

Dear Fellow Shareholders,

Our momentum continued to build in 2016. Those of you who have followed us through the years know that we are an urban community bank, which simply means we choose to operate in large, high-growth urban markets and compete based on a community bank level of service. That's what we set out to build from the beginning in 2000. We compete and win against the large, bureaucratic regionals in our markets because we deliver distinctive service and provide effective advice. We position local decision makers in each market to serve local businesses and consumers.

In 2015, we completed our Tennessee market expansion with acquisitions of CapitalMark Bank & Trust in Chattanooga and Magna Bank in Memphis and now operate in all four of the state's urban markets. In 2016, we cemented our position as "Nashville's bank" by acquiring Avenue Financial Holdings, Inc. We've successfully completed the technology conversions for all of these acquisitions and operate in all markets under the Pinnacle brand.

We believe the systems integrations for Magna, CapitalMark and Avenue have been nearly flawless. We kept all of the executive leadership and virtually all of the key revenue producers from each of these companies.

Throughout the conversions, our associates maintained their focus on running our firm efficiently and have produced what we believe are outstanding results for our shareholders. In conjunction with these transactions, excluding merger-related charges, revenue per share is up, earnings per share is up, and our efficiency ratio has improved. And through it all we were able to produce double-digit organic loan and deposit growth in both of the newly acquired markets, Chattanooga and Memphis, which bodes well for our sustainable earnings growth going forward.

Many companies are hesitant to publicly disclose their financial targets. We continue to publish our profitability targets and the key performance measures that would result in that level of overall profitability for the firm. In 2016, our return on average assets was 1.30 percent in the fourth quarter (1.37 percent excluding \$3.3 million of pre-tax merger-related charges, near the high end of the target range of 1.20 to 1.40 percent), with all component measures—margin, fees to assets, expenses to assets and net charge-offs—performing well against their respective targets.

2016 ACCOMPLISHMENTS

As we grow organically and through acquisitions, our expectations and aspirations get bigger. Though geography and numbers may change, we continue to believe that *excited associates* create *engaged clients*, which lead to *enriched shareholders*. This tried and true formula is what allows us to be the best.

Best Bank to Work For.

American Banker named Pinnacle No. 6 on its list of "Best Banks to Work For" in the U.S., marking the fourth year in a row the firm earned a top spot. Before our merger, Avenue Bank was No. 5 on the list in 2015, which shows their shared commitment to work environment and making our combined firm the best bank to work for in the Southeast.

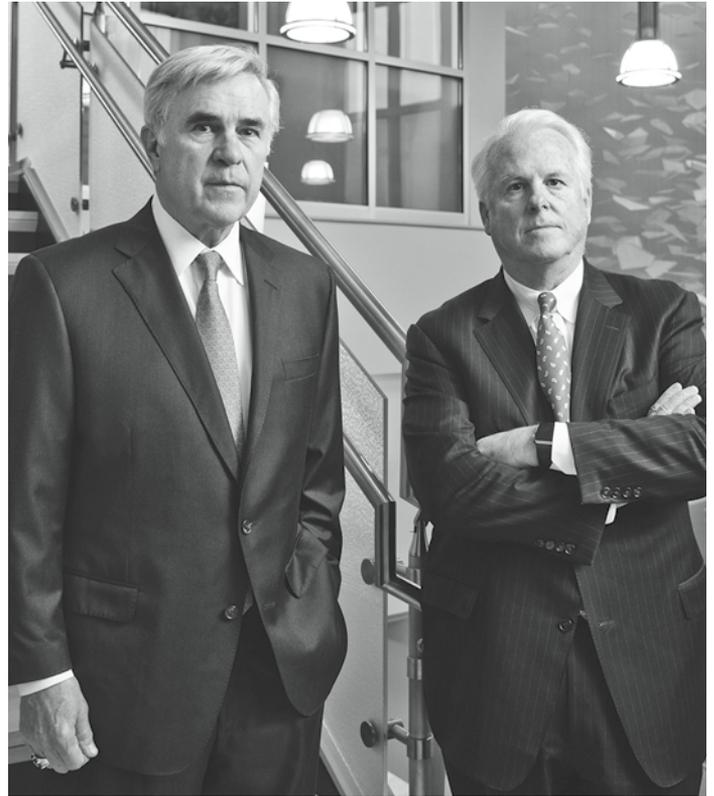


Photo credit: Nathan Morgan, *Nashville Business Journal*

Best Talent in Our Markets.

