

# First Quarter 2018 Investor Call

*M. Terry Turner, President and CEO*  
*Harold R. Carpenter, EVP and CFO*

**April 17, 2018**



# Safe Harbor Statements

## Forward Looking Statements

All statements, other than statements of historical fact, included in this presentation, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. The words "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" and similar expressions are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including, but not limited to: (i) deterioration in the financial condition of borrowers resulting in significant increases in loan losses and provisions for those losses; (ii) continuation of the historically low short-term interest rate environment; (iii) the inability of Pinnacle Financial, or entities in which it has significant investments, like BHG, to maintain the historical growth rate of its, or such entities', loan portfolio; (iv) changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (v) effectiveness of Pinnacle Financial's asset management activities in improving, resolving or liquidating lower-quality assets; (vi) the impact of competition with other financial institutions, including pricing pressures (including those resulting from the Tax Cuts and Jobs Act) and the resulting impact on Pinnacle Financial's results, including as a result of compression to net interest margin; (vii) greater than anticipated adverse conditions in the national or local economies including in Pinnacle Financial's markets throughout Tennessee, North Carolina, South Carolina and Virginia, particularly in commercial and residential real estate markets; (viii) fluctuations or unanticipated changes in interest rates on loans or deposits or that affect the yield curve; (ix) the results of regulatory examinations; (x) the ability to grow and retain low-cost core deposits and retain large, uninsured deposits; (xi) a merger or acquisition; (xii) risks of expansion into new geographic or product markets; (xiii) any matter that would cause Pinnacle Financial to conclude that there was impairment of any asset, including intangible assets; (xiv) reduced ability to attract additional financial advisors (or failure of such advisors to cause their clients to switch to Pinnacle Bank), to retain financial advisors (including as a result of the competitive environment resulting from the Tax Cuts and Jobs Act) or otherwise to attract customers from other financial institutions; (xv) further deterioration in the valuation of other real estate owned and increased expenses associated therewith; (xvi) inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies, required capital maintenance levels or regulatory requests or directives, particularly if Pinnacle Financial's level of applicable commercial real estate loans continues to exceed percentage levels of total capital in guidelines recommended by its regulators; (xvii) risks associated with litigation, including the applicability of insurance coverage; (xviii) the risk of successful integration of the businesses Pinnacle Financial has recently acquired with its business; (xix) approval of the declaration of any dividend by Pinnacle Financial's board of directors; (xx) the vulnerability of Pinnacle Bank's network and online banking portals, and the systems of parties with whom Pinnacle Financial contracts, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches; (xxi) the possibility of increased compliance costs as a result of increased regulatory oversight, including oversight of companies in which Pinnacle Financial or Pinnacle Bank have significant investments, like BHG, and the development of additional banking products for Pinnacle Bank's corporate and consumer clients; (xxii) the risks associated with Pinnacle Financial and Pinnacle Bank being a minority investor in BHG, including the risk that the owners of a majority of the equity interests in BHG decide to sell the company if not prohibited from doing so by the terms of our agreement with them; (xxiii) changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers, like BHG, including regulatory or legislative developments; (xxiv) the risk that the cost savings and any revenue synergies expected from Pinnacle Financial's merger with BNC may not be realized or take longer than anticipated to be realized; (xxv) disruption from Pinnacle Financial's merger with BNC with customers, suppliers, employee or other business partners relationships; (xxvi) the risk of successful integration of Pinnacle Financial's and BNC's businesses; (xxvii) reputational risk and the reaction of the parties' customers, suppliers, employees or other business partners to Pinnacle Financial's merger with BNC; (xxviii) the risk that the integration of Pinnacle Financial's and BNC's operations will be more costly or difficult than expected; (xxix) the availability and access to capital; (xxx) adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions; and (xxxi) general competitive, economic, political and market conditions. Additional factors which could affect the forward looking statements can be found in Pinnacle Financial's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC and available on the SEC's website at <http://www.sec.gov>. Pinnacle Financial disclaims any obligation to update or revise any forward-looking statements contained in this presentation, which speak only as of the date hereof, whether as a result of new information, future events or otherwise.

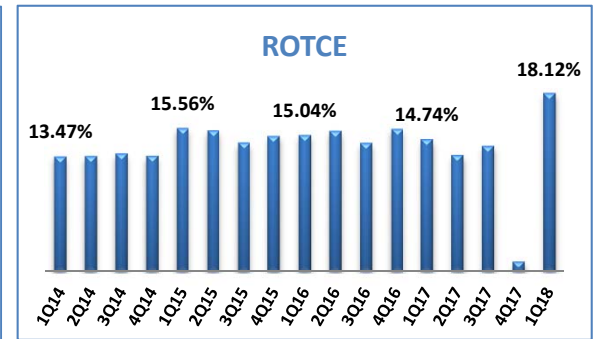
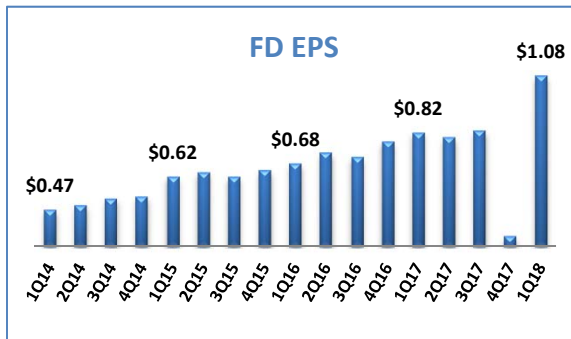
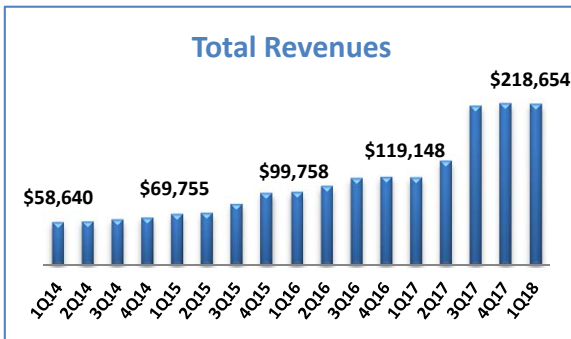
# Safe Harbor Statements

## Non-GAAP Financial Matters

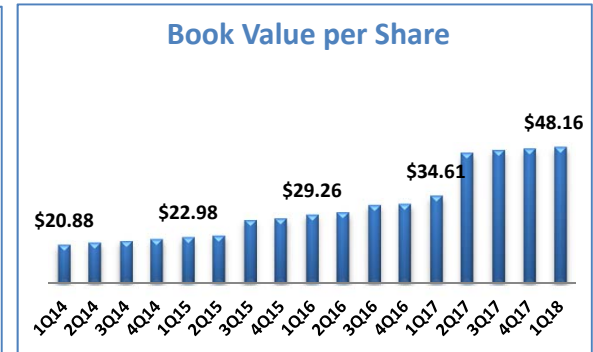
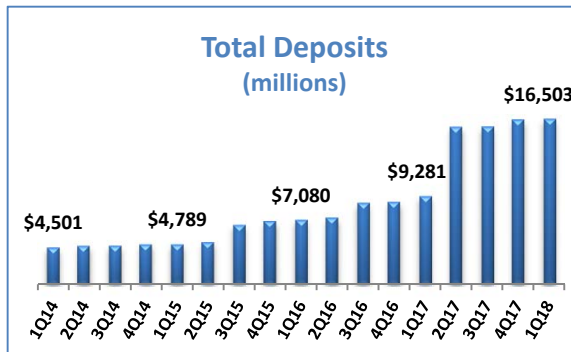
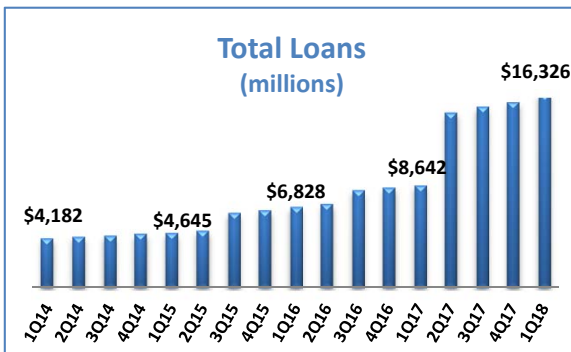
This presentation contains certain non-GAAP financial measures, including, without limitation, revenues, earnings per diluted share, efficiency ratio, core net interest margin, loan yields, noninterest expense and the ratio of noninterest expense to average assets and noninterest expense to the sum of net interest income and noninterest income, in each case, as applicable, excluding the impact of expenses and income related to other real estate owned, gains or losses on sale of investments, the revaluation of Pinnacle Financial's deferred tax assets, the accretion from the application of fair value accounting for acquired loans and deposits and other matters for the accounting periods presented. This release also includes non-GAAP financial measures which exclude expenses associated with Pinnacle Bank's mergers with CapitalMark Bank & Trust, Magna Bank, Avenue Financial Holdings, Inc. and Bank of North Carolina (BNC), as well as Pinnacle Financial's and its bank subsidiary's investments in BHG. This release may also contain certain other non-GAAP capital ratios and performance measures. These non-GAAP financial measures exclude the impact of goodwill and core deposit intangibles associated with Pinnacle Financial's acquisitions of BNC, Avenue, Magna Bank, CapitalMark Bank & Trust, Mid-America Bancshares, Inc., Cavalry Bancorp, Inc. and other acquisitions which collectively are less material to the non-GAAP measure. The presentation of the non-GAAP financial information is not intended to be considered in isolation or as a substitute for any measure prepared in accordance with GAAP. Because non-GAAP financial measures presented in this release are not measurements determined in accordance with GAAP and are susceptible to varying calculations, these non-GAAP financial measures, as presented, may not be comparable to other similarly titled measures presented by other companies. Pinnacle Financial believes that these non-GAAP financial measures facilitate making period-to-period comparisons and are meaningful indications of its operating performance. In addition, because intangible assets such as goodwill and the core deposit intangible, and the other items excluded each vary extensively from company to company, Pinnacle Financial believes that the presentation of this information allows investors to more easily compare Pinnacle Financial's results to the results of other companies. Pinnacle Financial's management utilizes this non-GAAP financial information to compare Pinnacle Financial's operating performance for 2018 versus certain periods in 2017 and to internally prepared projections.

