

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): May 23, 2022

**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

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.

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**

Capital Bancorp, Inc. (the "Company") is filing an investor presentation relating to its first quarter of 2022 (the "Presentation") that will be used by Company management for presentations to investors and others. The Presentation replaces and supersedes investor presentation materials previously furnished as an exhibit to the Company's Current Reports on Form 8-K. A copy of the Presentation is attached hereto as Exhibit 99.1.

The information in this Current Report on Form 8-K and in the exhibit is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall it be incorporated by reference into any filing under the Securities Act of 1933, as amended, except as may expressly be set forth in any such filing by specific reference. The furnishing of the transcript is not intended to constitute a representation that such furnishing is required by Regulation FD or that the transcript includes material investor information that is not otherwise publicly available.

**Item 9.01. Financial Statements and Exhibits**

**(d) Exhibits**

- 99.1 [Investor Presentation March 2022.](#)
  - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
-

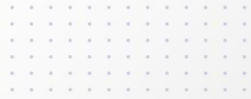
**SIGNATURES**

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.

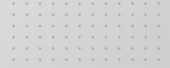
**CAPITAL BANCORP, INC.**

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

May 23, 2022



CAPITAL BANCORP, INC.



**1Q 2022  
Investor Presentation**



## Forward Looking Statements

The statements contained in this presentation that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on Capital Bancorp, Inc. (the "Company" or "Capital") including, without limitation, plans, strategies and goals, and statements about the Company's expectations regarding revenue and asset growth, financial performance and profitability, loan and deposit growth, yields and returns, loan diversification and credit management, and shareholder value creation. These statements are often, but not always, made through the use of words or phrases such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "could," "should," "seeks," "projects," "can," "ongoing," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of those words or other comparable words. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond the control of the Company. The inclusion of or reference to forward-looking information in this presentation should not be regarded as a representation by Capital or any other person that the future plans, estimates or expectations contemplated by the Company will be achieved. Any or all of the forward-looking statements in (or conveyed orally regarding) this presentation may turn out to be inaccurate. Accordingly, you are cautioned not to place undue reliance on forward-looking statements and that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the expected results expressed or implied by such forward-looking statements. 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; geopolitical concerns, including the ongoing war in Ukraine; the magnitude and duration of the COVID-19 pandemic and related variants and mutations and their impact on the global economy and financial market conditions and our business, results of operations, and financial condition; 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; the transition away from USD LIBOR and uncertainty regarding potential alternative reference rates, including SOFR; 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; 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 2021 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.

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 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.

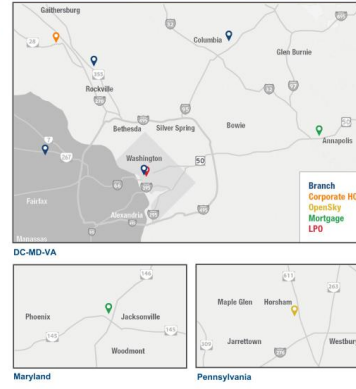
# Capital Bancorp, Inc. (NASDAQ-CBNK)

## Financial Highlights

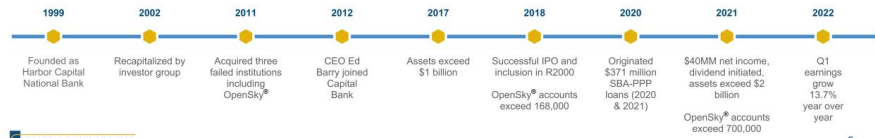
Corporate Headquarters - Rockville, MD

Balance Sheet (\$M, except per share amounts)	Unaudited March 31, 2022	Quarterly Result <sup>1</sup>	Yearly Result
Assets	\$ 2,122	3.3 %	1.5 %
Portfolio Loans	1,526	0.1 %	16.3 %
Deposits	1,863	3.6 %	— %
<b>Quarterly Financial Performance</b>			
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



## Corporate Timeline



CAPITAL BANCORP, INC.

