

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

Charter of the Audit Committee of the Boards of Directors

I. PURPOSE

The Audit 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”). This Charter governs the activities of the Committee, whose primary purpose is oversight. The Committee assists the Boards in achieving oversight responsibilities regarding:

- A. Monitoring the integrity of the financial statements, financial reporting process, and system of internal accounting and financial controls;
- B. Complying with laws, regulations, policies, and procedures;
- C. Assessing the qualifications, independence, and performance of the independent registered public accounting firm; and
- D. Monitoring the internal audit function.

II. AUTHORITY

The Boards authorize the Committee to conduct or cause to be conducted investigations into any matters coming under Committee responsibilities and to have sole authority to select, compensate, discharge, and monitor the work of the independent registered public accounting firm who shall report directly to the Committee and shall be ultimately accountable to the Boards and the Committee, as representatives of Holdings’ shareholders. In addition, the Committee shall:

- A. Resolve any conflicts between management and the independent registered public accounting firm in connection with financial reporting;
- B. Pre-approve all auditing and permissible non-audit services performed by the independent registered public accounting firm, including the scope, fees, and other terms of such engagements (in performing this function, the Committee shall consult with management prior to the Holdings’ engagement of the independent registered public accounting firm for such services. The Committee has delegated its authority to pre-approve audit, audit-related and non-audit services to the Chair of the Committee, provided that the pre-approval decisions of the Chair are subsequently presented to the Committee at the next Committee meeting);
- C. Retain independent legal, accounting, or other professionals as needed at Company expense and determine the amount of appropriate funding that the Company must provide for the payment of: (i) compensation to independent registered public accounting firm engaged for the purpose or preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisers engaged by the Committee related to its duties and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act, as defined below);

- D. Have access to any information, to employees (who shall comply with Committee requests), or to others as necessary;
- E. Be able to delegate authority, including the pre-approval of all auditing and permissible non-audit services on the condition that such decisions are presented to the Committee at its next meeting; and
- F. Maintain free and open communication with the independent registered public accounting firm, internal auditors and management and shall have the authority to communicate directly with the independent registered public accounting firm as well as any employee of the Company.

III. COMPOSITION

The Committee shall consist of at least three members of the Boards who are to be appointed/and replaced by the Boards. One member of the Committee shall be appointed as Chair. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas and making regular reports to the Boards. The Chair will also maintain regular liaison with the Company's Chief Executive Officer ("CEO"), Chief Operating Officer, Chief Financial Officer ("CFO"), lead independent registered public accounting firm partner and director of internal audit. The Boards may also designate a Vice-Chair.

- A. Each Committee member shall meet the (i) independence and financial literacy requirements for serving on audit committees as set forth in the applicable rules of any exchange on which the stock of Holdings may be listed, (ii) audit committee requirements of the rules and regulations of the Securities and Exchange Commission ("SEC"), and (iii) criteria for independence set forth in Rule 10A-3(b)(1) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act). Each Committee member must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.
- B. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication and which results in the individual meeting the qualifications of an "audit committee financial expert" as set forth in Item 407(d) of Regulation S-K, as promulgated by the SEC. A member of the Committee may not, other than in his or her capacity as a member of the Committee, the Boards or another committee of the Boards, accept any consulting, advisory or other compensatory fee other than for services as a director or committee member from the Company or be an affiliated person of the Company or any subsidiary of the Company, in each case except as allowed by the rules and regulations of the SEC and any exchange on which the stock of Holdings may be listed.

IV. MEETINGS

- A. The Committee shall meet at least four times annually or more frequently as circumstances require. Members of the Committee are expected to attend the meetings either in person or by telephone. Management, auditors, and others may also be asked to attend.
- B. The Committee will meet periodically in executive sessions by themselves and with others as the Committee deems appropriate, provided that, at least once each year, the Committee shall meet privately with each of the independent registered public accounting firm, management

and the internal auditors. Meeting agendas and briefing materials will be provided in advance of the meetings, and minutes will be prepared and distributed to the Boards.

V. RESPONSIBILITIES

The Boards assign the Committee these responsibilities:

- A. Review and discuss with management and, when appropriate, the independent registered public accounting firm, significant accounting and reporting issues understanding how they may impact financial statements. The review should emphasize the following:
 1. Complex or unusual transactions and areas of significant judgment;
 2. Major issues regarding accounting principles and financial statement content, including significant changes in selection or application of accounting principles;
 3. The impact of regulatory and accounting promulgations on the financial statements and on off-balance sheet structures;
 4. Regarding financial statement preparation, review information prepared by management and/or the independent registered public accounting firm that involves significant financial reporting issues, judgments, and alternative GAAP methods;
 5. Discussing with management and the independent registered public accounting firm and internal auditors the Company's major financial risk exposure and the steps management and the independent and internal auditors have taken to monitor and control such exposure, including the Company's risk assessment and risk management policies.
- B. Review with the independent registered public accounting firm and management the extent to which changes or improvements in financial or accounting practices suggested by the auditors, as approved by the Committee, have been implemented (this review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee), and for any material control deficiencies noted, review remedial measures planned or implemented;
- C. Discuss with the independent registered public accounting firm any issues arising from their review prior to the release of earnings;
- D. Review and discuss with management and the independent registered public accounting firm the audited and interim quarterly financial statements (the discussion should include significant issues associated with accounting principles, practices, and judgments, including matters required by Statement of Auditing Standards No. 61, as amended, and the consideration of the quality of the Company's accounting principles as applied in its financial reporting, including a review of particularly sensitive accounting estimates, reserves and accruals, judgmental areas, audit adjustments (whether or not recorded) and other such inquiries as the Committee or the independent registered public accounting firm shall deem appropriate. Based on such review, if Holdings is required by the SEC to file an Annual Report on Form 10-K, the Committee shall make its recommendation to the Boards as to the inclusion of the Company's audited financial statements in such report);
- E. Discuss with a representative of management and the independent registered public accounting firm each of the following, as applicable: (i) the interim financial information contained in Holdings' Quarterly Report on Form 10-Q prior to its filing; (ii) the earnings announcement prior to its release (if practicable); and (iii) the results of the review of such information by the

independent registered public accounting firms. These discussions may be held with the Committee as a whole or with the Chair in person or by telephone;

- F. Review and resolve any disagreements among management and the independent registered public accounting firm or the internal auditing department in connection with the preparation of the audited financial statements or the quarterly financial statements
- G. Issue annually a report of the Committee to be included in Holdings' proxy statement to the extent required by the rules and regulations of the SEC;
- H. Regularly consult with the independent registered public accounting firm out of the presence of management about internal control over financial reporting, the completeness and accuracy of the Company's financial statements and other appropriate matters;
- I. Consider any significant changes to the Company's accounting principles and practices as recommended by the independent registered public accounting firm, management or the internal auditing department and reviewing any required disclosure to the Company's financial statements of significant changes in accounting principles and practices;
- J. Cooperate with management, the Boards and the Company's legal counsel to ensure that the Company discloses in its proxy statement for its annual meeting of shareholders whether the Committee members are independent as described in this Charter and as defined by the applicable rules and regulations of the SEC and any exchange on which the stock of Holdings may be listed , as well as certain information regarding any director of the Committee who is not independent;
- K. Review disclosures made to the Committee by the Company's CEO and CFO pertaining to significant deficiencies or material weaknesses in the design or operation of internal controls or pertaining to any fraud that involves management or other employees who have a significant role with internal controls;
- L. Monitor, review and recommend to the Boards for approval the Company's exposure to and assessment of the allowance for loan and lease losses, including the Company's internal controls over the allowance for loan and lease losses determination process; and
- M. Review and prepare contingency plans for alternative audit firms.

VI. INTERNAL CONTROLS

In addition to the other duties set forth in this Charter, the Committee shall:

- A. Consider the effectiveness of internal control systems, including information security and control; and
- B. Understand the scope of the internal audit - also, understand the scope of the independent registered public accounting firm's review of internal controls over financial reporting and compliance, obtain reports on significant findings, recommendations, and management responses.

VII. INTERNAL AUDIT

In addition to the other duties set forth in this Charter, the Committee shall:

- A. Assess significant audit report issues and resolution plans and comment appropriately;

- B. Review and approve internal audit's responsibilities, budget, staffing, plans, activities, and organizational structure;
- C. Ensure there are no unjustified restrictions or limitations;
- D. Review and concur in the appointment, replacement, evaluation, and compensation of the internal auditors; and
- E. Review the effectiveness of the function, including compliance with the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

VIII. EXTERNAL AUDIT

In addition to the other duties set forth in this Charter, the Committee shall:

- A. Discuss with management and the independent registered public accounting firm any major financial, compliance, and operational risk exposures and the remedial strategies and measures taken by management to monitor and control such exposures;
- B. Review annually the independent registered public accounting firm's audit scope approach, and staffing, including coordination with internal audit, and, following completion of the annual audit, reviewing separately with each of management, the independent registered public accounting firm and the internal auditing department any significant difficulties encountered during the course of the audit raised by the independent registered public accounting firm, management or the internal auditing department, including any restrictions on the scope of work or access to required information;
- C. Review the performance of the independent registered public accounting firm annually (and report conclusions to the Boards) by considering the following:
 - 1. Obtain and review a report from the independent registered public accounting firm at least annually regarding (a) the independent registered public accounting firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with such issues, and (d) all relationships between the independent registered public accounting firm and the Company. Evaluate the qualifications, performance, and independence of the independent registered public accounting firm, including considering whether the auditor's quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the independent registered public accounting firm's independence, and taking into account the opinions of management and internal auditors. The Committee shall present to the Boards its conclusions regarding the independent registered public accounting firm;
 - 2. After discussion with the independent registered public accounting firm regarding any significant relationships they may have with the Company that could impair the independent registered public accounting firm's independence consistent with the requirements of Independence Standards Board Standard No. 1, assess the independent registered public accounting firm's independence;
 - 3. Ensure that the independent registered public accounting firms either (i) have received an external quality control review by an independent public accountant ("peer review") that determines whether the auditor's system of quality control is in place and operating

effectively and whether established policies and procedures and applicable auditing standards are being followed, or (ii) are enrolled in a peer review program and within 18 months receive a peer review that meets acceptable guidelines;

4. Consider opinions of management and internal audit;
5. Review and evaluate the independent registered public accounting firm's engagement partner; and
6. Ascertain compliance with engagement partner rotation requirements and consider whether there should be rotation of the independent registered public accounting firm.

