



July 14, 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 June 30, 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 2nd quarter was up over 22% compared to the same quarter last year and 8.4% the prior quarter.
- Deposit growth moderated in the current quarter, totals over \$2.0 billion which is 4.3% higher than last year.
- Net Interest Margin (“NIM”) improved to 4.20%.
- Total loan balances continue steady growth pattern, driving interest income higher.
- Pinnacle opened a new location on Walton Way in Augusta, the 26th branch location.

	June 30 2025	March 31 2025	December 31 2024	September 30 2024	June 30 2024
Consolidated Earnings					
Net income available to common shareholders	\$ 6,810,221	\$ 6,291,237	\$ 7,274,789	\$ 7,221,434	\$ 5,583,614
Fully diluted earnings per common share	\$ 4.89	\$ 4.51	\$ 5.28	\$ 5.26	\$ 4.07
Return on average assets (annualized)	1.22%	1.14%	1.35%	1.35%	1.04%
Return on average equity (annualized)	14.85%	13.95%	17.68%	19.25%	15.54%
Return on average tangible common equity (annualized)	16.83%	16.26%	19.93%	19.38%	18.44%
Net interest margin	4.20%	4.04%	3.92%	3.79%	3.81%
Noninterest income/average assets (annualized)	1.00%	0.98%	1.18%	1.37%	0.89%
Noninterest expense/average assets (annualized)	3.29%	3.18%	3.11%	3.16%	2.99%
Efficiency ratio	65.38%	66.21%	63.60%	63.74%	66.87%
Dividends paid per common share	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.25
Consolidated Balance Sheet (000s)					
Total assets	\$ 2,256,326	\$ 2,259,447	\$ 2,189,911	\$ 2,129,249	\$ 2,154,946
Total gross loans	\$ 1,621,062	\$ 1,581,804	\$ 1,562,631	\$ 1,521,416	\$ 1,528,038
Total deposits	\$ 2,007,555	\$ 2,015,672	\$ 1,958,362	\$ 1,869,173	\$ 1,923,302
Loans to deposits	80.75%	78.48%	79.79%	81.40%	79.45%
Total shareholders' equity	\$ 195,898	\$ 188,928	\$ 180,203	\$ 183,364	\$ 155,517
Book value per common share	\$ 142.83	\$ 137.40	\$ 131.01	\$ 133.58	\$ 120.96
Bank Asset Quality Ratios					
Nonperforming assets/total assets	0.06%	0.05%	0.07%	0.08%	0.04%
Loans 30 days or more past due/loans	0.44%	0.14%	0.02%	0.06%	0.08%
Net charge-offs/average loans	0.02%	0.01%	0.06%	0.06%	0.05%
Allowance for credit losses/loans	1.27%	1.31%	1.30%	1.34%	1.36%
Allowance for credit losses/nonaccrual loans	15.10x	18.13x	16.77x	11.70x	25.36x
Holding Company Capital Ratios (Consolidated)					
Leverage ratio	9.16%	9.04%	9.05%	8.86%	7.96%
Common equity tier 1 ratio	11.56%	11.53%	11.40%	11.32%	10.27%
Tier 1 risk-based capital ratio	11.56%	11.53%	11.40%	11.32%	10.27%
Total risk-based capital ratio	14.15%	14.17%	14.04%	14.04%	13.00%
Bank Capital Ratios					
Leverage ratio	9.31%	9.22%	9.27%	9.17%	8.85%
Common equity tier 1 ratio	11.75%	11.75%	11.68%	11.72%	11.42%
Tier 1 risk-based capital ratio	11.75%	11.75%	11.68%	11.72%	11.42%
Total risk-based capital ratio	12.95%	12.98%	12.89%	12.96%	12.67%

For the quarter ended June 30, 2025, Pinnacle posted net income of \$6.8 million, a 22% increase over the second quarter of 2024 and an improvement of 8.4% over the prior quarter. 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 4.20%. 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 higher non-interest income as compared to the 1st quarter as mortgage fees, SBA lending fees and debit card transaction fees continue to contribute positively. Ongoing, we expect our 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 \$4.89 for the second quarter as compared to \$4.07 in the second quarter of 2024, and 4.51% the prior quarter. Shareholders received a cash dividend of \$1.30 per share during the first quarter, consistent with the prior quarter.