<sup>1</sup> Results comparing current quarter with immediately prior quarter

# Digital Challenger Bank with Diversified Lines of Business

## Technology-driven

## Differentiated Go-to-Market Strategy



Data and analytics



Digital-lead generations



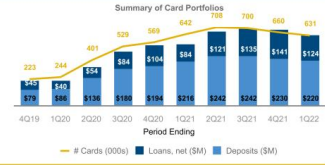
Customer experience



Back office automation & Fraud Prevention

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



## Distinctive Investment Opportunity

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

- Investments in proprietary technology, data analytics and digital marketing
- Scalable OpenSky<sup>®</sup> 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<sup>®</sup> 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



**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



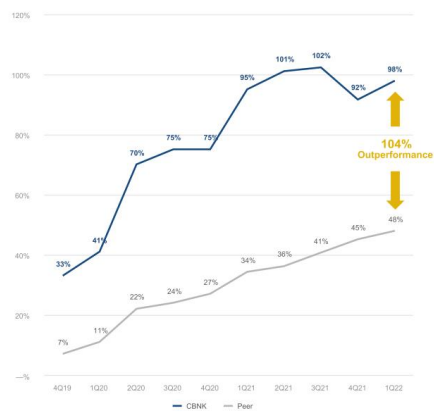
- Social media marketing programs efficiently accessing diverse, nationwide customer base
- QuickClose digital mortgage platform reducing costs
- Active product management enhancing volumes and margins



## Growth and Diversified Revenue Generation...

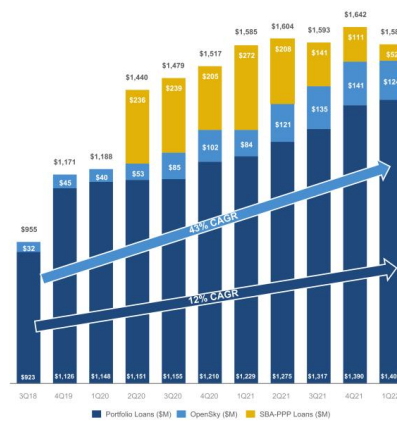
### Growth has Outpaced Peers

Asset Growth <sup>(1)</sup>



### Strong Organic Loan Growth

Loan Growth



**CAPITAL BANCORP, INC.** Source: S&P Global Market Intelligence. Note: Peer Group includes major exchange traded banks with \$500 million - \$2 billion in total assets as of the preceding quarter. Outperformance measured through latest date that peer group data was available. Peer comparisons utilize same period values utilizing the most recent available peer data. <sup>(1)</sup> Growth calculated from the 2018 IPO.



## Growth and Diversified Revenue Generation...

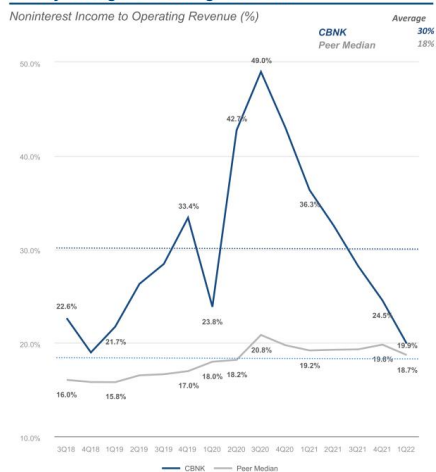
### Varied Revenue Generation Capabilities

Revenue by Line of Business (\$M)



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

Noninterest Income to Operating Revenue (%)

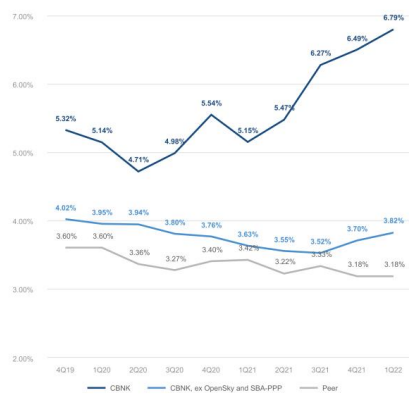




## ...Drive Superior Profitability

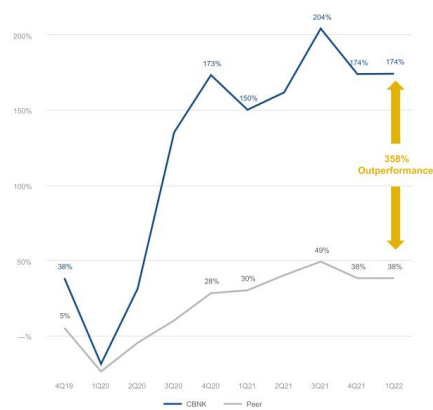
### OpenSky<sup>®</sup> Drives Consistently High Margins

Net Interest Margin



### Diversified Business Model Drives Earnings Growth

Earnings per Share Growth <sup>(1)</sup>



**CAPITAL BANCORP, INC.** Source: S&P Global Market Intelligence.  
 Note: Peer Group includes major exchange traded banks with \$500 million - \$2 billion in total assets as of the preceding quarter. Outperformance measured through latest date that peer group data was available. Peer comparisons utilize same period values utilizing the most recent available peer data.  
<sup>(1)</sup> Growth calculated from the 2018 IPO.

