

Edgar Filing: CAPITAL BANCORP INC - Form 425

CAPITAL BANCORP INC
Form 425
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Filing Person: Renasant Corporation

Subject Company: Capital Bancorp, Inc.

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On February 6, 2007, management of Renasant Corporation hosted an investor conference call during which management made a presentation discussing the proposed merger of Capital Bancorp, Inc. with and into Renasant Corporation. A series of electronic slides accompanied such presentation. A copy of such electronic slides are below.

Capital Bancorp, Inc.
Capital Bancorp, Inc.
Acquisition of
February 6, 2007

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Capital Bancorp, Inc.
Forward Looking Statements
This
presentation
contains
forward
looking
statements
with
respect
to
financial

condition,
results
of
operations
and
business
of
Renasant
Corporation
(Renasant)
and
Capital
Bancorp,
Inc.
(Capital).
These
forward
looking
statements
include,
but
are
not
limited
to,
statements
about
(i)
the
expected
benefits
of
the
transaction
between
Renasant
and
Capital
and
between
Renasant
Bank
and
Capital
Bank,
including
future
financial
and
operating

results,
cost
savings,
enhanced
revenues
and expected
market
position
of
the
combined
company
that
may
be
realized
from
the
transaction
and
(ii)
Renasant
and
Capital s
plans,
objectives,
expectations
and
intentions
and
other
statements
contained
in
this
presentation
that
are
not
historical
facts.
Other
statements
identified
by
words
such
as
expects,
anticipates,

intends,
plans,
believes,
seeks,
estimates,
targets,
projects
or
words
of
similar
meaning
generally
are
intended
to
identify
forward
looking
statements.
These
statements
are
based
upon
the
current
beliefs
and
expectations
of
Renasant s
and
Capital s
management
and
are
inherently
subject
to
significant
business,
economic
and
competitive
risks
and
uncertainties,
many
of

which
are
beyond
their
respective
control.
In
addition,
these
forwardlooking
statements
are
subject
to
assumptions
with
respect
to
future
business
strategies
and
decisions
that
are
subject
to
change.
Actual
results
may
differ
materially
from
those
indicated
or
implied
in
the
forward
looking
statements.
Neither
Renasant
nor
Capital
assume
any
obligation

to
update
forward
looking
statements.

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Capital Bancorp, Inc.
In
connection
with
the
proposed
merger,
Renasant
and
Capital
intend
to

file
relevant
materials
with
the
Securities
and
Exchange
Commission,
including
a
registration
statement
on
Form
S-4
that
will
contain
a
proxy
statement/prospectus.

This
proxy
statement/prospectus
will
be
mailed
to
the
shareholders
of
Capital.

INVESTORS
AND
SECURITY
HOLDERS
OF
CAPITAL
ARE
URGED
TO
READ
THESE
MATERIALS
WHEN
THEY
BECOME
AVAILABLE
BECAUSE

THEY
WILL
CONTAIN
IMPORTANT
INFORMATION
ABOUT
RENASANT,
CAPITAL
AND
THE
PROPOSED
MERGER.

The
proxy
statement/prospectus
and
other
relevant
materials
(when
they
become
available),
and
any
other
documents
filed
by
Renasant
or
Capital
with
the
SEC,
may
be
obtained
free
of
charge
at
the
SEC's
website
at
www.sec.gov.
In
addition,
investors

may
obtain
free
copies
of
the
documents
filed
with
the
SEC
by
Renasant
by
directing
a
written
request
to
Renasant
Corporation,
209
Troy
Street,
Tupelo,
Mississippi
38802
Attention:
Investor
Relations,
and
free
copies
of
the
documents
filed
with
the
SEC
by
Capital
by
directing
a
written
request
to
Capital
Bancorp,

Inc.,
1816
Hayes
Street,
Nashville,
Tennessee
37203.
Renasant,
Capital
and
their
respective
directors
and
executive
officers
and
other
persons
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies
from
the
shareholders
of
Capital
in
connection
with
the
proposed
transaction.
Information
about
the
directors
and
executive
officers
of
Renasant

is
set
forth
in
the
proxy
statement
for
Renasant
Corporation's
2006
annual
meeting
of
shareholders,
as
filed
with
the
SEC
on
March
9,
2006.
Information
about
the
directors
and
executive
officers
of
Capital
is
set
forth
in
the
proxy
statement
for
Capital
Bancorp,
Inc.'s
2006
annual
meeting
of
shareholders,
as

filed
with
the
SEC
on
April
13,
2006.
Additional
information
regarding
the
participants
in
the
proxy
solicitation
and
a
description
of
their
direct
and
indirect
interests,
by
security
holdings
or
otherwise,
will
be
contained
in
the
joint
proxy
statement/prospectus
when
it
becomes
available.
Additional Information About the Transaction

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Capital Bancorp, Inc.

