# First Quarter 2010 Investor Call

*Terry Turner, President and CEO*
*Harold Carpenter, EVP and CFO*
*Harvey White, Chief Credit Officer*
*April 20, 2010*

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# Safe Harbor Statements

## Forward-looking statements

Certain of the statements in this release may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "expect," "anticipate," "intend," "plan," "believe," "should," "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. All forward-looking statements are subject to risks, uncertainties and other facts that may cause the actual results, performance or achievements of Pinnacle to differ materially from any results expressed or implied by such forward-looking statements. Such factors include, without limitation, (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 to continue to grow its loan portfolio in the Nashville-Davidson-Murfreesboro-Franklin MSA and the Knoxville MSA; (iv) changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (v) increased competition with other financial institutions; (vi) greater than anticipated deterioration or lack of sustained growth in the national or local economies including the Nashville-Davidson-Murfreesboro-Franklin MSA and the Knoxville MSA, particularly in commercial and residential real estate markets; (vii) rapid fluctuations or unanticipated changes in interest rates; (viii) the results of regulatory examinations; (ix) the development of any new market other than Nashville or Knoxville; (x) a merger or acquisition; (xi) any activity in the capital markets that would cause Pinnacle to conclude that there was impairment of any asset, including intangible assets; (xii) the impact of governmental restrictions on entities participating in the Capital Purchase Program, of the U.S. Department of the Treasury (the “Treasury”); (xiii) further deterioration in the valuation of other real estate owned; (xiv) inability to comply with regulatory capital requirements; and (xv) changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers, including regulatory or legislative developments arising out of current unsettled conditions in the economy. A more detailed description of these and other risks is contained in Pinnacle's most recent annual report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2010. Many of such factors are beyond Pinnacle's ability to control or predict, and readers are cautioned not to put undue reliance on such forward-looking statements. Pinnacle disclaims any obligation to update or revise any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.

# Opening Comments

## Two Important Themes

- Focus on aggressively dealing with credit issues
- Building the core earnings capacity of the firm

# Opening Comments

## Two Important Themes

- Aggressively dealing with credit issues
  - Construction book down $38 million since year end ’09
  - Increased allowance to total loans to 2.59%
  - 1st Qtr annualized NCO’s of 1.74%
  - Including restructured loans, total NPA’s decreased from 5.05% to 4.74% between year end and March 31, 2010
    - NPAs increased by $1.8 million, excluding restructured loans
    - Approximately $33 million in NPA resolutions during 1Q10

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# Opening Comments

## Two Important Themes

- Building the core earnings capacity of the firm
  - Core funding growth at annualized rate of 14.01%
    - 4 new branches since March 31, 2009 and 33 FTE's in customer contact roles
  - Net interest income growth of 27.39% over 1Q09
  - Net interest margin of 3.25% compared to 2.72% for the first quarter of last year
  - Loan growth will likely be flat to down for remainder of year
    - 1Q10 loan decrease of $84 million

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# Loan Categories

## Comparison of 1Q10 to year end 2009, 2008

*Continued reduction in C&D exposure

| | Amts. *1Q10* | %'s *1Q10* | Amts. *4Q09* | %'s *4Q09* | Amts. *4Q08* | %'s *4Q08* |
|---|---|---|---|---|---|---|
| **C&D and Land** | **$ 486.3** | *14.0%* | **$ 525.3** | *14.7%* | **$ 645.4** | *19.2%* |
| **Consumer RE** | **730.2** | *21.0%* | **756.0** | *21.2%* | **675.6** | *20.1%* |
| **CRE – Owner Occ.** | **545.6** | *15.7%* | **535.1** | *15.0%* | **371.6** | *11.1%* |
| **CRE – Investment** | **547.3** | *15.7%* | **543.5** | *15.3%* | **554.9** | *16.6%* |
| **Other RE loans** | **51.4** | *1.4%* | **39.5** | *1.1%* | **50.4** | *1.5%* |
| **Total real estate** | **2,360.8** | *67.8%* | **2,399.4** | *67.3%* | **2,297.9** | *68.5%* |
| **C&I** | **1,033.0** | *29.7%* | **1,071.4** | *30.1%* | **965.1** | *28.8%* |
| **Other loans** | **87.2** | *2.5%* | **92.6** | *2.6%* | **91.9** | *2.7%* |
| **Total loans** | **$3,481.0** | *100.0%* | **$3,563.4** | *100.0%* | **$3,354.9** | *100.0%* |

