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CAPITOL BANCORP REPORTS RECORD EARNINGS

LANSING, Mich., and PHOENIX, Ariz.: April 21, 2005: Today, Capitol Bancorp Limited (NYSE:CBC) reported record first quarter 2005 earnings, exceeding \$8 million for the first time in the Corporation's history. Earnings per share (EPS) of \$0.55 and \$0.52 on a basic and diluted basis, reflect more than 70 percent increases when compared to last year's \$0.32 and \$0.30, respectively, and matched the record performance reported by Capitol Bancorp in the fourth quarter of 2004. Total assets exceeded \$3.2 billion at March 31, 2005, representing a solid 16 percent increase on an annualized basis from the beginning of the year. Total portfolio loans approximated \$2.8 billion, increasing nearly 18 percent when compared to the \$2.3 billion reported at March 31, 2004. Total deposits surpassed \$2.6 billion, reflecting a 15 percent increase on an annualized basis, demonstrating Capitol Bancorp's ongoing development of core funding sources as its younger affiliate banks cultivate and build upon business relationships in their local communities.

Capitol Bancorp's Chairman and CEO Joseph D. Reid cited geographic development and commensurate balance sheet growth as key drivers fueling the Corporation's strong first quarter performance. "We are pleased with the results of this quarter," said Reid. "We have maintained a steady margin in a volatile interest rate environment and believe the strong first quarter performance is a testament to the prudent and disciplined execution of our *de novo* development model."

Reid added that total capital, exceeding \$400 million at March 31, 2005, will further support Capitol Bancorp's planned strategic expansion. During the first quarter, Capitol Bancorp opened its 33rd affiliate institution, Bank of Michigan, and subsequently announced it had acquired a majority interest in a community bank in Georgia, bringing its affiliate network to 34 community banks. Currently, Capitol Bancorp has applications pending for additional *de novo* community banks in California, Colorado, Michigan and Washington.

Record Quarterly Earnings Performance

Consolidated earnings reached another record level for Capitol Bancorp at more than \$8 million, up 81.5 percent compared to the \$4.4 million recorded in the first quarter of 2004. Net

operating revenues also reached record levels, increasing approximately 17.5 percent to \$40.4 million as compared to the \$34.4 million reported in the same period in 2004, more than offsetting a 12 percent increase in operating expenses tied to Capitol Bancorp's expanding national community bank development efforts. This positive operating leverage, even with a 6 percent expansion in the Corporation's outstanding share count to nearly 15 million common shares, resulted in a dramatic increase in Capitol Bancorp's quarterly EPS when compared to the first quarter of 2004. Last year's opening quarter was materially impacted by strategic initiatives designed to strengthen the Corporation's balance sheet and asset quality position, setting the stage for a more than 73 percent increase in the comparative period's diluted EPS. On a linked quarter basis, Capitol Bancorp's diluted EPS of \$0.52 in the first quarter mirrored the record performance recorded in 2004's closing quarter.

Balance Sheet

Capitol Bancorp's equity-to-asset ratio exceeded 8 percent at March 31, 2005 as compared to 7.8 percent at March 31, 2004. The total capital-to-asset ratio remained strong at 12.5 percent, as total capital funds exceeded \$400 million on the Corporation's record-level \$3.2 billion consolidated balance sheet.

Total nonperforming loans and nonperforming assets both declined on an aggregate basis from year-end 2004. The continued focus on asset quality management, when coupled with ongoing growth in Capitol Bancorp's consolidated loan portfolio, resulted in a meaningful improvement in the Corporation's key asset quality measures, as both the nonperforming loans-to-portfolio loans ratio and the nonperforming assets-to-total assets ratio dropped below the 1 percent threshold. The Corporation's allowance coverage ratio of nonperforming loans approximated 155 percent at March 31, 2005, compared to 132 percent at the beginning of the year. The Corporation's allowance for loan losses (as a percentage of total portfolio loans) at March 31, 2005 was 1.37 percent, reduced in concert with asset quality improvements and consistent with the relative level of 1.4 percent maintained during the course of 2004. Consolidated net charge-offs also reflected improvement, measuring 0.27 percent for the current quarter versus the 0.31 percent reported in the first quarter of 2004 and the 0.39 percent recorded on a linked quarter basis.

