

Shareholder News & Updates

2024 Mid-Year Report



Dear Shareholder:

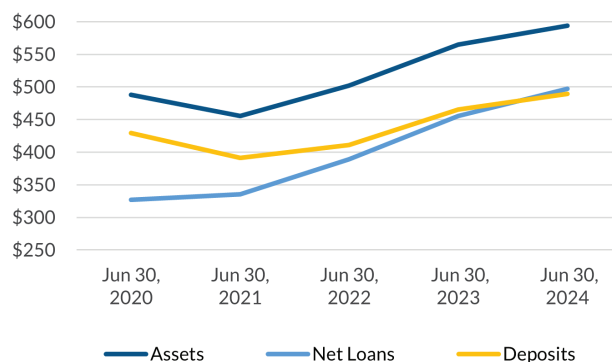
Capitol Bank's commitment to its customers, prudent risk management, and steadfast approach to building long-term shareholder value has positioned the Bank to safely manage current geopolitics, global markets, and domestic economic volatility. We continue to manage through persisting inflation, which has caused higher than normal short-term interest rates, in turn representing an additional cost for the Bank. These high short-term rates impact profitability across the community banking industry. Capitol Bank's management has been active in responding to these rate shifts through thoughtful balance sheet management, loan repricing, and deposit management.

While interest rates and economic outcomes are seldom predictable, Capitol Bank will continue to focus on strategies that maintain a safe and sound institution, while seeking to increase performance and bank growth, regardless of market conditions.

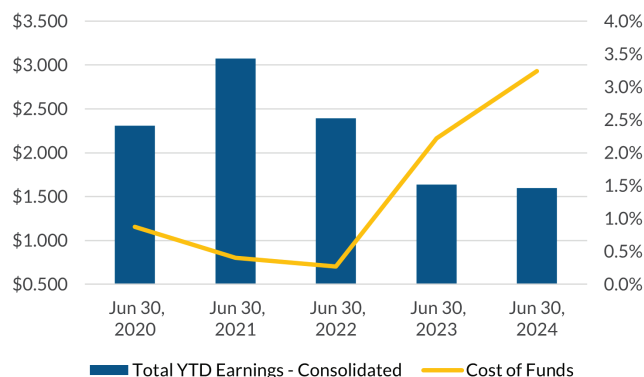
Financial Highlights for June 30, 2024:

- Assets increased 5.13% to \$593.89 million year over year
- Net Loans outstanding increased 9.13% to \$497.20 million year over year
- Deposits increased 5.18% to \$489.15 million year over year
- Bank year-to-date Return of Equity of 5.53%
- Consolidated year-to-date earnings of \$1.60 million
- Book Value per share increased 6.66% to \$61.82

Consolidated Assets, Net Loans & Deposits (in millions)

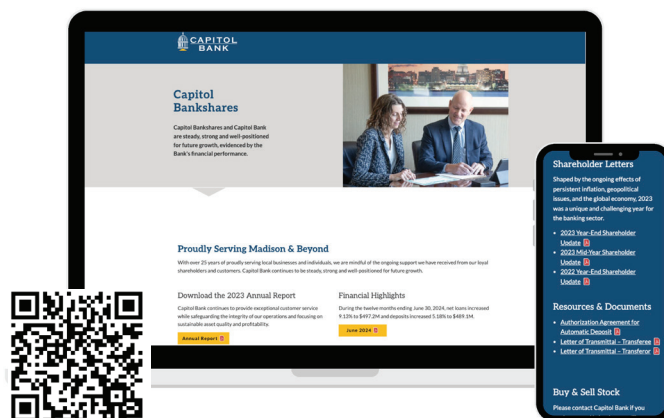


Earnings (in millions) & Cost of Funds (percentage)

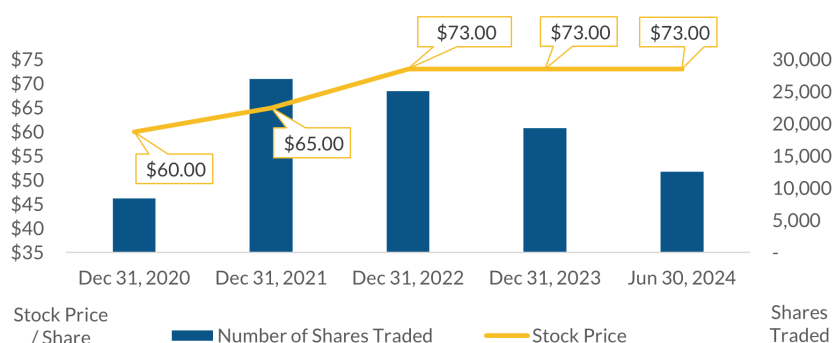


New Shareholder Webpage and Stock Update:

To better serve our shareholders and prospective shareholders, we've launched a webpage designed to improve access to key resources, forms, recent correspondence, and historical transactions. We encourage you to visit capitol.bank/shareholder-access.html, or scan the QR code to the right to access the webpage directly. Specific transaction details from the graph below are clearly outlined within the webpage. Going forward, trade history will be published exclusively on the shareholder webpage.



