

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 30, 2024

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 fourth quarter of 2023 (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 December 2023](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
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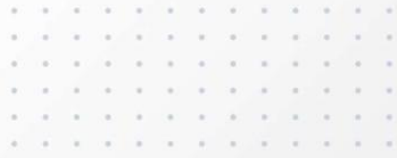
SIGNATURES

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/ Jay Walker
Name: Jay Walker
Title: Chief Financial Officer

January 30, 2024



CAPITAL BANCORP, INC.



4Q 2023
Investor Overview



Forward Looking Statements

The statements contained in this presentation that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on Capital Bancorp, Inc. (the "Company" or "Capital") including, without limitation, plans, strategies and goals, and statements about the Company's expectations regarding revenue and asset growth, financial performance and profitability, loan and deposit growth, yields and returns, loan diversification and credit management, and shareholder value creation. These statements are often, but not always, made through the use of words or phrases such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "could," "should," "seeks," "projects," "can," "ongoing," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of those words or other comparable words. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are general beyond the control of the Company. The inclusion of or reference to forward-looking information in this presentation should not be regarded as a representation by Capital or any other person that the future plans, estimates or expectations contemplated by the Company will be achieved. Any or all of the forward-looking statements in (or conveyed orally regarding) this presentation may turn out to be inaccurate. Accordingly, you are cautioned not to place undue reliance on forward-looking statements and that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the expected results expressed or implied by such forward-looking statements. While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: changes in general economic, political or industry conditions; recent adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, liquidity, and regulatory responses to these developments; geopolitical concerns, including the ongoing wars in Ukraine and the Middle East; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Board of Governors of the Federal Reserve System; inflation/deflation, interest rate, market, and monetary fluctuations; volatility and disruptions in global capital and credit markets; any failure to adequately manage the transition from USD LIBOR as a reference rate; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services; the impact of changes in financial services policies, laws, and regulations, including those concerning taxes, banking, securities, and insurance, and the application thereof by regulatory bodies; cybersecurity threats and the cost of defending against them, including the costs of compliance with potential legislation to combat cybersecurity at a state, national, or global level; climate change, including any enhanced regulatory, compliance, credit and reputational risks and costs; and other factors that may affect our future results. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the Company's 2022 Annual Report on Form 10-K and other periodic and current reports filed with the Securities and Exchange Commission ("SEC") and available at the SEC's Internet site (<http://www.sec.gov>). Unless otherwise required by law, Capital also disclaims any obligation to update its view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made in this presentation.

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

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.

Non-U.S. GAAP Financial Measures

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

Capital Bancorp, Inc. (NASDAQ-CBNK)

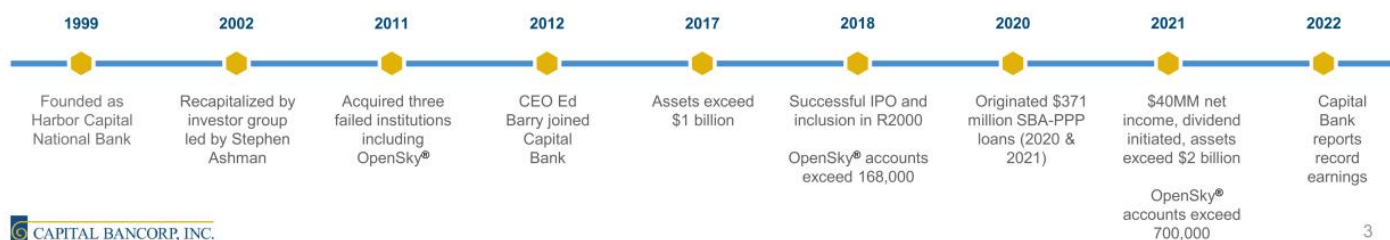
Financial Highlights

Corporate Headquarters - Rockville, MD

(in millions except per share data)

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

Corporate Timeline



CAPITAL BANCORP, INC.

(1) Refer to Appendix for reconciliation of non-GAAP measures.
 (2) Excluding credit cards & SBA-PPP loans

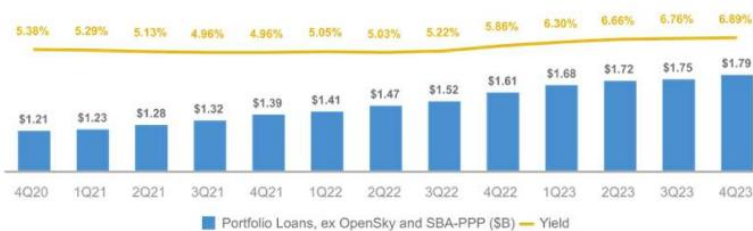
Diversified Lines of Business

Differentiated Go-to-Market Strategy

Capital Bank - Commercial Lending

- Commercial branch-lite model focused on attractive Maryland, D.C. and Northern Virginia markets
- High value-added services generate above-average risk-adjusted loan yields

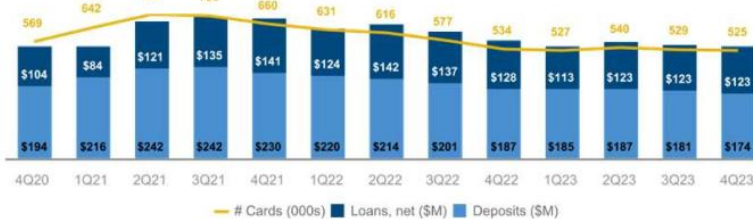
Portfolio Loans, excl. OpenSky and SBA-PPP



OpenSky®

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

Summary of Card Portfolios



Capital Bank Home Loans

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

Mortgage Volume and Gain on Sale Margin



Distinctive Investment Opportunity



Operate in Exceptional Market

- The D.C. and Baltimore MSAs comprise one of the largest and wealthiest regions in the U.S
- Opportunities for customer and talent acquisition created by consolidation
- Market historically insulated from economic downturns by federal government presence and provides core profitability to invest in digital challenger bank expansion



Strong Balance Sheet and Robust Capital Positions

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



Growth and Diversified Revenue Generation Drive Superior Profitability

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



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

- Investments in proprietary technology, data analytics and digital marketing
- Scalable OpenSky® and Capital Bank Home Loans infrastructure
- Continued investment and talent acquisitions to bolster innovation capabilities



Experienced Entrepreneurial Management Team

- Experts in their fields combining large bank and community bank skills to scale the business
- Capabilities in data, analytics, marketing and technology
- Significant (>30%) board and management ownership



