

PINNACLE FINANCIAL PARTNERS INC

Form S-4/A

May 06, 2016

Table of Contents

As filed with the Securities and Exchange Commission on May 6, 2016

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**Amendment No. 1**  
**to**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**PINNACLE FINANCIAL PARTNERS, INC.**  
**(Exact name of registrant as specified in its charter)**

<b>Tennessee</b> <b>(State or other jurisdiction of</b>	<b>6021</b> <b>(Primary Standard Industrial</b>	<b>62-1812853</b> <b>(I.R.S. Employer</b>
<b>incorporation or organization)</b>	<b>Classification Code Number)</b> <b>150 Third Avenue South</b>	<b>Identification No.)</b>

**Suite 900**

**Nashville, Tennessee 37201**

**(615) 744-3700**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**M. Terry Turner**

**President and Chief Executive Officer**

**Pinnacle Financial Partners, Inc.**

**150 Third Avenue South**

**Suite 900**

**Nashville, Tennessee 37201**

**(615) 744-3700**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*With copies to:*

**Bob F. Thompson, Esq.**

**John W. Titus, Esq.**

**Bass, Berry & Sims PLC**

**Bradley Arant Boult Cummings LLP**

**150 Third Avenue South, Suite 2800**

**1600 Division Street, Suite 700**

**Nashville, Tennessee 37201**

**Nashville, Tennessee 37203**

**Approximate date of commencement of the proposed sale to the public:** As soon as practicable following the effectiveness of this Registration Statement and the effective time of the merger described in this Registration Statement.

Edgar Filing: PINNACLE FINANCIAL PARTNERS INC - Form S-4/A

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)  
If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

**Table of Contents**

**Information in this proxy statement/prospectus is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION DATED May 6, 2016**

**PROXY STATEMENT FOR THE SPECIAL MEETING OF SHAREHOLDERS OF  
AVENUE FINANCIAL HOLDINGS, INC.  
and  
PROSPECTUS OF  
PINNACLE FINANCIAL PARTNERS, INC.  
MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

On behalf of the board of directors of Avenue Financial Holdings, Inc. ( Avenue ), I am pleased to deliver this proxy statement/prospectus for the proposed merger of Avenue with and into Pinnacle Financial Partners, Inc. ( Pinnacle ). In this document we refer to this merger as the merger.

Each share of Avenue common stock that you hold as of the effective time of the merger, will be exchanged for 0.36 shares of Pinnacle common stock and an amount in cash equal to \$2.00. Based upon the 10,419,888 shares of Avenue common stock outstanding as of May 4, 2016, Pinnacle will issue approximately 3.8 million shares of Pinnacle common stock and pay approximately \$20.8 million in cash at the closing of the merger, in each case assuming that none of Avenue s outstanding stock options are exercised prior to the closing. Based upon Pinnacle s closing price as of May 4, 2016, the total merger consideration is expected to be approximately \$200 million.

Additionally, any outstanding options to purchase shares of common stock of Avenue that are not vested will be accelerated prior to, but conditioned on the occurrence of, the closing of the merger and all options that are not exercised prior to the closing shall be cancelled and the holders of any such options shall receive an amount in cash equal to the product of (x) the excess, if any, of \$20.00 over the exercise price of each such option and (y) the number of shares of Avenue common stock subject to each such option.

Pursuant to the terms of the merger agreement, Avenue may, in addition to the occurrence of other events, terminate the merger agreement if Pinnacle s average closing common stock price over a time period specified in the merger agreement is less than \$40.00 and the decline in the price of Pinnacle s common stock during that period is 20% more

than the decline in the price during the same period of a composite bank index specified in the merger agreement.

**This proxy statement/prospectus contains important information about the merger. You should read this entire proxy statement/prospectus carefully, including all appendices, the documents incorporated by reference therein and the information under the section entitled RISK FACTORS RELATING TO THE MERGER beginning on page 21.**

The merger cannot be completed unless the proposal to approve the merger agreement is approved by the affirmative vote of a majority of the outstanding shares of Avenue common stock. As a result, failing to vote will have the same effect as a vote against the approval of the merger agreement. Whether or not you plan to attend the special meeting, please take the time to vote by completing the enclosed proxy card and mailing it in the enclosed envelope.

The Avenue board of directors unanimously recommends that you vote ***FOR*** the approval of the merger agreement. We look forward to seeing you at the special meeting and we appreciate your continued support.

Sincerely yours,

Ron Samuels

Chairman and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities being issued by Pinnacle in connection with the merger or passed upon the adequacy or completeness of this proxy statement/prospectus. Any representation to the contrary is a criminal offense. The securities to be issued in connection with the merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

**This document is dated [ ], 2016, and is first being mailed on or about [ ], 2016.**

Table of Contents

**NOTICE OF A SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON June 21, 2016**

You are cordially invited to attend a special meeting of the shareholders of Avenue Financial Holdings, Inc. (Avenue) on June 21, 2016, at 10:30 a.m., local time, at the Frist Center Auditorium, 919 Broadway, Nashville, Tennessee 37203. At the special shareholders meeting, holders of Avenue common stock will consider the following proposals:

1. Proposal 1: Agreement and Plan of Merger. To consider and vote on a proposal to approve the Agreement and Plan of Merger, dated January 28, 2016, by and between Avenue and Pinnacle Financial Partners, Inc., (the merger agreement). A copy of the merger agreement is attached to the accompanying proxy statement/prospectus as **Appendix A**.
2. Proposal 2: Adjournment. To consider and vote on a proposal to authorize Avenue's board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the special shareholders meeting, in person or by proxy, and entitled to vote, to approve the merger agreement.

Only shareholders of record of Avenue common stock at the close of business on April 22, 2016, will be entitled to notice of and to vote at the special shareholders meeting and at any adjournment or postponement of the special shareholders meeting.

Avenue has concluded that holders of record of Avenue common stock do not have the right to dissent from the merger agreement and exercise appraisal rights under the Tennessee Business Corporation Act.

**AVENUE'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT HOLDERS OF AVENUE COMMON STOCK VOTE FOR THE PROPOSALS SET FORTH ABOVE.**

Your vote is very important. You can vote in one of two ways: (i) by mail by completing, dating, signing and returning the enclosed proxy card or (ii) in person at the special meeting. To vote you may complete, date and sign the enclosed proxy card and promptly return it in the envelope provided, whether or not you plan to attend the special shareholders meeting. If you attend the special shareholders meeting, you may vote in person if you wish, even if you have previously returned your proxy card. Please return your proxy card by no later than June 20, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

OF AVENUE FINANCIAL HOLDINGS, INC.

[ ], 2016

Ron Samuels

Nashville, Tennessee

Chairman and Chief Executive Officer

**Table of Contents**

**TABLE OF CONTENTS**

<u>Additional Information</u>	ii
<u>Explanatory Note</u>	iii
<u>Questions and Answers About Voting and the Merger and the Special Meeting</u>	1
<u>Summary</u>	5
<u>Selected Historical Consolidated Financial and Other Data of Pinnacle</u>	12
<u>Selected Historical Consolidated Financial and Other Data of Avenue Financial Holdings, Inc.</u>	14
<u>Comparative Per Share Data (Unaudited)</u>	17
<u>Comparative Market Prices and Dividends</u>	19
<u>Risk Factors Relating to the Merger</u>	21
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	25
<u>Special Meeting</u>	27
<u>Proposal #1: The Proposed Merger</u>	30
<u>The Merger Agreement</u>	60
<u>Description of Pinnacle Capital Stock</u>	74
<u>Comparison of the Rights of Shareholders</u>	78
<u>About Pinnacle Financial Partners, Inc.</u>	87
<u>About Avenue Financial Holdings, Inc.</u>	89
<u>Certain Beneficial Owners of Avenue Common Stock</u>	90
<u>Proposal #2: Adjournment of Special Meeting</u>	92
<u>Experts</u>	93
<u>Legal Matters</u>	93
<u>Shareholder Proposals</u>	93
<u>Where You Can Find More Information</u>	94
<u>Appendix A Agreement and Plan of Merger</u>	
<u>Appendix B Opinion of Keefe, Bruyette &amp; Woods, Inc.</u>	



Table of Contents

**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about Pinnacle Financial Partners, Inc. and Avenue Financial Holdings, Inc. from documents that they file with the Securities and Exchange Commission (which we refer to as the SEC) but that are not included in or delivered with this proxy statement/prospectus. You can obtain copies of the documents incorporated by reference in this proxy statement/prospectus without charge upon written or oral request to:

Pinnacle Financial Partners, Inc.

