



April 22, 2025

Dear Shareholder,

Pinnacle Financial Corporation (the “Company” or “Pinnacle”) is pleased to provide you with this quarterly update of our financial results for the period ended March 31, 2025. Enclosed, you will find summary financial information for the Company and our subsidiary, Pinnacle Bank (the “Bank”). As you look through this information and consider the results, please reach out to me if you have questions or comments.

- Net income in the 1<sup>st</sup> quarter was up over 18% compared to same quarter last year.
- Deposits continues solid growth trend and now top over \$2.0 billion.
- Net Interest Margin (“NIM”) improved to 4.04%.
- Total loan balances grew quarter over quarter, driving interest income higher.
- Credit quality remains at historically strong levels.

	March 31 2025	December 31 2024	September 30 2024	June 30 2024	March 31 2024
<b>Consolidated Earnings</b>					
Net income available to common shareholders	\$ 6,291,237	\$ 7,274,789	\$ 7,221,434	\$ 5,583,614	\$ 5,311,760
Fully diluted earnings per common share	\$ 4.51	\$ 5.28	\$ 5.26	\$ 4.07	\$ 3.87
Return on average assets (annualized)	1.14%	1.35%	1.35%	1.04%	0.99%
Return on average equity (annualized)	13.95%	17.68%	19.25%	15.54%	14.14%
Return on average tangible common equity (annualized)	16.26%	19.93%	19.38%	18.44%	18.10%
Net interest margin	4.04%	3.92%	3.79%	3.81%	3.72%
Noninterest income/average assets (annualized)	0.98%	1.18%	1.37%	0.89%	0.81%
Noninterest expense/average assets (annualized)	3.18%	3.11%	3.16%	2.99%	2.88%
Efficiency ratio	66.21%	63.60%	63.74%	66.87%	66.77%
Dividends paid per common share	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.25	\$ 1.25
<b>Consolidated Balance Sheet (000s)</b>					
Total assets	\$ 2,259,447	\$ 2,189,911	\$ 2,129,249	\$ 2,154,946	\$ 2,171,853
Total gross loans	\$ 1,581,804	\$ 1,562,631	\$ 1,521,416	\$ 1,528,038	\$ 1,515,357
Total deposits	\$ 2,015,672	1,958,362	\$ 1,869,173	\$ 1,923,302	\$ 1,914,241
Loans to deposits	78.48%	79.79%	81.40%	79.45%	79.16%
Total shareholders' equity	\$ 188,928	\$ 180,203	\$ 183,364	\$ 155,517	\$ 151,880
Book value per common share	\$ 137.40	131.01	\$ 133.58	\$ 120.96	\$ 118.34
<b>Bank Asset Quality Ratios</b>					
Nonperforming assets/total assets	0.05%	0.07%	0.08%	0.04%	0.07%
Loans 30 days or more past due/loans	0.14%	0.02%	0.06%	0.08%	0.03%
Net charge-offs/average loans	0.01%	0.06%	0.06%	0.05%	0.04%
Allowance for credit losses/loans	1.31%	1.30%	1.34%	1.36%	1.36%
Allowance for credit losses/nonaccrual loans	18.13x	16.77x	11.70x	25.36x	26.57x
<b>Holding Company Capital Ratios (Consolidated)</b>					
Leverage ratio	9.04%	9.05%	8.86%	7.96%	7.81%
Common equity tier 1 ratio	11.53%	11.40%	11.32%	10.27%	10.02%
Tier 1 risk-based capital ratio	11.53%	11.40%	11.32%	10.27%	10.02%
Total risk-based capital ratio	14.17%	14.04%	14.04%	13.00%	12.76%
<b>Bank Capital Ratios</b>					
Leverage ratio	9.22%	9.27%	9.17%	8.85%	8.78%
Common equity tier 1 ratio	11.75%	11.68%	11.72%	11.42%	11.27%
Tier 1 risk-based capital ratio	11.75%	11.68%	11.72%	11.42%	11.27%
Total risk-based capital ratio	12.98%	12.89%	12.96%	12.67%	12.52%



For the quarter ended March 31, 2025, Pinnacle posted net income of \$6.29 million, an 18% increase over the first quarter of 2024. Net income continues to be driven by improving net interest income arising from growth in deposits and loans plus stronger net interest margin (NIM) at 4.04%. We believe NIM will continue to remain stable to improving due to cost of deposits and repricing in the loan portfolio.

