

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): January 28, 2020

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 January 29th and 30th 2020, Edward F. Barry, Chief Executive Officer 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 Janney West Coast CEO Forum in Phoenix, Arizona. 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.

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. December 31, 2019 Financial Review](#)

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

January 28, 2020

 CAPITAL BANCORP, INC.

CAPITAL
BANK 
PARTNERS *in* YOUR VISION

Thinking

Ahead

Ed Barry
Chief Executive Officer

Scot Browning
President

Alan Jackson
Chief Financial Officer

December 31, 2019 Financial Review

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. 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.

Balance Sheet (\$M, except per share amounts)	Unaudited		Quarter Result
	December 31, 2019		
Assets	\$ 1,428	↑ 8.9 % QoQ	
Loans	1,171	↑ 2.7 % QoQ	
Deposits	1,225	↑ 10.2 % QoQ	

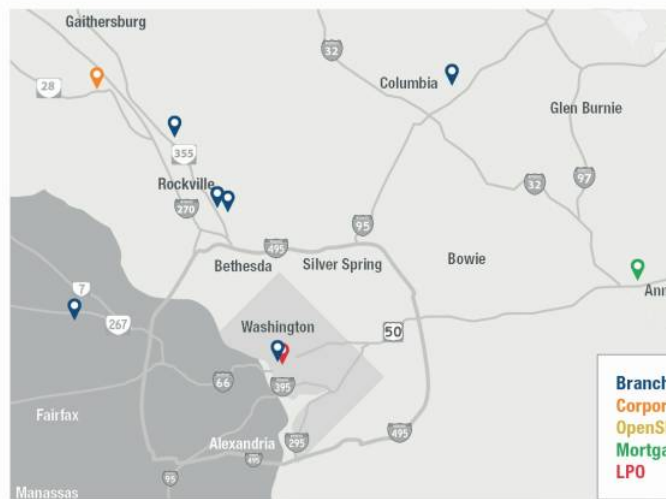
Quarterly Financial Performance

Earnings per Share, Diluted	\$ 0.36	↑ 12.4 % QoQ
ROAA	1.48 %	↑ 4.3 % QoQ
ROATCE	15.32 %	↑ 9.1 % QoQ
Tangible Book Value per Share	\$ 9.60	↑ 3.5 % QoQ
Efficiency Ratio	70.10 %	↓ -165 bps
Net Interest Margin	5.33 %	↓ -50 bps

Corporate Timeline



Footprint

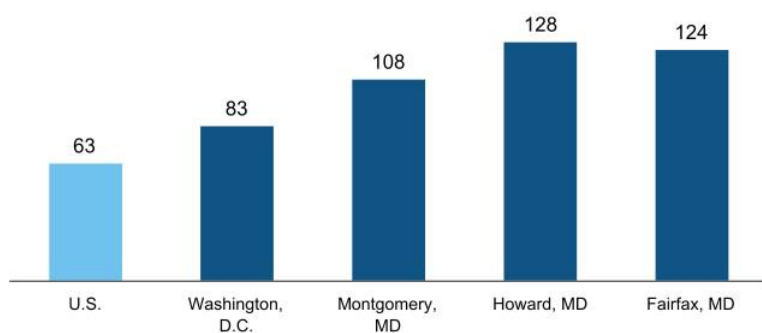


Investment Opportunity

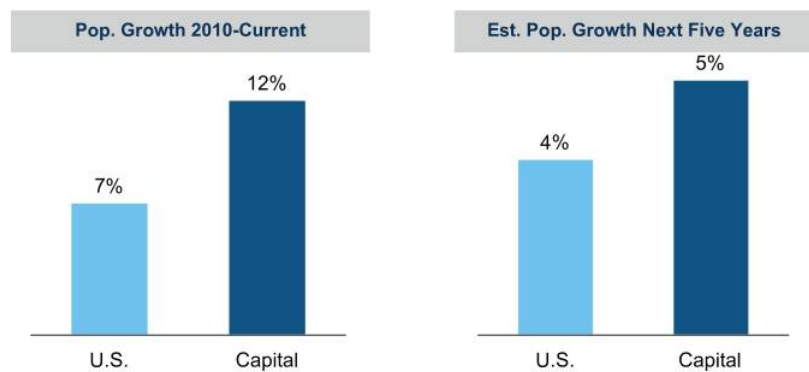
<p>Operate in Exceptional Markets</p>	<ul style="list-style-type: none"> • The Washington, D.C. and Baltimore, MD MSAs make up one of the largest and wealthiest regions in the U.S. • Consolidation creates new opportunities for customer and talent acquisition • Market insulated from economic downturns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

Exceptional Markets

Median Household Income by County (\$000)



Growth of Capital Bank Cities of Operation⁽²⁾



Washington, D.C. – Baltimore, MD Market

- Recent M&A in market creating disruption 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 3rd nationally among U.S. MSAs)
- Washington D.C. MSA added 52,300 jobs between Oct 2018 and Oct 2019⁽¹⁾
- Approximately 45% of the combined population of the Washington, DC and Baltimore, MD MSAs has a college degree
- Home to 15 companies from the 2017 Fortune 500 list and 5 of the U.S.'s largest 100 private companies, including the most recently, 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.
¹ Data is not seasonally adjusted.
² 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.
³ Determined as the percentage of the population with a bachelor's degree or higher.

Experienced Management Team



Edward F. Barry
Chief Executive Officer
 Joined 2012

- Prior to joining Capital Bank, Mr. Barry held senior positions at Capital One 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⁽¹⁾



Scot R. Browning
President
 Joined 2002

- Currently oversees the commercial lending department, which has grown from \$1 million to over \$928.4 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 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 Fitch 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

⁽¹⁾ Financial Services category.

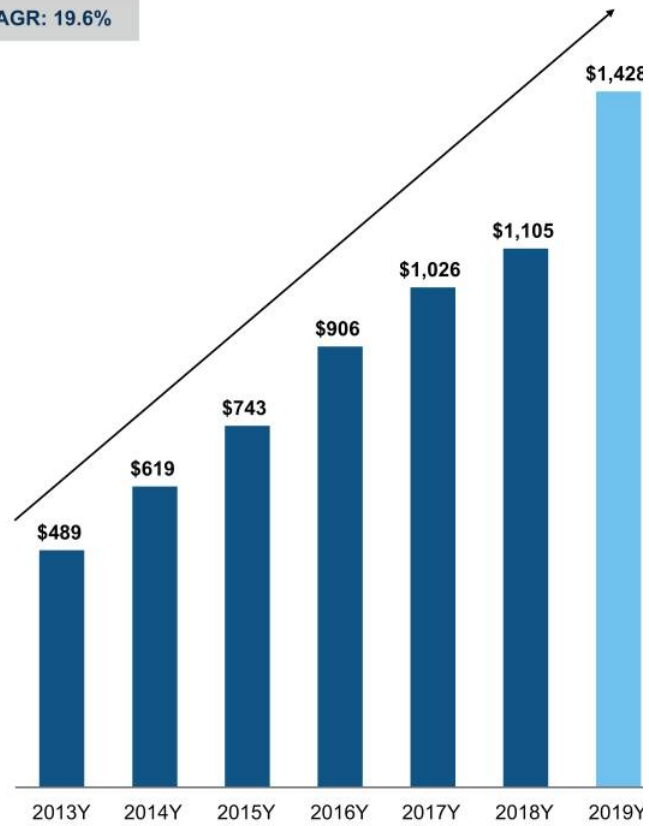
Unique Strategy Consistently Drives Performance

