



SmartFinancial, Inc.

CORPORATE GOVERNANCE GUIDELINES

ROLES OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors (the “*Board*”) of SmartFinancial, Inc. (the “*Company*”) is elected by the shareholders and is the ultimate decision making body of the Company, except with respect to those matters reserved to the shareholders. The Company’s business is conducted by its employees and officers under the direction of the Company’s Chief Executive Officer (the “*CEO*”) and subject to the oversight of the Board.

The Corporate Governance Committee of the Board of Directors (the “*Governance Committee*”) has proposed, and the Board has adopted, these Corporate Governance Guidelines to provide guidance with respect to the Board’s responsibilities. These guidelines are intended to reflect the Board’s commitment to monitor the effectiveness of policy and decision making at the Board and management levels, with a view to enhancing shareholder value over the long term. The Corporate Governance Guidelines are subject to periodic review by the Governance Committee with any recommended changes to be approved by the Board.

DIRECTOR QUALIFICATIONS

The Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include consideration of members’ qualifications as independent, as well as their diversity, age, skills, experience, and availability to commit the necessary time, in the context of the needs of the Board. In general, no person will be nominated for election as a director for a term beginning after such person’s 75th birthday; however, the Nominating Committee will review the appropriateness of continued Board membership of an existing director based on the needs of the Company and the director’s contribution to the company and his or her personal performance as a director.

Directors are expected to submit an offer of resignation when they experience a significant change in employment or circumstances affecting independence or file for personal bankruptcy protection. The Nominating Committee will review the appropriateness of continued Board membership where a director experiences a change in employment or circumstances affecting independence or files for bankruptcy protection and make a recommendation to the Board as to whether the offer of resignation should be accepted.

Directors should serve on no more than three public company boards in addition to the Company’s Board. Members of the Audit Committee should serve on no more than two other audit committees of public companies.

Directors must notify the Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on another public company's board of directors or audit committee. The Governance Committee may consider whether such service may negatively affect such director's ability to serve on the Board.

In order to attract qualified candidates, the Company may purchase reasonable directors' and officers' liability insurance on their behalf and provide the benefits of indemnification to the fullest extent permitted by law and the Company's charter, bylaws and any indemnification agreements, and provide exculpation as provided by state law and the Company's charter.

MAJORITY VOTING POLICY

Any nominee for election as a director in an uncontested election of directors who receives a greater number of "withhold" votes than votes "for" election (a "Majority Withhold Vote") shall promptly, following certification of the shareholder vote, deliver to the Board his or her offer of resignation. An "uncontested election" is an election in which the number of nominees does not exceed the number of directors being elected at the meeting. Each nominee for election as a director (incumbent and newly nominated nominees) will be deemed to have agreed in advance to abide by this policy as a condition of his or her nomination for election as a director. The Governance Committee will act within 90 days after certification of the shareholder vote to determine whether to accept the director's resignation, and thereafter, will submit such resignation and its recommendation to the Board for consideration at its next scheduled meeting, unless the failure to act sooner would cause the Company to not comply with any requirement of Nasdaq or any rule or regulation promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in which event the Governance Committee and the Board shall take action as promptly as is practicable. The director whose resignation is under consideration shall abstain from participating in any decision or deliberation regarding that resignation. Following the Board's decision, the Company shall publicly disclose in a periodic or current report filed with the Securities and Exchange Commission the decision made with respect to the resignation.

If a majority of the members of the Governance Committee receive a Majority Withhold Vote at the same election, then the Directors who did not receive a Majority Withhold Vote shall appoint a special Committee consisting of independent Directors who did not receive a Majority Withhold Vote to consider the resignation offers and recommend to the Board whether to accept or reject all or any of them. If all Directors receive a Majority Withhold Vote, the Board will determine whether to accept or reject any of the offered resignations.

DIRECTOR NOMINATION

Nominees for director will be recommended to the Board by the Nominating Committee in accordance with the policies and principles in its charter. The Board will determine whether the recommended nominees will be included among the Company's nominees for director in each proxy statement for each annual meeting of shareholders and, between annual meetings, will elect new directors, after recommendation by the Nominating Committee, to fill vacancies on the Board.

BOARD COMPOSITION

The bylaws establish a range of not less than five nor more than twenty five board members. The Board believes that nine to thirteen members is currently the optimal size to permit diversity of experience without hindering effective discussion or diminishing individual accountability. Pursuant to the Company's charter, the number of directors shall be set by the affirmative vote of a majority of the full Board. Any change in

the range of Board members will be reflected in the Company's bylaws. The Nominating Committee shall recommend whether to increase the size of the Board or whether, in the event of a vacancy for any reason, to fill such vacancy or to reduce the size of the Board.

DIRECTOR INDEPENDENCE

It is the policy of the Company that at least 60% of the members of the Board be independent directors who either meet or exceed the independence requirements of The NASDAQ Stock Market LLC ("*Nasdaq*"). The Board will consider all relevant facts and circumstances in making a determination of independence for each director and may consider, as appropriate, imposing independence requirements more stringent than those required by Nasdaq.

TERM LIMITS

The Board does not believe it should establish term limits. Term limits result in the loss of accumulated knowledge particular to the Company and its business. Additionally, term limits may result in the loss of the most qualified board members. As an alternative to term limits, the Nominating Committee will review each director's qualifications and performance on the Board annually in connection with determining Board composition and/or whether to re-nominate a director.

DIRECTOR RESPONSIBILITIES

The basic responsibility of the directors is to oversee the business and affairs of the Company. In the performance of their duties, the directors will exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. Directors may seek information, advice or opinions from the Company's officers and employees and from other advisers, consultants and experts and may rely in good faith upon information, advice or opinions provided by such persons.

