

ESG

CAPITAL  
BANK 

# Environmental, Social & Governance Report: 2024



Supporting businesses  
Helping people  
Strengthening communities

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## About Capital Bank

Founded: 1999  
Nasdaq: CBNK  
Branches: 7  
Team members: 409  
Assets: \$3.1 billion

## About this Report

This Environmental, Social, & Governance Report (the Report) provides an overview of Capital Bank's ESG activities and commitments. The Report covers the period from January 1, 2024, through December 31, 2024, except where noted. We recommend reviewing this Report together with our most recent public policy statements:

- [Capital Bank Environmental Policy](#)
- [Capital Bank Human Rights Policy](#)
- [Capital Bank Code of Business Conduct and Ethics](#)
- [Capital Bank Insider Trading Policy](#)
- [BSA / AML Policy](#)

## Dear shareholders and esteemed members of our community,

As we reflect on 2024, it is clear that not only was it a year of profound impact and growth for Capital Bank, but it was also a year that allowed us to reaffirm our commitment to environmental stewardship, social responsibility and empowerment, and governance transparency. These guiding principles not only help to differentiate Capital Bank from our competitors but continue to generate meaningful value for both the communities and stockholders we serve.

### Environmental Stewardship

We continue to recognize the critical role that financial institutions play in addressing the most pressing environmental challenges. Our 2024 merger with Integrated Financial Holdings, Inc. (“IFH”) was a strategic step forward in our commitment to environmental sustainability, renewable energy, and innovation. A significant portion of the loan portfolio that we acquired from IFH is comprised of financing to renewable energy projects—aligning to our vision of a healthier, more sustainable future. Solar energy and renewable natural gas are both vital components of the global transition to sustainable energy. These two categories are the largest contributors to our loan portfolio. We also put focus on other sustainable industries such as biomass and battery. By consolidating our efforts and resources with this merger, we are poised to make an even greater impact in our sustainable initiatives, which will broaden access to clean energy—reducing carbon emissions.

### Social Responsibility and Empowerment

In addition to our environmental commitments, 2024 saw Capital Bank continue to expand our work of serving those who are often excluded from traditional financial systems. Through OpenSky, we offer access to credit and guidance on building credit scores. Through our Capital Cares programs, we are doubling down on our commitment to make an impact in the communities we serve. We believe that engaging with and serving the community does more than foster goodwill— it creates a virtuous cycle with tangible benefits for everyone involved.

### Governance Transparency

At Capital Bank, another of our valuable assets is our reputation for integrity. As we look to the future, we remain committed to that integrity by employing a governance model that holds us to the highest standards of accountability. In 2024 we continued to invest in educating our employees and officers not only on best practices in banking and lending as well as their rights and responsibilities as stewards of our institution’s values. These efforts include training on whistleblower protections, bribery and corruption, and facilitation payments.

These efforts are not simply about compliance— they are about upholding the trust placed in Capital Bank by our stockholders, individual customers, and the larger community.

As always, thank you for being part of our journey. At Capital Bank we intend to continue to make a difference— hand in hand with the constituents we serve.



Sincerely,

*Ed Barry*

Ed Barry, CEO, Capital Bank



# Our Impact

Where others see risk, Capital Bank sees potential.

Our tagline is “Partners in your vision.” In 2024, we furthered this commitment by helping thousands of low-income individuals and small businesses get access to credit, build credit, or rebuild their credit.

Customers that we served in 2024:

**596,665**

Small businesses that we served in 2024:

**10,044**

Total loan dollars deployed to small businesses in 2024:

**\$787.59 million**

Percentage of non-construction commercial real estate loans that went to multi-family housing:

**16%**

Total Small Business Administration loans processed on behalf of other banks in our Windsor Advantage Division:

**367 loans**

totaling

**\$392.5 million**

Total Small Business Administration loans serviced on behalf of other banks in our Windsor Advantage Division:

**1,954 loans**

totaling

**\$1,442,532,596**



# Environmental Stewardship

Climate change continues to mount ever-growing challenges that directly affect Capital Bank and the communities we serve. We have integrated environmental initiatives throughout our business operations, and we continue to drive company-wide efforts to reduce waste and support green energy projects.


## Environmental Public Policy

Our Environmental Policy is overseen and approved by our board directors, and is publicly available at: [capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bank-ESG-Environmental-Policy.pdf](https://capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bank-ESG-Environmental-Policy.pdf).

## Environmental Impacts of Our Products

Capital Bank is focused on the environmental impacts of our products portfolio. We aim to provide financial products that significantly contribute to the solution of global environmental problems. We systemically integrate environmental considerations into our core business and adhere to comprehensive environmental lending guidelines as a part of our credit process.





Feature

# Supporting Green Energy

// When you think about climate change, long-term sustainable energy independence and renewables have to be an important part of our response as we move forward.”

Capital Bank EVP of Government Lending,  
Riddick Skinner



Financial institutions have a critical role to play in the transition to sustainable energy. One of the major steps that Capital Bank took to further our environmental work in 2024 was the merger of International Financial Holdings (“IFH”) with Capital Bank. The merger significantly expanded Capital Bank’s investment in renewable energy by leveraging IFH’s global expertise and financial resources. The merger allowed Capital Bank to enhance its ability to fund and support large-scale renewable energy projects. The acquisition also allowed Capital Bank to incorporate more innovative financial solutions, such as green bonds and sustainability-linked finance (i.e., loans), into our portfolio.

The merger marks an expansion of renewable energy projects for Capital Bank, and reflects our support for the transition to a low-carbon economy and meeting growing investor demand for sustainable investment opportunities.

“When Capital Bank completed its merger with Integrated Financial Holdings in late 2024, we combined balance sheets, removing some of the limitations that have kept us from taking ever larger steps into the fast-growing and lucrative renewable energy space... this frees up a lot of runway in order to increase concentrations in the renewable business. It also allows us to engage in larger transactions by size and dollar,” said Riddick Skinner, Capital Bank’s EVP of Government Lending.

With \$106,081,373 deployed towards solar energy projects in 2024, solar was the largest component of the IFH subsidiary’s renewables portfolio. This brings a significant increase to Capital Bank’s 2023 renewables portfolio, which totals \$1,108,438,107 as of 12-31-2024.

The IFH merger does not stop at solar when it comes to renewable projects. It is layered in with positive impacts for the communities.

