



SmartFinancial

INVESTOR CALL

4Q 2021

January 25, 2022, 10:00am ET

Webcast: www.smartbank.com

(Investor Relations)

Audio Only: 1-844-200-6205

Access Code: 574606

Miller Welborn

Chairman of the Board

Billy Carroll

President & CEO

Ron Gorczynski

CFO



Forward-Looking Statements

This presentation may contain statements that are based on management's current estimates or expectations of future events or future results, and that may be deemed to constitute forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These statements, including statements regarding the effects of the COVID-19 pandemic on SmartFinancial Inc.'s ("Smartfinancial") business and financial results and conditions, are not historical in nature and can generally be identified by such words as "expect," "anticipate," "intend," "plan," "believe," "seek," "may," "estimate," and similar expressions. All forward-looking statements are subject to risks, uncertainties, and other factors that may cause the actual results of SmartFinancial to differ materially from future results expressed or implied by such forward-looking statements. Such risks, uncertainties, and other factors include, among others, (1) the risk of litigation and reputational risk associated with historic acquisition activity; (2) the risk that cost savings and revenue synergies from recently completed acquisitions may not be realized or may take longer than anticipated to realize; (3) disruption from recently completed acquisitions with customer, supplier, employee, or other business relationships; (4) our ability to successfully integrate the businesses acquired as part of previous acquisitions with the business of SmartBank; (5) risks related to the acquisition of Sevier County Bancshares, Inc. ("SCB"); (6) the risk that the anticipated benefits from the acquisition of SCB may not be realized in the time frame anticipated; (7) changes in management's plans for the future; (8) prevailing, or changes in, economic or political conditions, particularly in our market areas; (9) credit risk associated with our lending activities; (10) changes in interest rates, loan demand, real estate values, or competition; (11) changes in accounting principles, policies, or guidelines; (12) changes in applicable laws, rules, or regulations, including changes to statutes, regulations or regulatory policies or practices as a result of, or in response to, COVID-19 and related variants; (13) adverse results from current or future litigation, regulatory examinations or other legal and/or regulatory actions, including as a result of the Company's participation in and execution of government programs related to the COVID-19 pandemic and related variants; (14) the impact of the COVID-19 pandemic and related variants on the Company's assets, business, cash flows, financial condition, liquidity, prospects and results of operations; (15) potential increases in the provision for loan losses resulting from the COVID-19 pandemic and related variants; and (16) other general competitive, economic, political, and market factors, including those affecting our business, operations, pricing, products, or services. These and other factors that could cause results to differ materially from those described in the forward-looking statements can be found in SmartFinancial's most recent annual 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 Securities and Exchange Commission (the "SEC") and available on the SEC's website (www.sec.gov). Undue reliance should not be placed on forward-looking statements. SmartFinancial disclaims any obligation to update or revise any forward-looking statements contained in this release, which speak only as of the date hereof, whether as a result of new information, future events, or otherwise.

Non-GAAP Financial Measures

Statements included in this presentation include Non-GAAP financial measures and should be read along with the accompanying tables, which provide a reconciliation of Non-GAAP financial measures to GAAP financial measures. SmartFinancial management uses several Non-GAAP financial measures, including: (i) operating earnings, (ii) operating return on average assets, (iii) operating return on average shareholder equity, (iv) return on average tangible common equity, (v) operating return on average tangible common equity, (vi) operating efficiency ratio; (vii) tangible common equity; (viii) average tangible common equity; (ix) tangible book value; (x) operating pre-tax pre-provision earnings; (xi) operating noninterest income; (xii) operating noninterest expense; (xiii) tangible assets; and ratios derived therefrom, in its analysis of the company's performance. Operating earnings excludes the following from net income: securities gains and losses, proceeds related to the termination of an Alabama Department of Economic and Community Affairs ("ADECA") loan program, merger related and restructuring expenses, and the income tax effect of adjustments. Operating return on average assets is the annualized operating earnings (Non-GAAP) divided by average assets. Operating return on average shareholder equity is the annualized operating earnings (Non-GAAP) divided by average equity. Return on average tangible common equity is the annualized net income divided by average tangible common equity (Non-GAAP). Operating return on average tangible common equity is the annualized operating earnings (Non-GAAP) divided by average tangible common equity (Non-GAAP). The operating efficiency ratio includes an adjustment for taxable equivalent yields and excludes securities gains and losses and merger related and restructuring expenses from the efficiency ratio. Tangible common equity and average tangible common equity exclude goodwill and other intangible assets from shareholders' equity and average shareholders' equity. Tangible book value excludes goodwill and other intangible assets less shareholders' equity divided by common shares outstanding. Operating pre-tax pre-provision earnings is net interest income plus operating noninterest income (Non-GAAP) less operating noninterest expense (Non-GAAP). Operating noninterest income excludes the following from noninterest income: securities gains and losses, proceeds related to the termination of the ADECA loan program. Operating noninterest expense excludes the following from noninterest expense: prior year adjustments to salaries, merger related and restructuring expenses and certain franchise tax true-up expenses. Tangible assets excludes goodwill and other intangibles from total assets. Management believes that Non-GAAP financial measures provide additional useful information that allows investors to evaluate the ongoing performance of the company and provide meaningful comparisons to its peers. Management believes these non-GAAP financial measures also enhance investors' ability to compare period-to-period financial results and allow investors and company management to view our operating results excluding the impact of items that are not reflective of the underlying operating performance. Non-GAAP financial measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider SmartFinancial's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the company. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the results or financial condition as reported under GAAP.

2021 ACHIEVEMENTS: A ROBUST YEAR OF PROGRESS

SIGNIFICANT YEAR OF STRATEGIC INVESTMENT:

ACQUISITION: SCB SEVIER COUNTY BANK

- ❖ SIGNIFICANTLY ENHANCED SEVIER COUNTY MARKET DENSITY
- ❖ BETTER THAN PROJECTED OPERATIONAL EFFICIENCIES

ACQUISITION: FOUNTAIN EQUIPMENT FINANCE

- ❖ NEW, HIGHLY PROFITABLE EQUIPMENT FINANCE DIVISION

ENHANCED BUSINESS GENERATION FIREPOWER

- ❖ 25+ SENIOR BANKING LIFT-OUTS ACROSS MULTIPLE MARKETS:

- ❖ AUBURN, AL (New Market)
- ❖ BIRMINGHAM, AL (New Market)
- ❖ COASTAL, FL
- ❖ DOTHAN, AL (New Market)
- ❖ MONTGOMERY, AL (New Market)
- ❖ MOBILE, AL (New Market)
- ❖ NASHVILLE, TN
- ❖ TALLAHASSEE, FL (New Market)

TALENTED FLOOR PLAN LENDING DIVISION

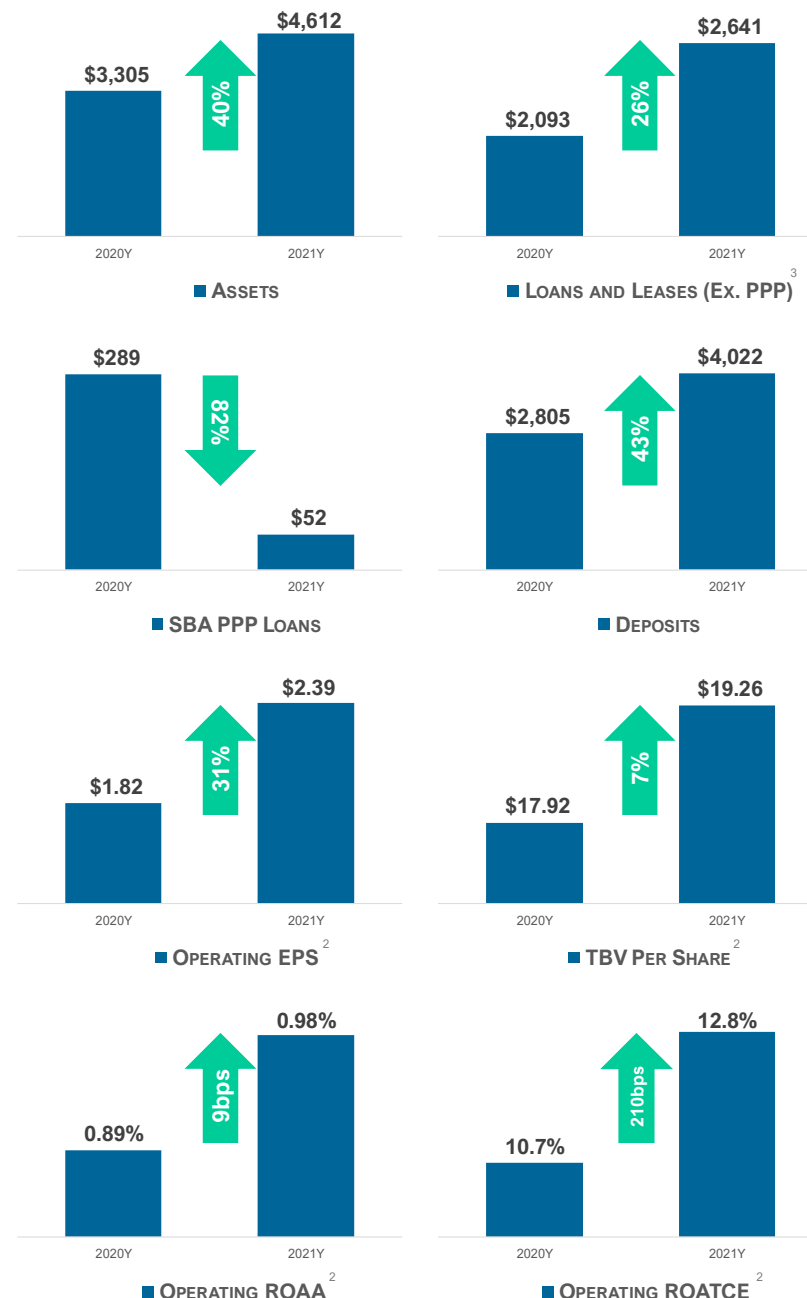
- ❖ NEW BUSINESS LINE SUPPORTED BY 61+ YEARS OF COMBINED EXPERIENCE

SUBSTANTIAL WEALTH MANAGEMENT EXPANSION

- ❖ ADDED THREE SENIOR WEALTH ADVISORS MANAGING ~\$350 MILLION AUM¹

BY THE NUMBERS: 2021 vs. 2020

\$ in Millions, except per share data



1) Relationship management stats at previous place of employment immediately prior to joining SmartBank; Assets Under Management (AUM)
 2) For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix
 3) Loans and leases excludes SBA PPP loans and includes loans and leases from Sevier County Bank and Fountain Equipment Finance acquisitions

