

CapStar Financial Holdings, Inc.
and
CapStar Bank
Nashville, Tennessee

Charter of the Risk Committee of the Board of Directors

I. Purpose

The Risk Committee (the “Committee”) is appointed by the Boards of Directors (collectively, the “**Boards**”) of CapStar Financial Holdings, Inc. (“Holdings”) and CapStar Bank (the “**Bank**” and, collectively with Holdings, the “**Company**”) to assist the Board in fulfilling its oversight of the Company’s consolidated risk management framework with respect to the credit, market/liquidity, operational, and compliance/legal risks. The function is solely oversight; management is responsible for executing the Company’s risk management. The Committee acknowledges that the audit function is an integral component of an overall risk management program. Board oversight of the audit function is assigned to the Audit Committee. Therefore, it is anticipated that results from the audit function will occasionally be requested by the Committee.

II. Composition

The Committee shall consist of a minimum of three (3) directors. The Boards shall appoint the Committee members after considering the Nominating and Corporate Governance Committee’s non-binding recommendations. The Committee members shall serve for such term or terms as the Boards may determine and until their successors shall be duly qualified and appointed. The Committee shall designate one Committee member as its chairperson.

III. Meetings, Structure and Operations

The Committee shall meet at least four times each year, or more frequently as the Committee deems necessary, in person, telephonically, or by other electronic means at a time and place determined by the Committee chairperson. The Committee chairperson or a majority of the Committee members may call a meeting at any time in addition to any regularly scheduled meetings. Actions may be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. The Committee shall maintain minutes of its meetings, which minutes shall be submitted to the Board for approval at the next meeting of each Board following the Committee meeting. The Committee shall report to the Boards on significant actions taken by the Committee. Certain actions by the Committee may be similarly reported to the Boards for approval, ratification and/or confirmation. The Committee may form and delegate authority to subcommittees when appropriate. All meetings of and other actions by the Committee shall be held or otherwise taken pursuant to the Company Bylaws, including with respect to actions without meetings, notice of meetings and waiver of notice, quorums and voting requirements.

IV. Duties and Responsibilities

The following are the duties and responsibilities of the Committee, which may be supplemented from time to time by the Boards

Overall

1. Establish and govern the risk appetite of the Company in alignment with the Board's Strategic Plan. Ensure that management establishes an appropriate risk culture and that management maintains enterprise risk management processes that communicate and monitor the risk profile of the Company.
2. Determine whether, in the Committee's judgement, the Company's internal policies, procedures, and guidelines are appropriate to manage risk.
3. Monitor management's processes to identify, assess, and manage risks that could affect the Company from achievement of its business objectives.
4. Oversee the risk assessment process, including review of the methodologies utilized by the Company to assess and manage operational risk.
5. Monitor risk management strategies and associated risk management initiatives of the Company while conducting business.
6. Monitor key indicators of risk by reviewing the ERM report prepared by the Risk Management function.

Credit Risk

1. Oversee the credit risk management process, review of the approval processes, portfolio management processes and credit risk control systems utilized by the Company.
2. Review current lending related risks, including credit quality trends, policy exception trends, collateral and financial exceptions, concentrations, and lending related regulatory or audit issues and make appropriate recommendations for action;
3. Ensure the appropriate annual review and covenant testing process is maintained.
4. Review significant changes to credit procedures / processes and annually approve the Company's Loan and Credit Administration Policy;
5. Review and consider material changes in lending strategies and entry / exit of lending lines of business proposed by management;
6. Determine "house limits" for lending relationships, and if deemed appropriate by the committee, approve any exceptions to such "house limits" in effect from time to time;
7. Review the quarterly analysis of loan reserve adequacy as presented by management;

8. Review, at least annually, the annual loan review plan and monitor performance to that plan during the year;
9. Review reports of regulatory and open audit issues, high loan to value loans, and extensions of credit to Insiders as defined by FRB Regulation O;
10. Review other reports that it may request from time to time which may include:
 - i. Peer loan performance trends;
 - ii. Loan portfolio quality trends;
 - iii. Reports on significant concentrations; including portfolio concentrations and large individual transactions;
 - iv. Reports on significant criticized credit relationships, and,
 - v. Reports on policy exceptions.

Market / Liquidity Risk

Liquidity

1. Monitor the liquidity position of the Company and liquidity management activities undertaken by the Company.

Interest Rate Risk

1. Monitor the management of interest rate risk activities and the Company's overall interest rate risk profile, the sensitivity of the Company's earnings under varying interest rate scenarios.
2. Monitor trends in the economy in general and interest rates in particular with a view toward limiting any potential adverse impact on the Company's earnings.

Capital Adequacy

1. Monitor the capital position of the Company and the capital management activities undertaken by the Company to ensure that capital levels are maintained in accordance with regulatory requirements and the Company's Strategic Plan.

Investments

1. Monitor the purchase, sale, exchange and other disposition of the investments of the Company, including review of management reports concerning current equity and debt security investment positions.
2. Monitor compliance with both external regulations and Company policies governing investments and categories of investments, including requirements relating to composition, diversification, credit risk and yield.

3. Review the status of the securities and derivatives portfolios, including performance, appreciation or depreciation, quality, maturity profile and any action taken by management with respect thereto.
4. Review significant financial risk exposures facing the Company generally, and in its investment and derivatives portfolios in particular, and the steps management is taking to monitor and control such exposures.
5. Monitor compliance with policy provisions and applicable standards relating to the management of counterparty credit risk, including, but not limited to, reviewing limit on counterparty exposure and reviewing limits on individual transactions based on risk.

Other

- i. Monitor management of the Company's treasury functions, including its operations and funds management processes.
- ii. Review policy limits relating to interest rate risk, liquidity, and capital levels.
- iii. Monitor compliance with both external regulations and policies with respect to the asset and liability management processes of the Company.

Operational Risk

1. Monitor key operational performance indicators related to errors and loss.
2. Review annual plans for the Company's information security program and assess the programs adequacy by monitoring quarterly key metrics and management's response to key events.
3. Review annual plans for the Company's business continuity and incident response as well as receive updates on actual events.
4. Assess the adequacy of insurance coverage by reviewing reports prepared by the Enterprise Risk Management that provide information on types of policies in place as well as the processes utilized by Enterprise Risk Management to evaluate coverage.

Compliance / Legal Risk

1. Review annual plans for the Company's Compliance program and receive regular updates to the program, CRA, and Fair Lending.
2. Assess the adequacy of management's mitigation of regulatory risk by reviewing significant recommendations resulting from regulatory examinations.
3. Assess the level of legal risk by reviewing reports of current litigation matters.

4. Obtain advice and assistance from internal or external legal counsel, consultants, or other advisors, at the Corporation's expense, to assist the Committee in performing its prescribed responsibilities and duties under this Charter.

V. Annual Performance Evaluation

The Committee will conduct an annual self-evaluation to determine whether it is functioning effectively. The Committee will receive comments from all directors and report annually to the Boards with an assessment of its performance. The assessment will focus on the Committee's contribution to the Company and specifically focus on areas in which the Boards believe the Committee could improve.

VI. Resources and Authority

The Committee shall have the necessary and appropriate resources and authority to discharge the duties and responsibilities conferred to the Committee by this Charter and any other supplemental duties and responsibilities expressly delegated to the Committee by the Boards.

VII. Consistency with Charter and Bylaws

To the extent that any provision or section of this Charter may be inconsistent with any article, provision or section of the Charter or the Bylaws of the Company, as appropriate, shall fully control.