PINNACLE FINANCIAL PARTNERS INC
Form 424B5
January 25, 2017
Table of Contents

Filed Pursuant to Rule 424(b) (5)
Registration No. 333-215654

Calculation of registration fee

Title of shares to be registered	Amount to be registered	Proposed maximum aggregate offering price	Amount of registration fee(1)(2)
Common Stock, par value $1.00 per share	3,220,000	$201,250,000	$23,325

(1) In accordance with Rules 456(b) and 457(r) of the Securities Act of 1933, as amended (the Securities Act), the Company initially deferred payment of the registration fee for Registration Statement No. 333- 215654. Calculated pursuant to Rule 457(r) under the Securities Act. The fee payable in connection with the offering pursuant to this prospectus supplement has been paid in accordance with Rule 456(b) under the Securities Act.

(2) In connection with the filing of the Registrant s registration statement on Form S-3, File no. 333-185566, filed on December 19, 2012 (the Prior Registration Statement), the Registrant submitted registration fees of $27,280 to register such indeterminate principal amount, liquidation amount or number of each identified class of securities as may from time to time have been issued thereunder at indeterminate prices. The Registrant did not sell any securities under the Prior Registration Statement; therefore, in accordance with Rule 457(p) of the Securities Act, the Registrant is carrying forward all of the $27,280 of the unused registration fees paid under the Prior Registration Statement to offset the current registration fee due for the securities being offered pursuant to this prospectus supplement and is submitting no additional filing fees for the securities registered hereby.

Table of Contents

Prospectus supplement

(To prospectus dated January 23, 2017)

2,800,000 shares of common stock

We are offering 2,800,000 shares of our common stock to be sold in this offering with an aggregate offering price of $175,000,000.

Our common stock is traded on the Nasdaq Global Select Market under the symbol PNFP. On January 23, 2017, the closing sale price of our common stock was $64.25 per share, as reported on the NASDAQ Global Select Market, or Nasdaq. You are urged to obtain current market prices for our common stock.

Investing in our securities involves risks. You should carefully consider all of the information set forth in this prospectus supplement and the accompanying prospectus, including the risk factors beginning on page S-17 of this prospectus supplement, as well as the risk factors and other information contained in our annual report on Form 10-K for the year ended December 31, 2015 and our quarterly report on Form 10-Q for the quarter ended September 30, 2016, and in any other documents we incorporate by reference into this prospectus supplement and the accompanying prospectus, before you make an investment in our common stock. See the section of this prospectus supplement entitled Incorporation of certain information by reference.

	Per share	Total
Public offering price	$ 62.50	$ 175,000,000
Underwriting discounts and commissions	$ 2.8125	$ 7,875,000
Proceeds, before expenses, to Pinnacle Financial Partners, Inc	$ 59.6875	$ 167,125,000

We have granted the underwriter an option for a period of 30 days to purchase 420,000 additional shares of our common stock from us.

Neither the Securities and Exchange Commission, any state securities commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

These securities are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The underwriter expects to deliver the shares to purchasers against payment therefor on or about January 27, 2017.

J.P. Morgan

January 23, 2017

Table of Contents

Table of contents

Prospectus supplement

About this prospectus supplement	S-1
Cautionary note regarding forward-looking statements	S-2
Prospectus supplement summary	S-5
Risk factors	S-17
Use of proceeds	S-37
Selected historical consolidated financial and other data	S-38
Unaudited pro forma condensed combined financial data	S-41
Capitalization	S-50
Price range of common stock	S-51
Dividend policy	S-52
Description of common stock	S-53
Certain U.S. federal income tax consequences to non-U.S. holders of common stock	S-58
Underwriting	S-62
Experts	S-70
Legal matters	S-71
Where you can find more information	S-72
Incorporation of certain information by reference	S-73

Prospectus

About this prospectus	1
Pinnacle Financial Partners, Inc.	2
Pinnacle Bank	2
Ratios of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends	3
Risk factors	4
Forward-looking statements	5
Use of proceeds	7
Where you can find more information	7
Incorporation of certain information by reference	7
Descriptions of securities we may offer	9
Description of common stock	9
Description of preferred stock	15
Description of warrants	17
Description of debt securities	19
Description of depositary shares	29
Description of units	32
Plan of distribution	33
Experts	36
Legal matters	37

Table of Contents

About this prospectus supplement

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus which was included in our registration statement on Form S-3 that we filed with the SEC on January 23, 2017, gives more general information about us and the common stock offered hereby. Some of the information in the accompanying prospectus may not apply to this offering or may be superseded by information in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described under the heading Where you can find more information below. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent the description of this offering in the prospectus supplement differs from the description of our common stock in the accompanying prospectus or any document incorporated by reference filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement.

We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any common stock offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference therein, in making your investment decision. We have not authorized anyone to provide you with information other than that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or any free writing prospectus prepared by us or on our behalf or to which we may have referred you in connection with this offering. We take no responsibility for, and can provide you with no assurance as to the reliability of, any other information others may give you. This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell our common stock. You should not assume that the information that appears in this prospectus supplement, the accompanying prospectus and any document incorporated by reference into this prospectus supplement or the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since the date of such information.

Unless this prospectus supplement indicates otherwise or the context otherwise requires, the terms we, our, us, Pinnacle Financial or the Company as used in this prospectus supplement refer to Pinnacle Financial Partners, Inc. and its subsidiaries, including Pinnacle Bank, which we sometimes refer to as Pinnacle Bank, the bank, our bank subsidiary or our bank.

Table of Contents

Cautionary note regarding forward-looking statements

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, 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, consider, plan, project, believe, proba potentially, outlook, seek, should, estimate, and similar expressions are intended to identify such forward-looking statements, but other statements may constitute forward-looking statements. These statements should be considered subject to various risks and uncertainties, and are made based upon management s belief as well as assumptions made by, and information currently available to, management pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Pinnacle Financial s actual results may differ materially from the results anticipated in forward-looking statements due to a variety of factors including, without limitation, those described below under Risk factors, and those described in Item 1A Risk Factors of our annual report on Form 10-K for the fiscal year ended December 31, 2015 and in Item 1A Risk Factors of our quarterly report on Form 10-Q for the quarter ended September 30, 2016.

Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We do not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable securities laws. Our actual results could differ materially from those anticipated in forward-looking statements as a result of various factors, including, but not limited to:

deterioration in the financial condition of borrowers resulting in significant increases in loan losses and provisions for those losses;

continuation of the historically low short-term interest rate environment;

our, or entities in which we have significant investments, like Bankers Healthcare Group, or BHG, inability to maintain the historical growth rate of our, or those entities , loan portfolio;

changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;

effectiveness of our asset management activities in improving, resolving or liquidating lower-quality assets;

increased competition with other financial institutions;

greater than anticipated adverse conditions in the national or local economies including the Nashville-Davidson-Murfreesboro-Franklin Metropolitan Statistical Area, or MSA, the Knoxville MSA, the Chattanooga, TN-GA MSA and the Memphis, TN-MS-AR MSA, particularly in commercial and residential real estate markets;

rapid fluctuations or unanticipated changes in interest rates on loans or deposits;

the results of regulatory examinations;

the ability to retain large, uninsured deposits;

a merger or acquisition like our proposed merger with BNC Bancorp, or BNC;

risks of expansion into new geographic or product markets, like the proposed expansion into certain MSAs in the states of North Carolina, South Carolina and Virginia in connection with the proposed merger with BNC;

any matter that would cause us to conclude that there was impairment of any asset of ours, including intangible assets;

reduced ability to attract additional financial advisors (or failure of those advisors to cause their clients to switch to us), to retain financial advisors or otherwise to attract customers from other financial institutions;

further deterioration in the valuation of other real estate owned and increased expenses associated therewith;

inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies and required capital maintenance levels;

risks associated with litigation, including the applicability of insurance coverage;

the risk that the cost savings and any revenue synergies from the proposed merger with BNC and our recently completed mergers may not be realized or take longer than anticipated to be realized;

disruption from the proposed merger with BNC with customers, suppliers or employee or other business partners relationships;

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement Pinnacle Financial entered into with BNC;

the risk of successful integration of BNC s business and the businesses we recently acquired with our business;

the failure to obtain the necessary approvals from BNC s or Pinnacle Financial s shareholders in connection with the BNC merger;

the amount of the costs, fees, expenses and charges related to the BNC merger;

the ability to obtain required government approvals of the proposed terms of the BNC merger;

reputational risk and the risk of adverse reaction of our, Pinnacle Bank s, BNC s and Bank of North Carolina s customers, suppliers, employees or other business partners to the BNC merger;

the failure of the closing conditions of the BNC merger to be satisfied or any unexpected delay in closing the BNC merger;

the risk that the integration of our and BNC s operations and the operations of the companies we recently acquired with our operations will be materially delayed or will be more costly or difficult than expected;

the possibility that the merger with BNC may be more expensive to complete than anticipated, including as a result of unexpected factors or events;

the dilution caused by the issuance of additional shares of our common stock in the BNC merger or related to the BNC merger;

general competitive, economic, political and market conditions;

approval of the declaration of any dividend by our board of directors;

the vulnerability of our network and online banking portals to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches;

the possibility of increased compliance costs or modifications to our business plan or the business plan of entities in which we have made an investment as a result of increased regulatory oversight, including oversight of companies in which we have significant investments, and the development of additional banking products for our corporate and consumer clients;

- the risks associated with our being a minority investor in BHG, including the risk that the owners of a majority of the membership interests in BHG decide to sell the company if not prohibited from doing so by the terms of our agreement with them;

- the possibility that the incremental cost and/or decreased revenues associated with exceeding $10 billion in assets will exceed current estimates; and

- changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers (like BHG), including regulatory or legislative developments.

Many of these risks factors are beyond our ability to control or predict, and you are cautioned not to put undue reliance on such forward-looking statements. Pinnacle Financial does not intend to update or reissue any forward-looking statements contained in this prospectus supplement as a result of new information or other circumstances that may become known to Pinnacle Financial.

Table of Contents

Prospectus supplement summary

This summary highlights some information from this prospectus supplement and the accompanying prospectus, and it may not contain all of the information that is important to you. To understand the terms of the common stock offered hereby, you should read this prospectus supplement and the accompanying prospectus, and the documents incorporated by reference herein and therein, carefully. Together, these documents describe the specific terms of the shares we are offering. You should carefully read the sections titled Risk factors in this prospectus supplement and in the accompanying prospectus and the documents identified in the section Where you can find more information.

Pinnacle Financial Partners, Inc.

Pinnacle Financial, a financial holding company under the laws of the United States, is a Tennessee corporation that was incorporated on February 28, 2000. Pinnacle Financial is the parent company of Pinnacle Bank and owns 100% of Pinnacle Bank s capital stock. The primary business of Pinnacle Financial is conducted by Pinnacle Bank. Pinnacle Financial and Pinnacle Bank also collectively hold a 49% interest in Bankers Healthcare Group, LLC, or BHG, a full-service commercial loan provider to healthcare and other professional practices. As of September 30, 2016, Pinnacle Financial had total consolidated assets of approximately $10.98 billion, total deposits of approximately $8.67 billion, total liabilities of approximately $9.50 billion and shareholders equity of approximately $1.48 billion.

As a financial holding company, we are subject to regulation by the Board of Governors of the Federal Reserve System, or the Federal Reserve Board. We are required to file reports with the Federal Reserve Board and are subject to regular examinations by that agency.

Our principal executive offices are located at 150 Third Avenue South, Suite 900, Nashville, Tennessee 37201 and our telephone number at these offices is (615) 744-3700. Our internet address is www.pnfp.com. Please note that our website address is provided as an inactive textual reference and the information on our website is not incorporated by reference into this prospectus supplement.

Pinnacle Bank

Pinnacle Bank is a Tennessee state-chartered non-member bank that is regulated and examined by the Tennessee Department of Financial Institutions, or the TDFI, and the Federal Deposit Insurance Corporation, or the FDIC. All of its outstanding capital stock is owned by Pinnacle Financial. Pinnacle Bank started operations on October 27, 2000, in Nashville, Tennessee, and has since grown to 45 offices, including 30 in eight Middle Tennessee counties. Pinnacle Bank also has five offices in Knoxville, Tennessee, five offices in Memphis, Tennessee and one in Chattanooga, Tennessee, as well as several offices in nearby communities. Prior to September 4, 2012, when it converted from a national bank to a state bank, Pinnacle Bank was known as Pinnacle National Bank.

Pinnacle Bank operates as a community bank primarily in the urban markets of Nashville, Knoxville, Memphis and Chattanooga, Tennessee and surrounding counties. As an urban community bank, Pinnacle Bank provides the personalized service most often associated with small community banks, while offering the sophisticated products and services, such as investments and treasury management, more typically found at large regional and national banks. This approach has enabled Pinnacle Bank to attract clients from the regional and national banks in the Nashville, Knoxville, Memphis and Chattanooga metropolitan statistical areas, or MSAs, and

surrounding markets. As a result, Pinnacle Bank has grown to the third largest market share in the Nashville MSA, the sixth largest market share in the Knoxville MSA and the fourth largest market share in the Chattanooga MSA, based on 2016 FDIC Summary of Deposits data including the impact of any mergers and acquisitions.

Recent developments

Proposed acquisition of BNC Bancorp

On January 22, 2017, we entered into a definitive agreement, which we refer to as the merger agreement, with BNC Bancorp, a High Point, North Carolina-based bank holding company, or BNC, pursuant to which (i) a wholly owned subsidiary of Pinnacle Financial will merge with and into BNC, with BNC surviving the merger, which we refer to as the merger, (ii) as soon as reasonably practicable following the merger and as a part of a single integrated transaction, we will cause BNC to merge with and into Pinnacle Financial, with Pinnacle Financial surviving the merger, which we refer to as the second step merger, and (iii) each share of BNC common stock issued and outstanding, subject to certain exceptions, will, at the effective time of the merger, be converted into the right to receive 0.5235 shares of Pinnacle Financial s common stock, which we refer to as the exchange ratio. We will also cash out each of BNC s outstanding stock options that remain unexercised as of the effective time of the merger for a cash payment equal to the product of the difference between the average of the closing sales prices of our common stock over the ten trading days ending on the trading day immediately prior to the effective date of the merger (adjusted for the exchange ratio) and the exercise price for that option, multiplied by the number of shares of BNC common stock subject to such option. Using our ten-day average closing sales price ended on January 20, 2017, we would have made an aggregate cash payment of approximately $1.7 million with respect to these options.

As of September 30, 2016, BNC had total consolidated assets of approximately $6.802 billion, total deposits of approximately $5.650 billion, total liabilities of approximately $6.006 billion and shareholders equity of approximately $795.2 million. In connection with the execution of the merger agreement, Pinnacle Bank and Bank of North Carolina, or BNC Bank, BNC s wholly owned bank subsidiary, have entered into an agreement pursuant to which BNC Bank will merge with and into Pinnacle Bank immediately following the second step merger. BNC Bank provides financial services from its 76 full service banking offices located in North Carolina, South Carolina and Virginia.

The exchange ratio representing the shares of Pinnacle Financial common stock to be paid in the merger is a fixed ratio. Therefore, the number of shares of our common stock to be received by holders of BNC s common stock in the merger will not change if the trading price of our common stock or the market value of BNC s common stock changes between now and the time the merger is completed. The exchange ratio will not be adjusted or otherwise affected by the issuance of the shares of our common stock contemplated by this offering.

Upon completion of the merger and assuming the completion of this offering of shares of our common stock, we expect that our shareholders, including those that purchase shares in this offering, will own approximately 64% of the combined company and former BNC shareholders will own approximately 36% of the combined company, disregarding any shares of our common stock that BNC shareholders may hold and any shares of BNC common stock that our shareholders may hold.

Upon completion of the merger, we expect that our total assets will exceed $15.0 billion, which, as a result of exceeding that level as a result of a merger, would cause the subordinated debentures we and BNC have issued

Table of Contents

in connection with prior trust preferred securities offerings to cease to qualify as Tier 1 capital under applicable banking regulations. Though these securities would no longer qualify as Tier 1 capital from and after the closing of the merger, we believe they would continue to qualify as Tier 2 capital.

Consummation of the merger is subject to the satisfaction of customary closing conditions including receipt of necessary shareholder and regulatory approvals, and we currently expect the merger to be completed in the third quarter of 2017. The merger agreement provides certain termination rights for both Pinnacle Financial and BNC and further provides that a termination fee will be payable by either us or BNC, as applicable, upon termination of the merger agreement under certain circumstances. The closing of this offering is not conditioned upon the closing of the merger and the closing of the merger is not conditioned upon the closing of this offering.

The summary of selected provisions of the merger agreement appearing above is not complete and is qualified in its entirety by the merger agreement, which is included as an exhibit to our current report on Form 8-K filed with the SEC on January 23, 2017 and incorporated by reference into this prospectus supplement and the accompanying prospectus. We urge you to read the merger agreement for a more complete description of the merger.

Pinnacle Financial 4th quarter results

On January 17, 2017, we reported our preliminary results for the three months and fiscal year ended December 31, 2016. For the fourth quarter and full year of fiscal 2016, our preliminary results reflected net income per diluted common share of $0.78 and $2.91, respectively, compared to net income per diluted common share of $0.65 and $2.52 for the three months and fiscal year ended December 31, 2015, respectively. Net interest income for the three months ended December 31, 2016 was $89.4 million, up from $86.6 million for the third quarter of fiscal 2016 and $71.5 million for the fourth quarter of fiscal 2015. Our net interest margin for the three months ended December 31, 2016 was 3.72% compared to 3.73% for the fourth quarter of fiscal 2015 and 3.60% for the third quarter of fiscal 2016. Non-interest income was approximately $30.7 million for the three months ended December 31, 2016, up from $26.6 million for the comparable period in fiscal 2015. Noninterest expense for the three months ended December 31, 2016 was $62.8 million, compared to $63.5 million in the third quarter of fiscal 2016 and $52.2 million in the fourth quarter of fiscal 2015.

Our consolidated totals assets at December 31, 2016 were approximately $11.19 billion, up from $8.71 billion at December 31, 2015 and $10.98 billion at September 30, 2016. Total loans at December 31, 2016 were approximately $8.45 billion, up from $6.54 billion at December 31, 2015 and $8.24 billion at September 30, 2016. We had total deposits of approximately $8.76 billion at December 31, 2016, up from $6.97 billion at December 31, 2015 and $8.67 billion at September 30, 2016.

Our total shareholders equity at December 31, 2016 was approximately $1.49 billion, up from $1.16 billion at December 31, 2015 and $1.48 billion at September 30, 2016, and our book value per common share at December 31, 2016 was $32.28, compared to $28.25 at December 31, 2015 and $31.97 at September 30, 2016.

Our tangible shareholders equity at December 31, 2016 was approximately $930.0 million, up from $712.8 million at December 31, 2015 and $908.8 million at September 30, 2016, and our tangible book value per common share at December 31, 2016 was $20.06, compared to $17.46 at December 31, 2015 and $19.69 at September 30, 2016. Tangible shareholders equity and tangible book value per common share are non-GAAP financial measures that we believe provide management and investors with information that is useful in understanding our and BNC s financial performance and condition. See Reconciliation of non-GAAP financial measures elsewhere in this prospectus supplement for discussion and a GAAP reconciliation of this measure.

Table of Contents

You should read this preliminary financial information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations appearing in our annual report on Form 10-K for the year ended December 31, 2015, and in our quarterly report on Form 10-Q for the quarterly period ended September 30, 2016, which are incorporated by reference into this prospectus supplement and the accompanying prospectus, and our audited consolidated financial statements and unaudited condensed consolidated interim financial statements, and the notes thereto for those periods, each of which is incorporated by reference into this prospectus supplement and the accompanying prospectus. Our financial results for the three months and year ended December 31, 2016 do not necessarily indicate the results that can be expected for our 2017 fiscal year.

Crowe Horwath LLP, our independent registered public accounting firm, has not audited, reviewed, compiled, or performed any procedures with respect to the financial information included in the above discussion of our preliminary results. Accordingly, Crowe Horwath does not express an opinion or any other form of assurance with respect thereto.

