



NEWS RELEASE

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Capitol Bancorp Announces Record Earnings in 2000

Lansing, Michigan: January 31, 2001 – Today, Capitol Bancorp Limited (NASDAQ: CBCL) reported record 4th quarter and full year 2000 earnings, fueled by strong balance sheet growth and solid net operating revenue increases within its family of affiliated community banks. On a consolidated basis, total assets of over \$1.6 billion at the end of 2000 represent a 25% advance from 1999's year-end figure of approximately \$1.3 billion. Portfolio loans (+29%) and deposits (+26%) also experienced comparable robust growth during 2000. Capitol Bancorp's balance sheet expansion benefited from the addition of five new affiliate banks during the year, while growth within the 21 affiliate banks in operation at the start of 2000 continued to track according to plan. With the early 2001 opening of Sunrise Bank of San Diego, Capitol Bancorp's operations include 27 community banks in six states.

Record Earnings Performance

Full year 2000 diluted earnings per share (EPS) of \$1.13 reflect a 31% improvement over 1999's full year comparable operating EPS of \$0.86. More dramatically, 4th quarter diluted 2000 EPS of \$0.32 was more than 52% greater than the \$0.21 reported in 1999's comparable quarter. A nearly 40% increase in annual net operating revenues (to a record \$72.5 million) in 2000 fueled the solid bottom line advances for Capitol Bancorp. In the 4th quarter of 2000, net operating revenues expanded 30% versus the comparable 1999 period, to a record \$20 million, as the growth of Capitol Bancorp's more seasoned community banks continues to be augmented by the on-going maturation of its newer affiliates.

Commenting on the record performance in 2000, Capitol Bancorp Chairman and CEO, Joseph D. Reid, stated, "In a year that witnessed the launching of five new affiliate banks in the states of Arizona (2), Indiana, Nevada and New Mexico, we are extremely pleased and proud to report to our shareholders record consolidated earnings of this magnitude. As our organization has grown to in excess of \$1.6 billion in total assets, we have communicated in earlier announcements our belief that Capitol Bancorp can now more easily absorb select and prudent development initiatives without sacrificing the earnings growth potential existent within our family of affiliate banks. This past year fully reflects that dynamic, as per share earnings for 2000 increased 31%, while we closed out the year with a more than 52% improvement in the quarterly per share bottom line when compared to 1999's 4th quarter. Coupled with our earlier announced cash dividend increase, we are both excited and encouraged by the opportunities that lie ahead of us. By remaining focused, and continuing to execute on our development strategy, we enter 2001 optimistic about our prospects for the year."

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 the 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>		
Arrowhead Community Bank	2000	Glendale
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
Yuma Community Bank	2000	Yuma
<i>In California:</i>		
Sunrise Bank of San Diego	2001	San Diego
<i>In Indiana:</i>		
Elkhart Community Bank	1999	Elkhart
Goshen Community Bank	2000	Goshen
<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 Sun Community Bancorp Limited, Nevada Community Bancorp Limited, Indiana Community Bancorp Limited, First California Northern Bancorp and Sunrise Capital Corporation, which are affiliates of Capitol Bancorp Limited.

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

	Three Months Ended December 31		Year Ended December 31	
	2000	1999	2000	1999
<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u>				
Interest income	\$ 36,830	\$ 26,632	\$ 132,311	\$ 93,602
Interest expense	18,743	12,986	65,912	46,237
Net interest income	18,087	13,646	66,399	47,365
Provision for loan losses	2,220	1,779	7,216	4,710
Net interest income after provision for loan losses	15,867	11,867	59,183	42,655
Noninterest income	1,763	1,579	6,137	4,714
Noninterest expense	14,075	11,255	52,996	38,550
Income before federal income taxes and cumulative effect of change in accounting principle	3,555	2,191	12,324	8,819
Federal income taxes	1,248	763	4,289	3,213
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	2,307	1,428	8,035	5,606
Change in accounting principle, net of income tax effect ⁽¹⁾				197
NET INCOME	\$ 2,307	\$ 1,428	\$ 8,035	\$ 5,409
NET INCOME PER SHARE:				
Before cumulative effect of change in accounting principle:				
Basic	\$ 0.32	\$ 0.21	\$ 1.14	\$ 0.87
Diluted	\$ 0.32	\$ 0.21	\$ 1.13	\$ 0.86
After cumulative effect of change in accounting principle:				
Basic	\$ 0.32	\$ 0.21	\$ 1.14	\$ 0.84
Diluted	\$ 0.32	\$ 0.21	\$ 1.13	\$ 0.83
Weighted average number of common shares outstanding for purposes of computing primary net income per share	7,171,893	6,769,521	7,064,830	6,455,212
	December 31 2000	December 31 1999		
<u>BALANCE SHEET DATA</u>				
Total assets	\$ 1,630,076	\$ 1,305,987		
Portfolio loans	1,355,798	1,049,204		
Deposits	1,400,899	1,112,793		
Stockholders' equity	70,404	54,668		
Number of common shares outstanding	7,673,363	6,769,521		

⁽¹⁾ 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.