Disciplined Business Strategy

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

Total Assets (\$M)

CAGR: 19.6%

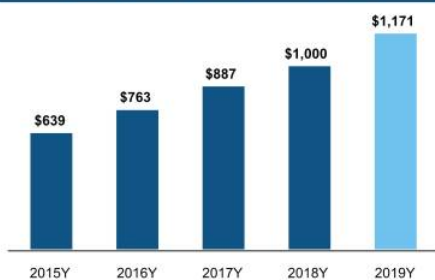


Diversified Lines of Business

Commercial Banking

- Approximately \$1.3 billion of assets
- Provide sophisticated advice and exceptional client service
- Target customers with complex financial needs
- Loan officers are trusted advisors to their clients
- Value proposition proven by significantly greater than peer loan yield with comparable risk

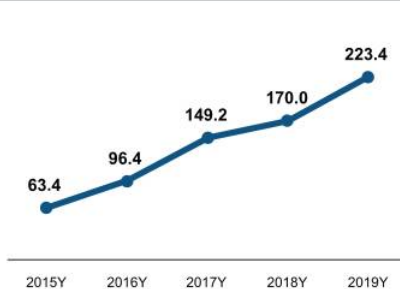
Loans Held for Investment (\$M)



OpenSky® Secured Credit Card

- \$46.4 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

- 2.70% QTD GOS margin
- 29% QTD purchase volume
- MD, VA and DC comprise 67% of origination volume
- Recent hires focused on purchased money origination 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® 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

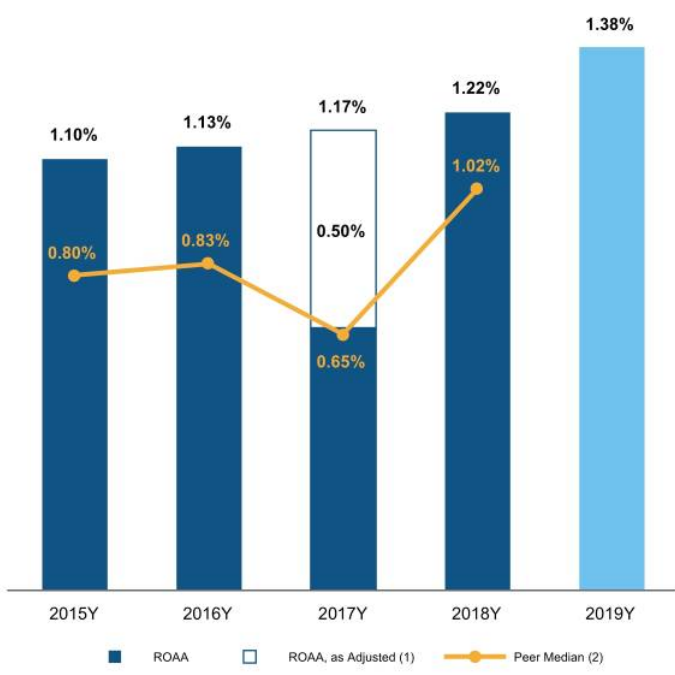
- OpenSky®:
 - Proprietary customer behavior scoring (B-Score)
 - Algorithmic, selective credit line increases (CLIP program)
 - Net present value driven models drive product and marketing decisions
- Internally developed commercial credit stress testing that tracks micro market performance

Web and Mobile Enabled Platforms

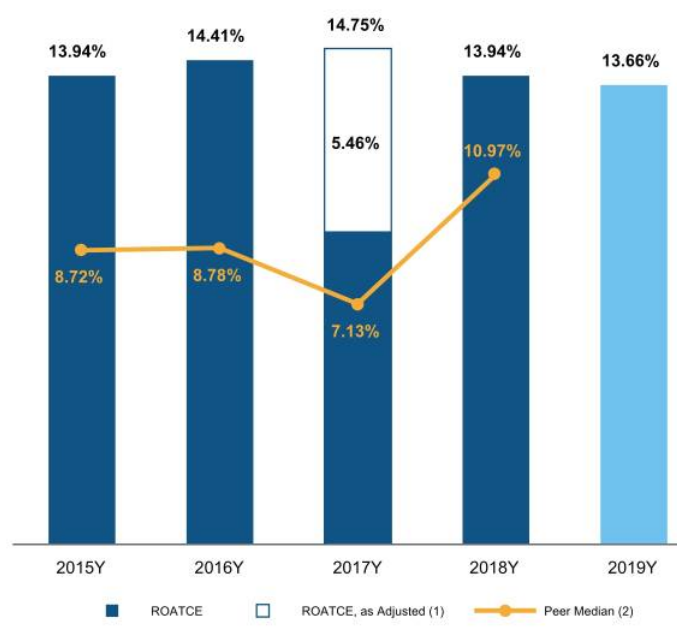
- Social media driven OpenSky® and mortgage marketing programs
- User-friendly OpenSky® mobile application; 82% of applications are submitted on mobile devices using a digital platform
- Online marketing campaigns are closely tracked and analyzed to assess efficacy and ensure commercial effectiveness
- QuickClose digital mortgage platform launched in fourth quarter 2018

Consistently High Performing

ROAA (%) vs. Peer



ROATCE (%) vs. Peer

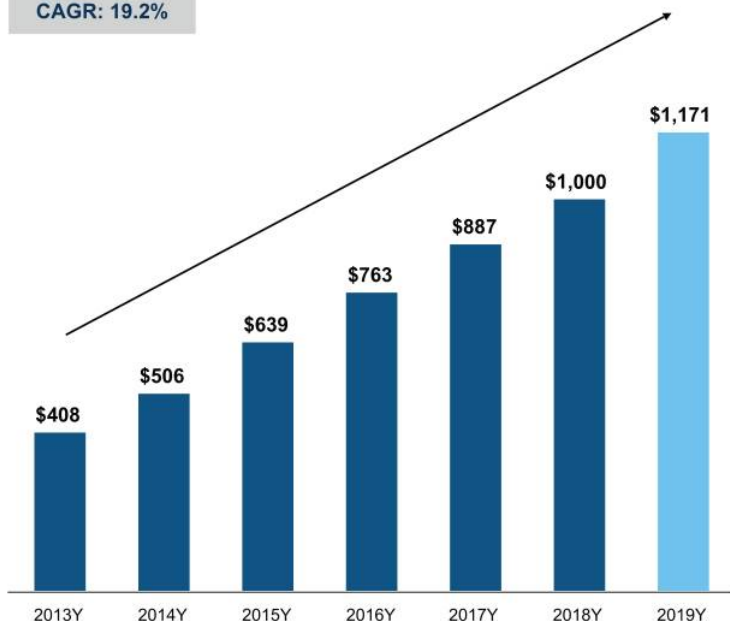


2017 earnings impacted by \$2.3 million of pre-tax, one-time data processing conversion costs, \$2.4 million of pre-tax, non-recurring forgone interest and fees and a \$1.4 million deferred tax asset revaluation.
 (1) ROAA, as Adjusted and ROATCE, as Adjusted are non-GAAP measures and exclude \$4.2 million 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.
 (2) 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.

