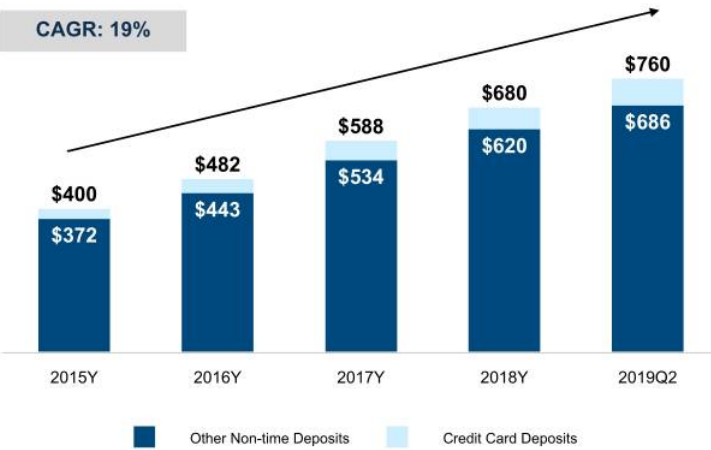
- Recruiting deposit sales teams, including fiduciary salespeople, from recently acquired competitors driving core deposit growth
- Customizing solutions for clients, including fiduciary and non-profit organizations, to generate low-cost business deposit accounts
- Selectively adding full service branches to support areas with high customer concentration
- OpenSky<sup>®</sup> provides a unique channel for generating zero interest deposits

## Deposit Portfolio Composition (\$1,037M)

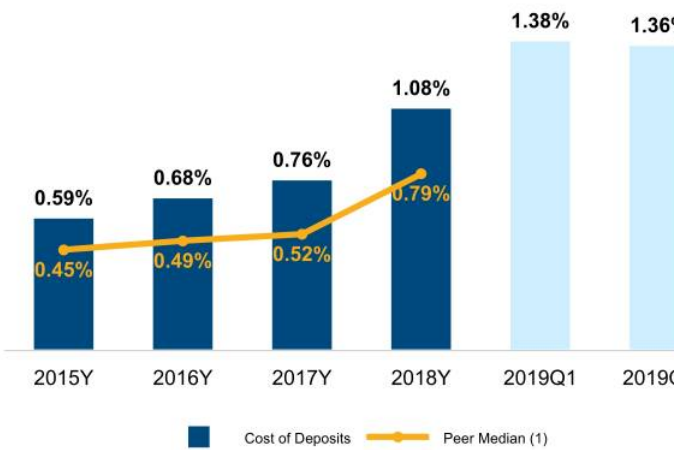


## Non-time Deposit Growth (\$M)

CAGR: 19%



## Cost of Deposits

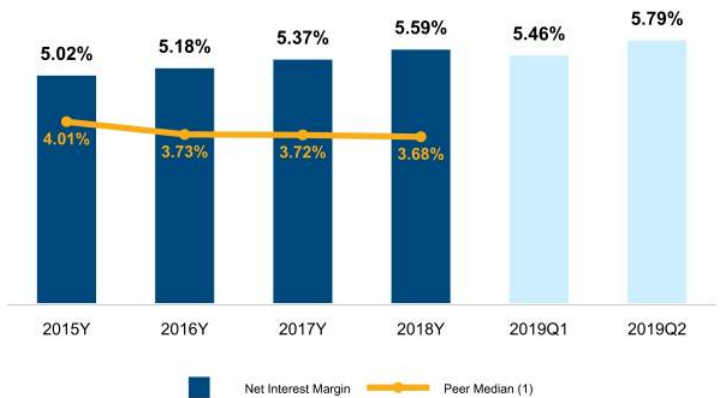


Data as of 6/30/19. YTD cost of deposit data is annualized. CAGR measured from 12/31/15 through 6/30/19.

(1) Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMBS, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.

# Delivering Superior Net Interest Margin

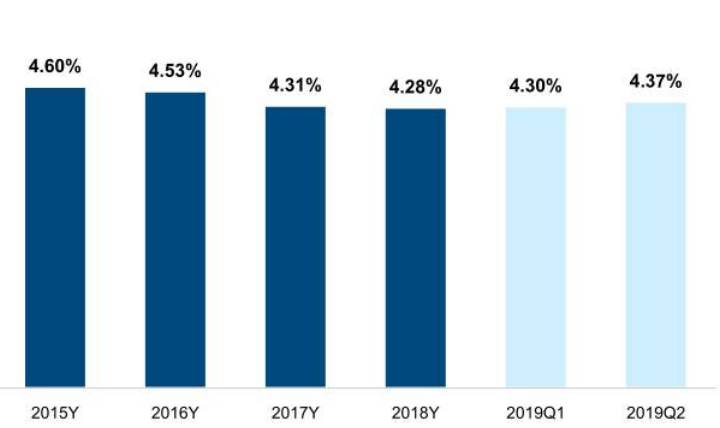
## Net Interest Margin<sup>(2)</sup>



- Deliver real, advice-based solutions to customers' complex credit needs vs. acting as the low-cost provider (largely avoid bid situations)

