



February 3, 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 December 31, 2024. 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 4th quarter continued to grow over prior quarter and same quarter last year.
- Deposits grew 4.7% over prior quarter, continuing the positive growth trend.
- Net Interest Margin (“NIM”) rebounded and improved 2 basis points over the third quarter.
- Total loan balances grew quarter over quarter, driving interest income higher.
- Credit quality remains at historically strong levels.

	December 31 2024	September 30 2024	June 30 2024	March 31 2024	December 31 2023
Consolidated Earnings					
Net income available to common shareholders	\$ 7,274,789	\$ 7,221,434	\$ 5,583,614	\$ 5,311,760	\$ 4,971,697
Fully diluted earnings per common share	\$ 5.28	\$ 5.26	\$ 4.07	\$ 3.87	\$ 3.62
Return on average assets (annualized)	1.35%	1.35%	1.04%	0.99%	0.96%
Return on average equity (annualized)	17.68%	19.25%	15.54%	14.14%	17.01%
Return on average tangible common equity (annualized)	19.93%	19.38%	18.44%	18.10%	17.11%
Net interest margin	3.81%	3.79%	3.81%	3.72%	3.75%
Noninterest income/average assets (annualized)	1.18%	1.37%	0.89%	0.81%	0.77%
Noninterest expense/average assets (annualized)	3.11%	3.16%	2.99%	2.88%	2.80%
Efficiency ratio	65.42%	64.21%	66.95%	65.21%	62.60%
Dividends paid per common share	\$ 1.30	\$ 1.30	\$ 1.25	\$ 1.25	\$ 1.25
Consolidated Balance Sheet (000s)					
Total assets	\$ 2,189,911	\$ 2,129,249	\$ 2,154,946	\$ 2,171,853	\$ 2,119,192
Total gross loans	\$ 1,562,631	\$ 1,521,416	\$ 1,528,038	\$ 1,515,357	\$ 1,527,200
Total deposits	\$ 1,958,362	\$ 1,869,173	\$ 1,923,302	\$ 1,914,241	\$ 1,865,292
Loans to deposits	79.79%	81.40%	79.45%	79.16%	81.87%
Total shareholders' equity	\$ 180,203	\$ 183,364	\$ 155,517	\$ 151,880	\$ 150,850
Book value per common share	\$ 131.01	\$ 133.58	\$ 120.96	\$ 118.34	\$ 117.54
Bank Asset Quality Ratios					
Nonperforming assets/total assets	0.08%	0.08%	0.04%	0.07%	0.06%
Loans 30 days or more past due/loans	0.02%	0.06%	0.08%	0.03%	0.13%
Net charge-offs (recoveries/average loans)	0.06%	0.06%	0.05%	0.04%	0.04%
Allowance for credit losses/loans	1.30%	1.34%	1.36%	1.36%	1.33%
Allowance for credit losses/nonaccrual loans	16.77x	11.70x	25.36x	26.57x	15.10x
Holding Company Capital Ratios (Consolidated)					
Leverage ratio	9.05%	8.86%	7.96%	7.81%	7.76%
Common equity tier 1 ratio	11.67%	11.32%	10.27%	10.02%	9.70%
Tier 1 risk-based capital ratio	11.67%	11.32%	10.27%	10.02%	9.70%
Total risk-based capital ratio	14.39%	14.04%	13.00%	12.76%	12.40%
Bank Capital Ratios					
Leverage ratio	9.27%	9.17%	8.85%	8.78%	8.81%
Common equity tier 1 ratio	11.68%	11.72%	11.42%	11.27%	11.01%
Tier 1 risk-based capital ratio	11.68%	11.72%	11.42%	11.27%	11.01%
Total risk-based capital ratio	12.89%	12.96%	12.67%	12.52%	12.23%



For the quarter ended December 31, 2024, Pinnacle posted net income of \$7.27 million, up slightly over the prior quarter's net income of \$7.22 million. The improved quarterly net income was driven by slightly higher average loan balances and improved net interest margin (NIM). We believe the NIM has stabilized and expect it to continue slightly higher into the next few quarters. Deposits continued to grow incrementally, a trend we have seen over the last several quarters. This trend improves funding costs and positively affects NIM.

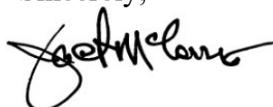
The operating statement reflected slightly lower non-interest income for the 4th quarter as compared to the prior quarter. In the 3rd quarter our debit card program generated a one-time bonus payment, increasing non-interest income during the quarter by approximately \$1.4 million. Non-interest expenses are in line with budget and increases are related to our continued focus on growth and talent. We continue to focus on quality of earnings, customer acquisition, fee generation and expense management. Earnings per share on a fully diluted basis totaled \$5.28 for the fourth quarter as compared to \$5.26 in the previous quarter. Shareholders received a cash dividend of \$1.30 per share during the fourth quarter, consistent with the prior quarter.

