UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 1, 2024

CAPITAL BANCORP, INC.
(Exact name of registrant as specified in its charter)

Maryland	001-38671	52-2083046
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(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

Explanatory Note

On October 1, 2024, Capital Bancorp, Inc. (the "Company") completed its previously announced merger (the "Merger") with Integrated Financial Holdings, Inc. ("IFHI"), pursuant to which IFHI merged with and into the Company, with the Company as the surviving entity. This Current Report Amendment No. 1 on Form 8-K/A amends the Current Report on Form 8-K filed on October 1, 2024 to present certain financial statements and certain pro forma financial information in connection with the Merger that are required by Items 9.01(a) and 9.01(b), respectively, of Form 8-K.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

IFHI's audited consolidated financial statements as of and for the years ended December 31, 2023 and 2022 and unaudited consolidated financial statements as of and for the nine months ended September 30, 2024 are incorporated by reference to Exhibit 99.1 and Exhibit 99.2 of this Form 8-K/A.

(b) Pro Forma Financial Information

The following unaudited pro forma combined condensed consolidated financial information giving effect to the Merger is filed as the applicable exhibits attached hereto:

- Unaudited pro forma combined condensed consolidated balance sheet as of September 30, 2024, giving effect to the Merger as if it occurred on September 30, 2024, included in Exhibit 99.4 hereto;
- Unaudited pro forma combined condensed consolidated statement of income for the nine months ended September 30, 2024, giving effect to the Merger as if it occurred on January 1, 2023, included in Exhibit 99.4 hereto; and
- Unaudited pro forma combined condensed consolidated statement of income for the year ended December 31, 2023, giving effect to the Merger as if it occurred on January 1, 2023, included in Exhibit 99.3 hereto.

(c) Shell company transactions.

Not applicable.

(d) Exhibits

23.1	Consent of Elliott Davis, PLLC
99.1	Audited consolidated financial statements of IFHI as of and for the years ended December 31, 2023 and 2022 (incorporated by reference to the Form S-4/A filed by the Company with the SEC on June 21, 2024 (pages F-27 to F-69))
99.2	Unaudited consolidated financial statements of IFHI as of and for the nine months ended September 30, 2024
99.3	Unaudited pro forma combined condensed income statement for the year ended December 31, 2023 (incorporated by reference to the Form S-4/A filed by the Company with the SEC on June 21, 2024 (pages 34 to 44))
99.4	Unaudited pro forma combined condensed consolidated balance sheet as of September 30, 2024, unaudited pro forma combined condensed consolidated income statement for the nine months ended September 30, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

Date:	December 17, 2024	By:	/s/ Dominic Canuso
		Name:	Dominic Canuso
		Title:	Chief Financial Officer

Exhibit 23.1

Consent of Independent Auditor

We consent to the incorporation by reference in this Form 8-K/A of Integrated Financial Holdings, Inc. of our report dated March 27, 2024, relating to the consolidated financial statements of Integrated Financial Holdings, Inc. and Subsidiaries, appearing in this Current Report on Form 8-K/A.

/s/ Elliott Davis, PLLC

Raleigh, North Carolina
December 17, 2024

EXHIBIT 99.2

INTEGRATED FINANCIAL HOLDINGS, INC.

RALEIGH, NORTH CAROLINA

SEPTEMBER 30, 2024

INTEGRATED FINANCIAL HOLDINGS, INC.

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2024

INTEGRATED FINANCIAL HOLDINGS, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(in thousands, except per share data)	September 30, 2024
Assets	
Cash and due from banks	$ 6,379
Interest-bearing deposits with other institutions	71,443
Total cash and cash equivalents	77,822
Securities available-for-sale, at fair value	1,019
Loans held for sale	41,723
Loans held for investment	382,755
Allowance for credit losses ("ACL")	(7,660)
Loans held for investment, net	375,095
Premises and equipment, net	3,638
Loan servicing assets	4,515
Bank owned life insurance	4,779
Accrued interest receivable	4,299
Goodwill	13,161
Intangible assets	4,520
Other assets	11,607
Total assets	$ 542,178
Liabilities and shareholders' equity	
Liabilities	
Deposits:	
Noninterest-bearing	$ 85,609
Interest-bearing	364,274
Total deposits	449,883
Accrued interest payable	1,277
Other liabilities	8,388
Total liabilities	459,548
Shareholders' equity	
Common stock, voting $1 par value, 9,000,000 shares authorized, 2,338,764 shares issued and outstanding at September 30, 2024	2,339
Common stock, non-voting, $1 par value, 1,000,000 shares authorized, 21,740 shares issued and outstanding at September 30, 2024	22
Additional paid-in capital	28,370
Retained earnings	52,044
Accumulated other comprehensive loss	(145)
Total shareholders' equity	82,630
Total liabilities and shareholders' equity	$ 542,178

INTEGRATED FINANCIAL HOLDINGS, INC.