We are currently preparing our annual report on Form 10-K for the year ended December 31, 2016, which will be reviewed by Crowe Horwath and will contain our audited consolidated financial statements for that year. The preliminary results of operations described above are subject to the completion of our independent audit by Crowe Horwath, and are not a comprehensive statement of our financial results for the year ended December 31, 2016, or any time thereafter. We advise you that our actual results may differ materially from these estimates as a result of the completion of our independent audit and other developments arising between now and the time that we expect to finalize financial results for the year ended December 31, 2016, which we believe will be in February of this year.

BNC 4th quarter results

On January 22, 2017, BNC reported its preliminary results for the three months and fiscal year ended December 31, 2016. For the fourth quarter and full year of fiscal 2016, BNC s preliminary results reflected net income per diluted common share of $0.31 and $1.39, respectively, compared to net income per diluted common share of $0.32 and $1.24 for the three months and fiscal year ended December 31, 2015, respectively. Net interest income for the three months ended December 31, 2016 was $59.3 million, up from $55.4 million for the third quarter of fiscal 2016 and $48.7 million for the fourth quarter of fiscal 2015. BNC s net interest margin for the three months ended December 31, 2016 was 3.80% compared to 4.08% for the fourth quarter of fiscal 2015 and 3.91% for the third quarter of fiscal 2016. Non-interest income was approximately $11.7 million for the three months ended December 31, 2016, up from $8.3 million for the comparable period in fiscal 2015. Noninterest expense for the three months ended December 31, 2016 was $47.6 million, compared to $37.8 million in the third quarter of fiscal 2016 and $37.6 million in the fourth quarter of fiscal 2015.

BNC s consolidated totals assets at December 31, 2016 were approximately $7.40 billion, up from $5.67 billion at December 31, 2015 and $6.80 billion at September 30, 2016. Total loans at December 31, 2016 were approximately $5.46 billion, up from $4.20 billion at December 31, 2015 and $5.00 billion at September 30, 2016. BNC had total deposits of approximately $6.08 billion at December 31, 2016, up from $4.74 billion at December 31, 2015 and $5.65 billion at September 30, 2016.

BNC s total shareholders equity at December 31, 2016 was approximately $902 million, up from $592 million at December 31, 2015 and $795 million at September 30, 2016, and its book value per common share at December 31, 2016 was $17.29, compared to $14.52 at December 31, 2015 and $16.53 at September 30, 2016.

Table of Contents

BNC s tangible shareholders equity at December 31, 2016 was approximately $641 million, up from $439 million at December 31, 2015 and $587 million at September 30, 2016, and its tangible book value per common share at December 31, 2016 was $12.29, compared to $10.77 at December 31, 2015 and $12.21 at September 30, 2016. Tangible shareholders equity and tangible book value per common share are non-GAAP financial measures that we believe provide management and investors with information that is useful in understanding BNC s financial performance and condition. See Reconciliation of non-GAAP financial measures elsewhere in this prospectus supplement for discussion and a GAAP reconciliation of this measure.

On January 17, 2017, BNC s board of directors announced the declaration of a quarterly cash dividend on its common stock of $0.05 per share. This dividend is payable on February 24, 2017 to shareholders of record as of February 10, 2017.

You should read this preliminary financial information in conjunction with BNC s audited consolidated financial statements and unaudited condensed consolidated interim financial statements and the notes thereto for the year ended December 31, 2015 and quarterly period ended September 30, 2016, each of which is incorporated by reference into this prospectus supplement and the accompanying prospectus. BNC s financial results for the three months and year ended December 31, 2016 do not necessarily indicate the results that can be expected for BNC s 2017 fiscal year.

Cherry Bekaert LLP, BNC s independent registered public accounting firm, has not audited, reviewed, compiled, or performed any procedures with respect to the financial information included in the above discussion of our preliminary results. Accordingly, Cherry Bekaert does not express an opinion or any other form of assurance with respect thereto.

BNC is currently preparing its annual report on Form 10-K for the year ended December 31, 2016, which will be reviewed by Cherry Bekaert and will contain its audited consolidated financial statements for that year. The preliminary results of operations described above are subject to the completion of BNC s independent audit by Cherry Bekaert, and are not a comprehensive statement of BNC s financial results for the year ended December 31, 2016 or any time thereafter. We advise you that BNC s actual results may differ materially from these estimates as a result of the completion of BNC s independent audit and other developments arising between now and the time that BNC expects to finalize financial results for the year ended December 31, 2016, which BNC believes will be in February of this year.

In addition, on November 1, 2016, BNC announced the completion of the merger of High Point Bank Corporation, or HPBT, with and into BNC, and High Point Bank and Trust Company, or High Point Bank, a wholly-owned subsidiary of HPBT, with and into BNC Bank, a wholly-owned subsidiary of BNC. As of September 30, 2016, HPTB had total assets of $807.9 million, total loans of $476.1 million and total deposits of $663.8 million. BNC s capital stock increased by $99.0 million as a result of its acquisition of HPTB.

Reconciliation of non-GAAP financial measures

This prospectus supplement contains certain financial measures regarding Pinnacle Financial and BNC that have been prepared other than in accordance with GAAP. These measures include tangible shareholders equity and tangible book value per common share. This prospectus supplement presents these non-GAAP financial measures because we believe they provide management and investors with information that is useful as a supplement to our and BNC s financial statements in understanding our and BNC s financial performance and condition. Non-GAAP financial measures are not necessarily comparable to GAAP measures and should not be viewed as a substitute for our or BNC s results from operations that are prepared in accordance with GAAP.

Table of Contents

The following table presents a reconciliation of our and BNC s tangible shareholders equity and tangible book value per common share as of the periods indicated to the most comparable measures calculated in accordance with GAAP.

(Dollars in thousands, except per share data)	BNC As of December 31, 2016	2015	As of September 30, 2016	Pinnacle Financial As of December 31, 2016	2015	As of September 30, 2016
Tangible book value per common share:						
Shareholders equity	$ 901,882	$ 592,147	$ 795,212	$ 1,496,696	$ 1,155,611	$ 1,475,643
Less: Goodwill, core deposit and other intangibles	260,680	152,985	207,820	566,698	442,773	566,820
Tangible common shareholders equity	641,202	439,162	587,392	929,998	712,838	908,823
Common shares outstanding	52,177,073	40,773,727	48,110,440	46,359,377	40,906,064	46,159,832
Tangible book value per common share	$ 12.29	$ 10.77	$ 12.21	$ 20.06	$ 17.46	$ 19.69

S-10

Table of Contents

The offering

The following summary contains basic information about this offering and the terms of shares of our common stock and is not intended to be complete. It does not contain all the information that is important to you. For a more complete description of our common stock, see Description of common stock beginning on page S-53.

Common stock we are offering	2,800,000 shares of our common stock, par value $1.00 per share
Option to Purchase Additional Shares	We have granted to the underwriters an option for a period of 30 days after the date of this prospectus supplement to purchase up to 420,000 shares of our common stock. Except as otherwise indicated, the information in this prospectus supplement assumes that the underwriter does not exercise its option to purchase these additional shares of our common stock.
Common stock outstanding after this offering	49,289,859 shares(1)
Net proceeds	We estimate that our net proceeds from this offering, after deducting the underwriting discount and offering expenses payable by us, will be approximately $166.1 million.
Use of proceeds	We intend to use the net proceeds of this offering after deducting the underwriting discount and the offering expenses payable by us to pay related fees and expenses, provide capital support for the growth of Pinnacle Bank, including in connection with the merger, if it should occur, and for other general corporate purposes. The closing of this offering is not conditioned on the closing of the merger. See Use of proceeds.
NASDAQ Global Select Market symbol	PNFP
Risk Factors	An investment in our common stock involves certain risks. You should carefully consider the risks described below under the heading Risk factors as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should carefully review and consider those risks before you purchase any shares of our common stock.

(1) The number of shares of common stock outstanding immediately after the closing of this offering is based on 46,489,859 shares of common stock outstanding as of January 20, 2017, and does not include an estimated approximately 27.6 million shares of our common stock that we anticipate issuing to BNC s shareholders in connection with the merger. Unless otherwise indicated, the number of shares of common stock presented in this prospectus supplement excludes any shares issuable pursuant to the exercise of the underwriter s option to purchase additional shares, 458,968 shares of common stock issuable upon exercise of outstanding options and 186,735 shares of common stock issuable upon the lapse of forfeiture restrictions related to performance-based vesting restricted stock units under our equity incentive plans as of January 19, 2017, at target levels of performance. Of the options outstanding as of January 20, 2017, 458,968 were exercisable as of that date at a weighted average exercise price of $20.29 per share.

S-11

Table of Contents

Summary historical consolidated and pro forma combined financial and other data

Set forth below is summary consolidated financial data and unaudited pro forma consolidated financial data of Pinnacle Financial as of and for the periods indicated.

The summary consolidated financial data of Pinnacle Financial as of and for years 2013, 2014 and 2015 are derived from the audited consolidated financial statements of Pinnacle Financial, which were audited by KPMG LLP. The consolidated financial statements as of December 31, 2015 and December 31, 2014 and for each of the years in the three-year period ended December 31, 2015, together with the notes thereto and the report of KPMG LLP on those financial statements, are included in our annual report on Form 10-K for the fiscal year ended December 31, 2015 which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The summary consolidated financial data as of and for the nine-month periods ended September 30, 2016 and September 30, 2105 are derived from unaudited condensed consolidated financial statements. The unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring items, which our management considers necessary for a fair presentation of our financial position and results of operations for these periods. The financial condition and results of operations as of and for the nine months ended September 30, 2016 do not purport to be indicative of the financial condition or results of operations to be expected as of or for the fiscal year ended December 31, 2016. The unaudited condensed consolidated financial statements as of September 30, 2016 and for the nine-month periods ended September 30, 2016 and September 30, 2015 together with the notes thereto are included in our quarterly report on Form 10-Q for the quarter ended September 30, 2016 which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the notes thereto, appearing in our annual report on Form 10-K for the fiscal year ended December 31, 2015 and our quarterly report on Form 10-Q for the quarter ended September 30, 2016, each of which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

The summary unaudited pro forma condensed consolidated statement of earnings and other data give effect to:

- our acquisition of BNC;
- the sale of 2,764,613 shares of our common stock in this offering and our receipt of $166.1 million in estimated net proceeds, after deducting the underwriting discount and the estimated offering expenses payable by us assuming a public offering price of $63.30 per share, the closing sale price of our common stock on NASDAQ on January 20, 2017; and
- the issuance of an estimated approximately 27.6 million shares of our common stock to the shareholders of BNC in connection with the merger,

as if, in the case of the balance sheet data, our acquisition and the issuance of the shares of our common stock in this offering occurred as of September 30, 2016 and, in the case of the statement of operations data, those transactions occurred as of January 1, 2015.

The summary unaudited pro forma condensed consolidated statement of earnings and other data for 2015 and the nine months ended September 30, 2016 combines the consolidated results of operations of Pinnacle Financial with the combined results of operations of BNC for the respective periods giving effect to the merger as if it had been completed as of January 1, 2015. The summary unaudited pro forma condensed consolidated

Table of Contents

balance sheet data as of September 30, 2016 combines the consolidated balance sheet of Pinnacle Financial as of that date with the combined balance sheet of BNC as of that date and gives effect to the transactions described above as if those transactions had been completed as of that date. We will account for our acquisition of BNC under the purchase method of accounting.

With respect to this offering of common stock, the unaudited pro forma condensed combined financial data is based on an assumed offering price of $63.30 per share and the assumption that we are selling 2,764,613 shares of our common stock, and does not reflect the actual price to the public of $62.50 per share or the increase in the number of shares we are selling to 2,800,000 shares of our common stock. However, in each case, the estimated net proceeds to us is $166.1 million. The pro forma financial data appearing below is presented for illustrative purposes only, is based upon a number of assumptions and estimates and is subject to uncertainties, and that data does not purport to be indicative of the actual results of operations or financial condition that would have occurred had the transactions described above in fact occurred on the dates indicated, nor does it purport to be indicative of the results of operations or financial condition that we may achieve in the future.

The pro forma condensed combined financial data appearing below also does not consider any potential effects of changes in market conditions on revenues and expense efficiencies, among other factors. In addition, as explained in more detail under Unaudited pro forma condensed combined financial data, the preliminary allocation of the pro forma purchase price reflected in the pro forma condensed combined financial information is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon completion of the merger.

The unaudited pro forma condensed combined balance sheet data appearing below does not give pro forma effect to the following:

- BNC s acquisition of High Point Bank Corporation, which was consummated on November 1, 2016; or
- our issuance in a private placement of $120.0 million of subordinated notes due 2026 on November 16, 2016, and the use of approximately $57.0 million of the net proceeds from that offering to repay borrowings outstanding at that date under our line of credit.

The unaudited pro forma condensed combined statement of operations data appearing below does not give pro forma effect to the following for any period prior to the applicable date the transaction was consummated:

- either our initial or subsequent investments in BHG which were consummated on February 1, 2015 and March 1, 2016, respectively;
- our acquisition of CapitalMark Bank & Trust, or CapitalMark, which was consummated on July 31, 2015;
- our acquisition of Magna Bank, or Magna, which was consummated on September 1, 2015;
- our acquisition of Avenue Financial Holdings, Inc., or Avenue, which was consummated on July 1, 2016;
- BNC s acquisition of Valley Financial Corporation, which was consummated on July 1, 2015;
- BNC s acquisition of certain assets and assumption of certain liabilities of Certus Bank, N.A. on October 16, 2015;
- BNC s acquisition of Southcoast Financial Corporation, which was consummated on June 17, 2016;

- BNC s acquisition of HPBT, which was consummated on November 1, 2016; or

- our issuance in a private placement of $120.0 million of subordinated notes due 2026 on November 16, 2016, and the use of approximately $57.0 million of the net proceeds from that offering to repay borrowings outstanding at that date under our line of credit.

The pro forma financial data should be read in conjunction with the pro forma condensed combined financial statements and the related notes appearing below under Unaudited pro forma condensed combined financial

Table of Contents

statements, Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and the notes thereto included in our annual report on Form 10-K for the fiscal year ended December 31, 2015 and our quarterly report on Form 10-Q for the quarter ended September 30, 2016, each of which are incorporated by reference into this prospectus supplement and the accompanying prospectus, and the historical financial statements of BNC and the notes thereto included in BNC s annual report on Form 10-K for the fiscal year ended December 31, 2015 and BNC s quarterly report on Form 10-Q for the quarter ended September 30, 2016, which financial statements and notes are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Pro forma	Pinnacle Financial Historical		Pro forma	Pinnacle Financial Historical		
	As of and for the nine months ended September 30,	As of and for the nine months ended September 30,		For the year ended December 31,	As of and for the year ended December 31,		
(Dollars in thousands, except per share data)	**2016**	**2016(1)(2)**	**2015**	**2015(3)(4)**	**2015(3)(4)**	**2014**	**2013**
Balance Sheet Data:							
Total assets	$ 18,910,019	$ 10,978,389	$ 8,549,064		$ 8,715,414	$ 6,018,248	$ 5,563,776
Loans, net of unearned income	13,142,538	8,241,020	6,335,989		6,543,235	4,590,027	4,144,493
Allowance for loan losses	(60,249)	(60,249)	(63,758)		(65,432)	(67,359)	(67,970)
Total securities	2,085,888	1,250,356	1,003,994		966,442	770,730	733,252
Goodwill, core deposit and other intangible assets	1,812,986	566,820	441,057		442,773	246,422	247,492
Deposits and securities sold under agreements to repurchase	14,465,681	8,754,463	6,668,756		7,050,498	4,876,600	4,603,938
Advances from Federal Home Loan Bank	516,020	382,338	545,330		300,305	195,476	90,637
Subordinated debt and other borrowings	368,932	262,507	142,476		142,476	96,158	98,658
Shareholders equity	$ 3,380,204	$ 1,475,643	$ 1,134,226		$ 1,155,611	$ 802,693	$ 723,708
Tangible shareholders equity(5)	1,567,218	908,823	693,169		712,838	556,271	476,216
Statement of Operations Data:							
Interest income	$ 450,509	$ 262,116	$ 177,373	$ 471,000	$ 255,170	$ 206,170	$ 191,282
Interest expense	52,433	26,535	12,215	44,983	18,537	13,185	15,384
Net interest income	398,076	235,581	165,158	426,017	236,633	192,985	175,899
Provision for loan losses	18,492	15,282	3,729	11,084	9,188	3,635	7,856
Net interest income after provision for loan losses	379, 584	220,299	161,429	414,933	227,445	189,350	168,042
Noninterest income	117,049	90,261	59,922	118,978	86,530	52,602	47,104
Noninterest expense	284,476	173,521	118,685	314,462	170,877	136,300	129,261
Income before income taxes	212,157	137,039	102,666	219,449	143,098	105,653	85,884
Income tax expense	69,393	45,911	34,011	71,497	47,588	35,182	28,158
Net income	$ 142,764	$ 91,128	$ 68,655	$ 147,952	$ 95,510	$ 70,471	$ 57,726
Per Share Data:							
Earnings per share basic	$ 2.11	$ 2.16	$ 1.91	$ 2.53	$ 2.58	$ 2.03	$ 1.69
Weighted average common shares outstanding basic	67,605,408	42,228,280	36,009,659	58,464,350	37,015,468	34,723,335	34,200,770
Earnings per share diluted	$ 2.09	$ 2.12	$ 1.86	$ 2.49	$ 2.52	$ 2.01	$ 1.67
Weighted average common shares outstanding diluted	68,353,601	42,928,467	36,944,171	59,470,407	37,973,788	35,126,890	34,509,261
Common dividends per share	$ 0.42	$ 0.42	$ 0.36		$ 0.48	$ 0.32	$ 0.08
Book value per common share	$ 44.05	$ 31.97	$ 27.80		$ 28.25	$ 22.45	$ 20.55
Tangible book value per common share(5)	$ 20.43	$ 19.69	$ 16.99		$ 17.46	$ 15.57	$ 13.52
Common shares outstanding at end of period	76,729,610	46,159,832	40,802,904		40,906,064	35,732,483	35,221,941

S-14

Table of Contents

(Dollars in thousands, except per share data)	Pro forma As of and for the nine months ended September 30,	Pinnacle Financial Historical As of and for the nine months ended September 30,		Pinnacle Financial Historical As of and for the year ended December 31,		
	2016	2016(1)(2)	2015(3)(4)	2015(3)(4)	2014	2013
Performance Ratios:						
Return on average assets		1.26%	1.38%	1.36%	1.24%	1.11%
Return on average shareholders equity		9.41%	10.43%	10.06%	9.19%	8.22%
Net interest margin(6)		3.69%	3.70%	3.72%	3.75%	3.77%
Net interest spread(7)		3.48%	3.56%	3.55%	3.65%	3.65%
Noninterest income to average assets		1.24%	1.20%	1.23%	0.92%	0.9%
Noninterest expense to average assets		2.39%	2.39%	2.42%	2.39%	2.48%
Efficiency ratio(8)		53.25%	52.73%	52.88%	55.50%	57.96%
Average loan to average deposit ratio		97.29%	96.94%	96.39%	93.15%	93.46%
Average interest-earning assets to average interest-bearing liabilities		139.13%	142.73%	142.77%	142.64%	137.78%
Average equity to average total assets ratio		13.35%	13.23%	13.47%	13.46%	13.47%
Annualized dividend payout ratio		19.93%	19.92%	18.97%	16.67%	20.38%
Asset Quality Ratios:						
Allowance for loan losses to nonaccrual loans		211.5%	212.2%	222.9%	403.2%	373.8%
Allowance for loan losses to total loans		0.73%	1.01%	1.00%	1.47%	1.64%
Nonperforming assets to total assets		0.31%	0.41%	0.42%	0.46%	0.6%
Nonperforming assets to total loans and other real estate		0.41%	0.57%	0.55%	0.61%	0.8%
Net loan charge-offs to average loans(9)		0.35%	0.28%	0.21%	0.1%	0.24%
Capital Ratios (Pinnacle Financial):						
Common equity Tier I risk-based capital	9.15%	7.62%	8.74%	8.61%	10.10%	
Leverage(10)	8.70%	8.31%	10.52%	9.37%	11.30%	10.90%
Tier 1 risk-based capital	9.15%	8.42%	9.80%	9.63%	12.10%	11.80%
Total risk-based capital	11.77%	10.53%	11.46%	11.24%	13.40%	13.00%

(1) Information for the first nine months of our 2016 fiscal year includes the operations of Avenue Financial Holdings, Inc., or Avenue, from its acquisition date of July 1, 2016 and reflects approximately 3.76 million shares of Pinnacle Financial common stock issued in connection with the acquisition.

