
Section 1: 8-K (8-K SMARTFINANCIAL COMPLETES ACQUISITION OF FOOTHILLS BANCORP INC.)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of earliest event reported: November 1, 2018

SMARTFINANCIAL, INC.
(Exact Name of Registrant as Specified in its Charter)

<u>Tennessee</u> (State or Other Jurisdiction of Incorporation)	<u>001-37661</u> (Commission File Number)	<u>62-1173944</u> (IRS Employer Identification No.)
<u>5401 Kingston Pike, Suite 600 Knoxville, Tennessee</u> (Address of Principal Executive Offices)		<u>37919</u> (Zip Code)
	<u>(865) 437-5700</u> (Registrant's telephone number, including area code)	
	<u>N/A</u> (Former Name or Former Address, if Changed Since Last Report)	

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01 Completion of Acquisition or Disposition of Assets

On November 1, 2018 (the “*Effective Date*”), SmartFinancial, Inc., a Tennessee corporation (“*SmartFinancial*”), completed its previously announced acquisition of Foothills Bancorp, Inc., a Tennessee corporation (“*Foothills Bancorp*”), pursuant to an Agreement and Plan of Merger dated June 27, 2018 (the “*Merger Agreement*”), by and among SmartFinancial, Foothills Bancorp, and Foothills Bank & Trust, a Tennessee-chartered commercial bank and wholly owned subsidiary of Foothills Bancorp. On the Effective Date, Foothills Bancorp merged with and into SmartFinancial (the “*Merger*”), with SmartFinancial continuing as the surviving corporation. Immediately following the Merger, Foothills Bank & Trust merged with and into SmartBank, a Tennessee-chartered commercial bank and wholly owned subsidiary of SmartFinancial, with SmartBank continuing as the surviving banking corporation.

Pursuant to the Merger Agreement, at the effective time of the Merger, each outstanding share of Foothills Bancorp common stock, par value \$1.00 per share, was converted into and cancelled in exchange for the right to receive \$1.75 in cash, without interest, *plus* 0.666 shares of SmartFinancial common stock, par value \$1.00 per share. SmartFinancial expects to issue approximately 1,183,292 shares of SmartFinancial common stock and pay approximately \$3.11 million, in cash, in respect of shares of Foothills Bancorp common stock as consideration for the Merger. SmartFinancial will not issue fractional shares of its common stock in connection with the Merger, but will instead pay cash in lieu of fractional shares based on the volume weighted average closing price of SmartFinancial common stock on the Nasdaq Capital Market for the 10 consecutive trading days ending on and including October 30, 2018 (calculated as \$22.46).

Additionally, at the effective time of the Merger, each unexercised option to purchase Foothills Bancorp common stock that was outstanding immediately prior to the effective time of the Merger was cancelled in exchange for the right to receive a single, lump sum cash payment in an amount equal to the product of (i) \$17.50 *minus* the per share exercise price of the option *multiplied by* (ii) the number of shares of Foothills Bancorp common stock subject to the option. SmartFinancial expects the aggregate consideration payable to holders of unexercised options to purchase Foothills Bancorp common stock to be approximately \$2.96 million.

Shares of SmartFinancial common stock outstanding prior to the Merger were not affected by the Merger.

The foregoing description of the Merger Agreement and the Merger does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which was filed as Exhibit 2.1 to SmartFinancial’s current report on Form 8-K filed on June 27, 2018, and is incorporated herein by reference.

Item 8.01 Other Events

On November 1, 2018, SmartFinancial issued a press release announcing the consummation of the Merger. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Number Description of Exhibit

2.1 Agreement and Plan of Merger dated June 27, 2018, by and among SmartFinancial, Inc., Foothills Bancorp, Inc., and Foothills Bank & Trust (incorporated by reference to Exhibit 2.1 to SmartFinancial’s current report on Form 8-K filed on June 27, 2018).

99.1 Press Release dated November 1, 2018.*

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SMARTFINANCIAL, INC.

Date: November 1, 2018

/s/ William Y. Carroll Jr. _____

William Y. Carroll, Jr.

President and Chief Executive Officer

EXHIBIT INDEX

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[99.1](#) Press Release dated November 1, 2018.*

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[\(Back To Top\)](#)

Section 2: EX-99.1 (EXHIBIT 99.1)

99.1

Exhibit



SmartFinancial, Inc.