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

(in thousands, except share and per share data)		Nine Months Ended September 30, 2024
Interest income		
Interest and fees on loans	$	27,356
Investment securities & deposits		1,698
Total interest income		29,054
Interest expense		
Interest on deposits		11,083
Interest on borrowed funds		474
Total interest expense		11,557
Net interest income		17,497
Provision for credit losses		1,850
Net interest income after provision for credit losses		15,647
Noninterest income		
Government loan servicing and packaging revenue		10,952
Government lending revenue		4,693
Loan servicing rights		549
Bank-owned life insurance income		91
Change in fair value of marketable equity securities		(8,631)
Other noninterest income		(1,879)
Total noninterest income		5,775
Noninterest expense		
Compensation		16,184
Occupancy and equipment		862
Loan related expenses		1,788
Data processing expense		765
Advertising expense		350
Insurance expense		668
Professional fees		1,317
Software		1,523
Communications		191
Directors fees		576
Intangible amortization expense		498
Merger related expenses		5,133
Other noninterest expense		1,272
Total noninterest expense		31,127
Loss before income taxes		(9,705)
Income tax benefit		1,719
Net loss	$	(7,986)
Basic loss per common share	$	(3.37)
Diluted loss per common share	$	(3.32)
Weighted average common shares outstanding		2,369,645
Diluted average common shares outstanding		2,402,438

INTEGRATED FINANCIAL HOLDINGS, INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	**Nine Months Ended September 30, 2024**
Net loss	$ (7,986)
Other comprehensive loss:	
Unrealized gain during the period on available-for-sale securities	2,500
Income tax expense relating to the items above	(525)
Other comprehensive income	1,975
Comprehensive loss	$ (6,011)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

(in thousands)	Common Stock $1.00 par Voting	Common Stock $1.00 par Non-voting	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2023	$ 2,273	$ 22	$ 25,811	$ (2,120)	$ 74,346	$ 100,332
Net income	-	-	-	-	(7,986)	(7,986)
Other comprehensive income	-	-	-	1,975	-	1,975
Distribution of shareholder dividend	-	-	-	-	(14,316)	(14,316)
Stock based compensation	-	-	330	-	-	330
Exercise of stock options	30	-	213	-	-	243
Restricted stock issuance	37	-	2,016	-	-	2,053
Share cancellations	(1)	-	-	-	-	(1)
Balance at September 30, 2024	**$ 2,339**	**$ 22**	**$ 28,370**	**$ (145)**	**$ 52,044**	**$ 82,630**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(in thousands)		Nine Months Ended September 30, 2024
Cash flows from operating activities		
Net income		(7,986)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation expense		134
Provision for loan losses		1,850
Amortization of premium on securities, net of accretion		19
Amortization of intangible assets		498
Accretion of discounts on loans		(1,518)
Originations of loans held for sale		(72,254)
Proceeds from sales of loans held for sale		75,647
Net gains on sale of loans held for sale		(4,693)
Net gain on sale of foreclosed assets		(19)
Stock-based compensation expense		2,346
Earnings on bank-owned life insurance		(91)
Revaluation of loan servicing rights		(549)
Net loss on the sale of investments		9,460
Changes in assets and liabilities:		
Increase in other assets		1,173
Decrease in other liabilities		(1,887)
Net cash provided by operating activities	$	2,131
Cash flows from investing activities		
Proceeds from maturities and principal paydowns of securities available-for-sale	$	521
Proceeds from the sale of investments		33,746
Increase in loans, net		(22,633)
Increase in FHLB stock, net		80
Proceeds from sale of foreclosed assets		120
Purchases of premises and equipment, net		(16)
Net cash provided by investing activities	$	11,819
Cash flows from financing activities		
Increase in deposits, net	$	14,204
Stock option exercises and restricted stock vested		279
Distribution of dividend to shareholders		(14,316)
Net cash provided by financing activities	$	167
Net change in cash and cash equivalents	$	14,116
Cash and cash equivalents, beginning		63,706
Cash and cash equivalents, ending	$	77,822
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for interest	$	11,626
Cash paid during the period for taxes	$	949
Supplemental Disclosure of Non-Cash Transactions		
Change in unrealized loss on securities AFS	$	2,500

Note 1. Nature of Business and Basis of Presentation

Summary of Significant Accounting Policies

A summary of significant accounting principles is included in the Integrated Financial Holdings, Inc. (the "Company") consolidated financial statements (unaudited), which are included elsewhere herein.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, West Town Bank & Trust (the "Bank") and Windsor Advantage, LLC ("Windsor") after elimination of all significant intercompany balances and transactions.