Acquiring Capital Bancorp, Inc. is
an excellent entry point for
Renasant into the Nashville market

Strategic fit that enhances the
franchise

Similar banking cultures and
operating models

R. Rick Hart (Capital CEO) &
John H. Gregory, Jr. (Capital
COO) will join Renasant's
management team

Significant revenue enhancement
opportunities
Low integration risk
Overview of Acquisition
CPBB Branch

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Capital Bancorp, Inc.

Aggregate Value:

(1)

\$134.9 million

Deal Value Per Share:

(2)

\$35.82

Per Share Consideration:

Fixed exchange ratio of

1.2306 shares of Renasant

common stock or \$38.00 in

cash for each share of

Capital Bancorp common
stock

Consideration Mix:

60

65% stock, remainder
in cash

Termination Fee:

\$5.0 million

Expected Close:

Third quarter 2007

Terms of the Transaction

- (1) Includes dilutive impact of options. Based on Renasant's closing price of \$27.92 on 2/2/07.
- (2) Based on 60% common stock / 40% cash consideration to common shareholders.

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Capital Bancorp, Inc.

Pricing

Price / LTM EPS:

31.4 x

Price / Book Value per Share:

370.8 %

Price / Tangible Book Value per Share:

370.8

Core Deposit Premium:

36.8

One Day Market Premium:

(1)

39.1

Data as of or for the twelve months ended 12/31/06.

(1) Based on CPBB s

closing price of \$25.75 on 2/2/07.

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Capital Bancorp, Inc.

Rationale for Acquisition

Consistent with Renasant's previously announced strategy to expand into attractive high growth markets

Accelerates Renasant's long term earnings growth rates

Provides Renasant with an experienced management team and quality bank branches

Presents an opportunity to sell Renasant's broad array of banking and insurance products to Capital Bancorp's client base

Establishes Renasant in the Nashville MSA with an opportunity to take share from the competition

Market turmoil from recent banking mergers creates opportunities
for relationship-
driven banks to move market share
Consistent with past acquisitions into markets that have been successfully executed

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Capital Bancorp, Inc.

Pro Forma Franchise

CPBB Branch

RNST Branch

Balance Sheet

Source: SNL Financial and Company filings.

Financial data as of 12/31/06.

Dollars in thousands.

Does not include purchase accounting adjustments.

Renasant

Capital

Corporation

Bancorp
Combined

Offices:

63

7

70

Assets:

\$2,611,356

\$564,442

\$3,175,798

Gross Loans:

1,865,434

465,682

2,331,116

Deposits:

2,108,965

464,952

2,573,917

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Capital Bancorp, Inc.

Market Characteristics

Capital is located in the heart of the Nashville
MSA

Population increase has caused the housing
market to surpass national trends with
14,304 permits issued year to date as of
November 2006, an increase of 32% since
2002

The diverse economy is generally more
insulated from national economic trends

Recent Accolades:

#1 Smart City (*Kiplinger's Personal Finance Magazine*)

#1 America's Hottest City (*Expansion Management*)

#7 Best Place for Business and Careers

(Forbes Magazine)

#8 Hot City For Entrepreneurs

(Entrepreneur Magazine)

Manufacturing

16.4%

Trade,

Transportation,
and Utilities

20.0%

Profession and

Business

Services

13.0%

Education and

Health Services

13.5%

Finance

6.0%

Government

15.2%

Leisure and

Hospitality

10.4%

Other

5.5%

Source: U.S. Department of Labor.

Nashville

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Capital Bancorp, Inc.

Attractive Market Dynamics

Population in the Nashville MSA has increased by 13.1% since 2000 while deposits have increased by 66.0%

2006

2011 projected population growth of 10.9%

2006

2011 projected median household income growth of 19.7%

Source: SNL Financial and FDIC.

