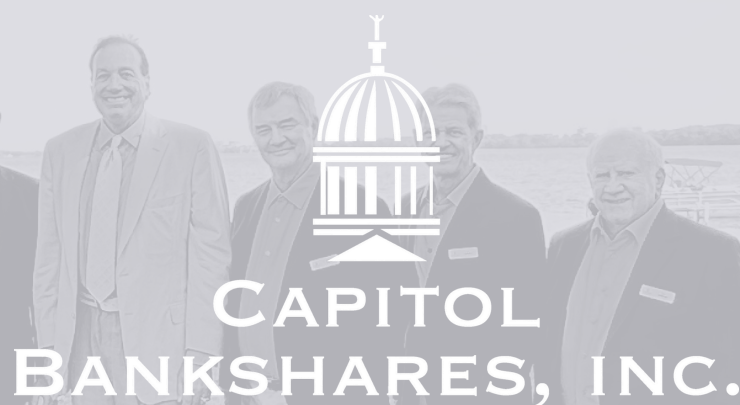


Shareholder News & Updates

2025 Mid-Year Report



Dear Shareholder:

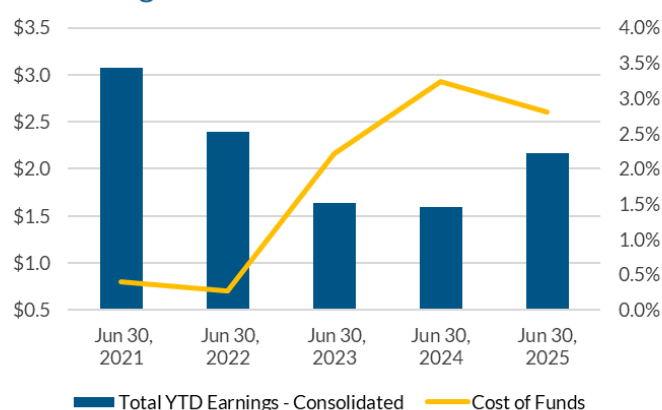
We are pleased to share that our second quarter 2025 performance shows meaningful gains compared to the same period last year. Net Income, Return on Equity (ROE), and Return on Assets (ROA) all showed strong improvement period over period, which are attributed to reduced funding costs and incremental repricing within the loan portfolio. For the 12 months ending June 30, 2025, net income increased 35%, ROE improved 25%, and ROA increased 27%. While this is positive news, management continues to exercise patience as we anticipate shifts in interest rates and loans repricing over the next 24 months, which will help with net interest margins.

Looking ahead, our focus remains steadfast on responsibly improving earnings, smart growth, solid asset quality, and maintaining a strong capital position while remaining mindful of potential and economic rate volatility.

Financial Highlights for June 30, 2025

- Assets increased 1.32% to \$601.75 million year over year
- Deposits increased 4.35% to \$510.41 million year over year
- Bank year-to-date Return on Equity of 6.95%
- Consolidated year-to-date earnings of \$2.17 million
- Book Value Per Share increased 9.84% to \$67.90 year over year

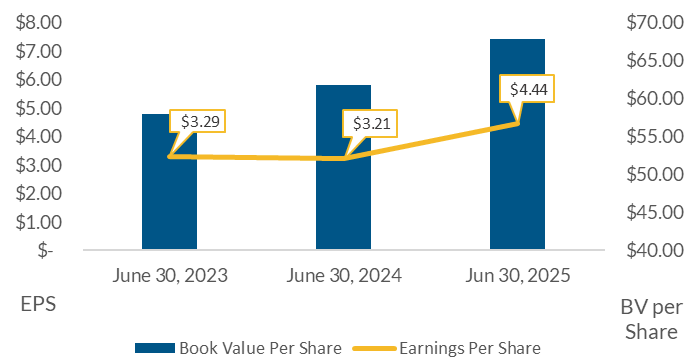
Earnings (in millions) & Cost of Funds (percentage)



Shareholder Resources

In July 2025, the Board of Directors approved a share repurchase of up to 21,425 shares which was approved by our regulatory body in August 2025. This repurchase is the second in the past two years. The decision to repurchase shares was supported by our solid capital position and improved earnings trends. This approach benefits shareholders by aligning improved performance with enhanced per-share results. Banking is a capital-intensive industry and, while repurchasing shares contributes to long-term shareholder value, the Bank is limited to how much it is able to repurchase based on capital availability and growth needs. By continuing these repurchases, we reinforce the direct benefit to shareholders through stronger diluted earnings per share and long-term value creation.

Book Value & Earnings Per Share



As of August 30, 2025, there are 1,450 shares available for purchase. Please access our website for updated stock information: <https://capitol.bank/shareholder-access.html>

If you have interest in learning more or purchasing additional shares, please reach out to Ami Myrland at 608.836.4321 or Paige Janquart at 608.836.4124.



Celebration

We're excited to celebrate 30 years of CapitolBank.

