



# CAPITALMARK

## BANK & TRUST

**CAPITALMARK BANK & TRUST**  
**(A Tennessee-Chartered Commercial Bank)**  
**Chattanooga, Tennessee**

### **SUBSCRIPTION AGREEMENT**

Subject to the terms and conditions of sale contained in the Offering Memorandum dated October 15, 2008 (the "Offering Memorandum"), the undersigned hereby subscribes for the purchase of the number of Shares shown below of the common stock, par value \$1.00 per share (the "Common Stock"), of CapitalMark Bank & Trust (the "Bank"), a commercial bank chartered under the laws of Tennessee. **The purchase price is \$10.00 per Share.** In **Stage 1** of the Offering, at least 34% of the total Purchase Price must accompany this Subscription Agreement in the form of a check, bank draft, or money order payable to CapitalMark Bank & Trust in the amount shown below. The second installment of at least 33% of the total Purchase Price shall be due and payable to CapitalMark Bank & Trust not later than June 30, 2009; and the final installment of not less than 33% of the total Purchase price shall be due and payable to CapitalMark Bank & Trust not later than September 30, 2009. For subscribers in **Stage 2** of the Offering (including those who participate in **Stage 1** of the Offering), payment of the total Purchase Price must accompany this Subscription Agreement. Bank employees who subscribe for Shares in either **Stage 1** or **Stage 2** of the Offering may elect to pay for the Shares through a payroll deduction plan or otherwise over a twelve (12) month period.

#### **Method of Subscription**

All subscriptions must be made on this Subscription Agreement. Subscriptions are not binding until accepted by the Bank. **The Bank reserves the right to reject any subscription, with or without cause. The Bank is offering the Shares to existing shareholders in Stage 1 of the Offering and then, in the discretion of the Board of Directors, to other investors in Stage 2 of the Offering, as provided in the Offering Memorandum. SEE THE DETAILS OF PURCHASE LIMITATIONS FOUND IN THE OFFERING MEMORANDUM.** Bank will refuse any subscription by sending written notice to the subscriber by personal delivery or first-class mail within thirty (30) calendar days after receipt of the subscription, and the subscriber's Subscription Agreement and refund of payment will accompany such notice. Any Subscription Agreement which is completely and correctly filled out and which is physically received at the address below shall be deemed to have been accepted if it is not refused as hereinbefore provided within thirty (30) calendar days after such receipt.

**No individual subscriber, together with the subscriber's affiliates, as defined herein, may purchase shares of the Bank's Common stock if, in the aggregate, the subscriber, together with his or her affiliates would own or control more than 9% of the Bank's Common Stock. For purposes of this Offering, the term "affiliate" shall include, in a subscriber's family, a spouse, parents, siblings, step-siblings, children, step-children, grandparents, grandchildren, fathers-in-law, mothers-in-law, brothers-in-law, sisters-in-law, sons-in-law, daughters-in-law, and the spouse of any of the foregoing, and any corporation or other business entity of which the subscriber or the subscriber's spouse owns or controls 25% or more of the voting stock or otherwise exercises voting control of the business entity; and shall also include a family limited partnership in which a subscriber is either a general or limited partner.**

A completed Subscription Agreement for the number of Shares subscribed should be mailed or delivered to the Bank at:

**CapitalMark Bank & Trust**  
**Attention: Sam Mann, Senior Vice-President - Accounting**  
**801 Broad Street**  
**P. O. Box 671 (38401)**  
**Chattanooga, TN 37402**

**EXCEPT AS PROVIDED HEREIN FOR BANK EMPLOYEES, IN STAGE 1 OF THE OFFERING, AT LEAST 34% OF THE TOTAL PURCHASE PRICE MUST ACCOMPANY THE COMPLETED SUBSCRIPTION AGREEMENT. IN STAGE 2 OF THE OFFERING, PAYMENT IN FULL MUST ACCOMPANY THE COMPLETED SUBSCRIPTION AGREEMENT. PAYMENT MUST BE MADE IN UNITED STATES FUNDS BY CHECK, BANK DRAFT OR MONEY ORDER PAYABLE TO CAPITALMARK BANK & TRUST.**

**Terms of the Offering**

The Bank is offering Shares of its Common Stock, \$1.00 par value, pursuant to the Offering Memorandum, subject to the staged schedule set forth in the chart below. The Offering may also be terminated at any time by the Board of Directors. The Bank intends to follow the following schedule for the Offering unless the Board, in its sole discretion, terminates the Offering earlier or extends the Offering as provided in the Offering Memorandum:

	Beginning Date	Ending Date
Stage 1 (offering to Shareholders of Record as of September 15, 2008, 2008, on <i>pro rata</i> basis)	October 15, 2008	March 31, 2009
Stage 2 (offering to other investors in the discretion of the Board)	January 2, 2009	March 31, 2009

Subscribers whose subscriptions have been accepted by the Bank will not be entitled to any return of funds during the Offering period.