- Specifically target customers with complex credit needs

## Net Interest Margin, excluding Credit Card Loans

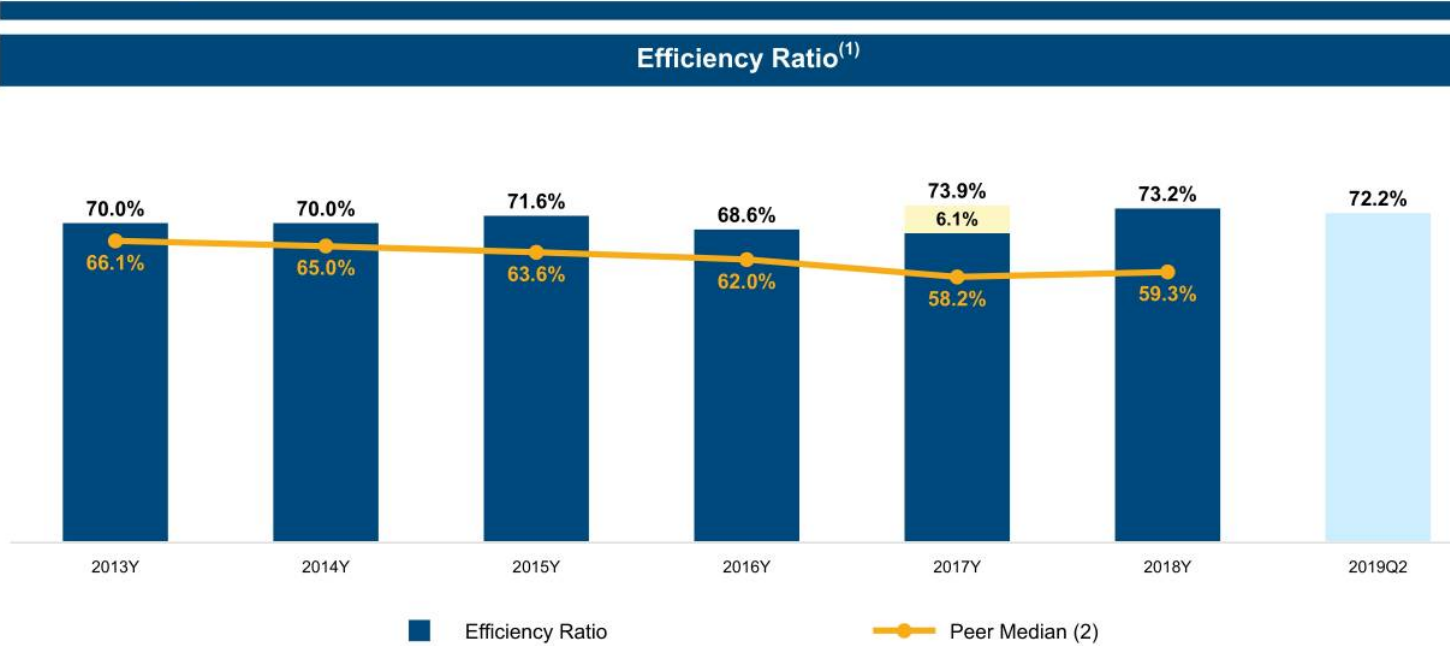


- Net interest margin is enhanced by OpenSky card returns and deposit contribution

- Consistently collect loan fees

Note: Static GAP Analysis reflects change in net interest income under a parallel rate shock analysis.  
<sup>(1)</sup> Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMBS, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.  
<sup>(2)</sup> 2017Y represents Net Interest Margin, as Adjusted and is a non-GAAP measure adjusted for the impact of non-recurring foregone interest and fees related to the OpenSky® data processing conversion. Please refer to the non-GAAP schedules included in the Appendix to this presentation for a reconciliation of this measure.

# Efficiency Ratio



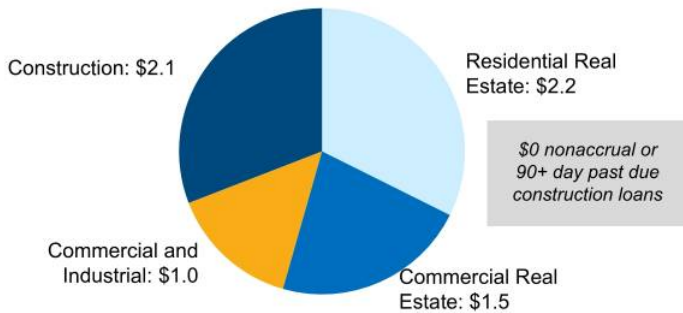
Recent investments should have a positive long-term impact on efficiency:

- Credit card data processing conversion has elevated expenses but positioned the business line for the long-term
- Hired significant deposit gathering business development officers since the beginning of 2017 to support core funding growth
- Reston, VA and Columbia, MD branch locations opened in Q2 2017 and Q2 2018, respectively

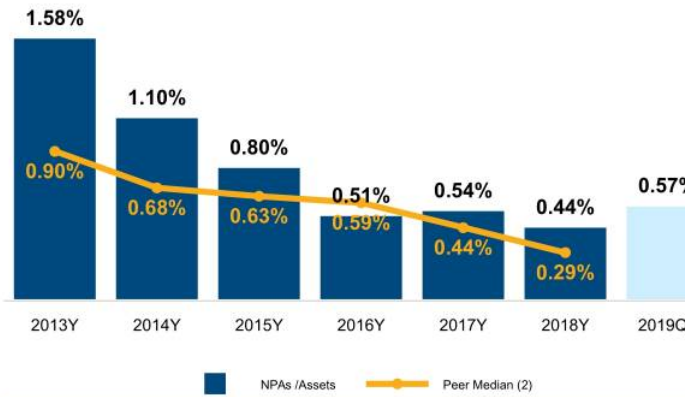
YTD data is as of June 30, 2019. Efficiency ratio is a non-GAAP measure. Please refer to the non-GAAP schedules included in the Appendix to this presentation for a reconciliation of this measure.  
 (1) 2017Y includes Efficiency Ratio, as Adjusted and is a non-GAAP measure adjusted for the impact of \$2.4M of non-recurring foregone interest and fees and \$2.3 million of non-recurring data processing expenses related to the OpenSky data processing conversion. Please refer to the non-GAAP schedules included in the Appendix for a reconciliation of this measure.  
 (2) Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.