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CAPITOL BANCORP LIMITED
SUMMARY OF SELECTED FINANCIAL DATA
(in thousands, except share and per share data)

	Three Months Ended		Year Ended		
	March 31		December 31		
	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>	
Condensed statements of operations:					
Interest income	\$ 49,921	\$ 41,449	\$ 179,089		\$ 164,416
Interest expense	14,118	11,219	47,496		49,490
Net interest income	35,803	30,230	131,593		114,926
Provision for loan losses	2,023	3,508	12,708		9,861
Noninterest income	4,573	4,138	19,252		20,087
Noninterest expense	26,474	23,564	97,787		86,952
Income before income taxes	12,575	7,306	41,415		37,415
Net income	<u>\$ 8,015</u>	<u>\$ 4,416</u>	<u>\$ 26,716</u>		<u>\$ 23,380</u>
Per share data:					
Net income - basic	\$ 0.55	\$ 0.32	\$ 1.88		\$ 1.86
Net income - diluted	0.52	0.30	1.79		1.77
Book value at end of period	17.33	15.82	17.00		15.60
Common stock closing price at end of period	\$30.25	\$27.10	\$35.22		\$28.40
Common shares outstanding at end of period	14,921,000	14,093,000	14,829,000		14,028,000
Number of shares used to compute:					
Basic earnings per share	14,648,000	13,795,000	14,183,000		12,602,000
Diluted earnings per share	15,413,000	14,632,000	14,891,000		13,175,000
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	2005	2004	2004	2004	2004
Condensed statements of financial position:					
Total assets	\$3,215,193	\$3,091,418	\$3,058,425	\$2,991,830	\$2,867,800
Portfolio loans	2,759,444	2,692,904	2,608,701	2,511,505	2,346,978
Deposits	2,604,864	2,510,072	2,517,104	2,470,365	2,375,851
Stockholders' equity	258,638	252,159	246,010	237,786	222,916
Total capital	\$ 402,806	\$ 392,524	\$ 386,590	\$ 377,053	\$ 365,316
Key performance ratios:					
Return on average assets	1.02%	1.03%	0.98%	0.94%	0.64%
Return on average equity	12.55%	12.55%	12.26%	11.91%	7.97%
Net interest margin	4.90%	4.95%	4.87%	4.73%	4.71%
Efficiency ratio	65.57%	64.75%	61.78%	64.61%	68.56%
Asset quality ratios:					
Allowance for loan losses / portfolio loans	1.37%	1.40%	1.42%	1.40%	1.41%
Total nonperforming loans / portfolio loans	0.88%	1.06%	1.10%	1.06%	0.94%
Total nonperforming assets / total assets	0.93%	1.05%	1.06%	1.00%	1.01%
Net charge-offs (annualized) / average portfolio loans	0.27%	0.39%	0.26%	0.20%	0.31%
Allowance for loan losses / nonperforming loans	154.58%	131.97%	128.57%	132.59%	149.37%
Capital ratios:					
Stockholders' equity / total assets	8.04%	8.16%	8.04%	7.95%	7.77%
Total capital / total assets	12.53%	12.70%	12.64%	12.60%	12.74%

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 not 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 Limited undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this release.

Supplemental analyses follow providing additional detail regarding Capitol's results of operations, financial position, asset quality and other supplemental data.

CAPITOL BANCORP LIMITED
Condensed Consolidated Statements of Income (Unaudited)
(in thousands, except per share data)

	Three Months Ended March 31	
	2005	2004
<i>INTEREST INCOME:</i>		
Portfolio loans (including fees)	\$ 48,237	\$ 40,030
Loans held for resale	637	423
Taxable investment securities	235	530
Federal funds sold	621	292
Other	191	174
Total interest income	49,921	41,449
<i>INTEREST EXPENSE:</i>		
Deposits	10,571	8,790
Debt obligations and other	3,547	2,429
Total interest expense	14,118	11,219
Net interest income	35,803	30,230
<i>PROVISION FOR LOAN LOSSES</i>		
Net interest income after provision for loan losses	33,780	26,722
<i>NONINTEREST INCOME:</i>		
Service charges on deposit accounts	1,011	1,083
Trust fee income	605	881
Fees from origination of non-portfolio residential mortgage loans	1,265	1,272
Gain (loss) on sale of investment securities available for sale	1	(444)
Other	1,691	1,346
Total noninterest income	4,573	4,138
<i>NONINTEREST EXPENSE:</i>		
Salaries and employee benefits	17,217	15,387
Occupancy	2,300	2,133
Equipment rent, depreciation and maintenance	1,439	1,367
Other	5,518	4,677
Total noninterest expense	26,474	23,564
Income before income taxes and minority interest	11,879	7,296
Income taxes	4,560	2,890
Income before minority interest	7,319	4,406
Minority interest in net loss of consolidated subsidiaries	696	10
<i>NET INCOME</i>	\$ 8,015	\$ 4,416
<i>NET INCOME PER SHARE</i>		
Basic	\$ 0.55	\$ 0.32
Diluted	\$ 0.52	\$ 0.30