150 Third Avenue South

Suite 900

Nashville, Tennessee 37201

Attention: Harold R. Carpenter

(615) 744-3700

Avenue Financial Holdings, Inc.

111 10<sup>th</sup> Avenue South

Suite 400

Nashville, Tennessee 37203

Attention: Barbara J. Zipperian

(615) 736-6940

**In order to timely ensure delivery of these documents, you must make your request by June 14, 2016 to receive them before the meeting.**

You may also obtain these documents at the SEC's website ([www.sec.gov](http://www.sec.gov)) and you may obtain certain of these documents at Pinnacle's website ([www.pnfp.com](http://www.pnfp.com)) by selecting the tab entitled "Investor Relations" and then the tab entitled "SEC Filings" or at Avenue's website ([www.avenuenashville.com](http://www.avenuenashville.com)) by selecting the tab entitled "Investor Relations" and then the tab entitled "SEC filings". Information contained on, or accessible from, Pinnacle's or Avenue's website is expressly not incorporated by reference into this proxy statement/prospectus, and you should not consider it part of this proxy statement/prospectus.

You should rely only on the information incorporated by reference into or provided in or with this proxy statement/prospectus. We have not authorized anyone to give you different information. You should not assume that the information in this proxy statement/prospectus, or in any documents delivered with this proxy statement/prospectus, or any supplement, is accurate as of any date other than the date on the front of such documents, and neither the mailing of this proxy statement/prospectus to you nor the issuance of Pinnacle common stock in connection with the merger of Avenue with and into Pinnacle shall create any implication to the contrary.

If you have any questions, or need assistance in completing and returning your proxy, you may contact Avenue at the following address and telephone number:

Avenue Financial Holdings, Inc.

111 Tenth Avenue South, Suite 400

Nashville, Tennessee 37203

Attention: Barbara J. Zipperian

Telephone: (615) 736-6940

For a more detailed description of the information incorporated by reference in the enclosed proxy statement/prospectus and how you may obtain it, see the section entitled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 94 of the enclosed proxy statement/prospectus.

**Table of Contents**

**EXPLANATORY NOTE**

This proxy statement/prospectus relates to an Agreement and Plan of Merger, dated January 28, 2016, as it may be amended from the time to time (which we refer to as the merger agreement), by and between Pinnacle Financial Partners, Inc., a Tennessee corporation (which we refer to as Pinnacle) and Avenue Financial Holdings, Inc., a Tennessee corporation (which we refer to as Avenue). Upon the terms and subject to the conditions of the merger agreement, a copy of which is attached to this proxy statement/prospectus as Appendix A and incorporated by reference herein, Avenue will merge with and into Pinnacle, with Pinnacle being the surviving company (which we refer to as the merger). In connection with the execution of the merger agreement, Pinnacle Bank, Pinnacle's wholly owned bank subsidiary, and Avenue Bank, Avenue's wholly owned bank subsidiary, entered into a separate Agreement and Plan of Merger on January 28, 2016 (which we refer to as the bank merger agreement), pursuant to which Avenue Bank will merge with and into Pinnacle Bank simultaneously with the consummation of the merger (which we refer to as the bank merger).

Pursuant to the terms of the merger agreement, upon consummation of the merger each holder of Avenue common stock, par value \$1.00 per share (which we refer to as the Avenue common stock), issued and outstanding, subject to certain exceptions, will receive 0.36 shares of Pinnacle common stock, par value \$1.00 per share (which we refer to as Pinnacle common stock), and an amount in cash equal to \$2.00 for each share of Avenue common stock owned by such Avenue shareholder at the effective time of the merger (which we refer to as the merger consideration). Fractional shares will not be issued by Pinnacle, but instead will be paid in cash based on the average closing price of Pinnacle's common stock for the 10 trading days ending on the business day immediately preceding the closing date of the merger.

This proxy statement/prospectus serves as:

a proxy statement for a special meeting of Avenue shareholders being held on June 21, 2016 (which we refer to as the special meeting), where Avenue common shareholders will vote on, among other things, a proposal to approve the merger agreement; and

a prospectus for Pinnacle common stock that Avenue common shareholders will receive as a result of the merger.

Unless the context otherwise requires, all references in this proxy statement/prospectus to *we*, *us*, or *our* refer to Pinnacle and Avenue.

Table of Contents

**QUESTIONS AND ANSWERS ABOUT VOTING AND THE MERGER AND  
THE SPECIAL MEETING**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting, the merger agreement and the merger. These questions and answers may not address all questions that may be important to you as an Avenue common shareholder. To better understand these matters, and for a description of the legal terms governing the merger, you should carefully read this entire proxy statement/prospectus, including the appendices, as well as the documents that have been incorporated by reference in this proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION beginning on page 94.*

**Q: What am I being asked to vote upon and how does my board recommend I vote?**

A: Holders of Avenue common stock are being asked to (1) approve the merger agreement pursuant to which Pinnacle will acquire Avenue by merger, with Pinnacle being the surviving corporation and (2) permit the adjournment of the special meeting to permit the solicitation of additional proxies in the event there are insufficient votes at the special meeting to approve the merger agreement.

Avenue's board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Avenue and its shareholders. The board of directors of Avenue unanimously recommends that Avenue shareholders vote **FOR** the proposal to approve the merger agreement and **FOR** the proposal to authorize Avenue's board of directors to adjourn the special meeting to allow time for further solicitation of proxies to approve the merger agreement. In addition, Patriot Financial Partners, an institutional shareholder of Avenue that beneficially owns approximately 8.2% of Avenue's common stock, and the members of Avenue's board of directors and executive officers who collectively beneficially own approximately 12.8% of Avenue's common stock (excluding for purposes of James Deutsch, Patriot Financial Partners' representative on Avenue's board of directors, the shares of Avenue common stock owned by Patriot Financial Partners that are deemed to be beneficially owned by Mr. Deutsch) have entered into agreements with Pinnacle in which they have agreed, among other things, to vote their shares of Avenue common stock in favor of the proposal to approve the merger agreement. Certain of the executive officers of Avenue have also entered into employment agreements with Pinnacle that will be effective upon consummation of the merger.

Avenue's board of directors is not aware of any other business to be considered at the special meeting.

**Q: What vote is required to approve the Merger agreement or the adjournment of the special meeting?**

A: *Proposal to Approve the Merger Agreement by Avenue Shareholders.* The approval of the merger agreement requires the affirmative vote of a majority of the shares of Avenue common stock outstanding on April 22, 2016, the record date set by Avenue's board of directors. **Accordingly, an Avenue common shareholder's failure to submit a proxy card or to vote in person at the special meeting or an abstention from voting will have the same effect as a vote AGAINST the proposal to approve the merger agreement.**

*Proposal to Permit the Avenue Board of Directors to Adjourn the Special Meeting.* Approving the proposal to authorize the Avenue board of directors to adjourn the special meeting to allow time for further solicitation of proxies requires the affirmative vote of holders of a majority in voting power of the shares of Avenue common stock present and entitled to vote at the special meeting on the adjournment proposal. **Accordingly, abstentions will have the same effect as a vote AGAINST the proposal to authorize the Avenue board of directors to adjourn the special meeting, while shares not in attendance at the special meeting will have no effect on the outcome of any vote to adjourn the special meeting.**

**Q: My shares of Avenue stock are held in street name by my broker. Will my broker automatically vote my Avenue common stock for me?**

No. If your shares of Avenue common stock are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street

## Table of Contents

name. If this is the case, this proxy statement/prospectus has been forwarded to you by your brokerage firm, bank or other nominee, or its agent. As the beneficial holder, you have the right to direct your broker, bank, nominee or other holder of record as to how to vote your shares of Avenue common stock. If you do not provide voting instructions to your broker on a particular proposal on which your broker does not have discretionary authority to vote, your shares of Avenue common stock will not be voted on that proposal. This is called a broker non-vote. Because brokers do not have discretionary voting authority with respect to any of the proposals described in this proxy statement/prospectus, if you, as a beneficial owner of shares of Avenue common stock held in street name do not give voting instructions to the broker, bank, nominee or other holder of record, then those shares of Avenue common stock will not be voted on any of the proposals described in this proxy statement/prospectus and will have the same effect as a vote against the proposal to approve the merger agreement, and will have no effect on the outcome of any vote to postpone or adjourn the special meeting. If you hold shares of Avenue common stock through a broker, bank, nominee or other holder of record with custody of your shares, follow the voting instructions you receive from that organization.

