



DEAR FELLOW SHAREHOLDERS,

As we reflect on our successes in 2019, we also look back to early 2000. Today's environment reminds us of Pinnacle's founding and how our model has endured.








TWENTY YEARS AGO WE AND MANY OF OUR COLLEAGUES FACED A GREAT DEAL of uncertainty. First American National Bank, Nashville's largest locally headquartered bank and the one we had spent our careers helping to build, had just been bought. The city we called home was going to be dominated by out-of-state banks with operating models that required the most important banking decisions be made in Birmingham, Atlanta or Manhattan.


AmSouth's acquisition of Nashville's last large, locally headquartered bank provided the perfect recipe for a serious degradation in overall quality: bigger banks with weaker connections to the market and a motivation to cut costs in order to elevate earnings. Employees would suffer, client service would deteriorate and markets as a whole would be underserved.

As sophisticated as they had become, the megabanks and super regionals that had responsibility for more than half of the deposits in Nashville just couldn't deliver what we knew the business community really wanted. We knew we could do better. So together with our founding partner Hugh Queener, we sat down and drew a sketch on a blank sheet of paper of what would eventually become Pinnacle Financial Partners.

We built a bank in direct response to the disruption and turmoil happening all around us. Pinnacle was founded to do the exact opposite of what the big banks were doing so we could attract their best people and clients. Every system and process was built to create a better experience for everyone.

Pinnacle was built for the business community we knew so well. People like Don Kennedy. Don was our very first client on October 27, 2000, and he felt the same way as the many others who followed. Take a look at what they say they want from a bank:

-  **Personal relationships**
-  **Ease of doing business**
-  **Listening to their needs**
-  **Fast turnaround**
-  **Tremendous service**
-  **Dependability**
-  **Experienced associates**

 See what Don Kennedy and the clients who followed him say they want from their bank at PNFP.COM/EASY.

We built the Pinnacle model with the intention of delivering on these requests. Our goal was—and still is—to meet all of a client’s needs with a full suite of financial products and a focus on advice, not a sales culture. Hire the right people. Inspire them to love their work. Allow them to wow their clients with great service. Create outstanding shareholder returns. That was the model.



This is how we win. It’s what we were built for.

Twenty years later, we believe Nashville is in much more stable hands. Its No. 1 bank by deposits is Pinnacle, which is locally headquartered and a key driver of the local economy. Our firm has expanded, first into every major urban market in Tennessee and then into six more of the highest growth communities in the Southeast.

However, the instability of the banking landscape in our region reminds us of 2000. Two of the biggest super regional banks have merged and left their hometowns. Tennessee’s biggest homegrown bank just finished one major acquisition and moved straight into another, likely diluting its focus and damaging its local brand. Many of the megabanks face regulatory troubles, and all of them face increased competition from even *bigger* megabanks making an aggressive push into the Southeast. Add to all this the rise in impersonal technology that’s replacing people instead of making things easier, and some might wonder where their favorite bank *and* their favorite banker have gone.

Thankfully, Pinnacle is still built for this – because our model has remained unchanged. We still hire the best. We still create the best place to work. Our associates still have the room and resources to wow their clients.

The latest research shows exactly what we knew 20 years ago when we created the model.

Greenwich Associates asked business leaders about the characteristics that are most important to their overall banking relationship.

- **87%** - Follow up promptly to requests I make
- **62%** - Be an expert in the bank’s processes and its products
- **47%** - Have a solid understanding of/experience in the industry in which my company operates
- **40%** - Come to me proactively with ideas on how to improve my business’ financial dealings

They asked the same group what makes a positive impact on their perception of a banker who wants their business.

- **55%** - Developed an understanding of my business
- **41%** - Informed me about ways his/her bank could help me grow my business
- **25%** - Brought industry information and perspectives
- **20%** - Brought me a new business idea

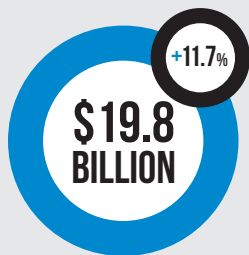
Tremendous service. Understanding their business. Listening to their needs. Fast turnaround. Experienced associates. Dependability.

