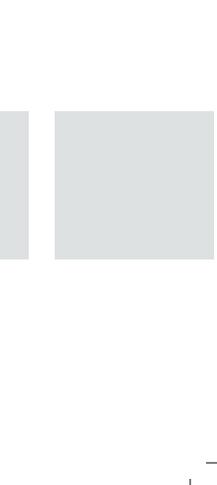
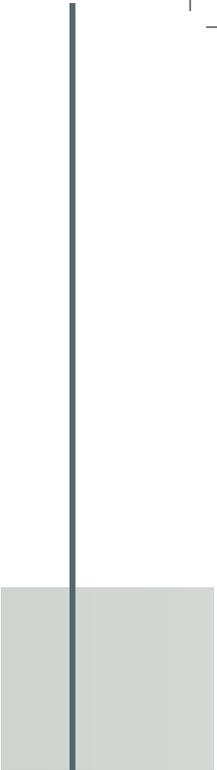


2021 Annual Report

# Strength

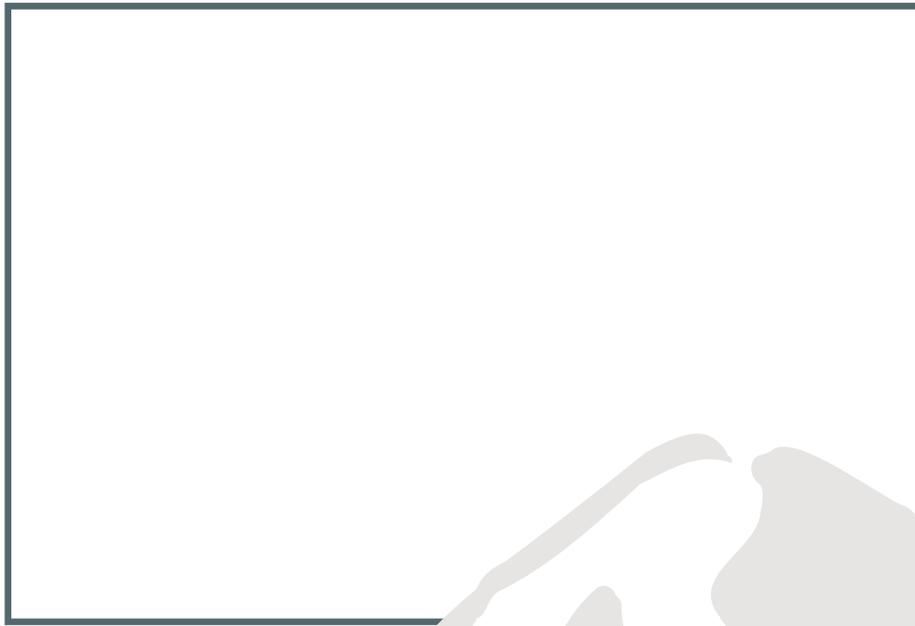
When Communities Need it Most





# Pinnacle Financial Corporation

## 2021 Annual Report





# Another Year **Stronger**

With 2021 well behind us, we would like to take a moment to reflect on all that it has taught us—and to express our gratitude for the entire Pinnacle Bank family. It is our collective strength that not only helps our customers achieve their goals but ours as well.

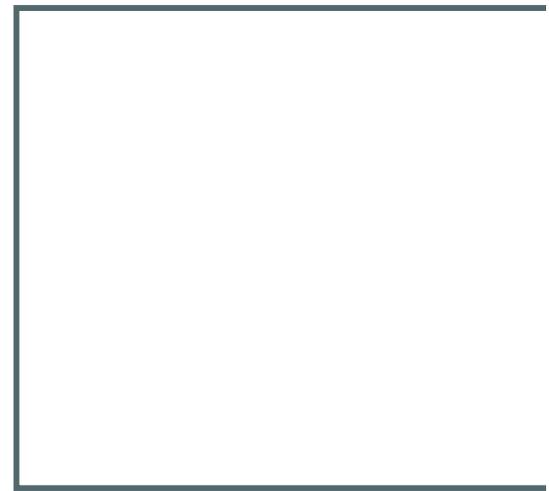
Community is everything to us, and it always has been. It's the heart and soul of Pinnacle Bank, and it's what drives us to new levels of success and service. We believe that through consistency, determination and strategic growth, we can all thrive.