# 1Q18 Summary Results – GAAP Measures

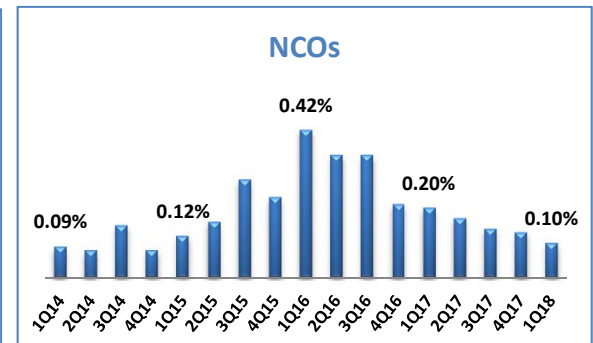
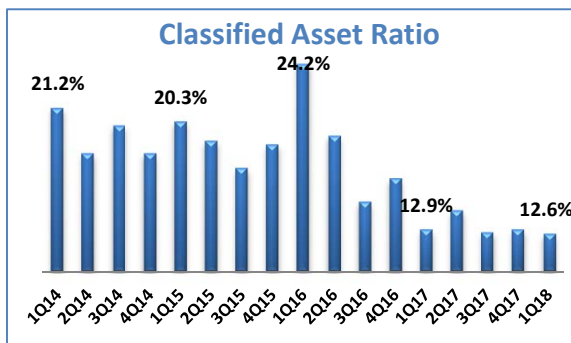
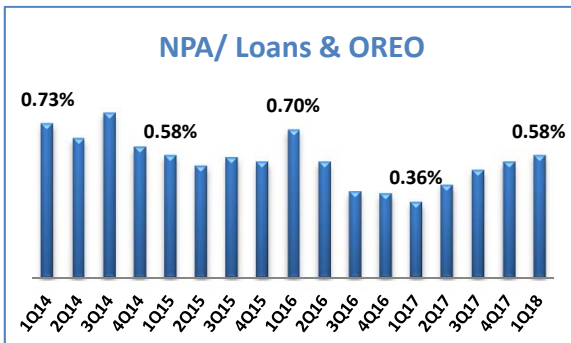
Earnings Growth



Balance Sheet Growth

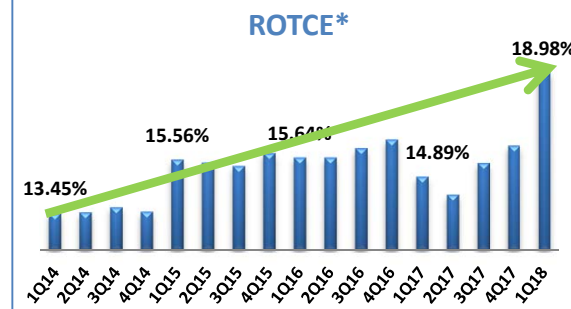
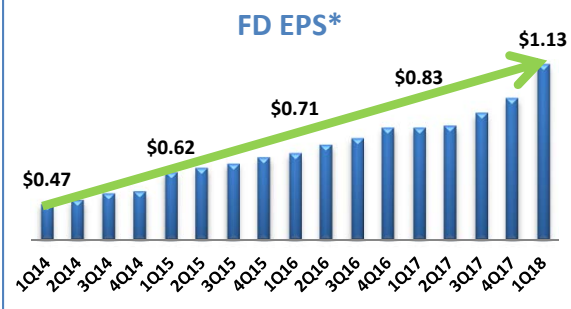
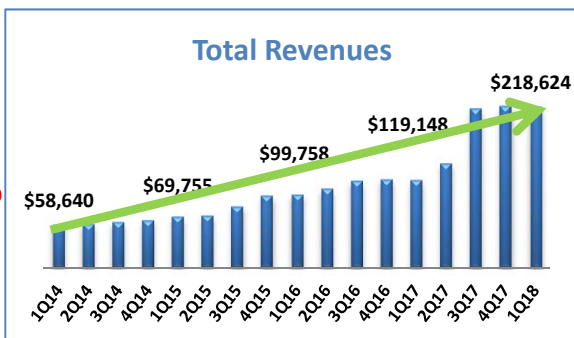


Asset Quality

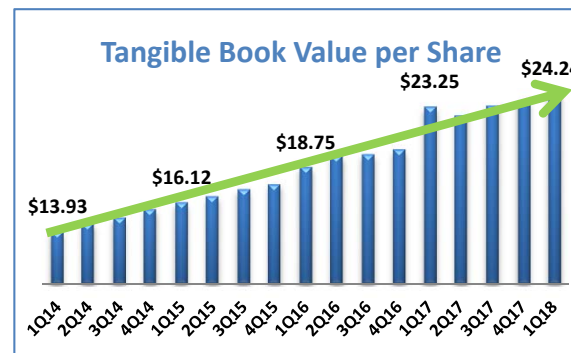
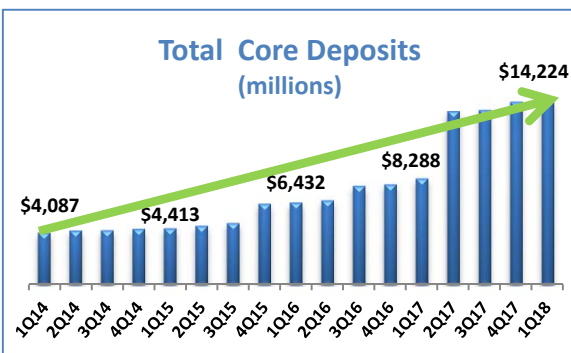
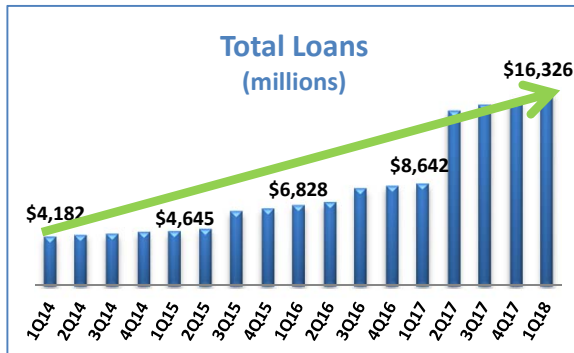


# 1Q18 Summary Results – Non-GAAP Measures

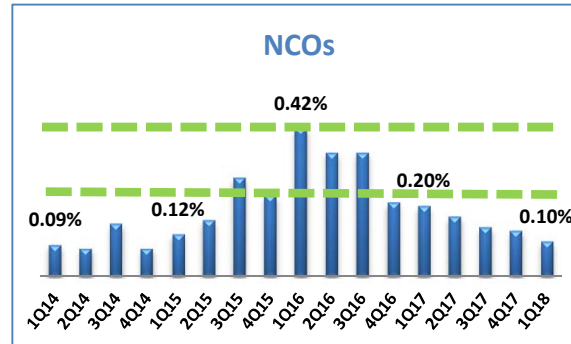
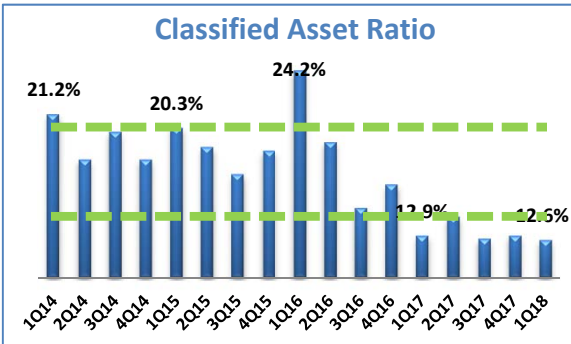
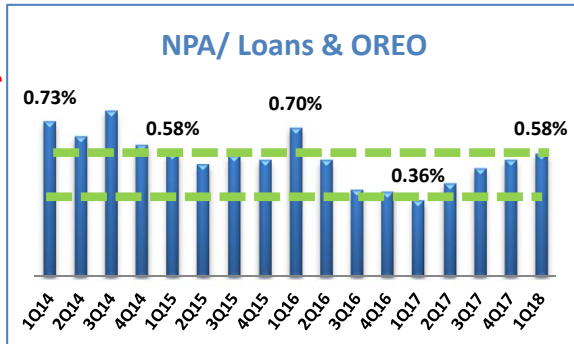
Earnings Growth



Balance Sheet Growth



Asset Quality



--- : Reflects historical operating ranges for NPA/ Loans & OREO and Classified Asset Ratio. Reflects target ranges resulting from the annual corporate strategic planning process for NCOs.