SMARTFINANCIAL: EXPANDING SOUTHEAST FRANCHISE

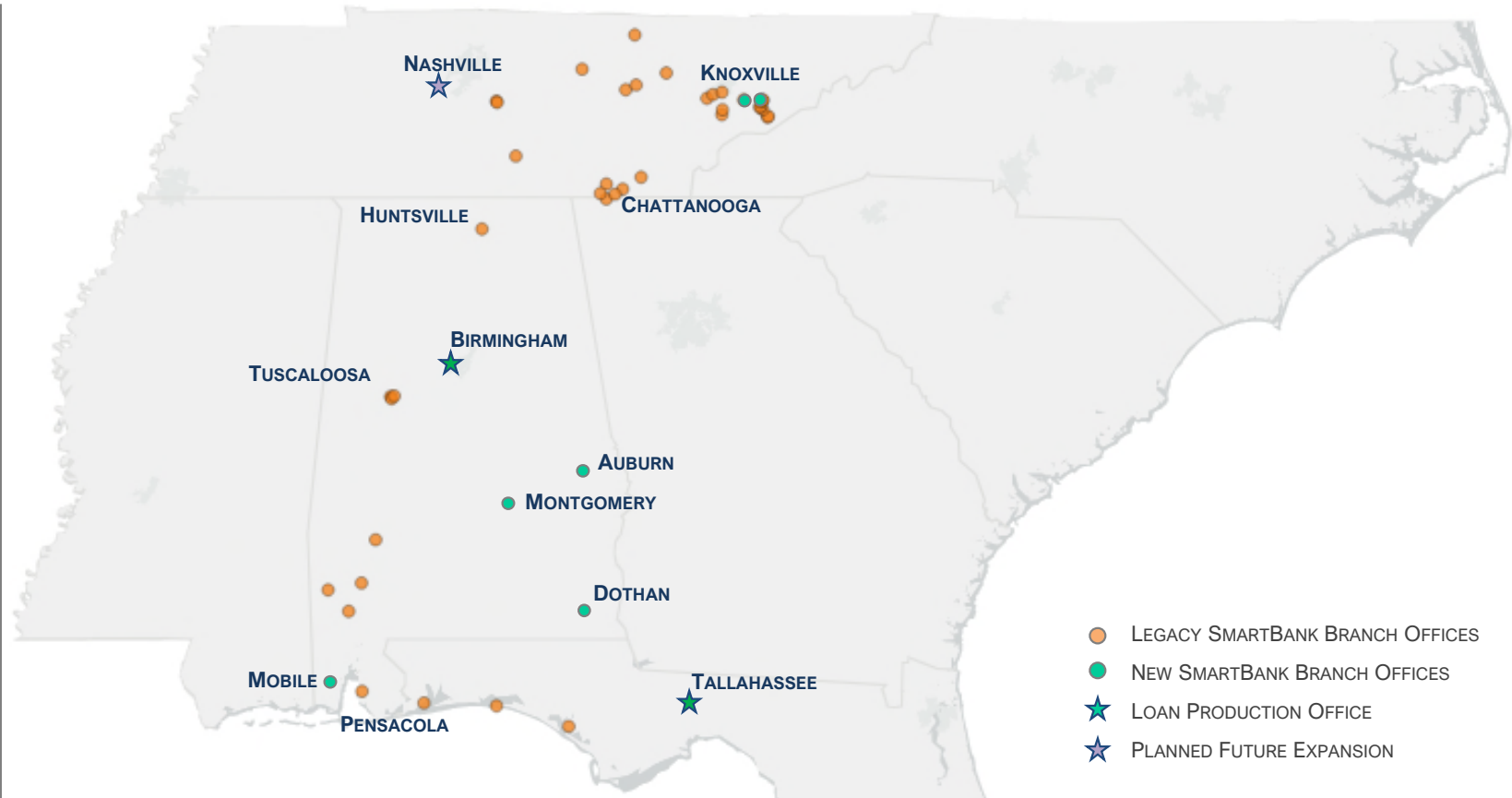


\$4.6
BILLION IN TOTAL
ASSETS

\$2.7
BILLION IN TOTAL
LOANS

\$4.0
BILLION IN TOTAL
DEPOSITS

40
TOTAL BRANCHES¹



Act with integrity **B**e enthusiastic **C**reate positivity **D**emonstrate accountability **E**mbbrace change

We are building a culture where Associates thrive and are empowered to be leaders. The core values that we have established as a company help us operate in unison and have become a critical part of our culture. Our Associates are key to SmartBank's success.

We will achieve our desired position to be the Southeast's next great community bank by:

CREATING
"WOW"
EXPERIENCES

EXHIBITING
OVER-THE-TOP
ENTHUSIASM
AND POSITIVITY

DELIVERING
EXCEPTIONAL,
PROFESSIONAL &
KNOWLEDGEABLE
SERVICE

Proud to be Voted a Top Workplace 5 years in a row!



MARKET AREA: TARGETING INDUSTRY RICH GROWTH MARKETS



SMARTBANK IS FOCUSED ON BUILDING MUSCLE IN ITS EXPANDING, FAST GROWING SOUTHEAST MARKET AREAS

EXPANDING MARKETS
VS.
LEGACY MARKETS¹

| | | |
|------------------------|--------------------------------|--|
| 127% | 14% | 0.5% |
| LARGER DEPOSIT BASE | HIGHER MEDIAN HOUSEHOLD INCOME | FASTER PROJECTED POPULATION GROWTH |
| 51% | 2.4% | >20% |
| LARGER POPULATION BASE | FASTER HOUSEHOLD INCOME GROWTH | OF TOTAL REVENUE PRODUCING ASSOCIATES ² |

LEGACY MARKET AREA

Core Tennessee³

| | |
|--------------------------------|----------------|
| Total Deposits in Market | \$41.3 Billion |
| Current Population (2021) | 1,549,636 |
| Proj. Pop. Growth ('21-'26) | 4.0% |
| Proj. HH Inc. Growth ('21-'26) | 9.7% |



East Middle Tennessee⁴

| | |
|--------------------------------|---------------|
| Total Deposits in Market | \$9.9 Billion |
| Current Population (2021) | 429,125 |
| Proj. Pop. Growth ('21-'26) | 4.2% |
| Proj. HH Inc. Growth ('21-'26) | 9.3% |



Legacy Alabama⁵

| | |
|--------------------------------|----------------|
| Total Deposits in Market | \$34.7 Billion |
| Current Population (2021) | 1,417,711 |
| Proj. Pop. Growth ('21-'26) | 3.0% |
| Proj. HH Inc. Growth ('21-'26) | 6.2% |



EXPANDING MARKET AREA

Central Tennessee / Nashville⁶

| | |
|--------------------------------|----------------|
| Total Deposits in Market | \$89.2 Billion |
| Current Population (2021) | 1,980,990 |
| Proj. Pop. Growth ('21-'26) | 5.9% |
| Proj. HH Inc. Growth ('21-'26) | 11.4% |



Alabama Expansion⁷

| | |
|--------------------------------|----------------|
| Total Deposits in Market | \$73.5 Billion |
| Current Population (2021) | 1,784,492 |
| Proj. Pop. Growth ('21-'26) | 1.5% |
| Proj. HH Inc. Growth ('21-'26) | 10.1% |



Florida Panhandle⁸

| | |
|--------------------------------|----------------|
| Total Deposits in Market | \$32.7 Billion |
| Current Population (2021) | 1,368,618 |
| Proj. Pop. Growth ('21-'26) | 5.0% |
| Proj. HH Inc. Growth ('21-'26) | 10.0% |



1) Percentages based on combined Legacy Market Area vs. Expanding Market Area; 2) Business generating associates in Expanding Market Area as a percent of total SmartBank revenue producing associates; 3) Core Tennessee includes Chattanooga, TN, Knoxville, TN and Sevierville, TN MSAs; 4) East Middle Tennessee includes Cleveland, TN, Crossville, TN, Cookeville, TN, Fentress, TN and Tullahoma, TN MSAs; 5) Legacy Alabama includes Clarke, AL, Fairhope, AL, Huntsville, AL, Mobile, AL and Tuscaloosa, AL MSAs; 6) Central Tennessee / Nashville includes the Nashville, TN MSA 7) Alabama Expansion includes Auburn, AL, Birmingham, AL, Dothan, AL and Montgomery, AL MSAs; 8) Florida Panhandle includes Fort Walton/Destin, FL, Panama City, FL, Pensacola, FL and Tallahassee, FL MSAs

Source: S&P Market Intelligence; Weighted Averages for each market area based on population

QUARTERLY HIGHLIGHTS: *FOURTH QUARTER 2021*



\$0.52

DILUTED OPERATING
EPS¹

5%

QOQ² ANNUALIZED
TANG. BOOK VALUE
PER SHARE GROWTH¹

0.77%

OPERATING RETURN
ON AVERAGE ASSETS¹

10.7%

OPERATING RETURN
AVERAGE TANG.
COMMON EQUITY¹

68%

OPERATING
EFFICIENCY RATIO¹

\$4.6

BILLION IN TOTAL
ASSETS

12%

QOQ ANNUALIZED
ORGANIC LOAN³
GROWTH⁴

23%

QOQ ANNUALIZED
ORGANIC DEPOSIT
GROWTH

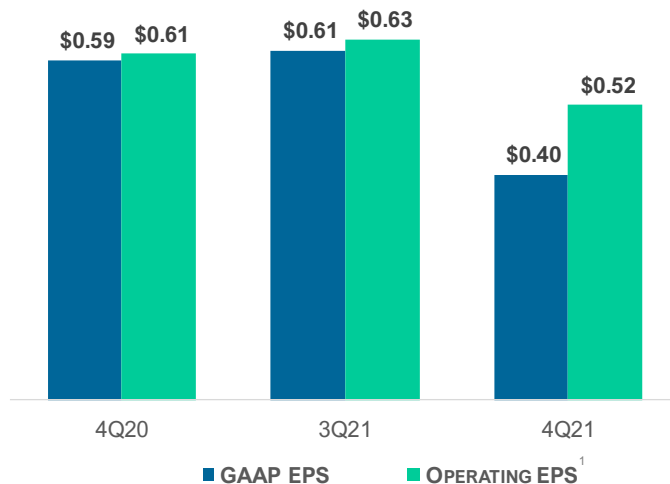
67%

LOAN / DEPOSIT
RATIO

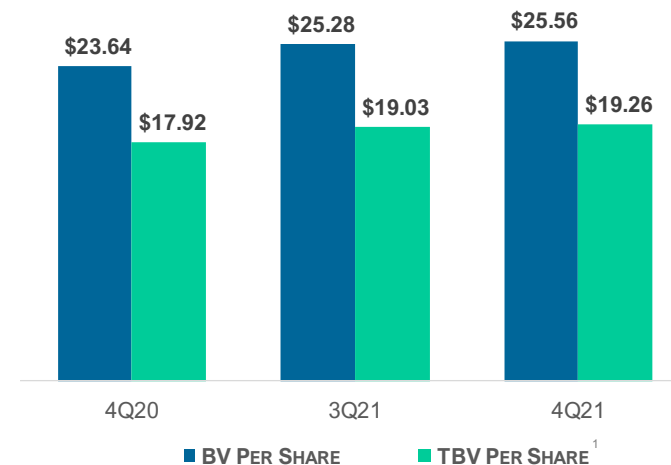
0.11%

NON-PERFORMING
ASSETS / ASSETS

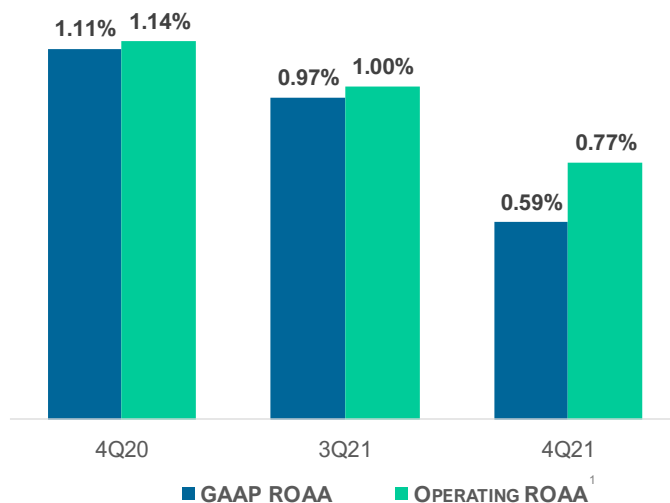
EARNINGS PER SHARE



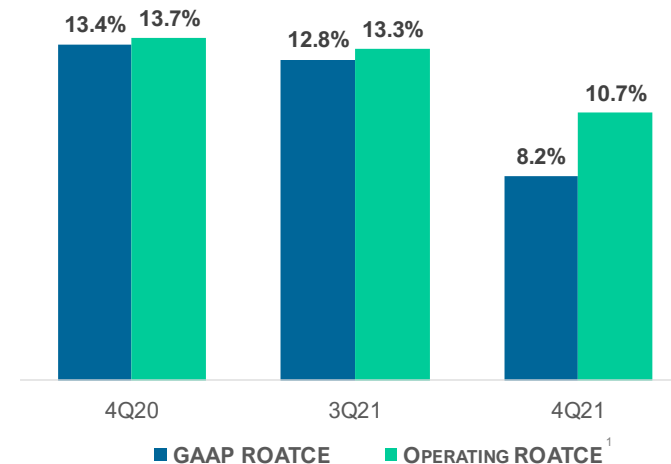
BOOK VALUE PER SHARE



RETURN ON AVERAGE ASSETS



RETURN ON AVERAGE TANGIBLE COMMON EQUITY



Financial data as of or for the three months ended 12/31/21

1) For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

2) QoQ: Quarter-over-Quarter

3) "Loans" for purposes of this presentation includes all SmartFinancial loans and leases