### **Q: Why is my vote important?**

A: Under the Tennessee Business Corporation Act (which we refer to as the TBCA) which governs Avenue, the merger agreement must be approved by the holders of a majority of the outstanding shares of Avenue common stock entitled to vote. Accordingly, if a holder of Avenue common stock fails to vote, or abstains, that will make it more difficult for Avenue to obtain the approval of the merger agreement. **If you are an Avenue common shareholder, your failure to vote will have the same effect as a vote against the approval of the merger agreement.**

### **Q: What do I need to do now?**

A: After you carefully read this proxy statement/prospectus, please respond as soon as possible by completing, signing and dating your proxy card and returning it in the enclosed postage-paid return envelope so that your shares of Avenue common stock will be represented and voted at the special meeting.

The board of directors of Avenue unanimously recommends that the shareholders of Avenue vote in favor of each of the proposals on which they will be voting at the special meeting.

### **Q: Can I change my vote after I have delivered my proxy card?**

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You can do this in any of the three following ways:

by sending written notice to the Corporate Secretary of Avenue in time to be received before the special meeting stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card bearing a later date and returning it by mail before the special meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked;  
or

by attending the special meeting and voting in person.

**Q: Why are Pinnacle and Avenue proposing to merge?**

A: The boards of directors of each of Pinnacle and Avenue believe that, among other things, the merger will provide the resulting company with expanded opportunities for profitable growth. In addition, the boards believe that by combining the resources of the two companies, the resulting company will have an improved ability to compete in the changing and competitive financial services industry.

**Table of Contents**

**Q: What will Avenue common shareholders receive as a result of the merger?**

A: Pursuant to the terms of the merger agreement, upon the consummation of the merger each holder of Avenue common stock issued and outstanding will receive 0.36 shares of Pinnacle common stock and an amount in cash equal to \$2.00 for each share of Avenue common stock owned by such Avenue shareholder at the effective time of the merger.

Cash will be paid in lieu of any fractional shares based on the average closing price of Pinnacle's common stock for the 10 trading days ending on the business day immediately preceding the closing date of the merger. Additionally, any outstanding options to purchase shares of Avenue common stock that are not vested will be accelerated prior to, but conditioned on the occurrence of, the closing of the merger and all options that are not exercised prior to the closing will be cancelled and the holders of any such options will receive an amount in cash equal to the product of (x) the excess, if any, of \$20.00 over the exercise price of each such option and (y) the number of shares of Avenue common stock subject to each such option.

See THE MERGER AGREEMENT MERGER CONSIDERATION for a more complete discussion of the merger consideration to be paid in the merger beginning on page 60.

**Q: If the merger is consummated, what will happen to outstanding options to purchase Avenue common stock?**

A: Any outstanding options to purchase shares of Avenue common stock that are not vested will be accelerated prior to, but conditioned on the occurrence of, the closing of the merger and all options that are not exercised prior to the closing will, at the closing, be cancelled and the holders of any such options will receive an amount in cash equal to the product of (x) the excess, if any, of \$20.00 over the exercise price of each such option and (y) the number of shares of Avenue common stock subject to each such option.

**Q: Should I send in my Avenue stock certificates now?**

A: No. Shortly after the merger closes, you will receive a form of letter of transmittal and instructions from the exchange agent regarding the conversion of your shares of Avenue common stock into the merger consideration. If you hold shares in book entry form, you will need to complete and return the letter of transmittal to the exchange agent. If you have certificates evidencing your shares of Avenue common stock, you will need to complete and return the letter of transmittal and follow the instructions in the letter of transmittal for delivery of the certificates with their completed forms to the exchange agent.

**Q: Will Avenue shareholders have dissenters' rights?**

A: No. Holders of Avenue common stock are not entitled to dissent from the merger agreement and exercise appraisal rights under the TBCA in connection with the merger.



**Q: What are the tax consequences of the merger to holders of Avenue common stock?**

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, and thus, for United States federal income tax purposes, Avenue common shareholders generally will not recognize gain or loss as a result of the exchange of their Avenue common stock for shares of Pinnacle common stock pursuant to the merger. However, the receipt by Avenue common shareholders of the cash portion of the merger consideration, any amount in cash in lieu of fractional shares of Pinnacle common stock and any cash paid in respect of outstanding options to purchase shares of Avenue common stock generally will be treated as a taxable transaction causing the Avenue common shareholders to recognize gain or loss thereon. Avenue common shareholders should consult their own tax advisors for an understanding of the tax consequences that may be particular to them.

See PROPOSAL #1: THE PROPOSED MERGER MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES beginning on page 51 for a more complete discussion of the United States federal income tax consequences of the merger.

**Table of Contents**

**Q: When do you expect the merger to be completed?**

A: We anticipate that the merger will be completed late in the second quarter or early in the third quarter of 2016. In addition to approval of the merger agreement by holders of Avenue common stock, we must also obtain certain regulatory approvals. Any delay in obtaining such approvals may delay the consummation of the merger.

**Q: If I've lost my Avenue stock certificate(s), can I receive consideration in the merger?**

A: Yes. However, you will have to provide an affidavit attesting to the fact that you lost your Avenue stock certificate(s). Additionally, you may have to give Pinnacle or the exchange agent a bond in an amount determined by Pinnacle or the exchange agent in order to indemnify Pinnacle against a loss in the event someone finds or has your lost certificate(s) and is able to transfer such certificate(s). To avoid these measures, you should do everything you can to find your lost certificate(s) before the time comes to send it in.

**Q: Where will my shares of Pinnacle common stock that I receive as a result of the merger be listed?**

A: Shares of Pinnacle's common stock issued in the merger will be listed on the Nasdaq Global Select Market and will trade under the symbol "PNFP".

**Q: Who can help answer my questions?**

A: If you want additional copies of this proxy statement/prospectus, or if you want to ask questions about the merger agreement, including the merger, or if you need assistance submitting your proxy or voting your shares of Avenue common stock, you should contact:

Pinnacle Financial Partners, Inc.	or	Avenue Financial Holdings, Inc.
150 Third Avenue South, Suite 900		111 10th Avenue South, Suite 400
Nashville, Tennessee 37201		Nashville, Tennessee 37203
Attention: Harold R. Carpenter		Attention: Barbara J. Zipperian
Telephone: (615) 744-3700		Telephone: (615) 736-6940

**Table of Contents**

**SUMMARY**

*This brief summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. Accordingly, you are encouraged to carefully read this entire proxy statement/prospectus, its appendices and the documents incorporated by reference in this proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION beginning on page 94. You may obtain the information incorporated by reference into this document without charge by following the instructions in that section. Each item in this summary includes a page reference directing you to a more complete description of that item.*

**Parties to the Merger (Pages 87 and 89)**

***Pinnacle Financial Partners, Inc.***

Pinnacle Financial Partners, Inc., a financial holding company under the laws of the United States, is a Tennessee corporation that was incorporated on February 28, 2000. Pinnacle is the parent company of Pinnacle Bank, a Tennessee state-chartered bank, and owns 100% of the capital stock of Pinnacle Bank. Pinnacle Bank started operations on October 27, 2000, in Nashville, Tennessee, and has since grown to 44 offices, including 29 in eight Middle Tennessee counties. Pinnacle Bank also has five offices in Knoxville, Tennessee, five offices in Memphis, Tennessee and one office in Chattanooga, Tennessee, as well as other 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.