\*: excluding merger-related charges, gains and losses on sales of investment securities and revaluation of deferred tax assets

Note: For a reconciliation of these Non-GAAP financial measures to the comparable GAAP measures, see slides 32-36.

# 1Q18 Summary Results

## Pinnacle sets and delivers against lofty strategic targets

	<b>NEW</b> <i>Pinnacle Targeted Operating Range</i>	<i>GAAP</i>	<i>Non-GAAP <sup>(1)</sup></i>
<i>For the first quarter of 2018</i>			
<b>Return on Average Assets</b>	<b>1.50% to 1.70%</b>	<b>1.53%</b>	<b>1.60%</b>
Net Interest Margin	3.60% to 3.80%	3.77% ✓	3.42%
Noninterest Income to Avg. Assets	0.90% to 1.10%	0.81% ✓	0.81%
Noninterest Expense to Avg. Assets	1.80% to 2.00%	1.98% ✓	1.90% ✓
Net Charge-off Ratio	0.20% to 0.35%	0.10% ✓	0.10% ✓

(1) Non-GAAP amounts exclude net gains and losses on the sale of investment securities, ORE expense and income, merger-related charges and the impact of revaluation of deferred tax assets. Non-GAAP net interest margin excludes the accretion from the application of fair value accounting for acquired loans and deposits. For a reconciliation of these Non-GAAP financial measures to the comparable GAAP measures, see slides 32-36.

# BNC Integration Has Been Highly Successful

- **Core systems conversions are complete**
- **Cost synergies have been harvested**
- **Associate engagement is high**
  - **Year-over-year increase based on Great Place to Work survey**
  - **Hiring success is ahead of schedule**
- **Balance sheet growth is strong**

# BNC Integration Has Been Highly Successful

*“BNC has a high-growth CRE lending practice that we expect to continue at its previous pace. However, the key to realizing our potential in the Carolinas and Virginia is to build out a large C&I platform – the thing we do best.”*

*PNFP 2017 Annual Report*

<b>BNC Integration - Key Measures of Success</b>	<b>1Q18</b>
<b>1. Continued high-growth CRE and construction lending practice</b>	<b>15.7%*</b>
<b>2. Build out a large C&amp;I platform</b>	
• <b>Hired 11 revenue producers</b>	
• <b>C&amp;I FAs</b>	<b>5</b>
• <b>Private Banking FAs</b>	<b>2</b>
• <b>Brokers</b>	<b>2</b>
• <b>Mortgage Originators</b>	<b>2</b>
• <b>Accelerated C&amp;I and owner-occupied CRE loan growth</b>	<b>26.6%*</b>

\* 1Q18 annualized growth rate

# BNC Integration Has Been Highly Successful

## 2017

**No. 34** – 100 Best Companies to Work For, *FORTUNE*

**No. 7** – Best Workplaces in Financial Services and Insurance, *FORTUNE*

**No. 6** – Best Workplaces for Women, *FORTUNE*

**No. 6** – Best Banks to Work For, *American Banker*

**No. 20** – 50 Companies that Care, *People* magazine

## 2018 – 1Q

**No. 22** – 100 Best Companies to Work For, *FORTUNE*

**No. 3** – Best Workplaces in Financial Services and Insurance, *FORTUNE*

# BNC Integration Has Been Highly Successful

Each year, FTSE Russell conducts independent research that analyzes the cumulative stock market returns of publically-traded Fortune 100 Best Companies to Work For. If you invested in these companies (divesting stock in the companies that were no longer on the list and investing in companies added to the list) your returns would be nearly three times that of the general market.

## COMPARATIVE CUMULATIVE STOCK MARKET RETURNS 1998-2015

- Fortune 100 Best
- Russell 3000
- Russell 1000



Source: *Great Place to Work, The Business Case for a High-Trust Culture*, Jessica Rohman

# BNC Integration Has Been Highly Successful

High trust environments elevate productivity, profitability and job applicants

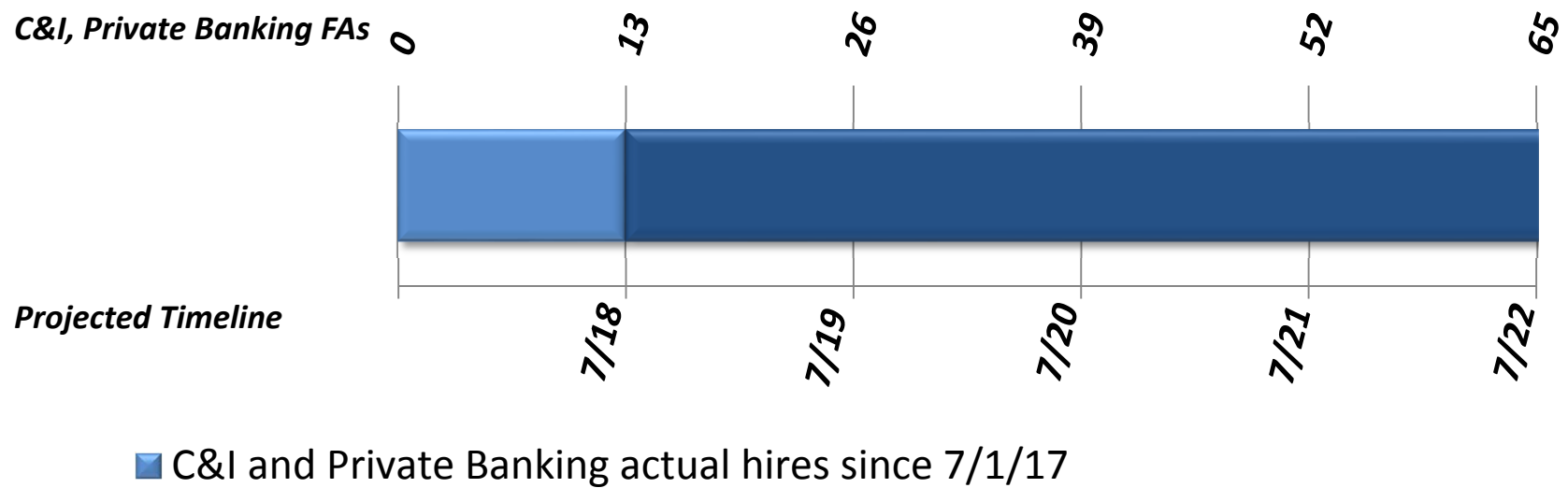
A 2013 study led by Luigi Guiso, of the Einaudi Institute for Economics and Finance & CEPR, found that in companies where employees reported that their leaders act with integrity (an essential component of high-trust culture), a number of competitive advantages emerged, including:

- Higher productivity
- **Increased profitability**
- Better industrial relations
- **Greater attraction of top job applicants**

*Source: Great Place to Work, The Business Case for a High-Trust Culture, Jessica Rohman*

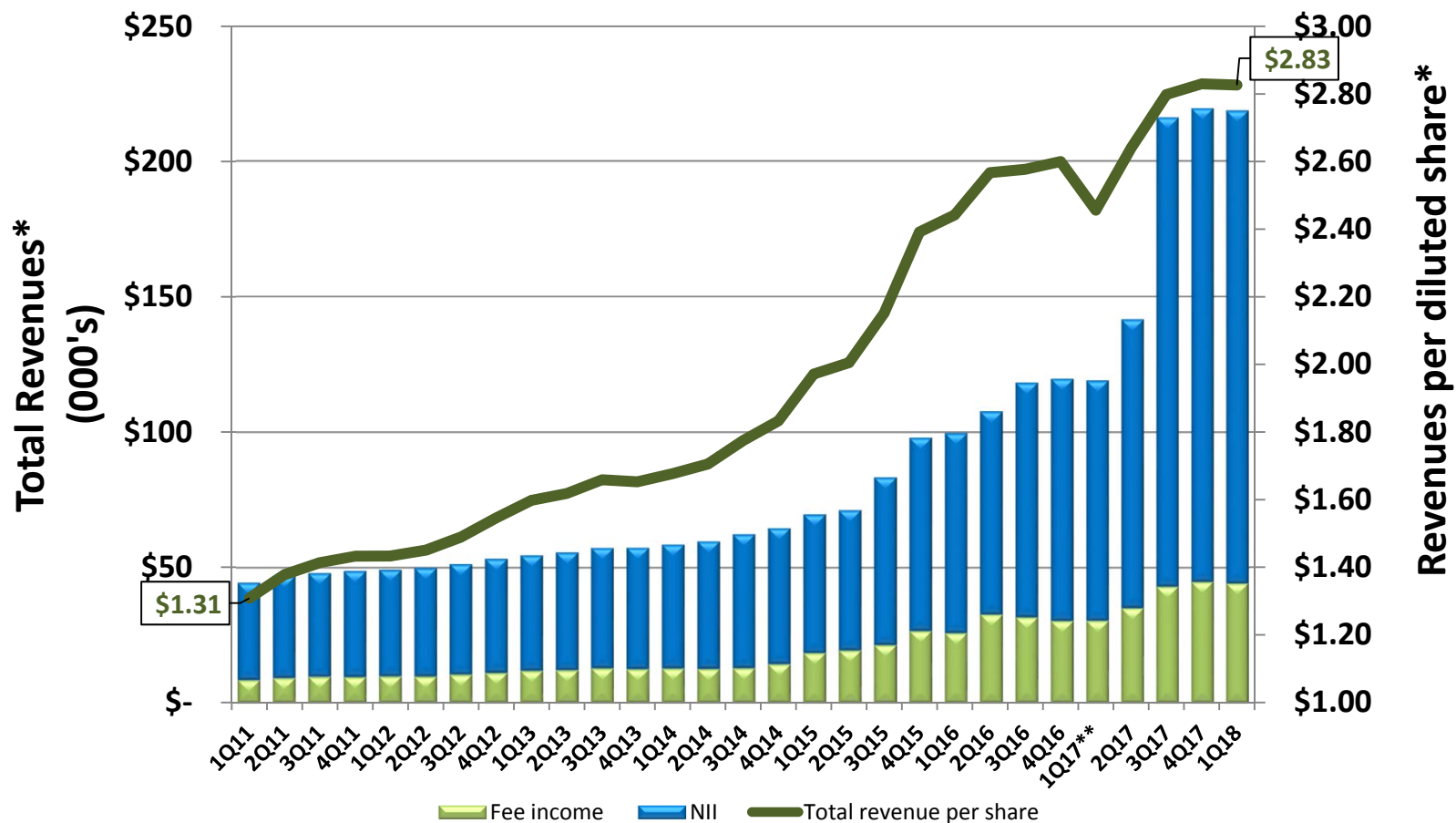
# BNC Integration Has Been Highly Successful

