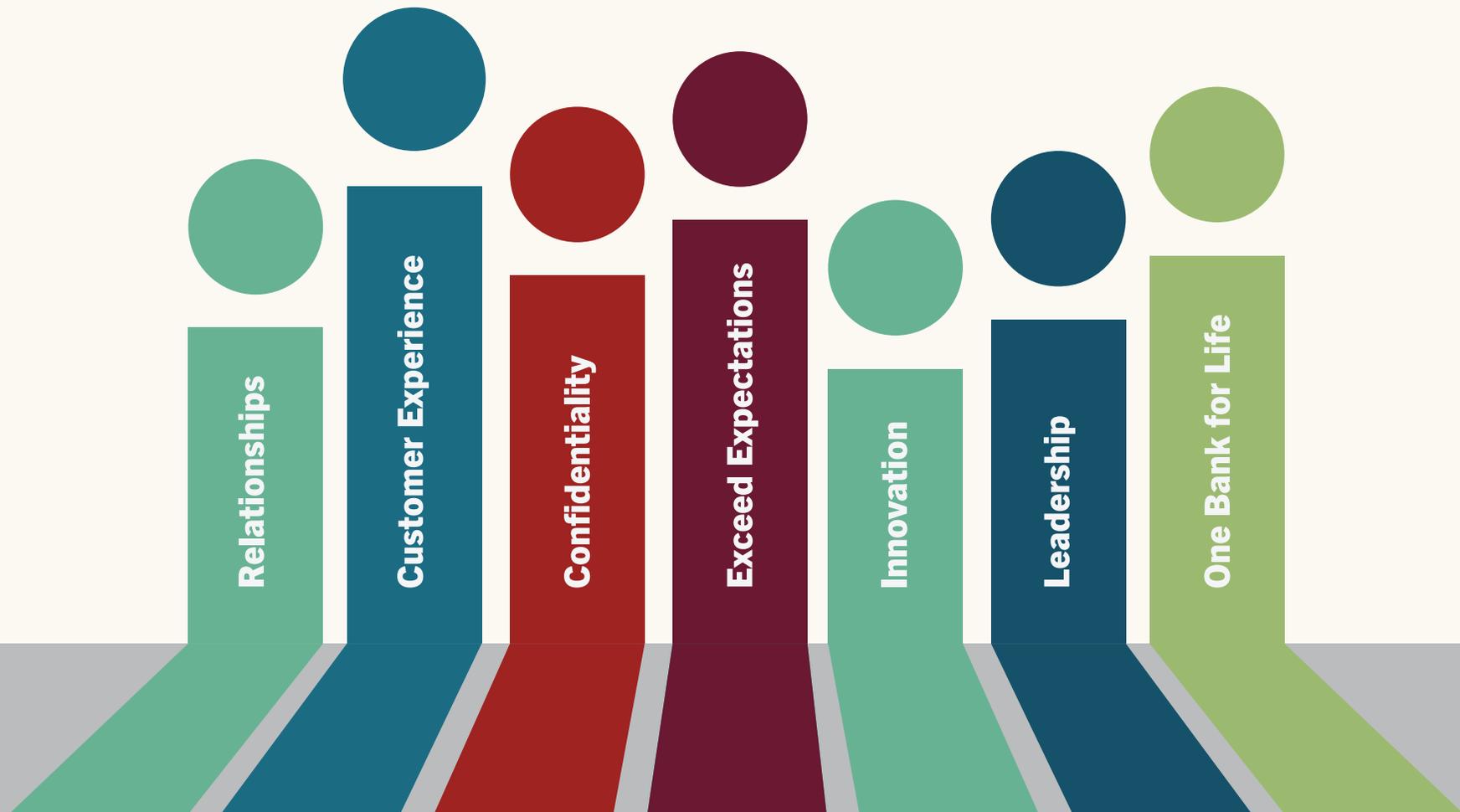




SERVE BIG

2023 Annual Report



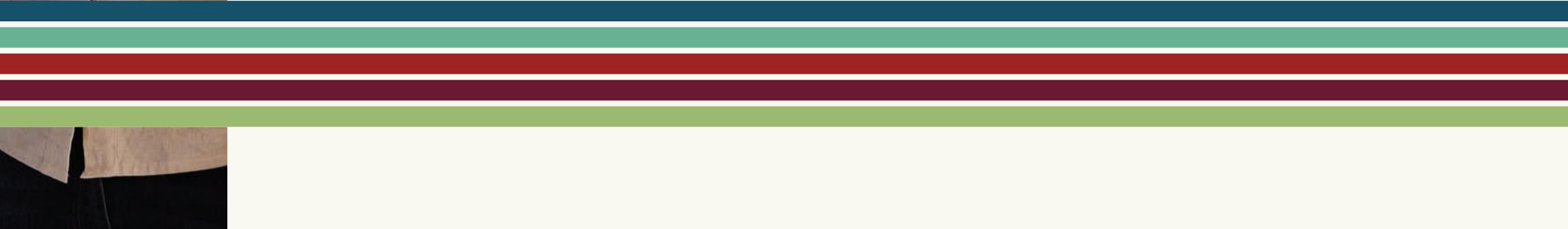




BUILT ON RELATIONAL BANKING

In 2023, Pinnacle Bank's continued stability helped us grow a hands-on, community-focused culture across our footprint through consistent service strategy training.

Going into 2024, our teams now stand as a testament to building lasting relationships, creating bright futures and serving big across all operations.



Dear Shareholder,

Enclosed, please find the annual report and financial statements for Pinnacle Financial Corporation. Sharing this report with you each year on the company and the activities of Pinnacle Bank is one of my great pleasures. As you read this report, I trust you will agree Pinnacle continues to concentrate on serving the community and making investments for growing our business. 2023 was a challenging year in the banking industry. As a company, we addressed the challenges with focused attention and continued our long-term strategic growth plans. Pinnacle continues to serve big, focus on relationships and provide long-term value to our shareholders.

Some key information about 2023:

- Total asset growth rate was 4.03%, ending the year at \$2.12 billion
- Gross loans increased 7.4%, totaling \$1.53 billion at the end of the year
- Deposits totaled \$1.87 billion, slightly above last year's total
- Net income totaled \$19.6 million, or \$15.27 per share as compared to \$18.23 per share last year
- Net interest margin compression is the result of rising interest rates and a change in the mix of deposits
- Reserve for potential credit losses was strengthened to 1.31% of total loans
- Negative AOCI adjustment to bond portfolio improved year over year

