DEAR FELLOW SHAREHOLDERS,

WE WILL NEVER FORGET THE DAY DON KENNEDY CAME IN TO OPEN PINNACLE'S first checking account. He was our very first client, coming on board the very first day our office was open. We've still got the picture we took that day.

That was more than 20 years ago—Oct. 27, 2000.

We've grown more than a little since then.

- From **$0 in assets to $35 billion**, now the **37th largest bank** in the United States
- From **$18 million market cap** to approximately **$6 billion**
- From **1 office** in downtown Nashville to **112** in five states
- From 34 associates to 2,600

And we've hit several significant milestones for our associates in 2020.

- **8th Best Bank to Work For** in the nation, and 1st among banks with more than $10 billion in assets – *American Banker*
- **14th Best Company to Work For** – *Fortune* magazine and Great Place to Work Institute
  - 4th Best Financial Services Firm to Work For
  - 4th Best Workplace for Women
  - 4th Best Workplace for Millennials
- **Top 50 Companies That Care** – *People* magazine

We've also earned third-party recognition for how we treat our clients.

- **27 Greenwich Best Brand and Excellence Awards** – Greenwich Associates. Only one bank in the nation won more, and Pinnacle is the only one in the Southeast to earn more than 20.

For us as shareholders, the end result of all these accomplishments and accolades are outsized returns on our investment. Since our founding in 2000, our total shareholder return is three times that of the KBW Regional Bank Index and second highest among our peer banks nationwide during that time.

Anyone would have to admit, it really has been an unbelievable ride.

And it all started with a simple vision: To be the best financial services firm and the best place to work in Nashville. That's what we're now trying to replicate in every market we serve so that we can be the best financial services firm and the best place to work in the Southeast. **And we are flat getting it done.**

Hear more from Terry Turner about how Pinnacle is well positioned for growth at PNFP.COM/2020LETTER

At the time we drafted that vision statement, we didn't have a single client. We've certainly gained ground in the past 20 years.

- According to Greenwich, we have a **No. 1 share position in our hometown of Nashville** among businesses with sales from $1-500 million, and not by a little. It's an overwhelming margin at 28% share versus 16% for our next closest competitor.
- We're **building similar momentum in our other Southeastern markets** as well, according to FDIC deposit data as of June 30, 2020.

NASHVILLE

We are the largest bank in Nashville with a **17% share of deposits** and **No. 1 market share** position.

CHATTANOOGA

We had **50.9% deposit growth** in Chattanooga, now **No. 4 in the market**. Perhaps more importantly, in terms of our share among companies with sales from $1-$500 million, we have now climbed to the **No. 2 position**, according to Greenwich.

HIGH POINT

We grew deposits by 20% in Greensboro-High Point to $1.7 billion for No. 4 in the market. Put together with Winston-Salem, **we hold $2.7 billion in the Triad region** of North Carolina.

CHARLOTTE

We're **No. 7 by deposits** in Charlotte, up three spots from 2019 with **46.2% growth** year over year.

MEMPHIS

We moved up two spots in Memphis, now **No. 6 in the market** with **41.3% growth in deposits** year over year.

ROANOKE

We moved up to the **No. 3 spot** in Roanoke, with **28.3% growth in deposits** year over year.

RALEIGH & GREENVILLE

We moved up one spot on the market share chart in Raleigh and Greenville for **No. 13 and No. 12, respectively**.

KNOXVILLE

We crossed **$2 billion in deposits** in Knoxville, **now No. 4**, from a de novo start in 2007. And like in Chattanooga, we have now climbed to the **No. 2 position** in terms of companies with sales from $1-$500 million, according to Greenwich.

SOUTH CAROLINA COASTAL REGION

And we crossed **$1 billion in deposits** in the South Carolina coastal region, as we did in Charlotte, Chattanooga and Memphis.

OVERALL, WE HAD 32% GROWTH IN DEPOSITS FIRM WIDE FROM JUNE 30, 2019 TO JUNE 30, 2020.

That's astounding growth in almost every market we serve. Each of these facts on their own is a reason to celebrate, but we know the job isn't done yet. Although 20 years have passed since Don Kennedy and Kennedy Roofing opened that first checking account at 211 Commerce Street in Nashville, we still have so many more clients to serve, so many more associates to hire and engage.

Rather than just celebrate our past, we actually prefer to reflect on the journey and what it means for the road ahead.

We did not get here by accident, nor by selling our way to the top. As we've said many times before, we were founded to be an alternative to the bureaucratic sales cultures that continue to dominate the banking landscape. We were (and are) a scrappy challenger to those franchises, earning our clients by our distinctive service and effective advice. Our secret? We're easy to do business with. In fact, we just received national recognition from Greenwich Associates for our 11th consecutive year for the reputation we've built with our business clients for being easy to do business with – something very hard for the larger regional and national franchises with whom we compete to replicate.