Data and Analytics

Proprietary data and analytics support consumer and commercial lending



Digital-lead Generation

Partnerships driving growth in mortgage, OpenSky® and deposits



Customer Experience

Investment and partnerships providing enhanced customer experience



Back Office Automation & Fraud Prevention

Technology facilitating gains operating leverage and fraud prevention

Technology facilitates growth and profitability



- Proprietary technology facilitating acquisition of middle-market customers
- Strategic partnerships driving niche deposit growth
- Internally-developed commercial score tracking micro market performance



- OpenSky® mobile app enabling cost-effective customer acquisition and servicing
- Proprietary data, credit scoring (B-Score), and algorithms improving customer retention with unsecured credit initiative
- NPV models driving product and marketing decisions



- Social media marketing programs efficiently accessing diverse, nationwide customer base
- QuickClose digital mortgage platform reducing costs
- Expense reduction initiatives completed in 2022

Fourth Quarter 2023 Highlights

Earnings and Profitability

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

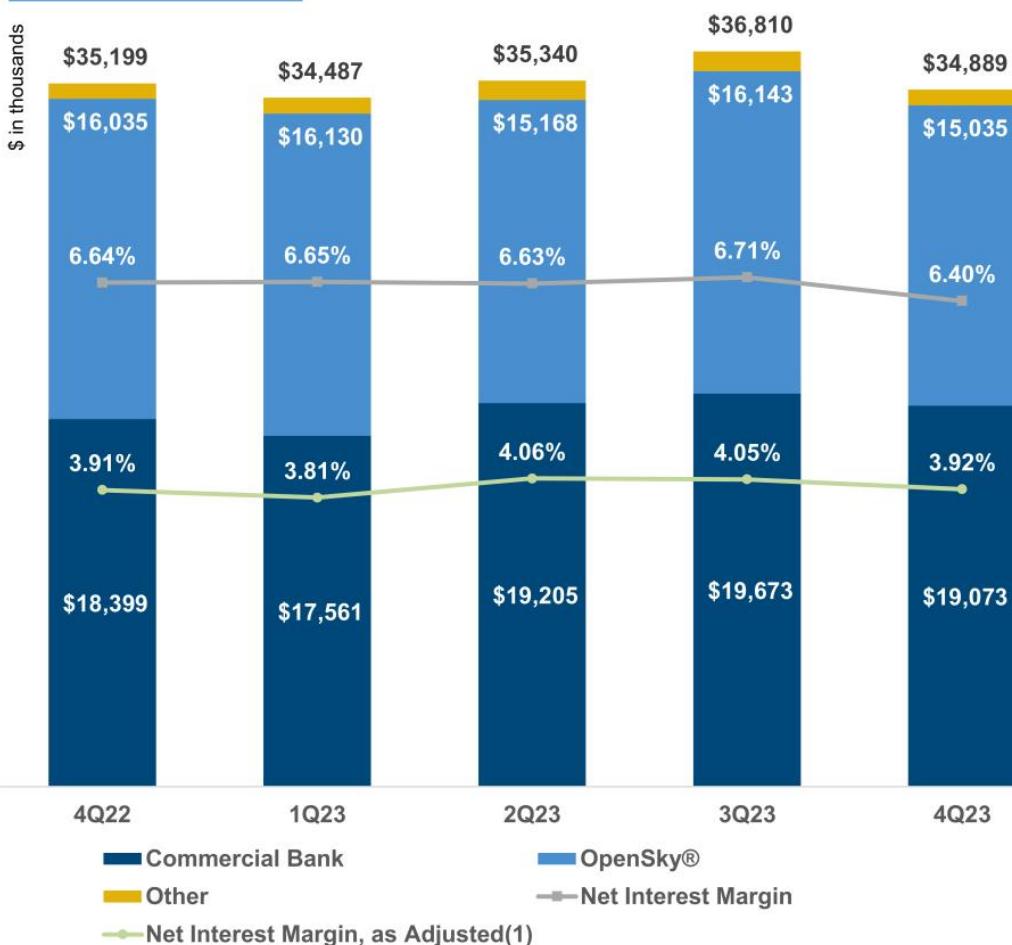
Key Operating Trends

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

Loans and Deposits

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

Net Interest Income and Net Interest Margin



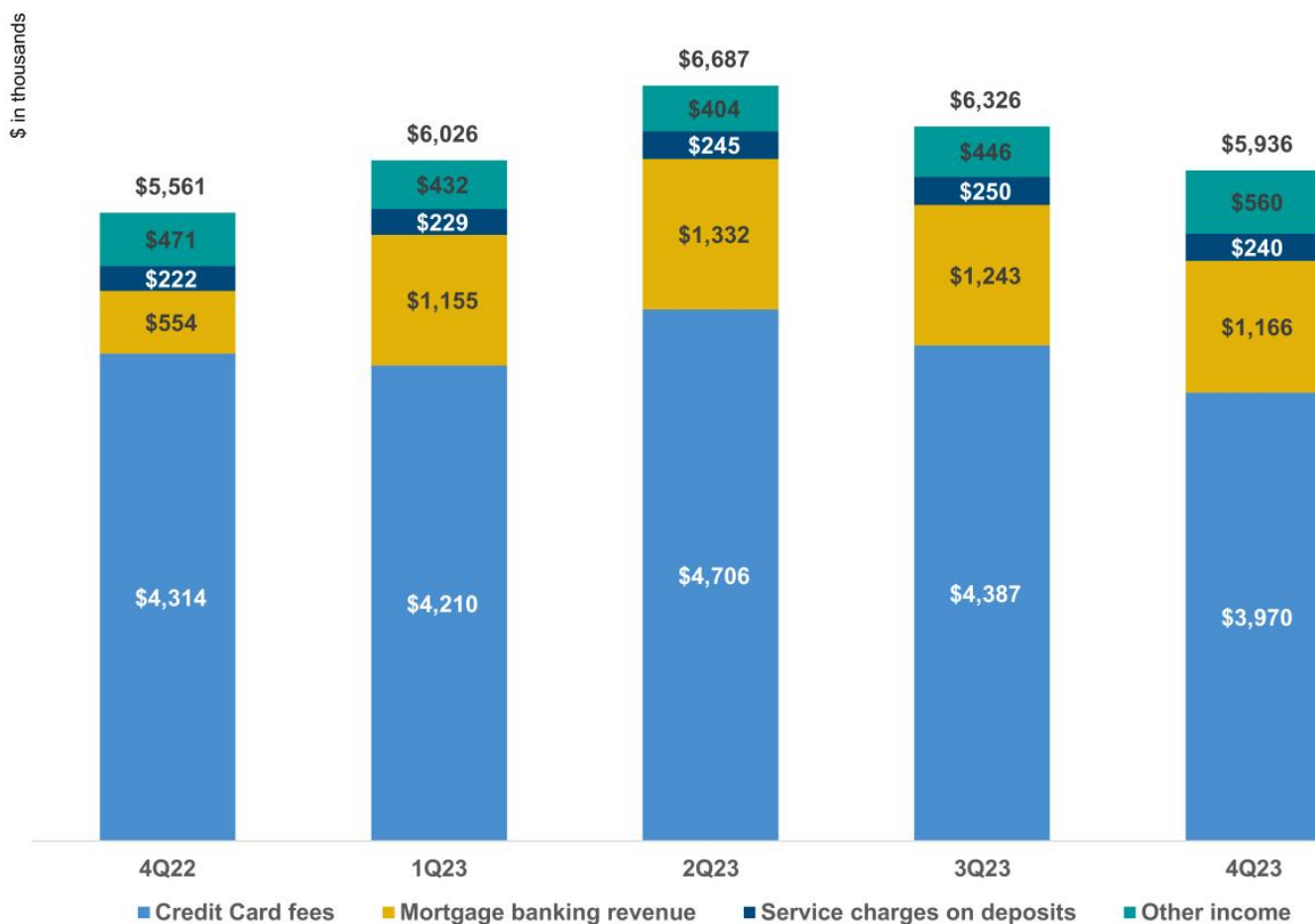
Net Interest Income

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

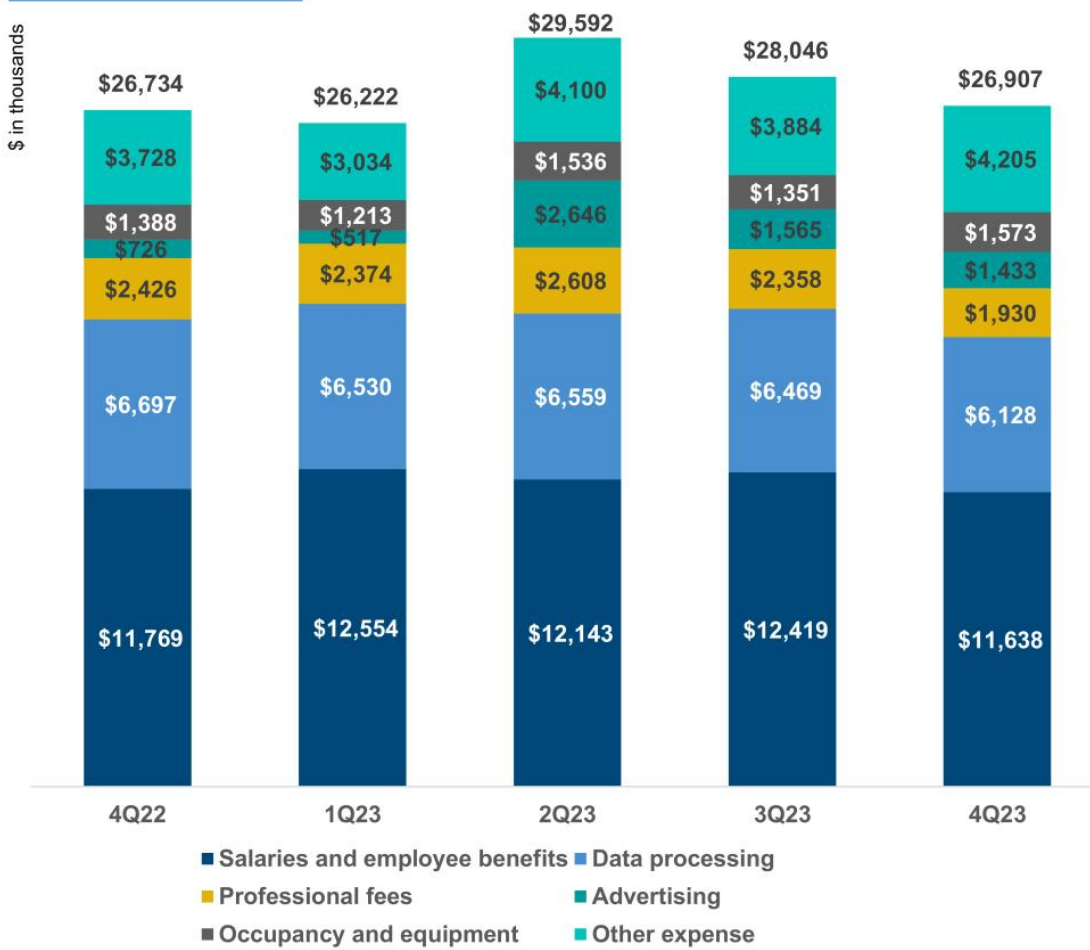
Net Interest Margin

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

Noninterest Income – Quarter to Date



Noninterest Expense – Quarter to Date

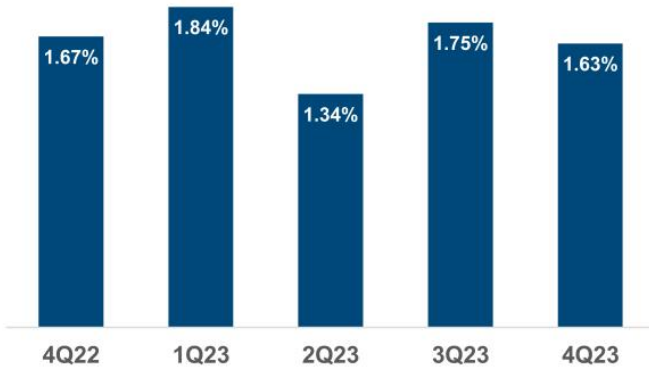


Noninterest expense decreased \$1.1 million

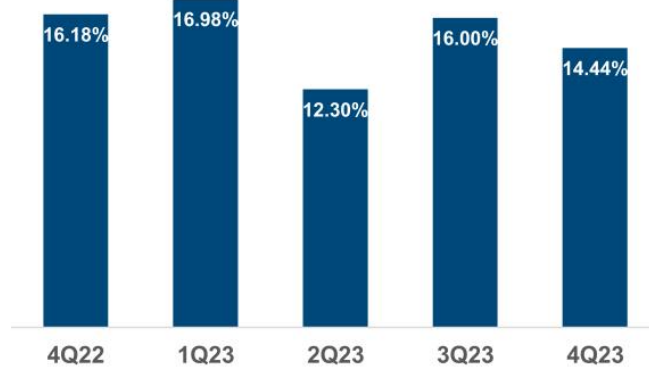
- Salaries and benefits decreased \$0.8 million, primarily due to adjustments to annual incentive based compensation.
- Professional fees declined \$0.4 million from lower third party consulting fees.
- Data processing expense decreased \$0.3 million from processor rebates.