“Many of these loans qualify for the Rural Energy for America Program,” continued Skinner. The Rural Energy for America Program, or REAP, is a program designed to “help agricultural producers and rural small business owners make energy efficiency improvements and renewable energy investments to lower energy costs, generate new income, and strengthen the resiliency of their operations.”([source: rd.usda.gov](https://www.rd.usda.gov))

In 2024 IFH also deployed \$18,895,317 in financing into Renewable Natural Gas (“RNG”) projects. RNG leverages the energy captured in remnant agricultural products such as dairy and poultry waste, or remnant industrial products that would otherwise be destined for the landfill, using state of the art chemistry and energy recovery methods to

harness the natural processes that break down these unwanted byproducts and turn them into pipeline-grade gas or directly into electricity. The net effect is generating a bio-gas that mitigates the release of methane, a potent greenhouse pollutant, into the atmosphere, while, at the same time, generating power that adds to the energy mix of the farms creating these byproducts in the first place.

Capital Bank’s portfolio also includes loans to many other areas of renewables including standalone battery storage systems. Capital Bank is committed to serving customers and projects in these areas as well. Additionally, Capital Bank is also interested in supporting green waste, blue hydrogen, and agri-tech projects in the near future.

Capital Bank is committed to help build a future powered by renewable energy, because Capital Bank recognizes that these projects play a dual role: they contribute to a greener, more sustainable society, while also revitalizing rural areas through job creation and economic development. Sustainable energy is energy resilience. And in the case of these communities, it is a chance at economic resilience too.

By the Numbers

\$106,081,373

Total loan dollars deployed into solar projects in 2024

\$18,895,317

Total loan dollars deployed into RNG projects in 2024

\$38,496,970

Total loan dollars deployed into other sustainable projects or related customers in 2024

218.38 megawatts

of potential underlying energy production from financed renewable energy projects in 2024

## Climate Change Strategy

With regards to business operations, we assess the physical locations of our offices and our key vendors. Risks are considered at the time of signing contracts and managing our portfolio of properties and vendors and appropriate risk mitigation is established to ensure our overall risk profile remains in line with our risk appetite.

With regards to our loan portfolio, we assess climate risk at the transaction level and at the portfolio level. For residential mortgages, at the transaction level we consider the property locations and maintain standards for insurance. At the portfolio level, we review metrics periodically to assess concentrations. For commercial loans, at the transaction level, we consider the borrower's industry and if categorized as a high climate risk industry, the specific climate related risks applicable. At the portfolio level we review credit metrics and concentrations.

## Investments in the fossil-fuel sector

Capital Bank currently operates three divisions: Commercial Banking, Capital Bank Home Loans, and OpenSky, which provides credit cards and secured credit cards. We closely monitor our exposure to investments in the fossil fuel sector, we do not provide financing on the construction of new coal-fired power plants, and we strive to expand sustainable investment such as investment in and lending to renewable energy sectors to facilitate the transition to a low-carbon economy.

## Environmental Management Strategy

We recognize that an environmental management strategy is important to help us address and reduce the environmental impact stemming from our operations. Factors such as climate-related risks, are embedded into our risk management practices and integrated across the services and products we offer our customers. For example, environmental due diligence is a standard part of our real estate lending process, conducted in compliance with regulatory guidelines.

## Physical Footprint

Capital Bank currently operates seven branches, contributing to a very small branch footprint relative to our size. For comparison, peer banks with similar deposit sizes typically operate with 21 branches on average. Additionally, our average deposits per branch is \$312 million compared to \$190 million for peers, reflecting our significantly higher

efficiency per branch compared to peers, minimizing waste and impact to the environment from our footprint. Our unique branch-light approach is a key part of our sustainability strategy.

## Paper Usage and Digital Banking

In the effort to reduce our environmental impact companywide, Capital Bank provides recycling bins for paper, plastic, aluminum cans, and empty ink cartridges in each of its office spaces, encouraging employees to participate in environmentally sustainable practices in the workplace. We ensure that 100% of our shredded paper is safely and securely recycled, while still prioritizing the safety and security of our confidential information. Our goal is to ensure that 100% of the papers are recycled every year.

We fully embraced the digital banking environment while continuing to provide superior customer service. We realize the importance of technology in reducing our carbon footprint and utilize digital resources across all practices of the business. We actively encourage our customers to make the move to digital banking. In 2023, Capital Bank implemented a new platform enabling customers to open accounts fully online, further reducing our paper needs while streamlining the onboarding process, thus enhancing the customer experience.

## Climate-Related Risks

We recognize that climate change poses significant risks to Capital Bank, our customers, and the broader financial sector, with potential short- and long-term consequences. For example, physical impacts of climate change could disrupt economic activity. As we transition to a lower-carbon economy, this may lead to policy shifts or stricter regulatory requirements, such as those related to operational resilience or climate stress testing.

Adverse weather events, as well as climate change, could negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business and results of operations. Our bank branches in Maryland and Florida are susceptible to hurricanes, storms and related flooding and wind damage and other weather events. Such weather events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where we operate. We cannot predict whether or to what extent damage that may be caused by future weather events will affect our operations or the economies in our current or future market areas, but such events could result in a decline in loan originations,



a decline in the value or destruction of properties securing our loans and an increase in delinquencies, foreclosures or loan losses, negatively impacting our business and results of operations.

Climate change may be increasing the nature, severity, and frequency of adverse weather conditions, making the impact from these types of natural disasters on us or customers worse. Further, concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts.

Federal and state banking regulators and supervisory authorities, investors and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their customers, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. Given that climate change could impose systemic risks upon the financial sector, either via disruptions in economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon-intensive environment, we face regulatory risk of increasing focus on our resilience to climate-related risks, including in the context of stress testing for various climate stress scenarios. Ongoing legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit and reputational risks and costs. Investors, consumers and businesses may also change their behavior on their own as a result of these concerns.

# Social Responsibility & Empowerment

Capital Bank takes pride in creating an environment in which our practices are driven through our commitment to diversity, equity, inclusion and belonging (DEI&B). We believe that for the business to thrive, so must our customers, employees, communities and stockholders. Valued employees value others. Capital Bank is better able to serve and lend to our local communities by fostering a culture of DEI&B in the workplace.

## Human Rights Policy


Our Human Rights Policy is overseen and approved by our board directors, and is publicly available at: [capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bank-ESG-Human-Rights-Policy-Statement.pdf](https://capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bank-ESG-Human-Rights-Policy-Statement.pdf)

## Social Responsibility Impacts of Our Products

Capital Bank is committed to providing socially responsible financial products and services. We actively promote equal access to financial services and offer products that significantly contribute to the solution of global social problems. We systemically integrate social aspects into our core business, as well as responsible customer and employee relations, and adhere to comprehensive social lending guidelines as a part of our credit process. As further detailed below, we have programs and policies that assist in our management of customer and product responsibility such as responsible sales practices, responsible marketing and fair treatment of customers in financial distress.