1

Miami-Fort Lauderdale-Miami Beach, FL

5.57
2
Washington-Arlington-Alexandria, DC-VA-MD-WV
5.38
3
Atlanta-Sandy Springs-Marietta, GA
5.23
4
Tampa-St.Petersburg-Clearwater, FL
2.72
5
Orlando-Kissimmee, FL
2.03
6
Virginia Beach-Norfolk-Newport News, VA-NC
1.68
7
Charlotte-Gastonia-Concord, NC-SC
1.57
8
Nashville-Davidson-Murfreesboro, TN
1.48
9
Jacksonville, FL
1.32
10
Memphis, TN-MS-AR
1.30
Top Southeast MSAs
2006 Population (in Millions)
1
Washington-Arlington-Alexandria, DC-VA-MD-WV
\$187.8
2
Miami-Fort Lauderdale-Miami Beach, FL
151.7
3
Atlanta-Sandy Springs-Marietta, GA
116.7
4
Charlotte-Gastonia-Concord, NC-SC
95.3
5
Tampa-St.Petersburg-Clearwater, FL
55.2
6
Richmond, VA
38.7
7
Orlando-Kissimmee, FL

34.9

8

Jacksonville, FL

33.0

9

New Orleans-Metairie-Kenner, LA

29.8

10

Nashville-Davidson-Murfreesboro, TN

29.6

Top Southeast MSAs

Total Deposits (in Billions)

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Capital Bancorp, Inc.

Market Share Opportunity

Top 3 institutions in the Nashville MSA control over 54% of
the deposits

Source: SNL Financial.

Deposit data as of 6/30/06.

Deposits

Market

Rank

Institution

(\$000)

Share

Branches

1

Regions Financial Corp. (AL)

\$6,421,550

22.65

%

88

2

SunTrust Banks Inc. (GA)

4,491,264

15.84

59

3

Bank of America Corp. (NC)

4,444,939

15.68

40

4

First Horizon National Corp. (TN)

1,639,615

5.78

44

5

Pinnacle Financial Partners (TN)

1,523,298

5.37

16

6

Fifth Third Bancorp (OH)

1,127,806

3.98

24

7

U.S. Bancorp (MN)

945,331

3.33

41

8

Wilson Bank Holding Company (TN)

913,319

3.22

19

9

Greene County Bancshares Inc. (TN)

897,184

3.16

24

10

Mid-America Bancshares Inc. (TN)

758,964

2.68
14
11
Synovus
Financial Corp. (GA)
503,081
1.77
8
12
Tennessee Commerce Bancorp Inc (TN)
462,018
1.63
1
13
Pro Forma Company (MS)
422,212
1.49
8
14
First Farmers Bancshares Inc. (TN)
319,905
1.13
9
15
First South Bancorp Inc. (TN)
295,901
1.04
8

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Capital Bancorp, Inc.
Deposit Composition by State
Current Renasant Franchise
Pro Forma Franchise
AL
17%
MS
54%
TN
29%
AL
21%

MS

65%

TN

14%

Source: SNL Financial.

RNST and CPBB deposit data as of 6/30/06.

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Capital Bancorp, Inc.

Loan Composition by State

Current Renasant Franchise

Pro Forma Franchise

AL

21%

MS

43%

TN

36%

Source: Company reports.

RNST and CPBB loan data as of 12/31/06.

AL
27%
MS
54%
TN
19%

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Capital Bancorp, Inc.

Cost Savings:

\$1.8 million after-tax

Core Deposit Intangible:

3.0% of Capital s transaction
accounts amortized over 10
years, 150% declining method

Earnings Estimates:

-

RNST earnings estimates per
First Call consensus

-

CPBB earnings estimates per
management

One-Time Transaction Costs:
\$5.0 million after-tax

Due Diligence:

Completed

Financial Assumptions

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Capital Bancorp, Inc.

EPS Impact

We expect initial GAAP EPS dilution as a result of the acquisition

Using our assumptions, we anticipate approximately 2 years of GAAP EPS dilution

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Capital Bancorp, Inc.

Summary

The acquisition of Capital is a strong strategic fit for Renasant
Nashville market enhances Renasant's franchise

Low execution risk with Capital management team joining
Renasant

Opportunities for synergies and revenue enhancements

Excellent platform for growth in the demographically attractive
Nashville market

Capital Bancorp, Inc.
Capital Bancorp, Inc.
Acquisition of
February 6, 2007