



October 22, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 2-3  
Washington, DC 20219

Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation,  
550 17th Street, N.W.  
Washington, D.C. 20429

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals<sup>1</sup> that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation (collectively the "banking agencies").

CapitalMark Bank & Trust opened for business in March 2007, ahead of the financial crisis. Since then, we have exceeded \$760mm in assets, occupying 4 markets in East Tennessee including Chattanooga, Cleveland, Knoxville and Oak Ridge. We began with just over 10 employees and now are approaching a workforce of 100. Our capital levels are strong and our asset quality remains favorable as compared to our peers.

We have deep concerns over the BASEL III proposal which outlines a world where capital calculations and accounting requirements become increasingly complex, creating an onerous burden for this growing community bank. This regulation as proposed will handicap our future opportunity for continued expansion. We have a record of responsible management as we approach six years of operation. Under Basel III, we anticipate an environment where we are

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<sup>1</sup> The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions; Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements; and Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule.*

penalized unfairly. Despite our management success and strong track record, we will be subjected to an even weightier regulatory burden.

We pride ourselves as embodying the "bread and butter" banking business. Our business model is simple and transparent: we take deposits and in turn, make loans in the local markets we serve. We do not participate in complex derivatives. We have no affiliates to manage. We stay focused as a facilitator of economic growth, providing needed capital as we help businesses make investments to grow. As our company succeeds, we in turn are adding jobs in the markets we serve.

Please consider pressing "reset" on BASEL III. We need a new approach on the capital and accounting requirements for banks. Most importantly, we need an approach that takes into consideration the sizable difference between large, complex and opaque, "Too Big to Fail" institutions and community banks like ourselves.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Craig Holley". The signature is fluid and cursive, with a prominent "R" and "H".

R. Craig Holley  
Chairman, President and CEO