Management Opinion

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") and are unaudited. They do not contain all of the disclosures required for annual audited financial statements. In the opinion of management, all adjustments necessary to present a fair statement of the results for the interim period have been made. Such adjustments are of a normal and recurring nature. The results of operations for any interim period are not necessarily indicative of the results to be expected for an entire year. These interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto contained in the Company's consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Company evaluates its estimates, including those relating to the allowance for credit losses, determination of fair value of acquired assets and assumed liabilities, servicing assets, and valuation of goodwill and intangible assets.

Risks and Uncertainties

In the normal course of its business, the Company encounters two significant types of risks: economic and regulatory. There are three main components of economic risk: interest rate risk, credit risk, and market risk. The Company is subject to interest rate risk to the degree that its interest-bearing liabilities mature or reprice at different times, or on different bases, than its interest-earning assets. Credit risk is the risk of default on the Company's loan and investment securities portfolios that results from a borrower's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of collateral underlying loans receivable and the valuation of real estate held by the Company.

The Company is subject to the regulations of various governmental agencies. These regulations can and do change significantly from period to period. The Company also undergoes periodic examinations by the regulatory agencies, which may subject it to further changes with respect to asset valuations, amounts of required loss allowances and operating restrictions from the regulators' judgments based on information available to them at the time of their examination.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of loans receivable, investment securities, federal funds sold and amounts due from banks.

The Company makes loans to individuals and small businesses for various personal and commercial purposes throughout the United States. The Company's loan portfolio is not concentrated in loans to any single borrower or a relatively small number of borrowers. Additionally, management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions. However, the Company does have a large portfolio of loans in the solar electric generation power industry but not so much as to be deemed a concern by management.

In addition to monitoring potential concentrations of loans to particular borrowers or groups of borrowers, industries and geographic regions, management monitors exposure to credit risk from concentrations of lending products and practices such as loans that subject borrowers to substantial payment increases (e.g., principal deferral periods, loans with initial interest-only periods, etc.), and loans with high loan-to-value ratios. Management has determined that there is no concentration of credit risk associated with its lending policies or practices. Additionally, there are industry practices that could subject the Company to increased credit risk should economic conditions change over the course of a loan's life. For example, the Company makes variable rate loans and fixed rate principal-amortizing loans with maturities prior to the loan being fully paid (i.e., balloon payment loans). These loans are underwritten and monitored to manage the associated risks. Therefore, management believes that these particular practices do not subject the Company to unusual credit risk.

The Company's investment portfolio consists principally of obligations of the United States, its agencies or its corporations and general obligation municipal securities. In the opinion of management, there is no concentration of credit risk in its investment portfolio. The Company places its deposits and correspondent accounts with and sells its federal funds to high quality institutions.

Management believes credit risk associated with correspondent accounts is not significant.

Note 2. Earnings per Share

Basic earnings per common share is computed using the weighted average number of common shares and participating securities outstanding during the reporting period. Diluted earnings per common share is the amount of earnings available to each share of common stock during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock options and warrants. Potentially dilutive common shares are excluded from the computation of dilutive earnings per share in the periods in which the effect would be anti-dilutive.

The Company’s basic and diluted earnings per share calculations are presented in the following table:

(in thousands, except share and per share data)	Nine Months Ended September 30, 2024
Net loss	$ (7,986)
Weighted average common shares - basic	2,369,645
Add: effect of dilutive stock options and restricted stock awards	32,793
Weighted average common shares - dilutive	2,402,438
Basic earnings per common share	$ (3.37)
Diluted earnings per common share	$ (3.32)

Note 3. Investment Securities

The amortized cost, unrealized gains, unrealized losses, and fair values of available-for-sale investment securities at September 30, 2024 are as follows:

(in thousands)	September 30, 2024 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government sponsored enterprises collateralized mortgage obligations	$ 1,202	$ -	$ (183)	$ 1,019
Total investment securities available-for-sale	$ 1,202	$ -	$ (183)	$ 1,019

The following table summarized securities with unrealized losses at September 30, 2024, aggregated by major security type and length of time in a continuous unrealized loss position:

	September 30, 2024					
	Less than twelve months		Twelve months or more		Total	
(in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government sponsored enterprises collateralized mortgage obligations	$ -	$ -	$ 1,019	$ (183)	$ 1,019	$ (183)
Total	$ -	$ -	$ 1,019	$ (183)	$ 1,019	$ (183)

The fair values of investment securities available-for-sale at September 30, 2024 by contractual maturity are shown below. Actual expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations.