Profitability

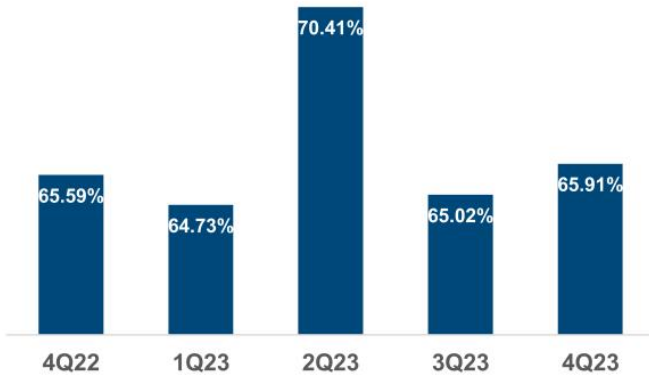
Return on Average Assets



Return on Average Equity



Efficiency Ratio

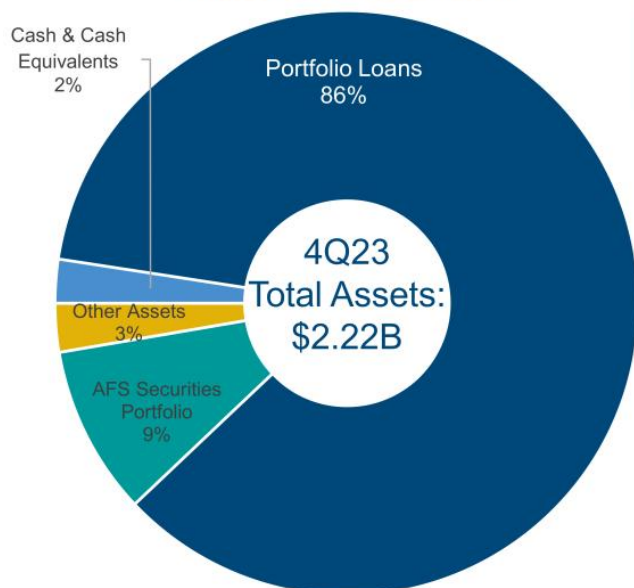


Earnings Per Share, diluted

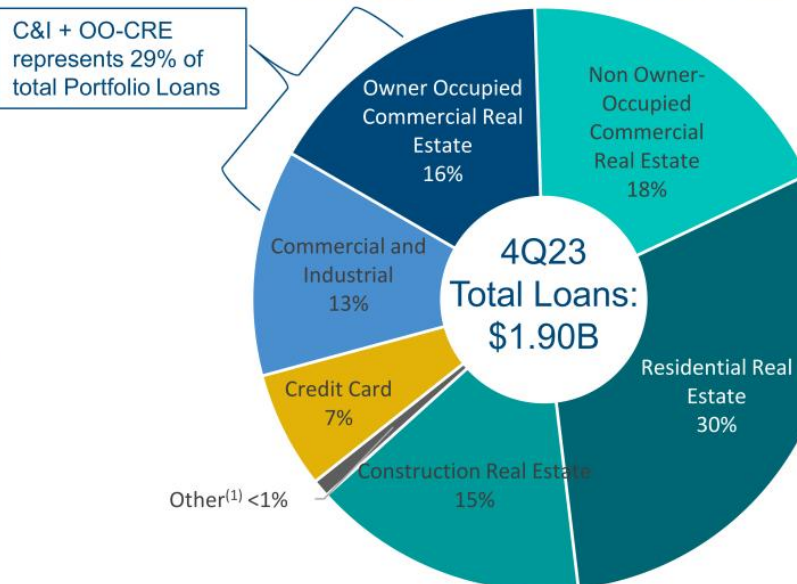


Balance Sheet Composition

Asset Composition



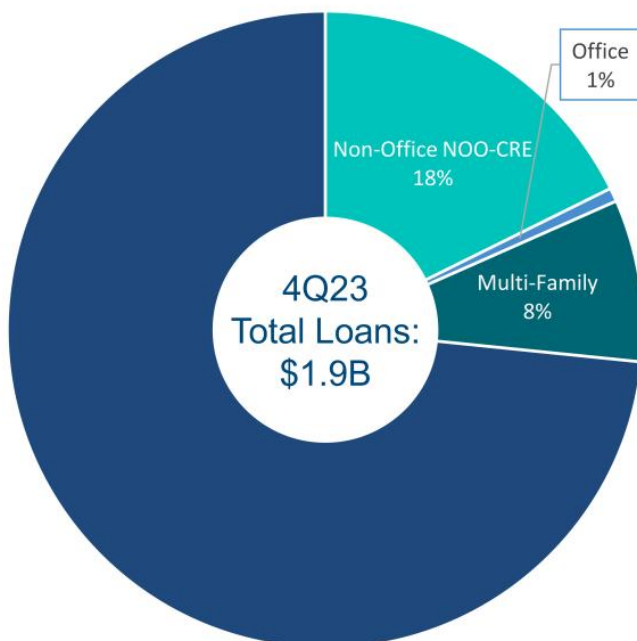
Portfolio Loan Composition



Portfolio Loan Composition Changes

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

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



(in thousands)

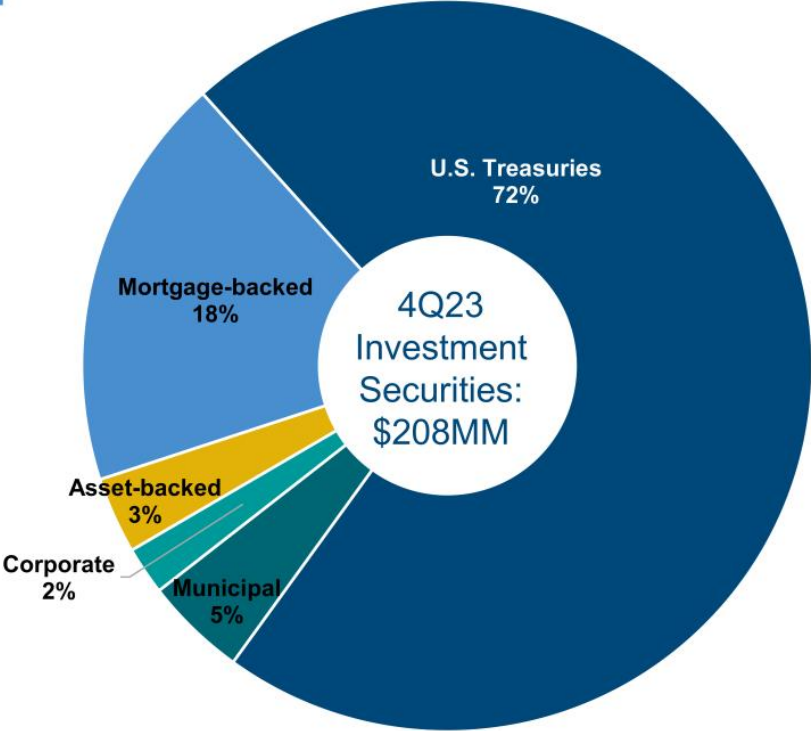
As of December 31, 2023

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

Loan-to-Value (“LTV”)