Directors should seek to attend all Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting and directors should review these materials in advance of the meeting.

The proceedings and deliberations of, and information given or presented to, the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

COMMUNICATIONS

It is generally the duty of management (i.e., the CEO and Chairman) to speak for the Company. Absent unusual circumstances or as contemplated by the committee charters, Board members should communicate with third parties only at the request of the CEO or Chairman.

STOCK OWNERSHIP GUIDELINES

To align the interests of directors and shareholders, directors are encouraged to maintain a meaningful personal ownership in the Company in the form of common stock. Periodically, the Governance Committee may adjust minimum stock ownership guidelines for directors. Currently, minimum stock ownership

guidelines for directors are shares with a “value” of at least three times the amount of annual cash compensation, provided that until that level is reached (by a newly elected director), such director shall satisfy the minimum ownership by retaining the ownership of all restricted shares granted to such director that have vested, if any. Each director is expected to use reasonable efforts to acquire as soon as practicable, and hold throughout their tenure, shares of the Company’s common stock. For purposes of these measurements, the “value” will be determined by using the greater of (i) the average closing price for the last 15 trading days of the previous calendar year; or (ii) the actual cost basis of the common stock that were purchased. The foregoing minimum ownership guidelines must be satisfied exclusive of any shares pledged or held in margin accounts. The Governance Committee shall take into account compliance with these ownership guidelines in considering whether to re-nominate a director.

MEETINGS

The Chairman will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free at any Board meeting to raise subjects that are not on the agenda for that meeting. The Board will review the Company’s long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year, generally in a two-day retreat with the senior executives of the Company.

INDEPENDENT DIRECTOR MEETINGS

The independent directors will meet in executive session periodically and at least in two regularly scheduled meetings. The director who presides at these meetings shall be referred to as the “Lead Independent Director” and shall be chosen by the Board. The Lead Independent Director, will serve until a successor is named. Additionally, the Lead Independent Director shall be denoted in the annual proxy statement. If the Company’s Chairman is an independent director, then he will be deemed the Lead Independent Director.

BOARD COMMITTEES

The Board will at all times have an Audit Committee, a Human Resources and Compensation Committee, a Nominating Committee, and a Corporate Governance Committee. All of the members of these committees will be independent directors under the criteria established by Nasdaq and applicable law. Committee members will be appointed by the Board upon recommendation by the Nominating Committee. The only exception is in the case of the Nominating Committee, where members will be appointed by the Board upon recommendation by the Board’s independent directors. Consideration should be given to rotating committee members periodically, but rotation is not mandated as a policy.

Each committee will have its own written charter which has been approved by the Board. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The Board, in consultation with the chairman, shall designate one member of each committee as its chairperson.

The chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee’s charter. The chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee’s agenda. At the beginning of the year, each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors.

The Board and each committee have the power to hire and compensate, independent legal, financial, or other advisors, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

DIRECTOR COMPENSATION

Compensation for directors should be competitive with similarly situated companies. The form and amount of director compensation will be determined by the Board after receiving the recommendations of the Human Resources and Compensation Committee in accordance with the policies and principles set forth in its charter, and the Human Resources and Compensation Committee will conduct an annual review of director compensation. The Human Resources and Compensation Committee is entitled to take into consideration that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

The Human Resources and Compensation Committee will review the form and amounts of Board compensation annually to ensure its competitiveness with other companies and its effectiveness in attracting qualified members.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All new directors must participate in the Company's Culture Day program, which should be attended within six months of election of a new director. Additionally, new directors are required to read the Code of Ethics and Business Conduct, the Company's Insider Trading Policy and Whistleblower Policy, as well as the Company's Corporate Governance Guidelines. Directors are expected to complete at least one developmental seminar annually and meet any applicable requirements for continuing education promulgated by Nasdaq. The Company provides several developmental seminars during the year.

ANNUAL PERFORMANCE EVALUATION

The Board of Directors will conduct an annual evaluation to determine whether the Board and its committees are effective. The Chairman will receive comments from all committee chairs and will report annually to the Board with an assessment of the Board's and its committees' performance. This will be discussed with the full Board annually. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve. The Governance Committee will ensure an annual evaluation is performed to determine the Chairman's effectiveness.

DIRECTOR ACCESS TO OFFICERS AND ASSOCIATES

To the extent appropriate for the discharge of their oversight function, directors may have full and free access to officers and associates of the Company. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and limit their activity to information gathering and will copy the CEO on any written communications between a director and an officer or associate of the Company, unless the circumstances would render copying the CEO inappropriate. All information provided by the Company or Company personnel to a director should be considered confidential unless it has been publicly disclosed by the Company.

Executive officers of the Company and others will attend Board and committee meetings when invited.

CEO EVALUATION AND MANAGEMENT SUCCESSION

The Chairman, in consultation with the full Board and the Human Resources and Compensation Committee, will conduct an annual review of the CEO's performance. The Chairman will consider, among other things, the goals set for the CEO and their achievement. The Board of Directors will review the Chairman's report in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term. The Human Resources and Compensation Committee should make an annual report to the Board on succession planning. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

MAINTENANCE OF GUIDELINES

The Governance Committee will review these Corporate Governance Guidelines annually and recommend changes to the Board. The Board will determine the changes to be made to these Corporate Governance Guidelines based upon those recommendations.

PUBLICATION OF CORPORATE GOVERNANCE DOCUMENTS

The Company publishes on its website (1) these Corporate Governance Guidelines, (2) the Audit Committee Charter, (3) the Human Resources and Compensation Committee Charter, (4) the Nominating Committee Charter, (5) the Corporate Governance Committee Charter and (6) the Code of Ethics and Business Conduct Policy. In addition, these documents are available to any shareholder of the Company who makes a request to the Secretary of the Company.

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