(2) Information for the first nine months of our 2016 fiscal year includes the membership interest in BHG acquired by Pinnacle Bank which was 30% for the period from January 1, 2016, through to March 1, 2016, and 49% (inclusive of the portion owned by Pinnacle Financial) thereafter.

(3) Information for our 2015 fiscal year end and for the first nine months of our 2015 fiscal year includes the operations of CapitalMark, from its acquisition date of July 31, 2015 and Magna, from its acquisition date of September 1, 2015 and reflects approximately 3.3 million shares and 1.4 million shares of Pinnacle Financial common stock issued in connection with the acquisitions of CapitalMark and Magna, respectively

(4) Information for our 2015 fiscal year and for the first nine months of our 2015 fiscal year includes the 30% membership interest in BHG which Pinnacle Bank acquired on February 1, 2015.

(5) Tangible shareholders equity and tangible book value per common share are non-GAAP financial measures that we believe provide management and investors with information that is useful in understanding our financial performance and condition. See Reconciliation of non-GAAP financial measures

elsewhere in this prospectus supplement for discussion and a GAAP reconciliation of this measure.

(6) Net interest margin is the result of net interest income for the period (which is annualized in the case of the nine months ended September 30, 2016 and September 30, 2015) divided by average interest earning assets for the period.

(7) Net interest spread is the result of the difference between the interest earned on interest earning assets less the interest paid on interest bearing liabilities.

(8) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.

(9) For the nine months ended September 30, 2016 and 2015, calculated by annualizing year-to-date net loan charge-offs and dividing the result by average loans for the year-to-date period.

(10) Leverage ratio is computed by dividing Tier 1 capital by average total assets for the fourth quarter of each year for the fiscal years ended December 31, 2015, 2014 and 2013 and by average assets for the three months ended September 30, 2016 and 2015. Pro forma calculation assumes that proceeds from the offering would have been received as the last transaction for the three-month period ended September 30, 2016 and, in the case of the pro forma amounts, gives effect to the fact that our consolidated total assets are expected to exceed $15.0 billion following consummation of the merger and as a result of our assets exceeding $15.0 billion as a result of a merger, our and BNC s subordinated debentures issued in connection with our and BNC s trust preferred securities will cease to qualify as Tier 1 capital.

Reconciliation of non-GAAP financial measures

This prospectus supplement contains certain financial measures regarding Pinnacle Financial that have been prepared other than in accordance with GAAP. These measures include tangible shareholders equity and tangible book value per common share. This prospectus supplement presents these non-GAAP financial measures because we believe they provide management and investors with information that is useful as a supplement to our financial statements in understanding our financial performance and condition. Non-GAAP financial measures are not necessarily comparable to GAAP measures and should not be viewed as a substitute for our results from operations that are prepared in accordance with GAAP.

The following table presents a reconciliation of our tangible shareholders equity and tangible book value per common share as of the periods indicated to the most comparable measures calculated in accordance with GAAP.

	Pro forma As of the nine months ended September 30,	Pinnacle Financial Historical As of the nine months ended September 30,		Pinnacle Financial Historical As of the year ended December 31,		
(Dollars in thousands, except per share data)	**2016**	**2016**	**2015**	**2015**	**2014**	**2013**
Tangible book value per common share:						
Shareholders equity	$ 3,380,204	$ 1,475,643	$ 1,134,226	$ 1,155,611	$ 802,693	$ 723,708
Less: Goodwill, core deposit and other intangibles	1,812,986	566,820	441,057	442,773	246,422	247,492
Tangible common shareholders equity	1,567,218	908,823	693,169	712,838	556,271	476,216
Common shares outstanding	76,729,610	46,159,832	40,802,904	40,906,064	35,732,483	35,221,941
Tangible book value per common share	$ 20.43	$ 19.69	$ 16.99	$ 17.46	$ 15.57	$ 13.52

Table of Contents

Risk factors

An investment in our common stock involves certain risks. You should carefully consider the risks described below, the risk factors included in our annual report on Form 10-K for the year ended December 31, 2015, and our quarterly report on Form 10-Q for the period ended September 30, 2016 and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. This prospectus supplement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference therein.

Risks related to our business

If the federal funds and interbank funding rates remain at current extremely low levels, our net interest margin, and consequently our net earnings, may be negatively impacted.

Because of significant competitive pressures in our market and the negative impact of these pressures on our deposit and loan pricing, coupled with the fact that a significant portion of our loan portfolio has variable rate pricing that moves in concert with changes to the Federal Reserve Board of Governors federal funds rate or the London Interbank Offered Rate (LIBOR) (both of which are at extremely low levels as a result of current economic conditions), our net interest margin may be negatively impacted if these rates remain at their extremely low levels. In December 2016, the Federal Reserve Board of Governors raised the target range for the federal funds rate from 0.25% to 0.50% to 0.50% to 0.75%. As interest rates change, we expect that we will periodically experience gaps in the interest rate sensitivities of our assets and liabilities, meaning that either our interest-bearing liabilities (usually deposits and borrowings) will be more sensitive to changes in market interest rates than our interest-earning assets (usually loans and investment securities), or vice versa. In either event, if market interest rates should move contrary to our position, this gap may work against us, and our earnings may be negatively affected. As of December 31, 2014, the amount of variable rate loans with interest rate floors as a percentage of total loans was approximately 18.4%. During 2015 and the nine months ended September 30, 2016, in anticipation of expected increases in short term interest rates that we anticipated would occur in 2016 and 2017, we reduced the amount of variable rate loans with interest rate floors as a percentage of total loans by approximately 8.6% in 2015, and by approximately a further 2.0% during the nine months ended September 30, 2016. We believe that the reduction in the amount of variable rate loans with interest rate floors should better position our balance sheet for a rising rate environment. In the event that short-term interest rates don t continue to rise in 2017, or those rates rise more slowly than we are anticipating, our efforts to transition our balance sheet to a more asset sensitive position may negatively impact our results of operations as we may earn less interest on these loans than we would have had we maintained these loan floors.

The absolute level of interest rates as well as changes in interest rates may affect our level of interest income, the primary component of our gross revenue, as well as the level of our interest expense. Interest rate fluctuations are caused by many factors which, for the most part, are not under our control. For example, national monetary policy plays a significant role in the determination of interest rates. Additionally, competitor pricing and the resulting negotiations that occur with our customers also impact the rates we collect on loans and the rates we pay on deposits.

Changes in the level of interest rates also may negatively affect our ability to originate loans, the value of our assets and our ability to realize gains from the sale of our assets, all of which ultimately affect our earnings. A decline in the market value of our assets may limit our ability to borrow additional funds. As a result, we could be required to sell some of our loans and investments under adverse market conditions, upon terms that are not favorable to us, in order to maintain our liquidity. If those sales are made at prices lower than the amortized costs of the investments, we will incur losses. Because we continue to have a significant number of loans with interest rate floors above current rates, in a rising rate environment our liabilities may reprice faster than our loans, which would negatively impact our results of operations.

We have entered into certain hedging transactions including interest rate swaps, which are designed to lessen elements of our interest rate exposure. In the event that interest rates do not change in the manner anticipated, such transactions may not be effective.

We have a concentration of credit exposure to borrowers in certain industries, and we also target small to medium-sized businesses.

We have meaningful credit exposures to borrowers in certain businesses, including commercial and residential building lessors, new home builders, and land subdividers. These industries experienced adversity during 2008 through 2010 as a result of sluggish economic conditions, and, as a result, an increased level of borrowers in these industries were unable to perform under their loan agreements with us, or suffered loan downgrades which negatively impacted our results of operations. If the economic environment in our markets weakens in 2017 or beyond, these industry concentrations could result in increased deterioration in credit quality, past dues, loan charge offs and collateral value declines, which could cause our earnings to be negatively impacted. Furthermore, any of our large credit exposures that deteriorate unexpectedly could cause us to have to make significant additional loan loss provisions, negatively impacting our earnings.

A substantial focus of our marketing and business strategy is to serve small to medium-sized businesses in our market areas. As a result, a relatively high percentage of our loan portfolio consists of commercial loans primarily to small to medium-sized businesses. At September 30, 2016, our commercial and industrial loans accounted for almost 34.9% of our total loans, up from 34.1% at December 31, 2015. Additionally, approximately, 15.2% of our loans at September 30, 2016 are owner-occupied commercial real estate loans, which are loans to businesses secured by the businesses real estate. We expect to seek to expand the amount of such loans in our portfolio in 2017. During periods of lower economic growth like those we have experienced in recent years, small to medium-sized businesses may be impacted more severely and more quickly than larger businesses. Consequently, the ability of such businesses to repay their loans may deteriorate, and in some cases this deterioration may occur quickly, which would adversely impact our results of operations and financial condition.

As a result of our acquisitions of Avenue, Magna, and CapitalMark over the last eighteen months, and our strong organic growth in our legacy markets, our level of commercial real estate loans has increased markedly from approximately 190% of risk-based capital as of December 31, 2014 to approximately 265% of risk-based capital as of September 30, 2016. The merger with BNC will further increase our amount of these types of loans. Though we currently operate within the federal banking regulatory agencies guidelines on the amount of these types of loans that a bank is encouraged to hold, and we don t anticipate exceeding these levels for a material length of time, including following the consummation of the merger with BNC, there may be short-term periods when our levels of these loans exceed these guidelines.

The percentage of real estate construction and development loans in Pinnacle Bank s portfolio was approximately 11.3% of total loans at September 30, 2016. These loans make up approximately 22.3% of our non-performing loans at September 30, 2016. This type of lending is generally considered to have relatively high credit risks because the principal is concentrated in a limited number of loans with repayment dependent

on the successful completion and operation of the related real estate project. Weakness in residential real estate market prices as well as demand could result in price reductions in home and land values adversely affecting the value of collateral securing the construction and development loans that we hold. Should we experience the return of these adverse economic and real estate market conditions we may again experience increases in non-performing loans and other real estate owned, increased losses and expenses from the management and disposition of non-performing assets, increases in provision for loan losses, and increases in operating expenses as a result of the allocation of management time and resources to the collection and work out of loans, all of which would negatively impact our financial condition and results of operations.

Despite recent acquisitions we have made, we remain principally geographically concentrated in the Nashville, Tennessee and Knoxville, Tennessee MSAs, and changes in local economic conditions impact our profitability.

Prior to our acquisitions of CapitalMark and Magna, we operated primarily in the Nashville, Tennessee and Knoxville, Tennessee MSAs, and most of our borrowers, depositors and other customers lived or had operations in these areas. With our acquisitions of CapitalMark and Magna, we have increased our presence in the Knoxville MSA and expanded our operations into the Chattanooga, Tennessee Georgia MSA and surrounding counties and the Memphis, Tennessee Mississippi Arkansas MSA, but the significant majority of our borrowers remain situated in the Nashville, Tennessee and Knoxville, Tennessee MSAs, and our recent acquisition of Avenue has further increased the number of borrowers we have in the Nashville, Tennessee MSA. Our success significantly depends upon the growth in population, income levels, deposits and housing starts in our markets (particularly the Nashville, Tennessee MSA), along with the continued attraction of business ventures to these areas, and our profitability is impacted by the changes in general economic conditions in these markets. We cannot assure you that economic conditions, including loan demand, in our markets will not deteriorate during 2017 or thereafter, and upon any deterioration, we may not be able to grow our loan portfolio in line with our expectations, the ability of our customers to repay their loans to us may be negatively impacted and our financial condition and results of operations could be negatively impacted.

In connection with our merger with BNC, we have agreed to acquire banks in select markets in Virginia, North Carolina and South Carolina, which if consummated will provide additional geographic diversity. Nonetheless, compared to national financial institutions, even following consummation of the merger, we will be less able to spread the risks of unfavorable local economic conditions across a large number of diversified economies. Moreover, we cannot give any assurance that we will benefit from any market growth or return of more favorable economic conditions in our primary market areas if they do occur.

Our acquisitions and future expansion may result in additional risks.

In 2015, we completed the acquisitions of CapitalMark and Magna, and in 2016, we completed the acquisition of Avenue. On January 22, 2017, we announced the signing of the merger agreement pursuant to which, subject to the terms and conditions set forth therein, (i) a wholly owned subsidiary of Pinnacle Financial will merge with and into BNC, with BNC surviving the merger and (ii) as soon as reasonably practicable following the merger and as a part of a single integrated transaction, we will cause BNC to merge with and into Pinnacle Financial, with Pinnacle Financial surviving the merger. Bank of North Carolina, BNC s wholly owned bank subsidiary, and Pinnacle Bank will likewise merge if that transaction is consummated. We currently expect to consummate the merger in the third quarter of 2017, subject to the satisfaction of customary closing conditions including receipt of necessary shareholder and regulatory approvals. In addition to our proposed expansion into Virginia and the Carolinas, we expect to continue to expand in our current markets and in select high-growth markets located outside of Tennessee in the southeastern portion of the United States through additional branches and also

may consider expansion within these markets through additional acquisitions of all or part of other financial institutions. These types of expansions involve various risks, including:

Management of Growth. We may be unable to successfully:

- maintain loan quality in the context of significant loan growth;
- identify and expand into suitable markets;
- obtain regulatory and other approvals;
- identify and acquire suitable sites for new banking offices;
- attract sufficient deposits and capital to fund anticipated loan growth;
- maintain adequate common equity and regulatory capital;
- avoid diversion or disruption of our existing operations or management as well as those of the acquired institution;
- maintain adequate management personnel and systems to oversee such growth;
- maintain adequate internal audit, loan review and compliance functions; and
- implement additional policies, procedures and operating systems required to support such growth.

Operating results. There is no assurance that existing offices or future offices will maintain or achieve deposit levels, loan balances or other operating results necessary to avoid losses or produce profits. Our growth strategy necessarily entails growth in overhead expenses as we routinely add new offices and staff. Our historical results may not be indicative of future results or results that may be achieved as we continue to increase the number and concentration of our branch offices in our newer markets.

Development of offices. There are considerable costs involved in opening branches, and new branches generally do not generate sufficient revenues to offset their costs until they have been in operation for at least a year or more. Accordingly, any new branches we establish can be expected to negatively impact our earnings for some period of time until they reach certain economies of scale. The same is true for our efforts to expand in these markets with the hiring of additional seasoned professionals with significant experience in that market. Our expenses could be further increased if we encounter delays in opening any of our new branches. We may be unable to accomplish future branch expansion plans due to a lack of available satisfactory sites, difficulties in acquiring such sites, increased expenses or loss of potential sites due to complexities associated with zoning and permitting processes, higher than anticipated merger and acquisition costs or other factors. Finally, we have no assurance any branch will be successful even after it has been established or acquired, as the case may be.

Regulatory and economic factors. Our growth and expansion plans may be adversely affected by a number of regulatory and economic developments or other events. Failure to obtain required regulatory approvals (including those necessary to consummate the merger with BNC), changes in laws and regulations or other regulatory developments and changes in prevailing economic conditions or other unanticipated events may prevent or adversely affect our continued growth and expansion. Such factors may cause us to alter our growth and expansion plans or slow

or halt the growth and expansion process, which may prevent us from entering our expected markets or allow competitors to gain or retain market share in our existing markets.

Failure to successfully address these and other issues related to our expansion could have a material adverse effect on our financial condition and results of operations, and could adversely affect our ability to successfully implement our business strategy. Also, if our growth occurs more slowly than anticipated or declines, our operating results could be materially adversely affected.

Table of Contents

If our allowance for loan losses is not sufficient to cover losses inherent in our portfolio, our earnings will decrease.

If loan customers with significant loan balances fail to repay their loans, our earnings and capital levels will suffer. We make various assumptions and judgments about the probable losses in our loan portfolio, including the creditworthiness of our borrowers and the value of any collateral securing the loans. We maintain an allowance for loan losses to cover our estimate of the probable losses in our loan portfolio. In determining the size of this allowance, we utilize estimates based on analyses of volume and types of loans, internal loan classifications, trends in classifications, volume and trends in delinquencies, nonaccruals and charge-offs, loss experience of various loan categories, national and local economic conditions, industry and peer bank loan quality indications, and other pertinent factors and information. If our assumptions are inaccurate, our current allowance may not be sufficient to cover potential loan losses, and additional provisions may be necessary which would decrease our earnings.

In addition, federal and state regulators periodically review our loan portfolio and may require us to increase our allowance for loan losses or recognize loan charge-offs. Their conclusions about the quality of a particular borrower or our entire loan portfolio may be different than ours. Any increase in our allowance for loan losses or loan charge offs as required by these regulatory agencies could have a negative effect on our operating results. Moreover, additions to the allowance may be necessary based on changes in economic and real estate market conditions, new information regarding existing loans (including those we acquired in our recently completed acquisitions and those we expect to acquire as a result of our merger with BNC) identification of additional problem loans, accounting rule changes (like those related to the Financial Accounting Standards Board s rules regarding accounting for current expected credit losses) and other factors, both within and outside of our management s control. These additions may require increased provision expense which would negatively impact our results of operations.

We may not be able to successfully integrate the businesses we recently acquired and BNC or to realize the anticipated benefits of the acquisitions.

We are still in the process of integrating the businesses we recently acquired, and, upon consummation of the merger, will begin the process of integrating BNC. A successful integration of these businesses with ours will depend substantially on our ability to consolidate operations, corporate cultures, systems and procedures and to eliminate redundancies and costs. We may not be able to combine our business with the businesses we recently acquired and with the business of BNC without encountering difficulties, such as:

the loss of key employees;

the disruption of operations and business;

inability to maintain and increase competitive presence;

loan and deposit attrition, customer loss and revenue loss;

possible inconsistencies in standards, control procedures and policies;

unexpected problems with costs, operations, personnel, technology and credit; and/or

problems with the assimilation of new operations, sites or personnel, which could divert resources from regular banking operations. Additionally, general market and economic conditions or governmental actions affecting the financial industry generally may inhibit our successful integration of these businesses and BNC.

Further, we acquired these businesses, and have entered into the merger agreement to acquire BNC, with the expectation that these acquisitions will result in various benefits including, among other things, benefits

relating to enhanced revenues, a strengthened market position for the combined company, cross selling opportunities, technological efficiencies, cost savings and operating efficiencies. Achieving the anticipated benefits of these acquisitions is subject to a number of uncertainties, including whether we integrate the acquired businesses and BNC in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits on the anticipated timeframe, or at all, could result in a reduction in the price of our shares as well as in increased costs, decreases in the amount of expected revenues and diversion of management s time and energy and could materially and adversely affect our business, financial condition and operating results. Additionally, we made fair value estimates of certain assets and liabilities in recording these acquisitions, and, upon consummation of the merger with BNC, will make such estimates in recording such acquisition. Actual values of these assets and liabilities could differ from our estimates, which could result in our not achieving the anticipated benefits of these acquisitions. Finally, any cost savings that are realized may be offset by losses in revenues or other charges to earnings.

The combined company following the BNC merger will incur significant transaction and merger-related costs in connection with the merger.

We expect to incur significant costs associated with combining the operations of BNC with our operations. We just recently began collecting information in order to formulate detailed integration plans to deliver anticipated cost savings. Additional unanticipated costs may be incurred in the integration of our business with the business of BNC. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Whether or not the merger is consummated, we will incur substantial expenses, such as legal, accounting and financial advisory fees, in pursuing the merger which will adversely impact our earnings. Completion of the merger is conditioned upon customary closing conditions, including the receipt of all required governmental authorizations, consents, orders and approvals, including approval by certain federal and state banking regulators. We and BNC intend to pursue all required approvals in accordance with the merger agreement. However, there can be no assurance that such approvals will be obtained on the anticipated timeframe, or at all.

Failure to complete the merger could cause our results to be adversely affected, our stock price to decline or have a material and adverse effect on our liquidity and capital resources.

If the merger is not completed for any reason, our stock price may decline because costs related to the merger, such as legal, accounting and financial advisory fees, must be paid even if the merger is not completed. Moreover, if BNC terminates the merger agreement because our board of directors withdraws or modifies or qualifies its recommendation that our shareholders vote in favor of our issuance of shares of our common stock in connection with the merger, we may be required to pay a termination fee of $66.0 million to BNC. In addition, if the merger is not completed, whether because of our failure to receive required regulatory approvals in a timely fashion or because one of the parties has breached its obligations in a way that permits BNC to terminate the merger agreement, or for any other reason, our stock price may decline to the extent that the current market price reflects a market assumption that the merger will be completed.