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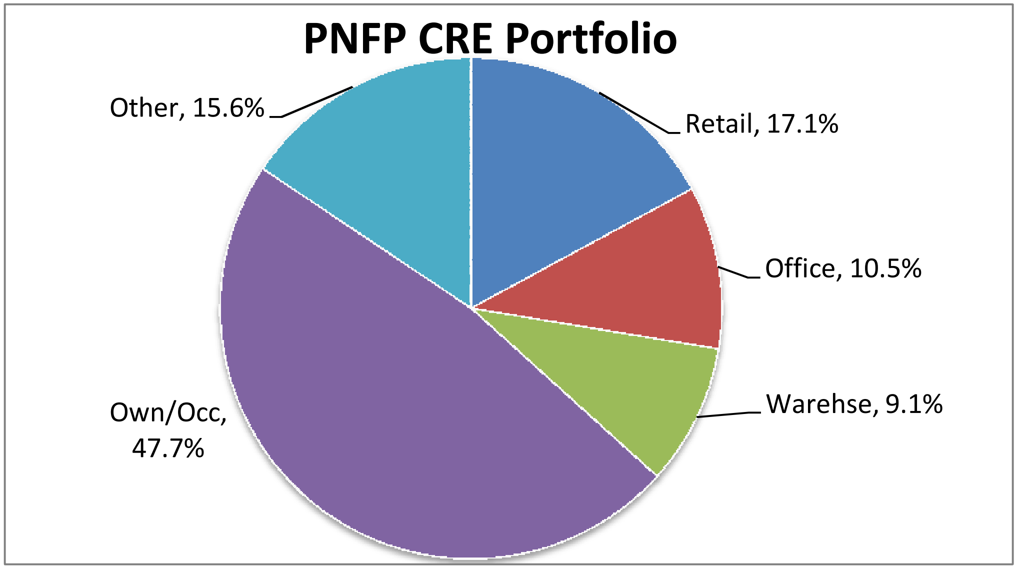
# Commercial Real Estate

## Vacancy Rates

| | Nashville CRE Vacancy Rates (*) | | | | | National CRE Vacancy Rates (*) |
|---|---|---|---|---|---|---|
| | YE 2009 | YE 2008 | YE 2007 | YE 2006 | YE 2005 | YE 2009 |
| Warehouse | 10.6% | 9.6% | 8.9% | 8.6% | 9.1% | 11.4% |
| Multifamily | 9.6% | 7.6% | 5.2% | 5.5% | 6.2% | 8.0% |
| Retail | 8.1% | 6.3% | 7.0% | 6.3% | 6.6% | 10.6% |
| Office | 12.7% | 10.5% | 10.5% | 11.1% | 10.6% | 17.0% |

(*) REIS




***Avg. CRE investment loan is approximately $960,000***

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# Asset Quality Metrics

## Past Dues and NPLs Expressed as a % of Total Loans within Category

| | PNFP 30-90 days past due *1Q10* | PNFP 30-90 days past due *4Q09* | PNFP 30-90 days past due *3Q09* | Peer 30-90 days past due (*) | PNFP NPLs and > 90 days *1Q10* | PNFP NPLs and > 90 days *4Q09* | PNFP NPLs and > 90 days *3Q09* | Peer NPLs and > 90 days (*) |
|---|---|---|---|---|---|---|---|---|
| Const. and land dev | 6.40% | 0.56% | 1.38% | 1.70% | 14.84% | 13.82% | 14.85% | 16.04% |
| CRE | 0.74% | 0.34% | 0.50% | 0.38% | 2.33% | 1.99% | 1.53% | 1.52% |
| Total real estate | 2.00% | 0.51% | 0.82% | 1.32% | 4.72% | 4.48% | 4.69% | 5.59% |
| C&I | 0.56% | 0.34% | 0.95% | 0.82% | 1.79% | 1.52% | 0.40% | 2.68% |
| Total loans | 1.53% | 0.46% | 0.86% | 1.32% | 3.76% | 3.50% | 3.37% | 4.32% |