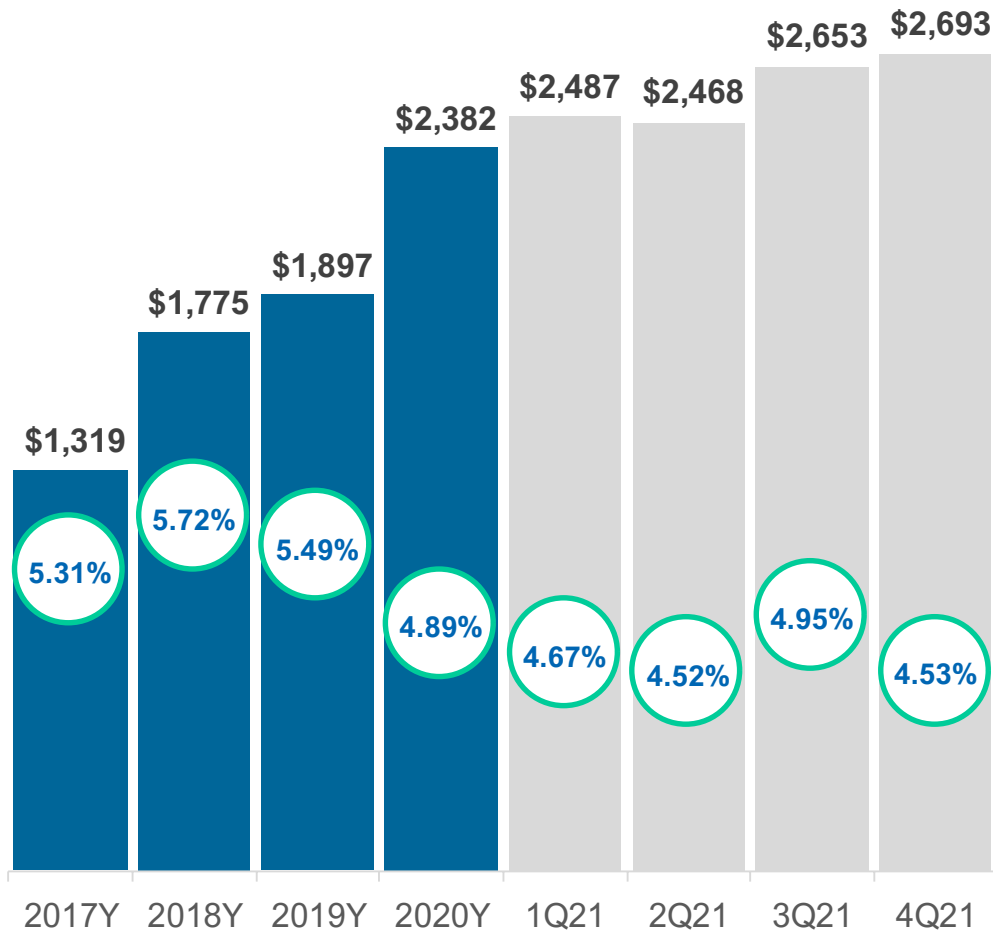
4) Organic loan growth excludes PPP loans

BALANCE SHEET: CONTINUED BALANCE SHEET EXPANSION

\$ in Millions

TOTAL LOANS

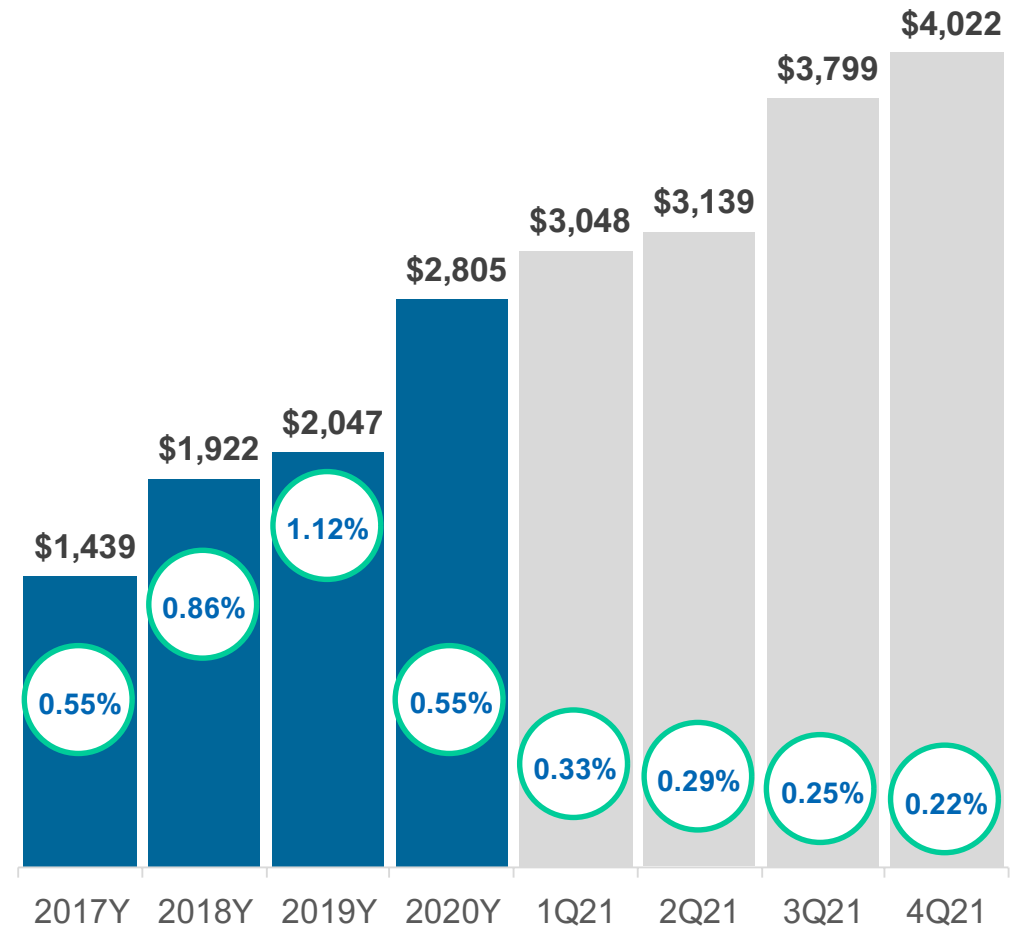
CAGR¹ OF 20% SINCE 2017



○ AVERAGE LOAN YIELD

TOTAL DEPOSITS

LOANS TO DEPOSITS RATIO OF 67%



○ AVERAGE TOTAL DEPOSIT COST

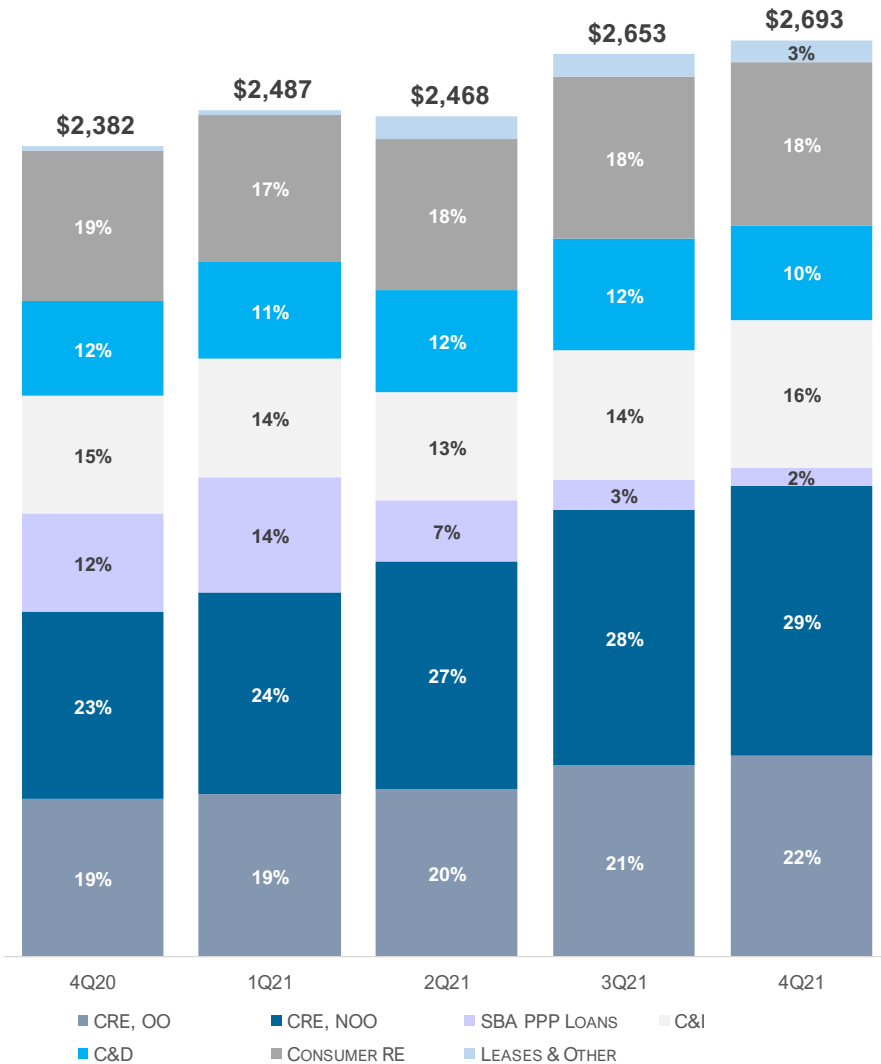
1) CAGR: Compound Annualized Growth Rate