(in thousands)	Within 1 Year	After One Within Five Years	After Five Within Ten Years	After Ten Years	Total
Government sponsored enterprises collateralized mortgage obligations	$ -	$ -	$ -	$ 1,019	$ 1,019
Total	$ -	$ -	$ -	$ 1,019	$ 1,019

Management considers the nature of the investment, the underlying causes of the decline in the market value and the severity in determining impairment. Consideration is given to (1) the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Note 3. Investment Securities, Continued

Securities classified as available-for-sale are recorded at fair market value. At September 30, 2024, there were two securities classified as available-for-sale in an unrealized loss position for twelve months or more. No impairment loss has been realized in the Company's consolidated income statement.

As of September 30, 2024, investments with amortized costs and fair values of $1.2 million and $1.0 million, respectively, were pledged as collateral for public deposits.

Note 4. Loans Held for Investment

Loans held for investment at September 30, 2024 were as follows:

(in thousands)		September 30, 2024
Commercial	$	253,394
Real Estate:		
Commercial real estate		77,971
Residential real estate		50,035
Consumer		29
Subtotal		381,429
Net deferred loan costs		1,326
Allowance for credit losses		(7,660)
Loans held for investment, net	$	375,095

Included above, the Company has SBA loans totaling $41.9 million and USDA loans totaling $266.5 million at September 30, 2024.

The following tables present the activity in the allowance for credit losses by class of loans for the nine months ended September 30, 2024.

(in thousands)		Commercial		Commercial Real Estate		Residential Real Estate		Consumer		Unallocated		Total
Allowance for credit losses:												
Beginning balance as of December 31, 2023	$	5,138	$	1,044	$	669	$	1	$	84	$	6,936
Provision for credit losses		1,570		(428)		582				126		1,850
Charge-offs		(784)		(451)								(1,235)
Recoveries		50		60								110
Ending Balance as of September 30, 2024	$	5,974	$	225	$	1,251	$	1	$	209	$	7,660

Note 4. Loans Held for Investment, continued

The Company has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan. The following provides more detail about the types of collateral that secure collateral dependent loans:

- Commercial real estate loans can be secured by either owner occupied commercial real estate or non-owner occupied investment commercial real estate. Typically, owner occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities and other commercial and industrial properties occupied by operating companies. Non-owner occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily complexes, land under development, industrial properties, as well as other commercial or industrial real estate.

- Residential real estate loans are typically secured by first mortgages, and in some cases could be secured by a second mortgage.

- Home equity lines of credit are generally secured by second mortgages on residential real estate property.

- Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles and other personal property. Some consumer loans are unsecured and have no underlying collateral.

The following table details the amortized cost of collateral dependent loans as of September 30, 2024:

(in thousands)	September 30, 2024
Commercial	$ 4,124
Real Estate:	
Commercial real estate	12,235
Residential real estate	4,688
Total loans	$ 21,047

Nonaccrual loans and collateral dependent loans are defined differently. Some loans may be included in both categories, and some may only be included in one category.

The following table presents the recorded investment in non-accrual and loans past due over 90 days still on accrual by class of loans as of September 30, 2024:

	September 30, 2024		
(in thousands)	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Commercial	$ 2,067	$ 178	$ 2,245
Real Estate:			
Commercial real estate	8,877	1,948	10,826
Residential real estate	2,294	2,444	4,738
Total loans	$ 13,238	$ 4,570	$ 17,808

Note 4. Loans Held for Investment, continued

Non-accrual loans and loans past due over 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated and individually classified collateral dependent loans. Loans from which principal or interest is in default for 90 days or more are classified as a non-accrual unless they are well secured and in process of collection. Loans past due over 90 days still accruing were matured loans that were well secured and in process of collection. Borrowers have continued to make payments on these loans while administrative and legal due processes are proceeding which will enable the Bank to extend or modify maturity dates.

The following tables display all non-accrual loans and loans 90 or more days past due and still on accrual for the periods ended September 30, 2024.