(*) Uniform Bank Performance Report – 12/09

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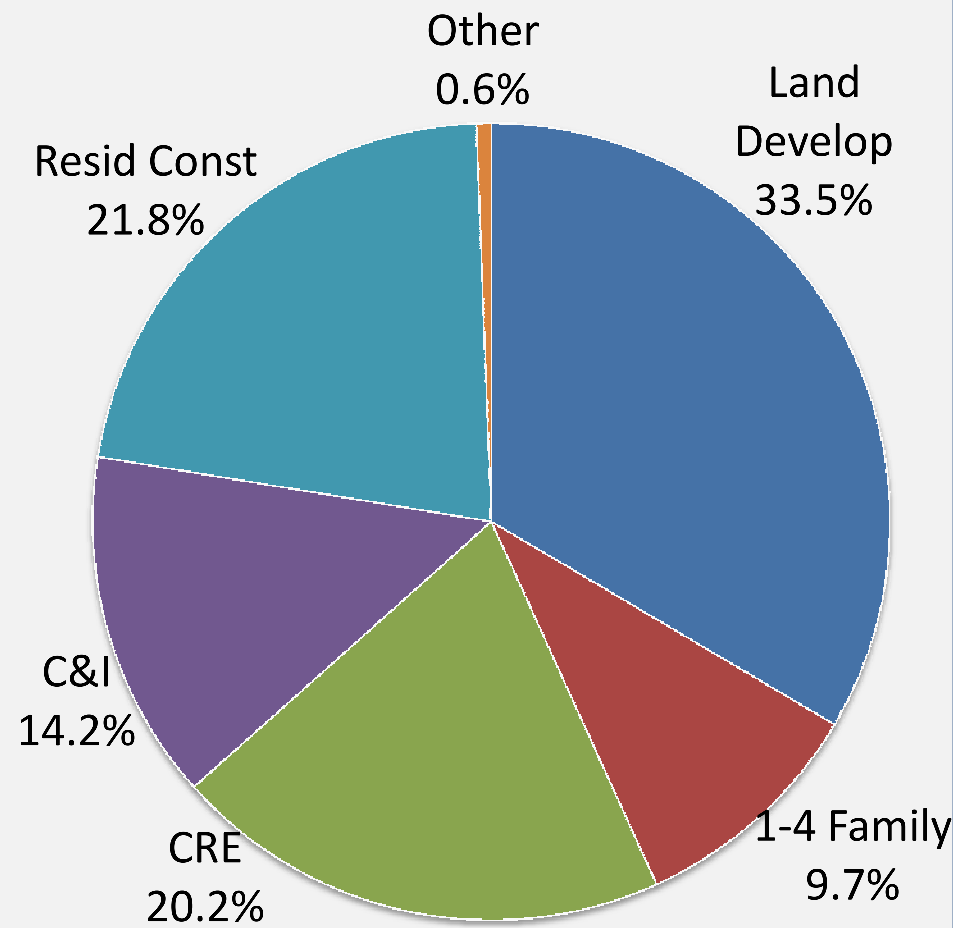
# Asset Quality Metrics

**$131.4 MM nonaccruing loans**

**3.78% of loan balances**

| | |
|---|---|
| **Nonaccrual loans** | **$131.4** |
| **ORE** | **24.7** |
| **Total NPA's** | **$156.1** |
| | |
| **NPA's as a % of** | |
| **Total loans + ORE** | **4.45%** |

As of March 31, 2010



# Asset Quality Metrics

## Nonperforming loans

- Largest NPL's
  - #1 - $11.7 mm retail shopping complex – current action plan is to receive approximately $4 mm in resolution in 2Q and 3Q
  - #2 - $10.9 mm condo developer – Experienced $5+ million in pay downs in last year
  - #3 - $8.6 mm residential developer – Recent nonperformer
  - #4 - $8.4 mm residential development – Foreclosure in 2Q and actively marketing property
  - #5 - $6.8 mm condo developer – anticipate $1.0 mm pay down and aggressively marketing property
- Approximately 275 accounts make up remaining NPLs

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# Asset Quality Metrics

## ORE Classifications

| | Balances March 31, 2010 (dollars in thousands) | Fair value as a % of book value | Average Appraisal Age in Months |
|---|---|---|---|
| ORE classifications: | | | |
| New home construct | $2,752 | 137% | 5.69 |
| Developed lots | 1,244 | 109% | 4.06 |
| Undeveloped land | 18,263 | 111% | 3.60 |
| Other | 2,444 | 118% | 7.00 |
| Total ORE | $24,704 | 114% | 5.00 |

- 6 properties with values > $1m
- Largest balance - $3.5m
- All properties in Middle TN
- $4.5 mm under contract
- *Average age of portfolio is 116 days*

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# Asset Quality Metrics

## Net Charge-off's

- Largest Charge-off's during 1Q10
  - #1 - $1.69 mm – Developer
  - #2 - $1.64 mm – Residential development
  - #3 - $1.50 mm – Real Estate related bankruptcy
  - #4 - $819,000 – C&I credit
  - #5 - $786,000 – Commercial development

# Balance Sheet Strength

## Strong capital base

| | March 31, 2010 | Dec. 31, 2009 | Sept. 30, 2009 | June 30, 2009 | March 31, 2009 |
|---|---|---|---|---|---|
| Tangible common equity | 7.4% | 7.3% | 7.5% | 7.4% | 6.0% |
| Tangible common to risk weighted assets | 9.1% | 8.9% | 9.1% | 9.0% | 7.4% |
| Tier 1 leverage | 10.7% | 10.7% | 10.9% | 11.1% | 9.7% |
| Tier 1 risk based capital | 13.4% | 13.1% | 13.1% | 13.3% | 11.8% |
| Total risk based capital | 15.0% | 14.8% | 14.7% | 15.0% | 13.3% |
| Tangible Common Book Value per Common Share | $10.60 | $10.71 | $10.99 | $10.80 | $11.75 |