During the first quarter of 2023, the industry was actively dealing with rapid changes in interest rates and a reduction in money supply due to government policy decisions. Some high-profile bank failures came as a surprise to most industry observers. Pinnacle, like most banks around the country, was faced with a heightened sensitivity to deposit rates and safety concerns. We focused our attention on customer interactions in response, as well as product terms and pricing. By late summer, much of this turmoil had normalized, and our overall deposit portfolio held steady. Interest expense totaled \$16.5 million for the year, compared to \$2.5 million in 2022. The dramatic increase is the result of the increase in rates, a change in the deposit mix and the increased usage of non-core deposit funding sources for liquidity purposes. These are the primary drivers of the margin decrease we experienced and the reduction in net income.

Loan demand remained robust for much of the year. Our total loan portfolio gross amount increased 7.4%, totaling \$1.53 billion at year-end. We've experienced a tempering effect toward the end of 2023 and into 2024 which we attribute to increased interest rates. We are not projecting robust loan growth in the next year. However, we do believe the economy in Georgia and in the northeast section of the state in particular will continue to expand. Therefore, in the long term, we believe we'll continue to grow both loans and deposits at a pace similar to our historical results. Credit quality continues to be very strong, but for prudence, the board decided to strengthen our reserves in anticipation of future growth and to be prepared should credit trends deteriorate.