As of March 31, 2016, Pinnacle had total consolidated assets of approximately \$9.26 billion, total deposits of approximately \$7.08 billion, and total shareholders' equity of approximately \$1.23 billion.

The principal executive office of Pinnacle Financial Partners, Inc. and Pinnacle Bank is located at 150 Third Avenue South, Suite 900, Nashville, Tennessee 37201, and the telephone number is (615) 744-3700.

***Avenue Financial Holdings, Inc.***

Avenue Financial Holdings, Inc., a bank holding company under the laws of the United States, is a Tennessee corporation that was incorporated in October 2006. Avenue is the parent company of Avenue Bank, a Tennessee state-chartered bank, and owns 100% of the capital stock of Avenue Bank. Avenue Bank's operations are concentrated in Nashville, Tennessee, where it has five offices in two Middle Tennessee counties.

As of March 31, 2016, Avenue had total assets of approximately \$1.21 billion, deposits of approximately \$966.5 million, and shareholders' equity of approximately \$98.5 million.

The Avenue main office is located at 111 10<sup>th</sup> Avenue South, Nashville, Tennessee 37203, and the telephone number is (615) 736-6940.

**Avenue Will Merge With and Into Pinnacle (Page 60)**

We propose a merger of Avenue with and into Pinnacle. Pinnacle will survive the merger. We have attached the merger agreement which sets forth the terms and conditions of the merger to this proxy statement/prospectus as Appendix A. We encourage you to read the merger agreement carefully.

**Merger of Avenue Bank and Pinnacle Bank (Page 60)**

Avenue Bank will simultaneously merge with and into Pinnacle Bank upon the consummation of the merger. The bank merger is subject to and contingent upon the effectiveness of the merger.

## Table of Contents

### **What Holders of Avenue Common Stock will Receive in the Merger (Page 60)**

Upon consummation of the merger each holder of Avenue common stock, issued and outstanding as of the effective time of the merger, except shares of Avenue common stock owned by Pinnacle or Avenue (other than those shares held in a fiduciary or representative capacity), will receive 0.36 shares of Pinnacle common stock and an amount in cash equal to \$2.00 for each share of Avenue common stock owned by the Avenue common shareholder at the effective time of the merger. Fractional shares will not be issued by Pinnacle, but instead will be paid in cash based on the average closing price of Pinnacle's common stock for the 10 trading days ending on the business day immediately preceding the closing date of the merger.

### **Issued Shares of Pinnacle Common Stock Will be Eligible for Trading (Page 73)**

The shares of Pinnacle common stock to be issued upon consummation of the merger will be eligible for trading on the Nasdaq Global Select Market.

### **Voting Agreements (Page 53)**

As of the record date, Patriot Financial Partners, an institutional shareholder of Avenue, and the directors and executive officers of Avenue collectively beneficially owned 2,211,050 shares of Avenue common stock, or approximately 21.2% of the outstanding shares of Avenue common stock, including shares subject to options currently exercisable but not exercised. In connection with the execution of the merger agreement, Patriot Financial Partners and each of the directors and executive officers of Avenue executed a voting agreement pursuant to which they agreed, among other things, to vote their shares of Avenue common stock for the approval of the merger agreement.

### **The Merger Generally Will Be Tax-Deferred to the Holders of Avenue Common Stock With Respect To The Shares of Pinnacle Common Stock They Receive But Will Be Taxable With Respect To The Cash They Receive (Page 52)**

It is a condition to the completion of the merger that Avenue receive a legal opinion from Bradley Arant Boult Cummings LLP to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code), for United States federal income tax purposes. It is also a condition that Pinnacle receives a similar opinion from Bass, Berry & Sims PLC. The opinions will not bind the Internal Revenue Service (which we refer to as the IRS), which could view the merger differently.

Generally, for United States federal income tax purposes, Avenue common shareholders will not recognize gain or loss as a result of the exchange of their Avenue common stock for shares of Pinnacle common stock pursuant to the merger. However, Avenue common shareholders will generally recognize gain or loss as a result of the exchange of their Avenue common stock for the cash portion of the merger consideration and for any cash received in lieu of fractional shares of Pinnacle common stock or in connection with the cancellation of any outstanding options to purchase Avenue common stock. **Holders of Avenue common stock should consult their own tax advisors for an understanding of the tax consequences that may be particular to them.**

You should read PROPOSAL #1: THE PROPOSED MERGER MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES beginning on page 51 for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to fully understand the tax consequences of the merger to you.



**Table of Contents**

**Avenue Directors and Executive Officers Have Some Financial Interests in the Merger That are Different From or in Addition to Their Interests as Shareholders (Page 54)**

When considering whether to approve the merger agreement, you should be aware that some directors and executive officers of Avenue have interests in the merger that differ from the interests of other Avenue shareholders, including the following:

Following the merger, Pinnacle will generally indemnify and provide liability insurance to the present directors and officers of Avenue, subject to certain exceptions;

Following the merger, the Pinnacle board of directors will appoint Ronald L. Samuels, Marty Dickens, David Ingram and Joe Galante to the board of directors of Pinnacle. Certain information regarding their business experience and attributes is summarized on page 56. Outside directors of Pinnacle currently receive an annual retainer in the amount of \$25,000 in cash and restricted shares of Pinnacle common stock with a fair market value on the date of grant of \$55,000. Pinnacle's outside directors also receive fees of \$1,750 for attendance at each board meeting and \$1,500 for attendance at each committee meeting, with committee chairs also being paid a cash retainer ranging in value from \$6,250 to \$15,000;

Ronald L. Samuels, the Chairman and Chief Executive Officer of Avenue, has entered into an employment agreement with Pinnacle Bank and Pinnacle that will become effective at the consummation of the merger, whereby Mr. Samuels will serve as the Vice Chairman of Pinnacle and Pinnacle Bank for a term of three years. Mr. Samuels' initial base salary under the agreement will be \$390,988. Additionally, under the terms of the employment agreement, if Mr. Samuels is terminated without cause or he terminates his employment for cause within twelve months following a change in control of Pinnacle (as defined in the agreement), he will be entitled to receive a severance payment equal to two years' base salary plus two times his target bonus for the year in which his employment terminates. If Mr. Samuels is terminated without cause or he terminates his employment for cause prior to a change in control, Pinnacle and/or Pinnacle Bank must pay Mr. Samuels' then current base salary for the remainder of the term. Mr. Samuels' employment agreement is summarized on page 54;

G. Kent Cleaver, the President of Avenue, has entered into an employment agreement with Pinnacle Bank and Pinnacle that will become effective at the consummation of the merger, whereby Mr. Cleaver will serve as an Executive Vice President of Pinnacle and Pinnacle Bank for a term of three years. Mr. Cleaver's initial base salary under the agreement will be \$318,270. Additionally, under the terms of the employment agreement, if Mr. Cleaver is terminated without cause or he terminates his employment for cause within twelve months following a change in control of Pinnacle (as defined in the agreement), he will be entitled to receive a severance payment equal to two years' base salary plus two times his target bonus for the year in which his employment terminates. If Mr. Cleaver is terminated without cause or he terminates his employment for cause prior to a change in control, Pinnacle and/or Pinnacle Bank must pay Mr. Cleaver's then current base salary for the remainder of the term. Mr. Cleaver's employment agreement is summarized on page 55;

