# **CAPSTONE**Quarterly

A news publication for the clients and shareholders of CapStone Bank

#### **An FDIC Primer**

The Federal Deposit Insurance Corporation (FDIC) insures all deposits at insured banks, including checking, NOW and savings accounts, money



market deposit accounts, and certificates of deposit (CDs), up to the insurance limit. Insured

banks and savings associations pay the FDIC for deposit insurance coverage. The FDIC does not insure investments in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if a customer purchases them from an FDIC-insured bank or savings association.

The basic insurance limit is \$100,000 per depositor at each insured bank and savings association. Certain retirement accounts, such as Individual Retirement Accounts, are insured in total up to \$250,000 per depositor. If

you have more than \$100,000 at one FDIC-



insured institution, you should know that deposit accounts in different ownership categories are separately insured. This means you might qualify for more than \$100,000 in coverage. Deposits can also be structured to maximize coverage.

To learn more about the FDIC's insurance coverage rules, visit the FDIC's website at www.fdic.gov, or ask us for a copy of the FDIC brochure, *Insuring Your Deposits*.

#### President's Letter

Welcome to the inaugural issue of the CapStone Quarterly. We've created this publication to provide you with information about your Bank, including details on our products and services, along with current financial services news and banking tips. We hope it will serve to enhance your relationship with us.

With recent news reports focusing on the dismal state of our economy and the poor performance of many financial institutions, it's no wonder that many consumers and business owners are questioning the safety and security of their deposits and the viability of their overall banking relationships. It is true that the overall net income for FDIC-insured institutions has plunged since



Steven R. Ogburn

the second quarter of 2007 and, at the same time, loan losses have jumped significantly. As a result, the FDIC's list of problem institutions continues to rise. And, as FDIC chairman Sheila Bair said in a recent statement, "More banks will come on the list as credit problems worsen."

The Triangle market has not felt the same downturn in the housing markets as other parts of the country. Although area banks are dealing with other challenges indirectly related to these issues, specifically scarcity of capital and liquidity, we have not faced these issues at CapStone. We are still a relatively new institution, and our ratio of capital to assets, at over 16%,\* greatly exceeds the 5% "Well Capitalized" Tier 1 level as defined by the FDIC. We also maintain "on balance sheet" liquidity in the form of cash and high-grade bonds as well as substantial sources of available funding to deal with any unforeseen liquidity needs. While credit has tightened in the market-place, we are well positioned to take advantage of loan opportunities that may arise due to issues being dealt with by our competitors. Based on recent trades, our stock has appreciated by 25% since our inception in 2006. With all these positive factors, I feel the future is bright for the continued growth and success of our Bank.

If you have questions regarding CapStone in general, about any of our products and services, or simply want to provide feedback on your banking experience, I encourage you to contact me at (919) 256-6801 or at sogburn@capstonebank.com.

Sincerely,

Steven R. Ogburn
President and CEO

# Featured Product – Free Remote Business Checking With Remote Deposit

We've put together a new package of money-saving services that enables businesses to do their banking while eliminating trips to the bank. Remote Business Checking includes FREE Remote Deposit service along with:

- Up to 500 combined debits, credits, and items deposited each month at no charge
- \$50 credit toward your first check order
- 10% discount on check re-orders through the bank
- No monthly fee with \$10,000 minimum balance; otherwise, \$35 per month

For more on Free Remote Business Checking, call or visit our office.



# More On CapStone Remote Deposit

Our Remote Deposit service enables you to scan checks at your desktop and electronically send the images to us—and that means fewer trips to the bank. All you need is a small desktop scanner and our exclusive Remote Deposit software that we will provide, along with an Internet connection and a non-dedicated PC.

Remote Deposit not only automates the process of listing, settling, and creating deposit tickets, it also eliminates the costs, time commitments, and liability associated with transporting checks to the bank. In addition, within seconds you are able to access an image of any check deposited within the last two years.

What can Remote Deposit mean for your business?

- Fewer Trips To The Bank
- Faster Automated Deposit Preparation Process
- Improved Cash Flow
- A Consolidated Banking Relationship
- Improved Funds Availability
- 24/7 Convenience
- Fewer Deposit Delays

# What Our Clients Are Saying About Remote Deposit...

"One of the features we have enjoyed the most is the Remote Deposit. Not having to go to the bank every day to make a deposit is wonderful. The convenience, speed, and simplicity of Remote Deposit make it a pleasure to use every day."