(in thousands)	Amount	Number
September 30, 2024		
Loans past due over 90 days and still on accrual	$ -	-
Non-accrual loans past due		
Less than 30 days	-	-
30-59 days	-	-
60-89 days	-	-
90+ days	4,570	18
Non-accrual loans past due	$ 4,570	18

The following tables present the aging of the recorded investment in past due loans by class of loans as of September 30, 2024:

(in thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total Loans
September 30, 2024						
Commercial	$ 250	$ 335	$ 257	$ 843	$ 252,551	$ 253,394
Commercial real estate		465	10,829	11,294	66,677	77,971
Residential real estate	2,344	663	1,772	4,779	45,256	50,035
Consumer	-	-	-	-	29	29
Total	$ 2,594	$ 1,463	$ 12,858	$ 16,916	$ 364,513	$ 381,429

Note 4. Loans Held for Investment, continued

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts.

During the nine months ended September 30, 2024, there were seven loans totaling $1,460,000 for commercial borrowers experiencing financial difficulty. All modifications provided for three months of full payment deferral.

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes non-homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on a quarterly basis. The risk category of homogeneous loans is evaluated at origination and when a loan becomes delinquent. The Company uses the following definitions for risk ratings:

Pass loans are loans that are performing and are deemed adequately protected by the net worth of the borrower or the underlying collateral value. These loans are considered the least risky in terms of determining the allowance for loan losses.

Special Mention loans are loans with underwriting guideline tolerances and/or exceptions and with no mitigating factors. These are loans that are currently performing satisfactorily but with potential weaknesses that may, if not corrected, weaken the asset or inadequately protect the Bank's position at some future date.

Substandard loans typically have an identified weakness or weaknesses and are inadequately protected by the net worth of the borrower or collateral value.

Doubtful loans have the same characteristics of a substandard loan with an additional weakness that makes collection or liquidation of the asset highly questionable, and there is a high probability of loss based on currently existing facts, conditions or values.

Loss loans are considered uncollectable and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value but rather that it is not practical or desirable to defer writing off the worthless loan even though partial recovery may be collected in the future. Probable loss portions of doubtful assets should be charged against the Allowance for Credit Losses. Loans may reside in this classification for administrative purposes for a period not to exceed the earlier of thirty days or calendar quarter-end. There were no loans rated as loss as of September 30, 2024.

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered to be pass rated loans.

Note 4. Loans Held for Investment, continued

The following table presents the Company's recorded investment in loans by credit quality indicators by year of origination or renewal as of September 30, 2024:

	September 30, 2024							
	Term Loans by Year of Origination							
(in thousands)	2024	2023	2022	2021	2020	Prior	Revolving	Total
Commercial								
Pass	$ 45,410	$ 64,072	$ 45,289	$ 20,013	$ 8,041	$ 50,113	$ 15,368	$ 248,306
Special mention	69	163	-	20	181	251	-	684
Substandard	1,413	1,084	876	145	178	708	-	4,404
	46,892	65,319	46,165	20,178	8,400	51,072	15,368	253,394
Commercial real estate								
Pass	14,484	13,197	12,790	7,870	4,311	14,699	260	67,611
Substandard	227	-	-	-	7,629	2,504	-	10,360
	14,711	13,197	12,790	7,870	11,940	17,203	260	77,971
Residential real estate								
Pass	11,589	11,966	1,816	7,197	4,394	7,602	733	45,297
Special mention	-	-	-	-	-	191	-	191
Substandard	355	-	-	3,257	424	511	-	4,547
	11,944	11,966	1,816	10,454	4,818	8,304	733	50,035
Consumer								
Pass	19	-	-	-	8	2	-	29
	19	-	-	-	8	2	-	29
Total	$ 73,566	$ 90,482	$ 60,771	$ 38,502	$ 25,166	$ 76,581	$ 16,361	$ 381,429

The following table presents the Company's gross charge-offs by year of origination or renewal as of September 30, 2024:

	September 30, 2024							
	Term Loans by Year of Origination							
(in thousands)	2024	2023	2022	2021	2020	Prior	Revolving	Total
Commercial	$ -	$ 22	$ 175	$ -	$ 583	$ 4	$ -	$ 784
Commercial real estate	$ -	$ -	$ 24	$ -	$ -	$ 427	$ -	$ 451
	$ -	$ 22	$ 199	$ -	$ 583	$ 431	$ -	$ 1,235

Note 5. Deposits

Time deposits that meet or exceed the FDIC insurance limit of $250,000 as of September 30, 2024 were $57.3 million.

At September 30, 2024, scheduled maturities of time deposits were as follows:

(in thousands)		
2024	$	50,585
2025		132,913
2026		62,623
2027		44,977
2028		28,546
2029		286
Total	$	319,930

At September 30, 2024, brokered deposits totaled $158.2 million.