Our proposed merger with BNC involves risks unlike those we have faced in connection with our other recent acquisitions.

Since January 1, 2015, we have acquired three financial institutions with aggregate total assets of approximately $2.93 billion as of the respective dates we consummated those acquisitions. BNC s total assets as of September 30, 2016 are approximately $6.802 billion, and accordingly BNC s total assets significantly exceed the aggregate total assets of all of these financial institutions combined. For the merger to be successful, we will need to, among other things, successfully export our business strategies to the new markets in which BNC operates and effectively manage a combined company that is over 50% larger than our present size, measured

by total assets. Moreover, all of our acquisitions to date have been of financial institutions headquartered in Tennessee with significant operations in markets with which we were familiar. BNC operates 76 banking offices across three states in many markets that are unfamiliar to us. We will rely heavily on BNC s existing personnel to grow loan and deposit balances in those markets and if we are unable to retain BNC s key employees our results of operations may be materially and adversely affected. In addition, BNC s loan portfolio is made up of a greater percentage of commercial real estate loans than we have in our portfolio and BNC is more dependent on noncore funding than we are. Our regulators will be closely monitoring the levels of commercial real estate loans in our portfolio following the closing of the merger and, if we are unable to originate a significant amount of loans in other segments of our portfolio or increase our capital levels in amounts sufficient to keep our concentration of these commercial real estate loans below regulatory guidelines, our ability to continue to aggressively grow our balance sheet may be negatively affected and our results of operations may be materially and adversely affected. In addition, if we are not able to increase the amount of core funding in these markets, particularly in lower cost deposits, our net interest margin and liquidity may be adversely affected which could result in a material and adverse impact on our results of operations.

In order to consummate the merger, the second step merger and the merger of Pinnacle Bank with the Bank of North Carolina we will be required to receive certain regulatory approvals. While we have been able to promptly secure the required regulatory approvals for our recently completed acquisitions, the complexity, size and geographic scope of our proposed merger with BNC may result in these required regulatory approvals being granted more slowly or not at all. If we are unable to secure the required regulatory approvals to consummate the merger as quickly as we have in other transactions, or at all, our ability to achieve the synergies and cost savings that we have estimated we can achieve in this transaction may be delayed and our results of operations may be materially and adversely affected. Moreover, a delay in receiving any required regulatory approvals may cause our stock price to decline. Moreover, as a condition to their approval of the merger with BNC, certain regulators may impose requirements, limitations or costs or place restrictions on the conduct of the business of the combined company after the closing of the acquisition. Any one of these requirements, limitations, costs or restrictions could jeopardize or delay the effective time of the merger or materially reduce the anticipated benefits of the transaction and could adversely affect our ability to integrate BNC with our operations and/or reduce or eliminate the anticipated benefits of the transaction. This could result in a failure to consummate the transactions or have a material adverse effect on the business and results of operations of the combined company.

We may face risks with respect to future acquisitions.

When we attempt to expand our business through mergers and acquisitions (as we have aggressively done recently), we seek targets that are culturally similar to us, have experienced management and possess either significant market presence or have potential for improved profitability through economies of scale or expanded services. In addition to the general risks associated with our growth plans which are highlighted above, in general acquiring other banks, businesses or branches, particularly those in markets with which we are less familiar, involves various risks commonly associated with acquisitions, including, among other things:

- the time and costs associated with identifying and evaluating potential acquisition and merger targets;
- inaccuracies in the estimates and judgments used to evaluate credit, operations, management and market risks with respect to the target institution;
- the time and costs of evaluating new markets, hiring experienced local management, including as a result of de novo expansion into a market, and opening new bank locations, and the time lags between these activities and the generation of sufficient assets and deposits to support the significant costs of the expansion that we may incur, particularly in the first 12 to 24 months of operations;
- our ability to finance an acquisition and possible dilution to our existing shareholders;

- the diversion of our management s attention to the negotiation of a transaction;
- the incurrence of an impairment of goodwill associated with an acquisition and adverse effects on our results of operations;
- entry into new markets where we have limited or no direct prior experience;
- closing delays and increased expenses related to the resolution of lawsuits filed by our shareholders or shareholders of companies we may seek to acquire;
- the inability to receive regulatory approvals timely or at all, or such approvals being restrictively conditional; and
- risks associated with integrating the operations and personnel of the acquired business.

We expect to continue to evaluate merger and acquisition opportunities that are presented to us in our current markets as well as other markets throughout the southeastern portion of the United States and conduct due diligence activities related to possible transactions with other financial institutions. As a result, merger or acquisition discussions and, in some cases, negotiations may take place and future mergers or acquisitions involving cash, debt or equity securities may occur at any time. Generally, acquisitions of financial institutions involve the payment of a premium over book and market values, and, therefore, some dilution of our book value and fully diluted earnings per share may occur in connection with any future transaction. Failure to realize the expected revenue increases, cost savings, increases in product presence and/or other projected benefits from an acquisition could have a material adverse effect on our financial condition and results of operations.

In addition, we may face significant competition from numerous other financial services institutions, many of which may have greater financial resources than we do, when considering acquisition opportunities, particularly in our targeted high-growth markets located outside of Tennessee. Accordingly, attractive acquisition opportunities may not be available to us. There can be no assurance that we will be successful in identifying or completing our pending or any potential future acquisitions.

Implementation of the various provisions of the Dodd-Frank Act may increase our operating costs or otherwise have a material effect on our business, financial condition or results of operations.

On July 21, 2010, former President Obama signed the Dodd-Frank Act. This landmark legislation includes, among other things, (i) the creation of a Financial Services Oversight Counsel to identify emerging systemic risks and improve interagency cooperation; (ii) the elimination of the Office of Thrift Supervision and the transfer of oversight of federally chartered thrift institutions and their holding companies to the Office of the Comptroller of the Currency and the Federal Reserve; (iii) the creation of a Consumer Financial Protection Agency authorized to promulgate and enforce consumer protection regulations relating to financial products that would affect banks and non-bank finance companies; (iv) the establishment of new capital and prudential standards for banks and bank holding companies; (v) enhanced regulation of financial markets, including the derivatives, securitization and mortgage origination markets; (vi) the elimination of certain proprietary trading and private equity investment activities by banks; (vii) the elimination of barriers to de novo interstate branching by banks; (viii) a permanent increase of FDIC deposit insurance to $250,000; (ix) the authorization of interest-bearing transaction accounts; and (x) changes in how the FDIC deposit insurance assessments are calculated and an increase in the minimum designated reserve ratio for the Deposit Insurance Fund.

Certain provisions of the legislation were not immediately effective or are subject to required studies and implementing regulations. Further, community banks with less than $10 billion in assets are exempt from certain provisions of the legislation. We exceeded $10 billion in assets upon the consummation of the Avenue

Table of Contents

merger, causing us to become subject to these additional regulations, and, as described below, our results of operations may be materially impacted by the additional costs to comply with these additional regulations as well as the higher costs associated with increased deposit insurance premiums.

The Dodd-Frank Act and its implementing regulations impose various additional requirements on bank holding companies with $10 billion or more in total assets, including compliance with portions of the Federal Reserve s enhanced prudential oversight requirements and annual stress testing requirements. In addition, banks with $10 billion or more in total assets are primarily examined by the CFPB with respect to various federal consumer financial protection laws and regulations. Previously, Pinnacle Bank was subject to regulations adopted by the CFPB, but the FDIC was primarily responsible for examining our compliance with consumer protection laws and those CFPB regulations. As a relatively new agency with evolving regulations and practices, there is uncertainty as to how the CFPB s examination and regulatory authority might impact our business.

Since we have exceeded $10 billion in assets, we will now be required, under the Dodd-Frank Act, to submit annually a stress test to the Federal Reserve that projects our performance in various economic scenarios provided by the Federal Reserve. We are required to submit our first stress test in 2017. The Dodd-Frank Act stress tests are forward-looking exercises conducted by the Federal Reserve and financial companies regulated by the Federal Reserve to help ensure institutions have sufficient capital to absorb losses and support operations during adverse economic conditions. In performing these stress tests, we will be required to make certain assumptions in modeling future performance and must support these assumptions through statistical analysis and observed market behavior where applicable. The outcome of the Federal Reserve s analysis of our projected performance (to include capital, earnings, and balance sheet changes) will be used in supervision of us and will assist the Federal Reserve in assessing our risk profile and capital adequacy. The results of any stress test that we perform could hinder our ability to pay quarterly cash dividends to shareholders as has been our practice, and could also impact decisions made by the Federal Reserve and other bank regulators regarding future acquisitions or investments by us or Pinnacle Bank.

In addition, beginning on July 1, 2017 we will become subject to the Durbin Amendment promulgated under the Dodd-Frank Act. Under the Durbin Amendment, interchange fees for debit card transactions are capped at $0.21 plus five basis points. This limitation on interchange fees will adversely impact our results of operations.

Compliance with these requirements that are now applicable to us since we have exceeded $10 billion in total assets may necessitate that we hire or contract with additional compliance or other personnel, design and implement additional internal controls, or incur other significant expenses, any of which could have a material adverse effect on our business, financial condition or results of operations. Compliance with the annual stress testing requirements, part of which must be publicly disclosed, may adversely affect our stock price or our ability to retain our customers or effectively compete for new business opportunities.

Although many of regulations implementing portions of the Dodd-Frank Act have been promulgated, we are still unable to predict how this significant legislation may be interpreted and enforced or the full extent to which implementing regulations and supervisory policies may affect us. Finally, President Donald Trump and the Congressional majority have indicated that the Dodd-Frank Act will be under further scrutiny and some of the provisions of the Dodd-Frank Act and CFTC rules promulgated thereunder may be revised, repealed or amended. There can be no assurance that these or future reforms will not significantly increase our compliance or operating costs or otherwise have a significant impact on our business, financial condition and results of operations.

Negative developments in the U.S. and local economy may adversely impact our results in the future.

Economic conditions in the markets in which we operate deteriorated significantly between early 2008 and the middle of 2010. These challenges manifested themselves primarily in the form of increased levels of provisions for loan losses and other real estate expense related to declining collateral values in our real estate loan portfolio and increased costs associated with our portfolio of other real estate owned. Although economic conditions appear to have stabilized and strengthened in our markets in the more recent periods and we have refocused our efforts on growing our earning assets, we believe that we will continue to experience an uncertain economic environment during 2017. Accordingly, we expect that our results of operations could be negatively impacted by economic conditions, including reduced loan demand. There can be no assurance that the economic conditions that have adversely affected the financial services industry, and the capital, credit and real estate markets, generally, or us in particular, will improve materially, or at all, in the near future, or thereafter, in which case we could experience reduced earnings or again experience significant losses and write-downs of assets, and could face capital and liquidity constraints or other business challenges.

Our ability to grow our loan portfolio may be limited by, among other things, economic conditions, competition within our market areas, the timing of loan repayments and seasonality.

Our ability to continue to improve our operating results is dependent upon, among other things, aggressively growing our loan portfolio. While we believe that our strategy to grow our loan portfolio is sound and our growth targets are achievable over an extended period of time, competition within our market areas is significant, particularly for borrowers whose businesses have been less negatively impacted by the challenging economic conditions of the last few years. We compete with both large regional and national financial institutions, who are sometimes able to offer more attractive interest rates and other financial terms than we choose to offer, and smaller community-based financial institutions who seek to offer a similar level of service to that which we offer. This competition can make loan growth challenging, particularly if we are unwilling to price loans at levels that would cause unacceptable levels of compression of our net interest margin or if we are unwilling to structure a loan in a manner that we believe results in a level of risk to us that we are not willing to accept. Moreover, loan growth throughout the year can fluctuate due in part to seasonality of the businesses of our borrowers and potential borrowers and the timing on loan repayments, particularly those of our borrowers with significant relationships with us, resulting from, among other things, excess levels of liquidity.

Our investment in BHG may not produce the contribution to our results of operations that we expect.

Pinnacle Financial and Pinnacle Bank collectively hold a 49% interest in BHG. While we have a significant stake in BHG, are entitled to designate two members of BHG s five person board of managers and in some instances have protective rights to block BHG from engaging in certain activities, including, until March 1, 2020, a sale of BHG (following March 1, 2020, the other managers can approve a sale of BHG without our consent), the other managers and members of BHG may make most decisions regarding BHG s operations without our consent or approval. Any sale of all or a portion of our interest in BHG would adversely affect our noninterest income. Moreover, there are certain limitations on our ability to sell our interest in BHG without first offering BHG and the other members a right of first refusal, and we are prohibited from transferring any portion of our interest without the consent of the other members of BHG prior to March 1, 2021, other than transfers in connection with an acquisition of Pinnacle Financial or Pinnacle Bank or as a result of a change in applicable law that forces us and/or Pinnacle Bank to divest our or Pinnacle Bank s ownership interests in BHG.

A significant portion of BHG s revenue (and correspondingly our interest in any of BHG s net profits) comes from the sale of loans originated by BHG to community banks. Moreover, the aggregate purchase price we paid to acquire our interest in BHG was based on our expectation that BHG will continue to grow its business and increase the amount of loans that it is able to originate and sell. In the event that BHG s loan growth slows over

Table of Contents

historical levels or its loan sales decrease (including but not limited to as a result of regulatory restrictions on banks that are the principal purchasers of BHG s loans), its results of operations and our non-interest income would be adversely affected. BHG currently operates in most states without the need for a permit or any other license. In the event that BHG was required to register or become licensed in any state in which it operates, or regulations are adopted that seek to limit BHG s ability to operate in any jurisdiction or that seek to limit the amounts of interest that BHG can charge on its loans, BHG s results of operations (and our and Pinnacle Bank s interest in BHG s net profits) could be materially and adversely affected.

BHG s business may become subject to increased scrutiny by the FDIC or the Federal Reserve as it grows or as a result of our investment. The FDIC has published guidance related to the operation of marketplace lenders and banks business relationships with such lenders and other third parties in which banks are required to exercise increased oversight and ongoing monitoring and other responsibility for such third parties compliance with applicable regulatory guidance and requirements. As a result, we are subject to enhanced responsibility for and risk related to BHG and our relationship with it. BHG s compliance costs may increase and its loan yields may be negatively impacted, which would negatively impact its results of operations and our and Pinnacle Bank s interest in BHG s net profits. If banks that are examined by the FDIC became restricted in their ability to buy loans originated by BHG, BHG s business would be negatively impacted, which would negatively impact our interest in BHG s profits.

Changes to requirements for bank holding companies and depository institutions that became effective January 1, 2015 and continue to be phased in may negatively impact Pinnacle Financial s and Pinnacle Bank s results of operations.

In July 2013, the Federal Reserve Board and the FDIC approved final rules that substantially amend the regulatory risk-based capital rules applicable to Pinnacle Bank and Pinnacle Financial. The final rules, which became effective on January 1, 2015, implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank Act.

Under these rules, the leverage and risk-based capital ratios of bank holding companies may not be lower than the leverage and risk-based capital ratios for insured depository institutions. The final rules include new minimum risk-based capital and leverage ratios. Moreover, these rules refine the definition of what constitutes capital for purposes of calculating those ratios, including the definitions of Tier 1 capital and Tier 2 capital. The minimum capital level requirements now applicable to bank holding companies and banks subject to the rules are: (i) a common equity Tier 1 risk-based capital ratio of 4.5%; (ii) a Tier 1 risk-based capital ratio of 6%; (iii) a total risk-based capital ratio of 8%; and (iv) a Tier 1 leverage ratio of 4% for all institutions. The rules also establish a capital conservation buffer of 2.5% (being phased in over three years beginning January 1, 2016) above the new regulatory minimum risk-based capital ratios, and result in the following minimum ratios once the capital conservation buffer is fully phased in: (i) a common equity Tier 1 risk-based capital ratio of 7%, (ii) a Tier 1 risk-based capital ratio of 8.5%, and (iii) a total risk-based capital ratio of 10.5%. The capital conservation buffer requirement was being phased in at 0.625% of risk-weighted assets in 2016 and will increase by a like amount each year until fully implemented in January 2019. We will be subject to limitations on paying dividends, engaging in share repurchases and paying discretionary bonuses if our capital levels fall below these minimums plus the buffer amounts. These limitations establish a maximum percentage of eligible retained income that could be utilized for such actions.

Under these rules, Tier 1 capital generally consists of common stock (plus related surplus) and retained earnings, limited amounts of minority interest in the form of additional Tier 1 capital instruments, and non-cumulative preferred stock and related surplus, subject to certain eligibility standards, less goodwill and other specified intangible assets and other regulatory deductions. Cumulative preferred stock and trust preferred securities issued after May 19, 2010, no longer qualify as Tier 1 capital, but such securities issued

Table of Contents

prior to May 19, 2010, including in the case of bank holding companies with less than $15.0 billion in total assets at that date, trust preferred securities issued prior to that date, continue to count as Tier 1 capital subject to certain limitations. If we consummate the merger, we expect that our total assets will exceed $15.0 billion, which, as a result of exceeding that level as a result of a merger, would cause the subordinated debentures we and BNC have issued in connection with prior trust preferred securities offerings to cease to qualify as Tier 1 capital under applicable banking regulations and we may need to increase the level of Tier 1 capital we maintain through issuances of common stock (in addition to the common stock we are offering pursuant to this prospectus supplement) or noncumulative perpetual preferred stock, which could cause dilution to our existing common shareholders. Though these trust preferred securities would no longer qualify as Tier 1 capital from and after the closing of the merger, we believe they would continue to qualify as Tier 2 capital. The definition of Tier 2 capital is generally unchanged for most banking organizations, subject to certain new eligibility criteria.

Common equity Tier 1 capital generally consists of common stock (plus related surplus) and retained earnings plus limited amounts of minority interest in the form of common stock, less goodwill and other specified intangible assets and other regulatory deductions.

The final rules allow banks and their holding companies with less than $250 billion in assets a one-time opportunity to opt-out of a requirement to include unrealized gains and losses in accumulated other comprehensive income in their capital calculation. Both Pinnacle Financial and Pinnacle Bank opted-out of this requirement.

The application of more stringent capital requirements for Pinnacle Financial and Pinnacle Bank, like those adopted to implement the Basel III reforms, could, among other things, result in lower returns on invested capital, require the raising of additional capital, like the shares of common stock offered hereby and the subordinated notes recently issued by Pinnacle Financial, and result in regulatory actions if we were to be unable to comply with such requirements. Furthermore, the imposition of liquidity requirements in connection with the implementation of Basel III could result in our having to lengthen the term of our funding, restructure our business models and/or increase our holdings of liquid assets.

Implementation of changes to asset risk weightings for risk based capital calculations, items included or deducted in calculating regulatory capital and/or additional capital conservation buffers could result in management modifying its business strategy and could limit our ability to make distributions, including paying dividends or buying back shares.

Our ability to maintain required capital levels and adequate sources of funding and liquidity could be impacted by changes in the capital markets and deteriorating economic and market conditions.

Federal and state bank regulators require Pinnacle Financial and Pinnacle Bank to maintain adequate levels of capital to support operations. At September 30, 2016, Pinnacle Financial s and Pinnacle Bank s regulatory capital ratios were at well-capitalized levels under regulatory guidelines. However, as described above, our business strategy calls for continued growth in our existing banking markets and targeted expansion in new markets. Growth in assets at rates in excess of the rate at which our capital is increased through retained earnings will reduce our capital ratios unless we continue to increase capital as we are seeking to do in connection with this offering. Failure by us to meet applicable capital guidelines or to satisfy certain other regulatory requirements could subject us to a variety of enforcement remedies available to the federal regulatory authorities and would negatively impact our ability to pursue acquisitions or other expansion opportunities.

In addition to the shares of common stock offered hereby, we may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs. Our ability to maintain capital levels, sources of funding and liquidity could be impacted by changes in the capital

markets and deteriorating economic and market conditions. Pinnacle Bank is required to obtain regulatory approval in order to pay dividends to Pinnacle Financial unless the amount of such dividends does not exceed its net income for that calendar year plus retained net income for the preceding two years. Any restriction on the ability of Pinnacle Bank to pay dividends to Pinnacle Financial could impact Pinnacle Financial s ability to continue to pay dividends on its common stock.