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

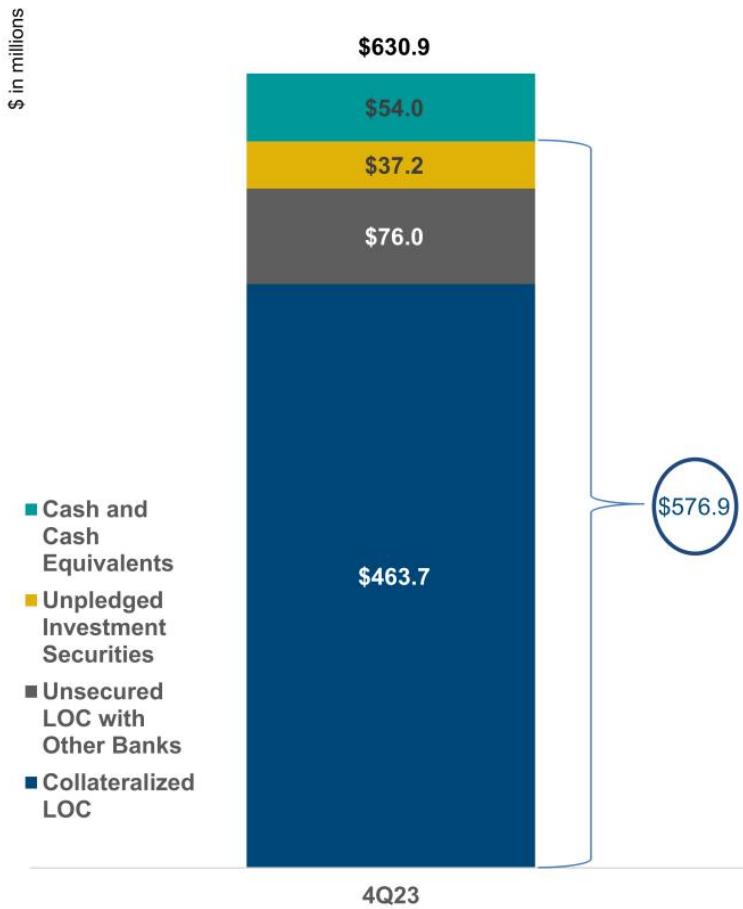
High Quality, Low Risk Investment Portfolio



Investment Securities Portfolio

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

Liquidity

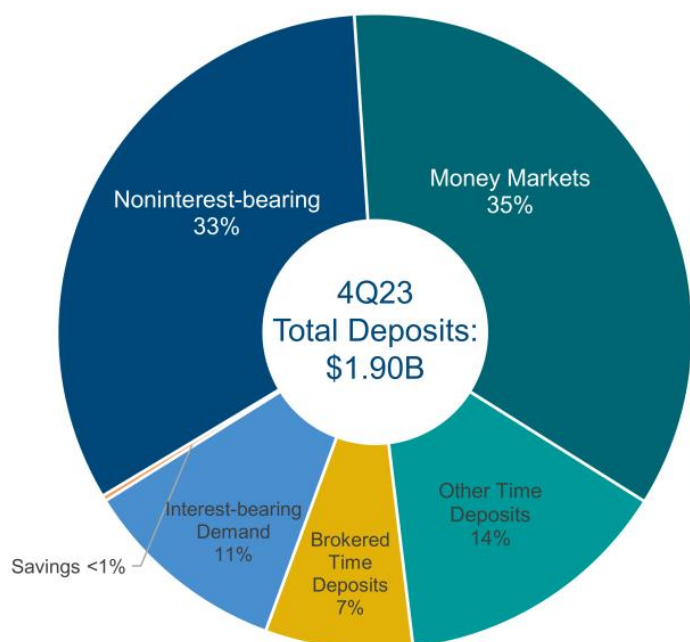


Sources of Liquidity:

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

(1) The Company pledged \$170.7 million of investment securities to the BTFP.