Our C&I and Private Banking hiring is actually ahead of plan



# Loan and Deposit Growth are Keys to Earnings Growth

Strong performance continues in both total revenues and revenues per share\*

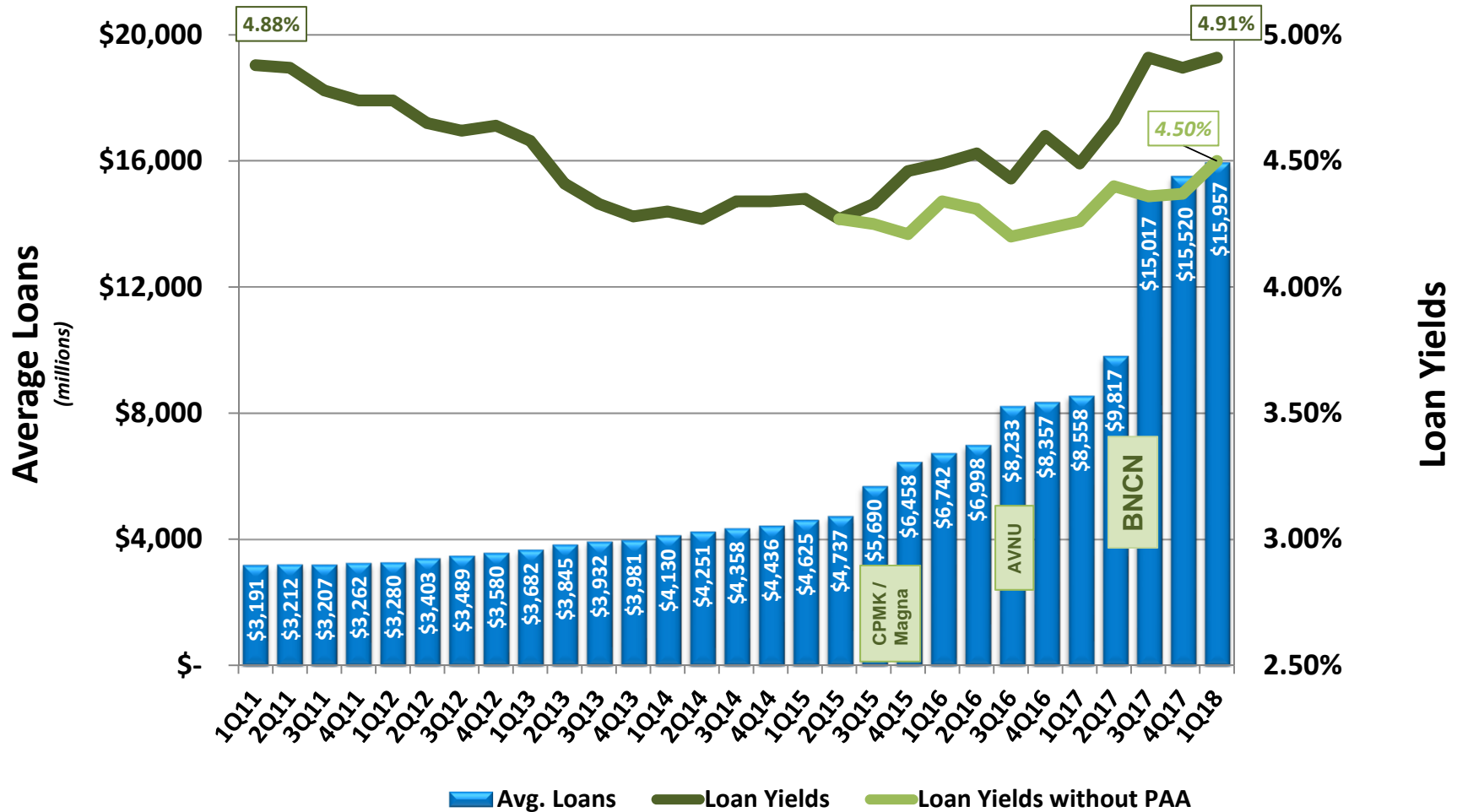


\*: Excluding gains and losses on sales of investment securities

\*\* : Decline in revenue per share a result of equity issuance during the first quarter of 2017

# Loan and Deposit Growth are Keys to Earnings Growth

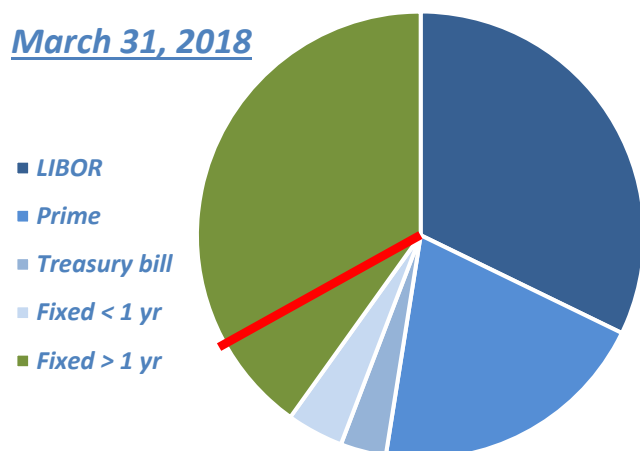
Linked-quarter loan growth remains strong as yields increase



# Loan and Deposit Growth are Keys to Earnings Growth

## Portfolio transitions to more variable rate

March 31, 2018



### Loan Pricing Allocation

- Floating rate loans have expanded 2% since merger date
- \$525 mm Fixed to Floating 3-month LIBOR Forward Swap
  - Executed post quarter-end
  - Moves additional 3% of loans from fixed to floating
  - Three forward starting tranches – Oct'18, Jan'19, Apr'19
  - Effective through June 2021
  - If effective today, would result in 47 basis point spread between current pay fixed rate and 3-month LIBOR
- Objective by mid-2019 – Fixed rate loans > 1 yr @ ~ 35%

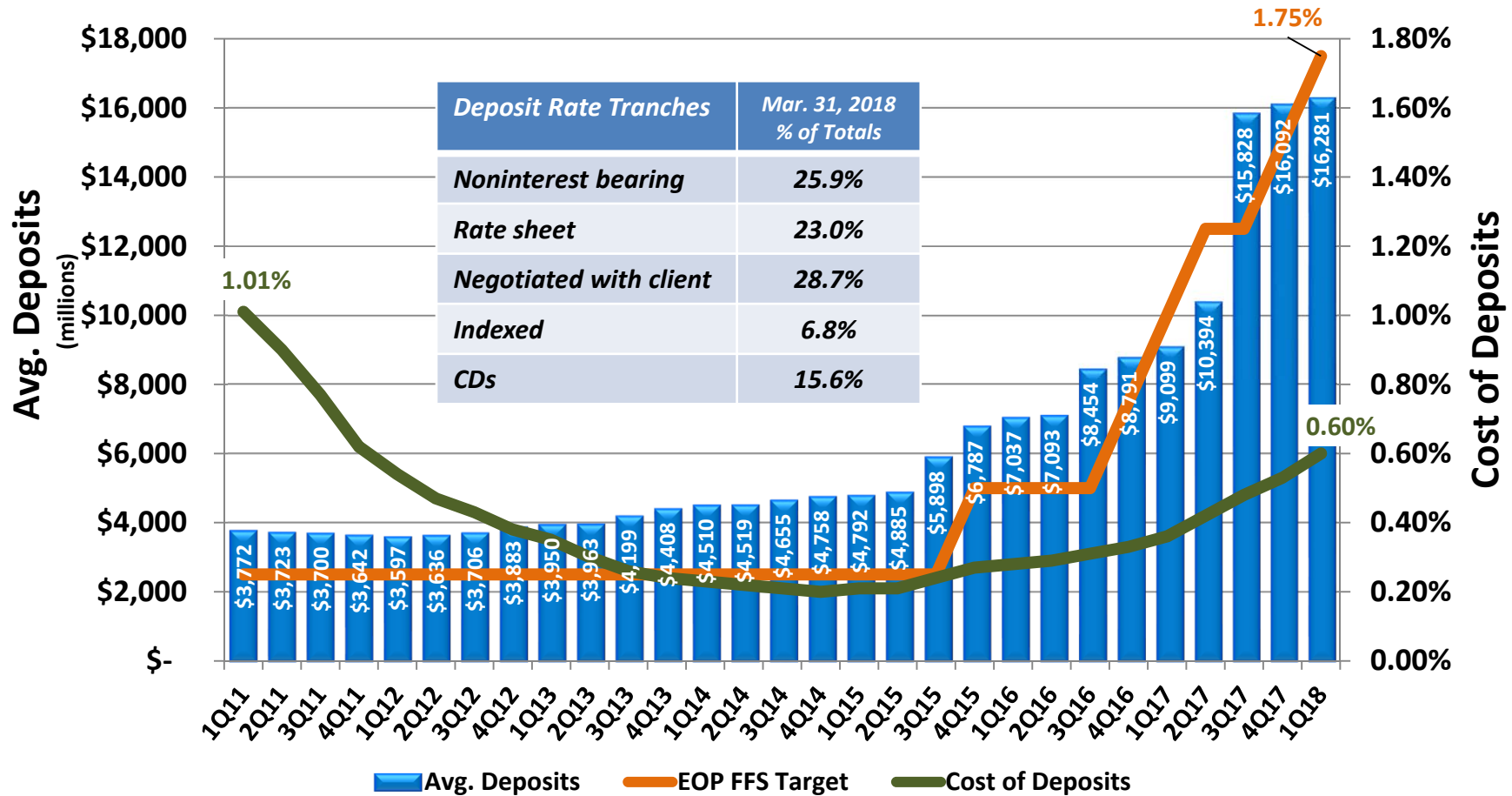
WAC(*)	Sept. 30, 2017	Mar. 31, 2018	Net change
LIBOR	3.70%	4.15%	0.45%
Prime	4.52%	5.01%	0.49%
Fixed rate	4.43%	4.43%	-
Fed funds	1.25%	1.75%	0.50%