We cannot assure you that access to capital will be available to us on acceptable terms or at all. Any occurrence that may limit our access to the capital markets may materially and adversely affect our capital costs and our ability to raise capital and/or debt and, in turn, our liquidity. If we cannot raise additional capital when needed, our ability to expand through internal growth or acquisitions or to continue operations could be impaired.

Certain of our deposits and other funding sources may be volatile and impact our liquidity.

In addition to the traditional core deposits, such as demand deposit accounts, interest checking, money market savings and certificates of deposits less than $250,000, we utilize or in the past have utilized several noncore funding sources, such as brokered certificates of deposit, Federal Home Loan Bank (FHLB) of Cincinnati advances, federal funds purchased and other sources. We utilize these noncore funding sources to fund the ongoing operations and growth of Pinnacle Bank. The availability of these noncore funding sources is subject to broad economic conditions, in some instances regulation, and to investor assessment of our financial strength and, as such, the cost of funds may fluctuate significantly and/or the availability of such funds may be restricted, thus impacting our net interest income, our immediate liquidity and/or our access to additional liquidity. We have somewhat similar risks to the extent high balance core deposits exceed the amount of deposit insurance coverage available.

We impose certain internal limits as to the absolute level of noncore funding we will incur at any point in time. Should we exceed those limitations, we may need to modify our growth plans, liquidate certain assets, participate loans to correspondents or execute other actions to allow for us to return to an acceptable level of noncore funding within a reasonable amount of time.

We are dependent on our information technology and telecommunications systems and third-party servicers, and systems failures, interruptions or breaches of security could have an adverse effect on our financial condition and results of operations.

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify these systems as circumstances warrant, the security of our computer systems, software and networks may be vulnerable to breaches, unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact. We provide our customers the ability to bank remotely, including over the Internet or through their mobile device. The secure transmission of confidential information is a critical element of remote and mobile banking. Our network could be vulnerable to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. To the extent that our activities or the activities of our customers involve the storage and transmission of confidential information, security breaches (including breaches of security of customer systems and networks) and viruses could expose us to claims, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could adversely affect our reputation, results of operations and ability to attract and maintain customers and businesses. In addition, a security breach could also subject us to additional regulatory scrutiny, expose us to civil litigation and possible financial liability and cause reputational damage.

Table of Contents

In addition, we outsource many of our major systems, such as data processing, loan servicing and deposit processing systems. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If sustained or repeated, a system failure or service denial could result in a deterioration of our ability to process new and renewal loans, gather deposits and provide customer service, compromise our ability to operate effectively, damage our reputation, result in a loss of customer business and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

If we are able to consummate the merger, we will face similar risks with respect to BNC s computer systems and networks. We will have to analyze those systems to determine what protective measures are necessary, if any, to strengthen their systems. We may incur significant costs to upgrade their systems and networks and these costs may adversely affect our results of operations.

Environmental liability associated with commercial lending could result in losses.

In the course of business, Pinnacle Bank may acquire, through foreclosure, or deed in lieu of foreclosure, properties securing loans it has originated or purchased which are in default. Particularly in commercial real estate lending, there is a risk that hazardous substances could be discovered on these properties. In this event, we, or Pinnacle Bank, might be required to remove these substances from the affected properties at our sole cost and expense. The cost of this removal could substantially exceed the value of affected properties. We may not have adequate remedies against the prior owner or other responsible parties and could find it difficult or impossible to sell the affected properties. These events could have a material adverse effect on our business, results of operations and financial condition.

National or state legislation or regulation may increase our expenses and reduce earnings.

Bank regulators are increasing regulatory scrutiny, and additional restrictions (including those originating from the Dodd-Frank Act) on financial institutions have been proposed or adopted by regulators and by Congress. Changes in tax law, federal legislation, regulation or policies, such as bankruptcy laws, deposit insurance, consumer protection laws, and capital requirements, among others, can result in significant increases in our expenses and/or charge-offs, which may adversely affect our earnings. Changes in state or federal tax laws or regulations can have a similar impact. State and municipal governments, including the State of Tennessee, could seek to increase their tax revenues through increased tax levies which could have a meaningful impact on our results of operations. Furthermore, financial institution regulatory agencies are expected to continue to be aggressive in responding to concerns and trends identified in examinations, including the continued issuance of additional formal or informal enforcement or supervisory actions. These actions, whether formal or informal, could result in our agreeing to limitations or to take actions that limit our operational flexibility, restrict our growth or increase our capital or liquidity levels. Failure to comply with any formal or informal regulatory restrictions, including informal supervisory actions, could lead to further regulatory enforcement actions. Negative developments in the financial services industry and the impact of recently enacted or new legislation in response to those developments could negatively impact our operations by restricting our business operations, including our ability to originate or sell loans, and adversely impact our financial performance. In addition, industry, legislative or regulatory developments may cause us to materially change our existing strategic direction, capital strategies, compensation or operating plans.

A decline in our stock price or expected future cash flows, or a material adverse change in our results of operations or prospects, could result in impairment of our goodwill.

A significant and sustained decline in our stock price and market capitalization below book value, a significant decline in our expected future cash flows, a significant adverse change in the business climate, slower growth rates or other factors could result in impairment of our goodwill. At September 30, 2016, our goodwill and other identifiable intangible assets totaled approximately $566.8 million, and on a pro forma basis after giving effect to the BNC merger and this offering, would have been approximately $1.8 billion. If we were to conclude that a write-down of our goodwill is necessary, then the appropriate charge would likely cause a material loss. Any significant loss would further adversely impact the capacity of Pinnacle Bank to pay dividends to us without seeking prior regulatory approval, which could adversely affect our ability to pay required interest payments on our outstanding indebtedness.

Competition with other banking institutions could adversely affect our profitability.

A number of banking institutions in our geographic markets have higher lending limits, more banking offices, and a larger market share of loans or deposits than we do. In addition, our asset management division competes with numerous brokerage firms and mutual fund companies which are also much larger. In some respects, this may place these competitors in a competitive advantage. This competition may limit or reduce our profitability, reduce our growth and adversely affect our results of operations and financial condition.

Inability to retain senior management and key employees or to attract new experienced financial services professionals could impair our relationship with our customers, reduce growth and adversely affect our business.

We have assembled a senior management team which has substantial background and experience in banking and financial services in the Nashville, Knoxville, Memphis and Chattanooga markets. Moreover, much of our organic loan growth in 2012 through 2016 was the result of our ability to attract experienced financial services professionals who have been able to attract customers from other financial institutions. Inability to retain these key personnel (including key personnel of the businesses we have acquired and BNC, if the merger is consummated) or to continue to attract experienced lenders with established books of business could negatively impact our growth because of the loss of these individuals skills and customer relationships and/or the potential difficulty of promptly replacing them. Moreover, the higher costs we have to pay to hire and retain these experienced individuals could cause our noninterest expense levels to rise and negatively impact our results of operations.

We are subject to certain litigation, and our expenses related to this litigation may adversely affect our results.

We are from time to time subject to certain litigation in the ordinary course of our business. We may also be subject to claims related to our loan servicing programs, particularly those involving servicing of commercial real estate loans. These claims and legal actions, as well as supervisory actions by our regulators, including the Consumer Financial Protection Bureau of other regulatory agencies with which we deal, including those with oversight of our loan servicing programs, could involve large monetary claims and significant defense costs. The outcome of these cases is uncertain. Substantial legal liability or significant regulatory action against us could have material adverse financial effects or cause significant reputational harm to us, which in turn could seriously harm our business prospects.

Our business is dependent on technology, and an inability to invest in technological improvements may adversely affect our results of operations and financial condition.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of

technology increases efficiency and enables financial institutions to reduce costs. We have made significant investments in data processing, management information systems and internet banking accessibility. Our future success will depend in part upon our ability to create additional efficiencies in our operations through the use of technology. Many of our competitors have substantially greater resources to invest in technological improvements. We cannot make assurances that our technological improvements will increase our operational efficiency or that we will be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers.

We are subject to various statutes and regulations that may impose additional costs or limit our ability to take certain actions.

We operate in a highly regulated industry and are subject to examination, supervision, and comprehensive regulation by various regulatory agencies. Our compliance with these regulations is costly and restricts certain of our activities, including payment of dividends, mergers and acquisitions, investments, loans and interest rates charged on loans, interest rates paid on deposits and locations of offices. We are also subject to capital requirements established by our regulators, which require us to maintain specified levels of capital. It is possible that our FDIC assessments may increase in the future. Any future assessment increases could negatively impact our results of operations. Significant changes in laws and regulations applicable to the banking industry have been recently adopted and others are being considered in Congress. We cannot predict the effects of these changes on our business and profitability. Because government regulation greatly affects the business and financial results of commercial banks and bank holding companies, our cost of compliance could adversely affect our ability to operate profitably.

Risks related to our common stock and this offering

There are material limitations with making preliminary estimates of our and BNC s financial results for the three months and year ended December 31, 2016 prior to the completion of our and BNC s and our and BNC s auditors financial review procedures for such period.

The preliminary financial estimates contained in Prospectus supplement summary recent developments are not a comprehensive statement of our and BNC s financial results for the three months and year ended December 31, 2016 and have not been audited by our or BNC s, as applicable, independent registered public accounting firm. Our and BNC s consolidated financial statements for the year ended December 31, 2016 will not be available until after this offering is completed and, consequently, will not be available to you prior to investing in this offering. Our and BNC s actual financial results for the three months and year ended December 31, 2016 may differ materially from the preliminary financial estimates we have provided as a result of the completion of our and BNC s respective financial closing procedures, final adjustments and other developments arising between now and the time that our and BNC s financial results for the three months and year ended December 31, 2016 are finalized. The preliminary financial data for us and BNC for the three months and fiscal year ended December 31, 2016 included herein have been prepared by, and are the responsibility of, management. Neither Crowe Horwath LLP, our independent registered public accounting firm, nor Cherry Bekaert LLP, BNC s independent registered public accounting firm, has audited, reviewed, compiled or performed any procedures with respect to such preliminary estimates. Accordingly, neither Crowe Horwath LLP nor Cherry Bekaert LLP expresses an opinion or any other form of assurance with respect thereto.

The actual financial positions and results of operations of Pinnacle Financial and BNC may differ materially from the unaudited pro forma financial data included in this prospectus supplement.

The pro forma financial information contained in this prospectus supplement is presented for illustrative purposes only and may not be an indication of what our financial position or results of operations would have been had the transactions been completed on the dates indicated. The pro forma financial information has been

Table of Contents

derived from the audited and unaudited historical financial statements of Pinnacle Financial and BNC, and certain adjustments and assumptions have been made regarding the combined businesses after giving effect to the transactions. The assets and liabilities of BNC have been measured at fair value based on various preliminary estimates using assumptions that our management believes are reasonable utilizing information currently available. The process for estimating the fair value of acquired assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. These estimates may be revised as additional information becomes available and as additional analyses are performed. Differences between preliminary estimates in the pro forma financial information and the final acquisition accounting will occur and could have a material impact on the pro forma financial information and the combined company s financial position and future results of operations.

In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect our financial condition or results of operations following the closing. Any potential decline in our financial condition or results of operations may cause significant variations in our share price.

Our ability to declare and pay dividends is limited.

While our board of directors has approved the payment of a quarterly cash dividend on our common stock since the fourth quarter of 2013, there can be no assurance of whether or when we may pay dividends on our common stock in the future. Future dividends, if any, will be declared and paid at the discretion of our board of directors and will depend on a number of factors. Our principal source of funds used to pay cash dividends on our common stock will be dividends that we receive from Pinnacle Bank. Although Pinnacle Bank s asset quality, earnings performance, liquidity and capital requirements will be taken into account before we declare or pay any future dividends on our common stock, our board of directors will also consider our liquidity and capital requirements and our board of directors could determine to declare and pay dividends without relying on dividend payments from Pinnacle Bank.

Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends we may declare and pay and that Pinnacle Bank may declare and pay to us. For example, Federal Reserve Board regulations implementing the capital rules required under Basel III do not permit dividends unless capital levels exceed certain higher levels applying capital conservation buffers that began to apply on January 1, 2016 and are being phased in over three years. For more information on these restrictions see Dividend policy.

In addition, the terms of (i) the indenture pursuant to which our subordinated debentures have been issued, (ii) the subordinated notes we assumed upon consummation of the Avenue merger, and (iii) the subordinated debentures and subordinated notes we will assume upon the consummation of the merger with BNC, prohibit us from paying dividends on our common stock at times when we are deferring the payment of interest on such subordinated debentures or subordinated notes. Moreover, the terms of the loan agreement for Pinnacle Financial s line of credit prohibits us from paying dividends when there is an event of default existing under the loan agreement, or the payment of a dividend would cause an event of default.

We may issue additional common stock or other equity securities in the future which could dilute the ownership interest of existing shareholders.

In order to maintain our or Pinnacle Bank s capital at desired or regulatory-required levels, we may issue additional shares of common stock, or securities convertible into, exchangeable for or representing rights to acquire shares of common stock. We may sell these shares at prices below the current market price of shares, and the sale of these shares may significantly dilute shareholder ownership. We could also issue additional shares in connection with acquisitions of other financial institutions such as BNC or investments in fee-related businesses such as BHG, which would also dilute shareholder ownership.

Table of Contents

Holders of Pinnacle Financial s and Pinnacle Bank s indebtedness and junior subordinated debentures have rights that are senior to those of Pinnacle Financial s shareholders.

At September 30, 2016, Pinnacle Financial had outstanding trust preferred securities and accompanying junior subordinated debentures totaling $82.5 million. Payments of the principal and interest on the trust preferred securities are conditionally guaranteed by Pinnacle Financial, and the accompanying subordinated debentures are senior to shares of Pinnacle Financial s common stock. As a result, Pinnacle Financial must make payments on the subordinated debentures (and the related trust preferred securities) before any dividends can be paid on common stock and, in the event of Pinnacle Financial s bankruptcy, dissolution or liquidation, the holders of the subordinated debentures must be satisfied before any distributions can be made on Pinnacle Financial s common stock. Pinnacle Financial has the right to defer distributions on its junior subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid on its common stock. If our financial condition deteriorates or if we do not receive required regulatory approvals, we may be required to defer distributions on our junior subordinated debentures. Upon consummation of the merger with BNC, Pinnacle Financial will assume $50.5 million in outstanding principal of junior subordinated debentures issued by certain of BNC s subsidiaries. Such subordinated debentures will similarly rank senior to shares of Pinnacle s common stock.

From time to time, Pinnacle Financial and Pinnacle Bank have issued, and in connection with the Avenue merger, assumed, subordinated notes. At September 30, 2016, we had an aggregate of $150.0 million of subordinated notes outstanding, not including the subordinated debentures issued in connection with our trust preferred securities, and on November 16, 2016, Pinnacle Financial issued an additional $120.0 million of subordinated notes. In addition, upon consummation of the merger, we will assume $60.0 million of subordinated notes issued by BNC. The terms of these notes prohibit or will prohibit Pinnacle Financial or Pinnacle Bank, as applicable, from declaring or paying any dividends or distributions on its common stock at any time when payment of interest on these notes has not been timely made and while any such accrued and unpaid interest remains unpaid. Moreover, the notes we have issued or assumed, and the notes issued by BNC that we will assume in connection with the merger, rank, or will rank, senior to shares of Pinnacle Financial s common stock. In the event of any bankruptcy, dissolution or liquidation of Pinnacle Financial, these notes, along with Pinnacle Financial s other indebtedness, would have to be repaid before Pinnacle Financial s shareholders would be entitled to receive any of the assets of Pinnacle Financial.

Pinnacle Financial or Pinnacle Bank may from time to time issue additional subordinated indebtedness that would have to be repaid before Pinnacle Financial s shareholders would be entitled to receive any of the assets of Pinnacle Financial or Pinnacle Bank.

Our management will have broad discretion as to the use of proceeds from this offering, and you may not agree with the manner in which we use the proceeds.

We intend to use a portion of the net proceeds of this offering to support our growth, including the funding of organic growth and to implement our strategic initiatives, which may include the potential expansion of our business through opportunistic acquisitions, for working capital, and other general corporate purposes, and to strengthen our and Pinnacle Bank s regulatory capital position, although at present we do not have any current plans, arrangements or understandings to make any material capital investments or make any acquisitions, other than the merger which is an all-stock transaction. We have not formally designated the amount of net proceeds that we will contribute to Pinnacle Bank or that we will use for any particular purpose. Accordingly, our management will have broad discretion as to the application of the net proceeds of this offering and could use them for purposes other than those contemplated at the time of this offering. Our shareholders may not agree with the manner in which our management chooses to allocate and invest the net proceeds. We may not be successful in using the net proceeds from this offering to increase our profitability or market value, and we cannot predict whether the proceeds will be invested to yield a favorable return.

Table of Contents

Our issuance of preferred stock could adversely affect holders of our common stock.

We have the ability under our current registration statement to issue shares of preferred stock. Further, our shareholders authorized our board of directors to issue up to 10,000,000 shares of preferred stock without any further action on the part of our shareholders. Our board also has the power, without shareholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up, and other terms. In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution, or winding up, or if we issue debt securities, incur other borrowings or issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected.

Even though our common stock is currently traded on the Nasdaq Stock Market s Global Select Market, it has less liquidity than many other stocks quoted on a national securities exchange.

The trading volume in our common stock on the Nasdaq Global Select Market has been relatively low when compared with larger companies listed on the Nasdaq Global Select Market or other stock exchanges. Although we have experienced increased liquidity in our stock, we cannot say with any certainty that a more active and liquid trading market for our common stock will continue to develop, even after we consummate the merger. Because of this, it may be more difficult for shareholders to sell a substantial number of shares for the same price at which shareholders could sell a smaller number of shares.

We cannot predict the effect, if any, that future sales of our common stock in the market, or the availability of shares of common stock for sale in the market, will have on the market price of our common stock. We can give no assurance that sales of substantial amounts of common stock in the market, or the potential for large amounts of sales in the market, would not cause the price of our common stock to decline or impair our future ability to raise capital through sales of our common stock.

The market price of our common stock has fluctuated significantly, and may fluctuate in the future. These fluctuations may be unrelated to our performance. General market or industry price declines or overall market volatility in the future could adversely affect the price of our common stock, and the current market price may not be indicative of future market prices.

Our corporate organizational documents and the provisions of Tennessee law to which we are subject contain certain provisions that could have an anti-takeover effect and may delay, make more difficult or prevent an attempted acquisition of Pinnacle Financial that you may favor.

Our amended and restated charter, as amended, and bylaws, as amended, contain various provisions that could have an anti-takeover effect and may delay, discourage or prevent an attempted acquisition or change of control of Pinnacle Financial. These provisions include:

- a provision requiring our board of directors to take into account specific factors when considering an acquisition proposal;
- a provision that all extraordinary corporate transactions to which we are a party must be approved by a majority of the directors and a majority of the shares entitled to vote;
- a provision that any special meeting of our shareholders may be called only by our president, our board of directors, or the holders of 25% of the outstanding shares of our voting stock; and
- a provision establishing certain advance notice procedures for nomination of candidates for election as directors at an annual or special meeting of shareholders at which directors are elected.

Additionally, our amended and restated charter, as amended, authorizes the board of directors to issue shares of our preferred stock without shareholder approval and upon such terms as the board of directors may determine. The issuance of our preferred stock, while providing desirable flexibility in connection with possible acquisitions, financings, and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a controlling interest in us. In addition, certain provisions of Tennessee law, including a provision which restricts certain business combinations between a Tennessee corporation and certain affiliated shareholders, may delay, discourage or prevent an attempted acquisition or change in control of our company.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.

We are not restricted from issuing additional shares of our common stock or preferred stock, subject to the underwriting agreement entered into with the underwriter in connection with this offering, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The underwriter, in its sole discretion, may waive such restrictions in whole or in part at any time. The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering, by us or other of our shareholders, or the perception that such sales could occur.

An investment in our common stock is not an insured deposit and is not guaranteed by the FDIC, so you could lose some or all of your investment.

An investment in our common stock is not a bank deposit and, therefore, is not insured against loss or guaranteed by the FDIC, any other deposit insurance fund or by any other public or private entity. An investment in our common stock is inherently risky for the reasons described herein and you will bear the risk of loss if the value or market price of our common stock is adversely affected.