Looking ahead, our goals remain the same: to help our organization and communities grow stronger in their finances and capabilities. Together, there is no limit to what we can accomplish.

# The Strength of Local Decisions

Pinnacle Bank is more than a community bank. We are also an opportunity bank dedicated to helping our customers develop plans and realize their dreams. Our team takes pride in our ability to lend money and make decisions locally. This benefit of a community bank allows our customers' plans to progress quickly and confidently.

We work hard to understand local challenges, to meet the needs of each customer and provide financial products and services that can help customers invest in themselves and their communities—and that's excellent news for all of us.



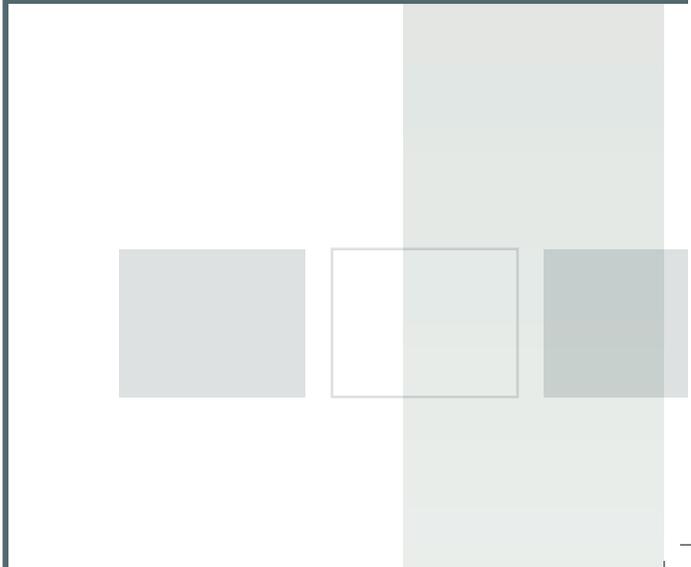
# Dear Shareholder,

“*May you live in interesting times*” is either an old English phrase or a Chinese curse, depending on the source. Whoever said this first must certainly have had in mind what we are experiencing as individuals, a culture, an industry and as a growing company. The year 2021 was significant in the evolution of Pinnacle Financial Corporation in a time when every year seems significant. We are thankful for a strong sense of purpose, a clear vision, teamwork and results. As you review the financial information in this report, I hope your confidence in this company grows, and you are encouraged by the financial strength and opportunity ahead.

In 2021, Pinnacle completed construction on three branches and acquired Liberty First Bank in Monroe. An expansion was made into new markets: including the 400 corridor. We strengthened our Small Business Administration (SBA) lending and Mortgage departments, fortified our technology infrastructure to include faster processing, new products and better security, and made many other investments in the future. We have benefited from Georgia’s growing economy and from operating in great markets. We believe we are as well positioned for success as at any time in our history.

On December 31, 2021, assets totaled \$2.0 billion, a growth rate of 28% over year-end 2020. Contributing about \$195 million to the growth is the acquisition of Liberty First. The remainder is from organic growth, new business development and government economic stimulus. We expect the stimulus to subside in 2022 but believe we can continue to grow organically. Loans grew during the past year about 12% to just over \$1.17 billion at year-end. Only about \$6.7 million remains in PPP loan balances. Deposits totaled almost \$1.79 billion at year-end. This growth is not sustainable in our estimation. In the future, we are budgeting a more normalized growth rate which has historically been 5–7% for Pinnacle.