Stock Price & Number of Shares Traded

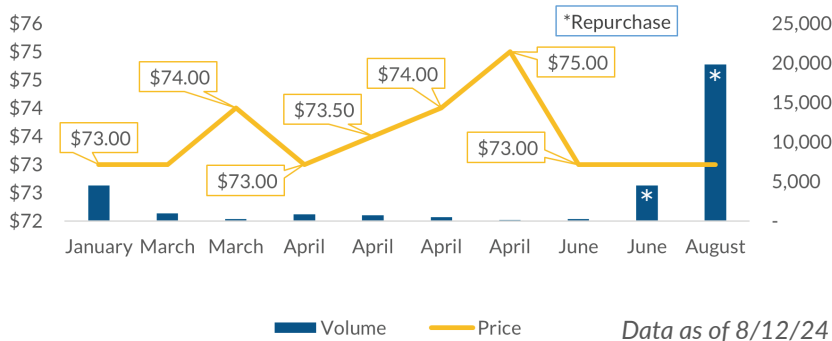


*On May 23, 2022, shareholders ratified a Stock Policy that allows Capitol Bankshares, Inc. to repurchase shares with Capitol Bankshares, Inc. Board approval. The Board recently authorized a 25,000 share repurchase which is clearly identified on the Transaction History found on the new shareholder resource webpage.

A historical summary of key financial measures for Capitol Bankshares, Inc. is also included for your review and is available on our new shareholder webpage.

If you have questions regarding your shares or are interested in purchasing additional shares, please contact Ken Thompson or Paige Janquart at (608) 836-1616.

2024 Detailed Trades by Price & Volume



Recent Additions to the Capitol Bank Team:

- Jack Ogren - Credit Analyst
- Steve Lafontaine - Marketing Director
- Sydney Fitzpatrick - Universal Banker
- Michael Lockhart - Loan Representative
- Jacob Marks - Universal Banker
- Joe Matyas - Universal Banker



Management Update:

All businesses are faced with ongoing challenges, externally and internally. Bank Management remains focused on adapting to those changes daily while keeping the service and trust of our current and future customers paramount. When leadership transitions were first announced in September 2022, Bank Management was methodical in ensuring a seamless transition among our staff and our customers. These transitions represent the culmination of the entire Bank's efforts to continue moving Capitol Bank forward.

As shared during the Annual Shareholder meeting in May 2024, the following leadership transitions occurred on July 1, 2024.

- **Ken Thompson** has transitioned from CEO to Executive Chairman of the Board
- **Justin Hart** has succeeded Ken Thompson as Capitol Bank's third CEO
- **Ami Myrland** has been promoted to President and Chief Financial Officer



While we frequently hear why people and businesses bank with Capitol Bank, we've embarked on a customer listening initiative to learn more and align our growth strategies to what has made Capitol Bank successful. In the second quarter of 2024, we surveyed our customers to understand our "Net Promoter Score" (NPS). NPS is a measure of the likelihood that a customer would recommend us to their peers, and we are pleased to report our baseline score of 63. This indicates a strong level of customer advocacy. In the banking industry the average NPS, as reported by Qualtrics, is 24. While our goal is to improve our customers' experience even further, we're very pleased that our efforts are in fact hitting the mark and are valued.

We are pleased to report that our East side location is fully leased, with The American Red Cross and Cultivate Wealth having taken occupancy. Going forward, lease revenue will help reduce the Bank's occupancy expense and draw increased foot traffic to the East location.

Thank you for your continued trust and support as we navigate this exciting phase of Capitol Bank's journey. We look forward to working together to achieve new heights of success and community impact.

A handwritten signature in black ink, reading "Justin Hart".

Justin M. Hart
Chief Executive Officer, Capitol Bank

A handwritten signature in black ink, reading "Ken Thompson".

Kenneth D. Thompson
Executive Chairman, Capitol Bank





June 2024 Financial Highlights

Highlights & Stock Performance*

During the twelve months ending June 30, 2024, net loans increased 9.13% to \$497.2M and deposits increased 5.18% to \$489.1M.

Period Ending	Last Transaction Price of the Period	Range of Transaction Prices		Total Shares Exchanged
		Highest	Lowest	
6/30/2024	\$73.00	\$75.00	\$73.00	12,596
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

	June 30, 2024	Year Ended			
		2023	2022	2021	2020
Total Assets - Consolidated	593,887,292	589,793,601	551,419,476	489,004,508	485,118,907
Total Net Loans - Consolidated	497,200,122	485,010,145	441,373,678	356,107,029	337,139,705
Total Deposits - Consolidated	489,147,526	505,966,911	462,929,923	422,690,896	423,762,772
ROA YTD - Bank only	0.55%	0.62%	0.95%	1.12%	1.12%
ROE YTD - Bank only	5.53%	6.36%	9.42%	9.74%	9.99%
Earnings - Consolidated	1,599,122	3,483,570	4,928,148	5,361,397	5,047,317
Earning Before Taxes - Consolidated	1,714,476	6,584,385	7,192,034	6,770,402	6,454,225
Total Equity - Consolidated	61,480,720	60,842,045	56,527,009	57,854,007	54,019,438
Average Shares Outstanding net of Treasury	997,795	994,188	985,672	975,400	966,171
Ending Shares Outstanding net of Treasury	994,497	995,316	990,807	980,222	971,432
Shares held in the Treasury	4,469	-	-	864	2,614
Book Value per Share**	\$61.82	\$61.13	\$57.05	\$59.02	\$55.61
EPS (Average Shares)	\$3.21	\$3.50	\$5.00	\$5.50	\$5.22
Fully Diluted EPS (Avg Shares & Options)	\$3.06	\$3.34	\$4.77	\$5.20	\$4.94
Recent Sales Price	\$73.00	\$73.00	\$73.00	\$65.00	\$60.00
Price to Book	1.18	1.19	1.28	1.10	1.08
Price to Earnings	22.77	20.83	14.60	11.83	11.55
<u>Dividend Information</u>					
Dividend Per Share	\$0.45	\$0.56	\$0.65	\$0.52	\$0.50
Dividend Payout Ratio	12.85%	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.



710 N. High Point Road | Madison, WI 53717 | P: 608.836.1616
For a list of our locations and hours visit: www.capitol.bank

Capitol Bankshares is not Member FDIC.

Capitol Bank is  Member FDIC