LOAN PORTFOLIO: *STRONG ORGANIC LOAN GROWTH*

\$ in Millions

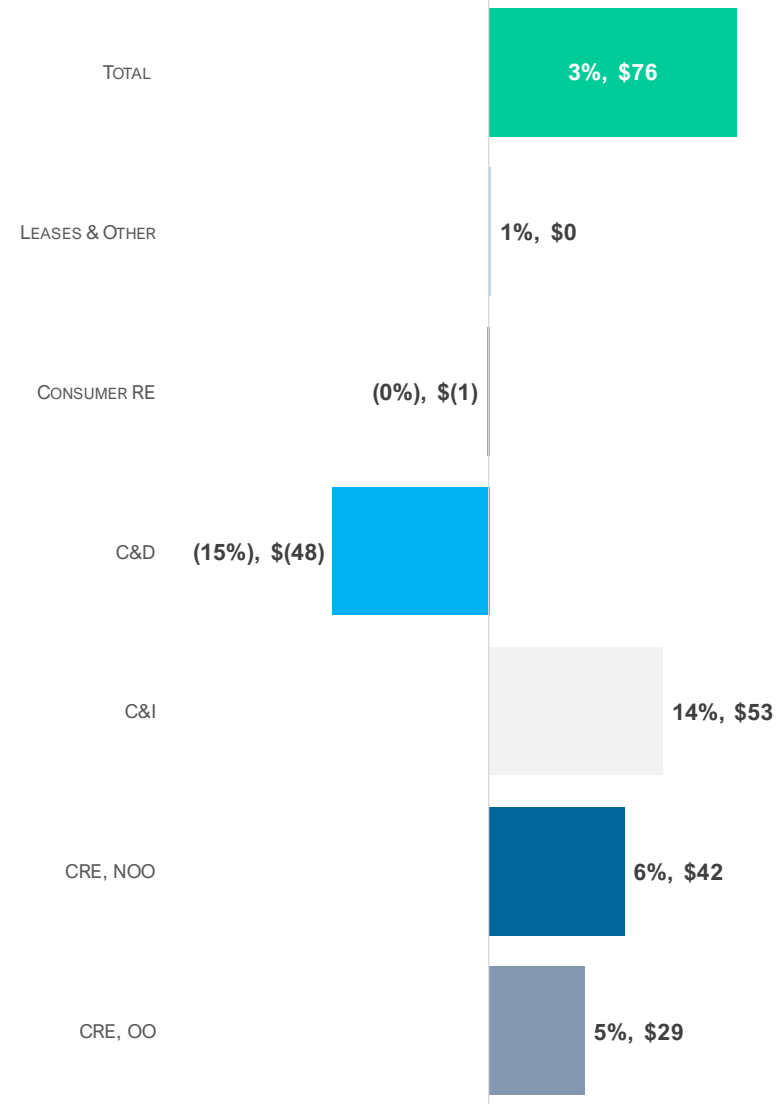
LOAN COMPOSITION

*ORGANIC GROWTH DESPITE
MARKET HEADWINDS*



QUARTERLY LOAN GROWTH

3% QOQ NET NEW LOAN GROWTH¹

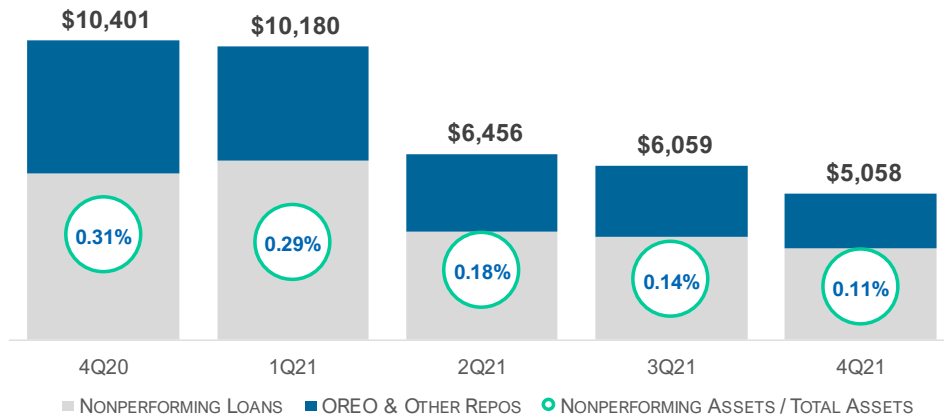


¹) Excludes SBA PPP Loans

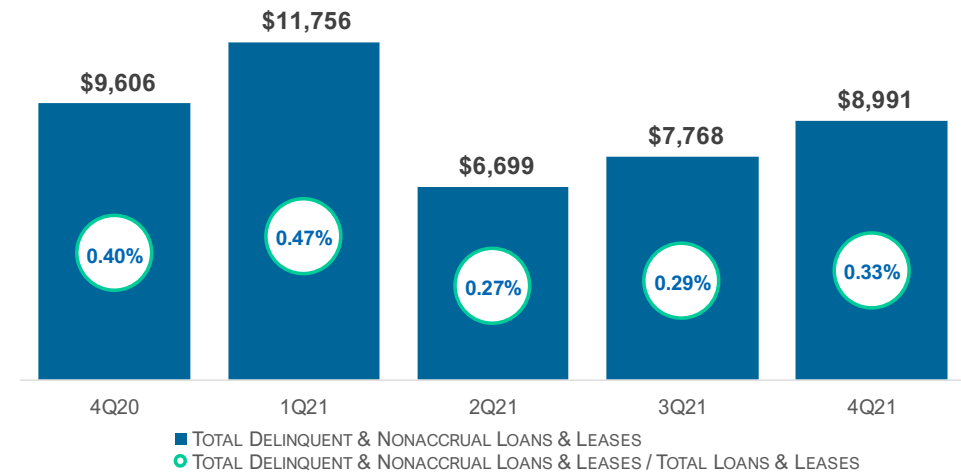
ASSET QUALITY: *STRONG UNDERWRITING PAYS DIVIDENDS*

\$ in Thousands

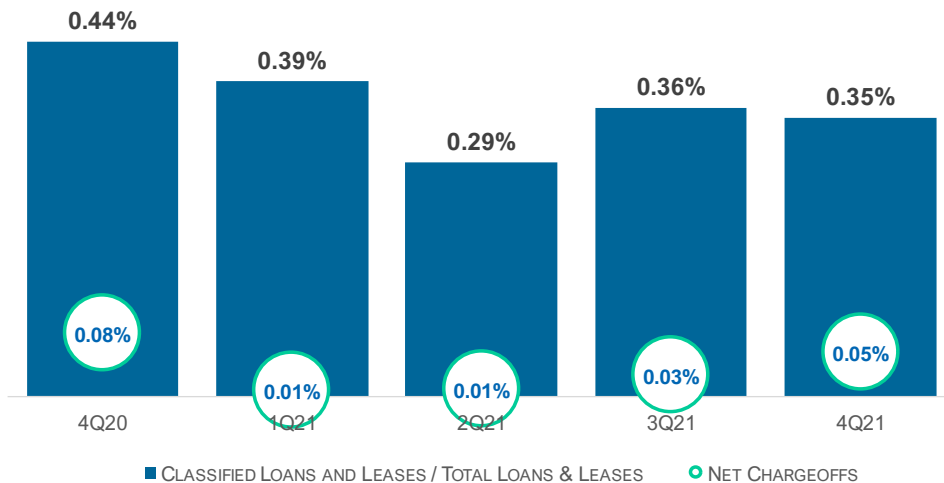
NONPERFORMING ASSETS



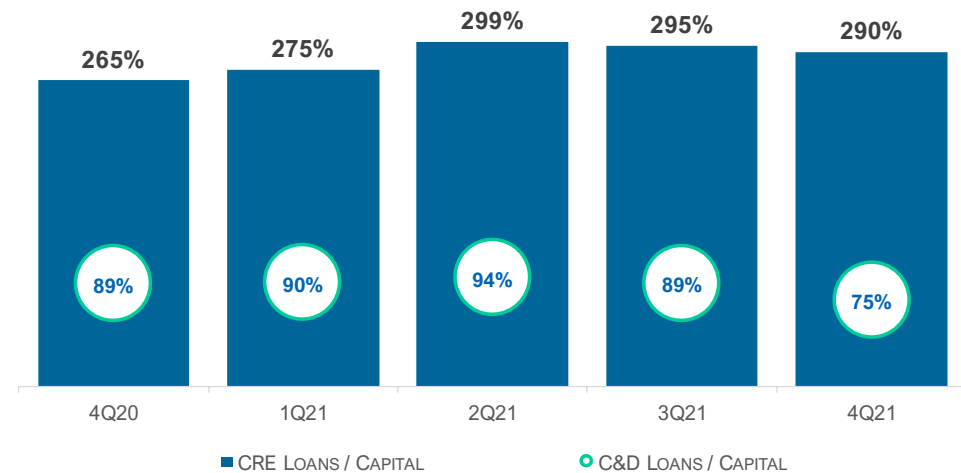
DELINQUENT AND NONACCRUALS / TOTAL LOANS



CREDIT QUALITY



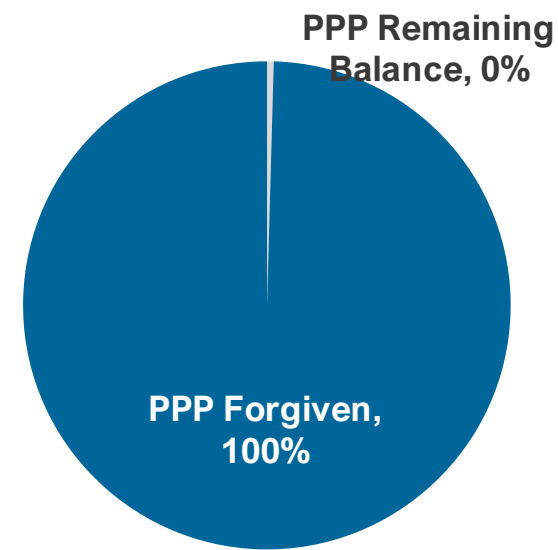
COMMERCIAL REAL ESTATE CONCENTRATION



PAYCHECK PROTECTION PROGRAM (“PPP”): *FINAL UPDATE*

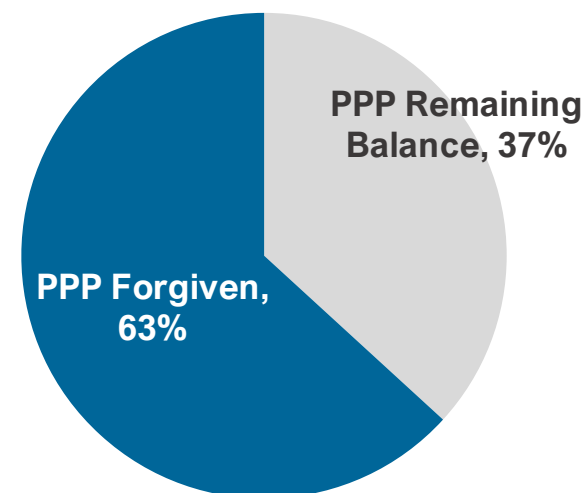
2020 PPP Vintage

| | Originated | Acquired | O/S Balance | Forgiven |
|--------------------|------------|----------|-------------|------------|
| # of Loans | 2,957 | 25 | 10 | 2,972 |
| % of Total | | | 0% | 100% |
| Total Loan Balance | \$ 300,789 | \$ 2,207 | \$ 1,339 | \$ 301,658 |
| % of Total | | | 0% | 100% |
| Total Fees | \$ 10,068 | | \$ - | |



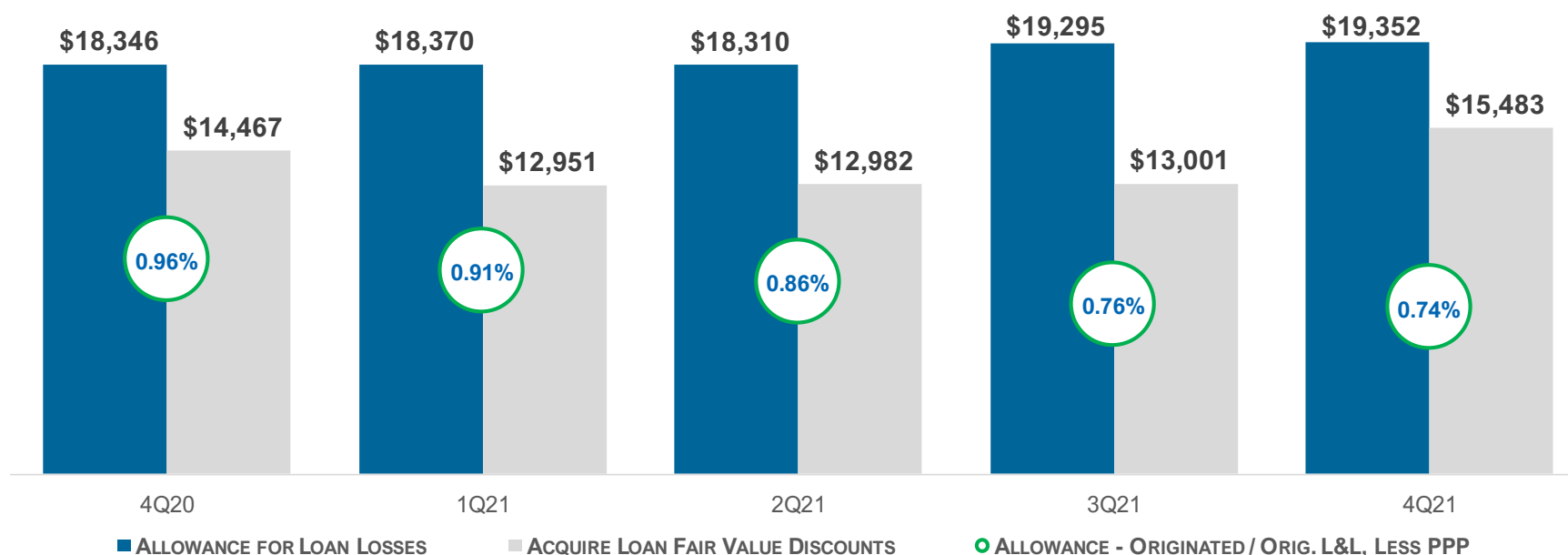
2021 PPP Vintage

| | Originated | Acquired | O/S Balance | Forgiven |
|--------------------|------------|----------|-------------|-----------|
| # of Loans | 1,801 | - | 577 | 1,224 |
| % of Total | | | 32% | 68% |
| Total Loan Balance | \$ 138,398 | \$ - | \$ 50,909 | \$ 87,489 |
| % of Total | | | 37% | 63% |
| Total Fees | \$ 7,035 | | \$ 2,038 | |



