Shareholder News & Updates
2026 Mid-Year Report

Dear Shareholder:

Capitol Bank delivered another strong quarter of financial performance, demonstrating that disciplined decision-making continues to produce meaningful results. Rather than pursuing balance sheet growth alone, management remained focused on improving profitability, strengthening the balance sheet, and creating long-term shareholder value. While this approach resulted in a modest reduction in loans and deposits, it helped to deliver meaningful improvements across our key financial metrics.

For the twelve months ending June 30, 2026, consolidated Net Income increased 53.27%, Bank Return on Equity improved 39.57%, and Return on Assets increased 63.24% compared to the prior year. These results reflect lower funding costs, continued loan repricing, controlled expense management, and a focus on deploying capital where it generates the greatest long-term value.

Looking ahead, we are optimistic about the opportunities before us. Supported by a strong capital position, exceptional asset quality, strategic investments in technology, and an outstanding team, Capitol Bank is in a strong position to deliver sustainable growth and long-term value for our shareholders.

Financial Highlights for June 30, 2026

- Bank year-to-date Return on Equity of 9.70%
- Consolidated year-to-date earnings of $3.32 million
- Book Value Per Share increased 8.58% to $73.73 year over year
- Earnings Per Share increased from $4.44 to $6.72 year over year

The Capitol Bank team taking part in a half-day customer service workshop.

710 N High Point Road | Madison, WI 53717 | (608) 836-1616
www.capitol.bank/shareholder-access.html

Shareholder Resources

The Capitol Bankshares Board of Directors approved a nominal 2026 share repurchase which was approved by our regulatory body in June. The decision to repurchase shares was supported by our solid capital position and improved earnings trends. This approach benefits shareholders by aligning improved earnings with enhanced per-share results. Banking is a capital-intensive industry and, while repurchasing shares contributes to long-term shareholder value, the Bank remains limited to how much it is able to buy back 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.

As of August 4, 2026, there are 4,186 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 or Paige Janquart by emailing shareholderservices@capitol.bank

Verona Anniversary Celebration

We're excited to celebrate 20 years of Capitol Bank in Verona.

Many thanks to you, our shareholders and Verona customers, 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.

Verona Anniversary CD Special

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

20-month term 3.75% APY (Annual Percentage Yield) for new money; subject to: $20,000 minimum opening balance (opening deposit) required to open CD; $20,000 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.

From Management

The past year has reinforced a simple reality; change is no longer an occasional event but rather a constant. Financial markets continue to navigate evolving interest rate expectations, shifting global trade policies, geopolitical uncertainty, and rapid advancements in artificial intelligence. While these forces introduced volatility across industries, they also sparked innovation and underscored the value of thoughtful, disciplined decision-making.

At Capitol Bank, we view periods of change as opportunities to demonstrate the value of community banking. Our focus has remained on helping customers navigate uncertainty with practical advice, local decision-making, and financial solutions tailored to their long-term goals. We continue to believe that technology should enhance, not replace, the expertise, accountability, and trusted relationships that define our Bank.

That philosophy is reflected in our continued investment in digital banking. Over the coming months, customers will see the rollout of our next-generation online and mobile banking platform, tap to pay debit cards, and Business Zelle for commercial payment transfers. These enhancements bring the convenience, speed, and security customers expect, while preserving the Bank's personalized service and local decision-making. Investing in technology is a strategic priority, not only to keep pace with larger institutions, but to ensure our growth is supported by modern, scalable solutions that position the Bank for the future.

As we look ahead, we remain confident in our strategy and are optimistic about the opportunities before us. Backed by a strong capital position, disciplined credit practices, and an exceptional team, Capitol Bank is well positioned to continue creating long-term value for our customers, employees, shareholders, and the communities we proudly serve.

> ***"In a world that continues to evolve at an unprecedented pace, our greatest competitive advantage remains unchanged: trusted relationships and a commitment to doing what's right for those who place their confidence in Capitol Bank." — Justin Hart, CEO Capitol Bank***

Capitol Bank Executive Management Team

Nick Inman, EVP Chief Credit Officer
Ami Myrland, President & CFO
Justin Hart, CEO
Lori Pond, EVP Operations
(L-R)

CAPITOL BANKSHARES, INC.

June 2026 Financial Highlights

Highlights & Stock Performance*

Year-to-date earnings for 2026 was $1.2MM higher than the same period in 2025. Book value was $73.73 per share as of June 30, 2026, an increase of 8.58% compared to the same period in 2025.

Period Ending	Last Transaction Price of the Period	Range of Transaction Prices		Total Shares Exchanged
		Highest	Lowest	
6/30/2026	$73.00	$73.00	$71.50	6,274
12/31/2025	$73.00	$73.00	$72.50	26,104
12/31/2024	$73.00	$75.00	$72.00	33,795

5 Year Financial Highlights

	June 30, 2026	Year Ended 2025	2024	2023	2022
Total Assets - Consolidated	565,292,727	633,600,723	628,790,739	589,793,601	551,419,476
Total Net Loans - Consolidated	424,777,853	471,978,328	489,449,978	485,010,145	441,373,678
Total Deposits - Consolidated	471,454,658	541,194,295	537,759,312	505,966,911	462,929,923
ROA YTD - Bank only	1.11%	0.85%	0.64%	0.62%	0.95%
ROE YTD - Bank only	9.70%	8.26%	6.44%	6.36%	9.42%
Earnings - Consolidated	3,321,351	5,318,155	3,822,287	3,483,570	4,928,148
Earning Before Taxes - Consolidated	3,888,267	6,168,416	4,419,353	5,311,850	6,584,385
Total Equity - Consolidated	70,984,047	69,127,860	63,018,058	60,842,045	56,527,009
Average Shares Outstanding net of Treasury	962,600	969,843	988,349	994,188	985,672
Ending Shares Outstanding net of Treasury	962,770	957,859	974,748	995,316	990,807
Shares held in the Treasury	59,889	51,800	24,668	-	-
Book Value per Share**	$73.73	$72.17	$64.65	$61.13	$57.05
EPS (Average Shares)	$6.72	$5.48	$3.87	$3.50	$5.00
Fully Diluted EPS (Avg Shares & Options)	$6.61	$5.28	$3.71	$3.34	$4.77
Recent Sales Price	$73.00	$73.00	$73.00	$73.00	$73.00
Price to Book	0.99	1.01	1.13	1.19	1.28
Price to Earnings	10.86	13.31	18.88	20.83	14.6
Dividend Information					
Dividend Per Share	$0.66	$0.47	$0.45	$0.56	$0.65
Dividend Payout Ratio	11.95%	12.01%	12.59%	11.31%	11.92%

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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