Pinnacle was built to deliver on these needs. We were built to thrive when disruption rules the landscape and to give associates and clients what many of our peers cannot.

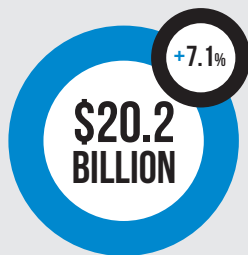
It’s worked. The successes afforded by our model in 2019 are many.

ORGANIC GROWTH BY HIRING

We attracted 85 new revenue producers across the footprint, representing a broad cross section of the full-service capabilities we promise clients. We’re still recruiting the best bankers, but we’re also recruiting the best *leaders* of the best bankers. Put another way, we’re recruiting great recruiters. Sam Belk, Joe Dillingham, Phillip May, Greg Winkler, Rob Garcia – these are market and regional bank leaders with vast networks of financial professionals who have worked for them previously.



LOANS



DEPOSITS

\$ 1 BILLION
IN REVENUE



We have grown to the point that we have the scale, name recognition and reputation to attract marquee bank leaders like these across the Southeast. That's a continuation of the same model that's always worked so well, but now it's ratcheted up to draw in whole teams of people.

RIISING FINANCIALS ACROSS METRICS

As always, that hiring fueled the organic growth we saw in 2019. Loans, deposits and revenue all hit new record amounts:

- Loans grew to \$19.8 billion, up 11.7 percent
- Deposits hit \$20.2 billion, up 7.1 percent
- Revenue topped \$1 billion, with fee income as a whole growing by 33 percent and mortgage income alone growing by 67 percent

FORTRESS BALANCE SHEET

Credit remains at the forefront of our minds, and many of our already strong credit metrics got even better in 2019. Nonperforming assets as a percentage of total assets dropped by 18 basis points to 0.32 percent thanks to vigilance and strong teamwork from our lending and credit associates. Our hiring philosophy plays a key role in keeping our balance sheet strong, as new associates bring over their best clients and leave known troubled credits behind.

SUCCESS WITH ASSOCIATES

Our success depends on associates loving their work, and we posted fantastic results for our culture in 2019. Our internal annual work environment survey shows more than 93 percent of associates agree or strongly agree with 25 positive statements about their experience here. Those sentiments contributed to our 93 percent retention rate and multiple local and national workplace awards, like:

- **No. 27 on 100 Best Companies to Work For**, *FORTUNE* magazine
- **No. 2 on Best Companies to Work For in Financial Services and Insurance**, *FORTUNE* magazine

- **No. 12 on Best Workplaces for Millennials**, *FORTUNE* magazine
- **No. 13 Best Banks to Work For**, *American Banker*
- **No. 1 Workplace in the Triad region of North Carolina**
- **No. 1 Workplace in Memphis, TN**
- **No. 2 Top Workplace in Knoxville, TN**
- **No. 5 Top Workplace in all of South Carolina**
- **No. 7 Top Workplace in Charlotte, NC**

SUCCESS WITH CLIENTS

Associate satisfaction leads directly to client satisfaction, as our 20-year history has shown. Just a sampling of our annual client survey shows what clients think of their Pinnacle financial advisor:

- **93.6%** - Listens and understands their needs
- **93.9%** - Demonstrates knowledge and experience necessary to meet my needs
- **91.5%** - Provides me with knowledge and creative insights that I would not have had otherwise
- **93.2%** - Provides timely responses to my requests

Those results are closely aligned with the Greenwich Associates research we cited – so much so that Greenwich Associates once again named Pinnacle a Best Brand for Ease of Doing Business and Trust. Ours is one of just 16 banks *nationwide* found to have a truly distinctive brand.

Pinnacle was built from the beginning to deliver results in this environment. That was true yesterday, it's true today, and we believe it will be true tomorrow. We're built for what's to come.