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# Funding sources

## Positive trends in funding continue

| | *Quarter over quarter % change* | Balances at March 31, 2010 | % of Total at March 31, 2010 | Balances at Dec. 31, 2009 | % of Total at Dec. 31, 2009 |
|---|---|---|---|---|---|
| ***Core Funding:*** | | | | | |
| Noninterest-bearing deposit accounts | 5.0% | 522,928 | 12.2% | 498,087 | 11.3% |
| Interest-bearing demand accounts | 3.3% | 499,303 | 11.6% | 483,274 | 11.0% |
| Savings and money market accounts | 5.7% | 1,266,419 | 29.5% | 1,198,012 | 27.2% |
| Time deposit accounts less than $100,000 | -4.9% | 387,367 | 9.1% | 407,312 | 9.2% |
| **Total core funding** | **3.5%** | **2,676,017** | **62.4%** | **2,586,685** | **58.7%** |
| ***Non-core funding:*** | | | | | |
| ***Relationship based non-core funding:*** | | | | | |
| Time deposit accounts greater than $100,000 | | | | | |
| Reciprocating time deposits | -46.5% | 122,491 | 2.9% | 228,941 | 5.2% |
| Other time deposits | 21.1% | 770,916 | 18.0% | 636,521 | 14.4% |
| Securities sold under agreements to repurchase | -27.2% | 200,489 | 4.7% | 275,465 | 6.3% |
| **Total relationship based non-core funding** | **-4.1%** | **1,093,896** | **25.6%** | **1,140,927** | **25.9%** |
| ***Wholesale funding:*** | | | | | |
| Time deposit accounts greater than $100,000 | | | | | |
| Public funds | 50.0% | 60,000 | 1.4% | 40,005 | 0.9% |
| Brokered deposits | -37.6% | 206,939 | 4.7% | 331,447 | 7.5% |
| Federal Home Loan Bank advances, Federal funds purchased and other borrowings | -26.0% | 157,319 | 3.7% | 212,655 | 4.8% |
| Subordinated debt | 0.0% | 97,476 | 2.2% | 97,476 | 2.2% |
| Total wholesale funding | -23.5% | 521,734 | 12.0% | 681,583 | 15.4% |
| **Total non-core funding** | **-11.4%** | **1,615,630** | **37.6%** | **1,822,510** | **41.3%** |
| **Totals** | **-2.7%** | **4,291,646** | **100.0%** | **4,409,195** | **100.0%** |

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# Net Interest Income

| | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 |
|---|---|---|---|---|---|
| *Loan income* | $41,075 | $42,453 | $41,666 | $39,627 | $38,526 |
| Loan yields | 4.74% | 4.71% | 4.61% | 4.52% | 4.57% |
| *Investment income* | $11,138 | $10,766 | $10,302 | $9,967 | $10,563 |
| Investment yields | 4.63% | 4.57% | 4.67% | 4.60% | 5.18% |
| *Total IB deposit expense* | $13,464 | $13,875 | $15,100 | $16,420 | $17,734 |
| Total IB deposit rates | 1.63% | 1.68% | 1.82% | 2.01% | 2.23% |
| *Other IB liabilities expense* | $2,666 | $2,822 | $2,794 | $3,096 | $3,084 |
| Other IB liabilities rates | 1.67% | 1.70% | 1.99% | 2.08% | 2.22% |
| *Net interest income* | $36,560 | $37,031 | $34,548 | $30,512 | $28,700 |
| Net interest margin | 3.25% | 3.19% | 3.05% | 2.75% | 2.72% |

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# Net Interest Income

- Margin expansion continues in 1Q10
  - Core funding continues to replace non-core funding sources - extending lower funding costs
- Impact of NPA’s
  - NPA’s impact margin in Q1 and will continue in 2010
- Improving margin trends for 2010
  - Variable rate loan pricing opportunities
  - CD repricing opportunities
  - Increasing spread to index is key

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# Net Interest Income

- Loan repricing opportunities - $525 million of loans maturing and repricing in next six months at current rate of < 5.25%.
- Goal at renewal should be > 5.25% rate.

| | Loans - $ | Loans – Avg Yield (%) |
|---|---|---|
| **April 2010** | $80.6 | 4.22% |
| **May 2010** | $82.4 | 3.94% |
| **June 2010** | $102.5 | 4.54% |
| **July 2010** | $91.1 | 3.81% |
| **August 2010** | $119.4 | 4.07% |
| **September 2010** | $48.9 | 4.33% |

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# Net Interest Income

- CD repricing opportunities - $467mm in Client CD's maturing over next six months. Goal at renewal should be approx. 1.00% to 1.75% for client CD's or transfer borrowers to money market accounts.

| | Client CD's - $ | Client CD's – Avg. Rate (%) |
|---|---|---|
| April 2010 | $99.6 | 2.69% |
| May 2010 | $91.6 | 2.30% |
| June 2010 | $75.1 | 2.32% |
| July 2010 | $68.5 | 2.46% |
| August 2010 | $69.1 | 2.32% |
| September 2010 | $63.3 | 2.08% |