Andy Moats, the Executive Vice President, Chief Credit Officer & Bank Group Director of Avenue, has entered into an employment agreement with Pinnacle Bank and Pinnacle that will become effective at the consummation of the merger, whereby Mr. Moats will serve as an Executive Vice President of Pinnacle and Pinnacle Bank for a term of three years. Mr. Moat's initial base salary under the agreement will be \$250,000. Additionally, under the terms of the employment agreement, if Mr. Moats is terminated without cause or he terminates his employment for cause within twelve months following a change in control of Pinnacle (as defined in the agreement), he will be entitled to receive a severance payment equal to two year's base salary plus two times his target bonus for the year in which his employment terminates. If Mr. Moats is terminated without cause or he terminates his employment for cause prior to a change in control, Pinnacle and/or Pinnacle Bank must pay Mr. Moat's then current base salary for the remainder of the term. Mr. Moats employment agreement is summarized on page 55;



## **Table of Contents**

Upon consummation of the merger, certain Avenue executives will receive cash payments and certain other benefits. Promptly following consummation of the merger, Messrs. Samuels, Cleaver and Moats along with Barbara J. Zipperian, Avenue's Chief Financial Officer, will receive lump sum cash payments estimated to be approximately \$1.1 million, \$901,250, \$600,833, and \$600,833, respectively, plus in the case of Ms. Zipperian, continuation of health insurance benefits for a period of 35 months. Payment to Messrs. Samuels, Cleaver and Moats will be paid to the executive in exchange for the termination of their existing employment agreements with Avenue. Ms. Zipperian's payments will be made pursuant to the terms of her employment agreement with Avenue;

In connection with the merger, Messrs. Samuels, Cleaver and Moats are expected to receive a restricted stock award from Pinnacle following the closing of the merger if the executive remains an employee of Avenue in good standing at the time the merger is consummated. Under the terms of this arrangement, Pinnacle anticipates issuing the following dollar amounts of shares of its restricted stock (with the number of shares based on the closing price of Pinnacle's common stock as of the date of grant) the vesting of which will be tied to certain performance measures for Pinnacle that are expected to be based on earnings per share and certain asset quality metrics for each of the first three fiscal years beginning after the closing date of the merger: \$250,000 to Mr. Samuels, \$250,000 to Mr. Cleaver, and \$250,000 to Mr. Moats. The anticipated terms of these awards are summarized on page 56;

Avenue currently maintains a supplemental executive retirement plan, or SERP, for Mr. Samuels, Mr. Cleaver and for Ms. Zipperian. The plan provides that if a change of control of Avenue occurs and the executive's employment is terminated in certain circumstances within 24 months following the change in control, then the executive is entitled to receive a change of control benefit payable in installments. As of the closing date of the merger, these installments are expected to have a present value of approximately (i) \$2.2 million for Mr. Samuels, (ii) \$1.2 million for Mr. Cleaver and (iii) \$1.0 million for Ms. Zipperian. The merger will constitute a change of control for purposes of the plan, and Pinnacle has agreed to assume the plan in connection with the merger. The terms of this plan are summarized on page 54; and

Certain of Avenue's executive officers hold options to purchase shares of Avenue common stock. Under the terms of the Avenue stock option plan, any unvested options will become fully vested immediately prior to (but conditioned upon the occurrence of) the closing of the merger. Avenue executive officers, as a group, will receive accelerated vesting of options to purchase approximately 90,000 shares of Avenue common stock in connection with the merger, which is more fully described on page 54.

Each board member was aware of these and other interests and considered them before approving and adopting the merger agreement.

### **Accounting Treatment of the Merger (Page 53)**

Pinnacle will account for the merger by utilizing the purchase accounting method in accordance with United States generally accepted accounting principles.

### **Avenue's Board of Directors Unanimously Recommends that You Vote **FOR** the Approval of the Merger Agreement (Page 36)**

Avenue's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Avenue and its shareholders and has unanimously approved the merger agreement. Avenue's board of directors unanimously recommends that Avenue common shareholders vote FOR the approval of the merger agreement. For the factors considered by Avenue's board of directors in reaching its decision to approve the merger agreement, see PROPOSAL # 1 THE PROPOSED MERGER AVENUE'S REASONS FOR THE MERGER; RECOMMENDATION OF THE AVENUE BOARD OF DIRECTORS.

## **Table of Contents**

### **Avenue s Financial Advisor Has Provided an Opinion to the Avenue Board as to the Fairness of the Merger Consideration from a Financial Point of View (Page 39)**

In connection with the merger, Avenue s financial advisor, Keefe, Bruyette & Woods, Inc., or KBW, delivered a written opinion, dated January 28, 2016, to the Avenue board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of Avenue common stock of the merger consideration in the proposed merger. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached as Appendix B to this proxy statement/prospectus. **The opinion was for the information of, and was directed to, the Avenue board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of Avenue to engage in the merger or enter into the merger agreement or constitute a recommendation to the Avenue board of directors in connection with the merger, and it does not constitute a recommendation to any holder of Avenue common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.**

### **Treatment of Avenue Stock Options (Page 60)**

Any outstanding options to purchase shares of Avenue common stock that are not vested will be accelerated prior to, but conditioned on the occurrence of, the closing of the merger and all options that are not exercised prior to the closing will, at the closing, be cancelled and the holders of any such options will receive an amount in cash equal to the product of (x) the excess, if any, of \$20.00 over the exercise price of each such option and (y) the number of shares of Avenue common stock subject to each such option.

### **Treatment of Avenue s Subordinated Notes (Page 30)**

Upon consummation of the merger, Pinnacle will assume Avenue s obligations under its outstanding \$20.0 million subordinated notes issued in December 2014 that mature in December 2024. These notes bear interest at a rate of 6.75% per annum until January 1, 2020 and may not be repaid prior to such date. Beginning on January 1, 2020, if not redeemed on such date, these notes will bear interest at a floating rate equal to the three-month LIBOR determined on the determination date of the applicable interest period plus 4.95%.

### **The Merger is Expected to Occur late in the Second Quarter or early in the Third Quarter of 2016 (Page 61)**

The merger will occur after all conditions to its completion have been satisfied or waived. Currently, we anticipate the merger will occur late in the second quarter or early in the third quarter of 2016. However, we cannot assure you when or if the merger will occur. Holders of Avenue s common stock must first approve the merger agreement at the special meeting to which this proxy statement/prospectus relates. We also must obtain necessary regulatory approvals. If the merger has not been completed by September 30, 2016, either Pinnacle or Avenue may terminate the merger agreement so long as the party electing to terminate has not caused the failure of the merger to occur by failing to comply with its obligations under the merger agreement.

### **Completion of the Merger is Subject to Customary Conditions (Page 62)**

The completion of the merger is subject to a number of customary conditions being met, including the approval by Avenue common shareholders of the merger agreement, as well as receipt of all required regulatory approvals.

Where the law permits, a party to the merger agreement could elect to waive a condition to its obligation to complete the merger, even if that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

**Table of Contents**

**We May Not Complete the Merger or the Bank Merger Without All Required Regulatory Approvals (Page 59)**

We cannot complete the merger or the bank merger unless we receive the prior approval of our applications and notices filed with the Federal Deposit Insurance Corporation (which we refer to as the FDIC), and the Tennessee Department of Financial Institutions (which we refer to as TDFI). Because the merger and the bank merger will occur simultaneously, the approval of the merger by the Board of Governors of the Federal Reserve System (which we refer to as the FRB) is not required pursuant to an exemption from such approval requirements applicable under relevant regulations of the FRB.

**Termination of the Merger Agreement; Fees Payable (Page 71)**

We may jointly agree to terminate the merger agreement at any time. Either of us also may terminate the merger agreement if:

a governmental authority that must grant a regulatory approval denies approval of the merger or the bank merger (although this termination right is not available to a party whose failure to comply with its obligations under the merger agreement resulted in those actions by a governmental authority);

a governmental entity of competent jurisdiction issues a final nonappealable order enjoining or otherwise prohibiting the merger or the bank merger;

the merger is not completed on or before September 30, 2016 (although this termination right is not available to a party whose failure to comply with its obligations under the merger agreement resulted in the failure to complete the merger by that date);

the common shareholders of Avenue do not approve the merger agreement at the special meeting; or

the other party is in material breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach rises to a level that would excuse the terminating party's obligation to complete the merger and is either incurable or is not cured within 30 days.