# Superior Asset Quality Metrics

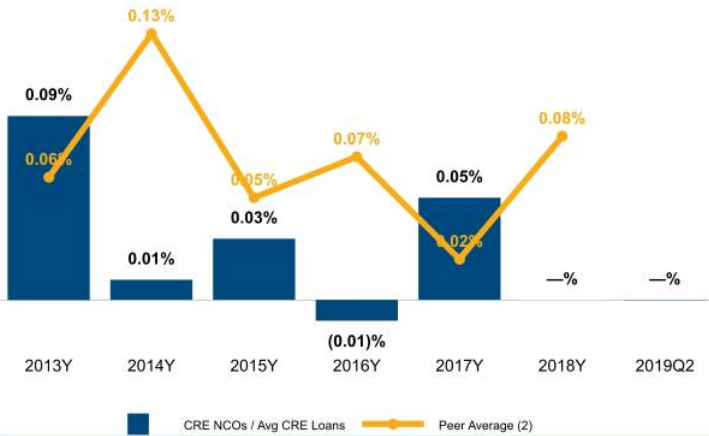
## Nonperforming Loans (\$M)



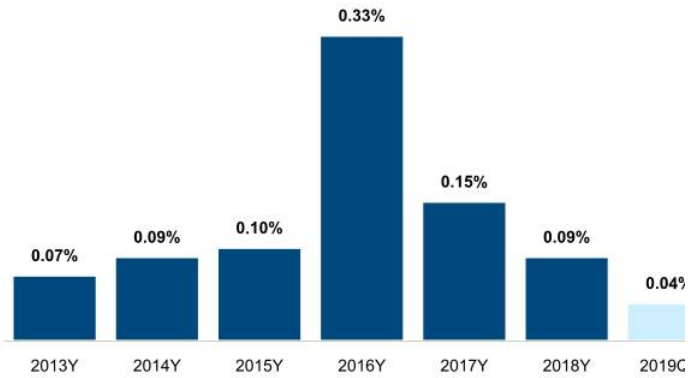
## Nonperforming Assets / Assets



## Commercial Real Estate NCOs<sup>(1)</sup>



## Net Charge-offs / Average Loans



2019 Nonperforming YTD data as of 6/30/19. QTD net charge-off data is annualized.

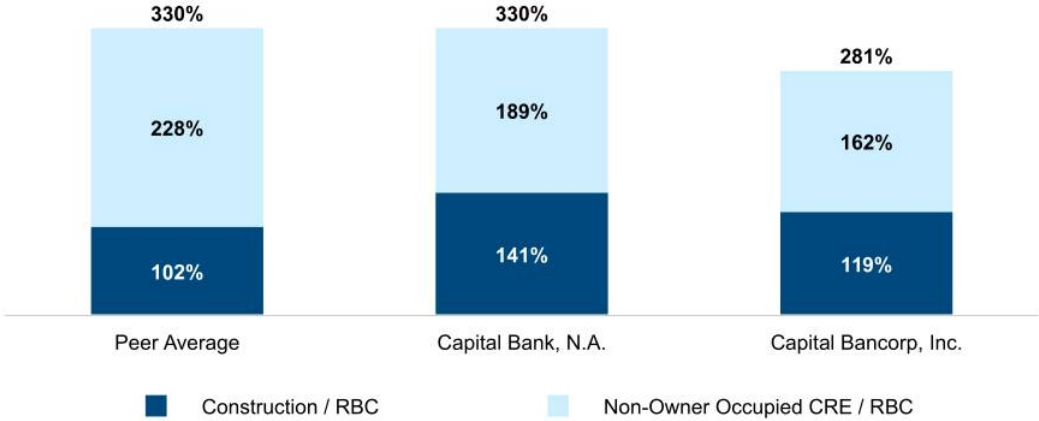
<sup>(1)</sup> Commercial RE includes all construction and commercial real estate loans. Average commercial real estate loans based upon 2 period averages.

<sup>(2)</sup> Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.



# Commercial Real Estate ("CRE") Concentration Levels

## CRE / Total Risk Based Capital ("RBC") Breakdown



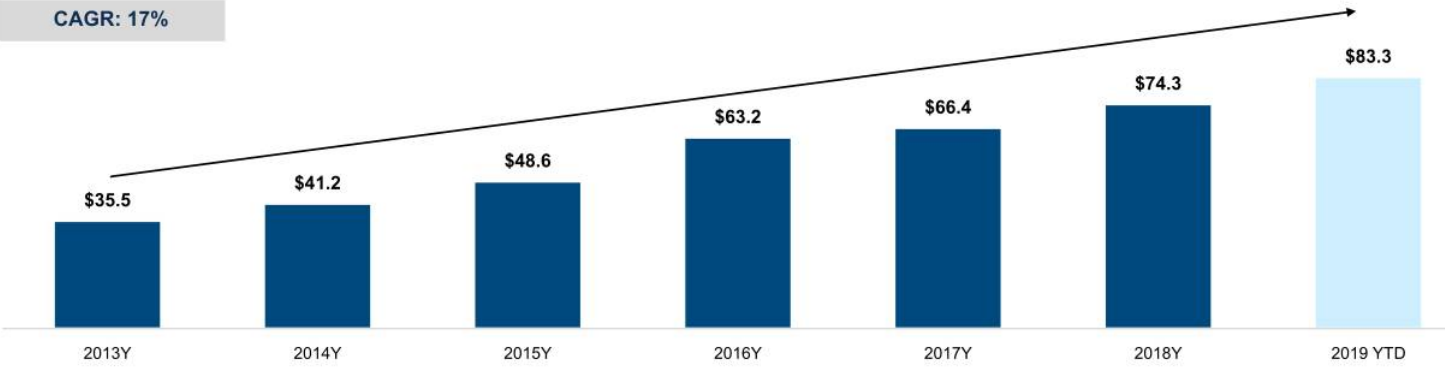
- Construction lending is a historical core competency focused on single family homes and individual condo and townhouse conversions to established builders
- Loan to value limits of 75% for investor and 80% for owner-occupied construction lending
- Construction loans provide a short-duration, high-yield asset class, plus loan fee income, which supports asset sensitivity
- Deep expertise in CRE and real estate development at the Board level

<sup>(1)</sup> Source: S&P Global Market Intelligence. Data as of 3/31/19. Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Represents bank-level regulatory data.