Mike Upchurch
President, Owner
Business Machines Inc.

"Several months after CapStone was established, our firm got into the "remote deposit" business, and it has been a dream. We use it for all of our firm's transactions, including trust, as well as the transactions for two licensing boards. We also use it for the attorney's personal transactions. It works beautifully and saves a ton of time for all concerned."

Charles P. Wilkins
Attorney, Broughton Wilkins
Smith Sugg & Thompson, PLLC.

For a demonstration, please visit www.capstonebank.com and click on **View Video** under **Remote Deposit** or call Heather Hatley at (919) 256-6828.

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# CAPSTONE BANK

Business Solutions. Personal Experiences.

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## **Employee Spotlight – Heather Hatley**

A CapStone employee since we opened our doors two years ago, Heather's primary responsibilities include assisting our clients with assessing their deposit needs and structuring solutions to fit those needs.

Heather is also our expert on Remote Deposit and makes onsite visits to our business clients to open accounts and perform Remote Deposit installations and training. She also provides continuous support for any questions or issues that arise as clients use this service.

"I really enjoy introducing our clients to Remote

Deposit and hearing them comment on how easy it Deposit Specialist is to use and how much time it saves them," says Heather. "Let's face it; most of our clients are too busy operating their businesses to take time to come to the bank every day to make a deposit. This technology is truly revolutionizing the way our clients do their business banking. Coupled with our Free Remote Business Checking Account and unmatched service, businesses now have a real option for their business banking. If you are not currently using Remote Deposit, I would love to demonstrate how easy it is to use and how it can benefit your business."

# **Interested In CapStone Stock?**

Because CapStone Bank is a private company, we are not listed on any exchange nor do we have a stock symbol. However, you can get

information on any recent trades of CapStone stock by visiting our website at www.capstonebank.com and clicking on **Investor Relations**. You will also find our most recent financial information in this section.

Heather Hatley

While trades do not occur regularly, shares do become available from time to time. If you are interested in buying or selling our stock, please call Susan Tannery, Senior Vice President/Corporate Secretary, (919) 256-6803.

## **Call Us Direct**

We often hear horror stories from people who say that because many banks have automated telephone systems, they can never speak with a live person when they call. In fact, one of our customers—who is in the process of moving business to us—tried for more than a week to contact someone at a neighboring bank, but with no success! At CapStone, we believe that accessibility is an important part of the service experience. So while we have a main number, (919) 256-6800, everyone here also has a direct line. If you have to leave a message for someone, he or she is sure to get it and will call you back. For your convenience, a complete employee directory can be found on our website at www.capstonebank.com and clicking on **Contact Us**.

Spyware and Adware are software programs created with the intention of allowing individuals and companies to spy on your web browsing activities. These programs literally invade your privacy, slow down your system, and annoy you with constant pop-ups.



# **Keeping Your Computer Safe for Online Banking – Avoiding Spyware and Adware**

#### How do they affect you?

- Every bit of information that you enter on the web can be intercepted by an unauthorized person or entity.
- Unauthorized websites can wind up on your desktop and in your Internet favorites.
- Every step you make on the Internet can be tracked and watched.
- The information obtained about you can be sold without your consent or your knowledge.
- Unwanted toolbars and searchbars can attach themselves to your browser without your knowledge or approval.
  - Your default homepage and settings can be hijacked so you can't change them.
    - These programs install themselves and slow down your PC by taking up vast amounts of hard drive space, and worse yet, you can't remove them without help.

#### How does a computer become infected?

Whenever you download a program or a file or click on a pop-up ad, you're putting yourself at great risk of downloading a parasite program.

# How big of a problem is Spyware and Adware infection?

It's huge. There are currently around 80,000 Spyware and Adware programs on the web, and all of them



can be detrimental to your computer. Every day, hundreds of thousands of internet users are infected.

#### What exactly can hackers do to your system?

It's better to just protect yourself than worry about what hackers can do, because if you find out, it's too late. Most cases of identity theft and stolen credit cards are thanks to the efforts of unscrupulous hackers.

#### How can you protect yourself?

- Block pop-ups on your internet browser.
- Visit only trusted sites.
- Ensure that you have anti-virus.
   protection, including protection against Spyware
   and Adware, and keep the anti-virus protection
   updated.