Pinnacle may terminate the merger agreement if the board of directors of Avenue adversely changes its recommendation that its common shareholders vote FOR approval of the merger agreement, Avenue breaches its obligation to hold its shareholders' meeting to approve the merger agreement or if the board of directors of Avenue authorizes, recommends or publicly announces its intention to authorize or recommend an acquisition proposal with any person other than Pinnacle.

In addition, Avenue has the right to terminate the merger agreement:

if (a) Pinnacle's average closing stock price over a 10 consecutive trading day period prior to and ending on the fifth business day before the closing is less than \$40.00, and (b) the quotient resulting from dividing

Pinnacle's average closing stock price for that same 10-day period by the average closing price for Pinnacle's common stock for the 10-day period prior to and ending on January 28, 2016 (\$48.03) is less than the difference between (1) the quotient resulting from dividing the Nasdaq Bank Index on the fifth business day prior to the closing of the merger by the Nasdaq Bank Index on January 28, 2016 (\$2,626.17) minus (2) 0.20; or

for the purpose of entering into a definitive agreement with respect to a superior proposal; provided that Avenue is not in material breach of its obligations to call a meeting of its common shareholders to approve the merger agreement or its obligations under the merger agreement when presented with a superior proposal, including giving Pinnacle the opportunity to match any superior proposal.

The merger agreement provides that in limited circumstances, described more fully beginning on page 72, involving a change in the recommendation of the Avenue board that Avenue's shareholders approve the merger

## **Table of Contents**

agreement, Avenue's failure to hold a shareholders' meeting to vote on the merger agreement, Avenue's authorization, recommendation or proposal of an acquisition proposal, Avenue's termination to enter into a definitive agreement with respect to a superior proposal or if the merger agreement is otherwise terminated (other than by Avenue for Pinnacle's material breach) after Avenue shall have received an acquisition proposal, Avenue may be required to pay a termination fee to Pinnacle of \$8.0 million. The purpose of the termination fee is to encourage the commitment of Avenue to the merger, and to compensate Pinnacle if Avenue engages in certain conduct which would make the merger less likely to occur. The effect of the termination fee likely will be to discourage other companies from seeking to acquire or merge with Avenue prior to completion of the merger and could cause Avenue to reject any acquisition proposal which does not take into account the termination fee.

### **We May Amend the Terms of the Merger and Waive Rights Under the Merger Agreement (Page 72)**

We may jointly amend the terms of the merger agreement, and the parties may waive their respective rights to require the other parties to adhere to any of those terms, to the extent legally permissible. However, after the approval of the merger agreement by shareholders of Avenue, no amendment or waiver that reduces or changes the form of the consideration that will be received by Avenue shareholders may be accomplished without the further approval of such shareholders.

### **Dissenters' Rights (Page 53)**

Under the TBCA, holders of Avenue common stock do not have the right to dissent from the merger agreement and seek an appraisal in connection with the merger.

### **Comparison of the Rights of Avenue Shareholders and Pinnacle Shareholders (Page 78)**

Both Pinnacle and Avenue are incorporated under Tennessee law. Avenue shareholders, who upon completion of the merger, will become Pinnacle shareholders, and their rights as shareholders of Pinnacle will be governed by Pinnacle's charter and bylaws. See "COMPARISON OF THE RIGHTS OF SHAREHOLDERS" beginning on page 78 for the material differences between the rights of Avenue shareholders and Pinnacle shareholders.

### **Board of Directors after the Merger (Page 56)**

After the merger, the board of directors of the combined company is expected to have at least 18 members, consisting of at least 14 current members of Pinnacle's board of directors as well as Ronald L. Samuels, Marty Dickens, David Ingram and Joseph Galante as existing member of the Avenue board of directors.

### **Avenue Shareholder Meeting to be Held on June 21, 2016 (Page 27)**

Avenue will hold a special meeting of shareholders on June 21, 2016 at 10:30 a.m., local time, at the Frist Center Auditorium, 919 Broadway, Nashville, Tennessee 37203.





**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF PINNACLE**

The selected historical consolidated financial and other data presented below, as of and for each of the years in the five-year period ended December 31, 2015, is derived from Pinnacle's audited historical financial statements. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Pinnacle's audited consolidated financial statements and the notes thereto incorporated by reference in this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

<i>(in thousands, except per share data)</i>	<b>2015<sup>(1)(2)</sup></b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total assets	\$ 8,715,414	\$ 6,018,248	\$ 5,563,776	\$ 5,040,549	\$ 4,863,951
Loans, net of unearned income	6,543,235	4,590,027	4,144,493	3,712,162	3,291,351
Allowance for loan losses	65,432	67,359	67,970	69,417	73,975
Total securities	966,442	770,730	733,252	707,153	897,292
Goodwill, core deposit and other intangible assets	442,773	246,422	247,492	249,144	251,919
Deposits and securities sold under agreements to repurchase	7,050,498	4,876,600	4,603,938	4,129,855	3,785,931
Advances from FHLB	300,305	195,476	90,637	75,850	226,069
Subordinated debt and other borrowings	142,476	96,158	98,658	106,158	97,476
Stockholders' equity	1,155,611	802,693	723,708	679,071	710,145
<b>Statement of Operations Data:</b>					
Interest income	\$ 255,169	\$ 206,170	\$ 191,282	\$ 185,422	\$ 188,346
Interest expense	18,537	13,185	15,384	22,557	36,882
Net interest income	236,632	192,985	175,899	162,865	151,464
Provision for loan losses	9,188	3,635	7,856	5,569	21,798
Net interest income after provision for loan losses	227,445	189,350	168,042	157,296	129,666
Noninterest income	86,530	52,602	47,104	43,397	37,940
Noninterest expense	170,877	136,300	129,261	138,165	139,107
Income before income taxes	143,098	105,653	85,884	62,527	28,499
Income tax expense (benefit)	47,589	35,182	28,158	20,643	(15,238)
Net income	95,509	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	\$ 95,509	\$ 70,471	\$ 57,726	\$ 38,070	\$ 37,072
<b>Per Share Data:</b>					
Earnings per share available to common shareholders - basic	\$ 2.58	\$ 2.03	\$ 1.69	\$ 1.12	\$ 1.11
Weighted average common shares outstanding - basic	37,015,468	34,723,335	34,200,770	33,899,667	33,420,015
Earnings per share available to common shareholders - diluted	\$ 2.52	\$ 2.01	\$ 1.67	\$ 1.10	\$ 1.09

Edgar Filing: PINNACLE FINANCIAL PARTNERS INC - Form S-4/A

Weighted average common shares outstanding diluted	37,973,788	35,126,890	34,509,261	34,487,808	34,060,228
Common dividends per share	\$ 0.48	\$ 0.32	0.08		
Book value per common share	\$ 28.25	\$ 22.45	\$ 20.55	\$ 19.57	\$ 18.56
Tangible book value per common share	\$ 17.46	\$ 15.62	\$ 13.52	\$ 12.39	\$ 11.33
Common shares outstanding at end of period	40,906,064	35,732,483	35,221,941	34,696,597	34,354,960

**Performance Ratios:**

Return on average assets	1.36%	1.24%	1.11%	0.78%	0.77%
Return on average stockholders equity	10.06%	9.19%	8.22%	5.46%	5.27%
Net interest margin (1)	3.72%	3.75%	3.77%	3.77%	3.55%
Net interest spread (2)	3.55%	3.65%	3.65%	3.61%	3.33%
Noninterest income to average assets	1.23%	0.92%	0.90%	0.89%	0.78%
Noninterest expense to average assets	2.42%	2.39%	2.48%	2.83%	2.88%
Efficiency ratio (3)	52.88%	55.50%	57.96%	66.99%	73.45%
Average loan to average deposit ratio	96.39%	93.15%	93.46%	92.78%	86.76%
Average interest-earning assets to average interest-bearing liabilities	142.77%	142.64%	137.78%	131.44%	125.84%
Average equity to average total assets ratio	13.47%	13.46%	13.47%	14.30%	14.55%
Annualized dividend payout ratio	18.97%	16.67%	20.38%	0.00%	0.00%

