



Thursday, August 11, 2011

Dear Members,

As you know, last Friday, Standard & Poor's downgraded the long-term debt rating of the U.S. government from AAA to AA+. I can assure you that this step by Standard & Poor's will not affect Federally Insured Credit Unions in any way.

Capstone Federal Credit Union has performed beyond our expectations during the first seven months of 2011. We have a Net Income of \$154K, A Net Worth of 8.65%, Delinquent Loans are considerably low, and Operating Expenses are below our YTD projection. These reports are displayed for your reading in the bulleting board at the lobby of the credit union.

Nationwide the U.S. credit union system is strong and well capitalized. Credit unions maintain an aggregate capital buffer of nearly 10% - substantially higher than the 7% threshold to be defined as "well capitalized" by law.

Most importantly, federally insured credit union deposits remain safe and protected as always. The National Credit Union Administration continues to insure deposits up to \$250,000.00 per account at all federally insured credit unions. And of course The National Credit Union Administration will continue to work diligently with credit unions to mitigate risks and maintain stability in order to uphold the safety and soundness of the credit union movement.

Once again I would like to thank you for your continuous support of Capstone Federal Credit Union. If you have any questions please feel free to stop by the credit union, or call us and we will be pleased to assist you.

Sincerely,

Armando R. Vega,
President/CEO