CAPITOL BANCORP LIMITED
Condensed Consolidated Balance Sheets
(in thousands, except share data)

	(Unaudited) March 31 2005	December 31 2004
<u>ASSETS</u>		
Cash and due from banks	\$ 161,052	\$ 123,969
Money market and interest-bearing deposits	13,273	10,745
Federal funds sold	115,114	96,390
Cash and cash equivalents	289,439	231,104
Loans held for resale	34,846	43,143
Investment securities:		
Available for sale, carried at market value	28,807	28,172
Held for long-term investment, carried at amortized cost which approximates market value	15,327	14,191
Total investment securities	44,134	42,363
Portfolio loans:		
Commercial	2,516,999	2,444,492
Real estate mortgage	171,728	177,204
Installment	70,717	71,208
Total portfolio loans	2,759,444	2,692,904
Less allowance for loan losses	(37,725)	(37,572)
Net portfolio loans	2,721,719	2,655,332
Premises and equipment	32,600	32,661
Accrued interest income	11,229	10,447
Goodwill and other intangibles	41,804	41,943
Other assets	39,422	34,425
TOTAL ASSETS	\$ 3,215,193	\$ 3,091,418
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Deposits:		
Noninterest-bearing	\$ 529,673	\$ 503,902
Interest-bearing	2,075,191	2,006,170
Total deposits	2,604,864	2,510,072
Debt obligations:		
Notes payable and short-term borrowings	187,142	172,534
Subordinated debentures	100,869	100,845
Total debt obligations	288,011	273,379
Accrued interest on deposits and other liabilities	20,381	16,288
Total liabilities	2,913,256	2,799,739
Minority interests in consolidated subsidiaries	43,299	39,520
 STOCKHOLDERS' EQUITY:		
Common stock, no par value, 25,000,000 shares authorized; issued and outstanding:	197,113	196,271
Retained earnings	65,960	60,476
Market value adjustment (net of tax effect) for investment securities available for sale (accumulated other comprehensive income)	(188)	(36)
Total stockholders' equity	262,885	256,711
Less unearned compensation regarding restricted stock and other	(4,247)	(4,552)
Total stockholders' equity	258,638	252,159
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,215,193	\$ 3,091,418

CAPITOL BANCORP LIMITED
Allowance for Loan Losses and Asset Quality Data

ALLOWANCE FOR LOAN LOSSES ACTIVITY (in thousands):

	2005	2004
Allowance for loan losses at January 1	\$ 37,572	\$ 31,404
Loans charged-off:		
Commercial	(2,071)	(1,942)
Real estate mortgage	--	(2)
Installment	(252)	(55)
Total charge-offs	<u>(2,323)</u>	<u>(1,999)</u>
Recoveries:		
Commercial	410	191
Real estate mortgage	--	--
Installment	43	15
Total recoveries	<u>453</u>	<u>206</u>
Net charge-offs	<u>(1,870)</u>	<u>(1,793)</u>
Additions to allowance charged to expense	<u>2,023</u>	<u>3,508</u>
Allowance for loan losses at March 31	<u>\$ 37,725</u>	<u>\$ 33,119</u>
Average total portfolio loans for period ended March 31	<u>\$ 2,726,965</u>	<u>\$ 2,302,115</u>
Ratio of net charge-offs (annualized) to average portfolio loans outstanding	<u>0.27%</u>	<u>0.31%</u>

ASSET QUALITY (in thousands):

