

**Report of Organizational Actions  
Affecting Basis of Securities**

► See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Capital Bancorp, Inc.</b>		2 Issuer's employer identification number (EIN) <b>52-2083046</b>	
3 Name of contact for additional information <b>Dominic Canuso</b>	4 Telephone No. of contact <b>240-283-0402 ext. 1223</b>	5 Email address of contact <b>dcanuso@capitalbankmd.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>2275 Research Boulevard, Suite 600</b>		7 City, town, or post office, state, and ZIP code of contact <b>Rockville, MD 20850</b>	
8 Date of action <b>10/1/2024</b>	9 Classification and description <b>Common Stock of Integrated Financial Holdings, Inc.</b>		
10 CUSIP number <b>139737100</b>	11 Serial number(s) <b>N/A</b>	12 Ticker symbol <b>CBNK</b>	13 Account number(s) <b>N/A</b>

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► [See attachment](#)

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15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► [See attachment](#)

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16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► [See attachment](#)

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**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attachment](#)

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18 Can any resulting loss be recognized? ▶ [See attachment](#)

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment](#)

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶  Date ▶ 11/12/24  
Print your name ▶ DOMINIC C CANUSO Title ▶ SUP/CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

**Attachment to Form 8937**

**Report of Organizational Actions Affecting Basis of Securities**

**Capital Bancorp, Inc.**

**EIN: 52-2083046**

**Part II, Line 14**

The organizational action was a reorganization for U.S. federal tax purposes in which Integrated Financial Holdings, Inc. ("IFHI") merged with and into Capital Bancorp, Inc. ("CBNK"), with CBNK surviving the merger. The effective time of the merger was October 1, 2024 ("Effective Time"). Shareholders of IFHI common stock who held their shares of IFHI common stock of record (directly through their broker or nominee) as of the Effective Time received the following consideration:

- (i) 1.115 of a share of CBNK common stock (or cash in lieu of a fractional share)
- (ii) cash in the amount of \$5.36 per share

The amount of cash paid in lieu of fractional shares was determined by multiplying (i) \$25.28, which was the average of the daily closing-sale prices of CBNK for the five (5) full trading days ending on the day immediately preceding the Effective Time by (ii) the fraction of a share (rounded to the nearest thousandth when expressed in decimal form) of CBNK common stock which would otherwise have been received as a result of the exchange ratio.

With respect to the distribution of Dogwood State Bank (OTCQX: DSBX) shares received prior to the Organizational Action, there is no impact to the taxable gain or tax basis of shares issued in the transaction. This is due the distribution being a taxable dividend that will be reported on 1099-DIV.

**Part II, Line 15**

The merger of IFHI into CBNK qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each IFHI shareholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange; or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares of CBNK common stock received in the exchange (measured at the time of the exchange) exceeds the IFHI shareholder's tax basis in the IFHI shares surrendered in the exchange.

For purposes of calculating this taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of CBNK common stock (see below).

Gain or loss must be calculated separately for each identifiable block of IFHI shares surrendered in the exchange having a common tax basis. Each IFHI shareholder is encouraged to consult their own personal tax advisor regarding the determination of this realized gain or loss on the exchange.

Each IFHI shareholder is required to determine the tax basis of the shares of CBNK stock received in the exchange by performing the following calculations separately for each identifiable block of the IFHI shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of IFHI common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares described below)
- Subtract the tax basis in any fractional shares of CBNK common stock that were deemed to have been received in the exchange and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of CBNK common stock received in the merger for that identifiable block of IFHI common shares transferred. The tax basis of each individual share of CBNK common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of CBNK common shares that comprise this identifiable block.

The IFHI shareholders who receive cash in lieu of a fractional share of CBNK common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These IFHI shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the common shares deemed to have been exchanged for the fractional shares and the amount of cash received.

The IFHI shareholders are advised to consult with their own tax advisors regarding the proper treatment of the receipt of the consideration paid by CBNK.

#### **Part II, Line 16**

Refer to the description of the basis in Part II, Line 15 above. The closing price of CBNK on September 30, 2024 (the last closing price of CBNK stock prior to the Effective Time) was \$25.71.

The amount of cash paid in lieu of fractional shares was determined by multiplying (i) \$25.28, which was the average of the daily closing-sale prices of CBNK for the five (5) full trading days ending on the day immediately preceding the Closing Date by (ii) the fraction of a share (rounded to the nearest thousandth when expressed in decimal form) of CBNK common stock which would otherwise have been received as a result of the exchange ratio.

#### **Part II, Line 17**

CBNK's acquisition of IFHI, pursuant to the merger completed on October 1, 2024, was structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as amended. In general, the income tax consequences to the shareholders are determined under Internal Revenue Code sections 354 and 361 of the code.

#### **Part II, Line 18**

In general, none of the IFHI shareholders who received CBNK common stock and cash for all of their IFHI stock will recognize any loss. An IFHI shareholder who received cash in lieu of a fractional share of CBNK common stock may recognize loss if the amount of cash received is less than the basis in the fractional share, as applicable.

**Part II, Line 19**

In general, any adjustment to the tax basis that causes gain or loss recognized by the IFHI shareholder as a result of the completion of the merger should be reported for the taxable year which includes October 1, 2024. A calendar year shareholder would report the transaction on a 2024 federal income tax return. The holding period of CBNK common stock received in exchange for shares of IFHI common stock will include the holding period of the IFHI common stock for which it is exchanged. A holder of IFHI common stock who received cash in lieu of a fractional share of CBNK common stock will generally be treated as having received the fractional share pursuant to the merger and then as having sold the fractional share of common stock for cash.