A group of five construction workers, three men and two women, are standing in front of a wooden building frame. They are all wearing white hard hats, safety glasses, and high-visibility yellow vests. The man on the far left is holding a Milwaukee circular saw. The woman next to him is wearing a yellow hard hat with a Habitat for Humanity logo. The man in the center is holding a power drill. The woman next to him is holding a power drill. The woman on the far right is holding a power drill. The background shows a wooden building frame with various construction labels like 'ZIP System', 'SFI', 'ICC-ES', 'UL', and 'HABITAT FOR HUMANITY'.

Feature

# Capital Cares

“Some bankers might say that what’s good for the bank is good for the community. We say what’s good for the community is good for the bank.”

Capital Bank CFO,  
Dominic Caruso

As a community bank, we are deeply rooted in the neighborhoods and communities we serve. Through Capital Cares, we are proud to strengthen these communities through guidance, contributions, and volunteer time – ensuring our communities thrive today and for generations to come.





### Employee Volunteering

Every year, full-time employees receive a full workday—eight hours of paid time off—to contribute to charities of their choice. Part-time employees are granted four hours of paid time off for the same purpose. This initiative allows team members to give their time and energy to organizations and causes that inspire them, reflecting the diverse passions and priorities within our workforce.

In 2024, these employee-chosen charitable contributions amounted to 140 hours of additional community service, all fully supported by Capital Bank. These hours were in addition to regularly scheduled charitable events, amplifying Capital Bank's intended impact.

By empowering employees to support the causes they value, Capital Cares extends its reach and ensures that our overall commitment to community support is as personal as it is impactful.

### Supporting Food Security in Our Communities

Throughout the past year, Capital Cares engaged in various community service projects to address food insecurity and related challenges.

We take pride in our ongoing work with the Manna Food Center, a local organization dedicated to ending hunger. This year, Capital Cares organized a volunteer day where nine of our employees donated their time to help sort food donations. This was a hands-on effort because we understand that in order to be part of the community, we need to show up in the community.

Another memorable moment in 2024 came on September 11th, when 14 of our employees joined together to pack meals for those in need within the DC metro area. This event was more than just a day of service—it was a demonstration of our dedication to making a difference when it matters most. Alongside our efforts, we contributed \$3,375 to further support hunger-relief initiatives.

### Empowering Communities Through Financial Literacy

We believe financial literacy is a cornerstone of individual and community success. Through Capital Cares, Capital Bank is investing in financial education—to help equip people of all backgrounds to thrive today and in the years to come.

In 2024, Capital Bank Branch Manager, Lola Pol, hosted three classes per month with nonprofits that include Manna, Inc., Latino Economic Development, University Legal Services, and Great Washington Urban League. The classes were conducted in Spanish and English. This year in Fort Lauderdale, Capital Cares also hosted a financial literacy workshop designed to help individuals understand budgeting, saving, credit management, and long-term planning. This workshop was open to the community and provided practical guidance for managing personal finances effectively.

Finally, in Chicago, Capital Cares conducted financial literacy workshops with 112 first and second grader students at the Elsie C Johnson Elementary School in Hanover Park, IL. where 60% of the student body receive free or reduced lunch. Teaching students about money management early helps to prepare the next generation for a financially secure future.

## Building Access to Affordable Housing

We believe that safe, affordable housing is essential for creating stable, thriving communities.

For 24 years, Capital Bank has been originating home loans that address the needs of low- and moderate-income borrowers, often in partnership with nonprofit organizations and government agencies. These loans provide mortgage financing and down payment or closing cost assistance that enable families and individuals to purchase their own home. In 2024, Capital Bank participated in programs of over a dozen nonprofit, municipal, state, or national downpayment and closing cost assistance programs that enabled qualified borrowers to obtain affordable housing— primarily within the District of Columbia, Maryland, and Virginia.

In addition, Capital Bank’s “Path to Home Ownership” program is a home loan product specifically designed for the needs of underserved communities. This year, the Capital Cares project team developed Financial Literacy content and an interactive game to enhance the Path to Home Ownership product.

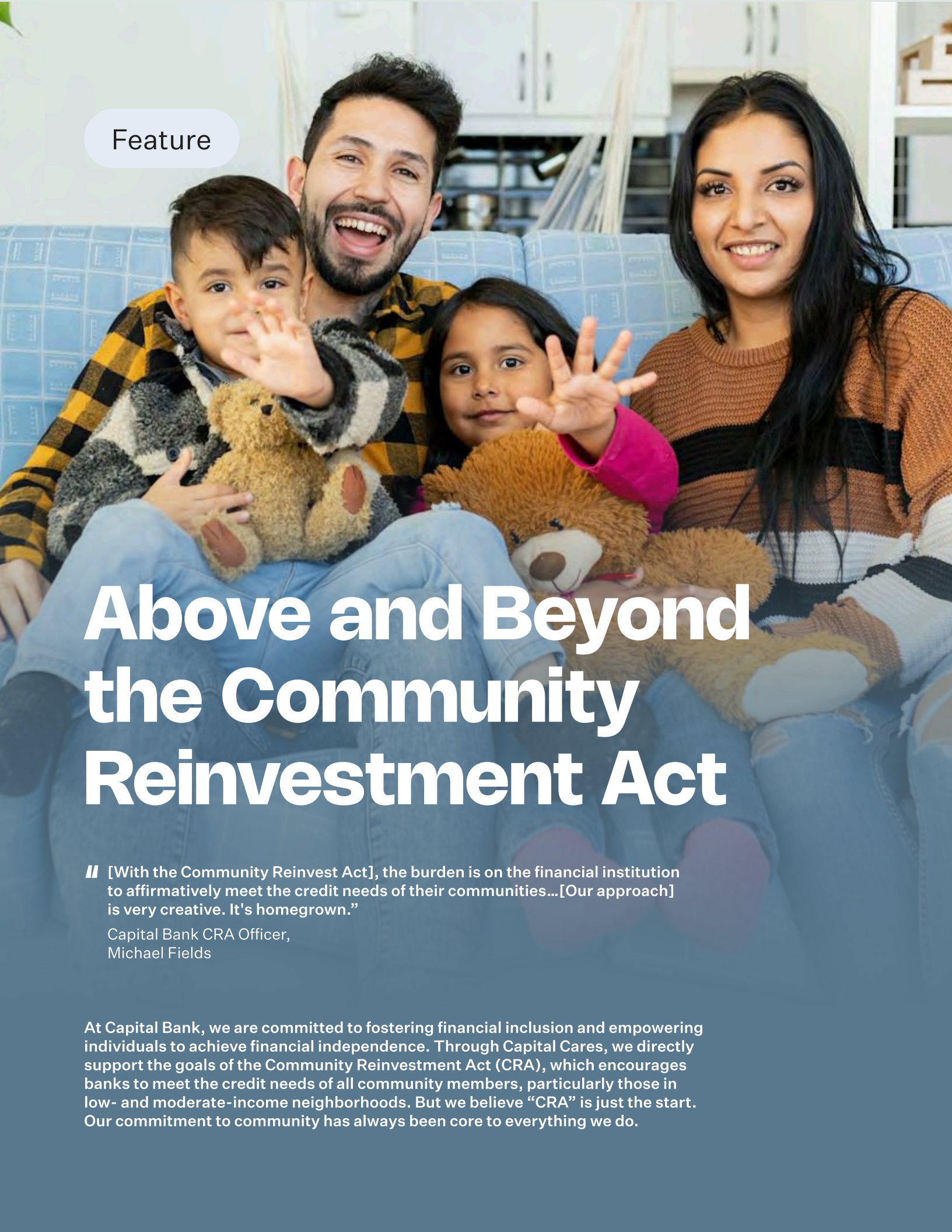
Through Capital Cares, we also support several charitable initiatives that are aimed at making affordable housing accessible to those in need. In 2024, Capital Cares proudly partnered with Habitat for Humanity Metro Maryland to help address the local housing crisis. Capital Bank contributed \$10,000 to facilitate the creation of affordable homes for qualifying families. In May 2024, we also rolled up our sleeves and actively participated in a Habitat for Humanity build, with 36 of our employees donating a total of 184 hours of physical labor.