	March 31 2005	Dec 31 2004
Nonaccrual loans:		
Commercial	\$ 16,886	\$ 20,618
Real estate	1,149	2,396
Installment	749	195
Total nonaccrual loans	<u>18,784</u>	<u>23,209</u>
Past due (≥ 90 days) loans:		
Commercial	4,372	3,529
Real estate	692	1,382
Installment	557	351
Total past due loans	<u>5,621</u>	<u>5,262</u>
Total nonperforming loans	<u>\$ 24,405</u>	<u>\$ 28,471</u>
Real estate owned and other repossessed assets	<u>5,626</u>	<u>3,907</u>
Total nonperforming assets	<u>\$ 30,031</u>	<u>\$ 32,378</u>

CAPITOL BANCORP LIMITED
Selected Supplemental Data

EPS COMPUTATION COMPONENTS:

	Three Months Ended March 31	
	2005	2004
Numerator—net income for the period	<u>\$ 8,015,000</u>	<u>\$ 4,416,000</u>
Denominator:		
Weighted average number of common shares outstanding, excluding unvested shares of restricted common stock (denominator for basic earnings per share)	14,648,473	13,795,195
Weighted average number of unvested shares of restricted common stock outstanding	215,489	267,226
Effect of other dilutive securities--stock options	<u>549,430</u>	<u>569,121</u>
Denominator for diluted net income per share— Weighted average number of common shares and potential dilution	<u>15,413,392</u>	<u>14,631,542</u>
Number of antidilutive stock options excluded from diluted earnings per share computation	<u>206,042</u>	<u>—</u>

AVERAGE BALANCES (in thousands):

	Three Months Ended March 31	
	2005	2004
Portfolio loans	\$ 2,726,965	\$ 2,302,115
Earning assets	2,919,989	2,567,296
Total assets	3,139,039	2,780,437
Deposits	2,542,356	2,311,287
Stockholders' equity	255,363	221,496

About Capitol Bancorp Limited

[Capitol Bancorp Limited](#) is a \$3.2 billion community bank development company, with 34 individual bank charters and bank operations in nine states. Capitol Bancorp Limited identifies opportunities for the development of new community banks, raises capital, mentors a community bank through its formative stages and manages its investments in its community banks. Each community bank has full local decision-making authority and is managed by an on-site president under the direction of a local board of directors composed of business leaders from the bank's community. Capitol Bancorp Limited was founded in 1988 and has headquarters in Lansing, Michigan and Phoenix, Arizona.

Eastern Regions

Great Lakes Region:

Ann Arbor Commerce Bank
Bank of Michigan
Brighton Commerce Bank
Capitol National Bank
Elkhart Community Bank
Goshen Community Bank
Detroit Commerce Bank
Grand Haven Bank
Kent Commerce Bank
Macomb Community Bank
Muskegon Commerce Bank
Oakland Commerce Bank
Paragon Bank & Trust
Portage Commerce Bank

Ann Arbor, Michigan
Farmington Hills, Michigan
Brighton, Michigan
Lansing, Michigan
Elkhart, Indiana
Goshen, Indiana
Detroit, Michigan
Grand Haven, Michigan
Grand Rapids, Michigan
Clinton Township, Michigan
Muskegon, Michigan
Farmington Hills, Michigan
Holland, Michigan
Portage, Michigan

Southeast Region:

Peoples State Bank
Sunrise Bank of Atlanta - LPO
First Carolina State Bank

Jeffersonville, Georgia
Atlanta, Georgia
Rocky Mount, North Carolina

Western Regions

Southwest Region:

Arrowhead Community Bank
Bank of Las Vegas
Bank of Tucson
Black Mountain Community Bank
Camelback Community Bank
Desert Community Bank
East Valley Community Bank
Mesa Bank
Red Rock Community Bank
Southern Arizona Community Bank
Sunrise Bank - Dallas LPO
Sunrise Bank - Houston LPO
Sunrise Bank of Albuquerque
Sunrise Bank of Arizona
Valley First Community Bank
Yuma Community Bank

Glendale, Arizona
Las Vegas, Nevada
Tucson, Arizona
Henderson, Nevada
Phoenix, Arizona
Las Vegas, Nevada
Chandler, Arizona
Mesa, Arizona
Las Vegas, Nevada
Tucson, Arizona
Dallas, Texas
Houston, Texas
Albuquerque, New Mexico
Phoenix, Arizona
Scottsdale, Arizona
Yuma, Arizona

California Region:

Bank of Escondido
Napa Community Bank
Point Loma Community Bank
Sunrise Bank of San Diego

Escondido, California
Napa, California
Point Loma, California
San Diego, California