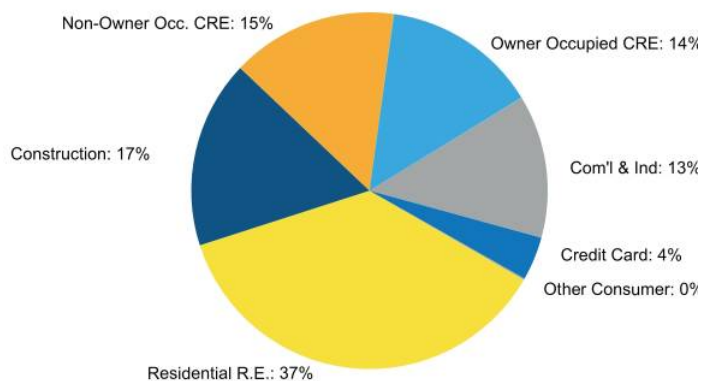
Loan Portfolio

Total Loans HFI (\$M)

CAGR: 19.2%



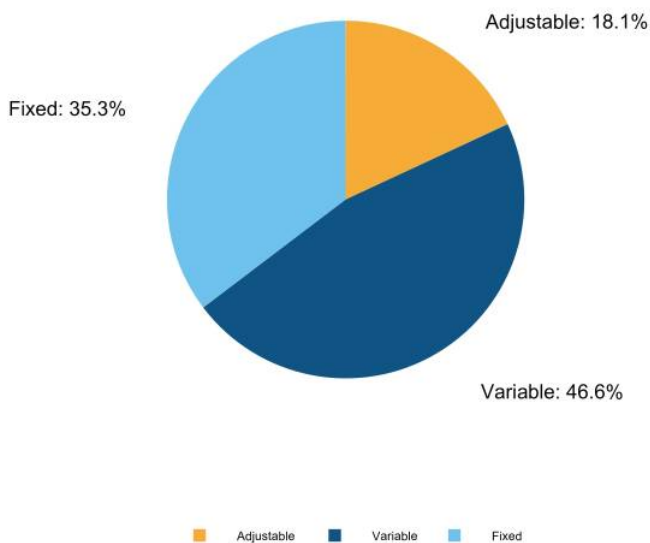
Loan Composition



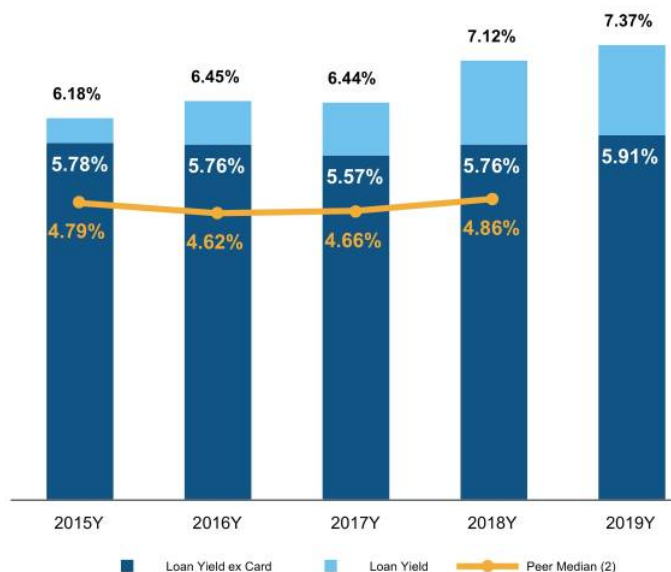
- Owner-occupied commercial real estate "CRE" loans make up approximately 46% of total CRE
- Residential real estate loans consist primarily of investment 1-4 family property (rentals)
- Regular portfolio stress testing includes analyzing the construction portfolio for declines in property values

Balanced Loan Portfolio

Fixed vs. Floating Rate Loan Mix



Yield on Loans



- Short duration loan portfolio well positioned for current interest rate environment
 - 20% of the loan portfolio re-prices within three months and 38% re-prices within one year⁽¹⁾
- Loan yields, excluding the credit card portfolio, have consistently averaged nearly 100bps above local peers since 2015

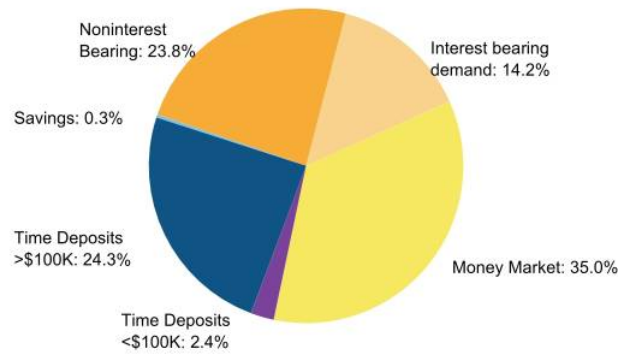
⁽¹⁾ Data excludes loans held for sale.
⁽²⁾ Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.

Deposit Portfolio Composition

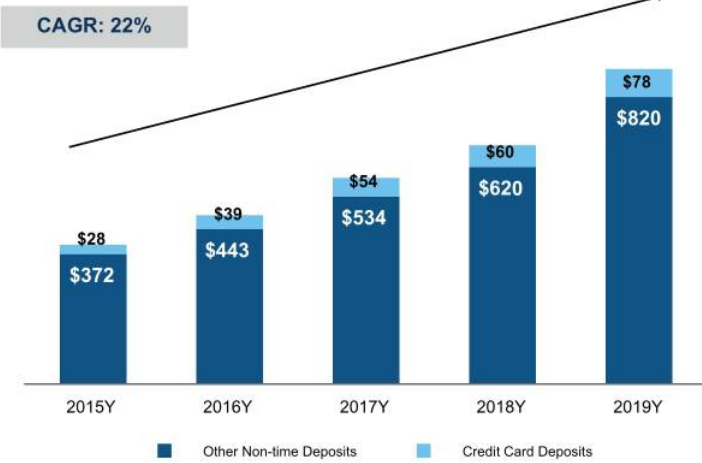
Core Deposit Momentum

- 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® provides a unique channel for generating non-interest bearing deposits

Deposit Portfolio Composition (\$1,225M)



Non-time Deposit Growth (\$M)



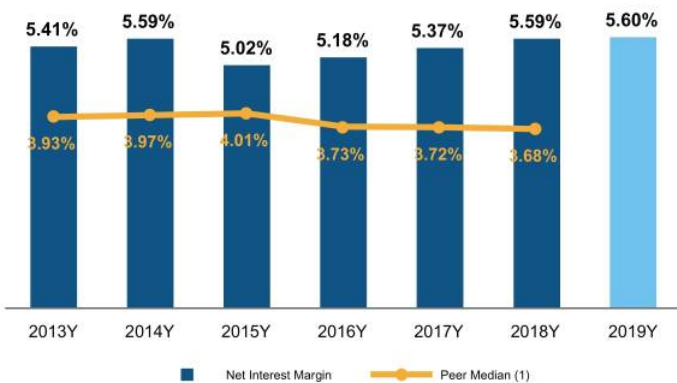
Cost of Deposits



CAGR measured from 12/31/15 through 12/31/19.
 (1) Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.