The operating statement reflected slightly lower non-interest income as compared to 4<sup>th</sup> quarter but improved over the first quarter of 2024. Pinnacle had nonrecurring payments associated with our debit card program which were paid in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2024. Ongoing, we expect the card program, as well as our other non-interest fee income generators, to continue to drive additional income in relation to our overall growth in the customer base. Non-interest expenses are in line with budget and increases are related to our continued focus on growth and talent. We are attentive to quality of earnings, customer acquisition, fee generation and expense management. Earnings per share on a fully diluted basis totaled \$4.51 for the first quarter as compared to \$3.81 in the first quarter of 2024. Shareholders received a cash dividend of \$1.30 per share during the first quarter, consistent with the prior quarter.

Total assets as of March 31, 2025 were \$2.25 billion as compared to \$2.19 billion at prior quarter end. Loans totaled \$1.58 billion at quarter end; a slight increase compared to the prior quarter. The demand for new loans during 2024 and early 2025 has been tempered by uncertain economic factors. However, we remain optimistic about growth in the northeast Georgia region. Deposits increased during the fourth quarter and totaled \$2.01 billion at quarter end and continues to grow on trend. The Bank's liquidity position is strong and stable, which should enable us to continue to favorably address interest expense in future quarters.

The Company remains well capitalized and retains enough capital to support the operations of the Bank and the execution of our strategic plan. Capital ratios at the bank and holding company are strong as indicated in the accompanying table.

Please review the attached financial summary and the selected financial data included in this report. As always, I enjoy hearing from our shareholder partners and welcome your comments and questions. Inquiries regarding the purchase or sale of Pinnacle shares, or administrative issues such as address changes, family transfers, etc. should be directed to [investorrelations@pinnaclebank.com](mailto:investorrelations@pinnaclebank.com). Thank you for your investment in Pinnacle Financial Corporation and the trust you place in us as your Board of Directors and management team. My direct phone number is (706) 213-3350 and email address is [jmconnell@pinnaclebank.com](mailto:jmconnell@pinnaclebank.com).

Sincerely,



L. Jackson McConnell, Jr.  
Chairman and CEO

**Forward-looking Statements**

Certain statements contained in this letter may not be based on historical facts and are forward-looking statements. These forward-looking statements may be identified by their reference to a future period or periods or by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "may," "might," "will," "would," "could" or "intend." We caution you not to place undue reliance on the forward-looking statements contained in this letter, in that actual results could differ materially from those indicated in such forward-looking statements as a result of a variety of factors, including, among others, the business and economic conditions; risks related to the integration of acquired businesses and any future acquisitions; changes in management personnel; interest rate risk; ability to execute on planned expansion and organic growth; credit risk and concentrations associated with the Company's loan portfolio; asset quality and loan charge-offs; inaccuracy of the assumptions and estimates management of the Company makes in establishing reserves for probable loan losses and other estimates; lack of liquidity; impairment of investment securities, goodwill or other intangible assets; the Company's risk management strategies; increased competition; system failures or failures to prevent breaches of our network security; changes in federal tax law or policy; the impact of recent and future legislative and regulatory changes; and increases in capital requirements. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this letter.