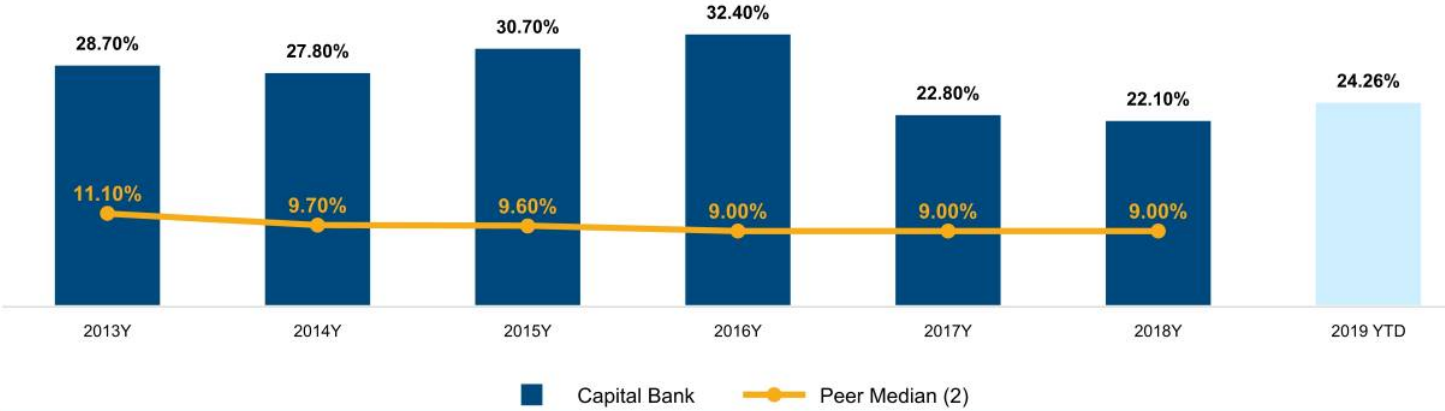
# Diversified Revenue Model

## Net Revenue (\$M)<sup>(1)</sup>



## Noninterest Income to Net Revenue<sup>(1)</sup>

OpenSky & Church Street Mortgage contribute to fee income levels in excess of peer median



YTD amounts are as of June 30, 2019 and shown on an annualized basis.

<sup>(1)</sup> 2017Y data is based on Adjusted Revenue which is a non-GAAP measure adjusted for the impact of \$2.4 million of non-recurring foregone interest and fees related to the OpenSky® data processing conversion. Please refer to the non-GAAP schedules included in the Appendix to this presentation for a reconciliation of this measure.

<sup>(2)</sup> Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.

# OpenSky® Secured Credit Card Division

## Customer Demographics

- Underserved by traditional credit products
- Poor or nonexistent credit history
- Nationwide customer base
- Minimum initial deposit of \$200 and maximum initial deposit of \$3,000 per card and \$5,000 per individual

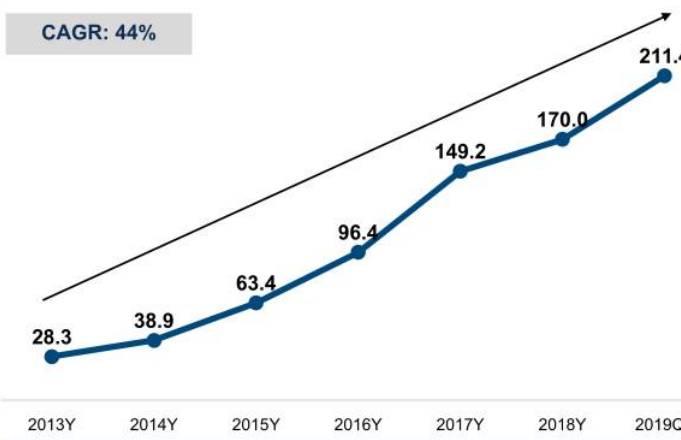
## Value Proposition

- Help customers repair or create acceptable credit history
- Functions as a traditional VISA credit card

