

Shareholder News & Updates

2024 Year-End Report

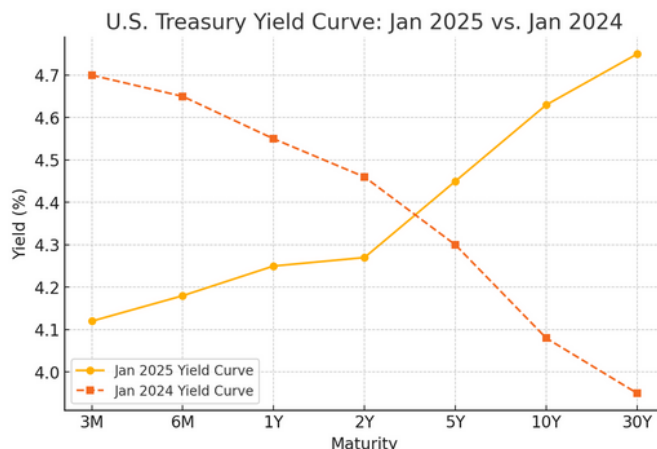
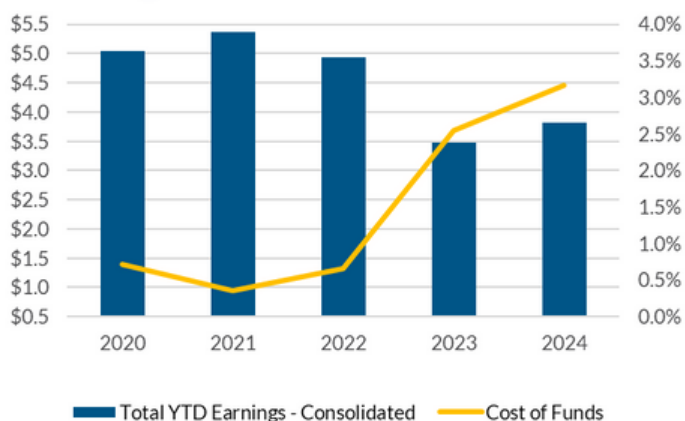


Dear Shareholder:

What a difference a year makes. Short-term yields have dropped significantly, while long-term rates have edged higher, leading to a steeper yield curve. Over the last 6 months of 2024, the Bank reacted to three Federal Reserve interest rate cuts totaling 100 basis points or 1%. This shift reflects changing market expectations, leaving investors and banks to adjust to evolving economic conditions.

We view these shifts as a return to a normalized yield curve after a record period of inverted rates which lasted 2 years and squeezed the margins of banks nationwide. Our Bankers have been exceptionally busy helping our customers position themselves and their businesses for success during this period of rapid change.

Earnings (in millions) & Cost of Funds (percentage)



Annual Meeting

Capitol Bank's Annual Shareholder Meeting will be held on May 13th at 5:30 p.m., at the Holiday Inn & Suites, Madison West. We will communicate confirmed details with you in April, along with the annual proxy materials.

Shareholder Resources

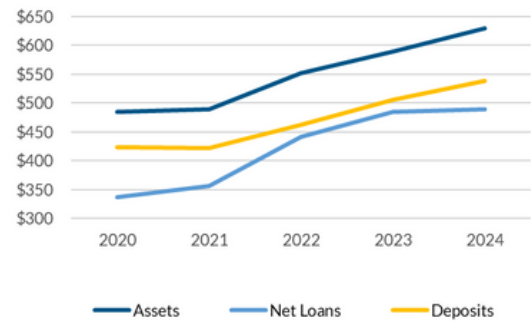
As of February 5, 2025, there are 6,830 shares available for purchase. Please access our website for updated stock information: <https://capitol.bank/shareholder-access.html>



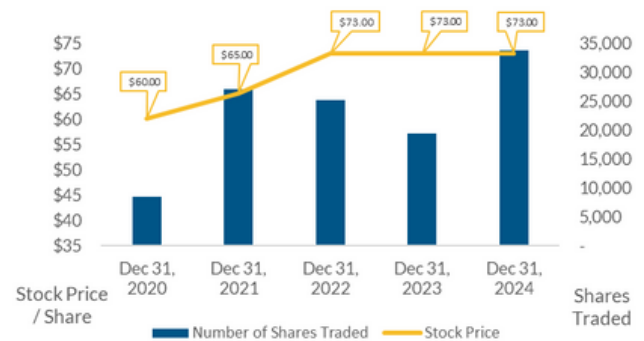
Financial Highlights for December 31, 2024

- Assets increased 6.61% to \$628.79 million year over year
- Net Loans outstanding increased 0.94% to \$489.45 million year over year
- Deposits increased 6.28% to \$537.76 million year over year
- Bank year-to-date Return on Equity of 6.44%
- Consolidated year-to-date earnings of \$3.82 million
- Book Value Per Share increased 5.76% to \$64.65
- As mentioned in the previous shareholder letter, 2024 share transaction activity included approximately 25,000 shares that were repurchased by Capitol Bankshares, Inc.

Consolidated Assets, Net Loans & Deposits
(in millions)



Stock Price & Number of Shares Traded



Recent Additions to the Capitol Bank Team



- JoAnna Vanderpoel, AVP Human Resources
- Zach Weinke, Retail Operations & Service Manager
- Hannah Stillman, Branch Manager - Verona

Congratulations Ken!