**PINNACLE FINANCIAL CORPORATION  
AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2025 AND 2024**

*unaudited*

<u>Assets</u>	<u>3/31/2025</u>	<u>3/31/2024</u>
Cash and due from banks	\$ 20,291,257	\$ 16,259,864
Interest-bearing deposits at other financial institutions	171,646,524	137,093,753
Federal funds sold	10,200,000	10,200,000
Securities available for sale	372,159,960	385,702,516
Federal Home Loan Bank stock, at cost	1,719,300	4,282,100
Loans, net of allowance for credit losses of \$20,477,778 and \$20,337,191 respectively	1,554,402,885	1,495,019,963
Loans held for sale	6,922,920	1,732,891
Premises and equipment, net	39,478,456	39,658,774
Accrued interest receivable	7,799,801	7,422,896
Goodwill and intangibles, net	34,116,382	34,498,810
Cash surrender value of life insurance	14,770,408	14,924,017
Other real estate owned	-	737,251
Other assets	25,938,737	24,319,800
<b>Total assets</b>	<b>\$ 2,259,446,631</b>	<b>\$ 2,171,852,637</b>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 608,680,993	\$ 597,597,792
Interest-bearing	1,406,990,691	1,316,643,025
Total deposits	2,015,671,684	1,914,240,817
Securities sold under repurchase agreements	1,774,933	1,466,627
FHLB advances	-	55,000,000
Federal funds purchased	136,000	-
Subordinated Notes	24,710,184	24,660,355
Subordinated Debentures	7,217,000	7,217,000
Accrued interest payable	4,432,678	5,031,157
Other liabilities	16,575,823	12,356,473
<b>Total liabilities</b>	<b>2,070,518,301</b>	<b>2,019,972,428</b>
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value, 10,000,000 shares authorized; 1,374,998 and 1,283,431 shares issued, respectively	87,593,517	75,108,667
Restricted Stock	(4,682,570)	(5,546,135)
Dividends Paid	(1,788,147)	(1,604,289)
Retained earnings	147,952,313	128,251,641
Accumulated other comprehensive loss	(40,146,784)	(44,329,676)
<b>Total stockholders' equity</b>	<b>188,928,329</b>	<b>151,880,208</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,259,446,631</b>	<b>\$ 2,171,852,637</b>

*as of 4/4/2025*

**PINNACLE FINANCIAL CORPORATION  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF OPERATIONS  
THREE MONTHS ENDED MARCH 31 2025 AND 2024**

*unaudited*

	3/31/2025	3/31/2024
<b>Interest income:</b>		
Loans, including fees	\$ 23,389,236	\$ 21,329,657
Securities:		
Taxable	2,212,306	2,370,453
Nontaxable	423,763	460,001
Federal funds sold and interest-bearing deposits in banks	1,495,058	1,083,108
<b>Total interest income</b>	<b>27,520,363</b>	<b>25,243,218</b>
<b>Interest expense:</b>		
Deposits	6,542,002	5,921,558
Borrowings	346,626	998,944
<b>Total interest expense</b>	<b>6,888,628</b>	<b>6,920,502</b>
<b>Net interest income</b>	<b>20,631,735</b>	<b>18,322,716</b>
<b>Provision for loan losses</b>	<b>450,000</b>	<b>450,000</b>
<b>Net interest income after provision     for loan losses</b>	<b>20,181,735</b>	<b>17,872,716</b>
<b>Other income:</b>		
Service charges on deposit accounts	3,345,351	3,445,630
Mortgage loan origination fees	600,578	259,221
Other service charges and fees	526,627	448,710
Security gains (loss), net	3,805	(20,831)
Other income	948,361	200,078
<b>Total other income</b>	<b>5,424,722</b>	<b>4,332,807</b>
<b>Other expenses:</b>		
Salaries and employee benefits	9,852,816	8,008,184
Occupancy and equipment expense	2,560,271	2,422,678
Other expenses	5,132,338	4,989,034
<b>Total other expenses</b>	<b>17,545,425</b>	<b>15,419,896</b>
<b>Net income (loss) before taxes</b>	<b>\$ 8,061,032</b>	<b>\$ 6,785,627</b>
<b>Taxes</b>	<b>\$ 1,769,795</b>	<b>\$ 1,473,868</b>
<b>Net Income</b>	<b>\$ 6,291,237</b>	<b>\$ 5,311,759</b>
Basic earnings (losses) per share	<b>\$ 4.57</b>	<b>\$ 4.14</b>
Fully diluted earnings per common share	<b>4.51</b>	<b>3.87</b>
Average shares outstanding - basic	<b>1,375,487</b>	<b>1,283,431</b>
Average shares outstanding - diluted	<b>1,394,287</b>	<b>1,372,435</b>

*as of 4/4/2025*