IX. COMPLIANCE

The Committee shall establish procedures applicable to receiving, retaining, and handling of complaints received by the Committee or the Company regarding accounting, internal accounting controls, or auditing matters, and for the confidential anonymous submission by employees or others of concerns regarding questionable accounting or auditing matters. In discharging these duties the Committee shall:

- A. Obtain regular updates from counsel and others regarding compliance and financial matters;
- B. Review significant findings and/or observations noted in reports and examinations contemplated by this Charter;
- C. Approving all "related person transactions," as described in Item 404 of Regulation S-K, as promulgated by the SEC, except for transactions within the scope of Regulation O, as promulgated by the Federal Reserve;
- D. Review the process for communicating to employees and for monitoring compliance with the Company's Code of Conduct and Standard of Ethics and other similar policies;
- E. Review with management, the auditors and counsel any reports received regarding compliance by the Company, its officers, employees and agents with applicable legal requirements and the Company's Code of Conduct and Standard of Ethics and other similar policies within the scope of this Charter;
- F. Advise the Boards with respect to the disclosures of insider and affiliated party transactions. Advise the Boards with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct and Standard of Ethics and other similar policies within the scope of this Charter;
- G. Discuss with the Company's counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies;
- H. Discuss with management and the independent registered public accounting firm any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements, accounting policies, or risk management practices; and
- I. Track and review the management responses and the progress toward resolution of findings that are surfaced based on the audits contemplated by this Charter.

X. REPORTING RESPONSIBILITIES

In addition to the other duties set forth in this Charter, the Committee shall:

- A. Furnish the Boards with Committee meeting minutes that summarize issues pertaining to the quality or integrity of financial statements, legal or regulatory compliance, and performance and independence of the independent registered public accounting firm and internal audit;
- B. Facilitate open communications between the Boards, internal audit, and the independent registered public accounting firm; and
- C. Confirm annually with the independent registered public accounting firm that no illegal acts were detected during the course of an audit or, if such acts were detected, that the independent registered public accounting firm complied with all legal and regulatory requirements with regard to the reporting of such illegal acts to management and the Committee.

XI. OTHER RESPONSIBILITIES

- A. The Committee shall review internal and independent registered public accounting firm's risk assessments performed in accordance with their annual audit schedule. This review should include management's responses to the findings of the risk assessments.
- B. If requested by the Boards, the Committee shall perform any other activities within its scope of responsibility.
- C. The Committee shall adopt written procedures for the confidential receipt, retention and consideration of any report of evidence of a "material violation," as that term is defined by 17 C.F.R. 205.2(i), pursuant to the standards of professional conduct for attorneys appearing and practicing before the SEC in the representation of an issuer under 17 C.F.R. 205.3. Holdings shall also have the authority and responsibility to undertake all of the duties of a "qualified legal compliance committee," as that term is defined by 17 C.F.R. 205.2(k), including informing the CEO and chief compliance officer, if any, of any report of evidence of a "material violation," determining whether an investigation is necessary and, at the conclusion of any investigation, recommending an appropriate response and informing the CEO, chief compliance officer (if any) and the Boards of results of any investigation and the appropriate remedial measures to be adopted. The Committee shall also have the authority and responsibility, acting by majority vote, to take all other associated appropriate action, including instituting and overseeing any necessary special investigations.
- D. The Committee shall evaluate annually the level of compliance with this Charter and the adequacy of this Charter and recommend any proposed changes to the Boards for approval.
- E. The Committee shall conduct an annual self-evaluation to determine whether it is functioning effectively, receive comments from all directors and report annually to the Boards with an assessment of its performance. This assessment should focus on the Committee's contribution to the Company and specifically focus on areas in which the Boards believe the Committee could improve.
- F. The Committee shall review any internal reports pertaining to Committee responsibilities.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. Management is responsible for preparing the financial statements and disclosures, and the independent registered public accounting firm is responsible for auditing such financial statements. The Committee and the Boards recognize that management (including the internal audit staff) and the independent registered public accounting firm have more resources and time and more detailed

knowledge and information regarding the Company's accounting, auditing, internal control over financial reporting and financial reporting practices than the Committee does. Accordingly, the Committee's oversight role does not provide any expert or special assurance as to the Company's financial statements and other financial information provided by the Company to its shareholders and others.