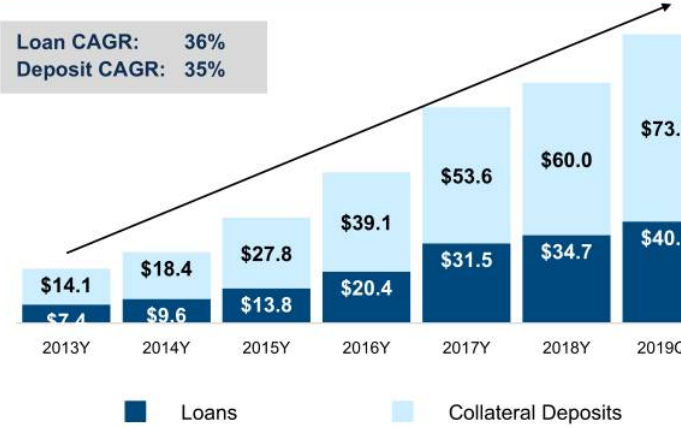
## Technology driven

- 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

### Number of Outstanding Accounts (000s)



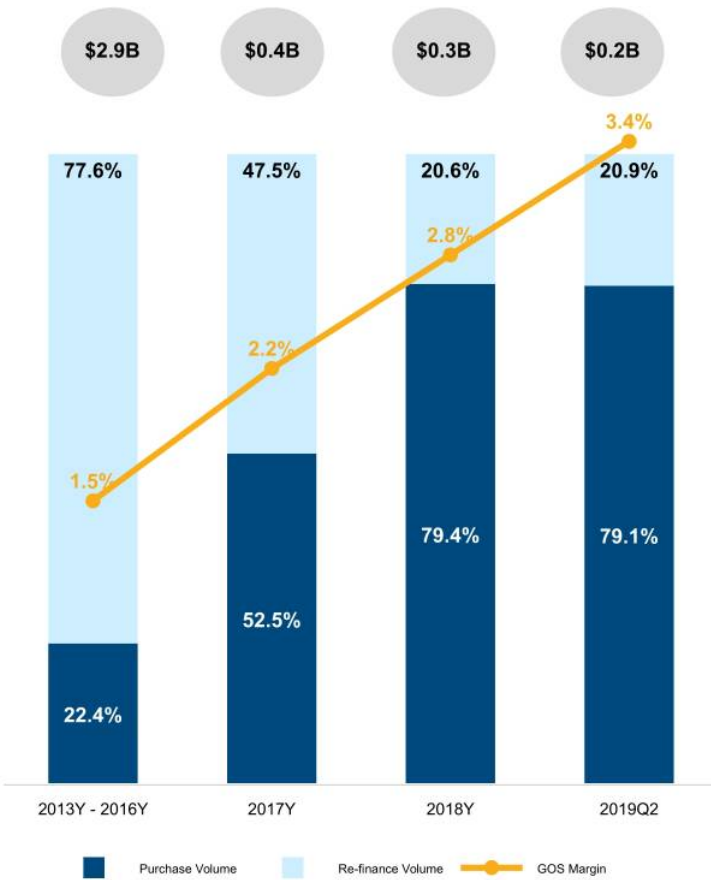
### Credit Card Loans & Deposits (\$M)



Data as of 6/30/19. CAGRs measured from 12/31/13 through 6/30/19.

# Capital Bank Home Loan Division

## Purchase vs. Re-finance Volume & GOS Margin



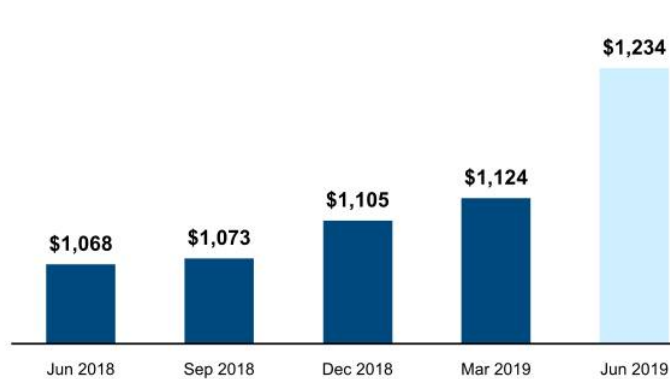
- Right-sized mortgage division in conjunction with Federal Reserve rate hikes and in anticipation of a reduction in industry-wide re-finance volume
- Production hires since the beginning of 2017 focused on niche products and purchase originations
- MD, VA and Washington, D.C. represent 77% of origination volume within our primary market areas
- National technology-enabled consumer direct marketing efforts, including social media campaigns
- Right sizing of business model has led to profitability across the entire cycle

# Consistent Performance

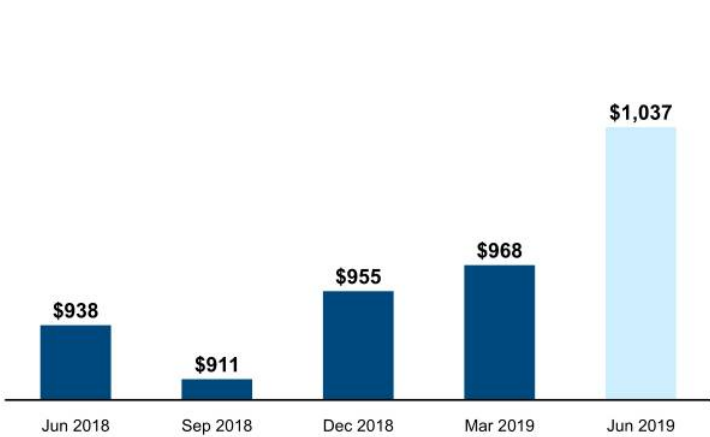
## Loans (\$M)



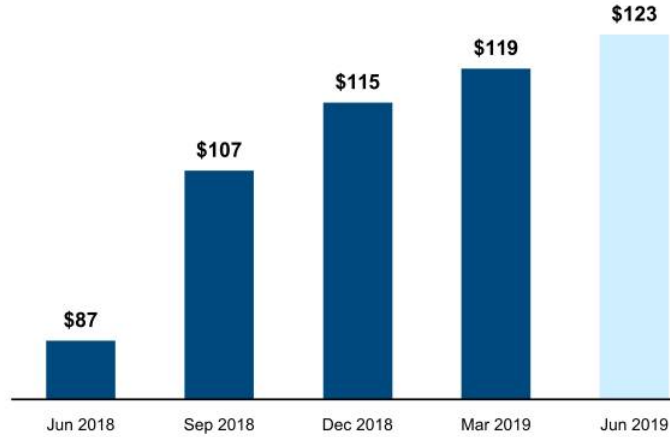
## Assets (\$M)