Our thanks to you, our shareholders, because without you and your constant support we would not be where we are today. We're honored that you have put your confidence in what we do.

30th Anniversary CD Special

We're currently offering a CD special to our shareholders. Please contact any of our bankers and mention this special.

30-month term 3.50% APY (annual percentage yield) for new money; subject to: \$30,000 minimum opening balance (opening deposit) required to open CD; \$30,000 new money required. Interest compounded and credited quarterly. APY assumes interest will remain on deposit until maturity, a withdrawal will reduce earnings. We may impose a penalty for early withdrawal from CDs. Offer subject to change. Fees may reduce earnings. Contact us to learn more and apply

30-month CD
3.50% APY
 \$30,000 New Money Special



From Ken

After 29 years of service to Capitol Bank, I will be retiring on October 9, 2025, which is also the Bank's 30th anniversary. While I will no longer serve in an active management role, I am honored to remain as Chairman of the Board and continue supporting the institution and community I care deeply about.

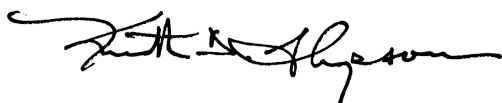
My journey with Capitol Bank has been nothing short of extraordinary. Reflecting on nearly three decades of growth, I am filled with pride. From humble beginnings, our Bank has become a strong, stable, and respected community institution. This is all thanks to the trust of our customers, the support of our shareholders, and the unwavering commitment of our employees.

This transition also marks a personal milestone. I look forward to spending more time with family and staying actively involved in the community. The decision to step away from daily operations was made easier knowing the Bank is in capable hands. After a thoughtful three-year transition, I have complete confidence in Justin and Ami's leadership. Their vision, values, and dedication will carry the Bank forward.

To our customers, thank you for your trust. To our employees, thank you for your tireless service. And to our shareholders and fellow board members, thank you for your support and guidance over the years.

It has been the honor of a lifetime to serve. I look forward to continuing to contribute in my role as Chairman, supporting the new management team, and helping the Bank reach new milestones in the future.

With sincere gratitude,



Kenneth D. Thompson
Chairman, *Capitol Bankshares, Inc.*
Executive Chairman, *Capitol Bank*





**CAPITOL
BANKSHARES, INC.**

June 2025 Financial Highlights

Highlights & Stock Performance*

During the twelve months ending June 30, 2025, deposits increased 4.35% to \$510.4M. Year-to-date earnings for 2025 was 35.5% higher compared to the same period for 2024.

Period Ending	Last Transaction Price of the Period	Range of Transaction Prices		Total Shares Exchanged
		Highest	Lowest	
6/30/2025	\$72.50	\$73.00	\$72.50	2,714
12/31/2024	\$73.00	\$75.00	\$72.00	33,795
12/31/2023	\$73.00	\$75.00	\$73.00	19,320

5 Year Financial Highlights

	June 30, 2025	Year Ended			
		2024	2023	2022	2021
Total Assets - Consolidated	601,751,793	628,790,739	589,793,601	551,419,476	489,004,508
Total Net Loans - Consolidated	474,526,067	489,449,978	485,010,145	441,373,678	356,107,029
Total Deposits - Consolidated	510,405,200	537,759,312	505,966,911	462,929,923	422,690,896
ROA YTD - Bank only	0.68%	0.64%	0.62%	0.95%	1.12%
ROE YTD - Bank only	6.95%	6.44%	6.36%	9.42%	9.74%
Earnings - Consolidated	2,166,999	3,822,287	3,483,570	4,928,148	5,361,397
Earning Before Taxes - Consolidated	2,547,228	4,419,353	5,311,850	6,584,385	7,192,034
Total Equity - Consolidated	66,334,475	63,018,058	60,842,045	56,527,009	57,854,007
Average Shares Outstanding net of Treasury	976,915	988,349	994,188	985,672	975,400
Ending Shares Outstanding net of Treasury	977,001	974,748	995,316	990,807	980,222
Shares held in the Treasury	23,908	24,668	-	-	864
Book Value per Share**	\$67.90	\$64.65	\$61.13	\$57.05	\$59.02
EPS (Average Shares)	\$4.44	\$3.87	\$3.50	\$5.00	\$5.50
Fully Diluted EPS (Avg Shares & Options)	\$4.26	\$3.71	\$3.34	\$4.77	\$5.20
Recent Sales Price	\$72.50	\$73.00	\$73.00	\$73.00	\$65.00
Price to Book	1.07	1.13	1.19	1.28	1.10
Price to Earnings	16.34	18.88	20.83	14.60	11.83
<u>Dividend Information</u>					
Dividend Per Share	\$0.47	\$0.45	\$0.56	\$0.65	\$0.52
Dividend Payout Ratio	12.01%	12.59%	11.31%	11.92%	10.05%

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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Capitol Bankshares is not Member FDIC