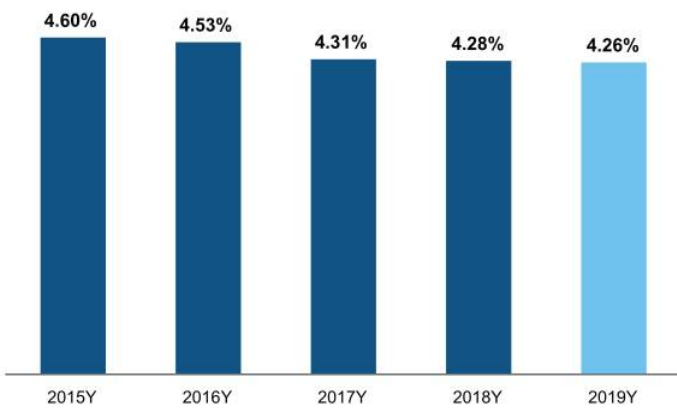
Delivering Superior Net Interest Margin

Net Interest Margin⁽²⁾



- Deliver real, advice-based solutions to complex credit needs rather than acting as the low-cost provider (largely avoid bid situations)
- Specifically target customers with complex credit needs

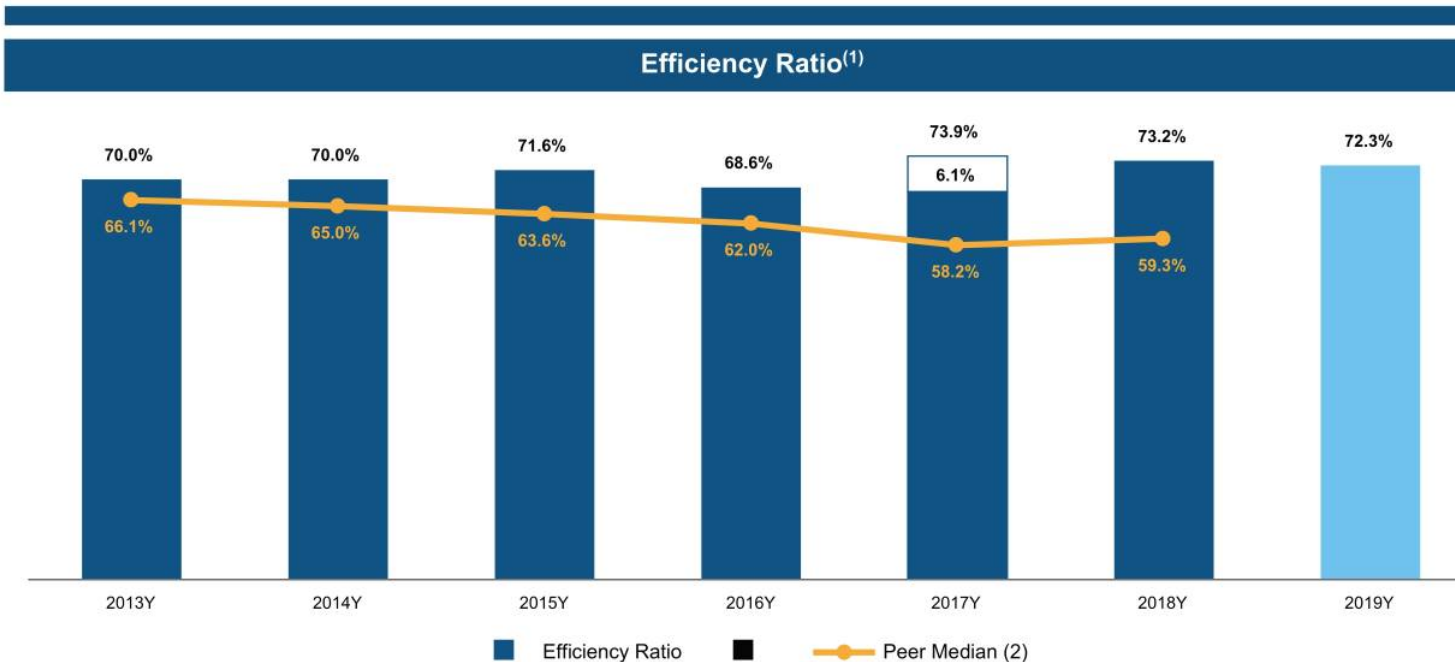
Net Interest Margin, excluding Credit Card Loans



- Net interest margin is enhanced by OpenSky card returns and deposit contribution
- Consistently collect loan fees

¹ Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Peer data per S&P Global Market Intelligence.
² 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



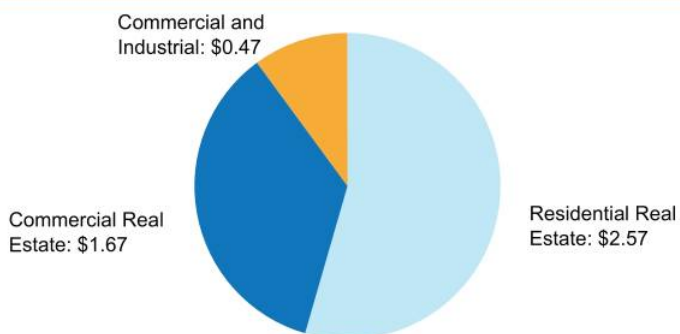
Recent investments driving a positive long-term impact on efficiency:

- 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

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 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

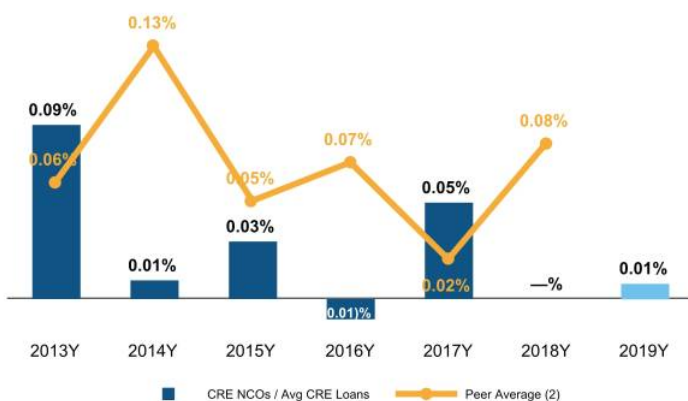
Nonperforming Loans (\$M)