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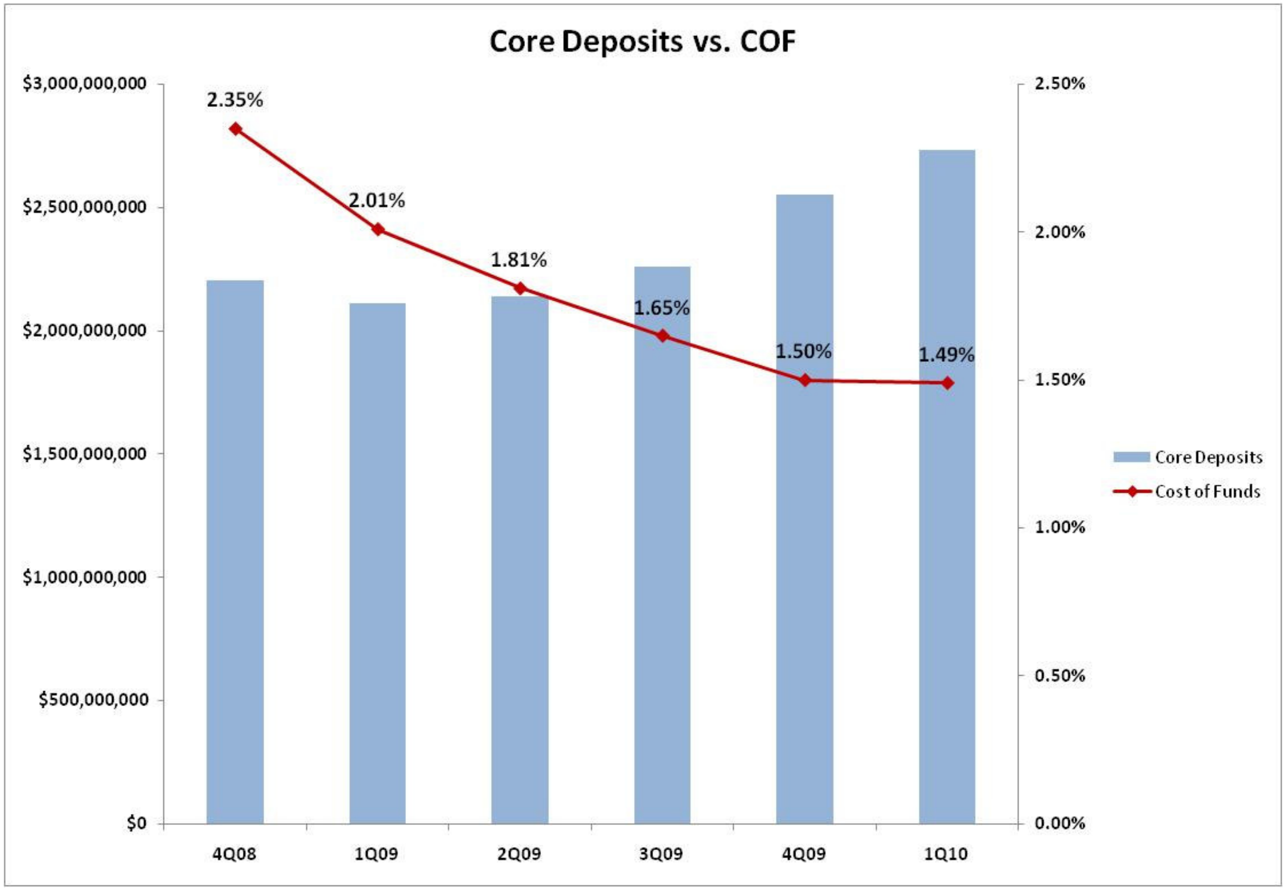
# Net Interest Income

- Continued rise in Core Funding has fueled a decline in Cost of Funds
- Core funding is expected to continue to replace maturing non-core funding sources



# Final Thoughts

- Aggressively addressing problem credits
  - Modest reserve building may continue in 2010
  - Pursue meaningful NPA resolution
  - Continued reductions in exposure to C&D
- Attractive markets
  - Economic stabilization and recovery
  - Ability to seize competitive vulnerabilities
- Responsibly growing core earnings capacity
  - Continued core funding growth
  - Continued margin expansion throughout 2010

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# Q&A
## First Quarter 2010
## Investor Call

*Terry Turner, President and CEO*
*Harold Carpenter, EVP and CFO*
*Harvey White, Chief Credit Officer*
*April 20, 2010*

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# Supplemental Information

## First Quarter 2010

## Investor Call


*Terry Turner, President and CEO*

*Harold Carpenter, EVP and CFO*

*Harvey White, Chief Credit Officer*


*April 20, 2010*

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# Construction and Land Categories