The net income decreased from \$23 million in 2022 to \$19.6 million in 2023. As discussed previously, the increase in funding costs contributed the largest share of the decrease. Loan-related interest income increased 26.5%, a result of larger volume and increased interest rates. However, the overall margin decreased to 4.03% due to the increased funding costs. Non-interest income, excluding the loss on the sale of securities, was up slightly to \$17.9 million. This increase was driven largely by debit card interchange income, checking account fees and SBA lending fee income. Other income items, such as mortgage lending, were down. Most of the bank's operating expenses were in line with expectations and comparable to prior years. Salary and benefit expense was the outlier, being 10.4% higher than the prior year. We have been in a growth mode for several years, and this line item is something we consider to be an investment in our future. The increase is due to a larger number of employees, inflation and intentional plans for expansion.

Several decisions were made throughout the year to reposition the bond portfolio to either gain additional income in future periods or to improve the overall credit quality of the portfolio. These changes resulted in a loss on the sale of securities totaling \$1.15 million, recognized in 2023. These bond sales, maturities and a positive move in bond prices have improved the overall accumulated adjustment, which remains a negative \$41.3 million. Despite this adjustment, the overall capital position remains strong, and we were able to build capital strength further during 2023. As such, we expect to continue our dividend policy into next year. Shareholders received a total of \$5.00 per share in dividends in 2023.

During 2023, we continued to build out our management and leadership team, positioning the company for growth in future years. Our SBA lending program advanced as planned, growing significantly over prior years' results and deepening its connections to our existing lending staff. The mortgage department produced less volume this year due to higher interest rates but built out its platform for future growth. The account acquisition strategy we have deployed for many years continued to produce excellent results as we opened approximately 12,000 new checking accounts this year. Finally, we broke ground on the redevelopment of our Social Circle office which will open for business in the second quarter of 2024.

We view our business model and the business of banking as essential to the economics of the communities we serve. The investments mentioned in this letter are some of the ways we fulfill our mission to serve and grow. Net income for 2023 was down from what we expected and was, frankly, disappointing. However, the year was significant in terms of our overall long-term goal of delivering growth and value to you as shareholders. Thank you for your trust and investment in Pinnacle Financial Corporation. If we can help you in any way or answer any questions, please drop by one of our offices and speak with a Pinnacle banker. Of course, you can reach out to me via telephone at (706) 213-3350 or by email at jmconnell@pinnaclebank.com.