Composition of Deposits

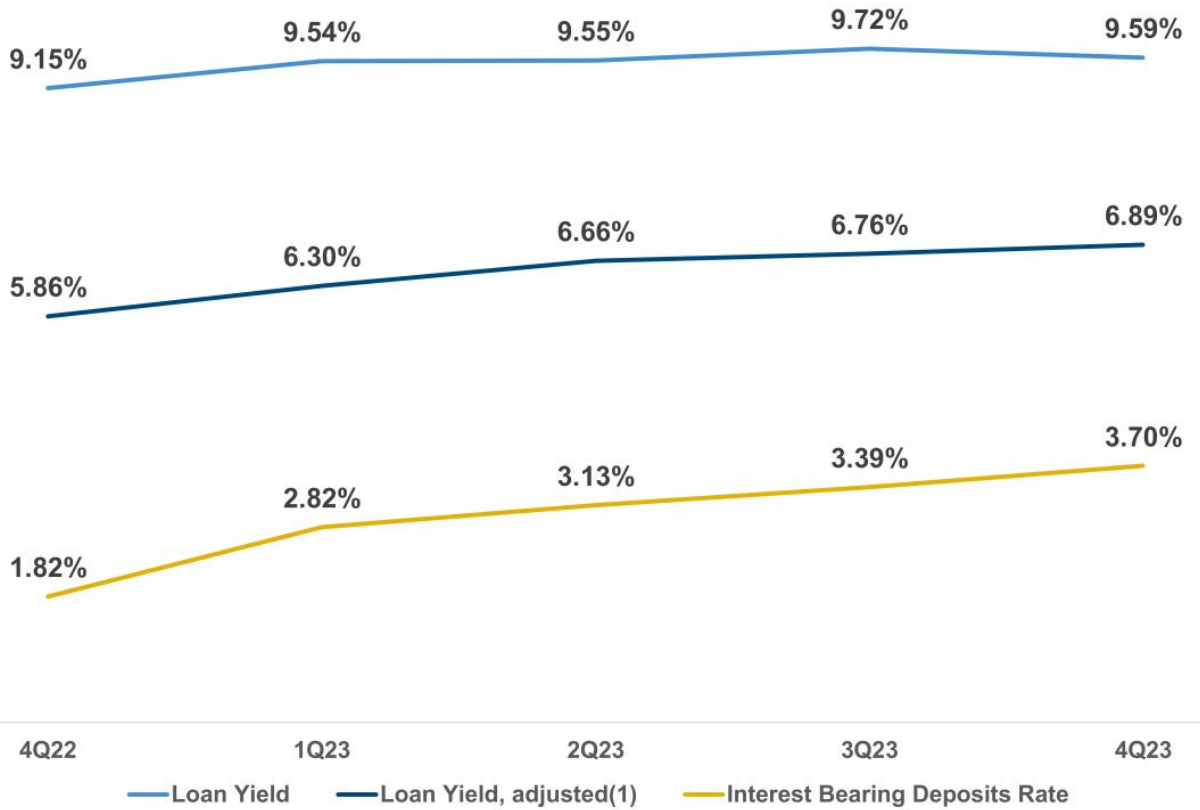


	As of		For the Three Months Ended	
	December 31, 2023		December 31, 2022	
(in thousands)				
	Spot	Average	Average	Average
	Balance	Balance	Balance	Rate(1)
Deposits:				
Noninterest-bearing	\$ 617,373	\$ 622,941		0.00%
Interest-bearing demand	199,308	195,539		0.18%
Savings	5,211	5,184		0.18%
Money markets	663,129	680,697		4.16%
Time deposits	410,975	380,731		4.72%
Total deposits	\$ 1,895,996	\$ 1,885,092		2.47%