## Comparison of 1Q10 to year end 2009, 2008

* PNFP continues to reduce exposure to residential construction and development

| | Amts. *1Q10* | %'s(*) *1Q10* | Amts. *4Q09* | %'s(*) *4Q09* | Amts. *4Q08* | %'s (*) *4Q08* |
|---|---|---|---|---|---|---|
| **Resid – Spec** | $ 39.0 | *1.1%* | $ 44.2 | *1.2%* | $ 96.9 | *2.9%* |
| **Resid - Custom** | 18.8 | *0.5%* | 18.6 | *0.5%* | 29.0 | *0.9%* |
| **Resid - Condo** | 37.9 | *1.1%* | 38.1 | *1.1%* | 48.5 | *1.4%* |
| **Comm Construct.** | 57.5 | *1.6%* | 84.5 | *2.4%* | 77.1 | *2.3%* |
| **Land Devel – Resi** | 173.1 | *5.1%* | 184.0 | *5.2%* | 243.2 | *7.2%* |
| **Land Devel – Comm** | 124.9 | *3.6%* | 117.2 | *3.3%* | 114.2 | *3.4%* |
| **Land – Other** | 35.1 | *1.0%* | 38.6 | *1.1%* | 36.5 | *1.1%* |
| | $ 486.3 | *14.0%* | $ 525.3 | *14.7%* | $ 645.4 | *19.2%* |

(*) as a percentage of total loans

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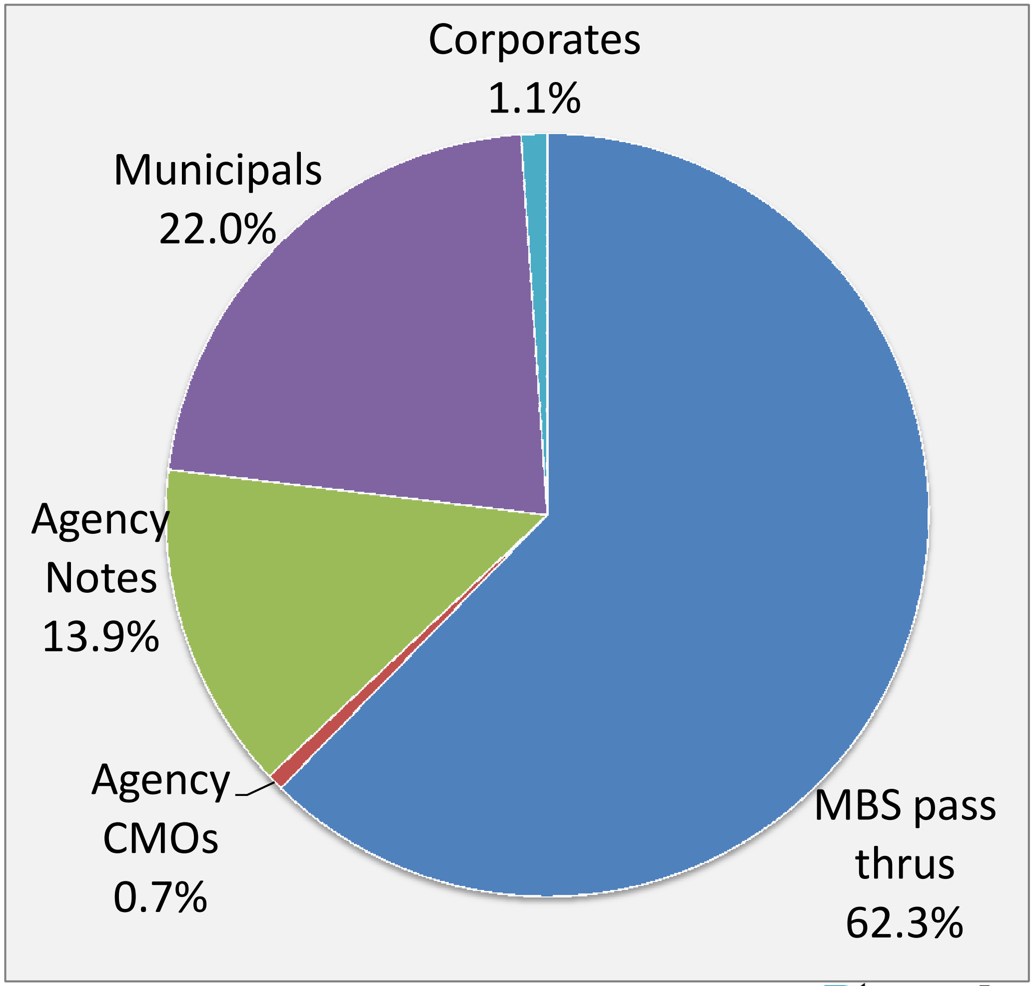
# Balance Sheet Strength