# ...Drive Superior Profitability



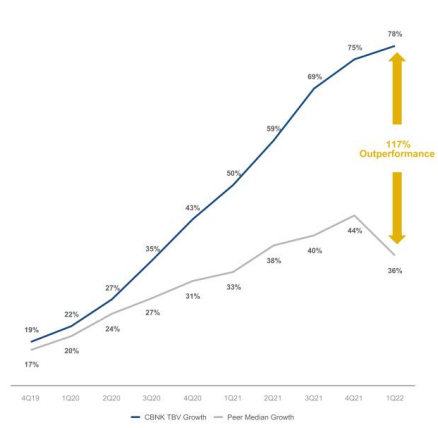
## Growth and NIM Result in High ROE

Return on Average Tangible Equity <sup>(1)</sup>



## Earnings Outperformance Translates to Capital Accumulation

Tangible Book Value Growth per Share <sup>(1)</sup>



**CAPITAL BANCORP, INC.** Source: S&P Global Market Intelligence.  
 Note: Peer Group includes major exchange traded banks with \$500 million - \$2 billion in total assets as of the preceding quarter. Outperformance measured through latest date that peer group data was available. Peer comparisons utilize same period values utilizing the most recent available peer data.  
<sup>(1)</sup> Growth calculated from the 2018 IPO.



## 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 2016

- 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

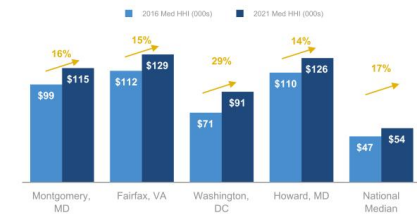
### Among the Leaders in the DC MSA for Community Banks<sup>(1)</sup>

Company	2020 Deposits (\$B)	NB / 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
<b>Capital Bancorp Inc. (MD)</b>	<b>1.57</b>	<b>37</b>	<b>115</b>	<b>0.57</b>	<b>2.09</b>	<b>325</b>
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 Bchs (VA)	1.34	26	126	0.89	1.88	394
Congressional Bancshares Inc (MD)	1.24	41	114	0.58	0.98	130
Community Fint 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 Bkchs Corp. (VA)	0.71	29	89	0.36	1.44	239
<b>Median Below \$10 B in Deposits</b>	<b>\$ 0.34</b>	<b>30 %</b>	<b>\$ 90</b>	<b>0.43 %</b>	<b>1.13 %</b>	<b>225 %</b>

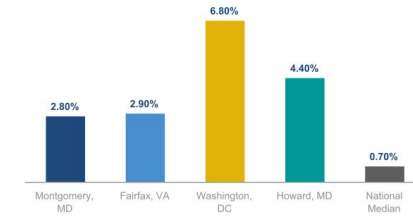
### Ranking in Top 25 Counties in US by Median HHI

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
	<b>National Median</b>	<b>\$ 54,475</b>

### Median Household Income Growth



### Projected 5 Year Count Population Growth (%)



Source: S&P Global Market Intelligence.  
 (1) Community bank defined as institutions having less than \$10 billion in deposits as of the most recent quarter.



## Strong Balance Sheet and Robust Capital Positions

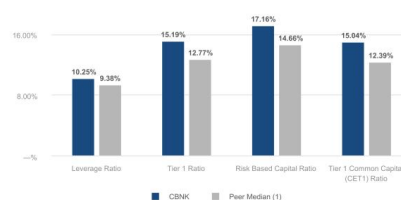
### Reserves Consistently Above Peers

Loan Loss Reserve / Loans



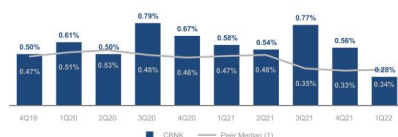
### Capital Generation Results in Robust Capital Ratios

Capital Ratios Relative to Peers (1Q22)



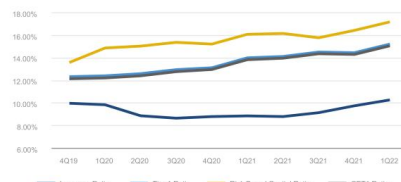
### Nonperforming Assets Consistent with Peers

Nonperforming Assets to Assets



### Elevated Capital Ratios Despite Strong Asset Growth

Historical Capital Ratios



Source: S&P Global Market Intelligence. Peer Group includes major exchange traded banks with \$500 million - \$2 billion in total assets as of 12/31/2020. Peer data is as of the immediately preceding quarter end period.