RESERVE RECONCILIATION:

\$ in Thousands



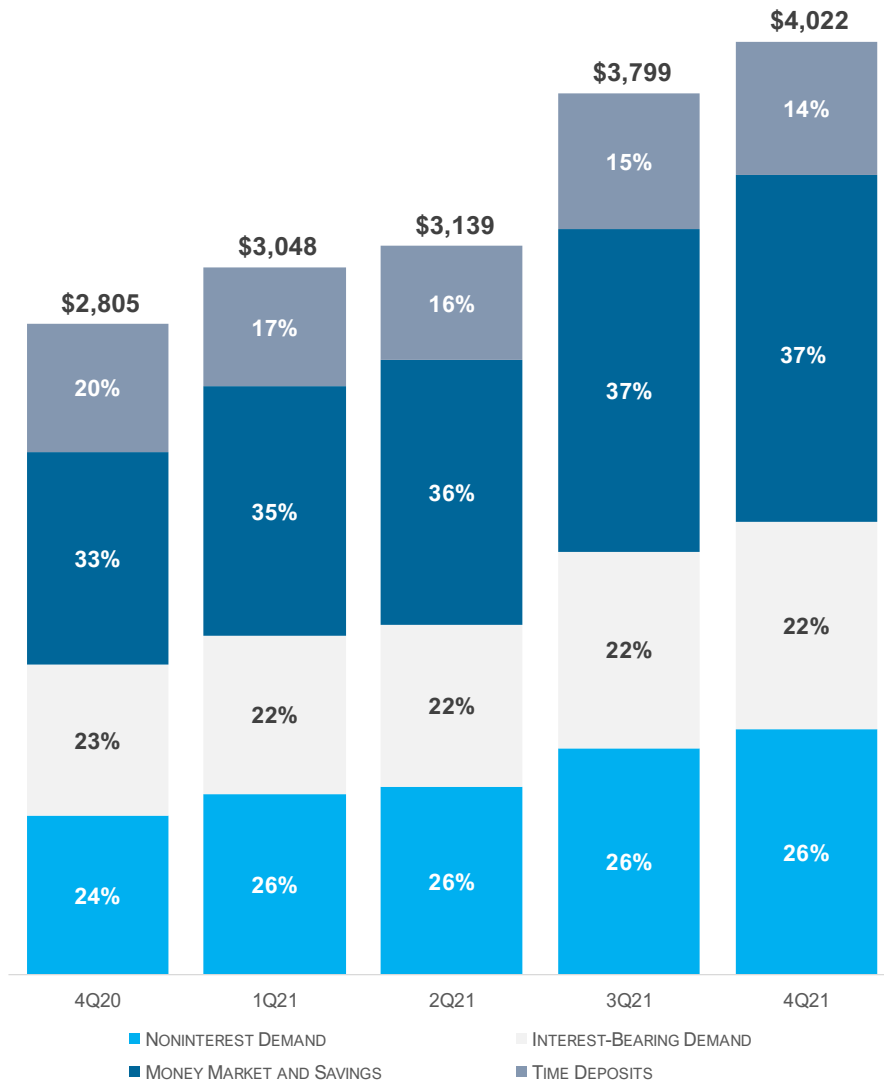
| | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 |
|---|--------------|--------------|--------------|--------------|--------------|
| Allowance / Total Loans & Leases ("L&L") | 0.77% | 0.74% | 0.74% | 0.73% | 0.72% |
| Allowance / Total L&L, less PPP | 0.88% | 0.85% | 0.80% | 0.75% | 0.73% |
| Allowance - Originated / Orig. L&L, less PPP | 0.96% | 0.91% | 0.86% | 0.76% | 0.74% |
| Allowance - Acquired / Acquired L&L | 0.49% | 0.57% | 0.47% | 0.74% | 0.65% |
| Acquired FV Discount / Acquired L&L | 3.76% | 3.74% | 3.61% | 2.48% | 3.42% |
| Total Reserves / Total L&L | 1.38% | 1.26% | 1.27% | 1.22% | 1.29% |
| Total Reserves / Total L&L, less PPP | 1.57% | 1.46% | 1.37% | 1.26% | 1.31% |