Early in 2021, we issued \$25 million in subordinated debentures on favorable terms to take advantage of the long-term, low-rate environment. We believe this strengthened our overall capital structure. As we grow in the future, we should retain enough capital to fund our growth plans.



As to the overall bottom line, the company had a net income of \$17.9 million for the 12 months that ended 12/31/2021. That compares to \$13.4 million the prior year, a growth rate of 33.5%. This result is particularly pleasing as we are still in a growth posture and growing a company takes investments in team members, locations, infrastructure, marketing, operations and technology. Total interest income improved due to the growth in loan portfolio outstandings and fee income generated from the PPP program. Other income continues to grow from the expanding customer base. We now boast over 65,000 checking account customers. Our debit card program continues to produce healthy fee income and other service charges are about level with the customer growth. Mortgage income was up significantly and continues to grow. Operating expenses are up about 14%, stemming largely from our growth initiatives as we add people and locations.

As you can see from the report, earnings per share (EPS) has improved dramatically over the last couple of years. Diluted EPS totaled \$13.93 in 2021, a growth rate of 26% over 2020. Earnings are the underpinning of value, and we believe we have taken the action necessary to grow earnings in future years. Dividends in 2021 totaled \$4.60 per share, up from \$4.00 per share in 2020.

Our vision over the years has been to be the best community bank in Georgia. Part of the way we do that is to serve our communities in the best way we know how: through the 300+ employees of Pinnacle Bank. Whether they are volunteering to be on a committee, coaching a team, sitting on a board, fundraising or just lending a hand, you will find Pinnacle folks serving special needs, civic clubs, food banks, schools, YMCAs and more. Our business model helps us serve you for financial planning, safeguarding your assets, transaction processing, capital for your business, homeownership and many other financial services. This is what makes us One Bank for Life and why we feel strongly about our mission.

Please review the financial statements and other information in this annual report and let us hear from you. Thank you for your investment and confidence in Pinnacle Financial Corporation. Please let me know if I can be of any assistance or if the bank can serve you better.

Sincerely,



L. Jackson McConnell, Jr.  
*Chairman and CEO*



 706-213-3350

 [JMcConnell@PinnacleBank.com](mailto:JMcConnell@PinnacleBank.com)



# Strengthening Communities

## by Supporting Small Businesses

To borrow a line from a business banking video we produced recently, “A dream is just a dream until someone believes in it.” Providing the financial guidance, products and services needed to help businesses thrive has been a top priority of Pinnacle Bank from the beginning. According to the Small Business Administration, 99.7% of all businesses in America are small. The need to equip them for success is vital not only to our communities but to our national economy. That’s why we are continuously expanding our capabilities in areas such as Treasury Management to meet the ever-evolving needs of our business customers.

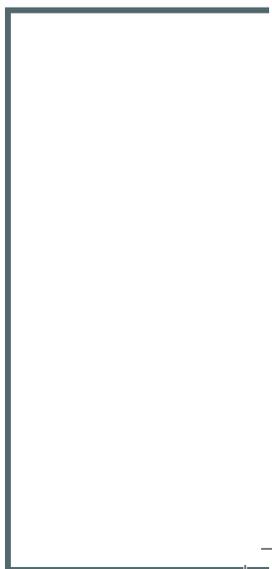
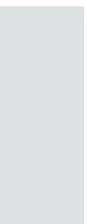
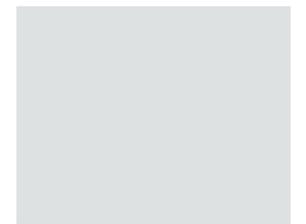
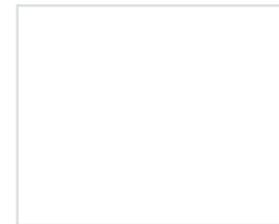
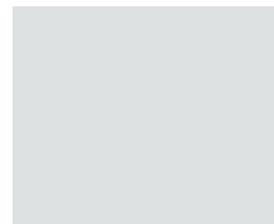


# Mortgages

## Bringing Strength and Reducing Stress

For home buyers, the red-hot real estate market adds extra tension to an already stressful process, even under normal circumstances. Pinnacle Bank strives to provide a better experience for our customers. Offering competitive rates, professional guidance and plenty of loan options is just the beginning. We understand the value of communication and how a little extra clarification and encouragement can make a world of difference.