## Deposits (\$M)

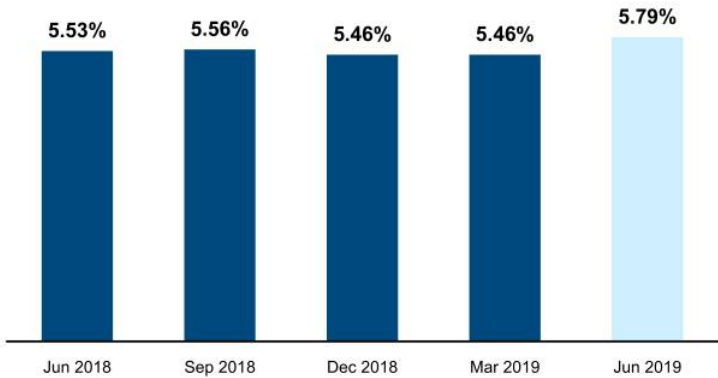


## Equity (\$M)

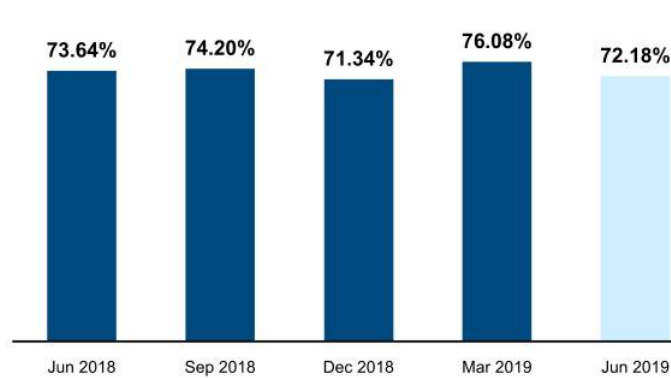


# Consistent Performance

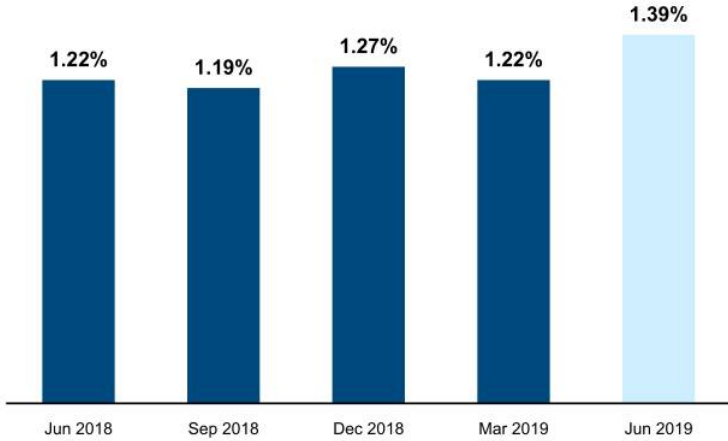
## Net Interest Margin



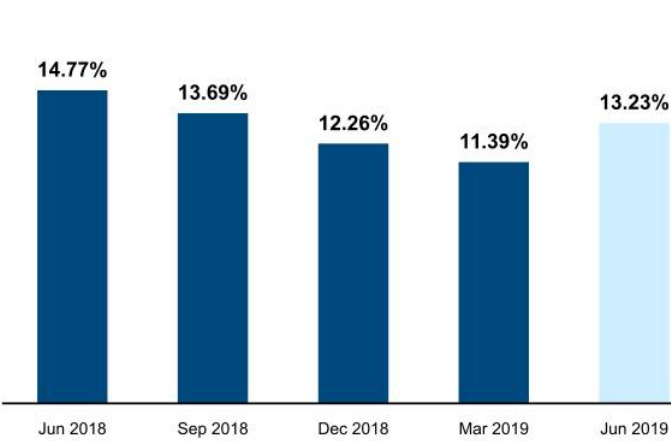
## Efficiency Ratio



## Return on Average Assets



## Return on Average Tangible Common Equity

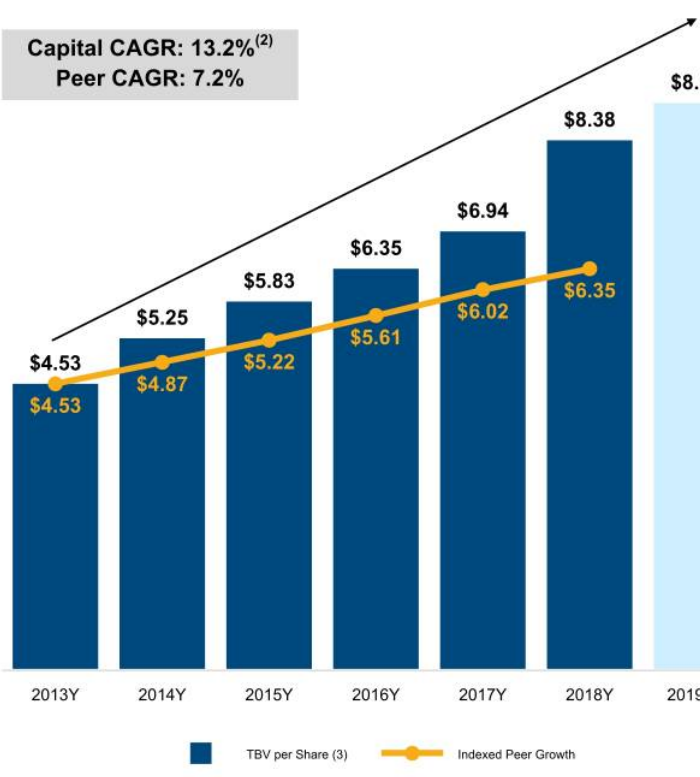


# Building Earnings Momentum

## Earnings per Share (EPS) Growth



## Tangible Book Value per Share (TBV) Growth



Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.

Note: 2013 earnings per share for Capital excludes bargain purchase gains. YTD data is as of June 30, 2019.

(1) Based on EPS, as adjusted for 2017. CAGR represents the period from 2013 through 6/30/2019.

(2) EPS, as Adjusted is a non-GAAP measure and excludes \$4.2 million of non-recurring charges and lost revenue.

(3) Tangible book value per share and EPS, as Adjusted are non-GAAP measures. Refer to the non-GAAP schedules included in the Appendix for a reconciliation of these measures.

## Conclusions

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- **Operate in Premier Markets**
- **Entrepreneurial Management Team**
- **Consistently High Performing Community Bank**
- **Innovation Driven, Fee Based Businesses**
- **Building Earnings Momentum**



 CAPITAL BANCORP, INC.

CAPITAL  
BANK   
PARTNERS *in* YOUR VISION

Thinking Ahead

Appendix

## ROATCE Reconciliation

“Return on average tangible common equity” is a non-GAAP measure defined as net income, less bargain purchase gain (net of taxes), plus the amortization of intangible assets (net of taxes) divided by average total equity net of average intangible assets.