## Conservative bond portfolio

Average yield on bond portfolio = 4.74%

Average life = 4.19 years

As of March 31, 2010




FNMA, FHLMC and GNMA

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# Fee income

| | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 |
|---|---|---|---|---|---|
| Service charges | $2,365 | $2,595 | $2,559 | $2,568 | $2,477 |
| Investment services | 1,236 | 1,136 | 1,112 | 1,078 | 854 |
| Insurance commissions | 1,099 | 895 | 906 | 919 | 1,305 |
| Gains on loan sales | 566 | 1,108 | 900 | 1,633 | 1,288 |
| Trust fees | 897 | 706 | 586 | 642 | 658 |
| Other: | | | | | |
| Gain on sales of investments | 365 | - | - | 2,116 | 4,346 |
| Other | 1,958 | 1,736 | 1,674 | 1,645 | 2,208 |
| Total noninterest income | $8,486 | $8,176 | $7,737 | $10,602 | $13,136 |

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# Expenses

| | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 |
|---|---|---|---|---|---|
| Salaries and benefits | $16,659 | $15,037 | $14,245 | $13,747 | $13,679 |
| Incentive Expense | 345 | - | - | (1,072) | 1,072 |
| Equipment and occupancy | 5,366 | 5,064 | 4,446 | 4,310 | 4,235 |
| Other real estate owned | 5,402 | 8,393 | 1,250 | 3,914 | 701 |
| Marketing and BD | 754 | 1,116 | 512 | 466 | 440 |
| Postage | 734 | 755 | 515 | 829 | 830 |
| Intangible amortization | 746 | 774 | 777 | 759 | 759 |
| Legal Costs | 251 | 102 | 241 | 869 | 68 |
| Merger related expense | - | - | - | - | - |
| Other expenses | 5,910 | 4,309 | 5,294 | 6,785 | 3,459 |
| Total noninterest expense | $36,167 | $35,448 | $27,280 | $30,607 | $25,243 |
| Efficiency ratio | 80.3% | 78.4% | 64.5% | 74.4% | 60.3% |

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# Expenses for 2010

- Personnel Costs increase in Q1
  - FTE's at 786 at March 31, compared to 777 at Dec '09.
  - 4 hires related to problem loan resolution in Q1
  - Seasonal salary and payroll tax increases
  - Anticipate 15-20 additional hires in 2010.
- Occupancy and equipment costs are higher due to new office facilities coming on line late Q4 '09 and early 2010.
- ORE expenses remain elevated in Q1 and will remain elevated throughout 2010 as the firm continues to aggressively market properties with intent to dispose of properties quickly.
- Other expenses expected to remain flat to down during 2010

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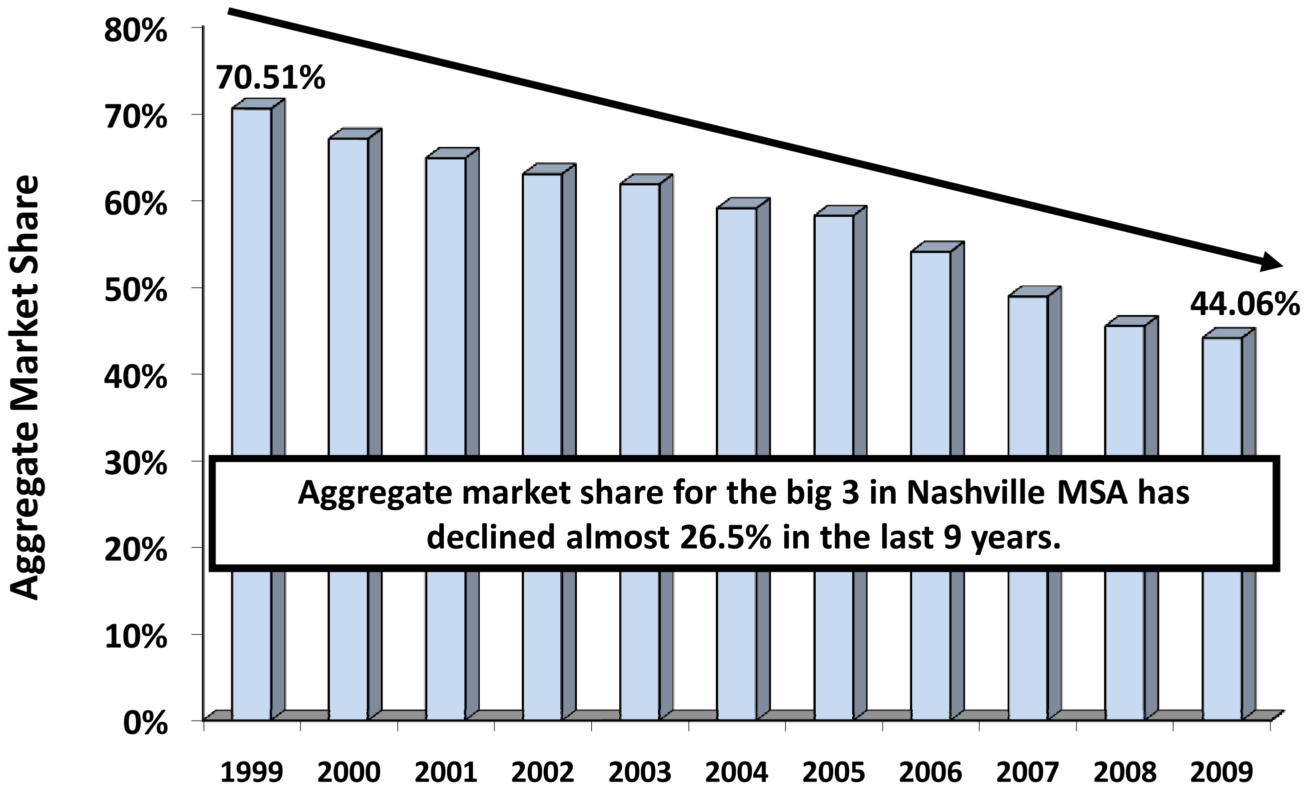
# Extremely Attractive Competitive Landscapes