Current homeowners are considering the options that come from increased equity. Is now the right time to do a cash-out refinance and finish the basement or pay off high-interest debts? It's worth considering, and our team is helping our customers determine what is right for them and their circumstances.



# Consolidated Balance Sheets

Pinnacle Financial Corporation & Subsidiary | Years Ended December 31, 2021 & 2020

	2021	2020
<b>Assets</b>		
Cash and due from bank .....	\$ 29,892,917	\$ 30,298,582
Interest-bearing deposits at other financial institutions .....	279,419,371	242,055,164
Federal funds sold .....	40,200,000	25,000,000
Securities available for sale .....	376,347,270	129,205,301
Federal home loan bank stock, at cost.....	980,400	1,348,000
Loans, net of allowance for loan losses of \$13,893,641 and \$11,557,463, respectively .....	1,172,128,992	1,044,128,829
Loans held for sale .....	2,044,956	3,016,541
Premises and equipment, net.....	38,143,159	31,733,274
Accrued interest receivable.....	5,113,317	5,622,304
Goodwill and intangibles, net.....	35,359,275	30,514,282
Cash surrender value of life insurance .....	23,719,055	20,022,142
Other real estate owned .....	1,000,000	1,196,650
Other assets .....	4,605,127	2,776,876
<b>Total Assets</b> .....	<b>\$ 2,008,953,839</b>	<b>\$ 1,566,917,945</b>
<b>Liabilities &amp; Stockholder Equity</b>		
<b>Liabilities:</b>		
<b>Deposits:</b>		
Non-interest bearing .....	\$ 582,840,172	\$ 399,854,045
Interest-bearing .....	1,215,907,938	929,892,228
<b>Total Deposits</b> .....	<b>1,798,748,110</b>	<b>1,329,746,273</b>
Securities sold under repurchase agreements .....	6,592,347	3,272,588
Federal home loan bank advances .....	3,000,000	5,000,000
PPPLF funding.....	-	62,535,924
Long-term notes payable.....	-	14,410,937
Subordinated notes.....	24,548,241	-
Subordinated debentures.....	7,217,000	7,217,000
Accrued interest payable .....	647,431	720,080
Other liabilities.....	5,951,013	6,093,821
<b>Total Liabilities</b> .....	<b>1,846,704,142</b>	<b>1,428,996,623</b>
<b>Stockholders' Equity</b>		
Common stock, no par value, 10,000,000 shares authorized; 1,251,753 and 1,148,288 shares issued, respectively .....	69,989,572	55,628,043
Retained earnings.....	92,729,771	80,163,516
Accumulated other comprehensive income (loss).....	(469,646)	2,129,763
<b>Total Stockholder Equity</b> .....	<b>162,249,697</b>	<b>137,921,322</b>
<b>Total Liabilities and Stockholder Equity</b> .....	<b>\$ 2,008,953,839</b>	<b>\$ 1,566,917,945</b>

As of 1/11/2022, this statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

# Consolidated Statements of Income

Pinnacle Financial Corporation & Subsidiary | Years Ended December 31, 2021 & 2020