## By the Numbers

**101**

organizations attended financial literacy workshops





Feature

# Above and Beyond the Community Reinvestment Act

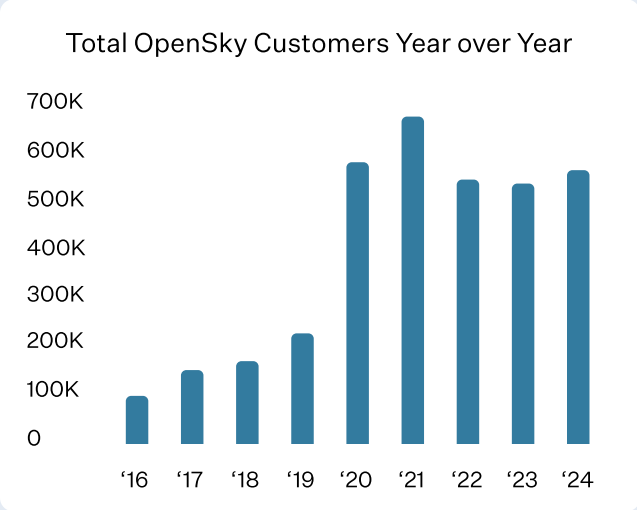
“ [With the Community Reinvest Act], the burden is on the financial institution to affirmatively meet the credit needs of their communities...[Our approach] is very creative. It's homegrown.”

Capital Bank CRA Officer,  
Michael Fields

At Capital Bank, we are committed to fostering financial inclusion and empowering individuals to achieve financial independence. Through Capital Cares, we directly support the goals of the Community Reinvestment Act (CRA), which encourages banks to meet the credit needs of all community members, particularly those in low- and moderate-income neighborhoods. But we believe “CRA” is just the start. Our commitment to community has always been core to everything we do.

OpenSky

An astounding percentage of Americans have little-to-no access to credit or other financial resources. Through our OpenSky credit card business, we offer products designed to create banking accessibility and help build credit and financial acumen. We are proud that through OpenSky, we served over a half million unbanked or underbanked customers in 2024. This number has grown significantly year over year.



Financial Education

In 2024, we partnered with non-profit organizations to host educational webinars for unbanked or underbanked individuals. These webinars focus on a vital topic: how to build and improve credit. In 2024, 172 people from 101 different organizations attended these events. Participants learn about the importance of establishing a credit history, the impact of credit scores on their financial future, and steps to responsibly use credit products. These sessions are interactive, providing attendees with the tools they need to access financial opportunities previously out of reach. Through initiatives like these webinars, we are helping to bridge the gap between financial exclusion and opportunity, ensuring that everyone has a chance to build a brighter financial future.

Supporting Active Duty and Veterans

We also extended our commitment to support veterans of the US Armed Forces, members of the active military and their families. Capital Bank deeply values the sacrifices made by our veterans and active duty, which is why we proudly support the Tragedy Assistance Program for

Survivors (“TAPS”), a non-profit organization dedicated to providing compassionate care to the families of America’s fallen military heroes. TAPS offers a range of vital services to grieving families, including peer-based emotional support, casework assistance, and connections to community-based resources. For nearly three decades, TAPS has been a lifeline for military survivors, helping them navigate their journey of healing and helping them to find hope after loss. This year, Capital Bank donated \$15,000 to help TAPS to offer around the clock care through a national peer support network and connection to grief resources, all at no cost to surviving families and loved ones.

In addition to Capital Bank’s financial donations, David Vardeman, Senior Vice President, Department Head, Not for Profit and Global Business Development, spends at least 20 hours per week outside of work on various volunteer initiatives. David volunteers with more than 20 military veteran service organizations, including serving on the board of directors of organizations such as the Association of United States Navy, Warriors Ethos, Boots to Books, and Wounded Paw Project (Senior National Advisor, Advisory Board). In 2024, David was honored by and received recognition from Wounded Paw Project for outstanding work toward canine rescue and animal protection, American GI Forum for outstanding partnership with the military’s Hispanic community nationwide and national service recognition from the Navy Safe Harbor Foundation for 10 years of dedicated service.

Home Ownership

Capital Bank is excited to, as Michael Fields put it, “meet the needs of the communities that we serve.” Regardless of where they are on their journey, we offer a comprehensive range of home loan solutions tailored to meet economically diverse mortgage customers. Our team is poised to guide potential home owners every step of the way.

Capital Bank helps customers—who are often underserved—build their credit or establish credit through our secured card product. Many of our customers within OpenSky go on to own a home after rebuilding their credit. As of December 31, 2024, 10,176 OpenSky customers (56% of all OpenSky customers) went on to receive a home mortgage. Capital Bank developed its own educational products within OpenSky including a series of expert financial tools and resources to prepare potential homeowners for the homebuying process ([read more about Open Sky here](#)). Capital Bank also provided these tools within Capital Bank Home Loans, which provides mortgage products that feature competitive rates and flexible options to suit the unique financial situations of most potential home owners.