## Distinctive Investment Opportunity

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



**Growth and Diversified Revenue Generation Drive Superior Profitability**



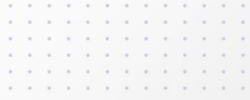
**Experienced Entrepreneurial Management Team**



**Operate in Exceptional Markets**



**Strong Balance Sheet and Robust Capital Positions**



# Appendix



**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

**Pandemic-related Government Support Impacted Utilization**

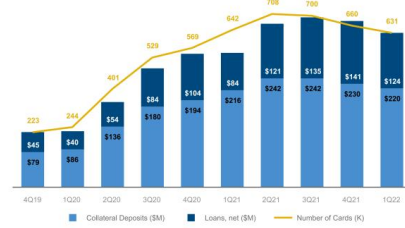
Line Utilization Rate<sup>(1)</sup>



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

**Accelerated Card Growth**

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



**Strong Revenue Muted by Government Support**

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



## Capital Bank Home Loans

### Positioning for Prolonged Slowdown

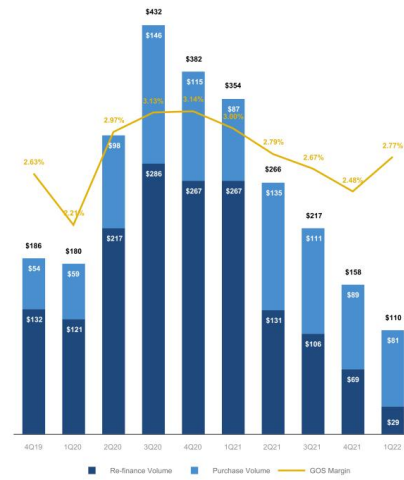
- Accelerating fintech partnerships to expand originations
- Production focused on niche products and purchase originations
- MD, VA and Washington, D.C. represent 69% of origination volume within our primary market areas

### 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

### Consistent Loan Growth Without Sacrificing Yields

Loan Portfolio Growth



### Improving Deposit Franchise

Deposit Portfolio Mix



### Core NIM Consistently Outperforms Peers

Net Interest Margin



CAPITAL BANCORP, INC.

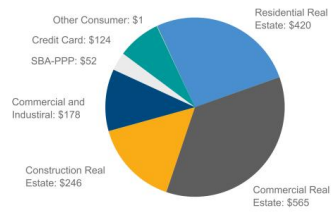
Source: S&P Global Market Intelligence.

Note: Peer Group includes major exchange traded banks with \$500 million - \$2 billion in total assets as of the preceding quarter. Peer comparisons utilize same period values utilizing the most recent available peer data.

## Diversified Loan Portfolio Capitalizes on Real Estate Expertise

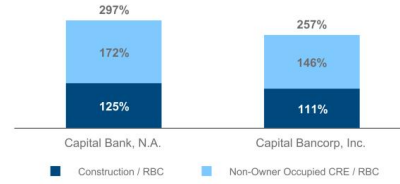
### Balanced Loan Portfolio

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)

CAPITAL BANCORP, INC.

Note:

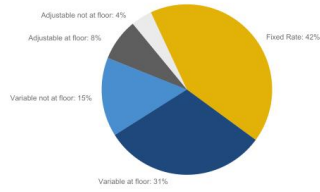
-Residential real estate loans consist primarily of investment 1-4 family property (rentals)  
-Loan composition data is displayed in millions



## 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<sup>(1)</sup>

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



### SBA-PPP Loan Originations and Subsequent Forgiveness

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

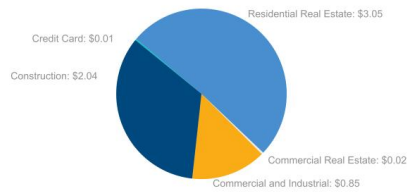


<sup>(1)</sup> - Portfolio loans in this analysis exclude OpenSky credit card loans.