Note 6. Business Combinations

On March 28, 2024, the Company and Capital Bancorp, Inc ("CBNK" or "Capital") jointly announced signing of a definitive merger agreement under which Capital has agreed to acquire the Company.

Effective October 1, 2024, the merger was completed. Under the terms of the Agreement and Plan of Merger, Integrated Financial Holdings, Inc. merged with and into Capital, with Capital remaining as the surviving entity.

EXHIBIT 99.4

CAPITAL BANCORP, INC.

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed consolidated financial information and explanatory notes show the impact on the historical financial positions and results of operations of Capital Bancorp, Inc. (“Capital”) and Integrated Financial Holdings, Inc. (“IFHI”) and have been prepared to illustrate the effects of the merger of IFHI with and into Capital, with Capital continuing as the surviving corporation (the “Merger”), under the acquisition method of accounting with Capital treated as the acquirer. (Please see the “Explanatory Note” included in the beginning of this Current Report Amendment No. 1 on Form 8-K/A (the “Amendment”).)

The unaudited pro forma combined condensed consolidated financial information has been prepared using the acquisition method of accounting, giving effect to the merger. The unaudited pro forma combined condensed consolidated balance sheet combines the historical information of Capital and IFHI as of September 30, 2024 and assumes the merger was completed on that date. The unaudited pro forma combined condensed consolidated income statement combines the historical financial information of Capital and IFHI and gives effect to the merger as if it had been completed as of January 1, 2023 and carried forward through the interim period presented. The unaudited pro forma combined condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations or financial condition had the merger been completed on the date described above, nor is it necessarily indicative of the results of operations in future periods or the future financial condition and results of operations of the combined entities. The financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma combined condensed consolidated financial information. Certain reclassifications have been made to IFHI historical financial information to conform to Capital’s presentation of financial information.

The unaudited pro forma combined condensed consolidated financial information has been derived from and should be read in conjunction with Capital’s historical consolidated financial information and related notes, which are contained in Capital’s 10-Q for the three-month and nine-month periods ended September 30, 2024, IFHI’s audited financial statements as of and for the years ended December 31, 2023 and 2022 which were included in Capital’s Form S-4/A filed on June 21, 2024, and IFHI’s unaudited financial statements as of and for the nine-month period ended September 30, 2024 which appear elsewhere in the Amendment.

Unaudited Pro Forma Condensed Consolidated Balance Sheets

As of September 30, 2024

(in thousands except share data)	CBNK Historical	IFHI Historical	Pro Forma Merger Adjustments	Notes	Pro Forma Combined
ASSETS					
Cash and cash equivalents:					
Cash and due from banks	$ 23,462	$ 6,379	$ (12,652)	(j)	$ 17,189
Interest bearing deposits at other financial institutions	133,180	71,443			204,623
Federal funds sold	58	-			58
Total cash and cash equivalents	156,700	77,822	(12,652)		221,870
Investment securities available for sale	208,700	1,019			209,719
Restricted investments	5,895	-			5,895
Marketable equity securities	-	-			-
Loans held for sale	19,554	41,723			61,277
Portfolio loans receivable, net of deferred fees and costs	2,107,522	382,755	(17,086)		2,472,470
Less allowance for credit losses	(31,925)	(7,660)	(3,261)		(42,847)
Total portfolio loans held for investment, net	2,075,597	375,095	(21,068)	(a)	2,429,624
Premises and equipment, net	5,959	3,638	3,826	(b)	13,423
Accrued interest receivable	12,468	4,299			16,767
Deferred tax asset	10,748	784	8,452	(c)	19,984
Bank owned life insurance	38,779	4,779			43,558
Goodwill	-	13,161	4,218	(d)	17,378
Intangible assets	-	4,520	11,559	(e)	16,079
Loan servicing assets	-	4,515			4,515
Accounts receivable	597	1,158			1,755
Other assets	25,791	9,664	(681)	(f)	34,774
TOTAL ASSETS	$ 2,560,788	$ 542,178	$ 1,656		$ 3,096,619
LIABILITIES					
Deposits					
Noninterest-bearing	$ 718,120	$ 85,609			$ 803,729
Interest-bearing	1,468,104	364,274	9,070	(g)	1,841,447
Total deposits	2,186,224	449,883	9,070		2,645,176
Federal Home Loan Bank advances	52,000	-			52,000
Other borrowed funds	12,062	-			12,062
Accrued interest payable	8,503	1,277			9,780
Other liabilities	21,888	8,388	7,150	(h)	37,426
TOTAL LIABILITIES	2,280,677	459,548	16,220		2,756,445
TOTAL STOCKHOLDERS' EQUITY	280,111	82,630	(22,567)	(i)	340,175
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,560,788	$ 542,178	$ (6,347)		$ 3,096,619