**Asset Quality Ratios:**

Allowance for loan losses to nonaccrual loans	222.90%	403.20%	373.80%	304.20%	154.60%
Allowance for loan losses to total loans	1.00%	1.47%	1.64%	1.87%	2.25%
Nonperforming assets to total assets	0.42%	0.46%	0.60%	0.82%	1.80%
Nonperforming assets to total loans and other real estate	0.55%	0.61%	0.80%	1.11%	2.66%
Net loan charge-offs to average loans	0.21%	0.10%	0.24%	0.29%	0.94%

**Table of Contents**

<i>(in thousands, except per share data)</i>	<b>2015<sup>(1)(2)</sup></b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Capital Ratios (Pinnacle Financial):</b>					
Common equity Tier I risk-based capital	8.61%	10.10%			
Leverage (4)	9.37%	11.30%	10.90%	10.60%	11.40%
Tier 1 risk-based capital	9.63%	12.10%	11.80%	11.80%	13.80%
Total risk-based capital	11.24%	13.40%	13.00%	13.00%	15.30%

- (1) Net interest margin is the result of net interest income for the period divided by average interest earning assets.
- (2) 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.
- (3) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.
- (4) 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.

**Table of Contents**

**SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF  
AVENUE FINANCIAL HOLDINGS, INC.**

The selected historical financial and other data of Avenue presented below, as of and for each of the years in the five-year period ended December 31, 2015, is derived from Avenue's audited historical financial statements. This information should be read in conjunction with Management's Discussion and Analysis of Financial Conditions and Results of Operations and Avenue's audited consolidated financial statements and the notes thereto incorporated by reference in this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

<i>(Dollars in Thousands, Except Per Share and Employee Data)</i>	<b>At or For the Year Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>SELECTED INCOME STATEMENT DATA</b>					
Interest income	\$ 38,321	33,024	27,061	22,888	21,927
Interest expense	5,642	4,067	3,865	5,196	5,788
Net interest income	32,679	28,957	23,196	17,692	16,139
Provision for loan losses	2,029	1,643	1,593	1,623	1,102
Net interest income after provision for loan losses	30,650	27,314	21,603	16,069	15,037
Non-interest income	6,579	4,665	5,055	5,793	2,984
Non-interest expense	27,143	23,862	20,309	18,199	15,701
Income tax expense (benefit)	3,132	2,525	2,400	988	(11,519)
Net income	6,954	5,592	3,949	2,675	13,839
Dividends on preferred shares	(32)	(190)	(190)	(358)	(396)
Accretion of net preferred stock discount					(234)
Net income available to common stockholders	\$ 6,922	5,402	3,759	2,317	13,209
<b>PER COMMON SHARE DATA</b>					
Basic earnings per share	\$ 0.70	0.64	0.45	0.27	1.56
Diluted earnings per share	0.69	0.63	0.45	0.27	1.56
Book value per common share	9.16	8.37	7.36	7.78	7.37
Tangible book value per common share (1)	8.87	8.03	7.02	7.43	7.02
Basic weighted average common shares	9,891,993	8,485,780	8,424,598	8,443,393	8,444,063
Diluted weighted average common shares	10,026,947	8,539,121	8,424,598	8,443,393	8,444,063
<b>SELECTED BALANCE SHEET DATA</b>					

Edgar Filing: PINNACLE FINANCIAL PARTNERS INC - Form S-4/A

Total assets	\$ 1,165,454	1,001,721	893,144	726,484	629,947
Total loans, net of deferred fees	845,821	693,908	573,430	455,980	395,812
Allowance for loan losses	(10,061)	(8,518)	(7,204)	(6,695)	(6,550)
Securities available for sale	209,574	220,462	257,797	194,090	166,961
Goodwill and other intangible assets	2,966	2,966	2,966	2,966	2,966
Deposits	969,603	803,172	705,794	590,840	482,402
Advances from FHLB/FRB	68,000	70,300	79,250	39,000	44,000
Preferred stock		18,950	18,950	18,950	18,950
Tangible common stockholders equity (1)	91,448	69,312	60,135	62,846	59,254
Total stockholders equity	94,414	91,228	82,051	84,762	81,170
Average total assets	1,078,765	946,086	802,578	670,272	587,200
Average common stockholders equity	89,146	68,751	65,189	64,431	49,084
Full time employees	145	134	120	109	94
<b>SELECTED PERFORMANCE RATIOS</b>					
Return on average assets (2)	0.64%	0.57%	0.47%	0.35%	2.25%
Return on average common stockholders equity (2)	7.76%	7.86%	5.77%	3.59%	26.91%
Net interest margin (fully taxable equivalent)	3.26%	3.30%	3.17%	2.97%	3.02%
Efficiency ratio (1) (3)	69.60%	71.00%	73.24%	81.22%	83.12%

**Table of Contents***(Dollars in Thousands, Except Per Share and Employee Data)***At or For the Year Ended December 31,**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>SELECTED ASSET QUALITY INFORMATION</b>					
Nonaccruing loans	\$ 550	\$ 695	\$ 591	\$ 1,880	\$ 2,624
Past due loans over 90 days and still accruing interest					
Net loans charge-offs	\$ 486	\$ 329	\$ 1,084	\$ 1,478	\$ 203
Nonaccruing loans to total loans	0.07%	0.10%	0.10%	0.41%	0.66%
Nonaccruing loans and loans past due 90 days and still accruing to total loans	0.07%	0.10%	0.10%	0.41%	0.66%
Non-performing assets to total assets (4)	0.09%	0.41%	0.45%	0.66%	1.06%
Non-performing assets to loans and OREO	0.13%	0.58%	0.70%	1.05%	1.67%
Allowance for loan losses to total loans	1.19%	1.23%	1.26%	1.47%	1.65%
Allowance for loan losses to nonaccruing loans	\$ 1,829.27	\$ 1,224.87	\$ 1,219.43	\$ 356.12	\$ 249.58
Net loan charge-offs to average loans	0.06%	0.05%	0.22%	0.36%	0.05%
<b>CAPITAL RATIOS (Consolidated)</b>					
Tier 1 Leverage Ratio	8.17%	9.14%	9.04%	10.87%	11.70%
Tier 1 Common Capital Ratio	9.28%	10.44%	8.57%	10.08%	10.87%
Tier 1 Risk-Based Capital Ratio	9.28%	10.53%	11.35%	13.52%	14.95%
Total Risk-Based Capital Ratio	12.25%	13.91%	12.40%	14.73%	16.20%
Tangible common stockholders equity to tangible assets (1)	7.87%	6.94%	6.76%	8.69%	9.45%

- (1) These measures are not measures recognized under U.S. generally accepted accounting principles (U.S. GAAP), and are therefore considered to be non-U.S. GAAP financial measures. See below for a reconciliation of these measures to their most comparable U.S. GAAP measures.
- (2) Return on average assets is defined as net income available to common stockholders divided by average total assets. Return on average common stockholders equity is defined as net income available to common stockholders divided by average common stockholders equity.
- (3) Efficiency ratio is defined as total non-interest expense divided by our operating revenue, which is equal to the sum of net interest income and total non-interest income, (excluding securities sale gains/(losses)) and is not an U.S. GAAP measure.
- (4) Non-performing assets are deemed to be nonaccruing loans and OREO.

**U.S. GAAP Reconciliation and Management Explanation of Non-U.S. GAAP Financial Measures**

The information set forth above contains certain financial information determined by methods other than in accordance with U.S. GAAP. These non-U.S. GAAP financial measures are tangible book value per common share, tangible common stockholders equity, efficiency ratio, and tangible common stockholders equity to tangible assets. Although Avenue believes these non-U.S. GAAP financial measures provide a greater understanding of Avenue's business, these measures are not necessarily comparable to similar measures that may be presented by other companies.