Sincerely,



L. Jackson McConnell, Jr.
Chairman and CEO





THE ONE-ON-ONE DIFFERENCE

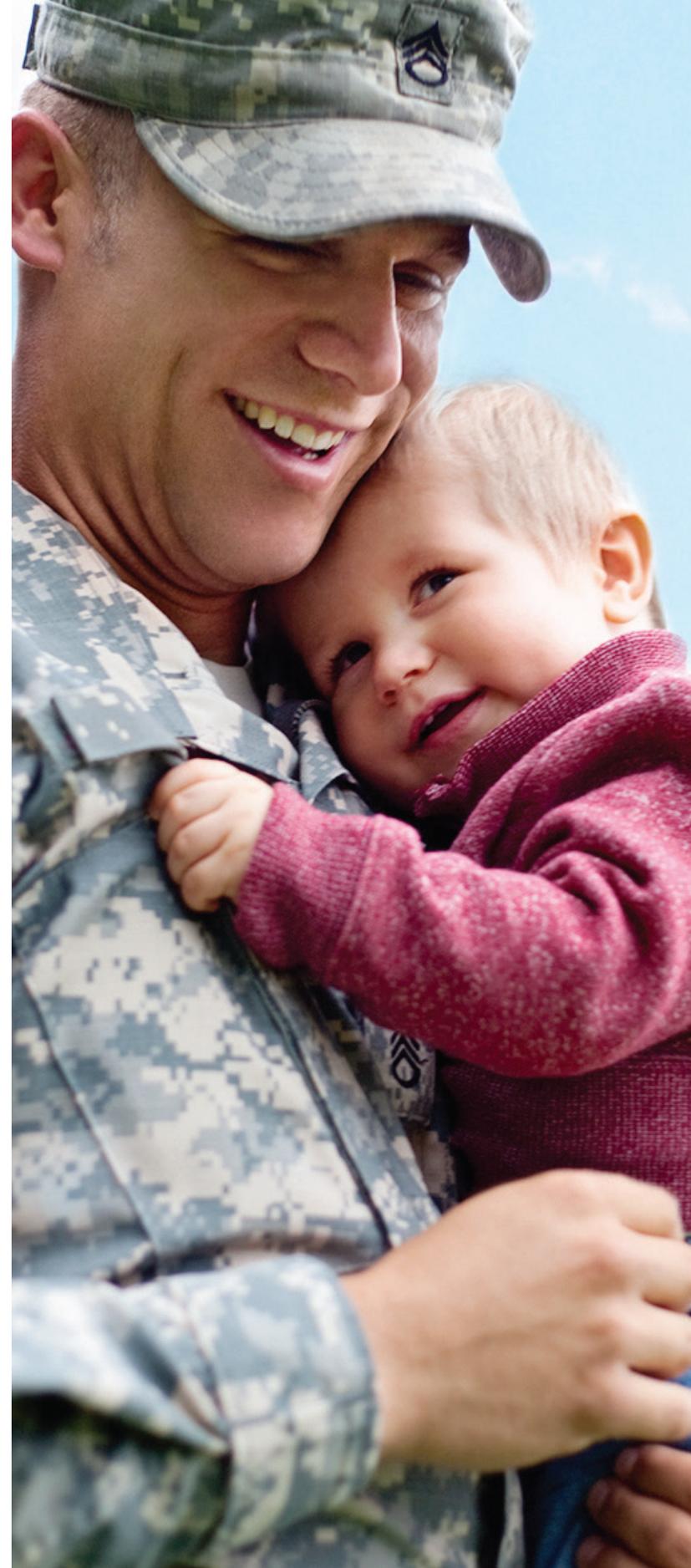
From Elberton to Augusta, our culture of service is built on a single principle: listen first. No matter the need, leading with this relational posture creates exceptional and individual customer experiences, lifting our community to greater financial health—one interaction at a time.

Together, we put the “One” in “One Bank for Life.”

EMPOWERING LIFE

Our diverse range of products, including specialized loans for medical professionals, veterans and first-time homebuyers don't just serve our customers' banking needs, but their life goals, too.

Coupled with our team's personalized care, everyone who walks through our doors finds options best serving them and empowering them to reach new heights of financial and individual success.



TEACHING BIG

At Pinnacle, our commitment to fostering a supportive environment extends beyond serving our customers; it's about nurturing the growth and success of our entire team.

From day one we proudly train each employee on how to listen, counsel and coach while mastering the newest tools in banking. We proudly promote a culture always seeking to serve big.



WE'RE IN THIS
TOGETHER



WATCH VIDEO

BEYOND THE BRANCH

Giving back has never been more important, and Pinnacle continues to raise the bar not only on financial services but those with direct community impact.

With annual budgets for donations to charities, nonprofits and schools, we equip and empower our team members to take serving beyond the walls of the branch.

COMMUNITY INVESTMENTS THROUGHOUT 2023

\$319,811

Donations to
Community Groups

\$29,154

Weekly event where
each branch collects \$5
from any team member
wearing blue jeans,
which then goes to a
local charity.