Unaudited Pro Forma Condensed Consolidated Statements of Income

For the Nine Months Ended September 30, 2024

(in thousands except share data)	CBNK Historical	IFHI Historical		Pro Forma Merger Adjustments	Notes	Pro Forma Combined
INTEREST INCOME						
Loans, including fees	$ 144,313	$ 27,357		$ (234)	(a)	$ 171,435
Investment securities available-for-sale	3,902	1,698				5,600
Federal funds sold and other	3,379	-				3,379
Investment securities & deposits	-	-				-
Total interest income	151,594	29,054		(234)		180,414
INTEREST EXPENSE						
Deposits	39,785	11,083		3,344	(b)	54,212
Borrowed funds	1,390	474				1,864
Total interest expense	41,175	11,557		3,344		56,076
NET INTEREST INCOME	110,419	17,497		(3,578)		124,338
Provision for credit losses	9,892	1,850		(2,797)	(c)	8,945
Provision for credit losses on unfunded commitments	263	-				263
Net interest income after provision for credit losses	100,264	15,647		(781)		115,130
NONINTEREST INCOME						
Service charges on deposits	642	-				642
Credit card fees	12,266	-				12,266
Mortgage banking revenue	5,325	-				5,325
Government loan servicing and processing revenue		10,952				10,952
Government lending revenue		4,693				4,693
Loan servicing rights		549				549
Bank-owned life insurance		91				91
Other income	1,264	(10,510)	(g)			(9,246)
Total noninterest income	19,497	5,775		-		25,272
NONINTEREST EXPENSE						
Salaries and employee benefits	39,524	16,184				55,708
Occupancy and equipment	5,268	862				6,130
Professional fees	5,696	1,317				7,013
Data processing	20,479	765				21,244
Advertising	5,327	350				5,677
Loan processing	1,462	1,788				3,250
Intangible amortization expense		498		(785)	(d)	(287)
Foreclosed real estate expenses, net	2	-				2
Merger-related expenses	1,315	5,133				6,448
Operational losses	2,721	-				2,721
Other operating	6,911	4,229				11,140
Total noninterest expenses	88,705	31,127		(785)		119,047
Income (loss) before income taxes	31,056	(9,705)		4		21,355
Income tax expense	7,617	1,719		1	(e)	9,337
Net income (loss)	$ 23,439	$ (7,986)		$ 3		$ 15,456
Weighted average common shares outstanding:						
Basic	13,909,090	2,369,645		262,202	(f)	16,540,937
Diluted	13,909,090	2,402,438		353,828	(f)	16,665,356
Earnings per share:						-
Basic earning (loss) per share	$ 1.69	$ (3.37)		-		$ 1.07
Diluted earnings (loss) per share	$ 1.69	$ (3.32)		-		$ 1.08

