



DEAR FELLOW SHAREHOLDERS,

In a sea of regional and national financial firms offering similar products, how can a single bank claim to be distinctive?

PINNACLE IS ONE OF THOUSANDS OF BANKS NATIONWIDE AND HUNDREDS IN Tennessee, the Carolinas and Virginia. All of us are competing for the same clients, offering essentially the same products and services at about the same price.

So what makes a bank distinctive?

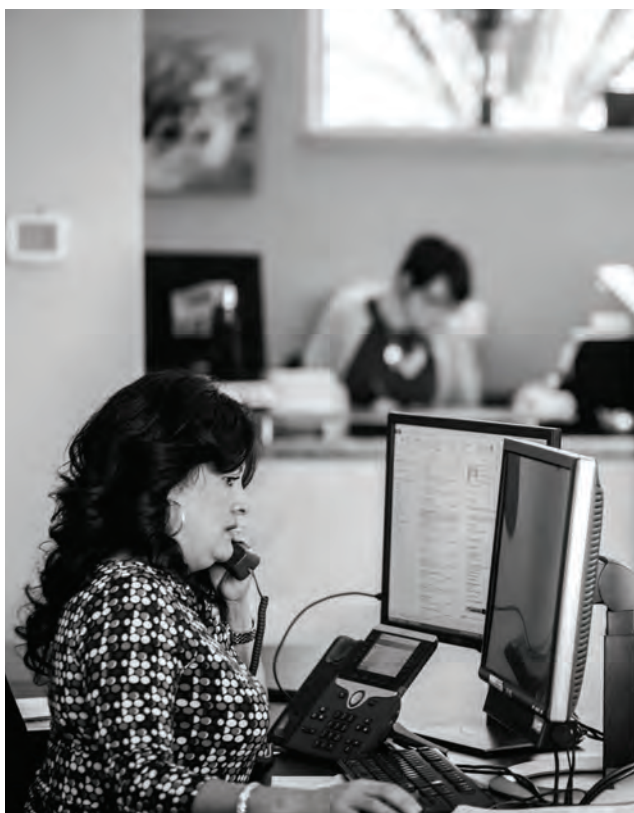
The Dale Carnegie Research Institute says it's trust and relationships. Their research finds that, in the "Era of the Consumer," a relationship manager earns trust by being customer-focused, competent and prioritizing what's right over making the sale.

Many banks are trying desperately to catch up with that idea, to turn around their massive ships in the new prevailing wind. They often do it with impersonal technology that's designed to make things easier; in reality, it's engineered to make it cheaper to serve the customer.

We believe what's missing are people. Savvy consumers long for something personal — and they value a good experience over price. Carnegie's data back this up, with 71 percent of survey respondents saying they would rather buy from a salesperson they completely trust than one who gave them a lower price.

Unlike the large national and regional franchises we compete with, Pinnacle doesn't have to adjust. We've always been intentional about valuing people more than sales.

Pinnacle was founded in 2000 explicitly to battle against the impersonal service that has infected big banks. We start with a core philosophy that "people matter." We carry that out by building a team of financial professionals who are experienced and well-equipped to be trusted partners with their clients, not just their bankers.



Based on those foundational building blocks, the strategy is clear:

- Create a top-notch place to work and leverage it to recruit and retain the very best bankers.
- Empower them to bring over their best clients and engage them fully so they give better service and are easier to do business with.
- Excite and create loyalty in our clients so they love doing business with us and trust us with every need.
- Grow our company in a smart, sustainable way that aims to bring shareholders meaningful returns.

Focusing on people is the right thing to do for our clients and associates. As it happens, it's also a more profitable way to do business, as the last 18 years have proven.

2018 SAW OUR STRATEGY PLAY OUT SUCCESSFULLY IN MANY WAYS.

It looked like a tough year if all you did was watch the share price. But long-term shareholder value is created by consistently out-performing peers on the fundamentals, so we'll keep setting tall targets and striving to hit them consistently.

• Hiring

Pinnacle hired 107 new revenue producers in 2018, many of them from large regional and national banks, with an average of more than 20 years of experience.

They are bringing their best clients and creating a broader pipeline for new business.

• Growth Across Metrics

Those new hires joined a group of dedicated financial advisors who collectively drove results well ahead of our peers. They grew loans by double digits while most of our peers hit singles. They funded them largely with core deposits that also grew by double digits. Revenues hit a new record at nearly a billion dollars, with both net interest income and fee income jumping more than 35 percent.

• Outstanding Credit Quality

A disciplined approach to lending gave us another year of rock solid credit quality with nonperforming assets at just above a half-percent. Hiring people who know their books of business well and leave troubled accounts at their previous banks improves asset quality.