FOR IMMEDIATE RELEASE

SmartFinancial, Inc. Completes Acquisition of Foothills Bancorp, Inc.

KNOXVILLE and MARYVILLE, Tenn., November 1, 2018 – SmartFinancial, Inc., Knoxville, Tennessee (“SmartFinancial”) (Nasdaq: SMBK), parent company of SmartBank, today announced the completion of its previously-announced acquisition of Foothills Bancorp, Inc., Maryville, Tennessee (“Foothills Bancorp”), and Foothills Bancorp’s wholly owned bank subsidiary, Foothills Bank & Trust. Effective November 1, 2018, Foothills Bancorp has been merged with and into SmartFinancial, and Foothills Bank & Trust has been merged with and into SmartBank. Based on financial data as of September 30, 2018, the combined company has total consolidated assets of approximately \$2.3 billion. This marks SmartFinancial’s third acquisition in the last 12 months.

“We are very excited to expand our presence in East Tennessee and begin introducing our brand to Blount County and further into west Knox County with the addition of the Farragut branch,” said SmartFinancial President and CEO, Billy Carroll. “Our team is ready to hit the ground running and completing this acquisition puts us one step closer to serving this great neighboring market. We will be working hard over the next several months preparing for the rebrand and a smooth transition for clients, as well as our newly added team members.”

SmartFinancial Chairman Miller Welborn added, “The partnership with Foothills Bank & Trust is ideal and we are extremely excited to increase our footprint in such a strong market with such a good group of experienced and talented bankers.”

The legacy Foothills Bank & Trust branch offices will continue to operate under the Foothills Bank & Trust name, as a division of SmartBank, until mid-March 2019, at which time it is expected these branch offices will adopt the SmartBank brand.

SmartFinancial and SmartBank were advised by the law firm Butler Snow LLP, and Banks Street Partners, LLC served as financial advisor to SmartFinancial and SmartBank. Monroe Financial Partners, Inc. served as financial advisor to Foothills Bancorp and Foothills Bank & Trust, and

Foothills Bancorp and Foothills Bank & Trust were advised by the law firm Baker, Donelson, Bearman, Caldwell & Berkowitz, PC.

About SmartFinancial, Inc.

SmartFinancial, Inc., based in Knoxville, Tennessee, is the bank holding company for SmartBank. SmartBank is a full-service commercial bank founded in 2007, with 28 branches across Tennessee, Alabama, and the Florida Panhandle. Recruiting the best people, delivering exceptional client service, strategic branching and acquisitions, and a disciplined approach to lending have contributed to SmartBank's success. More information about SmartFinancial can be found on its website: www.smartfinancialinc.com.

Forward-Looking Statements

Certain of the statements made in this press release may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as

amended. Such forward-looking statements, including statements regarding the intent, belief, or current expectations of SmartFinancial management regarding SmartFinancial's strategic direction, prospects, or future results or the benefits of SmartFinancial's recently completed acquisitions, are subject to numerous risks and uncertainties. Such factors include, among others, the risk that cost savings and revenue synergies anticipated from SmartFinancial's recently completed acquisitions may not be realized or may take longer than anticipated to be realized; the risk that the integration of recently acquired institutions may be more expensive to complete than anticipated, including as a result of unexpected factors or events, or may prove more difficult than expected or may be delayed; reputational risk attendant to SmartFinancial's recently completed acquisitions; disruption from recently completed acquisitions with customers, suppliers, or employee or other business relationships; the amount of costs, fees, expenses, and charges associated with SmartFinancial's acquisitions; the dilution caused by SmartFinancial's issuance of additional shares of its common stock as consideration for recently completed acquisitions; changes in management's plans for the future; prevailing economic and political conditions, particularly in SmartFinancial's market areas; credit risk associated with SmartFinancial's lending activities; changes in interest rates, loan demand, real estate values, and competition; changes in accounting principles, policies, or guidelines; changes in applicable laws, rules, or regulations; and other competitive, economic, political, and market factors affecting SmartFinancial's business, operations, pricing, products, and services. Certain additional factors which could affect the forward-looking statements can be found in SmartFinancial's report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, in each case filed with or furnished to the SEC and available on the SEC's website at <http://www.sec.gov>. SmartFinancial disclaims any obligation to update or revise any forward-looking statements contained in this press release, which speak only as of the date hereof, whether as a result of new information, future events, or otherwise.

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Investor Contacts

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[\(Back To Top\)](#)