### Return on Average Tangible Common Equity

Dollars in Thousands	Year Ended December 31,						Quarter Ended	Year to D
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2019
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 4,023	\$ 17,767
Less: Bargain Purchase Gain, net of taxes	(1,076)	—	—	—	—	—	—	—
Add: Intangible Asset Amortization, net of taxes	33	20	14	10	—	—	—	—
<b>Net Income Excluding Intangible Amortization and Bargain Purchase Gain, net, as Adjusted</b>	<b>\$ 5,814</b>	<b>\$ 6,813</b>	<b>\$ 7,506</b>	<b>\$ 9,451</b>	<b>\$ 7,109</b>	<b>\$ 12,767</b>	<b>\$ 4,023</b>	<b>\$ 17,767</b>
Average Total Equity	36,965	45,775	53,883	65,590	76,543	91,590	121,934	120,934
Less: Average Preferred Equity	—	—	—	—	—	—	—	—
Less: Average Intangible Assets	(84)	(53)	(26)	(8)	—	—	—	—
<b>Average Tangible Common Equity</b>	<b>\$ 36,881</b>	<b>\$ 45,722</b>	<b>\$ 53,857</b>	<b>\$ 65,582</b>	<b>\$ 76,543</b>	<b>\$ 91,590</b>	<b>\$ 121,934</b>	<b>\$ 120,934</b>
<b>Return on Average Tangible Common Equity</b>	<b>15.76%</b>	<b>14.90%</b>	<b>13.94%</b>	<b>14.41%</b>	<b>9.29%</b>	<b>13.94%</b>	<b>13.23%</b>	<b>14.84%</b>

## ROATCE, as Adjusted Reconciliation

“Return on average tangible common equity, as adjusted” is a non-GAAP measure defined as net income, less bargain purchase gain (net of taxes), plus non-recurring foregone interest and fees, plus non-recurring data processing expenses, plus non-recurring deferred tax revaluation, less the tax impact of conversion-related items, plus the amortization of intangible assets (net of taxes), divided by average total equity, net of average intangible assets.

### Return on Average Tangible Common Equity, as Adjusted

Dollars in Thousands	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2018
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 4,023	\$ 7,34
Less: Bargain Purchase Gain, net of taxes	(1,076)	—	—	—	—	—	—	—
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Add: Non-recurring data processing expenses	—	—	—	—	2,275	—	—	—
Add: Non-recurring deferred tax revaluation	—	—	—	—	1,386	—	—	—
Less: Tax impact of conversion related items	—	—	—	—	(1,847)	—	—	—
Net Income, as Adjusted	\$ 5,781	\$ 6,793	\$ 7,492	\$ 9,441	\$ 11,293	\$ 12,767	\$ 4,023	\$ 7,34
Add: Intangible asset amortization, net of taxes	33	20	14	10	—	—	—	—
<b>Net Income Excluding Intangible Amortization and Bargain Purchase Gain, net, as Adjusted</b>	\$ 5,814	\$ 6,813	\$ 7,506	\$ 9,451	\$ 11,293	\$ 12,767	\$ 4,023	\$ 7,34
Average Total Equity	\$ 36,965	\$ 45,775	\$ 53,883	\$ 65,590	\$ 76,543	\$ 91,590	\$ 121,934	\$ 120,04
Less: Average Preferred Equity	—	—	—	—	—	—	—	—
Less: Average Intangible Assets	(84)	(53)	(26)	(8)	—	—	—	—
<b>Average Tangible Common Equity</b>	\$ 36,881	\$ 45,722	\$ 53,857	\$ 65,582	\$ 76,543	\$ 91,590	\$ 121,934	\$ 120,04
<b>Return on Average Tangible Common Equity, as Adjusted</b>	15.76%	14.90%	13.94%	14.41%	14.75%	13.94%	13.23%	12.3

## ROAA, as Adjusted Reconciliation

“Return on average assets, as adjusted” is a non-GAAP measure defined as net income, less bargain purchase gain (net of taxes), plus non-recurring foregone interest and fees, plus non-recurring data processing expenses, plus non-recurring deferred tax revaluation, less the tax impact of conversion-related items, divided by average total assets.

### Return on Average Assets, as Adjusted

Dollars in Thousands	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2019
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 4,023	\$ 7,342
Less: Bargain Purchase Gain, net of taxes	(1,076)	—	—	—	—	—	—	—
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Add Non-recurring data processing expenses	—	—	—	—	2,275	—	—	—
Add: Non-recurring deferred tax revaluation	—	—	—	—	1,386	—	—	—
Less: Tax impact of conversion related items	—	—	—	—	(1,847)	—	—	—
Net Income, as Adjusted	\$ 5,781	\$ 6,793	\$ 7,492	\$ 9,441	\$ 11,293	\$ 12,767	\$ 4,023	\$ 7,342
Average Total Assets	\$ 471,400	\$ 541,934	\$ 679,595	\$ 832,619	\$ 964,946	\$ 1,045,732	\$ 1,163,317	\$ 1,135,791
<b>Return on Average Assets, as Adjusted</b>	1.23%	1.25%	1.10%	1.13%	1.17%	1.22%	1.39%	1.30%

## Net Interest Margin, as Adjusted Reconciliation

“Net interest margin, as adjusted” is a non-GAAP measure defined as net interest income, plus non-recurring foregone interest and fees, divided by average interest earning assets.