• Deposit Share Victories in High-growth Markets

Recruiting the best bankers and their clients from our competitors is a winning strategy, and it paid off in 2018 as we grew market share in substantially all of the MSAs we serve. According to FDIC deposit rankings at June 30, 2018:

- Pinnacle is now the No. 1 bank in Nashville
- More than half of our MSAs – eight – grew deposits by double digits
- Knoxville and Memphis both crossed the \$1 billion mark for deposits
- Pinnacle has climbed to the No. 3 bank in Greensboro-High Point, NC

• Validation from Independent Researchers

In its research, Carnegie found that people are more likely to do business with a firm, recommend it and pay a premium for services if they have a good relationship with their advisor. How does Pinnacle fare against this standard? Greenwich Associates surveyed our clients to find out. In our home market in Nashville, which is our gold standard and model for how all our markets operate, this is what they said.

- 98% express overall satisfaction with Pinnacle
- 93% are likely to recommend Pinnacle – with by far the highest “net promoter” score in the market and no detractors in any survey response
- 95% say Pinnacle values long-term relationships
- 97% are satisfied with their Pinnacle banker

The data from Greenwich were so strong, in fact, that we earned 21 Greenwich Excellence Awards for 2018 and another four Greenwich Best Brand Awards, both given for small business and middle market banking.

There's nothing radical about the way we accomplished all this. We just executed our strategy faithfully all year long. The same strategy we've been executing since we started in 2000.

GOING FORWARD, WE ARE FOCUSED ON EXECUTING OUR STRATEGY TO THE UTMOST TO DELIVER LONG-TERM SHAREHOLDER VALUE.

With all that worked in 2018, and has worked throughout the history of this firm, we've set more tall targets for 2019 and have every intention of hitting them.

We currently anticipate low- to mid-double digit loan growth with a focus on building upon the C&I momentum our team has in the Carolinas and Virginia. C&I now represents more than 20 percent of this region's total portfolio, and we expect that growth to continue as we bring on more talented people with meaningful books of business.

Our recruiting pipelines are very promising in all markets. We'll spend the year closing in on our goal of hiring 65 C&I/private banking advisors in the Carolinas and Virginia. Just because we're far ahead of our original target doesn't mean we'll take our foot off the gas. We expect our pursuit of the best bankers to pay off.

The chance to take more market share will come with them, because we expect that their best clients will follow them to our firm. Opportunities for new business abound. We believe Pinnacle is best positioned to take advantage of the robust economic development in many of our major markets, as well as poor service levels at the other banks. Data from Greenwich Associates plot a very telling graph that shows great vulnerability among the biggest firms – low overall satisfaction among those who have the most significant market share.



GREENWICH ASSOCIATES DATA

These Nashville numbers from 2018 illustrate the gold standard and model for how all markets operate.

98%

express overall satisfaction with Pinnacle

93%

of our clients are likely to recommend us

95%

say Pinnacle values long-term relationships

97%

are satisfied with their Pinnacle banker

25

AWARDS

Pinnacle earned **25** Greenwich Excellence and Best Brand Awards for both small business and middle market banking.



SERVICE QUALITY SCORES

From Pinnacle's 2018 client surveys

94%

Listens to me and understands my needs before proposing a solution

93%

Demonstrates knowledge and experience to meet my needs

92%

Provides me with knowledge and insights I would not have otherwise

91%

Delivers against his/her commitments

NATIONAL AND LOCAL WORKPLACE AWARDS

We continued racking up trophies and recognition for the unique culture and engaging workplace we work so hard to create.

AMERICAN
BANKER

American Banker
named Pinnacle the

NO. 16

Best Bank to Work For

Pinnacle earned the

NO. 22

spot on the 2018 list of
the 100 Best Companies
to Work For from
FORTUNE magazine and
Great Place to Work®



In 2018, *FORTUNE* and Great Place to Work® also named us:

- No. 3** Best Workplace in Financial Services and Insurance
- No. 12** Best Workplace for Women
- No. 24** Best Workplace for Millennials
- No. 40** Best Workplace for Parents



PINNACLE'S WHY

We believe that people matter. Period.

Everyone deserves a bank that takes that to heart. That's why Pinnacle was designed to battle the bureaucratic and impersonal service that's taken over much of the banking world. This is why we're different.

PNFP.com/OurStory

WE WIN BECAUSE WE BELIEVE THAT PEOPLE MATTER.

It's not just a marketing gimmick. We believe in our bones that people matter, and it's why we designed every facet of our company to support that philosophy.

That is why we stand out from the pack. It's the reason why we've shot from \$0 in assets to \$25 billion in less than 20 years, why we went from de novo to the 44th largest banking franchise in the country and why we have been one of the top performing bank stocks in the country over our history.

Shareholders should reap the benefits in the end. We have remained tightly focused on the three metrics we believe will drive the greatest returns, and we have done so successfully: Revenue per share has never been higher. Neither has earnings per share. And we did it with a fortress balance sheet that saw our non-performing asset ratio fall.

Our belief is that those three measurements have traditionally been the most tightly correlated with long-term shareholder value, and yet our share price in 2018 did not reflect the many wins we had. In the end, that could be good news for those who invest in our success.

We remain committed to managing the fundamentals and consistently outperforming peers relative to revenue growth, earnings growth and loan quality. We believe a focus on those priorities should, over time, produce outsized share price appreciation.

Onward!

M. Terry Turner
President and
Chief Executive Officer

Robert A. McCabe, Jr.
Chairman