

CAPSTONE BANK

June 23, 2011

Dear Shareholder:

In celebration of CapStone Bank's upcoming 5th anniversary, we are pleased to announce the Board of Directors has declared a 6 for 5 stock split effected in the form of a 20% stock dividend. This declaration was made by the Board in its regularly scheduled meeting held on June 22, 2011. The 20% stock dividend will be payable July 29, 2011 to all shareholders of record as of July 15, 2011.

This action taken by our Board is a reflection of the financial strength of our company and our commitment to creating long-term value for our shareholders. We are pleased that our financial position warrants this action, while allowing us to maintain an exceedingly strong capital position.

With respect to your stock dividend, please be aware that you will be mailed a stock certificate representing this dividend on or about July 29, 2011. If you do not receive your stock certificate in the mail shortly thereafter, please contact Susan Tannery, Corporate Secretary, at (919) 256-6803.

We sincerely appreciate your continued support and realize without the confidence our shareholders have placed in us, CapStone Bank would not be celebrating this significant milestone.

Sincerely,



Michael S. Patterson
Executive Chairman



Steven R. Ogburn
President and CEO