15,049

Hours of
Community
Volunteer Work



CONSOLIDATED

BALANCE SHEET

Pinnacle Financial Corporation & Subsidiary | Years Ended December 31, 2023 & 2022



	2023	2022
Assets		
Cash and due from banks.....	\$ 34,898,061	\$ 40,710,707
Interest-bearing deposits at other financial institutions.....	49,689,312	18,001,883
Federal funds sold.....	10,200,000	50,200,000
Securities available for sale.....	391,413,308	391,169,530
Equity securities.....	2,124,493	1,985,658
Federal Home Loan Bank stock, at cost.....	4,199,700	1,149,500
Loans, net of allowance for credit losses of \$20,047,028 and \$17,016,943, respectively.....	1,507,153,113	1,405,087,884
Loans held for sale.....	324,146	2,180,225
Premises and equipment, net.....	38,683,287	38,376,901
Accrued interest receivable.....	7,631,699	6,552,092
Goodwill and intangibles, net.....	34,594,418	34,976,846
Cash surrender value of life insurance.....	14,850,304	21,448,454
Other assets.....	23,430,338	25,265,690
Total Assets.....	\$ 2,119,192,179	\$ 2,037,105,370
Liabilities & Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest bearing.....	\$ 609,982,353	\$ 674,106,164
Interest-bearing.....	1,255,310,071	1,181,851,669
Total Deposits.....	1,865,292,424	1,855,957,833
Securities sold under repurchase agreements.....	1,129,368	4,788,446
Federal Home Loan Bank advances.....	55,000,000	-
Federal Funds purchased.....	-	182,000
Subordinated notes.....	24,647,898	24,598,070
Subordinated debentures.....	7,217,000	7,217,000
Accrued interest payable.....	4,322,788	541,398
Other liabilities.....	10,732,731	10,397,232
Total Liabilities.....	1,968,342,209	1,903,681,979
Commitments and Contingencies		
Stockholders' Equity		
Common stock, no par value, 10,000,000 shares authorized; 1,283,431 and 1,283,838 shares issued, respectively.....	69,231,924	74,566,607
Retained earnings.....	122,939,882	109,769,445
Accumulated other comprehensive loss.....	(41,321,836)	(50,912,661)
Total Stockholders' Equity.....	150,849,970	133,423,391
Total Liabilities and Stockholders' Equity.....	\$ 2,119,192,179	\$ 2,037,105,370

As of 1/9/2024, this statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.

CONSOLIDATED

INCOME STATEMENT

Pinnacle Financial Corporation & Subsidiary | Years Ended December 31, 2023 & 2022



	2023	2022
Interest Income		
Loans, including fees	\$ 79,081,520	\$ 62,507,048
Securities:		
Taxable	8,611,014	6,863,207
Nontaxable	2,111,483	2,074,484
Interest-bearing deposits at other financial institutions	1,404,915	1,797,037
Total Interest Income	91,208,932	73,241,776
Interest Expense		
Deposits	12,560,819	1,143,323
Borrowings	3,959,636	1,353,749
Total Interest Expense	16,520,455	2,497,072
Net Interest Income	74,688,477	70,744,704
Provision for Credit Losses	4,425,957	3,750,000
Net Interest Income After Provision for Credit Losses	70,262,520	66,994,704
Other Income		
Service charges on deposit accounts	13,891,274	13,311,978
Mortgage loan origination fees	616,230	967,394
Other service charges and fees	1,637,614	1,555,646
Security gains (losses), net	(1,153,056)	(354,871)
Gains (losses) on equity securities	13,187	(75,450)
Gain on sale of loans	758,655	265,292
Other income	941,654	1,735,221
Total Other Income	16,705,558	17,405,210
Other Expenses		
Salaries and employee benefits	32,298,206	29,247,121
Occupancy and equipment expense	9,835,361	8,883,447
Other expenses	19,766,449	17,184,211
Total Other Expenses	61,900,016	55,314,779
Income Before Income Taxes	\$ 25,068,062	\$ 29,085,135
Taxes	\$ 5,477,578	\$ 6,118,256
Net Income	\$ 19,590,484	\$ 22,966,879
Basic earnings per share	\$ 15.27	\$ 18.23
Diluted earnings per share	14.27	16.72
Average shares outstanding – basic	1,283,185	1,259,993
Average shares outstanding – diluted	1,373,100	1,373,494

As of 1/9/2024, this statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.