Table of Contents

Use of proceeds

We estimate that the net cash proceeds to us from the sale of our common stock will be approximately $166.1 million or approximately $191.2 million if the underwriter exercises its option to purchase additional shares in full, in each case, after deducting the underwriting discount and the estimated offering expenses payable by us. We intend to use the net proceeds from this offering to pay related fees and expenses, provide capital support for the growth of Pinnacle Bank, including in connection with our proposed acquisition of BNC, it if should occur, and for other general corporate purposes. The closing of this offering is not conditioned upon the closing of our proposed acquisition of BNC, and the closing of our proposed acquisition of BNC is not conditioned upon the closing of this offering. If we consummate the merger, we expect that our total assets will exceed $15.0 billion, which, as a result of exceeding that level due to a merger, would cause the subordinated debentures we and BNC have issued in connection with prior trust preferred securities offerings to cease to qualify as Tier 1 capital under applicable banking regulations. Though these securities would no longer qualify as Tier 1 capital from and after the closing of the merger, we believe they would continue to qualify as Tier 2 capital.

Our management will have broad discretion in the application of the net proceeds from this offering, and investors will be relying on the judgment of our management with regard to the use of these net proceeds. Pending the use of the net proceeds from this offering as described above, we may invest the net proceeds in short-term, investment-grade, interest-bearing instruments. See Risk factors Risks related to our common stock and this offering Our management will have broad discretion as to the use of proceeds from this offering, and you may not agree with the manner in which we use the proceeds.

Table of Contents

Selected historical consolidated financial and other data

Set forth below is selected consolidated financial data of Pinnacle Financial for the periods indicated. The selected consolidated financial data of Pinnacle Financial as of and for years 2011, 2012, 2013, 2014 and 2015 are derived from the audited consolidated financial statements of Pinnacle Financial, which were audited by KPMG LLP. The consolidated financial statements as of December 31, 2015 and December 31, 2014 and for each of the years in the three-year period ended December 31, 2015, together with the notes thereto and the report of KPMG LLP on those financial statements, are included in our annual report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The selected consolidated financial data as of and for the nine-month periods ended September 30, 2016 and September 30, 2105 are derived from unaudited condensed consolidated financial statements. The unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring items, which our management considers necessary for a fair presentation of our financial position and results of operations for these periods. The financial condition and results of operations as of and for the nine months ended September 30, 2016 do not purport to be indicative of the financial condition or results of operations to be expected as of or for the fiscal year ended December 31, 2016. The unaudited condensed consolidated financial statements as of September 30, 2016 and for the nine-month periods ended September 30, 2016 and September 30, 2015 together with the notes thereto are included in our quarterly report on Form 10-Q for the quarter ended September 30, 2016 which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the notes thereto, appearing in our annual report on Form 10-K for the fiscal year ended December 31, 2015 and our quarterly report on Form 10-Q for the quarter ended September 30, 2016, each of which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of and for the nine months ended September 30,		As of and for the year ended December 31,				
(Dollars in thousands, except per share data)	**2016(1)(2)**	**2015(3)(4)**	**2015(3)(4)**	**2014**	**2013**	**2012**	**2011**
Balance Sheet Data:							
Total assets	$ 10,978,389	$ 8,549,064	8,715,414	$ 6,018,248	$ 5,563,776	$ 5,040,549	$ 4,863,951
Loans, net of unearned income	8,241,020	6,335,989	6,543,235	4,590,027	4,144,493	3,712,162	3,291,351
Allowance for loan losses	(60,249)	(63,758)	(65,432)	(67,359)	(67,970)	(69,417)	(73,975)
Total securities	1,250,356	1,003,994	966,442	770,730	733,252	707,153	897,292
Goodwill, core deposit and other intangible assets	566,820	441,057	442,773	246,422	247,492	249,144	251,919
Deposits and securities sold under agreements to repurchase	8,754,463	6,668,756	7,050,498	4,876,600	4,603,938	4,129,855	3,785,931
Advances from Federal Home Loan Bank	382,338	545,330	300,305	195,476	90,637	75,850	226,069
Subordinated debt and other borrowings	262,507	142,476	142,476	96,158	98,658	106,158	97,476
Shareholders equity	1,475,643	1,134,226	1,155,611	802,693	723,708	679,071	710,145
Tangible shareholders equity(5)	908,823	693,169	712,838	556,271	476,216	429,927	458,226
Statement of Operations Data:							
Interest income	$ 262,116	$ 177,373	255,170	$ 206,170	$ 191,282	$ 185,422	$ 188,346
Interest expense	26,535	12,215	18,537	13,185	15,384	22,557	36,882
Net interest income	235,581	165,158	236,633	192,985	175,899	162,865	151,464
Provision for loan losses	15,282	3,729	9,188	3,635	7,856	5,569	21,798
Net interest income after provision for loan losses	220,299	161,429	227,445	189,350	168,042	157,296	129,666
Noninterest income	90,261	59,922	86,530	52,602	47,104	43,397	37,940
Noninterest expense	173,521	118,685	170,877	136,300	129,261	138,165	139,107
Income before income taxes	137,039	102,666	143,098	105,653	85,884	62,527	28,499
Income tax expense (benefit)	45,911	34,011	47,588	35,182	28,158	20,643	(15,238)
Net income	$ 91,128	$ 68,655	$ 95,510	$ 70,471	$ 57,726	$ 41,884	$ 43,737

Preferred dividends and accretion on common stock warrants						3,814	6,665
Net income available to common shareholders	$ 91,128	$ 68,655	$ 95,510	$ 70,471	$ 57,726	$ 38,070	$ 37,072

Table of Contents

(Dollars in thousands, except per share data)	As of and for the nine months ended September 30, 2016(1)(2)	2015(3)(4)	As of and for the year ended December 31, 2015(3)(4)	2014	2013	2012	2011
Per Share Data:							
Earnings per share available to common shareholders basic	$ 2.16	$ 1.91	2.58	$ 2.03	$ 1.69	$ 1.12	$ 1.11
Weighted average common shares outstanding basic	42,228,280	36,009,659	37,015,468	34,723,335	34,200,770	33,899,667	33,420,015
Earnings per share available to common shareholders diluted	$ 2.12	$ 1.86	2.52	$ 2.01	$ 1.67	$ 1.1	$ 1.09
Weighted average common shares outstanding diluted	42,928,467	36,944,171	37,973,788	35,126,890	34,509,261	34,487,808	34,060,228
Common dividends per share	$ 0.42	$ 0.36	0.48	$ 0.32	0.08		
Book value per common share	$ 31.97	$ 27.80	28.25	$ 22.45	$ 20.55	$ 19.57	$ 18.56
Tangible book value per common share(5)	$ 19.69	$ 16.99	17.46	$ 15.57	$ 13.52	$ 12.39	$ 11.31
Common shares outstanding at end of period	46,159,832	40,802,904	40,906,064	35,732,483	35,221,941	34,696,597	34,354,960

(Dollars in thousands, except per share data)	As of and for the nine months ended September 30, 2016(1)(2)	2015(3)(4)	As of and for the year ended December 31, 2015(3)(4)	2014	2013	2012	2011
Performance Ratios:							
Return on average assets	1.26%	1.38%	1.36%	1.24%	1.11%	0.78%	0.77%
Return on average shareholders equity	9.41%	10.43%	10.06%	9.19%	8.22%	5.46%	5.27%
Net interest margin(6)	3.69%	3.70%	3.72%	3.75%	3.77%	3.77%	3.55%
Net interest spread(7)	3.48%	3.56%	3.55%	3.65%	3.65%	3.61%	3.33%
Noninterest income to average assets	1.24%	1.20%	1.23%	0.92%	0.9%	0.89%	0.78%
Noninterest expense to average assets	2.39%	2.39%	2.42%	2.39%	2.48%	2.83%	2.88%
Efficiency ratio(8)	53.25%	52.73%	52.88%	55.50%	57.96%	66.99%	73.45%
Average loan to average deposit ratio	97.29%	96.94%	96.39%	93.15%	93.46%	92.78%	86.76%
Average interest-earning assets to average interest-bearing liabilities	139.13%	142.73%	142.77%	142.64%	137.78%	131.44%	125.84%
Average equity to average total assets ratio	13.35%	13.23%	13.47%	13.46%	13.47%	14.3%	14.55%
Annualized dividend payout ratio	19.93%	19.92%	18.97%	16.67%	20.38%	0%	0%
Asset Quality Ratios:							
Allowance for loan losses to nonaccrual loans	211.5%	212.2%	222.9%	403.2%	373.8%	304.2%	154.6%
Allowance for loan losses to total loans	0.73%	1.01%	1.00%	1.47%	1.64%	1.87%	2.25%
Nonperforming assets to total assets	0.31%	0.41%	0.42%	0.46%	0.6%	0.82%	1.8%
Nonperforming assets to total loans and other real estate	0.41%	0.57%	0.55%	0.61%	0.8%	1.11%	2.66%
Net loan charge-offs to average loans(9)	0.35%	0.28%	0.21%	0.1%	0.24%	0.29%	0.94%
Capital Ratios (Pinnacle Financial):							
Common equity Tier I risk-based capital	7.62%	8.74%	8.61%	10.10%			
Leverage(10)	8.31%	10.52%	9.37%	11.30%	10.90%	10.60%	11.40%
Tier 1 risk-based capital	8.42%	9.80%	9.63%	12.10%	11.80%	11.80%	13.80%
Total risk-based capital	10.57%	11.46%	11.24%	13.40%	13.00%	13.00%	15.30%

(1) Information for the first nine months of our 2016 fiscal year includes the operations of Avenue from its acquisition date of July 1, 2016 and reflects approximately 3.76 million shares of Pinnacle Financial common stock issued in connection with the acquisition.

(2) Information for the first nine months of our 2016 fiscal year includes the membership interest in BHG acquired by Pinnacle Bank which was 30% for the period from January 1, 2016, through March 1, 2016, and 49% (inclusive of the portion owned by Pinnacle Financial) thereafter.

(3) Information for our 2015 fiscal year end and for the first nine months of our 2015 fiscal year includes the operations of CapitalMark from its acquisition date of July 31, 2015 and Magna from its acquisition date of September 1, 2015 and reflects approximately 3.3 million shares and 1.4 million shares of Pinnacle Financial common stock issued in connection with the acquisitions of CapitalMark and Magna, respectively.

(4) Information for our 2015 fiscal year and for the first nine months of 2015 fiscal year includes the 30% membership interest in BHG which Pinnacle Bank acquired on February 1, 2015.

(5) Tangible shareholders equity and tangible book value per common share are non-GAAP financial measures that we believe provide management and investors with information that is useful in understanding our financial performance and condition. See Reconciliation of non-GAAP financial measures elsewhere in this prospectus supplement for discussion and a GAAP reconciliation of this measure.

(6) Net interest margin is the result of net interest income for the period (which is annualized in the case of the nine months ended September 30, 2016 and September 30, 2015) divided by average interest earning assets for the period.

(7) Net interest spread is the result of the difference between the interest earned on interest earning assets less the interest paid on interest bearing liabilities.

(8) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.

(9) For the nine months ended September 30, 2016 and 2015, calculated by annualizing year-to-date net loan charge-offs and dividing the result by average loans for the year-to-date period.

(10) Leverage ratio is computed by dividing Tier 1 capital by average total assets for the fourth quarter of each year for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011 and by average assets for the three months ended September 30, 2016 and 2015.

Table of Contents

Reconciliation of non-GAAP financial measures

This prospectus supplement contains certain financial measures regarding Pinnacle Financial that have been prepared other than in accordance with GAAP. These measures include tangible shareholders equity and tangible book value per common share. This prospectus supplement presents these non-GAAP financial measures because we believe they provide management and investors with information that is useful as a supplement to our financial statements in understanding our financial performance and condition. Non-GAAP financial measures are not necessarily comparable to GAAP measures and should not be viewed as a substitute for our results from operations that are prepared in accordance with GAAP.

The following table presents a reconciliation of our tangible shareholders equity and tangible book value per common share as of the periods indicated to the most comparable measures calculated in accordance with GAAP.

(Dollars in thousands, except per share data)	As of the nine months ended September 30,		As of the year ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
Tangible book value per common share:							
Shareholders equity	$ 1,475,643	$ 1,134,226	$ 1,155,611	$ 802,693	$ 723,708	$ 679,071	$ 710,145
Less: Preferred stock							69,097
Less: Goodwill, core deposit and other intangibles	566,820	441,057	442,773	246,422	247,492	249,144	251,919
Tangible common shareholders equity	908,823	693,169	712,838	556,271	476,216	429,927	389,129
Common shares outstanding	46,159,832	40,802,904	40,906,064	35,732,483	35,221,941	34,696,597	34,354,960
Tangible book value per common share	$ 19.69	$ 16.99	$ 17.46	$ 15.57	$ 13.52	$ 12.39	$ 11.31

Table of Contents

Unaudited pro forma condensed combined financial data

The following unaudited pro forma condensed consolidated statement of operations and other data give effect to:

- our acquisition of BNC;
- the sale of 2,764,613 shares of our common stock in this offering and our receipt of $166.1 million in estimated net proceeds, after deducting the underwriting discount and the estimated offering expenses payable by us assuming a public offering price of $63.30 per share, the closing sale price of our common stock on NASDAQ on January 20, 2017; and
- the issuance of an estimated approximately 27.6 million shares of our common stock to the shareholders of BNC in connection with the merger,

as if, in the case of the balance sheet data, our acquisition and the issuance of the shares of our common stock in this offering occurred as of September 30, 2016 and, in the case of the statement of operations data, those transactions occurred as of January 1, 2015.

The unaudited pro forma condensed consolidated statement of earnings and other data for 2015 and the nine months ended September 30, 2016 combines the consolidated results of operations of Pinnacle Financial with the combined results of operations of BNC for the respective periods giving effect to the merger as if it had been completed as of January 1, 2015. The unaudited pro forma condensed consolidated balance sheet data as of September 30, 2016 combines the consolidated balance sheet of Pinnacle Financial as of that date with the combined balance sheet of BNC as of that date and gives effect to the transactions described above as if those transactions had been completed as of that date. We will account for our acquisition of BNC under the purchase method of accounting.

With respect to this offering of common stock, the unaudited pro forma condensed combined financial data is based on an assumed offering price of $63.30 per share and the assumption that we are selling 2,764,613 shares of our common stock, and does not reflect the actual price to the public of $62.50 per share or the increase in the number of shares we are selling to 2,800,000 shares of our common stock. However, in each case, the estimated net proceeds to us is $166.1 million. The pro forma financial data appearing below is presented for illustrative purposes only, is based upon a number of assumptions and estimates and is subject to uncertainties, and that data does not purport to be indicative of the actual results of operations or financial condition that would have occurred had the transactions described above in fact occurred on the dates indicated, nor does it purport to be indicative of the results of operations or financial condition that we may achieve in the future.

The pro forma condensed combined financial data appearing below also does not consider any potential effects of changes in market conditions on revenues or expense efficiencies, among other factors. In addition, as explained in more detail in the accompanying notes, the preliminary allocation of the pro forma purchase price reflected in the pro forma condensed combined financial information is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon completion of the merger.

The unaudited pro forma condensed combined balance sheet data appearing below does not give pro forma effect to the following:

- BNC s acquisition of High Point Bank Corporation, which was consummated on November 1, 2016; or
- our issuance in a private placement of $120.0 million of subordinated notes due 2026 on November 16, 2016 and the use of approximately $57.0 million of the net proceeds from that offering to repay borrowings outstanding at that date under our line of credit.

The unaudited pro forma condensed combined statement of operations data appearing below does not give pro forma effect to the following for any period prior to the applicable date the transaction was consummated:

- either our initial or subsequent investments in BHG which were consummated on February 1, 2015 and March 1, 2016, respectively;
- our acquisition of CapitalMark, which was consummated on July 31, 2015;
- our acquisition of Magna, which was consummated on September 1, 2015;
- our acquisition of Avenue, which was consummated on July 1, 2016;
- BNC s acquisition of Valley Financial Corporation, which was consummated on July 1, 2015;
- BNC s acquisition of certain assets and assumption of certain liabilities of Certus Bank, N.A. on October 16, 2015;
- BNC s acquisition of Southcoast Financial Corporation, which was consummated on June 17, 2016;
- BNC s acquisition of High Point Bank Corporation, which was consummated on November 1, 2016; or
- our issuance in a private placement of $120.0 million of subordinated notes due 2026 on November 16, 2016 and the use of approximately $57.0 million of the net proceeds from that offering to repay borrowings outstanding at that date under our line of credit.

The pro forma financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and the notes thereto included in our annual report on Form 10-K for the fiscal year ended December 31, 2015 and our quarterly report on Form 10-Q for the quarter ended September 30, 2016, each of which are incorporated by reference into this prospectus supplement and the accompanying prospectus, and the historical financial statements of BNC and the notes thereto included in BNC s annual report on Form 10-K for the fiscal year ended December 31, 2015 and BNC s quarterly report on Form 10-Q for the quarter ended September 30, 2016, which financial statements and notes are incorporated by reference into this prospectus supplement and the accompanying prospectus.

As noted above, the acquisition of BNC will be accounted for using the purchase method of accounting. The total purchase price will be allocated to the tangible and intangible assets and liabilities acquired based on their respective fair values. The allocation of the purchase price reflected in the following pro forma financial statements is preliminary and is subject to adjustment upon receipt of, among other things, appraisals of some of the assets and liabilities of BNC.

Table of Contents

Unaudited pro forma condensed combined balance sheet

September 30, 2016

			Pro forma adjustments						
	Pinnacle financial historical	BNC historical	Stock issuance	Notes	Acquisition of BNC	Notes	Total pro forma adjustments	Notes	Pro forma (In thousands)
Assets:									
Cash and cash equivalents	$ 256, 977	$ 313,338	$ 166,125	AA	$ (43,865)	A	$ 122,260	AA, A	$ 692,575
Investment securities									
Held to maturity	26,605	295,276			(2,757)	B	(2,757)	B	319,124
Available for sale	1,223,751	543,013							1,766,764
Loans, net of unearned income	8,241,020	4,995,947			(94,429)	C	(94,429)	C	13,142,538
Allowance for loan losses	(60,249)	(36,366)			36,366	D	36,366	D	(60,249)
Loans, net	8,180,771	4,959,581			(58,063)		(58,063)		13,082,289
Goodwill	550,580	189,968			1,008,224	E	1,008,224	E	1,748,772
Core deposit	16,240	17,852			30,122	F	30,122	F	64,214
Premises and equipment	84,916	140,220							225,136
Other assets	638,549	342,314			30,282	G	30,282	G	1,011,145
Total assets	$ 10,978,389	$ 6,801,562	$ 166,125		$ 963,943		$ 1,130,068		$ 18,910,019
Liabilities and Shareholders Equity:									
Deposits and securities sold under agreements to repurchase	$ 8,754,463	$ 5,711,218							$ 14,465,681
Advances from Federal Home Loan Bank	382,338	134,540			$ (858)	H	$ (858)	H	516,020
Subordinated debt and other borrowings	262,507	114,974			(8,549)	I	(8,549)	I	368,932
Accrued expenses and other liabilities	103,438	45,618			30,126	J	30,126	J	179,182
Total liabilities	9,502,746	6,006,350			20,719		20,719		15,529,815
Shareholders equity									
Common stock and additional paid in capital	1,120,272	643,308	166,125	BB	1,095,128	K	1,261,253	BB, K	3,024,833
Retained earnings	351,484	143,317			(143,317)	L	(143,317)	L	351,484
Accumulated other comprehensive income	3,887	8,587			(8,587)	M	(8,587)	M	3,887
Total shareholders equity	1,475,643	795,212	166,125		943,224		1,109,349		3,380,204
Total liabilities and shareholders equity	$ 10,978,389	$ 6,801,562	$ 166,125		$ 963,943		$ 1,130,068		$ 18,910,019

Table of Contents

Unaudited pro forma condensed combined statement of operations

For the nine months ended September 30, 2016

	Pinnacle financial historical	BNC historical	Stock issuance	Notes	Acquisition of BNC	Notes	Pro forma
			Pro forma adjustments				
			(In thousands, except share and per share data)				
Statement of Operations Data:							
Interest income	$ 262,116	$ 179,914			$ 8,479	N	$ 450,509
Interest expense	26,535	26,077			(179)	O	52,433
Net interest income	235,581	153,837			8,658		398,076
Provision for loan losses	15,282	3,210					18,492
Net interest income after provision for loan losses	220,299	150,627			8,658		379,584
Noninterest income	90,261	26,788					117,049
Noninterest expense	170,376	106,056					276,432
Amortization of intangible assets	3,145	3,505			1,394	P	8,044
Income before income taxes	137,039	67,854			7,264		212,157
Income taxes	45,911	20,632			2,850	Q	69,393
Net income	$ 91,128	$ 47,222			$ 4,414		$ 142,764
Per Share Data:							
Earnings per share basic	$ 2.16	$ 1.09					$ 2.11
Weighted average common shares outstanding basic	42,228,280	43,194,871	2,764,613	CC			67,605,408
Earnings per share diluted	$ 2.12	$ 1.09					$ 2.09
Weighted average common shares outstanding diluted	42,928,467	43,286,574	2,764,613	CC			68,353,601

Table of Contents

Unaudited pro forma condensed combined statement of operations

For the fiscal year ended December 31, 2015

				Pro forma adjustments			
	Pinnacle financial historical	BNC historical	Stock issuance	Notes	Acquisition of BNC	Notes	Pro forma
	(In thousands, except share and per share data)						
Statement of Operations Data:							
Interest income	$ 255,170	$ 198,486			$ 17,344	N	$ 471,000
Interest expense	18,537	26,684			(238)	O	44,983
Net interest income	236,633	171,802			17,582		426,017
Provision for loan losses	9,188	1,896					11,084
Net interest income after provision for loan losses	227,445	169,906			17,582		414,933
Noninterest income	86,530	32,448					118,978
Noninterest expense	168,903	135,190					304,093
Amortization of intangible assets	1,974	3,965			4,430	P	10,369
Income before income taxes	143,098	63,199			13,152		219,449
Income taxes	47,588	18,749			5,160	Q	71,497
Net income	$ 95,510	$ 44,450			$ 7,992		$ 147,952
Per Share Data:							
Earnings per share basic	$ 2.58	$ 1.25					$ 2.53
Weighted average common shares outstanding basic	37,015,468	35,691,059	2,764,613	CC			58,464,350
Earnings per share diluted	$ 2.52	$ 1.24					$ 2.49
Weighted average common shares outstanding diluted	37,973,788	35,782,246	2,764,613	CC			59,470,407

Note 1 Basis of presentation

The pro forma condensed combined financial information and explanatory notes have been prepared to illustrate the effects of the merger involving Pinnacle Financial and BNC under the acquisition method of accounting with Pinnacle Financial treated as the acquirer. The pro forma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of each period presented, nor does it necessarily indicate the results of operations in future periods or the future financial position of the combined entities. Under the acquisition method of accounting, the assets and liabilities of BNC, as of the effective date of the merger, will be recorded by Pinnacle Financial at their respective fair values and the excess of the merger consideration over the fair value of BNC s net assets will be allocated to goodwill.