## Asset Quality Metrics

### Nonperforming Loans Largely Real Estate Secured

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



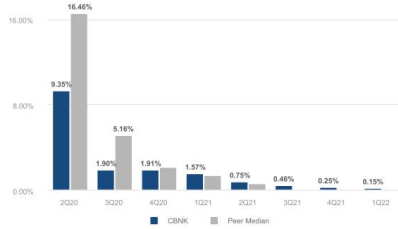
### Nonperforming Assets Consistent with Peers

Nonperforming Assets to Assets



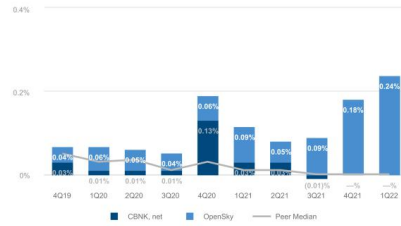
### Lower Level of COVID-19 Deferrals

COVID-19 Deferrals / Total Net Loans



### Managing Credit and Identifying Issues Early

Net Charge-offs to Average Portfolio Loans



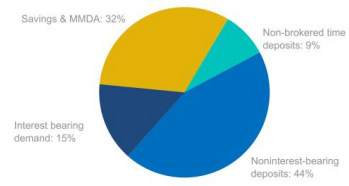
## Improving Deposit Franchise

### 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

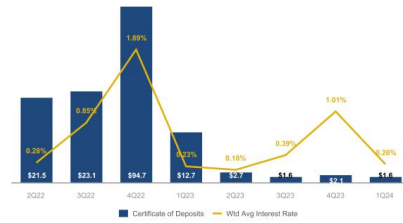
### Focused Efforts Increasing Non-Interest Bearing Deposits

Deposit Franchise Composition (\$1.9B) (1Q22)



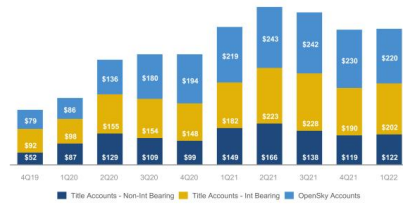
### Time Deposit Maturities Reducing Forward Funding Costs

Certificates of Deposits Maturity Schedule (\$M)



### Niche Verticals Improving Deposit Franchise

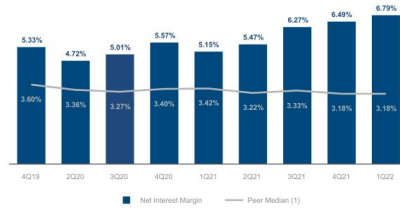
Low Cost Deposits (\$M)



## Delivering Superior Net Interest Margin

### Elevated Margin Supported by Card and Fee Discipline

Net Interest Margin

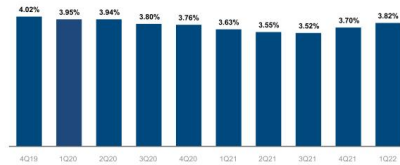


### Business Model Focused on Adding Value for Customers

- 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

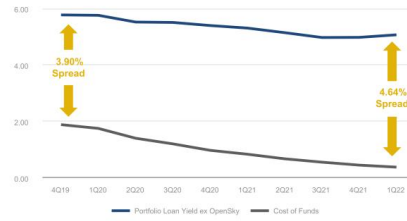
### Core Margin Supported by Disciplined Fee Collection

Net Interest Margin, ex Card and SBA-PPP Loans



### Compression of Loan Yields Offset by Cost of Funds

Margin Components



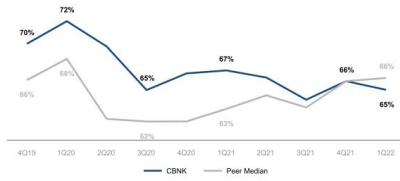
## Efficiency Ratio

### Improving Efficiency Ratio as Businesses Scale

Efficiency Ratio

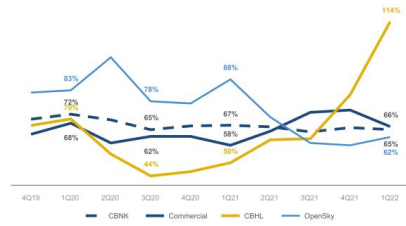
Efficiency Improvement

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