The Wisconsin Bankers Association's Banker of the Year Award is one of the most prestigious honors in the Wisconsin banking industry. This award recognizes exceptional leadership, innovation, and dedication to advancing the banking profession and supporting the communities served by banks. It's our pleasure to share that Ken Thompson is this year's recipient. A true community banker at heart, his unwavering commitment to the banking industry, transformation of Capitol Bank, and longtime devotion to the greater Madison area make him an exemplary honoree of this award. He was honored at the annual WBA Bank Executives Conference on February 6, 2025 in Milwaukee.



From Management

The S&P 500 Index's market capitalization, or total value at year end, was approximately 47% tech stocks, in a year that saw two tech companies approach \$7 trillion dollars in joint value. While tech is certainly top of mind, at Capitol Bank, we believe what makes a difference is how we use these new technologies to serve our customers in a manner that leverages our expertise. In just six months, the US economy absorbed more than a standard cycle of material events (rate changes, political change, natural disasters, geopolitical tensions, and more) which we believe will create both challenges and opportunities for our community and Capitol Bank in the future. Our goal is to remain focused on our customers, shareholders, and employees with a focus on not only the short-term, but long-term bank performance underpinned by sound, time-tested principals of banking.



"We are proud of our banker's dedication to our customers in a year where people looked to their banker for stability." - Justin

Awards and Recognition

We are proud to share that Capitol Bank has been recognized for its outstanding commitment to customer service and community banking excellence by popular vote. Madison.com's People's Choice Awards awarded us Best Bank in Madison, reflecting the trust and satisfaction of our local customers. Additionally, Newsweek has acknowledged the Bank's exceptional trust, dependability, and local connections by naming Capitol Bank one of America's Best Regional Banks and Credit Unions for 2025. We were awarded five out of five stars, making us the only bank in the Madison area with a perfect score.



"We remain committed to exceeding expectations, ensuring that every interaction is guided by integrity, expertise, and a deep appreciation for those we serve." -Ami

Justin M. Hart
President, Capitol Bankshares, Inc.
Chief Executive Officer, Capitol Bank

Ami M. Myrland
Assistant Secretary, Capitol Bankshares, Inc.
President and Chief Financial Officer, Capitol Bank



December 2024 Financial Highlights

Highlights & Stock Performance*

During the twelve months ending December 31, 2024, assets increased 6.61% to \$628.8M, deposits increased 6.28% to \$537.8M, and earnings increased 9.72% to \$3.8M.

Period Ending	Last Transaction Price of the Period	Range of Transaction Prices		Total Shares Exchanged
		Highest	Lowest	
12/31/2024	\$73.00	\$75.00	\$72.00	33,795
12/31/2023	\$73.00	\$75.00	\$73.00	19,320
12/31/2022	\$73.00	\$73.00	\$65.00	25,100

5 Year Financial Highlights

	Year Ended				
	(Preliminary) 2024	2023	2022	2021	2020
Total Assets - Consolidated	628,790,739	589,793,601	551,419,476	489,004,508	485,118,907
Total Net Loans - Consolidated	489,449,978	485,010,145	441,373,678	356,107,029	337,139,705
Total Deposits - Consolidated	537,759,312	505,966,911	462,929,923	422,690,896	423,762,772
ROA YTD - Bank only	0.64%	0.62%	0.95%	1.12%	1.12%
ROE YTD - Bank only	6.44%	6.36%	9.42%	9.74%	9.99%
Earnings - Consolidated	3,822,287	3,483,570	4,928,148	5,361,397	5,047,317
Earning Before Taxes - Consolidated	4,419,353	6,584,385	7,192,034	6,770,402	6,454,225
Total Equity - Consolidated	63,018,058	60,842,045	56,527,009	57,854,007	54,019,438
Average Shares Outstanding net of Treasury	988,349	994,188	985,672	975,400	966,171
Ending Shares Outstanding net of Treasury	974,748	995,316	990,807	980,222	971,432
Shares held in the Treasury	24,668	-	-	864	2,614
Book Value per Share**	\$64.65	\$61.13	\$57.05	\$59.02	\$55.61
EPS (Average Shares)	\$3.87	\$3.50	\$5.00	\$5.50	\$5.22
Fully Diluted EPS (Avg Shares & Options)	\$3.71	\$3.34	\$4.77	\$5.20	\$4.94
Recent Sales Price	\$73.00	\$73.00	\$73.00	\$65.00	\$60.00
Price to Book	1.13	1.19	1.28	1.10	1.08
Price to Earnings	18.88	20.83	14.60	11.83	11.55

Dividend Information

Dividend Per Share	\$0.45	\$0.56	\$0.65	\$0.52	\$0.50
Dividend Payout Ratio	12.59%	11.31%	11.92%	10.05%	9.99%

Average shares = weighted average shares held during the year by all shareholders. Earnings per share = annualized earnings divided by average shares. Measures amount of current year net income allocated to each shareholder. Book value = total equity divided by ending shares. Measures net amount to be received by each shareholder should the Company liquidate; also known as net worth per shareholder. Recent sales price = price per share on most recent stock sale. Price to book = recent sales price divided by book value. Price to earnings = recent sales price divided by earnings per share. Dividend per share = dividends paid in current year for each share of stock owned on declaration date. Dividend payout ratio = total dividends paid in current year divided by prior year consolidated earnings. Measures the percent of prior year earnings that was paid out to shareholders rather than retained in the Company as an increase in equity. *Private Party Transactions **Book Value should not be construed as indicative of the current or anticipated future fair market of the stock.

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www.Capitol.bank
Capitol Bankshares is not Member FDIC

