



## News Release

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CONTACT: Michael M. Moran  
Executive Vice  
President  
ph: 877/884-5662

### Capitol Bancorp Reports Record Earnings and First Quarter 2000 Growth

**Lansing, Michigan:** Today, Capitol Bancorp Ltd. announced its first quarter 2000 operating results.

#### Record Earnings Performance

Consolidated net income for the first quarter was \$1.7 million (\$.25 per share). This record earnings performance reflects a 50% improvement in earnings over the first quarter of the preceding year. Additionally, first quarter earnings reflect the highest earnings per share recorded by the Corporation.

#### Asset Growth

Total consolidated assets grew to approximately \$1.4 billion, an annualized increase exceeding 20%, which is consistent with the asset growth rate of the Corporation for the preceding several years.

In discussing the achievements for this interim period, Capitol Bancorp's Chairman and CEO, Joseph D. Reid, said, "Earnings improvement during this calendar year is driven by the progress of six of our *de novo* banks, which are now reporting profitability in our southwestern region. Asset growth is further fueled by the development of two new banks which opened since the beginning of the year. In Albuquerque, New Mexico we opened Sunrise Bank of Albuquerque and in Henderson, Nevada we opened the Black Mountain Community Bank. These bank additions bring our total affiliated bank group to 23 separate institutions."

#### 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 the development of 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:

	Year Formed or <u>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>		
Red Rock Community Bank	1999	Las Vegas
Desert Community Bank	1999	Las Vegas
Black Mountain Community Bank	2000	Henderson
<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 Sun Community Bancorp Limited, Nevada Community Bancorp Limited, Indiana Community Bancorp Limited and Sunrise Capital Corporation, which are majority-owned through Capitol Bancorp Limited. Additionally, bank development strategies in California are being implemented by recently-formed affiliates, First California Northern Bancorp and First California Southern Bancorp.

## Financial Highlights

(in thousands, except share and per share data)

	Three Months Ended March 31	
	2000	1999
<b><u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u></b>		
Interest income	\$ 28,789	\$ 20,491
Interest expense	14,024	10,601
Net interest income	14,765	9,890
Provision for loan losses	1,362	809
Net interest income after provision for loan losses	13,403	9,081
Noninterest income	1,327	1,041
Noninterest expense	12,115	8,018
Income before federal income taxes and cumulative effect of change in accounting principle	2,615	2,104
Federal income taxes	897	765
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	1,718	1,339
Change in accounting principle, net of income tax effect <sup>(1)</sup>		197
NET INCOME	<u>\$ 1,718</u>	<u>\$ 1,142</u>
<b>NET INCOME PER SHARE:</b>		
Before cumulative effect of change in accounting principle:		
Basic	\$ 0.25	\$ 0.21
Diluted	<u>\$ 0.25</u>	<u>\$ 0.21</u>
After cumulative effect of change in accounting principle:		
Basic	\$ 0.25	\$ 0.18
Diluted	<u>\$ 0.25</u>	<u>\$ 0.18</u>
Weighted average number of common shares outstanding for purposes of computing net income per share	<u>6,853,096</u>	<u>6,344,886</u>
	<u>March 31</u>	<u>December 31</u>
	2000	1999
<b><u>BALANCE SHEET DATA</u></b>		
Total assets	\$ 1,379,732	\$ 1,305,987
Portfolio loans	1,131,742	1,049,204
Deposits	1,196,036	1,112,793
Stockholders' equity	57,006	54,668
Number of common shares outstanding	6,900,376	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 results could materially differ from those presented due to a variety of internal and external factors. Actual results could materially differ from those contained in, or implied by such statements. Capitol Bancorp Ltd. undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this release.