	2021	2020
<b>Interest Income</b>		
Loans, including fees .....	\$ 56,796,801	\$ 50,395,275
<b>Securities:</b>		
Taxable .....	2,534,184	2,058,590
Nontaxable .....	1,349,240	1,048,193
Interest-bearing deposits at other financial institutions .....	357,184	579,670
<b>Total Interest Income</b>	<b>61,037,409</b>	<b>54,081,728</b>
<b>Interest Expense</b>		
Deposits .....	1,589,262	3,402,565
Borrowings .....	1,448,318	1,010,374
<b>Total Interest Expense</b>	<b>3,037,580</b>	<b>4,412,939</b>
<b>Net Interest Income</b> .....	<b>57,999,829</b>	<b>49,668,789</b>
<b>Provision For Loan Losses</b> .....	<b>3,000,000</b>	<b>5,000,000</b>
<b>Net Interest Income After Provision for Loan Losses</b> .....	<b>54,999,829</b>	<b>44,668,789</b>
<b>Other Income</b>		
Service charges on deposit accounts .....	11,615,542	9,384,525
Mortgage loan origination fees .....	1,539,551	477,154
Other service charges and fees .....	1,473,659	1,214,539
Security gains (losses), net .....	178,451	1,549,313
Gain on sale of loans .....	210,071	-
Other income .....	949,990	1,767,659
<b>Total Other Income</b> .....	<b>15,967,264</b>	<b>14,393,190</b>
<b>Other Expenses</b>		
Salaries and employee benefits .....	25,236,439	21,316,766
Occupancy and equipment expense .....	8,203,732	7,008,140
Other real estate owned expenses .....	97,828	134,926
Merger and acquisition expenses .....	397,083	2,555,953
Other expenses .....	14,211,176	11,141,898
<b>Total Other Expenses</b> .....	<b>48,146,258</b>	<b>42,157,683</b>
<b>Net Income Before Taxes</b> .....	<b>\$ 22,820,835</b>	<b>\$ 16,904,296</b>
<b>Taxes</b> .....	<b>\$ 4,847,865</b>	<b>\$ 3,431,678</b>
<b>Net Income</b> .....	<b>\$ 17,972,970</b>	<b>\$ 13,472,618</b>
Basic earnings per share .....	<u>\$ 15.28</u>	<u>\$ 12.09</u>
Diluted earnings per share .....	<u>13.93</u>	<u>11.03</u>
Average shares outstanding – basic .....	<u>1,175,860</u>	<u>1,114,605</u>
Average shares outstanding – diluted .....	<u>1,290,165</u>	<u>1,221,142</u>

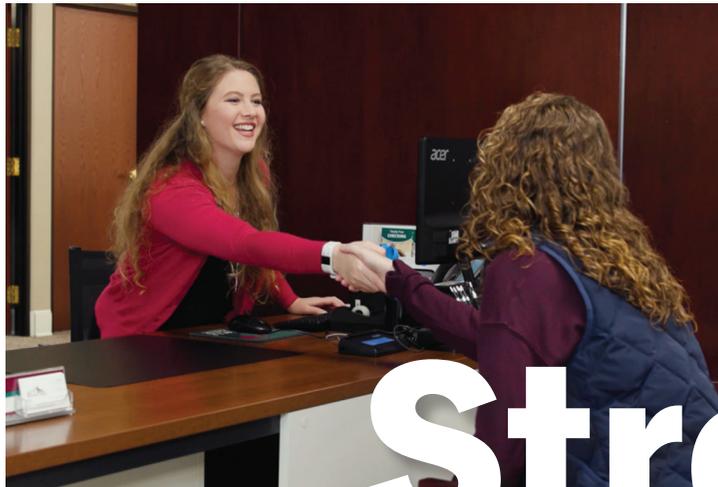
As of 1/11/2022, this statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

# Consolidated Statement of Stockholder Equity

Pinnacle Financial Corporation & Subsidiary | Years Ended December 31, 2021 & 2020

	2021	2020
<b>Beginning Equity</b> .....	\$ 137,921,322	\$ 114,275,688
Net income.....	17,972,970	13,472,618
Dividends paid.....	(5,406,715)	(4,458,797)
Sale of common stock.....	14,053,750	12,985,500
Surplus change.....	307,780	48,167
Unrealized gain/loss change.....	(2,599,410)	1,598,146
<b>Ending Equity</b> .....	<b>\$ 162,249,697</b>	<b>\$ 137,921,322</b>

As of 1/11/2022, this statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.