The merger, which is currently expected to be completed in the third quarter of 2017, provides for BNC common shareholders to receive 0.5235 shares of Pinnacle Financial common stock for each share of BNC common stock they hold immediately prior to the merger. Based on the closing sale price of shares of Pinnacle Financial common stock on the NASDAQ on January 20, 2017 of $63.30, the last trading day before the public announcement of the signing of the merger agreement, the value of the merger consideration per share of BNC common stock was $33.14. Based on the average closing trading price of shares of Pinnacle Financial common stock on the NASDAQ over the twenty trading days ended January 20, 2017, the value of the merger consideration per share of BNC common stock was $35.70.

The pro forma allocation of the purchase price reflected in the pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed. Adjustments may include, but not be limited to, changes in (i) BNC s balance sheet through the effective time of the merger; (ii) the aggregate value of merger consideration paid if the price of shares of Pinnacle Financial common stock varies from the assumed $63.30 per share, which represents the closing share price of Pinnacle Financial common stock on January 20, 2017; (iii) total merger-related expenses if consummation and/or implementation costs vary from currently estimated amounts; and (iv) the underlying values of assets and liabilities if market conditions differ from current assumptions.

The accounting policies of both Pinnacle Financial and BNC are in the process of being reviewed in detail. Upon completion of such review, conforming adjustments or financial statement reclassification may be determined.

Note 2 Preliminary Purchase Price Allocation

The pro forma adjustments include the estimated purchase accounting entries to record the merger transaction. The excess of the purchase price over the fair value of net assets acquired, net of deferred taxes, is allocated to goodwill. The fair values are estimated as of September 30, 2016. Estimated fair value adjustments included in the pro forma financial statements are based upon available information and certain assumptions considered reasonable, and may be revised as additional information becomes available.

Core deposit intangible assets of $48.0 million are included in the pro forma adjustments separate from goodwill and amortized using the sum-of-the-years-digits method over ten years. Actual amortization will be recorded on an accelerated basis which reflects the anticipated life of the underlying assets. Goodwill totaling $1.2 billion is included in the pro forma adjustments and is not subject to amortization. The purchase price is contingent on Pinnacle Financial s price per common share at the closing date of the merger, which has not yet occurred. A 10% increase or decrease in Pinnacle Financial s closing sale price per share of common stock on January 20, 2017 of $63.30 would result in a corresponding goodwill adjustment of approximately $174.9 million.

The preliminary purchase price allocation is as follows:

in millions except per share amounts

Pro Forma Purchase Price(1)		
Estimated BNC shares outstanding (includes restricted stock awards that will vest upon change in control)	52,732,799	
Exchange ratio to Pinnacle Financial shares	0.5235	
Pinnacle Financial shares to issue	27,605,620	
Issuance price	$ 63.30	
Value of Pinnacle Financial common stock issued	1,747,435,764	
Number of BNC stock options outstanding	66,443	
Weighted average exercise price	$ 9.75	
Fair value of each option	$ 34.82	
Fair value of acquired options	$ 1,665,592	
Total estimated consideration to be paid		$ 1,749,101,356
BNC Net Assets Estimated at Fair Value		
Assets acquired:		
Cash and short-term investments		280,138
Securities investments		835,532
Loans and leases		4,901,518
Other intangible assets		47,974
Other assets		512,816
Total assets acquired		6,577,979
Liabilities assumed:		
Deposits		5,711,219
Advances from the FHLB		133,681
Subordinated debt and other borrowings		106,425
Accrued expenses and other liabilities		75,744
Total liabilities assumed		6,027,069
Net assets acquired		550,910
Preliminary pro forma goodwill		$ 1,198,192

(1) Totals may not add up due to rounding.

Note 3 Pro forma adjustments

The following pro forma adjustments have been reflected in the pro forma condensed combined financial information. All taxable adjustments were calculated using a blended statutory effective tax rate of 39.23% to account for both federal and state tax obligations to arrive at deferred tax asset or liability adjustments. All adjustments are based on current assumptions and valuations, which are subject to change.

AA Adjustments to cash and cash equivalents to reflect net proceeds of $166.1 million from the common stock offering described in this prospectus supplement, after deducting underwriting discounts and commissions and the estimated expenses payable by us in connection with the offering.

BB Adjustments to Pinnacle Financial common stock and additional paid in capital to eliminate BNC common stock and additional paid in capital and record shares of Pinnacle Financial common stock outstanding,

calculated using the exchange ratio of 0.5235 per share for all shares, inclusive of 2,764,613 shares of common stock to be issued pursuant to this prospectus supplement.

CC Adjustments to weighted-average shares of Pinnacle Financial common stock outstanding to eliminate weighted-average shares of BNC common stock outstanding and record shares of Pinnacle Financial common stock outstanding, calculated using the exchange ratio of 0.5235 per share for all shares, inclusive of 2,764,613 shares of common stock to be issued pursuant to this prospectus supplement.

A Adjustments to cash and short-term investments to reflect assumed estimated pre-tax merger- and integration-related costs of $33.2 million, cash paid to redeem outstanding BNC common stock options of $1.7 million, and estimated fees paid to Pinnacle Financial s financial advisors related to the merger. See Note 4.

B Adjustment to securities classified as held-to-maturity to reflect estimated fair value of acquired investment securities as of September 30, 2016.

C Incremental adjustment to loans, net of unearned income to reflect net estimated fair value adjustments, which included lifetime credit loss expectations, current interest rates and liquidity, to acquired loans.

D Elimination of BNC s existing allowance for loan losses. Purchased loans in a business combination are recorded at estimated fair value on the purchase date and the carryover of the related allowance for loan losses is prohibited.

E Adjustments to goodwill to eliminate BNC goodwill of $190.0 million at merger date and record estimated goodwill associated with the merger of $1.2 billion.

F Adjustments to other intangible assets to eliminate BNC s other intangible assets of $17.9 million and record an estimated core deposit intangible asset associated with the merger of $48.0 million.

G Adjustment to deferred tax assets to reflect the effects of the fair value acquisition accounting adjustments and contractually obligated merger costs.

H. Adjustment to debt to reflect estimated fair value of $858,000 of acquired FHLB advances outstanding as of September 30, 2016.

I Adjustment to debt to reflect estimated fair value of $8.5 million of long term debt of BNC outstanding as of September 30, 2016.

J Adjustment to accrued expenses and other liabilities to reflect the effects of the fair value acquisition accounting adjustments and merger- and integration-related costs of $30.0 million. See Note 4.

K Adjustment to remove BNC common stock and additional paid in capital and to record the issuance of 27,605,620 million shares of Pinnacle Financial common stock to BNC common shareholders of $27.6 million par value and additional paid in capital of $1.7 billion.

L Adjustment to eliminate BNC retained earnings.

M Adjustments to eliminate remaining BNC accumulated other comprehensive income balances of $8.6 million.

N Net adjustments to interest income of $17.3 million and $8.5 million for the nine months ended September 30, 2016 and year ended December 31, 2015, respectively, to eliminate BNC amortization of premiums and accretion of discounts on previously acquired loans and securities and record estimated amortization of premiums and accretion of discounts on acquired loans and held-to-maturity securities.

O Reflects incremental interest expense of $179,000 for the nine months ended September 30, 2016 and $238,000 for the year ended December 31, 2015, respectively, related to the fair value adjustments on the acquired FHLB advances, trust preferred securities and subordinated debt issuances.

Table of Contents

P Net adjustments to noninterest expense of $1.4 million for the nine months ended September 30, 2016 and $4.4 million for the year ended December 31, 2015 to eliminate BNC amortization expense on other intangible assets and record estimated amortization of acquired other intangible assets. See Note 2 for additional information regarding Pinnacle Financial s amortization of acquired other intangible assets.

Q Adjustment to income tax expense to record the income tax effects of pro forma adjustments at the estimated combined statutory federal and state tax rate of 39.23%.

Note 4 Merger integration costs

Merger- and integration-related costs are not included in the pro forma condensed combined statements of income since they will be recorded in the combined results of income as they are incurred prior to, or after completion of, the merger and are not indicative of what the historical results of the combined company would have been had the companies been actually combined during the periods presented. Merger- and integration-related costs expected to be incurred by Pinnacle include financial, legal and advisory fees, software termination expenses and lease termination expenses, and are estimated to be $100.1 million pretax; $63.3 million of which is estimated to be incurred at closing. The $63.3 million of merger- and integration-related charges are reflected in the pro forma adjustments to the pro forma condensed combined balance sheet as a $33.2 million reduction to cash and a $30.0 million decrease to accrued expenses and other liabilities. The balance of $36.8 million of merger- and integration-related charges will be incurred after completion of the merger. None of these estimated merger- and integration-related charges had been incurred as of September 30, 2016.

Table of Contents

Capitalization

The following table sets forth our total shareholders equity as of September 30, 2016 (1) on an actual basis, (2) on an as adjusted basis to give effect to this offering as if it had occurred on that date and (3) on a pro forma basis to reflect the following transactions as if they had occurred on that date:

- the sale of 2,800,000 shares of our common stock in this offering and our receipt of $166.1 million in estimated net proceeds from this offering after deducting the underwriting discounts and commissions and the estimated expenses of this offering payable by us; and

- our acquisition of BNC and the issuance of an estimated approximately 27.6 million shares of our common stock in connection the completion of the merger.

The pro forma financial data appearing below is based upon a number of other assumptions and estimates and is subject to uncertainties, and this table should be read in conjunction with the information under Unaudited pro forma condensed combined financial statements appearing elsewhere in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and the notes thereto included in our annual report on Form 10-K for the fiscal year ended December 31, 2015 and our quarterly report on Form 10-Q for the quarter ended September 30, 2016, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	September 30, 2016		
	Actual	**As adjusted**	**Pro forma (Unaudited)**
			(Dollars in thousands)
Long-term debt:			
Subordinated debt and other borrowings	$ 262,507(1)	$ 262,507(1)	$ 368,932(1)
Shareholders equity:			
Preferred stock, no par value, Authorized shares 10,000,000 no shares issued and outstanding			
Common stock, par value $1.00 per share			
Authorized shares 90,000,000			
Issued shares 46,159,832 actual; 48,959,832 as adjusted and 76,565,452 pro forma	46,160	48,960	76,566
Additional paid-in capital	1,074,112	1,237,437	2,948,267
Retained earnings	351,484	351,484	351,484
Accumulated other comprehensive income, net of taxes	3,887	3,887	3,887
Total shareholders equity	1,475,643	1,641,768	3,380,204

(1) This amount includes approximately $29.9 million of borrowings under Pinnacle Financial s line of credit, which were repaid in full in the fourth quarter of 2016.

Table of Contents

Price range of common stock

The following table presents the range of high and low sale prices of our common stock reported on the NASDAQ Global Select Market and cash dividends paid per share of our common stock or the periods shown below:

	Sale price per share		Cash dividends Per share
	High	**Low**	
Year Ended December 31, 2015			
First Quarter	$ 45.31	$ 35.01	$ 0.12
Second Quarter	$ 55.43	$ 43.44	$ 0.12
Third Quarter	$ 56.00	$ 44.86	$ 0.12
Fourth Quarter	$ 57.99	$ 46.25	$ 0.12
Year Ending December 31, 2016			
First Quarter	$ 52.82	$ 43.32	$ 0.14
Second Quarter	$ 52.54	$ 44.61	$ 0.14
Third Quarter	$ 57.34	$ 46.82	$ 0.14
Fourth Quarter	$ 71.85	$ 49.40	$ 0.14
Year Ending December 31, 2017			
First Quarter (through January 23, 2017)	$ 70.90	$ 61.07	

As of January 20, 2017, there were approximately 2,502 holders of record of our common stock and approximately 46,489,859 shares of our common stock outstanding. On January 23, 2017, the closing sale price for our common stock was $64.25 per share, as reported on the NASDAQ Global Select Market.

Table of Contents

Dividend policy

During each quarter of 2015 and 2016, our board of directors declared and we paid a dividend of $0.12 and $0.14 per share, respectively. On January 17, 2017, our board of directors declared a dividend of $0.14 per share on our common stock payable on February 24, 2017 to shareholders of record as of February 3, 2017. The amount and timing of all future dividend payments, if any, is subject to Board discretion and will depend on our earnings, capital position, financial condition and other factors, including new regulatory capital requirements, as they become known to us.

Pinnacle Financial is a legal entity separate and distinct from Pinnacle Bank. The principal source of Pinnacle Financial s cash flow, including cash flow to pay interest to its holders of subordinated notes and subordinated debentures, and any dividends payable to common shareholders, are dividends that Pinnacle Bank pays to Pinnacle Financial as its sole shareholder. Under Tennessee law, Pinnacle Financial is not permitted to pay dividends if, after giving effect to such payment, it would not be able to pay its debts as they become due in the usual course of business or its total assets would be less than the sum of its total liabilities plus any amounts needed to satisfy any preferential rights of holders of any preferred stock if it were dissolving. In addition, in deciding whether or not to declare a dividend of any particular size, Pinnacle Financial s board of directors must consider its and Pinnacle Bank s current and prospective capital, liquidity, and other needs.

In addition to state law limitations on Pinnacle Financial s ability to pay dividends, the Federal Reserve imposes limitations on Pinnacle Financial s ability to pay dividends. Federal Reserve Board regulations limit dividends, stock repurchases and discretionary bonuses to executive officers if Pinnacle Financial s regulatory capital is below the level of regulatory minimums plus any applicable capital conservation buffer.

Statutory and regulatory limitations also apply to Pinnacle Bank s payment of dividends to Pinnacle Financial. Pinnacle Bank is required by Tennessee law to obtain the prior approval of the Commissioner of the TDFI for payments of dividends if the total of all dividends declared by its board of directors in any calendar year will exceed (1) the total of Pinnacle Bank s net income for that year, plus (2) Pinnacle Bank s retained net income for the preceding two years.

The payment of dividends by Pinnacle Bank and Pinnacle Financial may also be affected by other factors, such as the requirement to maintain adequate capital above statutory and regulatory requirements imposed on Pinnacle Bank or Pinnacle Financial by their regulators. The federal banking agencies have indicated that paying dividends that deplete a depository institution s capital base to an inadequate level would be an unsafe and unsound banking practice. Under the Federal Deposit Insurance Corporation Improvement Act of 1991, a depository institution may not pay any dividend if payment would cause it to become undercapitalized or if it already is undercapitalized. Moreover, the federal agencies have issued policy statements that provide that bank holding companies and insured depository institutions should generally only pay dividends out of current operating earnings, and the new capital rules prohibit the payment of dividends when a holding company or insured depository institution is not in compliance with the capital conservation buffer described in our Annual Report on Form 10-K for the year ended December 31, 2015 incorporated by reference in this prospectus supplement and the accompanying prospectus.

Table of Contents

Description of common stock

The following is a description of our common stock and certain provisions of our amended and restated charter and our bylaws, each as amended, and certain provisions of applicable law. The following is only a summary and is qualified by applicable law and by the provisions of our amended and restated charter and our bylaws, each as amended, copies of which have been filed with the SEC and are also available upon request from us.

General

The authorized capital stock of Pinnacle Financial consists of 90 million shares of common stock, par value $1.00 per share, and 10 million shares of preferred stock, no par value. As of January 20, 2017, 46,489,859 shares of Pinnacle Financial common stock were outstanding, and no shares of Pinnacle Financial preferred stock were outstanding. The preferred stock may be issued in one or more series with those terms and at those times and for any consideration as the Pinnacle Financial board of directors determines.

The following summary of the terms of the capital stock of Pinnacle Financial is not intended to be complete and is subject in all respects to the applicable provisions of the Tennessee Business Corporation Act, or the TBCA, and is qualified by reference to our amended and restated charter and our bylaws, each as amended. To obtain copies of these documents, see Where you can find more information on page S-72.

Common stock

The outstanding shares of Pinnacle Financial common stock are fully paid and nonassessable. Holders of Pinnacle Financial common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholders. Holders of Pinnacle Financial common stock do not have pre-emptive rights and are not entitled to cumulative voting rights with respect to the election of directors. The Pinnacle Financial common stock is neither redeemable nor convertible into other securities, and there are no sinking fund provisions.

Subject to the preferences applicable to any shares of Pinnacle Financial preferred stock outstanding at the time, holders of Pinnacle Financial common stock are entitled to dividends when and as declared by the Pinnacle Financial board of directors from legally available funds and are entitled, in the event of liquidation, to share ratably in all assets remaining after payment of liabilities.

Preferred stock

No shares of preferred stock are outstanding. The board of directors of Pinnacle Financial may, without further action by the shareholders of Pinnacle Financial, issue one or more series of Pinnacle Financial preferred stock and fix the rights and preferences of those shares, including the dividend rights, dividend rates, conversion rights, exchange rights, voting rights, terms of redemption, redemption price or prices, liquidation preferences, the number of shares constituting any series and the designation of such series.

Election of directors by shareholders

Until the annual meeting of Pinnacle Financial s shareholders in 2017, Pinnacle Financial s charter and bylaws provide that the Pinnacle Financial board of directors is to be divided into three classes as nearly equal in number as possible. Starting with the annual meeting of Pinnacle Financial s shareholders in 2017, the Pinnacle Financial board of directors will no longer be classified into three classes. In order to phase in this declassification of Pinnacle Financial s board, the directors comprising each class were elected to one-year terms upon the expiration of their terms beginning with our annual meeting of shareholders in 2015. In addition, Pinnacle Financial s bylaws provide that the power to increase or decrease the number of directors

and to fill vacancies is vested in the Pinnacle Financial board of directors. The overall effect of this provision may be to prevent a person or entity from seeking to acquire control of Pinnacle Financial through an increase in the number of directors on the Pinnacle Financial board of directors.