Total assets as of December 31, 2024 were \$2.19 billion as compared to \$2.13 billion at prior quarter end. Loans totaled \$1.56 billion at quarter end; a slight increase compared to the prior quarter. The demand for new loans during 2024 has been tempered by economic factors resulting from increased interest rates despite what seems to be a generally stable economy. However, during the fourth quarter we experienced an increase in loan demand and expect this demand to extend into the new year. Deposits increased during the fourth quarter and totaled \$1.96 billion at quarter end and growth was comparable to the same period last year. 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. We experienced a decrease to capital of over \$8 million during the fourth quarter to the adjustment for accumulated other comprehensive income (AOCI) associated with our investment portfolio.

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. 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 jmccconnell@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
DECEMBER 31, 2024 AND 2023**

unaudited

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and due from banks	\$ 48,498,775	\$ 34,898,061
Interest-bearing deposits at other financial institutions	96,497,333	49,689,312
Federal Funds Sold	10,200,000	10,200,000
Securities available for sale	366,490,994	391,413,308
Equity Securities	2,165,559	2,124,493
Federal Home Loan Bank stock, at cost	1,669,600	4,199,700
Loans, net of allowance for loan losses of \$20,058,064 and \$20,047,028, respectively	1,536,615,927	1,507,153,113
Loans held for sale	5,956,953	324,146
Premises and equipment, net	37,092,131	38,683,287
Accrued interest receivable	7,898,400	7,631,699
Goodwill and intangibles, net	34,211,989	34,594,418
Cash surrender value of life insurance	15,151,299	14,850,304
Other real estate owned	423,798	-
Other assets	27,038,451	23,430,338
Total assets	\$ 2,189,911,209	\$ 2,119,192,179
<u>Liabilities and Stockholders' Equity</u>		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 590,979,507	\$ 609,982,353
Interest-bearing	1,367,382,763	1,255,310,071
Total deposits	1,958,362,270	1,865,292,424
Securities sold under repurchase agreements	505,295	1,129,368
Federal Home Loan Bank advances	-	55,000,000
Federal Funds Purchased	192,000	-
Subordinated notes	24,697,726	24,647,898
Subordinated debentures	7,217,000	7,217,000
Accrued interest payable	4,318,969	4,322,788
Other liabilities	14,415,134	10,732,731
Total liabilities	2,009,708,393	1,968,342,209
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value, 10,000,000 shares authorized; 1,375,498 and 1,283,838 shares issued, respectively	82,697,343	69,231,924
Retained earnings	141,661,076	122,939,882
Accumulated other comprehensive income (loss)	(44,155,603)	(41,321,836)
Total stockholders' equity	180,202,816	150,849,970
Total liabilities and stockholders' equity	\$ 2,189,911,209	\$ 2,119,192,179

as of 1/14/2025

**PINNACLE FINANCIAL CORPORATION
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023**

unaudited

	<u>2024</u>	<u>2023</u>
Interest income:		
Loans, including fees	\$ 88,725,987	\$ 79,081,520
Securities:		
Taxable	9,254,190	8,611,014
Nontaxable	1,770,983	2,111,483
Interest-bearing deposits at other financial institutions	5,249,324	1,404,914
Total interest income	<u>105,000,483</u>	<u>91,208,932</u>
 Interest expense:		
Deposits	26,096,260	12,560,819
Borrowings	2,956,281	3,959,636
Total interest expense	<u>29,052,541</u>	<u>16,520,455</u>
 Net interest income	75,947,942	74,688,477
Provision for loan losses	<u>900,000</u>	<u>4,425,957</u>
Net interest income after provision for loan losses	<u>75,047,942</u>	<u>70,262,520</u>
 Other income:		
Service charges on deposit accounts	14,284,388	13,891,274
Mortgage loan origination fees	1,401,358	616,230
Other service charges and fees	1,910,902	1,637,614
Security gains (losses), net	(12,116)	(1,153,056)
Gains (Losses) on equity securities	(23,415)	13,187
Gain on sale of loans	598,918	758,655
Other income	4,667,346	941,654
Total other income	<u>22,827,382</u>	<u>16,705,558</u>
 Other expenses:		
Salaries and employee benefits	34,679,932	32,298,206
Occupancy and equipment expense	9,789,091	9,835,361
Other real estate owned expenses	34,267	8,440
Merger and acquisition expenses	-	(3,641)
Other expenses	20,665,989	19,761,651
Total other expenses	<u>65,169,279</u>	<u>61,900,016</u>
 Net income before taxes	<u>\$ 32,706,045</u>	<u>\$ 25,068,062</u>
 Taxes	<u>\$ 7,313,447</u>	<u>\$ 5,477,578</u>
 Net Income	<u><u>\$ 25,392,598</u></u>	<u><u>\$ 19,590,484</u></u>
 Basic earnings per share	<u><u>\$ 19.42</u></u>	<u><u>\$ 15.27</u></u>
Diluted earnings per share	<u><u>18.42</u></u>	<u><u>14.27</u></u>
Average shares outstanding - basic	<u><u>1,307,876</u></u>	<u><u>1,283,185</u></u>
Average shares outstanding - diluted	<u><u>1,378,405</u></u>	<u><u>1,373,100</u></u>

as of 1/14/2025