CONSOLIDATED

BALANCE SHEET

Consolidated Statement of Stockholders' Equity | Years Ended December 31, 2023 & 2022

	2023	2022
Beginning Equity	\$ 133,423,391	\$ 162,249,697
Net Income.....	19,590,484	22,966,879
Dividends Paid.....	(6,420,047)	(5,927,205)
Sale of Common Stock.....	376,055	4,348,736
Repurchase of Common Stock.....	(6,663,500)	0
Restricted Stock Change.....	741,281	0
Surplus Change.....	211,482	228,299
Unrealized Gain/Loss Change.....	9,590,825	(50,443,015)
Ending Equity	\$ 150,849,970	\$ 133,423,391

As of 1/9/2024, this statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.





FINANCIAL DATA DISCLAIMER

Pinnacle Financial Corporation & Subsidiary | Years Ended December 31, 2021

To the Board of Directors and Shareholders of Pinnacle Financial Corporation

April 9, 2023

Data portrayed in this presentation was derived from the Company's consolidated financial statements as of and for the years ended December 31, 2023 and 2022. The December 31, 2022, consolidated financial statements were audited by Mauldin & Jenkins, L.L.C. whose audit report is dated March 23, 2023. This data should be read in conjunction with the Company's consolidated financial statements and the auditor's report thereon. The December 31, 2023, audit has not been completed as of the date of this report; therefore, the financial statements presented are unaudited. You may request a copy of the December 31, 2023, audited financial statements upon completion.

Sincerely,
Mauldin & Jenkins, L.L.C.