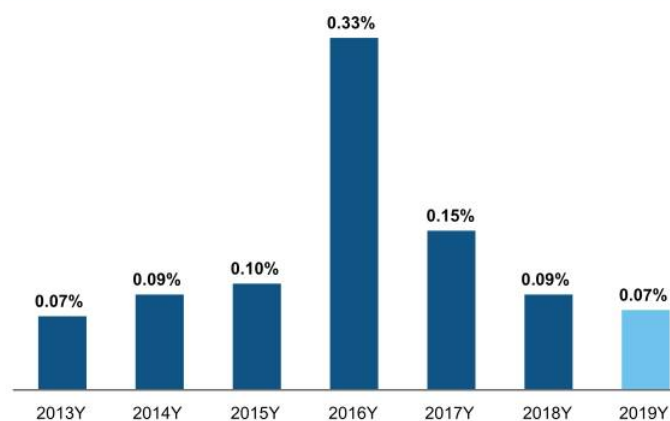
Nonperforming Assets / Assets



Commercial Real Estate NCOs⁽¹⁾



Net Charge-offs / Average Loans

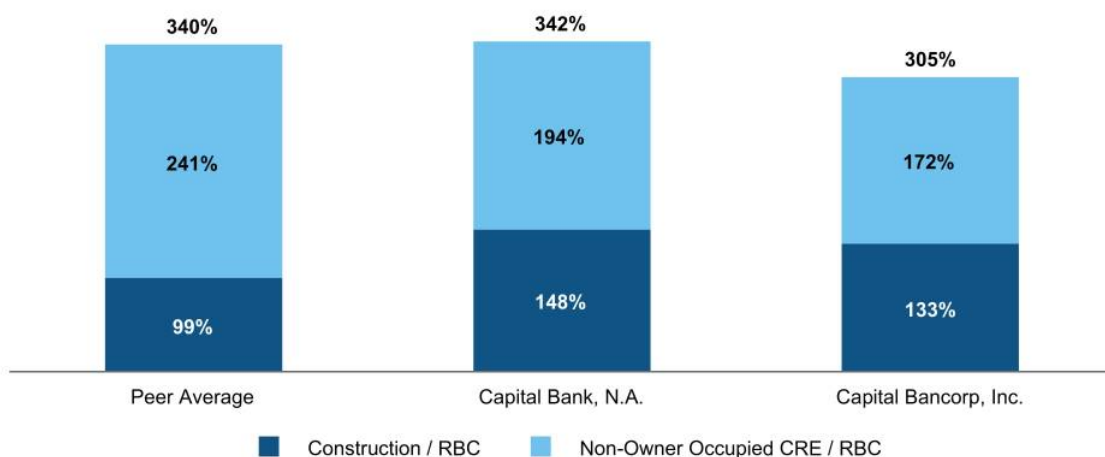


⁽¹⁾ Commercial RE includes all construction and commercial real estate loans.

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

CRE Concentration Levels

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

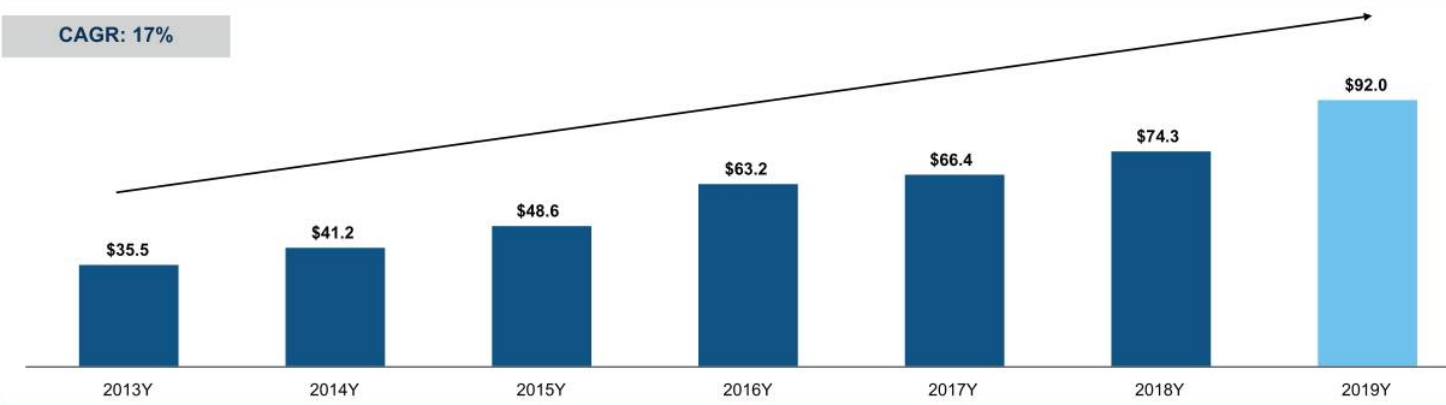


- Construction lending is a historical core competency focused on single family homes and individual condo and townhouse conversions to established builders
- Loan to value limits of 75% for investor and 80% for owner-occupied construction lending
- Construction loans provide a short-duration, high-yield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

⁽¹⁾ Source: S&P Global Market Intelligence. Data as of 9/30/19. Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMSB, HBMD, TCFC and FVCB. Represents bank-level regulatory data.

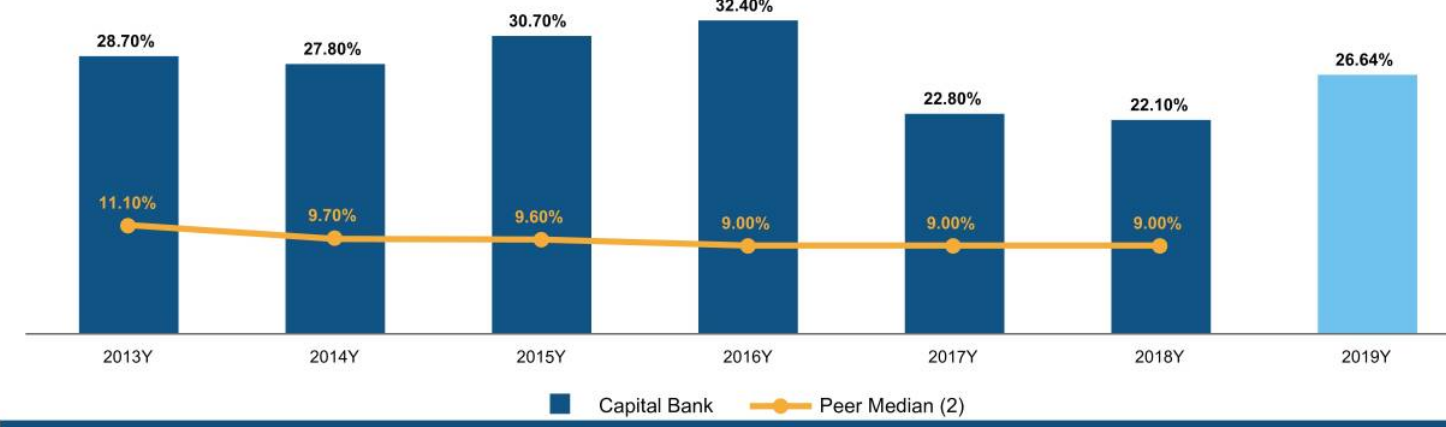
Diversified Revenue Model

Net Revenue (\$M)⁽¹⁾



Noninterest Income to Net Revenue⁽¹⁾

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



⁽¹⁾ 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.
⁽²⁾ Peer group consists of: EGBN, SASR, OLBK, ANCX, SONA, JMBS, 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

