

Edgar Filing: CAPITAL BANCORP INC - Form 425

CAPITAL BANCORP INC  
Form 425  
February 06, 2007

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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

2  
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.



3  
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](http://www.sec.gov).  
In  
addition,  
investors

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obtain  
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the  
documents  
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SEC  
by  
Renasant  
by  
directing  
a  
written  
request  
to  
Renasant  
Corporation,  
209  
Troy  
Street,  
Tupelo,  
Mississippi  
38802  
Attention:  
Investor  
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documents  
filed  
with  
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SEC  
by  
Capital  
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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

9

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)

11

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

12  
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