### Net Interest Margin, as Adjusted

Dollars in Thousands	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2019
Net Interest Income	\$ 25,327	\$ 29,717	\$ 33,676	\$ 42,759	\$ 48,911	\$ 57,888	\$ 16,531	\$ 31,200
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Net Interest Income, as Adjusted	\$ 25,327	\$ 29,717	\$ 33,676	\$ 42,759	\$ 51,281	\$ 57,888	\$ 16,531	\$ 31,200
Average interest earning assets	\$ 467,772	\$ 531,505	\$ 671,275	\$ 825,676	\$ 955,479	\$ 1,035,731	\$ 1,146,084	\$ 1,121,000
<b>Net Interest Margin, as Adjusted</b>	5.41%	5.59%	5.02%	5.18%	5.37%	5.59%	5.79%	5.59%

## Adjusted Revenue & Noninterest Income to Adjusted Revenue Reconciliation

Thinking

Ab

Net revenue for 2017 has been adjusted to exclude the impact of non-recurring foregone interest and fees and as such is considered a non-GAAP measure.

### Adjusted Revenue and Noninterest Income to Adjusted Revenue

Dollars in Thousands	Year Ended December 31,						Quarter Ended	Year to D
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2
Noninterest Income	\$ 10,171	\$ 11,442	\$ 14,929	\$ 20,473	\$ 15,149	\$ 16,124	\$ 5,927	\$ 10,
Net Interest Income	25,327	29,717	33,676	42,759	48,911	57,888	16,531	31,
Add: Noninterest Income	10,171	11,442	14,929	20,473	15,149	16,124	5,927	10,
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Adjusted Revenue	\$ 35,498	\$ 41,159	\$ 48,605	\$ 63,232	\$ 66,430	\$ 74,012	\$ 22,459	\$ 41,
<b>Noninterest Income to Adjusted Revenue</b>	<b>28.65%</b>	<b>27.80%</b>	<b>30.71%</b>	<b>32.38%</b>	<b>22.80%</b>	<b>21.70%</b>	<b>26.39%</b>	<b>24</b>



## Efficiency Ratio, as Adjusted Reconciliation

“Efficiency ratio, as adjusted” is a non-GAAP measure defined as total noninterest expense less non-recurring data processing expenses, divided by the sum of net interest income, noninterest income and non-recurring foregone interest and fees.

### Efficiency Ratio, as Adjusted

Dollars in Thousands	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2019
Noninterest Expense	\$ 24,836	\$ 28,821	\$ 34,817	\$ 43,380	\$ 47,306	\$ 54,123	\$ 16,210	\$ 30,5
Less: Non-recurring data processing expenses	—	—	—	—	(2,275)	—	—	—
Adjusted Noninterest Expense	24,836	28,821	34,817	43,380	45,031	54,123	16,210	30,5
Net Interest Income	25,327	29,717	33,676	42,759	48,911	57,888	16,531	31,2
Add: Noninterest Income	10,171	11,442	14,929	20,473	15,149	16,124	5,927	10,0
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Adjusted Revenue	\$ 35,498	\$ 41,159	\$ 48,605	\$ 63,232	\$ 66,430	\$ 74,012	\$ 22,459	\$ 41,2
<b>Efficiency Ratio, as Adjusted</b>	69.96%	70.02%	71.63%	68.60%	67.79%	73.13%	72.18%	73.1%



## Diluted Earnings Per Share, as Adjusted Reconciliation

“Diluted earnings per share, as adjusted” is a non-GAAP measure defined as net income, less bargain purchase gain (net of taxes), plus non-recurring foregone interest and fees, plus non-recurring data processing expenses, plus non-recurring deferred tax revaluation, less the tax impact of conversion-related items, divided by the diluted weighted average shares outstanding.

### Diluted Earnings per Share, as Adjusted

Dollars in Thousands except per Share Items	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2019
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 4,023	\$ 7,000
Less: Bargain Purchase Gain, net of taxes	(1,076)	—	—	—	—	—	—	—
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Add Non-recurring data processing expenses	—	—	—	—	2,275	—	—	—
Add: Non-recurring deferred tax revaluation	—	—	—	—	1,386	—	—	—
Less: Tax impact of conversion related items	—	—	—	—	(1,847)	—	—	—
Net Income, as Adjusted	5,781	6,793	7,492	9,441	11,293	12,767	4,023	7,000
Add: Convertible debt interest expense	281	281	281	—	—	—	—	—
Net Income, as Adjusted for Diluted EPS	\$ 6,062	\$ 7,074	\$ 7,773	\$ 9,441	\$ 11,293	\$ 12,767	\$ 4,023	\$ 7,000
Diluted Weighted Average Shares Outstanding	9,336,596	10,279,548	10,488,036	11,289,044	11,428,000	12,462,138	13,914,000	13,914,000
<b>Diluted Earnings per Share, as Adjusted</b>	<b>\$ 0.65</b>	<b>\$ 0.69</b>	<b>\$ 0.74</b>	<b>\$ 0.84</b>	<b>\$ 0.99</b>	<b>\$ 1.02</b>	<b>\$ 0.29</b>	<b>\$ 0.50</b>

## Tangible Book Value Per Share Reconciliation

“Tangible book value per share” is a non-GAAP measure defined as total stockholders’ equity, less intangible assets, divided by shares of common stock outstanding.

### Tangible Book Value per Share

Dollars in Thousands except per Share Items	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	June 30, 2019	June 30, 2018
Total Stockholders'Equity	\$ 42,421	\$ 50,216	\$ 59,657	\$ 70,748	\$ 80,119	\$ 114,563	\$ 123,118	\$ 123,118
Less: Preferred Equity	—	—	—	—	—	—	—	—
Less: Intangible Assets	(72)	(39)	(17)	—	—	—	—	—
Tangible Common Equity	\$ 42,349	\$ 50,177	\$ 59,640	\$ 70,748	\$ 80,119	\$ 114,563	\$ 123,118	\$ 123,118
Period End Shares Outstanding	9,342,860	9,562,820	10,225,780	11,144,696	11,537,196	13,672,479	13,718,665	13,718,665
<b>Tangible Book Value per Share</b>	<b>\$ 4.53</b>	<b>\$ 5.25</b>	<b>\$ 5.83</b>	<b>\$ 6.35</b>	<b>\$ 6.94</b>	<b>\$ 8.38</b>	<b>\$ 8.97</b>	<b>\$ 8.97</b>