Unaudited Pro Forma Condensed Consolidated Statements of Income

For the Twelve Months Ended December 31, 2023

(in thousands except share data)	CBNK Historical	IFHI Historical	Pro Forma Merger Adjustments	Notes	Pro Forma Combined
INTEREST INCOME					
Loans, including fees	$ 174,760	$ 31,008	$ (157)	(a)	$ 205,611
Investment securities available-for-sale	4,815				4,815
Federal funds sold and other	3,631				3,631
Investment securities & deposits		2,095			
Total interest income	183,206	33,103	(157)		216,152
INTEREST EXPENSE					
Deposits	39,625	10,127	4,192	(b)	53,944
Borrowed funds	2,055	261			2,316
Total interest expense	41,680	10,388	4,192		56,260
NET INTEREST INCOME	141,526	22,715	(4,349)		159,892
Provision for credit losses	9,610	1,245	(2,797)	(c)	8,058
Provision for (release of) credit losses on unfunded commitments	(101)	(64)			(165)
Net interest income after provision for credit losses	132,017	21,534	(1,552)		151,999
NONINTEREST INCOME					-
Service charges on deposits	964	-			964
Credit card fees	17,273	-			17,273
Mortgage banking revenue	4,896	-			4,896
Government loan servicing and processing revenue	-	11,058			11,058
Government lending revenue	-	7,746			7,746
Loan servicing rights	-	251			251
Bank-owned life insurance	-	742			742
Change in fair value of marketable equity securities	-	1,615			1,615
Other income	1,842	3,354			5,196
Total noninterest income	24,975	24,766	-		49,741
NONINTEREST EXPENSE					
Salaries and employee benefits	48,754	19,946			68,700
Occupancy and equipment	5,673	1,331			8,880
Professional fees	9,270	2,001			11,271
Data processing	25,686	997			26,683
Advertising	6,161	629			6,790
Loan processing	1,633	1,930			3,563
Merger-related expenses	-	177			177
Intangible amortization expense	-	664	(1,046)	(d)	(382)
Foreclosed real estate expenses (income), net	7	-			7
Operational losses	4,613	-			4,613
Outside service providers	1,932	-			1,932
Other operating	7,038	3,651			8,813
Total noninterest expenses	110,767	31,326	(1,046)		141,047
Income before income taxes	46,225	14,974	(505)		60,694
Income tax expense	10,354	3,797	(124)	(e)	14,027
Net income before noncontrolling interest	35,871	11,177	(383)		46,665
Net income attributable to noncontrolling interest	-	(47)			(47)
Net income	35,871	11,130	(383)		46,618
Weighted average common shares outstanding:					
Basic	14,002,556	2,224,846	407,001	(f)	16,634,403
Diluted	14,080,547	2,265,987	490,279	(f)	16,758,822
Earnings per share:					
Basic earnings per share	$ 2.56	$ 5.00	-		$ 2.80
Diluted earnings per share	$ 2.55	$ 5.00	-		$ 2.78

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Pro Forma Adjustments to the Unaudited Consolidated Balance Sheet

(a) The pro forma adjustment to the estimate fair value of IFHI's portfolio loans reflects preliminary estimated fair value adjustment for non-purchased credit deteriorated loans ("PCD") and preliminary estimated credit mark on PCD loans. The market rate adjustment represents the impact of movement in interest rates, irrespective of credit adjustments, compared to the contractual rates of the acquired loans. The credit adjustment represents changes in credit quality of the underlying borrowers from loan inception to the acquisition date;

(b) The pro forma adjustment to premises and equipment reflects preliminary estimated fair value adjustments;

(c) The pro forma adjustment to deferred tax asset reflects preliminary estimated fair value adjustments;

(d) The pro forma adjustment to goodwill reflects the elimination of historical IFHI goodwill of $13.2 million and record preliminary estimated goodwill associated with the merger of $9.1 million;

(e) The pro forma adjustment to intangible assets reflects Capital's estimate of the fair value of identifiable intangible assets determined based on financial, economic, market and other conditions as of the merger date;

(f) The pro forma adjustment to other assets reflects preliminary estimated adjustments to prepaid expenses & right of use assets;

(g) The pro forma adjustment to interest-bearing deposits reflects differences in interest rates, based on a comparison of rates on IFHI's time deposits to recent market rates as of the merger date for terms corresponding with the maturity dates of IFHI's interest-bearing deposits;

(h) The pro forma adjustment to other liabilities reflects preliminary estimated adjustments to establish mortgage and SBA repurchase reserves, as well as update estimated deferred tax liability and lease liabilities;

(i) The pro forma adjustment to stockholders' equity is reduced by the elimination of IFHI's stockholders' equity; and

(j) The pro forma adjustment to cash reflects the cash consideration paid to acquire IFH

Note 2. Pro Forma Adjustments to the Unaudited Consolidated Income Statements

(a) The pro forma adjustment to interest income on loans reflects preliminary estimated fair value adjustments including a market rate adjustment and credit mark adjustments on acquired loans receivable. The loan fair value adjustment is amortized using the sum-of-the-years-digits method over four years;

(b) The pro forma adjustment to interest expense on deposits reflects differences in interest rates, based on comparison of rates of IFHI's time deposits to recent market rates for maturity dates corresponding to the maturity dates of IFHI's time deposits. The fair value adjustment is amortized into interest expense over the estimated remaining life of the applicable time deposits;

(c) The pro forma adjustment to the provision for credit losses on loans reflects the preliminary estimated day 2 current expected credit losses ("CECL") adjustment on the loan portfolio;

(d) The pro forma adjustment to intangible amortization expense reflects preliminary estimated amortization of acquired identifiable intangible assets. Identifiable intangible assets are amortized on a straight-line basis over their respective periods;

(e) The pro forma adjustment to income tax expense reflects an assumed tax rate of 24.5%;

(f) The pro forma adjustments to common shares outstanding represents additional shares issued by Capital, net of IFHI shares exchanged, in the merger; and

(g) IFH other income loss mainly driven by one-time loss associated with Special Dividend distribution.