### Weighted Average EOP Coupon Trends

- Excludes impact of PAA and impact from early payoff's which result in immediate recognition of deferred fees and prepayment penalties and increase actual yields
- Avg. contractual life of fixed rate loans approx. 48 months.

# Loan and Deposit Growth are Keys to Earnings Growth

## Average deposit balances continued to grow



# Fee Businesses also Contribute to Earnings Growth

## Fee businesses produce another strong quarter

	1Q18	4Q17	3Q17	2Q17	1Q17
Service charges	\$5,820	\$6,078	\$5,921	\$4,179	\$3,856
Investment services	5,107	4,723	3,660	3,110	2,822
Insurance commissions	3,119	1,961	2,124	1,461	1,859
Gain on mortgage loans sold, net	3,744	3,839	5,963	4,668	4,155
Trust fees	3,117	2,645	2,636	1,677	1,705
Income from equity method investment	9,360	12,444	8,937	8,755	7,823
Other:					
Securities gains (losses)	30	(8,264)	-	-	-
Interchange and other consumer fees	8,556	8,499	7,393	7,558	6,151
Bank-owned life insurance	2,752	2,829	2,623	1,395	1,099
Loan swap fees	504	188	1,011	336	261
Other	2,074	1,546	2,709	1,918	651
<b>Total noninterest income</b>	<b>\$44,183</b>	<b>\$36,488</b>	<b>\$42,977</b>	<b>\$35,057</b>	<b>\$30,382</b>
<b>Noninterest income/Average Assets</b>	<b>0.81%</b>	<b>0.66%</b>	<b>0.80%</b>	<b>1.05%</b>	<b>1.08%</b>
<b>Core noninterest income**</b>	<b>\$44,153</b>	<b>\$44,753</b>	<b>\$42,977</b>	<b>\$35,057</b>	<b>\$30,382</b>
<b>Core Noninterest Income**/Total Average Assets</b>	<b>0.81%</b>	<b>0.81%</b>	<b>0.80%</b>	<b>1.05%</b>	<b>2.17%</b>

\*\* : Excludes the impact of gains and losses on sales of investment securities

# PNFP Focuses on Strategic Expense Management

## 1Q18 core expense results reflect enviable operating leverage

	1Q18	4Q17	3Q17	2Q17	1Q17
Salaries and benefits	\$63,719	\$ 63,347	\$64,288	\$43,676	\$38,352
Equipment and occupancy	17,743	17,114	16,590	10,713	9,675
Other real estate owned	(794)	252	512	63	252
Marketing and business development	2,247	2,093	2,222	2,127	1,879
Postage and supplies	2,039	1,662	1,755	1,122	1,196
Intangible amortization	2,698	3,071	3,077	1,472	1,196
Merger-related charges	5,353	19,103	8,847	3,221	672
Other expenses	15,575	16,332	12,444	9,404	8,831
<b>Total noninterest expense</b>	<b>\$108,580</b>	<b>\$122,973</b>	<b>\$109,735</b>	<b>\$71,798</b>	<b>\$62,053</b>
Efficiency ratio	49.7%	58.2%	50.8%	50.7%	52.1%
Expense/Total Average Assets	1.98%	2.22%	2.05%	2.16%	2.20%
<b>Core noninterest expense **</b>	<b>\$104,021</b>	<b>\$103,618</b>	<b>\$100,376</b>	<b>\$68,514</b>	<b>\$61,130</b>
<b>Core efficiency ratio **</b>	<b>47.6%</b>	<b>47.2%</b>	<b>46.4%</b>	<b>48.4%</b>	<b>51.3%</b>
<b>Core Noninterest Expense**/Total Average Assets</b>	<b>1.90%</b>	<b>1.87%</b>	<b>1.88%</b>	<b>2.06%</b>	<b>2.17%</b>

\*\* : Excludes the impact of OREO expense and income and merger-related charges

# Long-Term Shareholder Value

**PNFP is focused on rapid growth across the Southeast**

- 1. Continuation of current high growth, high profit plan**
- 2. Explore expansion to other high growth southeastern markets**

# 1Q18 Summary

- Year over year quarterly FDEPS, excluding merger-related charges and investment gains and losses on sales of securities, growth rate is ahead of the consensus year over year quarterly growth rate (36% vs. 32%).
- Hiring of revenue producers is ahead of schedule and has accelerated over prior periods.
- Quarterly earning asset growth is at its highest level ever.
- The core margin expanded 0.09% during 1Q18.
- 1Q18 asset growth and expanded margin suggest continued net interest income growth for the remainder of 2018.
- ROAA, excluding merger-related charges and investment gains and losses on sales of securities, of 1.60% is squarely in the middle of our new targeted range of 1.50% to 1.70%.
- ROTCE, excluding merger-related charges and investment gains and losses on sales of securities, of 18.98% compares favorably to peers.

**Q&A –**

# **First Quarter 2018 Investor Call**



# Supplemental Information

- *Balance Sheet*
- *Asset Quality*
- *Income Statement*

## *Chart*

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# Balance Sheet

## Loan portfolio is well diversified

	Amts. 1Q18	%'s(*) 1Q18	Amts. 4Q17	%'s(*) 4Q17	Amts. 1Q17	%'s(*) 1Q17	Amts. 1Q16	%'s(*) 1Q16
C&I	\$4,490.9	27.5%	\$4,141.3	26.5%	\$2,980.8	34.5%	\$2,434.6	35.6%
CRE – Owner Occ.	2,427.9	14.9%	2,460.0	15.7%	1,399.5	16.2%	1,099.7	16.1%
CRE – Investment	3,714.9	22.8%	3,564.0	22.8%	1,386.4	16.0%	995.8	14.6%
CRE – Multifamily and other	651.4	4.0%	645.6	4.1%	395.7	4.6%	245.3	3.6%
Consumer RE	2,580.8	15.8%	2,561.2	16.4%	1,196.4	13.8%	1,042.3	15.3%
C&D and Land	2,095.9	12.8%	1,908.3	12.2%	1,015.1	11.8%	764.1	11.2%
Consumer and other	364.2	2.2%	352.7	2.3%	268.1	3.1%	246.1	3.6%
<b>Total loans</b>	<b>\$16,326.0</b>	<b>100.0%</b>	<b>\$15,633.1</b>	<b>100.0%</b>	<b>\$8,642.0</b>	<b>100.0%</b>	<b>\$6,827.9</b>	<b>100.0%</b>

(\*) as a percentage of total loans

# Balance Sheet

## Construction portfolio reflects discipline

	<i>Amts.</i> <i>1Q18</i>	<i>%'s(*)</i> <i>1Q18</i>	<i>Amts.</i> <i>4Q17</i>	<i>%'s(*)</i> <i>4Q17</i>	<i>Amts.</i> <i>1Q17</i>	<i>%'s(*)</i> <i>1Q17</i>	<i>Amts.</i> <i>1Q16</i>	<i>%'s(*)</i> <i>1Q16</i>
Residential – Spec	\$288.0	1.8%	\$278.7	1.8%	\$200.7	2.3%	\$120.9	1.9%
Residential – Custom	123.0	0.7%	95.9	0.6%	96.9	1.1%	97.1	1.4%
Residential – Condo	0.6	0.0%	0.6	0.0%	5.6	0.1%	15.3	0.2%
Commercial Construct.	1,207.2	7.4%	1,057.3	6.8%	429.8	5.0%	280.7	4.1%
Land Dev– Residential	161.2	1.0%	157.5	1.0%	111.2	1.3%	88.3	1.3%
Land Dev – Commercial	200.8	1.2%	208.9	1.3%	167.4	2.0%	160.0	2.3%
Land Dev – Mixed Use	25.1	0.1%	25.7	0.2%	-	-	-	-
Land – Unimproved	90.0	0.6%	83.7	0.5%	3.5	0.0%	1.8	0.0%
<b>Total C&amp;D</b>	<b>\$2,095.9</b>	<b>12.8%</b>	<b>1,908.3</b>	<b>12.2%</b>	<b>\$1,015.1</b>	<b>11.8%</b>	<b>\$764.1</b>	<b>11.2%</b>