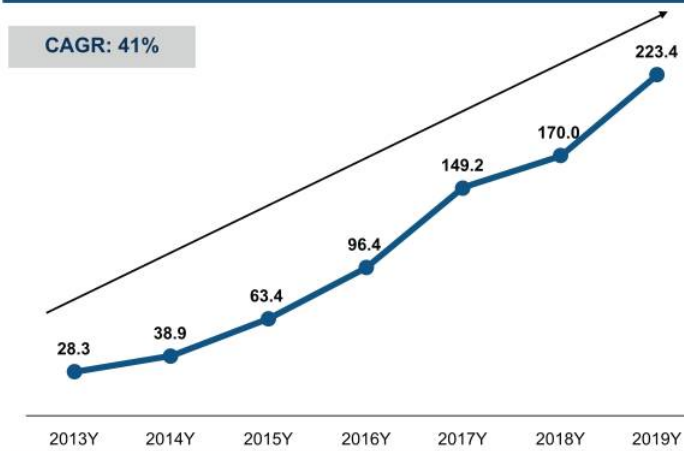
Value Proposition

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

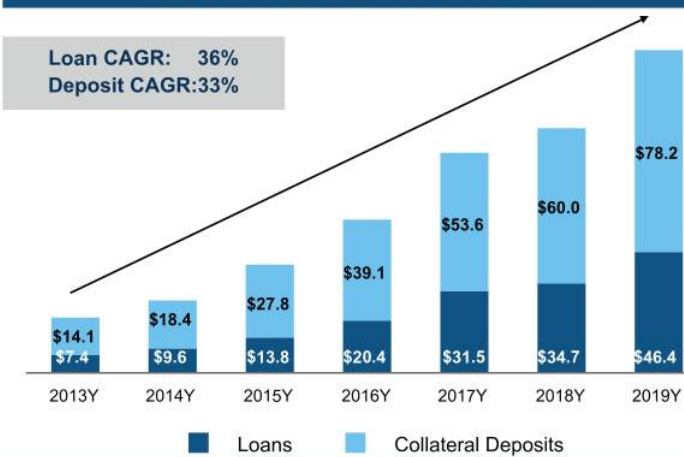
Technology driven

- Nationwide web and mobile platform – 82% 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)



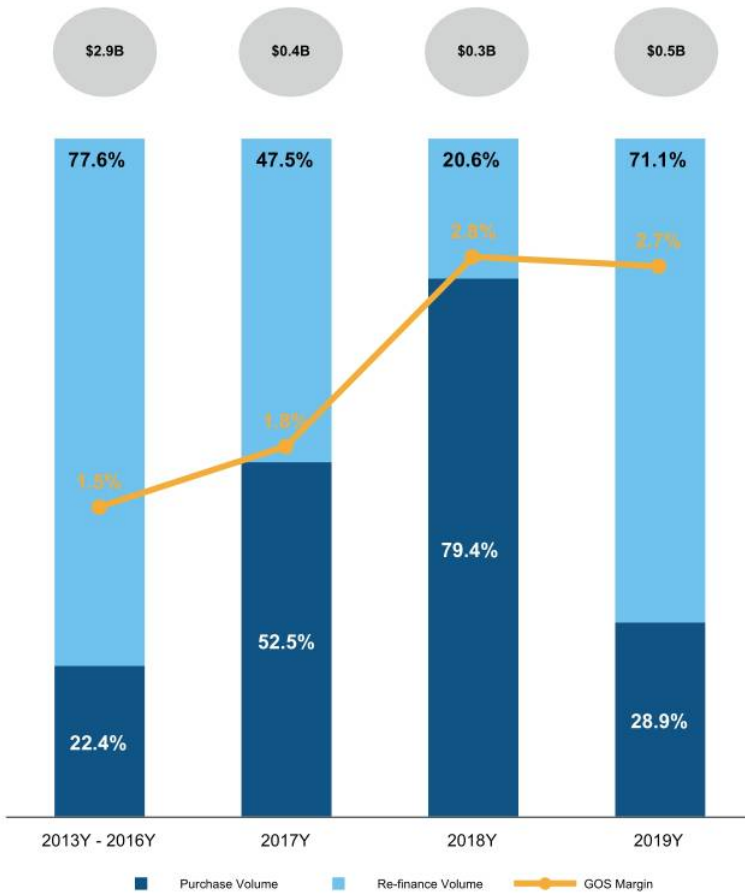
Credit Card Loans & Deposits (\$M)



CAGRs measured from 12/31/13 through 12/31/19

Capital Bank Home Loan Division

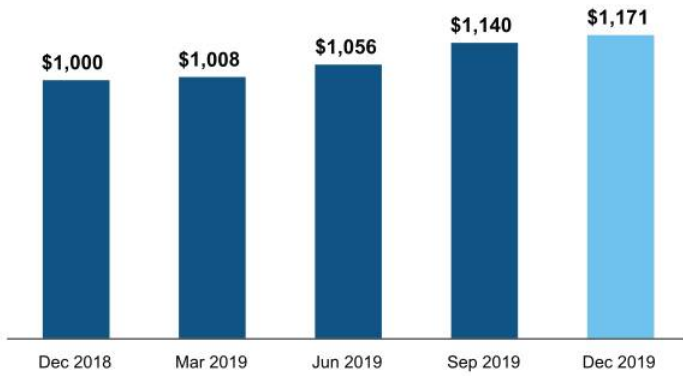
Purchase vs. Re-finance Volume & GOS Margin



- Increased sales staffing over past 18 months to combat industry headwinds
- Production hires since the beginning of 2017 focused on niche products and purchase originations
- Right sizing of business model has led to profitability across the entire cycle
- Positioning allows for capture of refinance activity in current market conditions
- MD, VA and Washington, D.C. represent 67% of origination volume within our primary market area
- National technology-enabled consumer direct marketing efforts, including social media campaigns
- Launched digital mortgage platform to capture online leads, drive new customer experience, streamlining processes and costs

Consistent Quarterly Performance

Loans (\$M)



Assets (\$M)



Deposits (\$M)

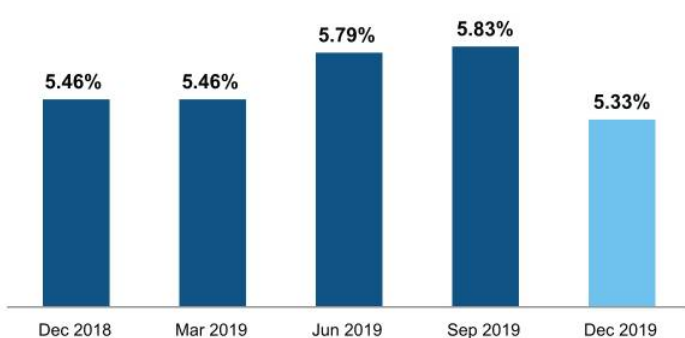


Equity (\$M)