We've always believed that good decisions for people are also good decisions for business.

2020 was the ultimate test of that philosophy. How did we perform?

In my opinion, we aced it.

We grew our balance sheet with outsized loan and deposit growth.

- Year-end loans were up 13.3% over 2019, including the loans made through the Paycheck Protection Program.
- Core deposits were up 33.5%, with decreased reliance on wholesale funds.
- Revenue hit $1.14 billion, including $821 million in net interest income and $317.9 million in fee and other income.

We improved our credit metrics despite significant headwinds.

- Nonperforming assets were 0.38%.
- Classified asset ratio was at 8.1%, the lowest level in five years.
- Past dues were just 0.19%.

We continued to excite our associates even in tough times.

- 94 new revenue producers joined in 2020, our highest number ever.
- 93.1% say our policies and practices ensure fair treatment for all associates.
- 96.6% agree our culture is special, something you don't find just anywhere.
- 94.9% of associates decided to stay at Pinnacle.

We engaged clients more than ever at their time of greatest need.

- 95.6% agree their financial advisor demonstrates knowledge and experience necessary to meet their needs.
- 95.6% say their financial advisor delivers against his/her commitments.
- 94.8% agree their financial advisor is recognizably better than his/her competitors.

How did we do it in the face of an economic crisis spurred by the COVID-19 pandemic? How did our associates pull so many wins out of one of the most challenging years our country has faced? The same way we've built the firm since 2000. Focus on people. Make personal connections. Do the right thing.

+13.3% LOANS

+33.5% CORE DEPOSITS

$1.14 BILLION IN REVENUE

$317.9 MILLION IN FEE AND OTHER INCOME

$821 MILLION IN NET INTEREST INCOME

94 NEW REVENUE PRODUCERS

OUR HIGHEST NUMBER EVER

NAVIGATING THROUGH THE PANDEMIC

We started 2020 well positioned and with what we believed to be the momentum to produce top-quartile earnings growth versus our peers. Our profile was on the rise in our markets, the hiring pipeline was strong, and we had outsized loan growth opportunities as a result. Our deposit initiatives were poised to take off, and we felt good about our prospects. It didn't take long, though, to see that our situation would shift.

We convened our pandemic response team in January almost two full months before the country started to shut down. Long before people panicked and cleared the grocery store shelves, we had a plan in place to respond to the immediate health and safety needs of our associates and clients and were well on our way to developing a formal plan to deal with the economic fallout.

We didn't hesitate to execute a strategy with three priorities:

1. STABILIZE OURSELVES
2. STABILIZE OUR CLIENTS
3. BUILD FOR POST-COVID SUCCESS

On the first, we had to ensure our firm was prepared for the worst, even as we hoped for the best. That included a shift to defense: Protecting our balance sheet with a focus on asset quality and preparing our credit-loss reserves for a potentially devastating scenario. It also included taking care of our associates during a very difficult time.

On the second, we had to take care of our clients. Many in certain industries were quickly thrown into a vulnerable state. They didn't know if they would make it to the summer, much less the other side of a global pandemic, and were depending on us to help.

Finally, we had to be ready to jump back into an offensive posture as soon as conditions permitted. We'd come too far and worked too hard over the previous 20 years to entrench ourselves in austerity. Typically there is a large opportunity to move market share following difficult economic times – particularly for banks like ours that have earned a reputation for valuing long-term relationships and being easy to do business with – so we wanted to be ready when the time was right.

To meet each of these priorities and overcome the challenges ahead, once again we zeroed in on strategies that were built on our philosophy of focusing on people, personal connections and doing the right thing for associates, clients and shareholders.

Credit Loss Reserves

We started by building enormous loss-taking capacity, effectively tripling our reserves for credit losses from 0.48% of total loans to 1.38%, exclusive of PPP loans. We also added $250 million in Tier 1 capital to further protect us from whatever the crisis threw at us.

Loan Deferrals

We immediately reached out to clients about deferring their loan payments until they better understood their new position and what the future held. Less client-focused banks attempted to minimize loan payment deferrals. Not us. At peak, we deferred 21% of our loan book and scheduled rapid and regular follow-ups. Once a deferral period ended, if a client needed more help because of pandemic impact, we worked with them on modifications under Section 4013 of the CARES Act. We, and our clients, got through it.

Credit Reviews

We immediately initiated a complete review of our entire risk-graded loan book – one borrower at a time – and re-risk graded them all. We established regular follow-ups to look at monthly statements and projections and get an idea of when the client might return to a more stable posture.