Our reputation for being a great place to work allowed us to source, recruit, hire, onboard and retain a large number of the most productive financial professionals in our markets. We brought 81 revenue producers on board, including 30 who were a part of the Avenue acquisition. That's compared to 2015's record of 36 revenue producers.

Best Brand for Businesses.

Greenwich Associates, the foremost provider of market research to commercial banks, honored Pinnacle with "Best Brand" awards for trustworthiness and ease of doing business—further proof that our urban community bank strategy is being executed effectively. Greenwich Associates evaluated all of the top 50 banks in the U.S., plus roughly 700 more, and we were one of only 18 who had a distinctive brand.

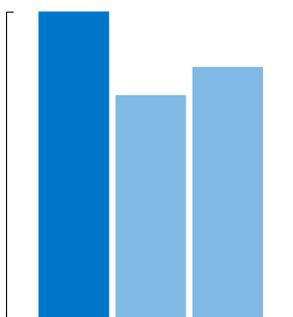
Best Banks in America.

Pinnacle ranks in the top quartile among the country's largest banks, according to a *Forbes* analysis. The magazine examined raw numbers that shed light on growth, credit quality and profitability for the country's 100 largest banks and thrifts. Pinnacle came in at No. 25 and was by far the best bank in Tennessee.

Total Shareholder Returns

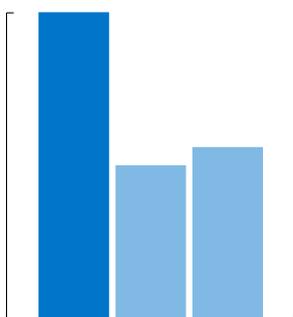
3 Year

PNFP—140.3%
Peer Median—104.0%
75th Percentile of
Peer Group—115.4%



5 Year

PNFP—554.8%
Peer Median—283.0%
75th Percentile of
Peer Group—314.3%



SHAREHOLDER FOCUS

In addition to strong organic growth, we've been able to effectively deploy our highly valued stock to acquire some of the most attractive high-growth banks in the urban markets of Tennessee, both in terms of profitability and fit with our firm. Not only have the acquisitions accelerated growth, but they've also created meaningful operating leverage.

Excluding merger-related charges, our 2016 fully diluted earnings per share and revenue per share have increased by double-digit percentages from 2015. We believe our firm has performed exceptionally well, effectively deployed our highly valued stock and turned revenue growth into bottom-line results.

OUTLOOK FOR 2017 AND BEYOND

The model that we built and perfected in Nashville going back to the year 2000 has been successfully exported to the other three urban markets in Tennessee. We have prospered with both de novo starts and market-extending acquisitions. We believe our current platform should produce a \$15 billion bank in these four markets by 2020 through organic growth.

Having completed our geographic Tennessee footprint, we see similar growth opportunities in other high-growth Southeastern markets. We are particularly interested in nine attractive markets in neighboring North Carolina, South Carolina, Virginia and Georgia. Through our recently announced agreement to acquire BNC Bancorp, we will strategically enter six of the nine markets we targeted with an experienced management team that has a track record of producing excellent results.

On a proforma basis as of Dec. 31, 2016, and after giving effect to the merger with BNC, we estimate that we will be the 50th largest bank in the country based on asset size, the 36th largest bank in the country based on market cap and—our favorite—the fourth best in terms of profitability. Both Pinnacle and BNC have a proven ability to produce outsized growth organically and as consolidators. By joining forces, we genuinely believe we are creating the premier commercial banking franchise in the Southeast. As a result, we have expanded our vision beyond Tennessee's borders and now aim to be the best financial services firm and the best place to work in the Southeast.

Sincerely,

M. Terry Turner
President and CEO

Robert A. McCabe, Jr.
Chairman