DEPOSIT PORTFOLIO: CONTINUED CORE DEPOSIT GROWTH

\$ in Millions

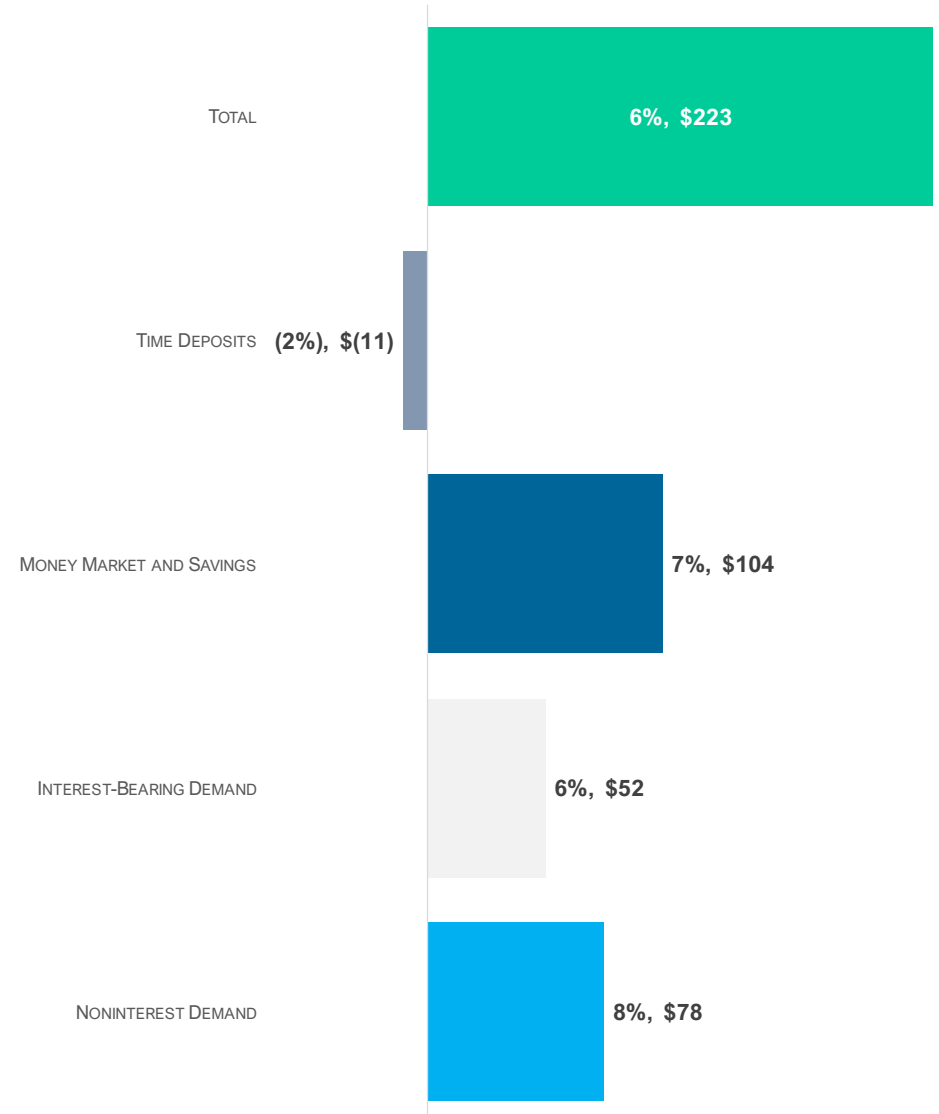
DEPOSIT COMPOSITION

CORE DEPOSIT GROWTH OUTPACING
TIME DEPOSIT CONTRACTION



QUARTERLY DEPOSIT GROWTH

6% QOQ NET NEW DEPOSIT GROWTH

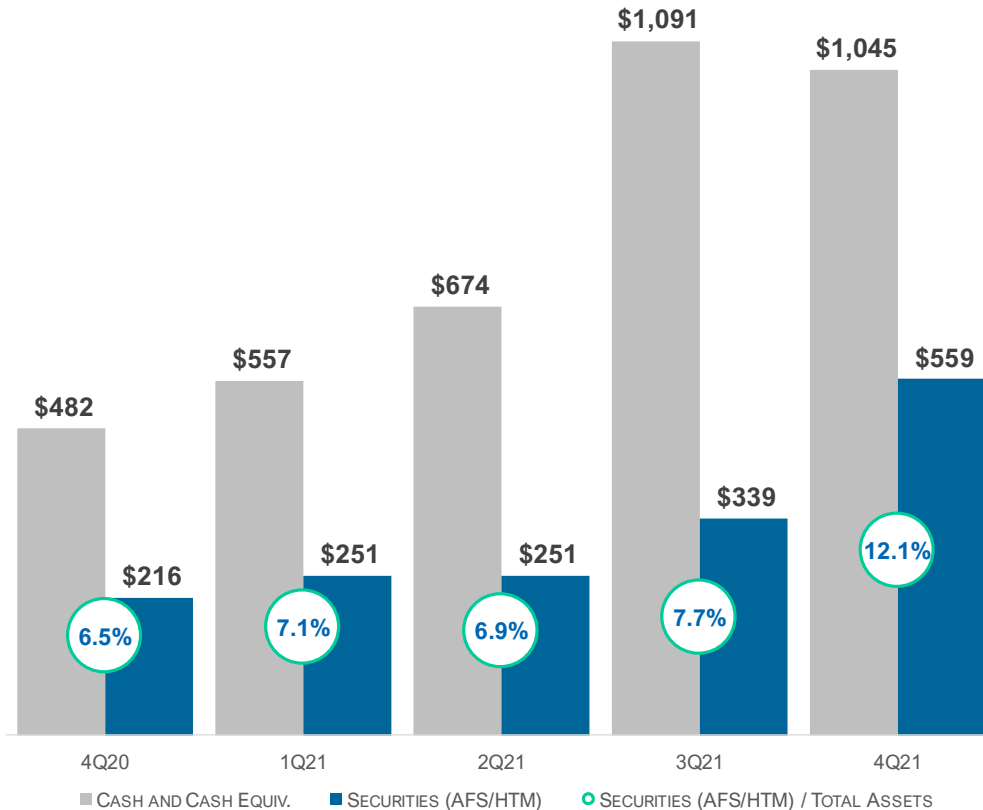


LIQUIDITY UTILIZATION: MARGIN MANAGEMENT WHILE DRIVING REVENUE

\$ in Millions

CASH AND SECURITIES

DEPLOYING EXCESS FUNDING

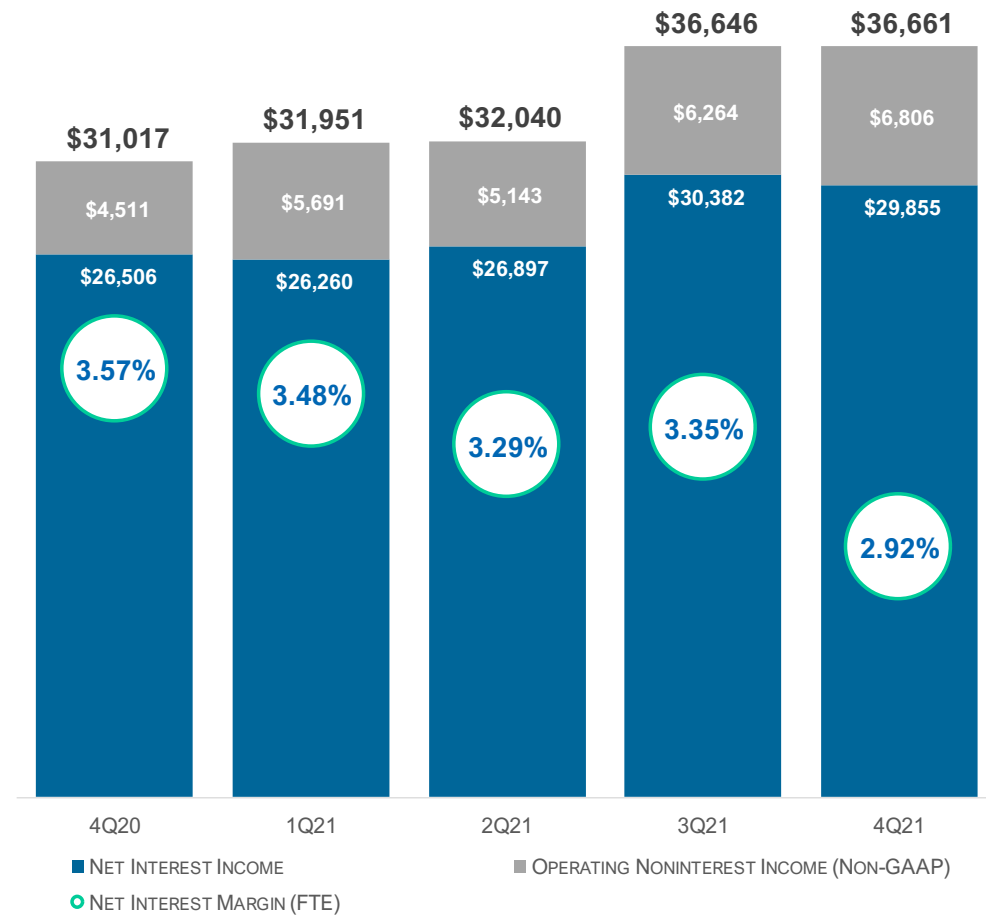


| | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 |
|-----------------------------------|-------|-------|-------|-------|-------|
| Cash Yield | 0.35% | 0.28% | 0.23% | 0.23% | 0.22% |
| Sec. Yield (AFS/HTM) ¹ | 2.02% | 2.02% | 2.16% | 1.89% | 1.64% |
| Loans (less Accr./PPP Fees) | 4.23% | 4.00% | 4.06% | 4.21% | 4.20% |
| Accretion | 0.13% | 0.27% | 0.12% | 0.28% | 0.07% |
| PPP Fees | 0.36% | 0.40% | 0.34% | 0.46% | 0.26% |
| Loan Yield (incl. Fees) | 4.72% | 4.67% | 4.52% | 4.95% | 4.53% |
| IE Asset Yield | 4.01% | 3.88% | 3.65% | 3.67% | 3.20% |
| NIM (FTE) | 3.57% | 3.48% | 3.29% | 3.35% | 2.92% |

\$ in Thousands

MARGIN / OPERATING REVENUE

MAINTAINING REVENUE DESPITE CHALLENGING MARGIN ENVIRONMENT

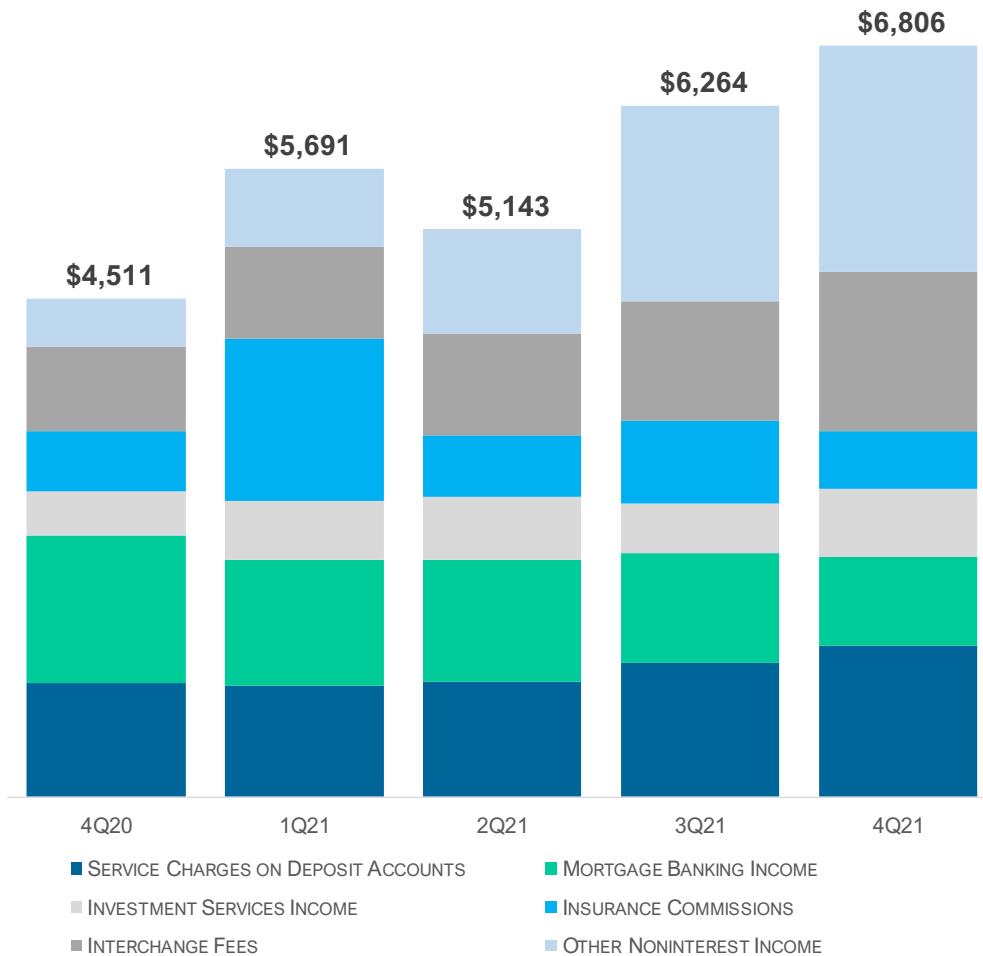


¹) Based on the weighted average of the AFS/HTM securities portfolio. Yields related to investment securities exempt from income taxes are stated on a taxable-equivalent basis assuming a federal income tax rate of 21.0%.
Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

NONINTEREST REVENUE DETAILS: *GROWING FEE INCOME*

\$ in Thousands

OPERATING NONINTEREST INCOME¹ *CONTINUING TO STRENGTHEN*



DIFFERENTIATED REVENUE STREAMS *BUILDING A FAMILY OF DIVERSIFIED REVENUE GENERATORS*

SmartBank
INVESTMENT SERVICES

Rains Insurance
A SmartBank Company



SmartBank
Mortgage Services

FOUNTAIN
EQUIPMENT FINANCE

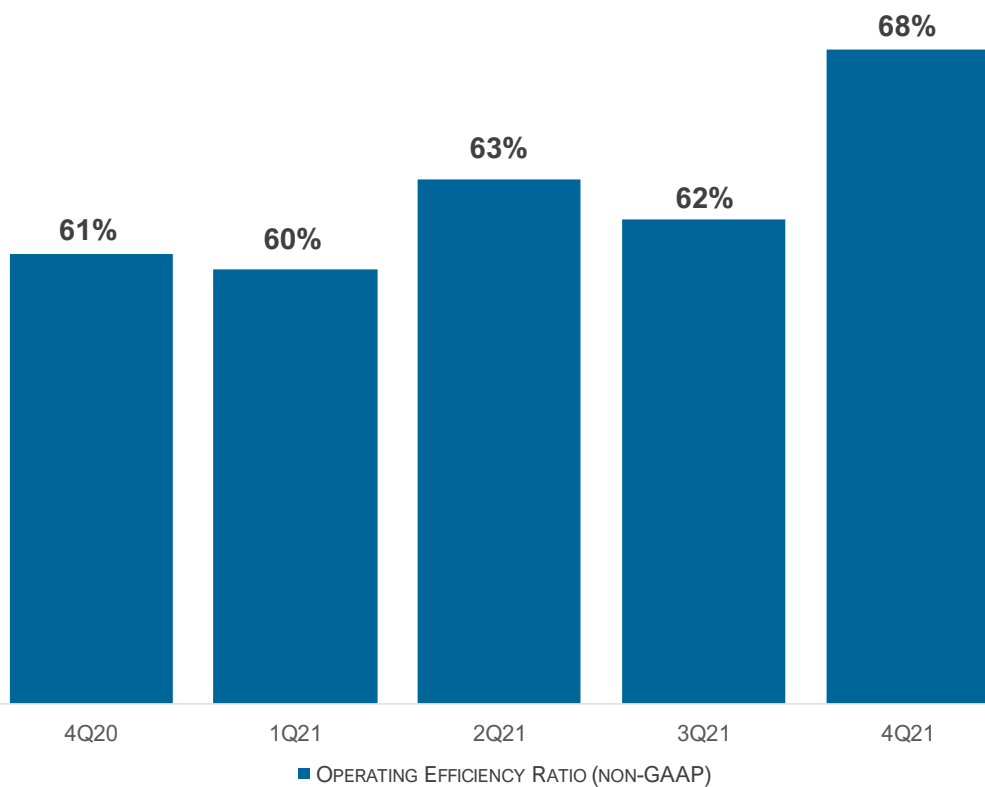
1) Non-GAAP operating non-interest income shown
Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