## Nashville

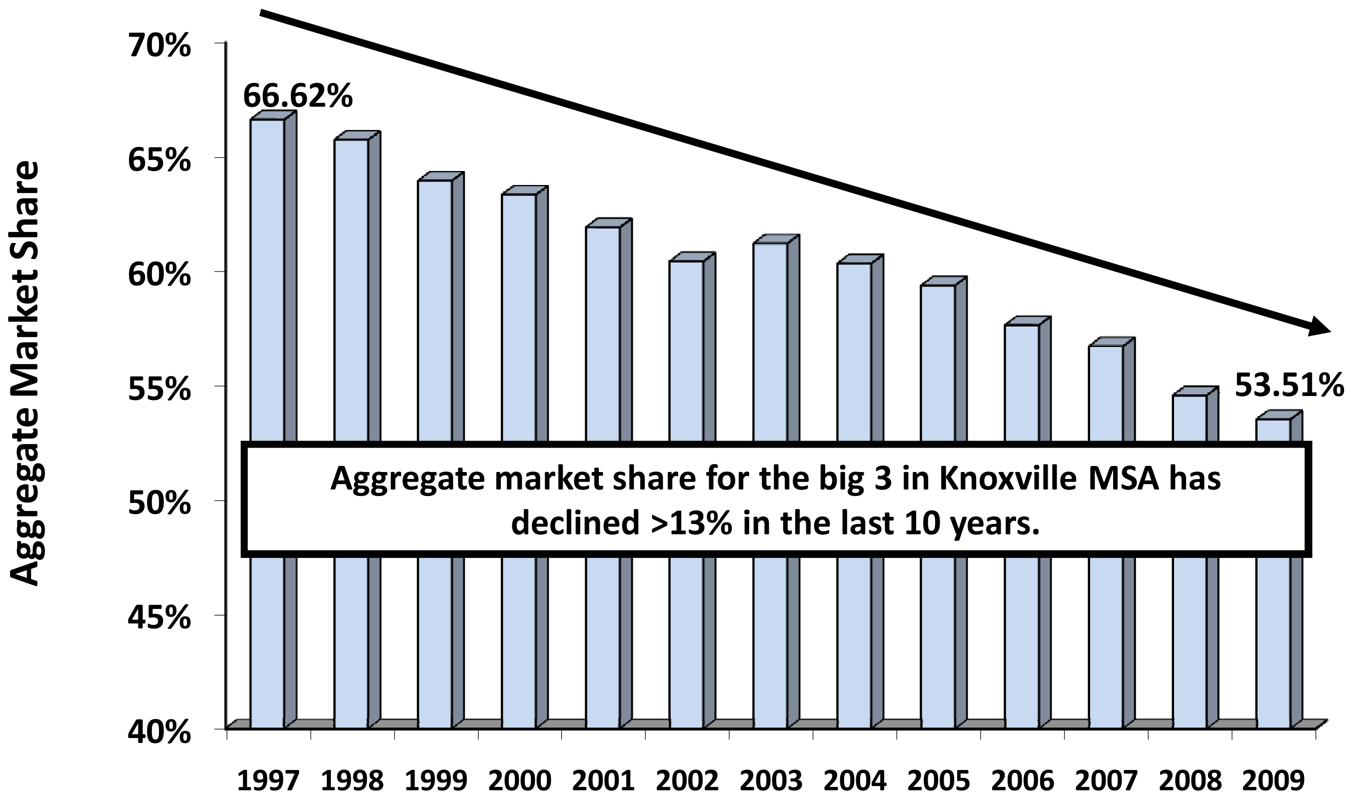



Top 3 banks in Nashville are Regions, Bank of America and SunTrust

Source: FDIC – June 2009

# Extremely Attractive Competitive Landscapes

## Knoxville




Top 3 banks in Knoxville are First Horizon, Suntrust and Regions

Source: FDIC – June 2009