# Strength

In Numbers



# Financial Data Disclaimer

To the Board of Directors and Shareholders of  
Pinnacle Financial Corporation

***April 19, 2022***

Data portrayed in this presentation was derived from the Company's consolidated financial statements as of and for the years ended December 31, 2021 and 2020. The December 31, 2020, consolidated financial statements were audited by Mauldin & Jenkins, L.L.C. whose audit report is dated March 22, 2021. This data should be read in conjunction with the Company's consolidated financial statements and the auditor's report thereon. The December 31, 2021, 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, 2021, audited financial statements upon completion.

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

## Pinnacle Financial Corporation 2021 Board of Directors

L. Jackson McConnell Jr., Chairman – *Pinnacle Bank, Elberton, GA*  
Danielle Barron Benson – *Candid Construction Services, Athens, GA*  
J. Ronald Bracewell – *Bates, Carter & Co., L.L.P., Gainesville, GA*  
Tony Collins – *Pinnacle Bank, Clarkesville, GA*  
Michael Fernandez – *Design Mart, L.L.C. Elberton, GA*  
Scott Fogle – *Advocate Insiders, Norcross, GA*  
Greg T. Herring – *Darnel Quick Recovery, Covington, GA*  
Robert Lee – *Elbert Insurance Agency, Elberton, GA*

Roy J. Malcolm – *Integrity Valuation Management Group, Eatonton, GA*  
J. Daniel McAvoy, M. D. – *Medical Center of Elberton, Elberton, GA*  
William McDermott – *McDermott Financial Solutions, Norcross, GA*  
Thomas E. McGarity, D. D. S. – *McGarity Dental L.L.C., Jersey, GA*  
Connie M. Melear – *RW Allen Construction, L.L.C., Evans, GA*  
Marjorie Bond Moore – *Downtown Market, Royston, GA*  
David Voyles – *Pinnacle Bank, Elberton, GA*  
Steve A. Williams – *Tri-State Distributors, Royston, GA*