Corporate transactions

Our amended and restated charter, as amended, with exceptions, requires that any merger or similar transaction involving us or any sale or other disposition of all or substantially all of our assets will require the affirmative vote of a majority of our directors then in office and the affirmative vote of a majority of the holders of the outstanding shares of our stock entitled to vote on the transaction.

Our amended and restated charter, as amended, describes the factors that our board of directors must consider in evaluating whether an acquisition proposal made by another party is in our shareholders best interests. The term acquisition proposal refers to any offer of another party to:

- make a tender offer or exchange offer for our common stock or any other equity security of ours;
- merge or consolidate us with another corporation; or
- purchase or otherwise acquire all or substantially all of the properties and assets owned by us.

The board of directors, in determining what is in our and our shareholders best interests, is required to give due consideration to all relevant factors, including, without limitation:

- the short-term and long-term social and economic effects of the transaction on our and our subsidiaries employees, clients, shareholders and other constituents;
- the consideration being offered by the other corporation in relation to (1) our current value at the time of the proposal as determined in a freely negotiated transaction and (2) the board of directors estimate of our future value as an independent company at the time of the proposal; and
- the short-term and long-term social and economic effects on the communities within which we operate.

We have included this provision in our amended and restated charter, as amended, because serving our community was, and remains, one of the reasons for organizing Pinnacle Bank. As a result, the board of directors believes its obligation in evaluating an acquisition proposal extends beyond evaluating merely the payment being offered in relation to the market or book value of our common stock at the time of the proposal.

While the value of what is being offered to shareholders in exchange for their stock is the main factor when weighing the benefits of an acquisition proposal, our board of directors believes it is appropriate to also consider other factors the board deems relevant. For example, the board will evaluate what is being offered in relation to our current value at the time of the proposal as determined in a freely negotiated transaction and in relation to the board s estimate of our future value as an independent concern at the time of the proposal. A takeover bid often places the target corporation virtually in the position of making a forced sale, sometimes when the market price of its stock may be depressed. Our board of directors believes that frequently the payment offered in such a situation, even though it may exceed the value at which shares are then trading, is less than that which could be obtained in a freely negotiated transaction. In a freely negotiated transaction, management would have the opportunity to seek a suitable partner at a time of its choosing and to negotiate for the most favorable price and terms that would reflect not only on our current value, but also our future value.

One effect of the provision requiring our board of directors to take into account specific factors when considering an acquisition proposal may be to discourage a tender offer in advance. Often an offeror consults the board of a target corporation before or after beginning a tender offer in an attempt to prevent a contest from developing. In our board s opinion, this provision will strengthen its position in dealing with any potential

Table of Contents

offeror that might attempt to acquire the company through a hostile tender offer. Another effect of this provision may be to dissuade shareholders who might be displeased with the board s response to an acquisition proposal from engaging us in costly litigation.

The applicable charter provisions would not make an acquisition proposal regarded by our board of directors as being in our best interests more difficult to accomplish. It would, however, permit the board to determine that an acquisition proposal was not in our best interests, and thus to oppose it, on the basis of the various factors that the board deems relevant. In some cases, opposition by the board might have the effect of maintaining incumbent management.

Our amended and restated charter, as amended, provides that all extraordinary corporate transactions to which we are a party must be approved by a majority of the directors and a majority of the shares entitled to vote.

Anti-takeover statutes

The Tennessee Control Share Acquisition Act generally provides that, except as stated below, control shares will not have any voting rights. Control shares are shares acquired by a person under certain circumstances which, when added to other shares owned, would give such person effective control over one-fifth, one-third, or a majority of all voting power in the election of a Tennessee corporation s directors. Shares acquired by such person that causes it to exceed each of these thresholds will be deemed to be control shares. However, voting rights will be restored to control shares by resolution approved by the affirmative vote of the holders of a majority of the corporation s voting stock, other than shares held by the owner of the control shares. If voting rights are granted to control shares which give the holder a majority of all voting power in the election of the corporation s directors, then the corporation s other shareholders may require the corporation to redeem their shares at fair value.

The Tennessee Control Share Acquisition Act is not applicable to us because our amended and restated charter, as amended, does not contain a specific provision opting in to the act as is required under the act.

The Tennessee Investor Protection Act, or TIPA, provides that unless a Tennessee corporation s board of directors has recommended a takeover offer to shareholders, no offeror beneficially owning 5% or more of any class of equity securities of the offeree company, any of which was purchased within the preceding year, may make a takeover offer for any class of equity security of the offeree company if after completion the offeror would be a beneficial owner of more than 10% of any class of outstanding equity securities of the company unless the offeror, before making such purchase: (1) makes a public announcement of his or her intention with respect to changing or influencing the management or control of the offeree company; (2) makes a full, fair and effective disclosure of such intention to the person from whom he or she intends to acquire such securities; and (3) files with the Tennessee Commissioner of Commerce and Insurance, or the Commissioner, and the offeree company a statement signifying such intentions and containing such additional information as may be prescribed by the Commissioner.

The offeror must provide that any equity securities of an offeree company deposited or tendered pursuant to a takeover offer may be withdrawn by an offeree at any time within seven days from the date the offer has become effective following filing with the Commissioner and the offeree company and public announcement of the terms or after 60 days from the date the offer has become effective. If the takeover offer is for less than all the outstanding equity securities of any class, such an offer must also provide for acceptance of securities pro rata if the number of securities tendered is greater than the number the offeror has offered to accept and pay for. If such an offeror varies the terms of the takeover offer before its expiration date by increasing the consideration offered to offerees, the offeror must pay the increased consideration for all equity securities accepted, whether accepted before or after the variation in the terms of the offer.

Table of Contents

The TIPA does not apply to us, as it does not apply to bank holding companies subject to regulation by a federal agency.

The TBCA generally prohibits a business combination by us or a subsidiary with an interested shareholder within five years after such shareholder becomes an interested shareholder. We or a subsidiary of ours can, however, enter into a business combination within that period if, before the interested shareholder became such, our board of directors approved the business combination or the transaction in which the interested shareholder became an interested shareholder. After that five-year moratorium, the business combination with the interested shareholder can be consummated only if it satisfies certain fair price criteria or is approved by two-thirds (2/3) of the other shareholders.

For purposes of the TBCA, a business combination includes mergers, share exchanges, sales and leases of assets, issuances of securities, and similar transactions. An interested shareholder is generally any person or entity that beneficially owns 10% or more of the voting power of any outstanding class or series of our stock. Our charter does not have special requirements for transactions with interested parties; however all business combinations, as defined above, must be approved by a majority of our directors and a majority of the shares entitled to vote.

The Tennessee Greenmail Act applies to a Tennessee corporation that has a class of voting stock registered or traded on a national securities exchange or registered with the SEC pursuant to Section 12(g) of the Exchange Act. Under the Tennessee Greenmail Act, we may not purchase any of our shares at a price above the market value of such shares from any person who holds more than 3% of the class of securities to be purchased if such person has held such shares for less than two years, unless the purchase has been approved by the affirmative vote of a majority of the outstanding shares of each class of voting stock issued by us or we make an offer, of at least equal value per share, to all shareholders of such class.

Indemnification

The TBCA provides that a corporation may indemnify any of its directors and officers against liability incurred in connection with a proceeding if: (a) such person acted in good faith; (b) in the case of conduct in an official capacity with the corporation, the person reasonably believed such conduct was in the corporation s best interests; (c) in all other cases, the person reasonably believed that the person s conduct was at least not opposed to the best interests of the corporation; and (d) in connection with any criminal proceeding, such person had no reasonable cause to believe the person s conduct was unlawful. In actions brought by or in the right of the corporation, however, the TBCA provides that no indemnification may be made if the director or officer was adjudged to be liable to the corporation. The TBCA also provides that in connection with any proceeding charging improper personal benefit to an officer or director, no indemnification may be made if such officer or director is adjudged liable on the basis that such personal benefit was improperly received. In cases where the director or officer is wholly successful, on the merits or otherwise, in the defense of any proceeding instigated because of his or her status as a director or officer of a corporation, the TBCA mandates that the corporation indemnify the director or officer against reasonable expenses incurred in the proceeding. The TBCA provides that a court of competent jurisdiction, unless the corporation s charter provides otherwise, upon application, may order that an officer or director be indemnified for reasonable expenses if, in consideration of all relevant circumstances, the court determines that such individual is fairly and reasonably entitled to indemnification, notwithstanding the fact that (a) such officer or director was adjudged liable to the corporation in a proceeding by or in the right of the corporation; (b) such officer or director was adjudged liable on the basis that personal benefit was improperly received by the officer or director; or (c) such officer or director breached the officer s or director s duty of care to the corporation.

Our amended and restated charter, as amended, provides that we will indemnify our directors and officers to the maximum extent permitted by the TBCA. Our bylaws provide that we shall indemnify our directors and officers that are made a party to a proceeding because they were a director or officer of ours for reasonable expenses, judgments, fines, penalties and amounts paid in settlement (including attorneys fees) incurred in connection with the proceeding if he or she acted in a manner believed in good faith to be in or not opposed to our best interests, and in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. In addition, our bylaws provide that we shall pay for or reimburse the reasonable expenses incurred by a director or officer who is a party to a proceeding in advance of final disposition of the proceeding if he or she furnishes us with (1) a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct that would entitle him or her to indemnification and (2) a written statement that he or she will repay any advances if it is ultimately determined that he or she is not entitled to indemnification.

Under our bylaws, as amended, the termination of a proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself, determinative of whether the director or officer met the standard of conduct required in order for him or her to be entitled to indemnification. Our board of directors, shareholders or independent legal counsel determines whether the director or officer has met the applicable standard of conduct in each specific case.

Our amended and restated charter, as amended, and bylaws, as amended, also provide that the indemnification rights contained therein do not exclude other indemnification rights to which a director or officer may be entitled under any bylaw, resolution or agreement, either specifically or in general terms approved by the affirmative vote of the holders of a majority of the shares entitled to vote. We can also provide for greater indemnification than is provided for in the bylaws if we choose to do so, subject to approval by our shareholders and the limitations provided in our amended and restated charter, as amended, as discussed in the subsequent paragraph.

Our amended and restated charter, as amended, eliminates, with exceptions, the potential personal liability of a director for monetary damages to us and our shareholders for breach of a duty as a director. There is, however, no elimination of liability for:

- a breach of the director s duty of loyalty to our shareholders;
- an act or omission not in good faith or which involves intentional misconduct or a knowing violation of law; or
- any payment of a dividend or approval of a stock repurchase that is illegal under the TBCA.

Our amended and restated charter, as amended, does not eliminate or limit our right or the right of our shareholders to seek injunctive or other equitable relief not involving monetary damages.

The indemnification provisions of the bylaws specifically provide that we may purchase and maintain insurance on behalf of any director or officer against any liability asserted against and incurred by him or her in his or her capacity as a director, officer, employee or agent whether or not we would have had the power to indemnify him or her against such liability.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Listing agent

Computershare Trust Company, N.A. serves as the registrar and transfer agent for our common stock.

Table of Contents

Certain U.S. federal income tax consequences to non-U.S. holders of common stock

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership, and disposition of common stock by a non-U.S. holder (as defined below) that acquires our common stock in this offering and holds it as a capital asset. This discussion is based upon the Internal Revenue Code of 1986, as amended, which we refer to as the Code, effective U.S. Treasury regulations, and judicial decisions and administrative interpretations thereof, all as of the date hereof and all of which are subject to change, possibly with retroactive effect. The foregoing are subject to differing interpretations which could affect the tax consequences described herein. This discussion does not address all aspects of U.S. federal income taxation that may be applicable to investors in light of their particular circumstances, or to investors subject to special treatment under U.S. federal income tax laws, such as financial institutions, insurance companies, tax-exempt organizations, entities that are treated as partnerships for U.S. federal income tax purposes, dealers in securities or currencies, expatriates, persons deemed to sell common stock under the constructive sale provisions of the Code, and persons that hold common stock as part of a straddle, hedge, conversion transaction, or other integrated investment. Furthermore, this discussion does not address any U.S. federal estate or gift tax laws or any state, local or foreign tax laws.

You are urged to consult your tax advisors regarding the U.S. federal, state, local, and foreign income and other tax consequences of the purchase, ownership, and disposition of our common stock.

For purposes of this summary, you are a non-U.S. holder if you are a beneficial owner of common stock that, for U.S. federal income tax purposes, is not:

- an individual that is a citizen or resident of the United States;
- a corporation, other entity treated as a corporation for U.S. federal income tax purposes, or partnership that is created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, provided that, (1) a court within the United States is able to exercise primary supervision over its administration or one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of that trust, or (2) the trust has made an election under the applicable Treasury regulations to be treated as a United States person.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) owns our common stock, the U.S. federal income tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that owns our common stock should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

Dividends

Distributions of cash or other property made with respect to our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, they will constitute a return of capital, which will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of our common stock, as described below under Disposition of common stock.

Except as described below, if you are a non-U.S. holder of common stock, dividends paid to you with respect to our common stock are subject to withholding of U.S. federal income tax at a 30% rate (or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate). Even if you are eligible for a lower treaty rate, we and other payors will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividend payments to you, unless you have furnished to us or another payor:

- a valid Internal Revenue Service Form W-8BEN, Form W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, your status as a non-United States person and your entitlement to the lower treaty rate with respect to such payments; or

- in the case of payments made outside the United States to an offshore account (generally, an account maintained by you at an office or branch of a bank or other financial institution at any location outside the United States), other documentary evidence establishing your entitlement to the lower treaty rate in accordance with U.S. Treasury regulations.

Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

If you are eligible for a reduced rate of United States withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the United States Internal Revenue Service.

If dividends paid to you are effectively connected with your conduct of a trade or business within the United States, and you have not claimed the dividends are eligible for any treaty benefits as income that is not attributable to a permanent establishment that you maintain in the United States, we and other payors generally are not required to withhold tax from the dividends, provided that you have furnished to us or another payor a valid Internal Revenue Service Form W-8ECI or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person, and the dividends are effectively connected with your conduct of a trade or business within the United States and are includible in your gross income. Effectively connected dividends are taxed at rates applicable to United States citizens, resident aliens, and domestic United States corporations on a net income basis. If you are a corporate non-U.S. holder, effectively connected dividends that you receive may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate).

Disposition of common stock

If you are a non-U.S. holder, subject to the discussions below under Information reporting and backup withholding and FATCA, you generally will not be subject to U.S. federal income tax on gain from U.S. sources that you recognize on a disposition of our common stock unless:

- the gain is effectively connected with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States, if that is required by an applicable income tax treaty as a condition for subjecting you to United States taxation on a net income basis;

- you are an individual, you hold our common stock as a capital asset, and you are present in the United States for 183 or more days in the taxable year of the disposition; or

- we are or have been a United States real property holding corporation, as defined in the Code, for U.S. federal income tax purposes.

Effectively connected gains are taxed at rates applicable to United States citizens, resident aliens, and domestic United States corporations on a net income tax basis. If you are a corporate non-U.S. holder, effectively connected gains that you recognize may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate).

An individual non-U.S. holder described in the second bullet point above will only be subject to U.S. federal income tax on the gain from the sale of our common stock to the extent such gain is deemed to be from U.S. sources, which will generally only be the case where the individual s tax home is in the United States. An individual s tax home is generally considered to be located at the individual s regular or principal (if more than one regular) place of business. If the individual has no regular or principal place of business because of the nature of the business, or because the individual is not engaged in carrying on any trade or business, then the individual s tax home is his regular place of abode. If an individual non-U.S. holder is described in the second bullet point above, and the individual non-U.S. holder s tax home is in the United States, then the non-U.S. holder may be subject to a flat 30% tax on the gain derived from the disposition, which gain may be offset by certain U.S.-source capital losses.

We believe we currently are not, and we do not anticipate becoming, a United States real property holding corporation for U.S. federal income tax purposes.

Federal estate taxes

Common stock held by a non-U.S. holder at the time of death generally will be included in the holder s gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information reporting and backup withholding

We must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder s U.S. federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

FATCA

Provisions of the Code commonly referred to as FATCA require withholding of 30% on payments of dividends on our common stock, as well as of gross proceeds of dispositions occurring after December 31, 2018, of our

common stock, to foreign financial institutions (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied, or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally may obtain a refund of any amounts withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). You should consult your tax adviser regarding the effects of FATCA on your investment in our common stock.

Table of Contents

Underwriting

We are offering the shares of common stock described in this prospectus supplement through J.P. Morgan Securities LLC, as sole underwriter. We have entered into an underwriting agreement with the underwriter. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriter, and the underwriter has agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of shares of common stock listed next to its name in the following table:

Name	Number of shares
J.P. Morgan Securities LLC	2,800,000
Total	2,800,000

The underwriter is committed to purchase all the common shares offered by us if it purchases any shares.

The underwriter proposes to offer the shares of common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus supplement and to certain dealers at that price less a concession not in excess of $1.68750 per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $0.56250 per share from the initial public offering price. After the initial offering of the shares to the public, the offering price and other selling terms may be changed by the underwriter. Sales of shares made outside of the United States may be made by affiliates of the underwriter.

The underwriter has an option to buy up to 420,000 additional shares of common stock from us to cover sales of shares by the underwriter which exceed the number of shares specified in the table above. The underwriter has 30 days from the date of this prospectus supplement to exercise this option to purchase additional shares. If any additional shares of common stock are purchased, the underwriter will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriter to us per share of common stock. The underwriting fee, or underwriting discount, is $2.8125 per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriter assuming both no exercise and full exercise of the underwriters option to purchase additional shares.

	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise
Per Share	**$ 2.8125**	**$ 2.8125**
Total	**$ 7,875,000**	**$ 9,056,250**

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $1,000,000.

A prospectus in electronic format may be made available on the web sites maintained by the underwriter, or selling group members, if any, participating in the offering. The underwriter may agree to allocate a number of shares to underwriter and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriter and selling group members that may make Internet distributions on the same basis as other allocations.

Table of Contents

We have agreed that we will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC for a period of 90 days after the date of this prospectus supplement, other than the shares of our common stock to be sold hereunder, shares to be issued as consideration in connection with our merger with BNC (as described herein) pursuant to the merger agreement with BNC as in effect on the date of this prospectus supplement and the filing of a Registration Statement on Form S-4 filed with the SEC in connection with the merger, and any shares of our common stock issued upon the exercise of options or other awards, or in the form of restricted shares or restricted stock units (including performance-based vesting units), granted under our existing stock incentive plans.

Our directors and executive officers have entered into lock up agreements with the underwriter prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 90 days after the date of this prospectus supplement, may not, without the prior written consent of J.P. Morgan Securities LLC, (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock, subject to certain exceptions, including:

(A) transfers of shares of common stock as a bona fide gift or gifts;

(B) distributions of shares of common stock to members, limited partners or stockholders of such director or executive officer;

(C) transfers to any trust for the direct or indirect benefit of such director or officer or such director s or executive officer s immediate family;

(D) transfers to the legal representatives or the immediate family of such director or executive officer by will or the laws of intestate succession;

(E) pledges of up to 50,000 shares common stock not pledged as of the date of this prospectus supplement and required pursuant to the terms of any pledge or collateral agreement in effect on the date of this prospectus supplement;

(F) transfers to affiliates or to any investment fund or other entity controlled or managed by such director or executive officer;

(G) any transfer upon foreclosure upon shares of common stock pledged pursuant to any pledge or collateral agreement in effect on the date of this prospectus supplement;

Table of Contents

(H) the transfer or deemed transfers of shares of our stock to us in connection with the exercise of options pursuant to our stock incentive plans in effect on the date of this prospectus that would otherwise expire during the 90-day period effected by means of net share settlement or by the delivery or sale of shares of common stock held by such director of officer;

(I) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of up to 75,000 shares of common stock, provided that such plan does not provide for the transfer of common stock during the 90-day period;

provided that in the case of any transfer, pledge or distribution pursuant to clause (A) through (F), each donee, distributee, transferee or pledgee shall execute and deliver to the underwriter a lock-up letter substantially on the terms described in this paragraph; and provided, further, that in the case of any transfer or distribution pursuant to clause (A) through (I), no filing by any party (donor, donee, transferor or transferee) under the Exchang