We're poised to take the best advantage of what happens going forward. As Truist continues its transition into the nation's newest megabank, we are well positioned to take market share just as we did from SunTrust and BB&T individually. Our footprint overlaps with Truist's so closely that 91.5 percent of Pinnacle offices are located within two miles of one of theirs.

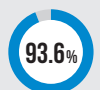
Hiring pipelines across our markets show strength and breadth, and the opportunities to recruit from our major competitors continue unabated. Our lauded common incentive plan, which



- **NO. 27 ON 100 BEST COMPANIES TO WORK FOR**
- **NO. 2 ON BEST COMPANIES TO WORK FOR IN FINANCIAL SERVICES AND INSURANCE**
- **NO. 12 ON BEST WORKPLACES FOR MILLENNIALS**



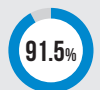
WHAT OUR CLIENTS THINK OF THEIR PINNACLE FINANCIAL ADVISOR:



LISTENS AND UNDERSTANDS NEEDS



DEMONSTRATES KNOWLEDGE AND EXPERIENCE



PROVIDES KNOWLEDGE AND CREATIVE INSIGHTS



PROVIDES TIMELY RESPONSES TO REQUESTS



PINNACLE IN ATLANTA

We were built to serve cities like Atlanta in times like these. Take a look at what Rob Garcia, our Atlanta president, has to say about how well the Pinnacle model fits into his market at

PNFP.COM/GARCIA

Then read more of Rob's thoughts on Atlanta and our potential there at

PNFP.COM/ATLANTA

ATLANTA SNAPSHOT

9TH LARGEST POPULATION

10TH LARGEST ECONOMY

NO. 1 METRO AREA FOR ECONOMIC GROWTH POTENTIAL



for 20 years has motivated our associates to reach company-wide goals in support of long-term results, will now include an element aimed at our efforts to shore up a strong foundation of low-cost core deposits. Our prospects in legacy and expansion markets are bright, including our newest opportunity in Atlanta.

That's where we find some of the most exciting potential in our future story. Simply put, **Atlanta is one of the most attractive markets in the nation for business.** It has the ninth largest population, 10th largest economy, has been the No. 1 moving destination in the country for nine straight years and is the No. 1 metro area for economic growth potential. Atlanta is home to 26 *FORTUNE* 1000 companies, 16 *FORTUNE* 500 companies and 200 of the country's fastest growing private companies.

At the same time, Atlanta is in essentially the same position Nashville was when we founded Pinnacle. It has lost its largest homegrown bank. It is in a dramatic state of turmoil and diminished brand loyalty. Even before Truist took SunTrust to Charlotte, Greenwich research suggested that client satisfaction for the big banks we compete against was even lower in Atlanta than it was in Nashville.

The potential for market share takeaway is nearly unprecedented. And Pinnacle was built to seize on it.

Atlanta presents us a once-in-a-generation opportunity to grow a significant bank in a major American city. Over the next five years, you will see our model hard at work in Atlanta. We expect to hire 50 relationship managers, open five offices and build \$3 billion in local assets by bringing something new to the table that is missing in the market right now.

We intend to build a locally focused team of experienced financial professionals. We will arm them with a full suite of financial products to meet any client's needs backed by the full resources of a multi-billion dollar firm. We will pursue the same strategy of offering unmatched service and proactive advice that has bred client loyalty in every market we serve.

There's nothing different about what we'll do tomorrow in Atlanta, Charlotte, Winston-Salem, Charleston, Memphis or Nashville. Our model and our strategy remain unchanged because they work. They worked in Nashville in 2000, in Knoxville in 2007, Memphis and Chattanooga in 2015 and in the Carolinas and Virginia in 2017.

Twenty years ago, we built Pinnacle as a cure to the ills of big banking. Those ills never went away – in fact, they've only grown. By offering an alternative, our growth and performance have been impressive.

As long as other banks continue to pursue scale over local connections, sales over personalized advice and cost savings over service, we believe Pinnacle will continue to thrive.

It's what we were built for.

M. Terry Turner
President and
Chief Executive Officer

Robert A. McCabe, Jr.
Chairman