# Pinnacle Bank's Footprint

**24**

Full-Service  
Branches

**15**

Counties

**2**

Loan Offices

**1**

Investment Center

**1**

Operations Center

**1**

Call Center/Pinny  
Campus

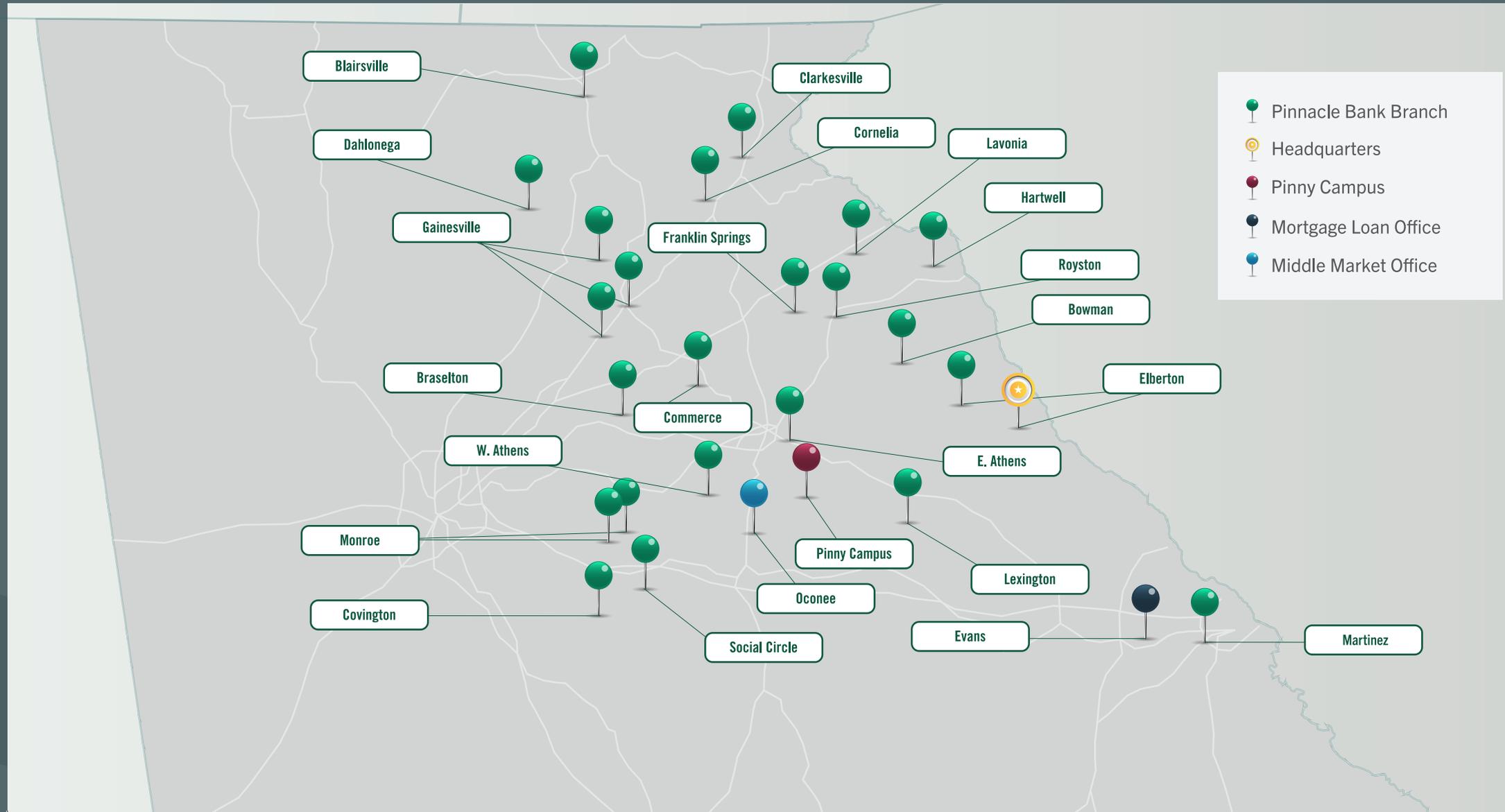
# Locations Added in 2021

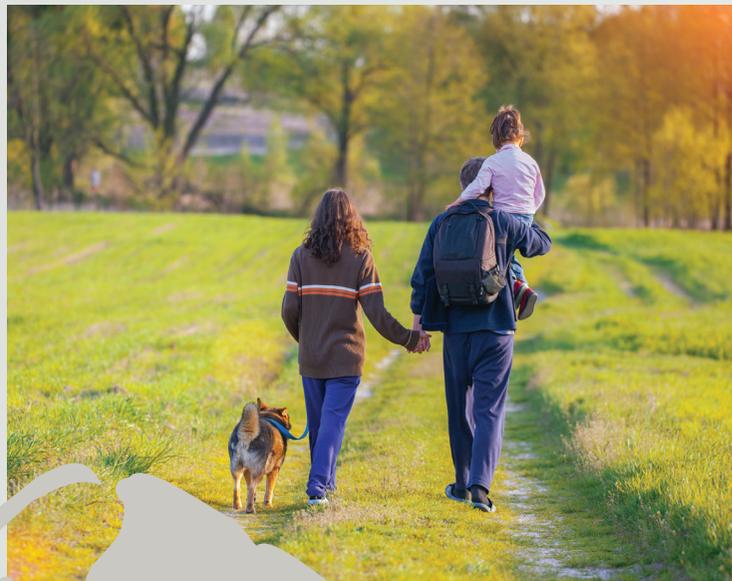
■ **Commerce**  
North Elm

■ **Gainesville**  
Gateway

■ **Martinez**  
Furys Ferry

■ **Monroe**  
Spring Street





[PinnacleBank.com](https://www.PinnacleBank.com)