To make the process even more accessible, we partnered with industry-leading programs designed to offer specialized support:

- **House Keys 4 Employees:** A program focused on assisting employees with homeownership benefits, ensuring you can live close to work and reduce your commute.
- **Builder/Developer Incentive Program (BDIP):** Incentives designed to help make newly built homes more affordable.
- **Community Partners Incentive Program (CPIP):** Support for those who work tirelessly in our communities, including educators, first responders, and healthcare workers.
- **GreenPath Financial Wellness:** A national nonprofit that offers financial wellness services including financial counseling, debt management programs, and housing counseling—to help people of all backgrounds build financial health and resiliency.

Helping underserved communities achieve good credit and homeownership is a powerful step toward financial independence and resilience.

As part of our commitment to community, we have officers that serve on a variety of different boards:

- **Capital Bank CEO, Ed Barry** serves on the Board of Directors for Make a wish mid Atlantic
- **OpenSky Card President, Karl Dicker** serves on the Executive Committee for LLS DC Area Walks
- **Capital Bank CFO, Dominic Canuso** serves on the board of Ronald McDonald House
- **Capital Bank President of Speciality & CRE Lending, Scot Browning** serves on the Board of Directors of BFG, a non-profit and Certified Development Corporation (CDC) which originates SBA 504 loans and other small business loans. Scot is also a continued supporter of (and a former board member of) Community Reach of Montgomery County, and he is a continued supporter of (and former board member of) Rockville Economic Development (REDI).
- **Capital Bank Board Member, Mark Caplan** serves as a board member and trustee of the Enoch Pratt Free Library. He also serves on the executive committee of the Downtown Partnership of Baltimore, and serves as a board member of the Charles Street Development Corp.

- **Capital Bank Board Member, Korey Neal** serves on the Board of Trustees of American University, St. John's College High School, and Greater Washington Clean Cities.
- **Capital Bank Board Member, Bob Kottler** serves as a director on the Board of Directors of Community Sailing New Orleans, and serves as a director and member of the finance and development committee of the Board of Directors for US Sailing.
- **Capital Bank Board Member, Joshua Bernstein** serves as a director on the Board of Directors for the Hirshhorn Museum and Sculpture Garden, a Trustee for the Federal City Council, the Founder and director of Board of Directors of the Washington Housing Conservancy, and the President of the Diane & Norman Bernstein Foundation.
- **Capital Bank Board Member, Fred Lewis** serves on the Board of Trustees of his community Synagogue B'nai Shalom of Olney since 2009 and is currently serving a two year term as the President. For the Regal Bank of Trust, Fred also served as a director on both the Board of the Bank and Capital Bancorp, Inc. from 2008 through 2015.

Capital Bank's passion and drive that are part of its corporate culture lead us to believe that compliance with the CRA is not a burden—rather, it is a treat. Providing access to resources and opportunities in our communities is not only how we empower individuals to invest in their futures and foster thriving neighborhoods, but also a valuable way to spend our energies, on and off the clock.

## By the Numbers

**101**

organizations attended  
Capital Bank's  
educational webinars

**\$15,000**

donated to TAPS

**39%**

Home loan applications that have gone to  
customers with low to moderate income

## People & Culture

Our people are the driving force in our success as a bank. We strive to create a workforce that reflects the diverse demographics of the communities in which we operate. Starting with our recruiting efforts, Capital Bank intentionally seeks and develops talent with varied experiences, skills and perspectives. Capital Bank continues to expand our reach to veteran and minority applicants through our partnership with Circa, a company that pulls each of our current job listings and posts them to websites nationwide. Providing accessibility and opportunity to qualified applicants in underrepresented groups allows us to further integrate Diversity, Equity, Inclusion & Belonging (DEI&B) throughout Capital Bank. After our merger with IFH, we launched a company-wide culture activation program building on our shared values and mission.

### Learning, Development, & Employee Training

- On average, each of our employees logs 9.85 hours of internal training per year.
- Employees receive mandatory annual training that addresses permissible business and vendor activities to avoid bribery and corruption.
- Facilitation payments are considered as corruption and are strictly prohibited.
- Full-time employees are offered up to \$5,250 Tuition Reimbursement per calendar year.
- Elevate, a year-long leadership program, takes diverse rising stars across the organization and shapes them to be future leaders of tomorrow and allows for cross departmental mentorship of key bank leadership.
- LinkedIn Learning is available to all employees and provides access to a wide range of knowledge and courses aimed at developing necessary and interest-based skill sets to promote career development.

### Diversity, Equity, Inclusion, and Belonging ("DEIB")

In 2023, Capital Bank implemented a DEI&B policy and program aimed at understanding and avoiding bias in the workplace. The program includes mandatory DEI&B training for all employees, which is offered both virtually and in-person to accommodate our hybrid and remote employees. We also have an internal Diversity, Equity, Inclusion, and Belonging Council. In 2024, the Council, in its first full year, focused on monthly celebrations and activities to recognize Capital Bank's own diversity and drive engagement.

### Health & Wellness

- Free Life/LTD/STD/AD&D insurance
- 401k w/ non-elective company contribution
- Bonus plans for all non-sales employee
- FSA for dependent care
- Multiple health Insurance options which include an HSA platform of which Capital Bank funds 75% of deductible for those that choose this option
- Voluntary benefits are available to all full-time employee
- Generous paid leave, as well as 11 built-in paid holidays
- Multiple employee recognition programs
- 12 Weeks of Paid Parental Leave for Child Birth and Adoption



Employee Demographics

Proportion of women in management positions + in the overall workforce (2024)

	Women		Men		Undeclared	
Exec / Senior Managers	21	29%	51	71%	N/A	
First / Mid-level Managers	43	44%	54	56%	N/A	
Professionals	132	55%	108	45%	N/A	
All Others	N/A		N/A		N/A	
Enterprise Total	196	48%	213	52%	N/A	

Age breakout in management positions + in the overall workforce (2024)

	<30 years old		30–50 years old		>50 years old	
Exec / Senior Managers	0	0%	37	51%	35	49%
First / Mid-level Managers	5	5%	53	55%	39	40%
Professionals	38	16%	131	55%	71	30%
All Others	N/A		N/A		N/A	
Enterprise Total	43	11%	221	54%	145	35%

Race breakout in management positions + in the overall workforce (2024)

	White		Asian		Black / African American		Hispanic / Latino		American Indian or Alaskan Native		Native Hawaiian or other Pacific Islander		Two or more races		Not specified	
Exec / Senior Managers	57	79%	5	7%	4	6%	3	4%	0	0%	0	0%	2	3%	1	1%
First / Mid-level Managers	65	67%	7	7%	17	18%	1	1%	1	0%	0	0%	3	3%	3	3%
Professionals	133	55%	14	6%	39	16%	38	16%	0	0%	1	0%	8	3%	7	3%
All Others	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Enterprise Total	255	62%	26	6%	60	15%	42	10%	1	0%	1	0%	13	3%	11	3%



Employee Turnover Rates

Employee Turnover Rate (2024)

Voluntary Turnover Rate (as a % of total employees)	21%
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Employee Development Training

We monitor the success of our training programs on a regular basis by recording participation and evaluating results.