(\*) as a percentage of total loans

# Balance Sheet

As projected, total CRE loan portfolio exceeds 300 guidelines

Description	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
Loans secured by real estate:					
Construction, land development, and other loans:					
1-4 family residential construction loans	\$475,979	\$445,077	\$423,988	\$408,035	\$303,219
Other construction loans and all land development and other land loans	1,619,895	1,463,211	1,515,821	1,363,014	711,909
<b>Loans included in the 100% test</b>	<b>\$2,095,874</b>	<b>\$1,908,288</b>	<b>\$1,939,809</b>	<b>\$1,771,049</b>	<b>\$1,015,128</b>
Secured by multifamily (5 or more) residential properties	\$668,904	\$669,054	\$638,285	\$672,979	\$411,028
Loans secured by other nonfarm nonresidential properties	3,714,854	3,564,048	3,398,381	3,357,120	1,386,398
Financed real estate not secured by real estate	196,807	198,769	198,769	186,505	169,889
<b>Loans included in the 300% test</b>	<b>\$6,676,439</b>	<b>\$6,340,159</b>	<b>\$6,175,244</b>	<b>\$5,987,653</b>	<b>\$2,982,443</b>
<b>Total Risk Based Capital</b>	<b>\$2,180,680</b>	<b>\$2,134,344</b>	<b>\$2,129,643</b>	<b>\$2,081,349</b>	<b>\$1,349,947</b>
<b>% of Risk Based Capital</b>					
100% Test - NOOCRE + Secured by multi-family	96%	89%	91%	85%	75%
300% Test - NOOCRE + Multifamily + Construction	306%	297%	290%	288%	221%

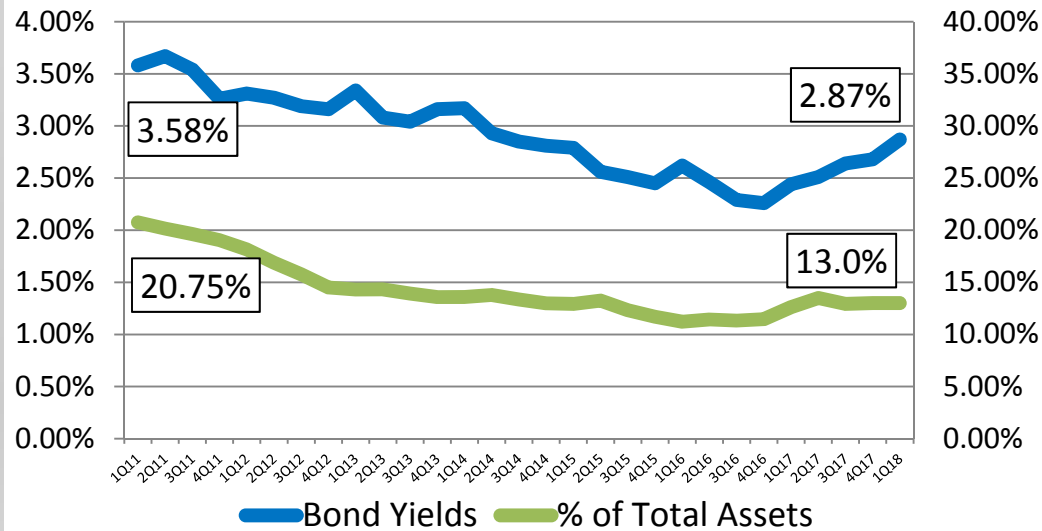
# Balance Sheet

## PNFP remains focused on relationship funding

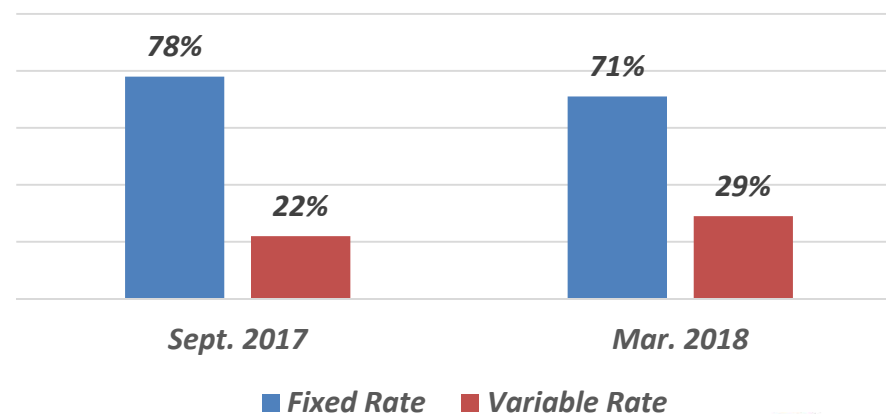
	3/31/2018	Percent	12/31/2017	Percent	3/31/2017	Percent
<b>Core Funding:</b>						
Non-interest bearing deposits	\$4,274,213	22.40%	\$4,381,386	23.85%	\$2,508,680	25.25%
Interest-bearing deposits	2,803,718	14.70%	2,756,506	15.00%	1,869,570	18.82%
Money Market accounts	5,852,950	30.68%	5,847,650	31.83%	3,345,727	33.68%
Time deposits less than \$250,000	1,292,785	6.78%	1,260,162	6.86%	564,270	5.68%
<b>Total Core Funding</b>	<b>\$14,223,665</b>	<b>74.55%</b>	<b>14,245,704</b>	<b>77.54%</b>	<b>8,288,247</b>	<b>83.43%</b>
<b>Relationship based non-core funding:</b>						
Reciprocal NOW deposits	64,074	0.34%	77,472	0.42%	30,725	0.31%
Reciprocal MMDA deposits	365,292	1.91%	408,806	2.23%	537,624	5.41%
Time deposits						
Reciprocal time deposits	98,185	0.51%	106,227	0.58%	49,331	0.50%
Other time deposits	472,353	2.48%	444,951	2.42%	208,060	2.09%
Securities sold under agreements to repurchase	131,863	0.69%	135,262	0.74%	71,157	0.72%
<b>Total relationship based non-core funding</b>	<b>1,131,768</b>	<b>5.93%</b>	<b>1,172,718</b>	<b>6.39%</b>	<b>896,897</b>	<b>9.03%</b>
<b>Wholesale funding:</b>						
Brokered deposits	570,688	2.99%	445,822	2.43%	166,610	1.68%
Brokered time deposits	709,658	3.72%	722,721	3.93%	-	-
FHLB advances	1,976,881	10.36%	1,319,909	7.18%	406,304	4.23%
Federal funds purchased	-	0.00%	-	-	50,000	0.50%
Sub Debt and other funding	465,549	2.44%	465,505	2.53%	350,849	3.53%
Total wholesale funding	3,722,776	19.51%	2,953,956	16.07%	748,723	7.54%
<b>Total non-core funding</b>	<b>4,854,544</b>	<b>25.45%</b>	<b>4,126,674</b>	<b>22.46%</b>	<b>1,645,620</b>	<b>16.57%</b>
<b>Totals</b>	<b>\$19,078,209</b>	<b>100.00%</b>	<b>\$18,372,378</b>	<b>100.00%</b>	<b>\$9,933,867</b>	<b>100.00%</b>

# Balance Sheet

## Securities book yields increase with more variable rate bonds

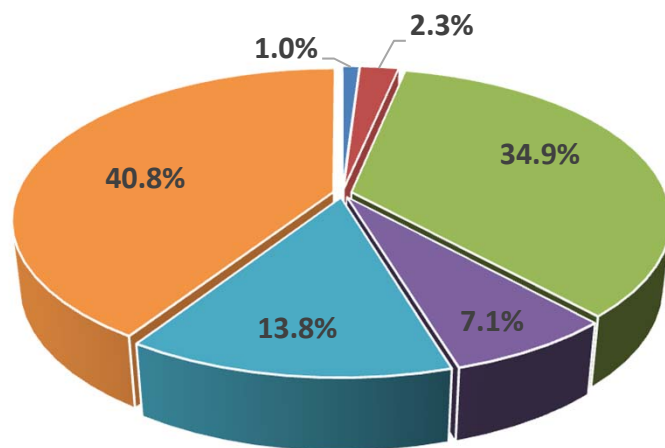


### Bond Portfolio Pricing



# Balance Sheet

## Conservative bond portfolio



■ Agency     ■ Corporates     ■ MBS  
■ Asset Backed     ■ CMOs     ■ Municipals

### Portfolio: March 31, 2018

Total Investments                      \$2.981 billion  
 Unrealized Gain (Loss)                \$(44.0) million