This took an incredible amount of work from our credit teams at a time when many of them were dealing with the personal effects of the pandemic and pitching in on the Paycheck Protection Program. Thanks to them, our asset quality is holding up much better than anyone predicted, even hard-hit sectors like hospitality and commercial real estate, which has enabled us to shift back to offense.

Paycheck Protection Program
In 20 years, we have never seen our associates pull together and work harder than during the initial wave of PPP lending. It was an unbelievable effort, reminiscent of Vince Lombardi's "finest hour" where we lay "exhausted on the field of battle, victorious"— simply because our associates were so committed to helping our clients in a time of desperate need.

People swarmed from all over the firm to help, literally working around the clock to take care of clients. We stood up a new loan application and review system in a matter of days, much more quickly than many of our peers. We educated and trained ourselves and our clients from scratch. Our communication effort to keep associates and clients in the loop during a period of great uncertainty and changing ground rules blew everyone away. Our financial advisors at the tip of the spear were phenomenal in helping anxious and stressed clients. It was a true differentiator, proving that Pinnacle can serve clients in a way that we believe few other banks can.

By May we had processed 14,000 loan applications totaling $2.4 billion in a matter of weeks. It was literally the life blood our clients and communities needed, and from our seats, it was awe inspiring to watch. Hundreds of associates working harder than they ever have because it was the right thing to do for our clients, our communities and our country.

KEEPING OUR SIGHTS ON THE FIRM'S PRIORITIES

While tackling unexpected projects related to COVID-19, we were also focused on what lay on the other side of the pandemic. We still had other priorities, and the crisis presented new opportunities to meet our strategic goals.

Maintaining Profitability
In a rock-bottom rate environment, no bank escapes having tough conversations with clients. Our associates did remarkable work controlling our margins in an economic downturn while treating clients fairly.

Share of Wallet and Fee Income
The pandemic and related economic downturn led many clients to seek the advice of their trusted financial advisors, reassess their financial plans and take advantage of low loan rates. Our associates met their needs with our full suite of services and superior product knowledge. Also contributing to a strong year for fees was Bankers Healthcare Group, once again achieving balance sheet growth and spreads that seem to defy changes in the interest rate curve. BHG had its best quarter ever for originations at the end of 2020.

Mortgages
Given the rate environment, mortgage opportunities skyrocket when rates are low. What the rest of the firm did on PPP in the spring, the mortgage team did all year long. They drove origination volumes up 65% year over year and generated enough fee income to increase their pre-tax contribution by 147% to $60.0 million. And as fast as they worked, they didn't let service quality slip, maintaining overall scores of 4.9 out of 5 in client surveys.

Deposit Initiatives
In 2019 we had initiated a wide-ranging plan to grow deposits through specialized lines of business, such as health and benefits accounts, community associations, captive insurance and qualified settlement accounts. Though the pandemic made their work harder, our teams didn't slow down and actually produced meaningful results under very tough circumstances.

Building a Bank in Atlanta
We announced our entry into Atlanta at the tail end of 2019 with veteran banking leaders at the helm. We knew we could take market share in one of America's biggest economies, and the pandemic didn't change that.

While the rest of us shifted to defense, we told our Atlanta team to plow ahead with aggressive plans for growth. They delivered.

- 24 new associates hired, including 14 revenue producers
- $275 million in loan commitments
- $112 million in deposits

That's impressive work in any year – never mind a pandemic.

TAKING CARE OF ASSOCIATES AND CLIENTS

Of course, our first priority remained the health and safety of our associates and clients. When it became clear that COVID was going to change all our lives for the foreseeable future, we had a clear directive for our leadership team: No associate is going to get sick because of a policy or practice we put in place. In a world that seems uncontrollable, we pulled all the levers we had available to keep everyone healthy and able to serve the clients who rely on us.

You can find the key milestones of our response plan in the "Responding to 2020 Challenges" timeline on the inside cover of this report.

Take all of that together, measure it against our people-first philosophy and examine the results: We survived, we thrived, and we helped our clients do the same. This isn't the finish line, but we feel we're ahead in the final stretch.

And when COVID is in the rearview mirror, we feel Pinnacle will be in the pole position for what comes next. We're already back on offense, aggressively going after more market share and more of the best bankers in our markets.

We can't close 2020 without recognizing and thanking Gary Scott, who has served on Pinnacle's board of directors for almost 14 years. Banking is a small world, and Gary has been in and around our circles since before Pinnacle existed. He will retire from the board this spring, and we appreciate his leadership and partnership.

We thank him and all of you for taking the journey with us.

Onward!

M. Terry Turner
President and Chief Executive Officer

Robert A. McCabe, Jr.
Chairman