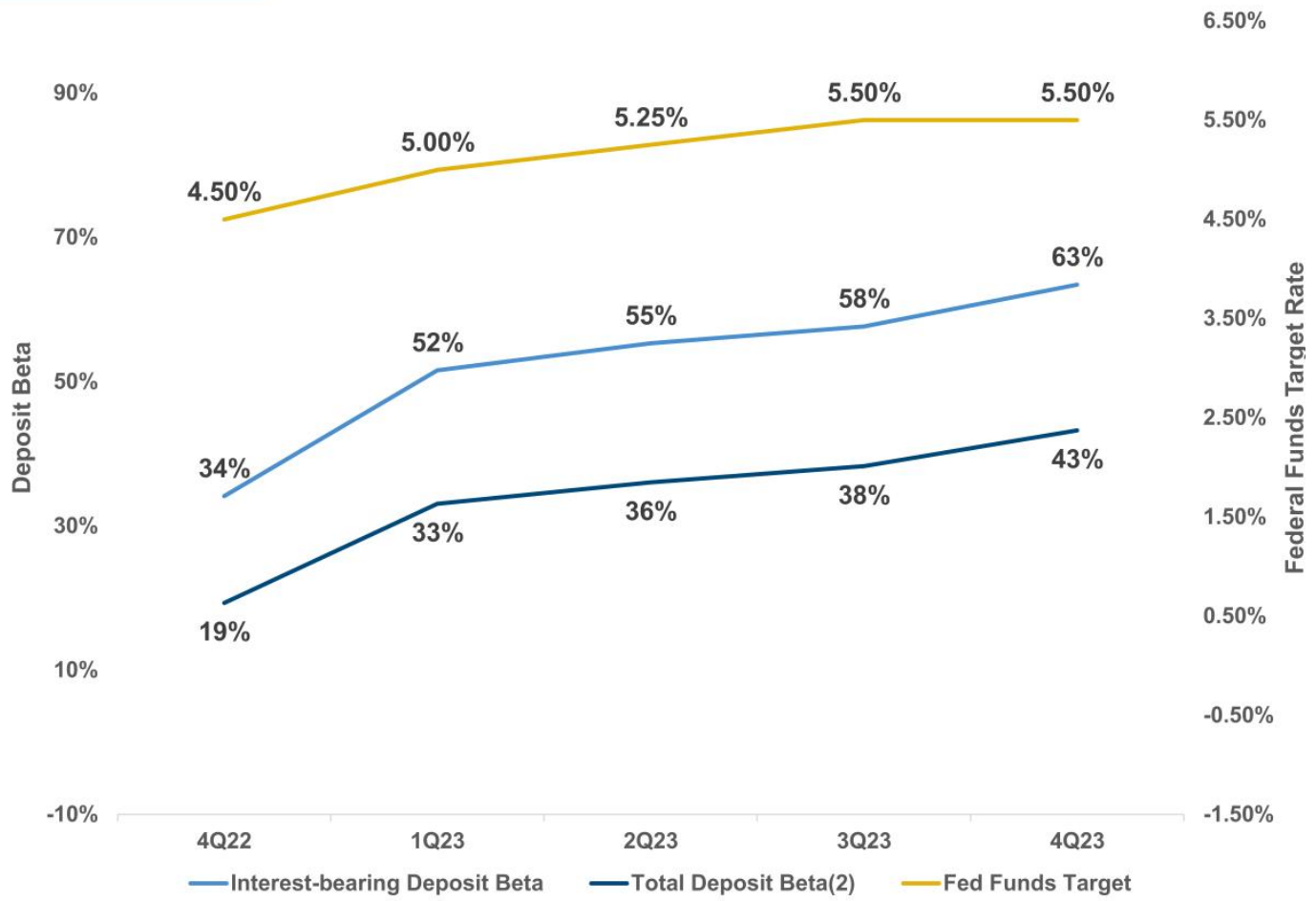
Deposit Composition and Costs

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

Loan Yield and Deposit Rate Trends

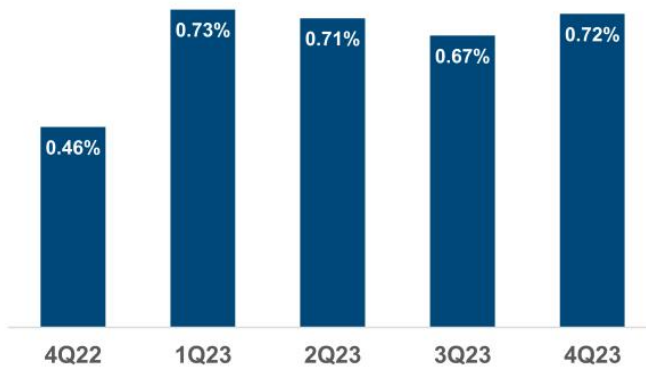


Deposit Betas⁽¹⁾

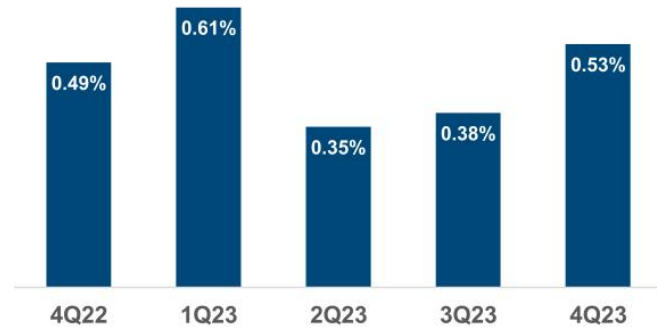


Credit Metrics

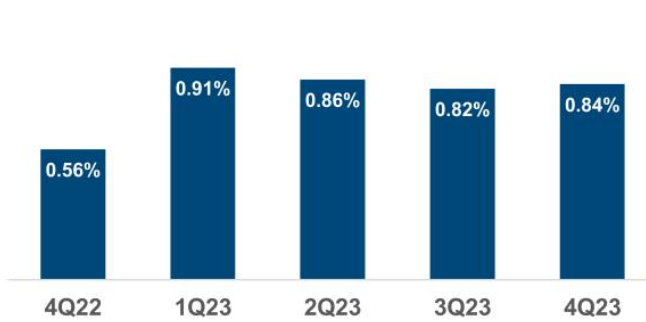
Non-performing Assets / Total Assets



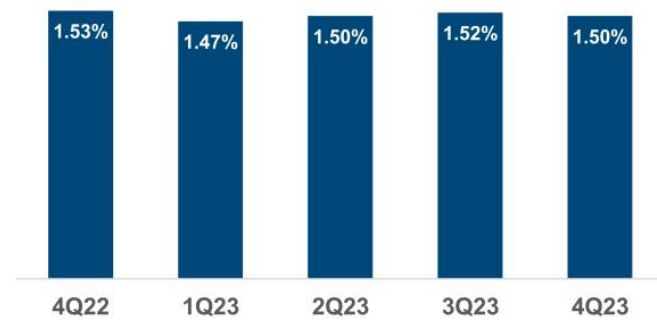
Annualized Net Charge-Offs / Average Portfolio Loans⁽¹⁾