Quarter	Duration	Avg. Yield- TE
1Q18	3.5%	2.9%
4Q17	3.5%	2.7%
3Q17	3.5%	2.6%
2Q17	3.3%	2.5%
1Q17	3.4%	2.4%
4Q16	3.2%	2.3%
3Q16	2.8%	2.3%
2Q16	2.4%	2.5%
1Q16	2.7%	2.6%

- Duration steady in mid 3% range
- Investments to Total Assets of 13.0%

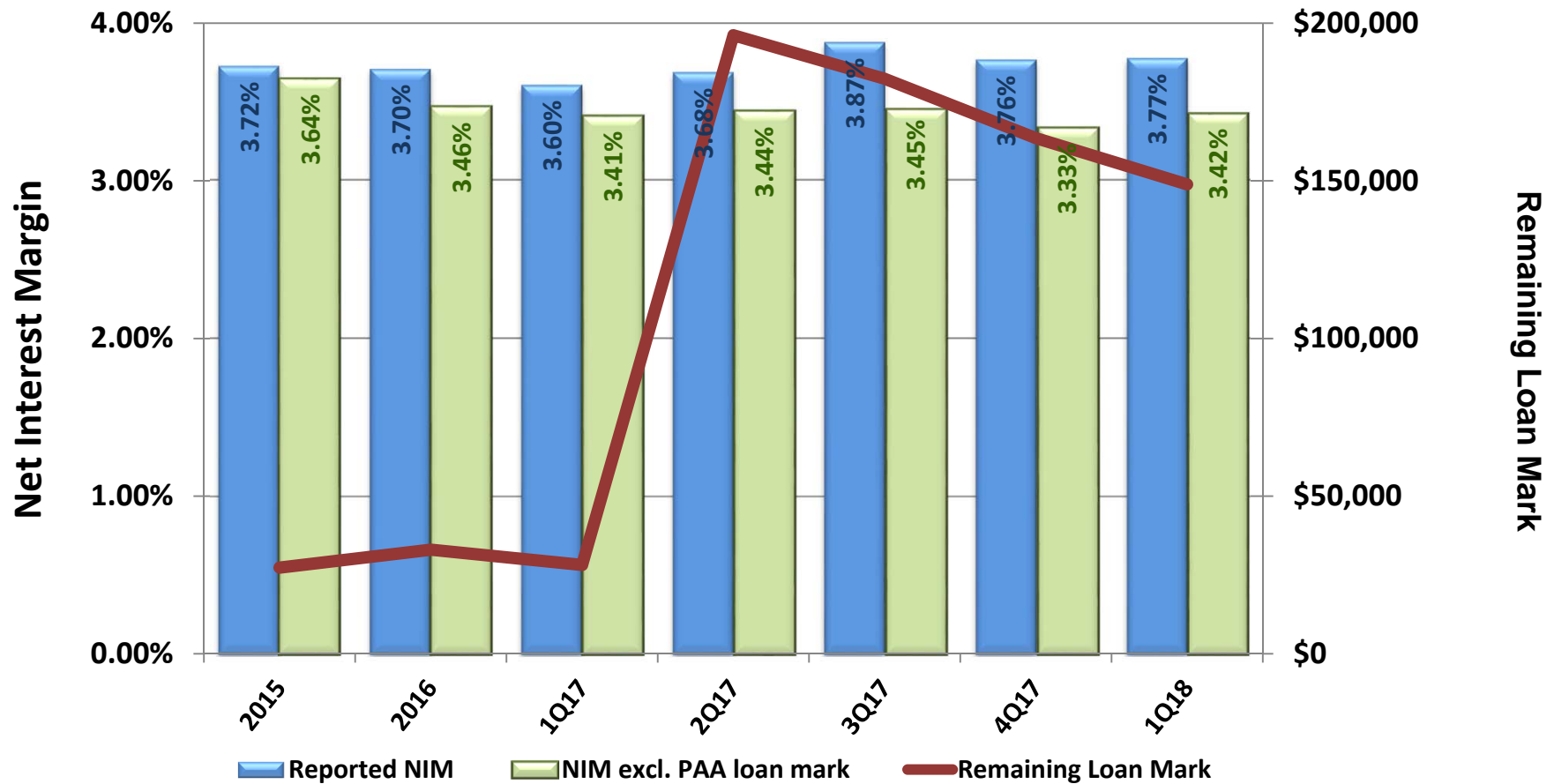
# Asset Quality

## Asset quality remains very sound

(000's)	Mar. 31, 2018	As a % of total loans	Dec. 31, 2017	As a % of total loans	Mar. 31, 2017	As a % of total loans
<b><u>Past Due Loans (*)</u></b>						
Nonaccrual loans	\$13,875	0.08%	\$11,691	0.07%	\$10,011	0.12%
Accruing loans	\$39,666	0.24%	60,159	0.38%	14,684	0.17%
Total past due	\$53,541	0.32%	\$71,850	0.46%	\$24,695	0.29%
<b><u>NPLs and &gt; 90 days</u></b>						
Const. and land development	\$3,621	0.02%	\$6,114	0.04%	\$4,112	0.05%
Consumer RE	18,549	0.11%	19,381	0.12%	8,857	0.10%
CRE – Owner Occupied	21,112	0.13%	12,605	0.08%	3,401	0.04%
CRE – Investment	918	0.01%	302	0.00%	649	0.01%
Total real estate	47,407	0.29%	41,664	0.27%	17,019	0.20%
C&I	22,761	0.14%	18,657	0.12%	7,258	0.08%
Other	1,165	0.01%	1,273	0.01%	1,884	0.02%
Total loans	\$71,333	0.44%	\$61,594	0.39%	\$26,161	0.30%
<b><u>Classified loans and ORE</u></b>						
Substandard commercial loans	\$216,046	1.32%	\$ 211,308	1.35%	\$138,720	1.62%
Doubtful commercial loans	-	0.00%	(9)	0.00%	1	0.00%
Other impaired loans	16,409	0.10%	15,329	0.10%	11,262	0.13%
90 days past due and accruing (*)	1,131	0.01%	4,139	0.03%	1,110	0.01%
Other real estate	23,982	0.15%	27,831	0.18%	6,235	0.07%
Other repossessed assets	551	0.00%	197	0.00%	-	0.00%
Total	\$258,119	1.58%	\$ 258,795	1.66%	\$157,328	1.83%
<i>Pinnacle Bank classified asset ratio</i>	12.6%		12.9%		12.9%	