Employee Development Training (2024)

Type of Training	Participants	Courses	Hours	Avg. Participants per Course	Avg. Hours per Employee
Employee Development: Online Self-Study Courses	413	153	4,067.53	2.7	9.85

Our training includes a wide variety of topics, including human rights topics, compliance / risk management, physical / information security, and leadership management training. Example trainings include Battling Discrimination in Banking; Ethics and Trust; Sexual Harassment and Causation; Identifying and Reporting Human Trafficking; Bank Bribery and Code of Ethics; Information and Cybersecurity Basics; Protecting Seniors from Financial Abuse; Unfair, Deceptive, Abusive: Definitions; and Capital Bank Policies.

# Governance Transparency

As a financial institution, we must continually work to earn the trust and confidence of our customers, employees, communities, vendors and stockholders. In doing so, Capital Bank is committed to operating with strong corporate governance, mitigating risk, and maintaining a transparent relationship with regulatory agencies. Our risk management and compliance teams promote a culture of compliance by serving as partners to our business colleagues and by engaging with our regulators. Capital Bank actively works to ensure regulatory compliance and encourage ethical business practices by maintaining current Board-approved policies and procedures, including policies that prohibit bank bribery, corruption, and fraud on every level of Capital Bank. Our board of directors provides oversight of our anti-corruption program.

## ESG Oversight

Our board of directors has oversight of our ESG policies and program.

## Code of business conduct and ethics

Our Code of Business Conduct and Ethics is overseen and approved by our board of directors, and is publicly available at: [capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bank-ESG-Code-of-Business-and-Ethics.pdf](https://capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bank-ESG-Code-of-Business-and-Ethics.pdf)

This code applies to all of our directors and employees, and provides fundamental ethical principles to which these individuals are expected to adhere. This code also follows all Nasdaq Stock Market rules.

## Insider Trading Policy

We have a robust Insider Trading Policy, which provides guidelines to directors, officers, employees and other related parties of Capital Bancorp, Inc. and its subsidiaries. This policy is publicly available at: [capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bancorp-Insider-Trading-Policy.pdf](https://capitalbankmd.com/wp-content/uploads/2025/03/Capital-Bancorp-Insider-Trading-Policy.pdf)

## BSA / AML

We have a robust BSA / AML policy, which ensures that Capital Bank operates in compliance with the Bank Security Act (BSA), the USA Patriot Act, and the Anti-Money Laundering Act (AML). Additionally, Capital Bank, NA, outlines how it complies with the Office of Foreign Assets Control's "OFAC" policies and sanctions enforcements. This policy is publicly available at: [capitalbankmd.com/wp-content/uploads/2025/03/BSA-AML-CFT-and-OFAC-Policy.pdf](https://capitalbankmd.com/wp-content/uploads/2025/03/BSA-AML-CFT-and-OFAC-Policy.pdf)



## Employee Training

We believe employee training is one of our most powerful lines of defense. Capital Bank builds future-ready employees by providing ongoing training through our corporate training platform that ensures our employees understand our internal policies and provides regulatory guidance specific to each employees' role.

Employees are often the first to be targeted by cyber criminals and play a major role in mitigating our risk. It is our responsibility to provide resources and training to proactively prepare our employees against cyber-attacks that threaten the security of Capital Bank.

## Whistleblower Protections

We are committed to maintaining integrity throughout our business. Capital Bank has a Board-approved Code of Ethics that ensures we remain compliant with all laws set forth by our regulators, while also upholding the highest ethical standards in our industry. The policy is designed to provide a channel of communication for internal team members, external stakeholders, and others who have concerns about our conduct or any of our directors or team members. Complaints are treated seriously, handled expeditiously and fully investigated regardless of the nature. Our employees have an obligation to make an anonymous report if they become aware of any existing or potential violation of laws, rules, regulations, or our Code. We strive to create a sense of safety and trust with all team members through this anonymous reporting so that they can feel confident in making a report without risk of retaliation. Capital Bank provides multiple avenues of reporting, including notifying our Head of Human Resources or our independent Chief Risk Officer, who reports directly to the board of directors. There is also a toll-free ethics hotline available to any employee who feels more comfortable making an anonymous report over the phone.

To date, Capital Bank has had zero inquiries, complaints, or issues received by the legal or compliance office via these reporting mechanisms.

## Risk Management

Part of Capital Bank's duty in our commitment to strong governance is protecting the bank from a safety and soundness perspective while also incorporating our ESG goals and strategies. The bank continues to utilize our Enterprise New Client Acceptance Standard. This Standard states which types of industries and customers the bank has prohibited from banking, based on laws, rules, and regulations, in addition to considering our company ESG goals and strategies. The Standard also prescribes those industries and customers that require additional review and approval on an exception basis prior to banking.

## Data & Cyber Security

Capital Bank takes a multi-layered approach to data security, having instituted a Security Operations Center ("SOC") that monitors Capital Bank in real time and alerts our Chief Risk Officer, as well as our first line of defense team if there are any data security issues or emerging risks. We take security very seriously and invest heavily in our technology infrastructure and information security programs. Our data and cyber security measures include:

- Firewall systems and intrusion detection software protect our systems
- Sensitive information is encrypted with 128-bit Secure Socket Layer (SSL) to protect the confidentiality of your data
- Security information is built directly into our systems and networks using internationally recognized standards, regulations, and industry-based best practices
- We work with a third-party vendor that provides strong authentication controls based on guidance provided by the Federal Government's banking regulators
- Mobile devices must be kept up to date with security updates and patches when used for banking services
- Capital Bank implemented Office365 with Enterprise 5 licenses that include built in data and information security controls, including a Data Loss Prevention program
- In 2023, we implemented network access control ("NAC") that only allows network access to devices previously provisioned, employee personal computers can no longer access the network

## Stress Testing

Capital stress testing is performed at least once a year and incorporates a multi-variable approach utilizing the Capital Bancorp's long-term strategic plan with stresses applied to growth strategies, operating expenses, and asset quality. The board of director and management intend to maintain capital levels that meet or exceed regulatory guidelines under a variety of different economic conditions and growth scenarios.

