



## NEWS RELEASE

**Capitol Bancorp Limited**  
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**NASDAQ: CBCL**

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### **Capitol Bancorp Reports Record Earnings and Second Quarter 2000 Growth**

**Lansing, Michigan:** Today, Capitol Bancorp Limited announced its second quarter and mid-year 2000 operating results.

#### Record Earnings Performance

Consolidated net income for the second quarter was \$1.9 million (\$.27 per share). This record earnings performance reflects a 28% improvement over the second quarter of 1999. Through the first six months of 2000, operating earnings of \$3.6 million represent a 28% increase over 1999's comparable period of \$2.8 million. Additionally, second-quarter earnings reflect the highest earnings per share ever recorded by the Corporation.

#### Asset Growth

Total consolidated assets grew to approximately \$1.5 billion at June 30, 2000 from \$1.3 billion at year-end 1999, an annualized increase exceeding 25%, which is consistent with the asset growth rate of the Corporation for the preceding several years. Portfolio loans (+29%) and deposits (+32%) have also experienced comparable annualized growth rates through the first six months of 2000.

In discussing the achievements for these interim periods, Capitol's Chairman and CEO, Joseph D. Reid, said "Earnings improvement continues to be driven by the steady performance of many of our seasoned midwest bank affiliates, coupled with the progress of seven of our *de novo* banks which are now reporting profitability in our southwest region. With two new bank affiliates opening since the beginning of the year in Nevada and New Mexico, our total affiliated group now numbers 23 separate institutions, helping to fuel our continued strong balance sheet growth. In addition, second quarter bank development activities included the filing of applications for three new affiliates (one in the midwest and two in the southwest), each of which is expected to be in operation before year-end."

#### About the Corporation

Capitol Bancorp is a bank development company and the only company of its kind headquartered in Michigan. In an era of bank consolidation, Capitol's business is developing community banks. Capitol Bancorp is a uniquely structured affiliation of community banks. Each of its banks typically has only one

location, and is focused on meeting the banking needs of entrepreneurs, professionals and other individuals seeking individually-tailored service. Each bank has full local decision-making authority in making loans and delivery of other banking services. Each bank is managed by an on-site president and management team under the direction of its local board of directors which is comprised of business leaders from that bank's community.

Capitol's bank development philosophy is one of 'shared vision', which encompasses a commitment to community banking emphasizing local leadership and investment, with the shared resources of efficient management. Capitol Bancorp's affiliate banks include:

	<u>Year Formed or Acquired</u>	<u>Community</u>
<i>In Michigan:</i>		
Ann Arbor Commerce Bank	1990	Ann Arbor
Brighton Commerce Bank	1997	Brighton
Capitol National Bank	1982	Lansing
Detroit Commerce Bank	1998	Detroit
Grand Haven Bank	1995	Grand Haven
Kent Commerce Bank	1998	Grand Rapids
Macomb Community Bank	1996	Clinton Township
Muskegon Commerce Bank	1997	Muskegon
Oakland Commerce Bank	1992	Farmington Hills
Paragon Bank & Trust	1994	Holland
Portage Commerce Bank	1988	Portage
<i>In Arizona:</i>		
Bank of Tucson	1996	Tucson
Camelback Community Bank	1998	Phoenix
East Valley Community Bank	1999	Chandler
Mesa Bank	1998	Mesa
Southern Arizona Community Bank	1998	Tucson
Sunrise Bank of Arizona	1998	Phoenix
Valley First Community Bank	1997	Scottsdale
<i>In Indiana:</i>		
Elkhart Community Bank	1999	Elkhart
<i>In Nevada:</i>		
Black Mountain Community Bank	2000	Henderson
Desert Community Bank	1999	Las Vegas
Red Rock Community Bank	1999	Las Vegas
<i>In New Mexico:</i>		
Sunrise Bank of Albuquerque	2000	Albuquerque

In addition to the banks listed above, bank development activities are currently conducted by y yn, Ba2(Mese85.5(t).(ocp

**CAPITOL BANCORP LTD.**  
**Financial Highlights**  
(in thousands, except share and per share data)

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
<b><u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u></b>				
Interest income	\$ 32,041	\$ 21,918	\$ 60,830	\$ 42,409
Interest expense	15,684	10,850	29,708	21,451
Net interest income	16,357	11,068	31,122	20,958
Provision for loan losses	2,004	901	3,366	1,710
Net interest income after provision for loan losses	14,353	10,167	27,756	19,248
Noninterest income	1,497	1,122	2,824	2,163
Noninterest expense	12,925	8,856	25,040	16,874
Income before federal income taxes and cumulative effect of change in accounting principle	2,925	2,433	5,540	4,537
Federal income taxes	995	930	1,892	1,695
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	1,930	1,503	3,648	2,842
Change in accounting principle, net of income tax effect <sup>(1)</sup>				(197)
<b>NET INCOME</b>	<b>\$ 1,930</b>	<b>\$ 1,503</b>	<b>\$ 3,648</b>	<b>\$ 2,645</b>
<b>NET INCOME PER SHARE:</b>				
Before cumulative effect of change in accounting principle:				
Basic	\$ 0.27	\$ 0.24	\$ 0.52	\$ 0.45
Diluted	\$ 0.27	\$ 0.23	\$ 0.52	\$ 0.44
After cumulative effect of change in accounting principle:				
Basic	\$ 0.27	\$ 0.24	\$ 0.52	\$ 0.42
Diluted	\$ 0.27	\$ 0.23	\$ 0.52	\$ 0.41
Weighted average number of common shares outstanding for purposes of computing primary net income per share	7,060,085	6,344,886	6,956,590	6,344,886
	June 30 2000	December 31 1999		
<b><u>BALANCE SHEET DATA</u></b>				
Total assets	\$ 1,485,865	\$ 1,305,987		
Portfolio loans	1,201,324	1,049,204		
Deposits	1,291,860	1,112,793		
Stockholders' equity	61,389	54,668		
Number of common shares outstanding	7,171,893	6,769,521		

<sup>(1)</sup> Accounting change relates to new accounting standard which requires write-off of previously capitalized start-up costs as of January 1, 1999.

**Forward-Looking Statements**

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include expressions such as "expects", "intends", "believes" and "should" which are necessarily statements of belief as to the expected outcomes of future events. Actual sus. AI 95 Tn43ate9221 0 TD( Act)Tj54.221 -1.16t