OPERATING EXPENSE: *INVESTING IN GROWTH*

\$ in Thousands

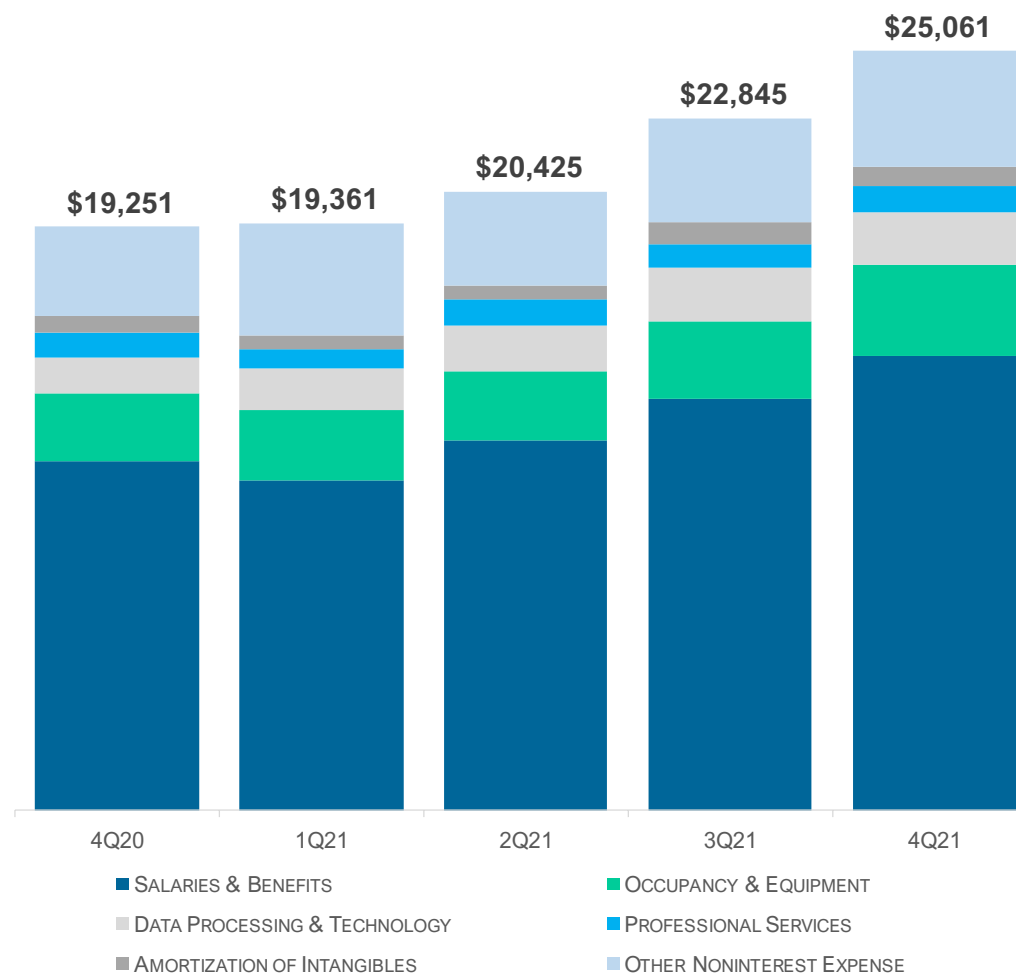
OPERATING EFFICIENCY RATIO

EXECUTING ON MARKET EXPANSION OPPORTUNITIES



OPERATING NONINTEREST EXPENSE¹

ELEVATED EXPENSES RELATED TO ACQUISITION AND LIFT-OUTS

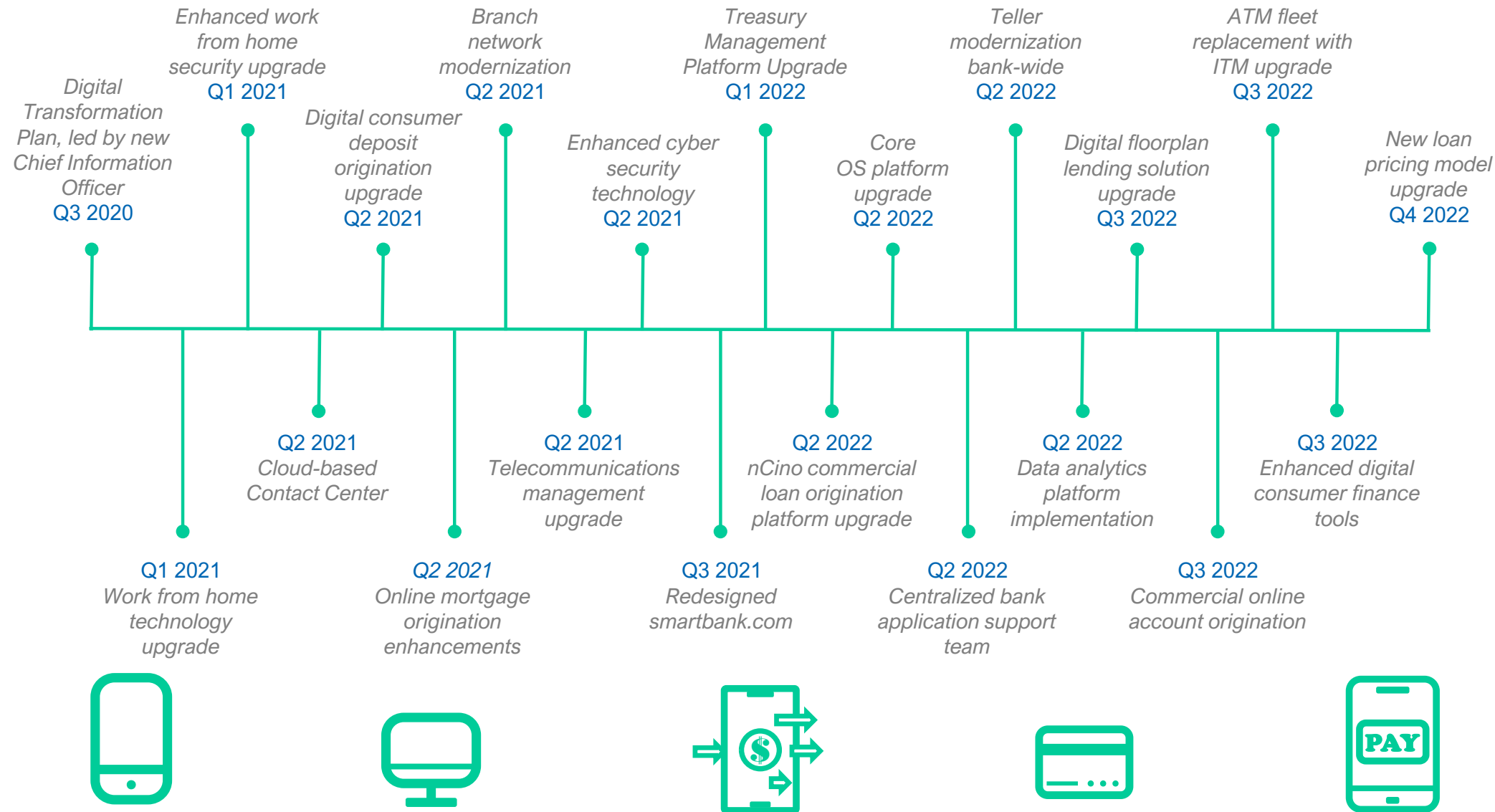


1) Non-GAAP operating non-interest expense shown
 Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

OPERATING EXPENSE: *TECHNOLOGY INITIATIVES*

PLATFORM ENHANCEMENTS TO EMBRACE A CHANGING REMOTE WORKFORCE ENVIRONMENT

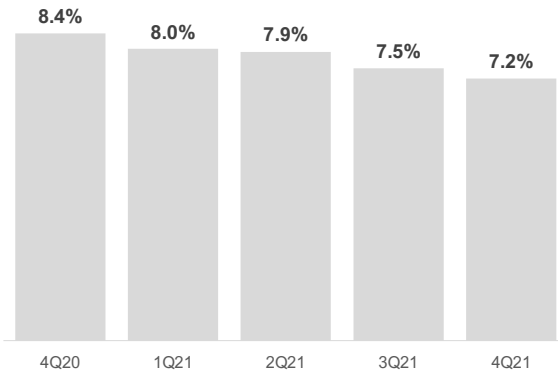
MASSIVE EXPANSION OF HIRING POOL FOR MOST OPERATIONAL AREAS: LOAN PROCESSING, FINANCE, HR, DEPOSIT OPERATIONS & IT



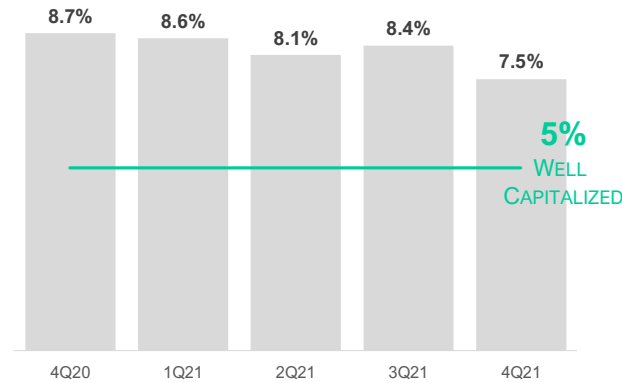
INVESTING IN OUR PLATFORM TO MAKE SMARTBANK AN EASIER ORGANIZATION WITH WHICH TO DO BUSINESS

CAPITAL: WELL CAPITALIZED – BUILDING BOOK VALUE

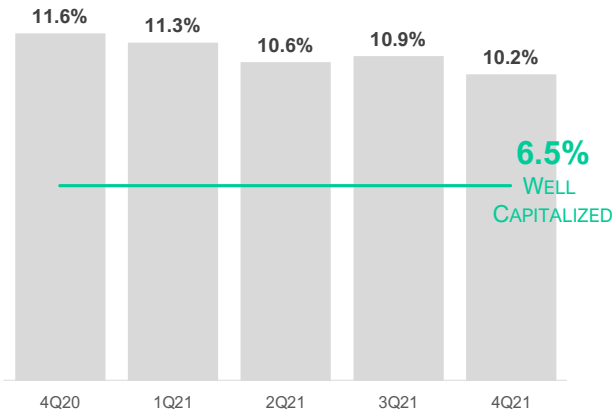
TCE / TA¹



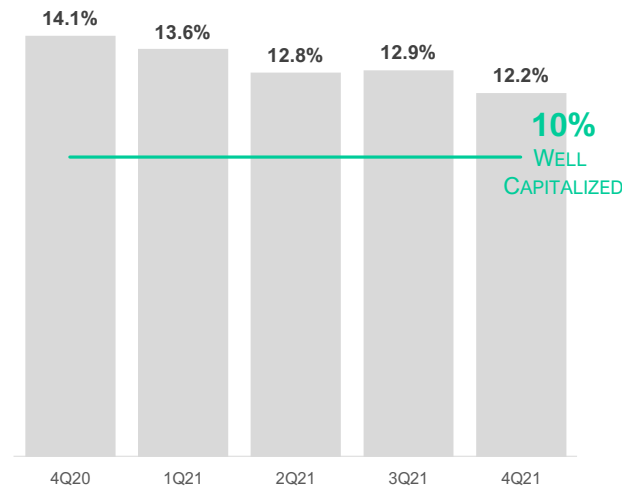
LEVERAGE RATIO



CET1 RATIO



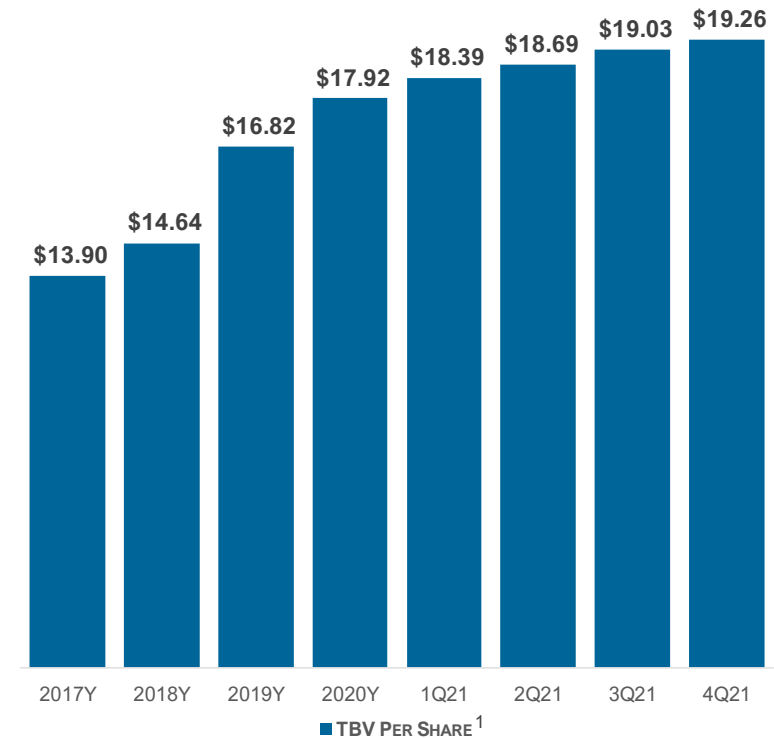
TOTAL CAPITAL RATIO



BASEL III REGULATORY CAPITAL MINIMUM TO BE CONSIDERED "WELL CAPITALIZED"