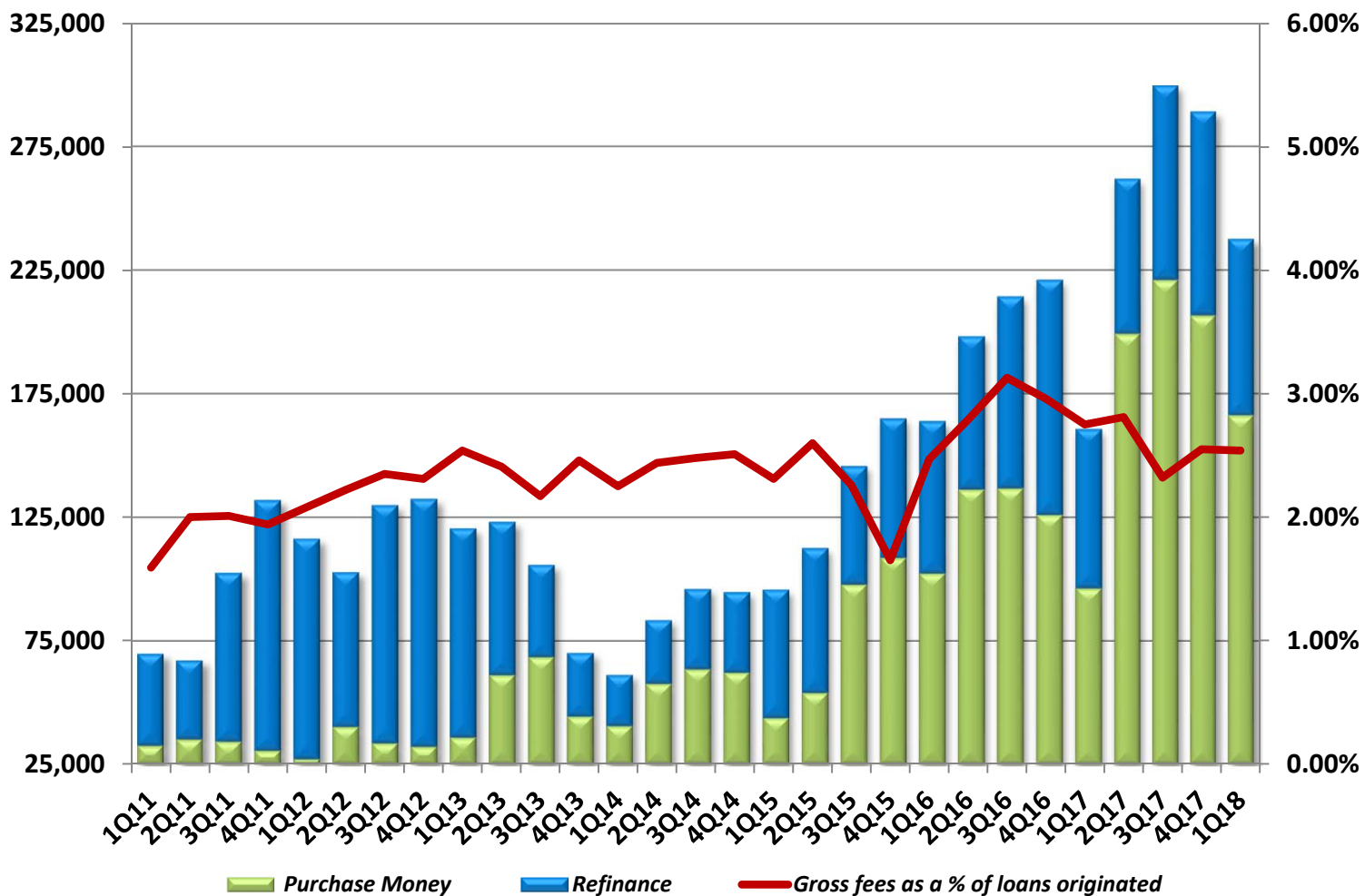
# Income Statement

Core net interest margin growth key to achieving profitability targets



# Income Statement

## Mortgage volumes decline in 1Q18



# Income Statement

## Reconciliation of Non-GAAP measures

	1Q18	4Q1	3Q17	2Q17	1Q17
Net interest income	\$174,471	\$174,731	\$173,182	\$106,627	\$88,767
Total noninterest income	44,183	36,488	42,977	35,057	30,382
Total revenues	\$218,654	\$211,219	\$216,159	\$141,684	\$119,149
Less: Investment (gains) losses on sales of securities, net	(30)	8,265	-	-	-
Total revenues, excluding investment (gains) losses on sales of securities, net	\$218,624	\$219,484	\$216,159	\$141,684	\$119,149
Total noninterest expense	\$108,580	\$122,973	\$109,736	\$71,798	\$62,054
Less: ORE expenses (income)	(794)	252	512	63	252
Merger-related charges	5,353	19,103	8,847	3,221	672
Core noninterest expense, excluding the impact of ORE expense (income) and merger-related charges	\$104,021	\$103,618	\$100,377	\$68,514	\$61,130
Adjusted pre-tax pre-provision income	\$114,603	\$115,866	\$115,782	\$73,170	\$58,019
Efficiency ratio	49.7%	58.2%	50.8%	50.7%	52.1%
Adjustment due to securities gains and losses, ORE expense (income) and merger-related charges	2.1%	(11.0%)	(4.4%)	(2.3%)	(0.8%)
Core Efficiency ratio	47.6%	47.2%	46.4%	48.4%	51.3%
Noninterest income/ Average assets	0.81%	0.66%	0.80%	1.05%	1.08%
Adjustment due to investment (gains) losses on sales of securities, net	-	0.15%	-	-	-
Noninterest income, excluding the impact of net gains on sale of investment securities/ Average Assets	0.81%	0.81%	0.80%	1.05%	1.08%
Noninterest expense/ Average assets	1.98%	2.22%	2.05%	2.16%	2.20%
Adjustment due to ORE expense (income) and merger-related charges	(0.08%)	(0.35%)	(0.17%)	(0.10%)	(0.03%)
Core noninterest expense, excluding ORE expense (income) and merger-related charges/ Average Assets	1.90%	1.87%	1.88%	2.06%	2.17%

# Income Statement

## Reconciliation of Non-GAAP measures

	1Q18	4Q17	3Q17	2Q17	1Q17
Net income	\$83,510	\$26,798	\$64,442	\$43,086	\$39,653
Merger-related charges	5,353	19,103	8,847	3,221	672
Investment (gains) losses on sales of securities	(30)	8,265	-	-	-
Tax effect on merger-related charges and investment (gains) losses on sales of securities	(1,391)	(10,736)	(3,471)	(1,264)	(264)
Revaluation of deferred tax assets	-	31,486	-	-	-
Net income excluding merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	\$87,442	\$74,916	\$69,818	\$45,043	\$40,061
Basic earnings per share	\$1.08	\$0.35	\$0.84	\$0.81	\$0.83
Adjustment to basic earnings per share due to merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	0.05	0.63	0.07	0.04	0.01
Basic earnings per share excluding merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	\$1.13	\$0.98	\$0.91	\$0.85	\$0.84
Diluted earnings per share	\$1.08	\$0.35	\$0.83	\$0.80	\$0.82
Adjustment to diluted earnings per share due to merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	0.05	0.62	0.07	0.04	0.01
Diluted earnings per share excluding merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	\$1.13	\$0.97	\$0.90	\$0.84	\$0.83
Book value per share	\$48.16	\$47.70	\$47.31	\$46.56	\$34.61
Adjustment due to goodwill, core deposit and other intangible assets	(23.92)	(23.99)	(23.99)	(23.98)	(11.36)
Tangible book value per share	\$24.24	\$23.71	\$23.32	\$22.58	\$23.25

# Income Statement

## Reconciliation of Non-GAAP measures

	1Q18	4Q17	3Q17	2Q17	1Q17
Net income	\$83,510	\$26,798	\$64,442	\$43,086	\$39,653
Merger-related charges	5,353	19,103	8,847	3,221	672
Investment (gains) losses on sales of securities	(30)	8,265	-	-	-
Tax effect on merger-related charges and investment (gains) losses on sales of securities	(1,391)	(10,736)	(3,471)	(1,264)	(264)
Revaluation of deferred tax assets	-	31,486	-	-	-
Net income excluding merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	\$87,442	\$74,916	\$69,818	\$45,043	\$40,061
Average stockholders' equity	\$3,732,633	\$3,706,741	\$3,655,029	\$2,057,505	\$1,657,072
Less: Average goodwill	(1,808,055)	(1,803,546)	(1,800,761)	(760,646)	(551,548)
Average core deposit and other intangible assets	(55,681)	(58,192)	(59,521)	(23,957)	(14,674)
Net average tangible common equity	\$1,868,897	\$1,845,003	\$1,794,747	\$1,272,902	\$1,090,850
Return on average common equity	9.07%	2.87%	6.99%	8.40%	9.70%
Adjustment due to goodwill, core deposit and other intangible assets	9.05%	2.89%	7.26%	5.18%	5.04%
Return on average tangible common equity	18.12%	5.76%	14.25%	13.58%	14.74%
Adjustment due to merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	0.86%	10.35%	1.18%	0.61%	0.15%
Return on average tangible common equity (excluding merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets)	18.98%	16.11%	15.43%	14.19%	14.89%
Total average assets	\$22,204,599	\$21,933,500	\$21,211,459	\$13,335,359	\$11,421,654

# Income Statement

## Reconciliation of Non-GAAP measures

	1Q18	4Q17	3Q17	2Q17	1Q17
Net income	\$83,510	\$26,798	\$64,442	\$43,086	\$39,653
Merger-related charges	5,353	19,103	8,847	3,221	672
Investment (gains) losses on sales of securities	(30)	8,265	-	-	-
Tax effect on merger-related charges and investment (gains) losses on sales of securities	(1,391)	(10,736)	(3,471)	(1,264)	(264)
Revaluation of deferred tax assets	-	31,486	-	-	-
Net income excluding merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	\$87,442	\$74,916	\$69,818	\$45,043	\$40,061
Average assets	\$22,204,599	\$22,505,700	\$21,211,459	\$13,335,359	11,421,654
Less: Average goodwill	(1,808,055)	(1,808,002)	(1,800,761)	(760,646)	(551,548)
Average core deposit and other intangible assets	(55,681)	(56,710)	(59,781)	(23,957)	(14,674)
Net average tangible assets	\$20,340,863	\$20,340,988	\$19,351,177	\$12,550,756	10,855,432
Return on average assets	1.53%	0.48%	1.21%	1.30%	1.41%
Adjustment due to merger-related charges, gains and losses on sales of investment securities and revaluation of deferred tax assets	0.07%	0.88%	0.10%	0.05%	0.01%
Return on average assets (excluding merger-related charges, gains and losses on sales of investment securities and revaluation of deferred tax assets)	1.60%	1.36%	1.31%	1.35%	1.42%
Return on average assets	1.53%	0.48%	1.21%	1.30%	1.41%
Adjustment due to goodwill, core deposit and other intangible assets	0.14%	0.05%	0.11%	0.08%	0.06%
Return on average tangible assets	1.67%	0.53%	1.32%	1.38%	1.47%
Adjustment due to merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets	0.07%	0.95%	0.11%	0.06%	0.01%
Return on average tangible assets (excluding merger-related charges, investment (gains) losses on sales of securities and revaluation of deferred tax assets)	1.74%	1.48%	1.43%	1.44%	1.48%

# Income Statement

## Reconciliation of Non-GAAP measures

	1Q18	4Q17	3Q17	2Q17	1Q17
Net interest margin	3.77%	3.76%	3.87%	3.68%	3.60%
Adjustment due to accretion from fair value accounting	0.35%	0.43%	0.45%	0.23%	0.21%
Core net interest margin	3.42%	3.33%	3.42%	3.45%	3.39%
Loan yield	4.91%	4.87%	4.91%	4.54%	4.49%
Adjustment due accretion from fair value accounting	0.41%	0.51%	0.55%	0.28%	0.23%
Loan yield including adjustment due to accretion from fair value accounting	4.50%	4.36%	4.36%	4.26%	4.26%

# First Quarter 2018 Investor Call

*M. Terry Turner, President and CEO*  
*Harold R. Carpenter, EVP and CFO*

**April 17, 2018**