**Receipts**

After receipt of the subscriber’s Subscription Agreement and payment in full for the shares subscribed, the Bank will deliver a receipt to the subscriber by first-class mail or by personal delivery.

**Stock Certificates**

As soon as practicable after completion of the Offering, the Bank will mail by either certified or first class mail, or deliver to each subscriber, a certificate representing the shares of Common Stock purchased by such subscriber. Title to shares purchased in **Stage 1** of the Offering may not be taken in any manner that would increase the total number of “holders or record” (as that term is defined in Rule 12g5-1 of the Securities Exchange Act of 1934) of the Bank’s Common Stock in calendar year 2008. For example, if all shares a subscriber currently owns are titled in the subscriber’s name individually, title to all shares purchased by such subscriber in Stage 1 of the Offering must also be taken in the subscriber’s name individually.

**Acknowledgment and Certification**

The undersigned hereby acknowledges that this Subscription Agreement is made solely on the basis of information contained in the Offering Memorandum and is not made in reliance on any inducement, representation or statement not contained in the Offering Memorandum. The undersigned understands that no person (including any Director or Executive Officer of the Bank) has authority to give any information or to make any representation not contained in the Offering Memorandum, and if given or made, such information or representation must not be relied upon as having been authorized. The undersigned represents that this subscription is made for the benefit of the undersigned and not any other person who is not identified on this Subscription Agreement.

The undersigned hereby certifies that, before subscribing for the Common Stock, he or she received a copy of the Offering Memorandum which discloses the nature of the shares of Common Stock offered

thereby and describes the certain risks involved in an investment in the Common Stock under the heading "RISK FACTORS" beginning on page 8 of the Offering Memorandum.

This Subscription Agreement is made in consideration of the premises set forth in the Offering Memorandum and the subscriptions of others, and the undersigned acknowledges that this Subscription Agreement creates a legally binding obligation unless refused by the Bank.

The Shares subscribed below are offered in [check appropriate box(es)]:

- Stage 1 of the Offering; or
- Stage 2 of the Offering; or
- Stage 1 or Stage 2 of the Offering – Bank Employee

Number of Shares \_\_\_\_\_ at \$10.00 per share equals \$ \_\_\_\_\_ (Total Purchase Price)

\_\_\_\_\_  
Name(s) in which stock certificate should be registered\*

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City/State/ZIP Code

\_\_\_\_\_  
Social Security or Employer I.D. Number

(\_\_\_\_\_) \_\_\_\_\_  
Home Telephone Number

(\_\_\_\_\_) \_\_\_\_\_  
Business Telephone Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature(s)\*\*

\_\_\_\_\_  
Signature(s)\*\*

\* Title to shares purchased in Stage 1 of the Offering may not be taken in any manner that would increase the total number of "holders or record" (as that term is defined in Rule 12g5-1 of the Securities Exchange Act of 1934) of the Bank's Common Stock in 2008. For example, if all shares that you currently own are titled in your name individually, title to all shares you purchase in Stage 1 of the Offering must also be taken in your name individually. Stock certificates for shares to be issued in the names of two or more persons will be registered in the names of such persons as joint tenants with right of survivorship, not as tenants in common.

\*\* If shares are to be held in joint ownership, all joint owners should sign this Agreement. All information on the Agreement will be treated confidentially by the Bank.

CERTIFICATION

By his or her signature below, Subscriber hereby certifies that he or she has read and understands the following disclosure:

**THESE SECURITIES ARE NOT DEPOSITS. THESE SECURITIES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS, THE FEDERAL RESERVE SYSTEM, OR THE FEDERAL DEPOSIT INSURANCE CORPORATION NOR HAS THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE SYSTEM, OR THE TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS PASSED ON THE ADEQUACY OR ACCURACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

\_\_\_\_\_  
Subscriber's Signature \_\_\_\_\_  
Date

\_\_\_\_\_  
Subscriber's Signature