PINNACLE FINANCIAL CORPORATION 2023 BOARD OF DIRECTORS

L. Jackson McConnell, Jr., Chairman – *Pinnacle Bank, Elberton, GA*

Rafy Bassali – *Entrepreneur and Managing Partner, RBCI, LLC, Augusta, GA*

Danielle Barron Benson – *Candid Construction Services, Athens, GA*

J. Ron Bracewell – *Bates, Carter & Co., LLP, Gainesville, GA*

Tony E. Collins – *Retired Bank Executive, Clarkesville, GA*

Michael J. Fernandez – *Design Mart, Elberton, GA*

Greg T. Herring – *Herring Properties, Covington, GA*

Jonathan Holmes – *Mighty 8th Media, Buford, GA*

William McDermott – *McDermott Financial Solutions, Norcross, GA*

Thomas E. McGarity, DDS – *McGarity Dental LLC, Jersey, GA*

Connie M. Melear – *R.W. Allen, LLC, Augusta, GA*

Marjorie Bond Moore – *Downtown Market, Royston, GA*

David K. Voyles – *Pinnacle Bank, Elberton, GA*

Kalki Yalamanchili – *HY Law, Athens, GA*

FOOTPRINT

25
Full-Service Branches

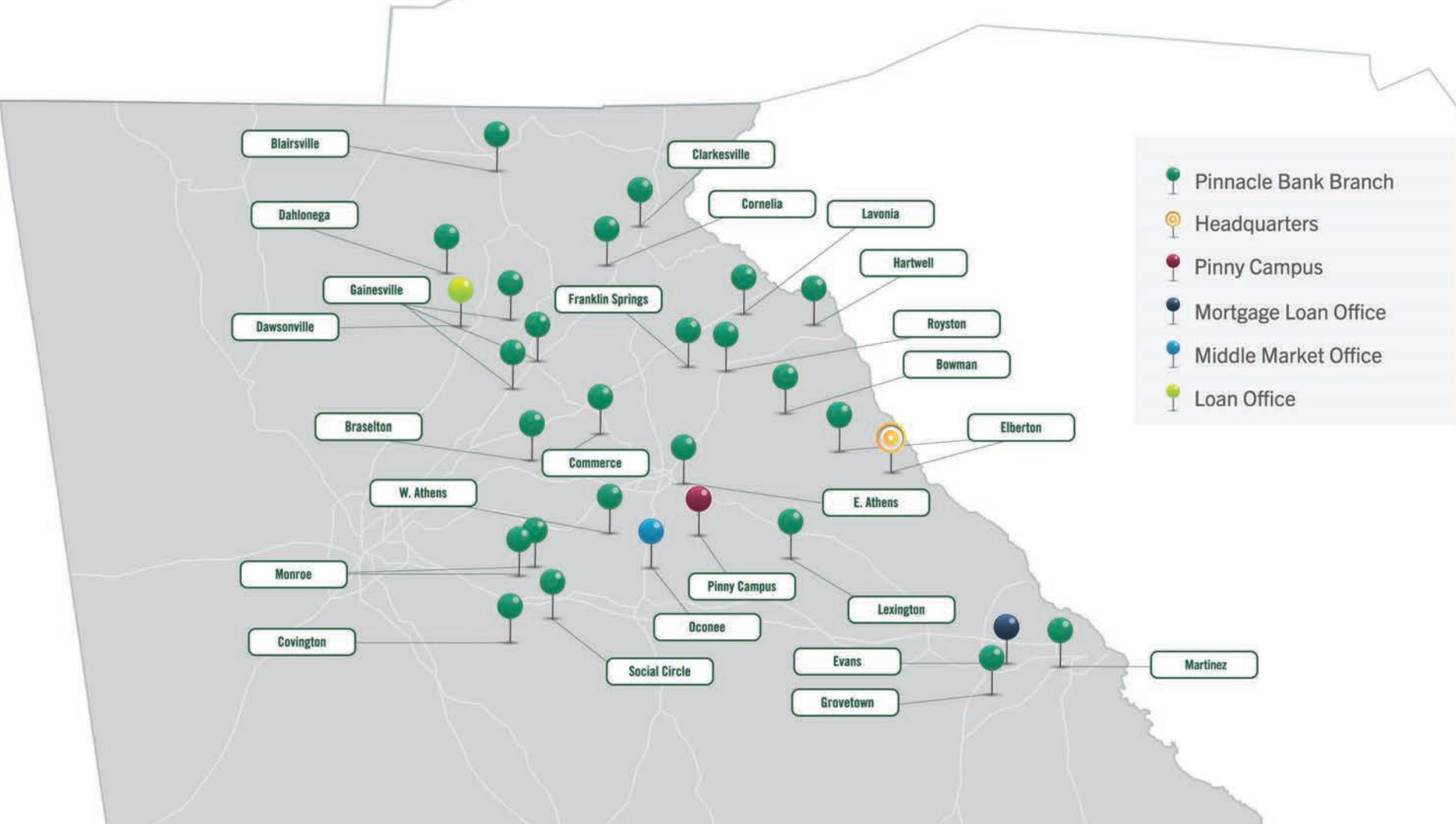
16
Counties

3
Loan Offices

1
Operations Center

1
Call Center/ Pinny Campus

1
Investment Center





SERVING ON THE INNOVATIVE EDGE

At Pinnacle, our team embodies innovation at every turn, constantly pushing boundaries to enhance the communal banking experience. Every year, our commitment to “Operate with an Innovative Edge” drives us to explore how to give big bank solutions our small town touch.

From our strategic partnership with Zelle® enabling seamless bank-to-bank transfers to our Pinny ITMs offering full after-hours service, we’re revolutionizing the way communities bank.



WATCH VIDEO



WATCH VIDEO





ONE BANK FOR LIFE