## Customer Complaint Oversight

Capital Bank receives direct feedback from our customers through complaints that are made from time to time. We have a complaint management program in place to review any complaints made to our primary regulator, our employees, as well as the Better Business Bureau. If a customer submits a complaint, our compliance team reviews it to see if it raises any concerns, including but not limited to, mistreatment and claims of unfair lending, deception, or discriminatory practices. Capital Bank does not stand for these types of practices, and we thoroughly review and respond to each complaint. This direct feedback from customers helps to ensure we maintain strong governance and allows us to identify any potential trends or concerns and take immediate and appropriate action if warranted.

## Shareholder Engagement

In 2024, we engaged with shareholders on a regular basis at quarterly meetings and through attendance at a number of investor conferences. In our conversations with shareholders we try to solicit their feedback on a number of topics including the Company's performance, management, strategy, governance and human capital. This feedback informs how and what we disclose to the public so that we can address shareholder priorities and concerns. We regularly share shareholder feedback with the Board, which informs the Board's discussions on a variety of topics. We remain committed to ongoing engagement with shareholders and other stakeholders of the Company.

## Board of Directors

Capital Bank's board of directors helps to support the long-term growth and success of Capital Bank by guiding our strategies and monitoring their execution. Capital Bancorp's board of directors meets at least quarterly, and Capital Bank's board of directors meets monthly.

As in every other aspect of the business, we are proud to serve under a diverse board of directors, where each member brings a different set of skills, background, and perspectives. We believe that our directors should have the highest professional and personal ethics and values. They should have broad experience at the policy-making level in business, real estate or banking. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Each director must represent the interests of all stockholders. When considering potential director candidates, our board of directors also considers the candidate's character, judgment, diversity, skill set, specific business background and global or international experience in the context of our needs and those of the board of directors.

See the following page for a breakdown of Board Diversity as well as Board Skills and Experience. (This information is also contained in our proxy statement [here](#).)

Board Diversity Matrix

	As of April 2, 2024	As of April 2, 2024
Total Number of Directors	11	10

Part I: Gender Identity	Female	Male	Non-Binary	Did not Disclose	Female	Male	Non-Binary	Did not Disclose
Directors	2	8	0	1	1	8	0	1
Part II: Demographic Background	Female	Male	Non-Binary	Did not Disclose	Female	Male	Non-Binary	Did not Disclose
African American/Black	0	1	0	0	0	1	0	0
Alaskan Native or Native American								
Asian								
Hispanic or Latinx								
Native Hawaiian or Pacific Islander								
White	2	6	0	0	1	7	0	0
Two or More Races or Ethnicities								
LGBTQ+	0				0			
Did Not Disclose	2				1			

Board Skills and Experience Matrix

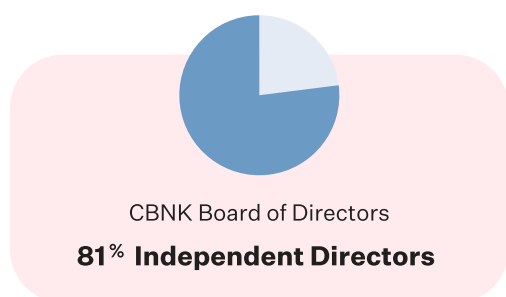
	Bailey	Barry	Berstein	Brannan	Browning	Lewis	Levitt	Ratner-Salzberg	Schwartz	Scully	Whalen
Skills & Experience											
Audit/Financial Reporting		●		●					●		
Corporate Governance		●		●		●	●	●	●	●	
Strategic Planning/M&A		●		●				●		●	
Risk Management		●		●						●	
Public Company Oversight		●		●						●	
Financial Services	●	●	●		●	●	●		●	●	●
Market Familiarity	●		●		●	●	●		●		●
Real Estate	●		●		●	●		●			●
Tenure and Independence											
Tenure (Years)	3	9	12	6	22	1	12	8	22	0 <sup>(1)</sup>	23
Independence	●		●	●		●	●	●	●	●	●

<sup>1</sup> Ms. Scully was appointed to the Board of Directors on July 14, 2024



Pursuant to Rule 5605(b)(1) of the Nasdaq Rules, a majority of the members of the board of directors must be “independent directors” as that term is defined by Nasdaq Rule 5605(a)(2). A director will only qualify as an “independent director” if, in the opinion of that company’s board of directors, that person does not have a relationship that would interfere with the director’s exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors evaluated the independence of its members based upon the rules of the Nasdaq Stock Market and the SEC.

Our board of directors determined that nine of our 11 members of our board are “independent directors.”



Our board of directors does not have a formal policy regarding the separation of the roles of Chief Executive Officer and Chairman of the board of directors, as it believes that it is in the best interests of our organization to make that determination from time to time based on the position and direction of our organization and the membership of our board of directors. We believe this flexibility is important to allow our board of directors to determine the appropriate structure based on our specific needs at any given time.

Currently, Mr. Schwartz serves as Chairman of Capital Bancorp's board of directors and Mr. Whalen serves as Chairman of Capital Bank's board of directors, while Mr. Barry is the Chief Executive Officer of both Capital Bancorp and Capital Bank. We believe at this time this structure (as opposed to combining the positions of Chairman and Chief Executive Officer) is appropriate for us for two primary reasons. First, having separate board Chairmen allows Mr. Barry to completely focus on his primary responsibilities, that is, implementing our strategic plans and managing the day-to-day operations of Capital Bancorp and Capital Bank, while Messrs. Schwartz and Whalen focus on leading their respective board of directors in its consideration of strategic issues and monitoring corporate governance, social responsibility, community relations and stockholder issues.

Second, we believe that having the Chair positions separate from the Chief Executive Officer position allows the boards of directors to more effectively fulfill their obligation to oversee the management of Capital Bancorp and Capital Bank. This structure—which separates the roles of Chief Executive Officer and Chairman of the Board—is unique for a bank.

Also unique to Capital Bank is our high degree of stock ownership by the members of our boards of directors. According to our stock ownership and retention guidelines for senior executive officers and directors, each non-employee director is expected to acquire, and hold during their service as directors, shares of our common stock equal in value to at least \$100,000. Further, under the stock ownership and retention guidelines, our chief executive officer must acquire and hold shares of our common stock equal in value to at least five times his or her annual base salary, each of our president and chief financial officer must acquire and hold shares of our common stock equal in value to at least three times his or her annual base salary, and our executive vice presidents and other Section 16 reporting executive officers must acquire and hold shares of our common stock equal in value to at least one times his or her annual base salary. This ensures that executives' short- and long-term compensation are aligned with corporate returns.

