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Capitol Bancorp Announces Record Earnings for the 2001 Second Quarter, As Quarterly Earnings Per Share Increase 22% Versus Last Year

Lansing, Michigan: July 16, 2001 - Today, Capitol Bancorp Limited (NASDAQ:CBCL) reported second quarter earnings per share (EPS) of \$0.33 on a diluted basis, versus \$0.27 in the second quarter of 2000, a solid 22% increase. Consolidated assets, nearing \$1.9 billion for this parent company of 27 affiliate community banks operating in six states, reflect an annualized growth rate approximating 31%. For the six-month period, total portfolio loans (+31%) and deposits (+33%) also demonstrated comparable annualized 2001 growth rates, consistent with the balance sheet expansion experienced at this bank development company in recent years.

Record Earnings Performance

Fueled by a more than 24% increase in net operating revenues, to a quarterly record of approximately \$22 million, Capitol Bancorp achieved a 22% increase in diluted earnings per share on a comparable year-over-year basis. Through the first six months of 2001 earnings of nearly \$5 million, or \$0.63 per share on a diluted basis, also reflect the significant strides this bank development company has made in harnessing the earnings power embedded within its affiliate system. Net operating revenues of nearly \$43 million for the six month period ended June 30, 2001 represent a 26% increase when compared to the corresponding \$34 million in the 2000 period.

Commenting on the mid-year 2001 operating results, Capitol Bancorp Chairman and CEO, Joseph D. Reid, stated, "As our family of affiliate community banks continues to mature, the logical and orderly transition from 'start-up phase' to 'seasoned performer' is taking place. To report record quarterly earnings in an intensely competitive operating environment, made somewhat more difficult by the Federal Reserve Board's dramatic series of interest rate reductions thus far in 2001, we believe is a testament to the focus and execution of our affiliates, and their ability to drive value in the traditional community banking arena. We are encouraged by the base we have established in building a nearly \$1.9 billion enterprise, and that this approach to the financial services market will continue to meet a receptive audience in both the customer and investor communities."

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 bank 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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u>				
Interest income	\$ 38,894	\$ 32,041	\$ 76,708	\$ 60,830
Interest expense	19,181	15,684	38,544	29,708
Net interest income	19,713	16,357	38,164	31,122
Provision for loan losses	1,697	2,004	3,321	3,366
Net interest income after provision for loan losses	18,016	14,353	34,843	27,756
Noninterest income	2,489	1,497	4,612	2,824
Noninterest expense	16,535	12,925	31,671	25,040
Income before federal income taxes	3,970	2,925	7,784	5,540
Federal income taxes	1,370	995	2,801	1,892
 NET INCOME	 <u>\$ 2,600</u>	 <u>\$ 1,930</u>	 <u>\$ 4,983</u>	 <u>\$ 3,648</u>
 NET INCOME PER SHARE:				
Basic	<u>\$ 0.33</u>	<u>\$ 0.27</u>	<u>\$ 0.64</u>	<u>\$ 0.52</u>
Diluted	<u>\$ 0.33</u>	<u>\$ 0.27</u>	<u>\$ 0.63</u>	<u>\$ 0.52</u>
 Weighted average number of common shares outstanding for purposes of computing primary net income per share	 <u>7,807,442</u>	 <u>7,060,085</u>	 <u>7,742,229</u>	 <u>6,956,590</u>
	<u>June 30</u>	<u>December 31</u>		
	<u>2001</u>	<u>2000</u>		
<u>BALANCE SHEET DATA</u>				
Total assets	\$ 1,881,967	\$ 1,630,076		
Portfolio loans	1,564,666	1,355,798		
Deposits	1,629,577	1,400,899		
Stockholders' equity	75,765	70,404		
 Number of common shares outstanding	 7,822,278	 7,673,363		

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.