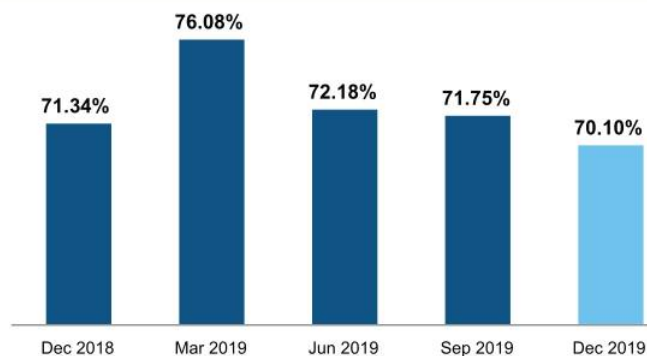


Consistent Quarterly Performance

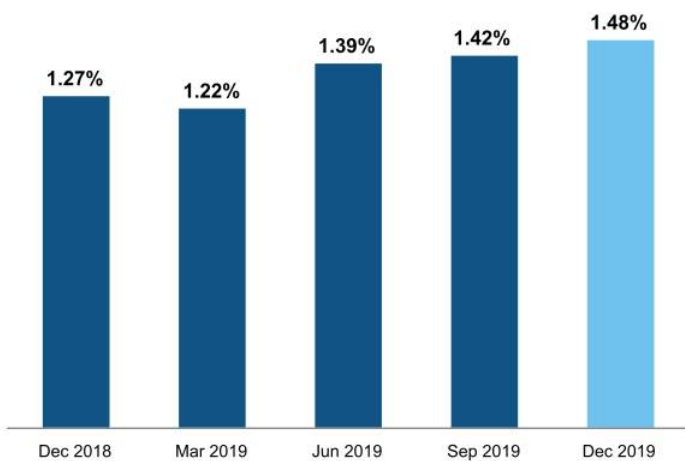
Net Interest Margin



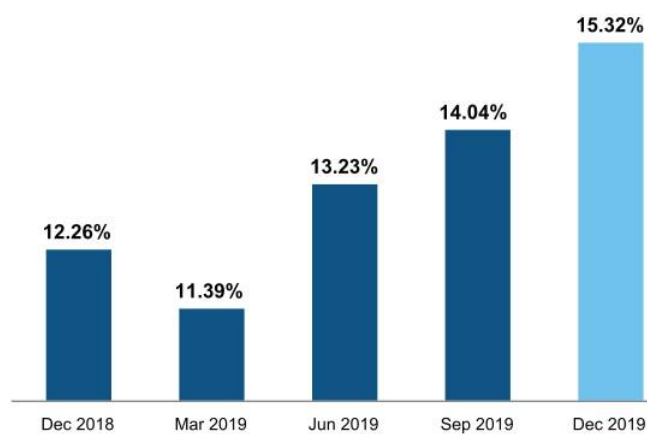
Efficiency Ratio



Return on Average Assets ⁽¹⁾



Return on Average Tangible Common Equity ⁽¹⁾

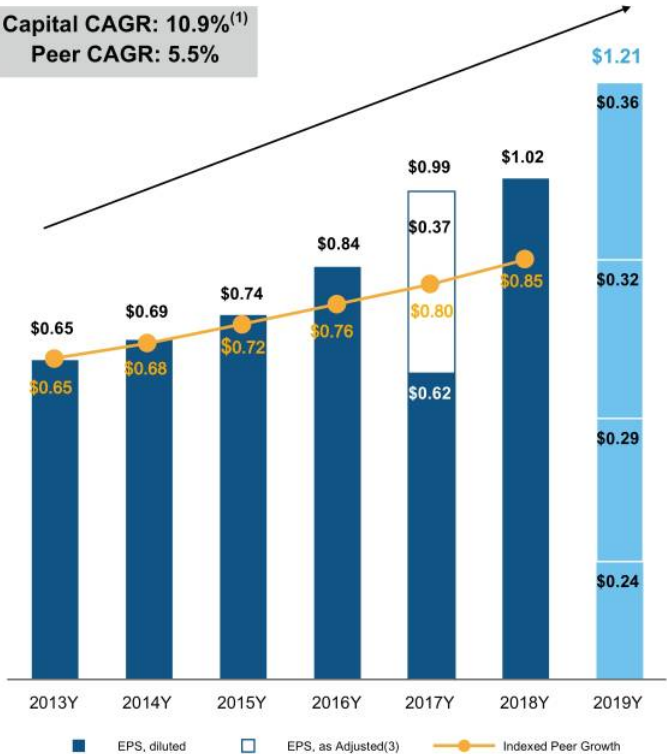


⁽¹⁾ Data is annualized.

Building Earnings Momentum

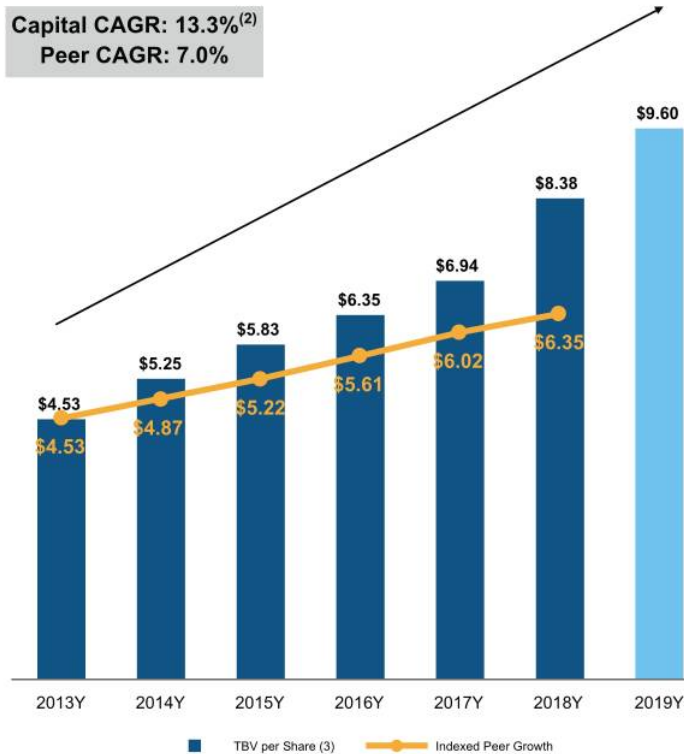
Earnings per Share (EPS) Growth

Capital CAGR: 10.9%⁽¹⁾
Peer CAGR: 5.5%



Tangible Book Value per Share (TBV) Growth

Capital CAGR: 13.3%⁽²⁾
Peer CAGR: 7.0%



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.

⁽¹⁾ Based on EPS, as adjusted for 2017. CAGR represents the period from 2013 through 12/31/19.

⁽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

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

 CAPITAL BANCORP, INC.