Total assets as of June 30, 2025 were \$2.25 billion, essentially unchanged from the prior quarter end. Loans totaled \$1.62 billion at quarter end; an increase compared to the prior quarter of 2.5% and over the prior year of 6.1%. The demand for new loans during 2024 and early 2025 has been tempered by uncertain economic factors. However, our team is capitalizing on our relationship driven sales approach and we remain optimistic about growth in the northeast Georgia region. Deposits decreased slightly during the quarter but the total remained over \$2.0 billion at quarter end and the long-term trend is positive. 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. You will be excited to know we opened our 26th branch location on Walton Way in Augusta this quarter. We remain excited about opportunities in the greater Augusta market. 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. 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.

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

JUNE 30, 2025 AND 2024

unaudited

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Cash and due from banks	\$ 21,201,978	\$ 18,290,108
Interest-bearing deposits at other financial institutions	119,112,912	113,501,862
Federal funds sold	10,200,000	10,200,000
Securities available for sale	380,451,010	381,080,099
Federal Home Loan Bank stock, at cost	1,719,300	2,857,100
Loans, net of allowance for loan losses of \$20,647,463 and \$20,535,287, respectively	1,600,414,048	1,507,503,204
Premises and equipment, net	40,662,967	39,697,677
Accrued interest receivable	8,025,411	7,831,210
Goodwill and intangibles, net	30,542,937	30,925,365
Cash surrender value of life insurance	14,837,012	15,518,023
Other real estate owned	-	-
Other assets	29,158,672	27,541,158
Total assets	\$ 2,256,326,246	\$ 2,154,945,806
<u>Liabilities and Stockholders' Equity</u>		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 605,493,351	\$ 589,760,620
Interest-bearing	1,402,061,305	1,333,541,555
Total deposits	2,007,554,657	1,923,302,176
Securities sold under repurchase agreements	1,127,088	1,912,897
Federal funds purchased	158,000	-
Subordinate Debentures Issuance	24,722,641	24,672,812
Subordinated debentures	7,217,000	7,217,000
FHLB Advances	-	25,000,000
Accrued interest payable	4,350,117	5,184,060
Other liabilities	15,299,138	12,139,577
Total liabilities	2,060,428,641	1,999,428,521
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value, 10,000,000 shares authorized; 1,371,508 and 1,285,696 shares issued, respectively	82,750,835	70,177,501
Dividends Paid	(3,575,645)	(3,210,784)
Retained earnings	154,762,534	133,835,256
Accumulated other comprehensive loss	(38,040,118)	(45,284,688)
Total stockholders' equity	195,897,606	155,517,285
Total liabilities and stockholders' equity	\$ 2,256,326,246	\$ 2,154,945,806

as of 7/3/2025

**PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30 2025 AND 2024**

unaudited

	2025	2024
Interest income:		
Loans, including fees	\$ 47,988,759	\$ 43,170,757
Securities:		
Taxable	4,492,697	4,782,900
Nontaxable	854,031	899,542
Federal funds sold and interest-bearing deposits in banks	3,190,492	2,671,645
Total interest income	56,525,979	51,524,843
Interest expense:		
Deposits	13,202,948	12,510,590
Borrowings	689,531	1,810,438
Total interest expense	13,892,479	14,321,029
Net interest income	42,633,501	37,203,814
Provision for loan losses	900,000	900,000
Net interest income after provision for loan losses	41,733,501	36,303,814
Other income:		
Service charges on deposit accounts	7,200,852	6,964,939
Mortgage loan origination fees	1,455,335	612,382
Other service charges and fees	1,056,958	909,108
Security gains, net	3,805	(20,831)
Other income	1,317,788	665,843
Total other income	11,034,737	9,131,441
Other expenses:		
Salaries and employee benefits	20,042,750	16,657,161
Occupancy and equipment expense	5,100,887	4,801,384
Other expenses	10,826,832	10,041,248
Total other expenses	35,970,469	31,499,793
Net income (loss) before taxes	\$ 16,797,769	\$ 13,935,462
Taxes	\$ 3,696,311	\$ 3,040,087
Net Income	\$ 13,101,458	\$ 10,895,375
Basic earnings per share	\$ 9.53	\$ 8.48
Diluted earnings per share	9.40	7.94
Average shares outstanding - basic	1,374,580	1,284,225
Average shares outstanding - diluted	1,393,380	1,372,752

as of 7/3/2025