BUILDING SHAREHOLDER VALUE

TANGIBLE BOOK VALUE PER SHARE¹



\$5.36
TBV PER SHARE¹
CREATED '17 – '21

8%
CAGR '17 – '21

\$0.06
QUARTERLY DIVIDEND

¹) Non-GAAP financial measure. For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix
Note: Capital ratio data as of the most recent period ended 12/31/21

WHY SMARTBANK: *INVESTMENT HIGHLIGHTS*



ENGAGED MANAGEMENT TEAM



LOW-COST DEPOSIT BASE



SOLID CREDIT QUALITY AND UNDERWRITING



STABLE MARKETS EXPERIENCING POPULATION EXPANSION



GROWING BUSINESS LINES WITH REVENUE DIVERSIFICATION



FRANCHISE SCARCITY VALUE – BUILDING SOUTHEAST DENSITY



HISTORY OF DEFENDING BOOK VALUE AND DELIVERING SHAREHOLDER VALUE



SmartFinancial

APPENDIX

INCOME STATEMENT: *DETAILED THIRD QUARTER RESULTS*

| (\$ in thousands, except per share data) | 4Q21 | 3Q21 | 4Q20 | 4Q21 vs. | |
|--|-----------|-----------|-----------|----------------|----------------|
| | | | | 3Q21 % Chg. | 4Q20 % Chg. |
| Net Interest Income | \$ 29,855 | \$ 30,382 | \$ 26,506 | (2%) | 13% |
| Provision for Loan & Lease losses | 422 | 1,149 | - | | |
| Noninterest Income | 6,806 | 6,309 | 4,976 | 8% | 37% |
| Noninterest Expense | 27,823 | 23,309 | 19,953 | 19% | 39% |
| Income Tax Expense | 1,761 | 2,633 | 2,499 | | |
| Net Income (GAAP) | \$ 6,655 | \$ 9,600 | \$ 9,030 | (31%) | (26%) |
| Non-GAAP Reconciliations | | | | | |
| Noninterest Income | - | (45) | (465) | | |
| Noninterest Expense | 2,762 | 464 | 702 | | |
| Income Tax Effect Of Adjustments | (713) | (108) | (62) | | |
| Operating Earnings (Non-GAAP) | \$ 8,704 | \$ 9,911 | \$ 9,205 | (12%) | (5%) |
| Operating PTPP Earnings (Non-GAAP) | \$ 11,600 | \$ 13,801 | \$ 11,766 | (16%) | (1%) |

| Non-GAAP Performance Metrics | 4Q21 | 3Q21 | 4Q20 | 4Q21 vs. | |
|---|----------|----------|----------|----------------|----------------|
| | | | | 3Q21 % Chg. | 4Q20 % Chg. |
| Diluted Operating Earnings Per Share | \$ 0.52 | \$ 0.63 | \$ 0.61 | (18%) | (15%) |
| Tangible Book Value Per Common Share | \$ 19.26 | \$ 19.03 | \$ 17.92 | 1% | 7% |
| Operating Return on Average Assets | 0.77% | 1.00% | 1.14% | (0.23%) | (0.36%) |
| Operating PTPP Return on Average Assets | 1.03% | 1.39% | 1.45% | (0.36%) | (0.42%) |
| Operating Return on Average Tang. Common Equity | 10.7% | 13.3% | 13.7% | (2.6%) | (3.0%) |
| Operating Efficiency Ratio | 68.1% | 62.1% | 60.9% | 6.0% | 7.2% |

Non-GAAP RECONCILIATION

\$ in Thousands, except per share data

| | 4Q21 | 3Q21 | 2Q21 | 1Q21 | 4Q20 |
|--|-----------|-----------|-----------|-----------|-----------|
| Operating Earnings | | | | | |
| Net Income (GAAP) | \$ 6,655 | \$ 9,600 | \$ 8,778 | \$ 9,756 | \$ 9,030 |
| <u>Noninterest Income:</u> | | | | | |
| Securities (Gains) Losses | - | (45) | - | - | - |
| ADECA Termination Proceeds ⁽¹⁾ | - | - | - | - | (465) |
| <u>Noninterest Expenses:</u> | | | | | |
| Merger Related And Restructuring Expenses | 2,762 | 464 | 372 | 103 | 702 |
| <u>Income Taxes:</u> | | | | | |
| Income Tax Effect Of Adjustments | (713) | (108) | (96) | (27) | (62) |
| Operating Earnings (Non-GAAP) | \$ 8,704 | \$ 9,911 | \$ 9,054 | \$ 9,832 | \$ 9,205 |
| Operating Earnings Per Common Share: | | | | | |
| Basic | \$ 0.52 | \$ 0.64 | \$ 0.60 | \$ 0.65 | \$ 0.61 |
| Diluted | 0.52 | 0.63 | 0.60 | 0.65 | 0.61 |
| Operating Noninterest Income | | | | | |
| Noninterest Income (GAAP) | \$ 6,806 | \$ 6,309 | \$ 5,143 | \$ 5,691 | \$ 4,976 |
| Securities (Gain) Losses | - | (45) | - | - | - |
| ADECA Termination Proceeds | - | - | - | - | (465) |
| Operating Noninterest Income (Non-GAAP) | \$ 6,806 | \$ 6,264 | \$ 5,143 | \$ 5,691 | \$ 4,511 |
| Operating Noninterest Expense | | | | | |
| Noninterest Expense (GAAP) | \$ 27,823 | \$ 23,309 | \$ 20,797 | \$ 19,464 | \$ 19,953 |
| Merger Related And Restructuring Expenses | (2,762) | (464) | (372) | (103) | (702) |
| Operating Noninterest Expense (Non-GAAP) | \$ 25,061 | \$ 22,845 | \$ 20,425 | \$ 19,361 | \$ 19,251 |
| Operating Pre-Tax Pre-Provison ("PTPP") Earnings | | | | | |
| Net Interest Income (GAAP) | \$ 29,855 | \$ 30,382 | \$ 26,897 | \$ 26,260 | \$ 26,506 |
| Operating Noninterest Income (Non-GAAP) | 6,806 | 6,264 | 5,143 | 5,691 | 4,511 |
| Operating Noninterest Expense (Non-GAAP) | (25,061) | (22,845) | (20,425) | (19,361) | (19,251) |
| Operating PTPP Earnings (Non-GAAP) | \$ 11,600 | \$ 13,801 | \$ 11,615 | \$ 12,590 | \$ 11,766 |
| Non-GAAP Return Ratios | | | | | |
| Operating Return On Average Assets (Non-GAAP) ⁽²⁾ | 0.77% | 1.00% | 1.01% | 1.19% | 1.14% |
| Operating PTPP Return On Average Assets (Non-GAAP) ⁽³⁾ | 1.03% | 1.39% | 1.30% | 1.52% | 1.45% |
| Return On Average Tangible Common Equity (Non-GAAP) ⁽⁴⁾ | 8.18% | 12.84% | 12.54% | 14.41% | 13.43% |
| Operating Return On Average Shareholders' Equity (Non-GAAP) ⁽⁵⁾ | 8.09% | 10.01% | 9.83% | 11.05% | 10.34% |
| Operating Return On Average Tangible Common Equity (Non-GAAP) ⁽⁶⁾ | 10.70% | 13.26% | 12.93% | 14.53% | 13.69% |
| Operating Efficiency Ratio | | | | | |
| Efficiency Ratio (GAAP) | 75.89% | 63.53% | 64.91% | 60.92% | 63.38% |
| Adjustment For Taxable Equivalent Yields | (0.32%) | (0.25%) | (0.30%) | (0.28%) | (0.30%) |
| Adjustment For Securities Gains (Losses) | - | (0.08%) | - | - | - |
| Adjustment For Merger Expenses | (7.50%) | (1.11%) | (1.15%) | (0.32%) | (2.22%) |
| Operating Efficiency Ratio (Non-GAAP) | 68.07% | 62.09% | 63.46% | 60.32% | 60.86% |

- Note: "ADECA" represents a loan program administered by the Alabama Department of Economic and Community Affairs
- Operating return on average assets (Non-GAAP) is the annualized operating earnings (Non-GAAP) divided by average assets.
- Operating PTPP return on average assets (Non-GAAP) is the annualized operating PTPP earnings (Non-GAAP) divided by average assets.
- Return on average tangible common equity (Non-GAAP) is the annualized net income divided by average tangible common equity (Non-GAAP).
- Operating return on average shareholders' equity (Non-GAAP) is the annualized operating earnings (Non-GAAP) divided by average shareholder equity.
- Operating return on average tangible common equity (Non-GAAP) is the annualized operating earnings (Non-GAAP) divided by average tangible common equity (Non-GAAP).

Non-GAAP RECONCILIATION

\$ in Thousands, except per share data

| | 4Q21 | 3Q21 | 2Q21 | 1Q21 | 4Q20 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Tangible Common Equity: | | | | | |
| Shareholders' Equity (GAAP) | \$ 429,430 | \$ 424,720 | \$ 373,393 | \$ 364,058 | \$ 357,168 |
| Less Goodwill And Other Intangible Assets | 105,852 | 104,930 | 90,966 | 86,350 | 86,471 |
| Tangible Common Equity (Non-GAAP) | <u>\$ 323,578</u> | <u>\$ 319,790</u> | <u>\$ 282,427</u> | <u>\$ 277,708</u> | <u>\$ 270,697</u> |
| Average Tangible Common Equity: | | | | | |
| Average Shareholders' Equity (GAAP) | \$ 426,808 | \$ 392,798 | \$ 369,325 | \$ 360,919 | \$ 354,026 |
| Less Goodwill And Other Intangible Assets | 104,193 | 96,250 | 88,551 | 86,424 | 86,561 |
| Average Tangible Common Equity (Non-GAAP) | <u>\$ 322,615</u> | <u>\$ 296,548</u> | <u>\$ 280,774</u> | <u>\$ 274,495</u> | <u>\$ 267,465</u> |
| Tangible Book Value Per Common Share: | | | | | |
| Book Value Per Common Share (GAAP) | \$ 25.56 | \$ 25.28 | \$ 24.71 | \$ 24.10 | \$ 23.64 |
| Adjustment Due To Goodwill And Other Intangible Assets | (6.30) | (6.25) | (6.02) | (5.71) | (5.72) |
| Tangible Book Value Per Common Share (Non-GAAP) ⁽¹⁾ | <u>\$ 19.26</u> | <u>\$ 19.03</u> | <u>\$ 18.69</u> | <u>\$ 18.39</u> | <u>\$ 17.92</u> |
| Tangible Common Equity To Tangible Assets: | | | | | |
| Total Assets | \$ 4,611,579 | \$ 4,384,031 | \$ 3,654,356 | \$ 3,557,203 | \$ 3,304,949 |
| Less Goodwill And Other Intangibles | 105,852 | 104,930 | 90,966 | 86,350 | 86,471 |
| Tangible Assets (Non-GAAP) | <u>\$ 4,505,727</u> | <u>\$ 4,279,101</u> | <u>\$ 3,563,390</u> | <u>\$ 3,470,853</u> | <u>\$ 3,218,478</u> |
| Tangible Common Equity To Tangible Assets (Non-GAAP): | <u>7.18%</u> | <u>7.47%</u> | <u>7.93%</u> | <u>8.00%</u> | <u>8.41%</u> |

1. Book value per share is computed by dividing total stockholders' equity by common shares outstanding. Tangible book value per share is computed by dividing total stockholders' equity, less goodwill and other intangible assets by common shares outstanding

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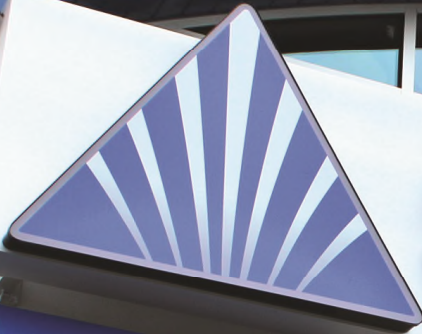


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