Also unique to Capital Bank is our high degree of Board ownership. According to our stock ownership and retention guidelines for senior executive officers and Board members, each non-employee director is expected to acquire, and hold during their service as Board members, shares of our common stock equal in value to at least \$100,000. Further, under the stock ownership and retention guidelines, our chief executive officer must acquire and hold shares of our common stock equal in value to at least five times his or her annual base salary, each of our president and chief financial officer must acquire and hold shares of our common stock equal in value to at least three times his or her annual base salary, and our executive vice presidents and other Section 16 reporting executive officers must acquire and hold shares of our common stock equal in value to at least one times his or her annual base salary. This ensures that executives' short and long term compensation are aligned with corporate returns.

# Sustainability Accounting Standards Board (SASB) Metrics Matrix

Subject	SASB Code	Response
Data Security	FN-CB-230a.1	Capital Bank had 0 data breaches in 2024, resulting in 0% PII involved and 0 account holders affected.
Data Security	FN-CB-230a.2	Please refer to “Data & Cyber Security” in the Governance section of this ESG report.
Financial Inclusion & Capacity Building	FN-CB-240a.1	N/A
Financial Inclusion & Capacity Building	FN-CB-240a.2	44 past due and nonaccrual loans with total balances of \$23,776,064 qualified to programs designed to promote small business and community development
Financial Inclusion & Capacity Building	FN-CB-240a.3	As a commercial bank, Capital Bank does not offer no-cost retail checking accounts to individuals.
Financial Inclusion & Capacity Building	FN-CB-240a.4	814,779 credit education emails were sent to customers in 2024.-
Incorporation of Environmental, Social, & Governance Factors in Credit Analysis*	FN-CB-410a.2	Please refer to “Additional Notes: Environmental” in the Appendix section of this ESG report.
Financed Emissions	FN-CB-410b.1	N/A
Financed Emissions	FN-CB-410b.2	N/A
Financed Emissions	FN-CB-410b.3	N/A
Financed Emissions	FN-CB-410b.4	N/A
Business Ethics	FN-CB-510a.1	Capital Bank does not have any monetary losses associated with client privacy.
Business Ethics	FN-CB-510a.2	Please refer to “Whistleblower Protections” in the Governance section of this ESG Report.
Systemic Risk Management	FN-CB-550a.1	Due to our size, Capital Bank does not qualify as determined by the Financial Stability Board in consultation with national regulators.
Systemic Risk Management	FN-CB-550a.2	Please refer to “Stress Testing” in the Governance section of this ESG report. Additionally, See 2023 Annual Report on Form 10-K, Item 7. MD&A Financial Condition and Item 7a. Quantitative and Qualitative Disclosures about Market Risk for additional details.
Activity Metric	FN-CB-000.A	N/A
Activity Metric	FN-CB-000.B	N/A

### ADDITIONAL NOTES: Credit Policy

The Chief Credit Officer, under the supervision of the Bank's senior management, implements commercial credit underwriting guidelines, standards, and procedures regarding loan administration, loan review, accounting, collections, and foreclosure processes.

### ADDITIONAL NOTES: Environmental

The Bank seeks to diversify its portfolio in a prudent manner to minimize the risks inherently associated with concentrations of credit; however, real estate secured credits play a dominant role in the portfolio as real estate is a major investment vehicle in the Bank's market area and often provides the only means of extending secured credit. The Bank monitors for environmental risks in its commercial real estate portfolio that includes minimum requirements by qualified professionals to conduct environmental assessment of the collateral securing the commercial loan portfolio. For environmentally sensitive industries, an appropriate level of due diligence must be completed prior to the decision to extend credit is made. Records Search with Risk Assessment and third-party professional reports including Questionnaires, Transaction Screens, Phase I and Phase II Environmental site assessments are used to identify whether further investigation is warranted. Any identified risks or contamination must be remediated and controlled in compliance with the environmental professional's recommendations prior to granting an extension of credit.

### ADDITIONAL NOTES: Social

Regarding extensions of credit, it is the objective of Capital Bank to serve its community, customer base and stockholders by providing loans to local businesses, non-profits, professional associations, and residents of the community, using sound credit criteria and judgment in evaluating each request. The Bank is primarily focused upon meeting the credit needs of the businesses in its market area.

In extending credit, evaluating applications for credit, establishing loan terms, or providing assistance to potential applicants for credit, the Bank will not discriminate against any individual on the basis of race, color, religion, national origin, gender, marital status, age, physical handicap, sexual orientation, receipt of income from a public assistance program, or the good faith exercise of any rights or remedies available under the consumer protection laws.

It is and shall remain the Bank's policy to avoid originating higher priced mortgage loans (HOEPA or HPML).

Through its BSA/AML policies and procedures, the Bank is aware of the potential reputational risks that can be associated with certain clients. The Bank maintains a list of prohibited, discouraged and high-risk customer types.

The Bank provides employee training for human trafficking indicators depending on an employee's job function. This includes employees and management with direct responsibility for supply chain management. The Bank also provides training related to human rights topics (as noted in the section of this report titled, "Employee Development and Training").

### ADDITIONAL NOTES: Governance

The Bank adheres to the safe and sound lending practices established by its regulator, the Office of the Comptroller of the Currency (OCC) including environmental laws and regulations and ensures appropriate policies and procedures are in place to identify, measure, monitor and control risks related to its lending activities.

Member  
**FDIC**

### CAUTIONARY NOTE: Regarding Forward-looking Statements

Some of the statements in this report are "forward-looking statements" within the meaning of the federal securities laws. Words and phrases such as "expect," "plan," "believe," "continue," "committed," "will," and variations of such words or similar expressions are intended to identify such forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions ("risk factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. We assume no duty to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Risks factors include, without limitation the strength of the United States economy in general and the strength of the local economies in which we conduct our operations may be different than expected; changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action; adverse conditions in the stock market, the public debt market and other capital markets could have a negative impact on us; changes in market interest rates and their related impact on macroeconomic conditions, customer and client behavior, our funding costs, and our loan and securities portfolio; volatility and disruptions in capital and credit markets; and inflation and its impact on economic growth and customer and client behavior. In addition, risk factors include, but are not limited to, the risk factors described in Item 1A of our Annual Report on Form 10-K for 2022. These and other factors are representative of the risk factors that may emerge and could cause a difference between an ultimate actual outcome and a preceding forward-looking statement.

# Environmental, Social & Governance Report : 2024