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Thinking Ahead

Appendix

ROATCE and ROATCE, as Adjusted Reconciliations

“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 Date
	2013	2014	2015	2016	2017	2018	December 31, 2019	December 31, 2019
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 5,073	\$ 16,600
Less: Bargain Purchase Gain, net of taxes	(1,076)	—	—	—	—	—	—	—
Add: Intangible Asset Amortization, net of taxes	33	20	14	10	—	—	—	—
Net Income Excluding Intangible Amortization and Bargain Purchase Gain, net, as Adjusted	\$ 5,814	\$ 6,813	\$ 7,506	\$ 9,451	\$ 7,109	\$ 12,767	\$ 5,073	\$ 16,600
Average Total Equity	36,965	45,775	53,883	65,590	76,543	91,590	131,409	123,600
Less: Average Preferred Equity	—	—	—	—	—	—	—	—
Less: Average Intangible Assets	(84)	(53)	(26)	(8)	—	—	—	—
Average Tangible Common Equity	\$ 36,881	\$ 45,722	\$ 53,857	\$ 65,582	\$ 76,543	\$ 91,590	\$ 131,409	\$ 123,600
Return on Average Tangible Common Equity	15.76 %	14.90 %	13.94 %	14.41 %	9.29 %	13.94 %	15.32 %	13.60 %

“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	December 31, 2019	December 31, 2019
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 5,073	\$ 16,600
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	\$ 5,073	\$ 16,600
Add: Intangible asset amortization, net of taxes	33	20	14	10	—	—	—	—
Net Income Excluding Intangible Amortization and Bargain Purchase Gain, net, as Adjusted	\$ 5,814	\$ 6,813	\$ 7,506	\$ 9,451	\$ 11,293	\$ 12,767	\$ 5,073	\$ 16,600
Average Total Equity	\$ 36,965	\$ 45,775	\$ 53,883	\$ 65,590	\$ 76,543	\$ 91,590	\$ 131,409	\$ 123,600
Less: Average Preferred Equity	—	—	—	—	—	—	—	—
Less: Average Intangible Assets	(84)	(53)	(26)	(8)	—	—	—	—
Average Tangible Common Equity	\$ 36,881	\$ 45,722	\$ 53,857	\$ 65,582	\$ 76,543	\$ 91,590	\$ 131,409	\$ 123,600
Return on Average Tangible Common Equity, as Adjusted	15.76 %	14.90 %	13.94 %	14.41 %	14.75 %	13.94 %	15.32 %	13.60 %

ROAA and NIM, as Adjusted Reconciliations

“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	December 31, 2019	December 31, 2019
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 5,073	\$ 16,8
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	\$ 5,073	\$ 16,8
Average Total Assets	\$ 471,400	\$ 541,934	\$ 679,595	\$ 832,619	\$ 964,946	\$ 1,045,732	\$ 1,359,840	\$ 1,219,9
Return on Average Assets, as Adjusted	1.23 %	1.25 %	1.10 %	1.13 %	1.17 %	1.22 %	1.48 %	1.38 %

“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	December 31, 2019	December 31, 2019
Net Interest Income	\$ 25,327	\$ 29,717	\$ 33,676	\$ 42,759	\$ 48,911	\$ 57,888	\$ 18,052	\$ 67,5
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	\$ 18,052	\$ 67,5
Average interest earning assets	\$ 467,772	\$ 531,505	\$ 671,275	\$ 825,676	\$ 955,479	\$ 1,035,731	\$ 1,344,798	\$ 1,204,6
Net Interest Margin, as Adjusted	5.41 %	5.59 %	5.02 %	5.18 %	5.37 %	5.59 %	5.33 %	5.61 %

Adjusted Revenue & Noninterest Income to Adjusted Revenue and Efficiency Ratio, as Adjusted Reconciliations

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 Date
	2013	2014	2015	2016	2017	2018	December 31, 2019	December 31, 2019
Noninterest Income	\$ 10,171	\$ 11,442	\$ 14,929	\$ 20,473	\$ 15,149	\$ 16,124	\$ 7,278	\$ 24,000
Net Interest Income	25,327	29,717	33,676	42,759	48,911	57,888	18,052	61,000
Add: Noninterest Income	10,171	11,442	14,929	20,473	15,149	16,124	7,278	24,000
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Adjusted Revenue	\$ 35,498	\$ 41,159	\$ 48,605	\$ 63,232	\$ 66,430	\$ 74,012	\$ 25,330	\$ 99,000
Noninterest Income to Adjusted Revenue	28.65 %	27.80 %	30.71 %	32.38 %	22.80 %	21.70 %	28.73 %	26.00 %

“**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	December 31, 2019	December 31, 2019
Noninterest Expense	\$ 24,836	\$ 28,821	\$ 34,817	\$ 43,380	\$ 47,306	\$ 54,123	\$ 17,757	\$ 17,757
Less: Non-recurring data processing expenses	—	—	—	—	(2,275)	—	—	—
Adjusted Noninterest Expense	24,836	28,821	34,817	43,380	45,031	54,123	17,757	17,757
Net Interest Income	25,327	29,717	33,676	42,759	48,911	57,888	18,052	61,000
Add: Noninterest Income	10,171	11,442	14,929	20,473	15,149	16,124	7,278	24,000
Add: Non-recurring foregone interest and fees	—	—	—	—	2,370	—	—	—
Adjusted Revenue	\$ 35,498	\$ 41,159	\$ 48,605	\$ 63,232	\$ 66,430	\$ 74,012	\$ 25,330	\$ 99,000
Efficiency Ratio, as Adjusted	69.96 %	70.02 %	71.63 %	68.60 %	67.79 %	73.13 %	70.10 %	70.10 %

Diluted Earnings Per Share, as Adjusted and Tangible Book Value per Share Reconciliations

“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 Share Items	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	December 31, 2019	December 31, 2019
Net Income	\$ 6,857	\$ 6,793	\$ 7,492	\$ 9,441	\$ 7,109	\$ 12,767	\$ 5,073	\$ 16,000
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	5,073	16,000
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	\$ 5,073	\$ 16,000
Diluted Weighted Average Shares Outstanding	9,337	10,280	10,488	11,289	11,428	12,462	14,091	13,333
Diluted Earnings per Share, as Adjusted	\$ 0.65	\$ 0.69	\$ 0.74	\$ 0.84	\$ 0.99	\$ 1.02	\$ 0.36	\$ 1.20

“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 Share Items	Year Ended December 31,						Quarter Ended	Year to Date
	2013	2014	2015	2016	2017	2018	December 31, 2019	December 31, 2019
Total Stockholders' Equity	\$ 42,421	\$ 50,216	\$ 59,657	\$ 70,748	\$ 80,119	\$ 114,563	\$ 133,331	\$ 133,331
Less: Preferred Equity	—	—	—	—	—	—	—	—
Less: Intangible Assets	(72)	(39)	(17)	—	—	—	—	—
Tangible Common Equity	\$ 42,349	\$ 50,177	\$ 59,640	\$ 70,748	\$ 80,119	\$ 114,563	\$ 133,331	\$ 133,331
Period End Shares Outstanding	9,343	9,563	10,226	11,145	11,537	13,672	13,895	13,333
Tangible Book Value per Share	\$ 4.53	\$ 5.25	\$ 5.83	\$ 6.35	\$ 6.94	\$ 8.38	\$ 9.60	\$ 10.00