Non-performing Loans / Total Portfolio Loans⁽¹⁾

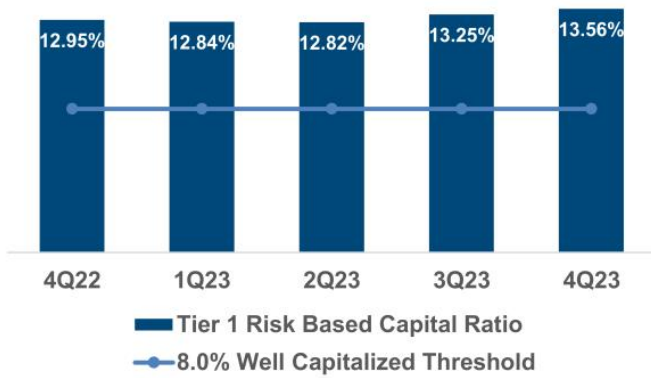


Allowance for Credit Losses / Total Portfolio Loans⁽¹⁾

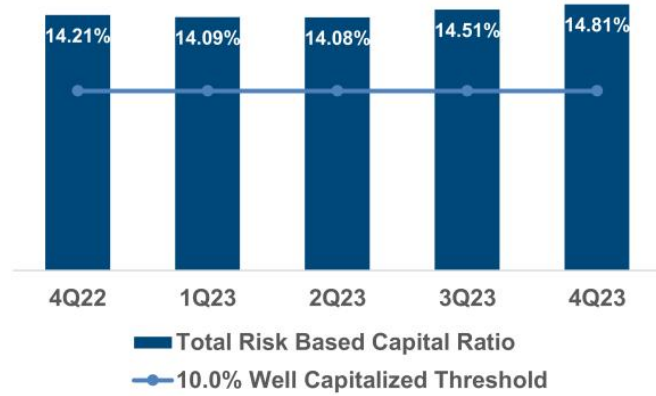


Robust Capital Ratios

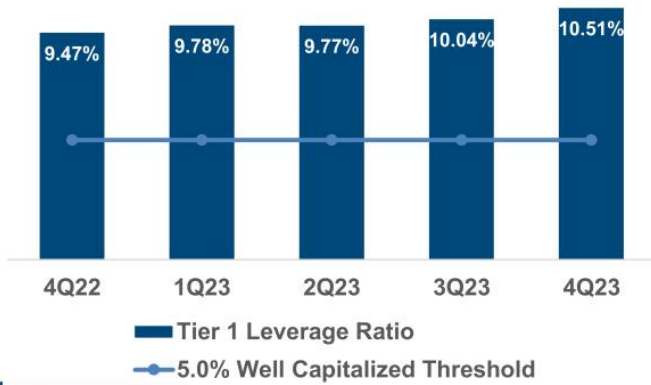
Tier 1 Risk Based Capital Ratio



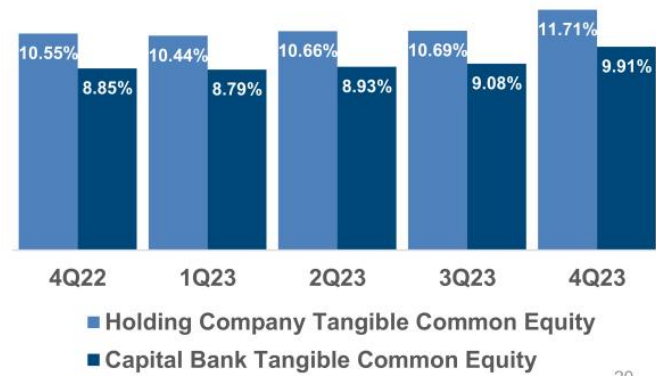
Total Risk Based Capital Ratio



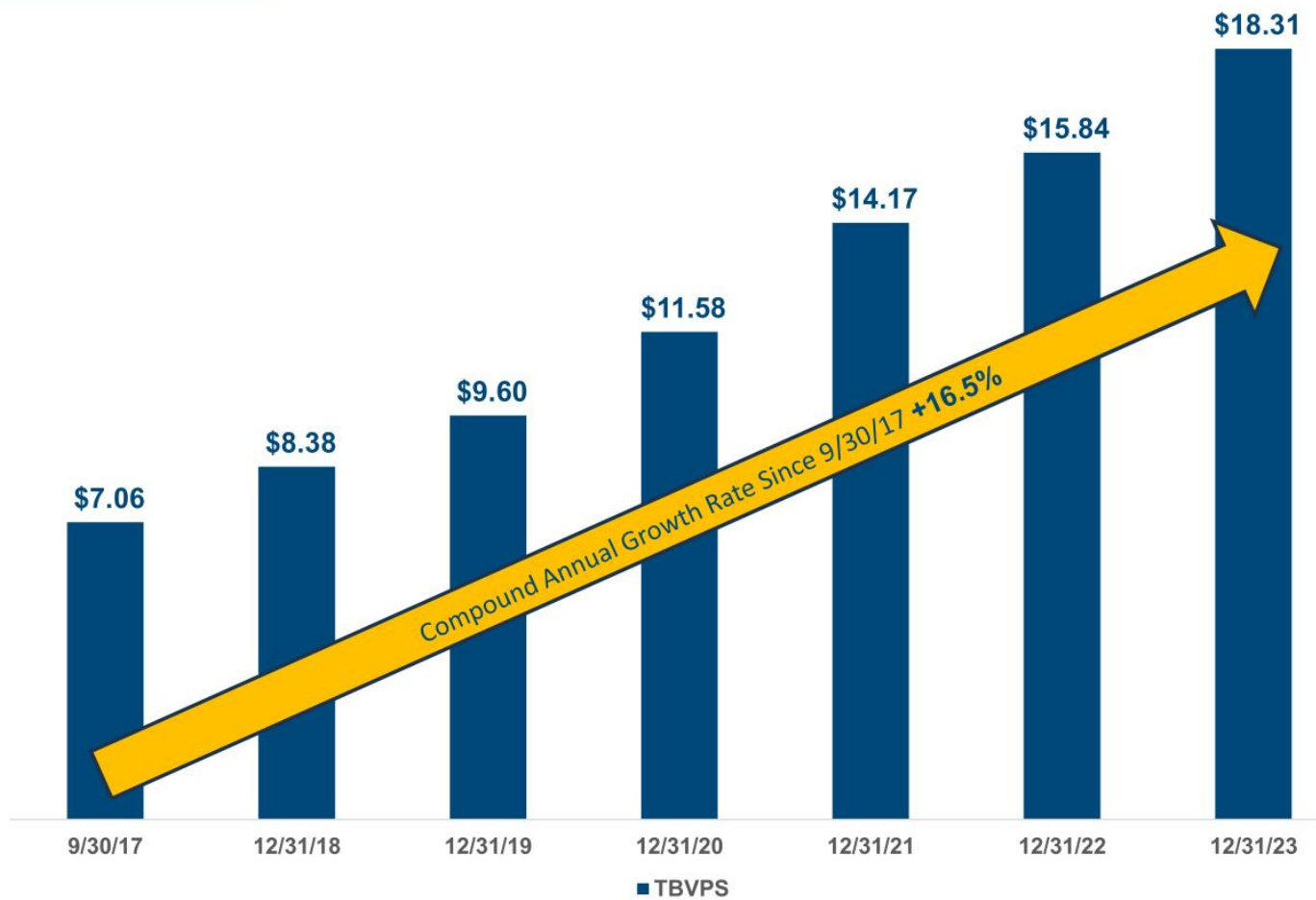
Tier 1 Leverage Ratio



Tangible Common Equity



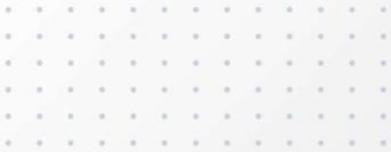
Tangible Book Value Per Share ("TBVPS")⁽¹⁾



Share Appreciation Outperforms Industry

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





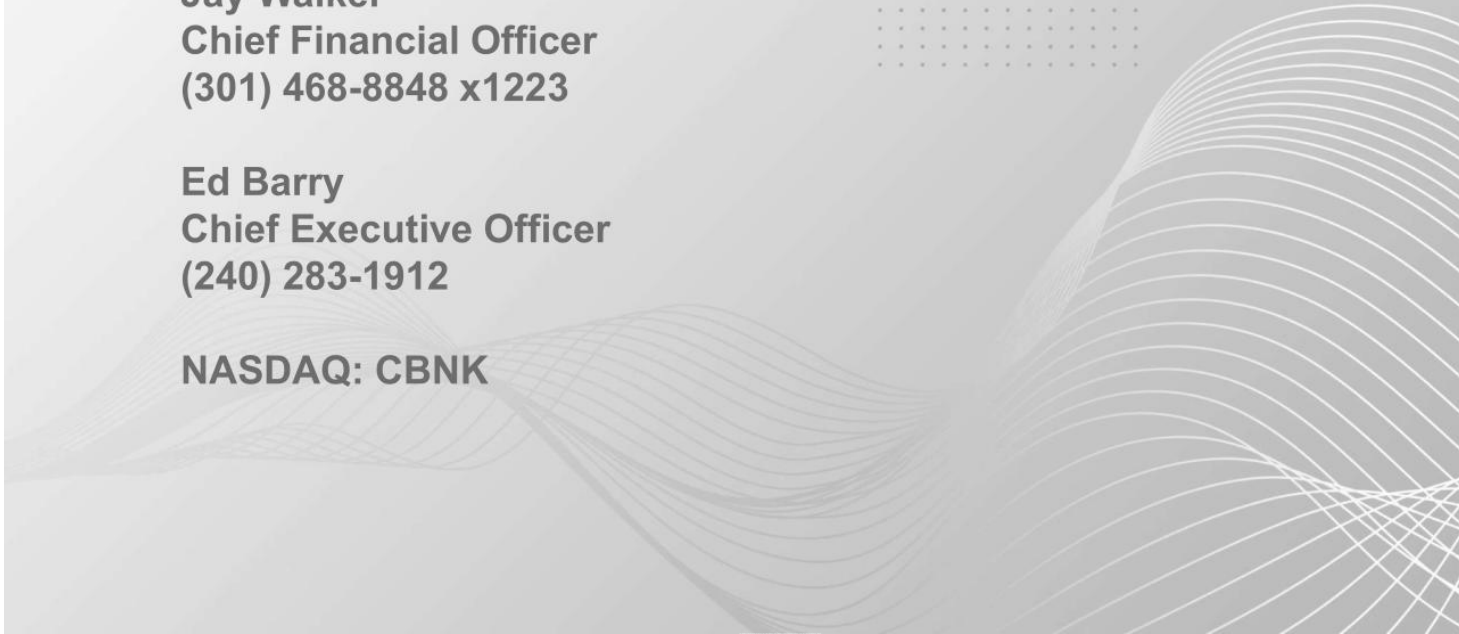
CAPITAL BANCORP, INC.

Jay Walker
Chief Financial Officer
(301) 468-8848 x1223



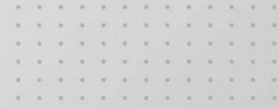
Ed Barry
Chief Executive Officer
(240) 283-1912

NASDAQ: CBNK





Appendix



Reconciliation of Non-GAAP Information

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

Reconciliation of Non-GAAP Information

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

(1) Annualized