Tangible book value per common share is defined as tangible common stockholders' equity divided by total common shares outstanding. Avenue believes that this measure is important to many investors in the marketplace who are interested in changes from period to period in book value per common share exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a purchase business combination, has the effect of increasing book value while not increasing Avenue's tangible book value.

Tangible common stockholders' equity is defined as common stockholders' equity reduced by goodwill. Avenue believes that this measure is important to many investors in the marketplace who are interested in changes from period to period in common stockholders' equity exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a purchase business combination, has the effect of increasing both common stockholders' equity and assets while not increasing Avenue's tangible common stockholders' equity or tangible assets.

Efficiency ratio is defined as non-interest expenses divided by Avenue's operating revenue, which is equal to the sum of net interest income plus non-interest income excluding gains and losses on sales of loans and

**Table of Contents**

securities. In Avenue's judgment, the adjustments made to operating revenue allow investors and analysts to better assess Avenue's operating expenses in relation to its core operating revenue by removing the volatility that is associated with certain non-recurring items and other discrete items that are unrelated to Avenue's core business.

Tangible common stockholders' equity to tangible assets is defined as the ratio of common stockholders' equity reduced by goodwill divided by total assets reduced by goodwill. Avenue believes that this measure is important to many investors in the marketplace who are interested in relative changes from period to period in common stockholders' equity and total assets, each exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a purchase business combination, has the effect of increasing both common stockholders' equity and assets while not increasing Avenue's tangible common equity or tangible assets.

The information provided below reconciles each non-U.S. GAAP measure to its most comparable U.S. GAAP measure.

	<b>At and For the Year Ended December 31,</b>				
<i>(Dollars in Thousands, Except Per Share Data)</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>NON-GAAP FINANCIAL MEASURES</b>					
<b>Tangible Common Stockholders' Equity and Tangible Common Stockholders' Equity/Tangible Assets</b>					
Common equity	\$ 94,414	\$ 72,278	\$ 63,101	\$ 65,812	\$ 62,220
Less: intangible assets	(2,966)	(2,966)	(2,966)	(2,966)	(2,966)
<i>Tangible common stockholders' equity</i>	91,448	69,312	60,135	62,846	59,254
Total assets	1,165,454	1,001,721	893,144	726,484	629,947
Less: Intangible assets	(2,966)	(2,966)	(2,966)	(2,966)	(2,966)
Tangible assets	1,162,488	998,755	890,178	723,518	626,981
<i>Tangible Common Stockholders' Equity/Tangible Assets</i>	7.87%	6.94%	6.76%	8.69%	9.45%
<b>Tangible Book Value per Common Share</b>					
Book Value Per Common Share	\$ 9.16	\$ 8.37	\$ 7.36	\$ 7.78	\$ 7.37
Less: Effects of intangible assets	(0.29)	(0.34)	(0.35)	(0.35)	(0.35)
Tangible Book Value per Common Share	8.87	8.03	7.02	7.43	7.02
<b>Efficiency Ratio</b>					
Non-interest expense (numerator)	\$ 27,143	\$ 23,862	\$ 20,309	\$ 18,199	\$ 15,701
Net interest income	32,679	28,957	23,196	17,692	16,139
Non-interest income	6,579	4,665	5,055	5,793	2,984
Less: gains on sales of securities	(258)	(12)	(522)	(1,079)	(233)
Adjusted operating revenue (denominator)	39,000	33,610	27,729	22,406	18,890
<i>Efficiency Ratio</i>	69.60%	71.00%	73.24%	81.22%	83.12%





**Table of Contents**

**COMPARATIVE PER SHARE DATA (UNAUDITED)**

The below presentation summarizes the unaudited per share information for Pinnacle and Avenue on a historical, pro forma, pro forma combined and equivalent pro forma basis. You should read this information in conjunction with the historical financial statements (and related notes) of each of Pinnacle or Avenue contained in the annual and quarterly reports and other documents Pinnacle and Avenue each has filed with the SEC that are incorporated herein by reference and the selected historical consolidated financial data of Pinnacle and Avenue in this proxy statement/prospectus. See **SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF PINNACLE** beginning on page 12, **SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF AVENUE FINANCIAL HOLDINGS, INC.** beginning on page 14, and **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 94.

The pro forma, pro forma combined and pro forma equivalent per share information gives effect to the merger as if the transaction had been effective as of the dates presented, in the case of the book value data, and as if the transactions had become effective on January 1, 2015, in the case of the net income per share and dividends declared per share data.

You should not rely on the pro forma information as necessarily indicative of historical results we would have experienced had we been combined or of future results we will have after the consummation of the merger. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

**Table of Contents**

The information presented in the table below is based on the historical financial statements of each of Pinnacle and Avenue and should be read in conjunction with the historical financial information that Pinnacle and Avenue have presented in prior filings with the SEC. See **WHERE YOU CAN FIND MORE INFORMATION** on page 94.

	<b>As of and for the</b>
	<b>Year Ended</b>
	<b>December 31, 2015 (1)</b>
<b><i>Earnings Per Common Share</i></b>	
<b><i>Basic</i></b>	
Pinnacle historical	\$ 2.58
Avenue historical	0.70
Pinnacle Avenue pro forma (2)	2.59
Equivalent pro forma for one share of Avenue common stock (3)	0.93
<b><i>Diluted</i></b>	
Pinnacle historical	\$ 2.52
Avenue historical	0.69
Pinnacle Avenue pro forma (2)	2.53
Equivalent pro forma for one share of Avenue common stock (3)	0.91
<b><i>Cash Dividends Declared Per Common Share</i></b>	
Pinnacle historical	\$ 0.48
Avenue historical	
Pinnacle Avenue pro forma (2)	0.48
Equivalent pro forma for one share of Avenue common stock (3)	0.17
<b><i>Book Value Per Common Share</i></b>	
Pinnacle historical	\$ 28.25
Avenue historical	9.16
Pinnacle Avenue pro forma (2)	29.80
Equivalent pro forma for one share of Avenue common stock (3)	10.73

- (1) Pro forma amounts reflect the estimated purchase accounting adjustments to be recorded in connection with the merger and the issuance of an estimated 3,750,000 shares of Pinnacle common stock in the merger. The number of shares of Pinnacle common stock that may be issued in the merger could be higher if options to acquire shares of Avenue common stock are exercised prior to the effective time of the merger.
- (2) Amounts are calculated using a ratio of 0.36 (where Pinnacle is 1).
- (3) The equivalent pro forma information shows the effect of the merger from the perspective of a holder of Avenue common stock and is calculated using a ratio of 0.36 (where Pinnacle is 1).

**Table of Contents****COMPARATIVE MARKET PRICES AND DIVIDENDS**

Pinnacle's common stock is traded on the Nasdaq Global Select Market under the symbol PNFPA. Avenue's common stock is traded on the Nasdaq Global Select Market under the symbol AVNU.

The following table shows, for the periods indicated, the reported closing sale prices per share for Pinnacle common stock and Avenue common stock on (i) January 27, 2016, the last trading day before the public announcement of the execution of the merger agreement, and (ii) May 4, 2016 the latest practicable date prior to the date of this proxy statement/prospectus. This table also shows in the column entitled "Equivalent Price Per Avenue Share" the closing price of a share of Pinnacle common stock on that date, multiplied by 0.36, plus \$2.00.

We make no assurance as to what the market price of the Pinnacle common stock will be when the merger is completed or anytime thereafter. Because the market value of Pinnacle common stock will fluctuate after the date of this proxy statement/prospectus, we cannot assure you what value a share of Pinnacle common stock will have when received by an Avenue shareholder. Avenue shareholders are advised to obtain current market quotations for Pinnacle common stock. Such quotations in the case of Pinnacle may be obtained from a newspaper, the Internet or a broker.

<b>Date</b>	<b>Pinnacle Common Stock</b>	<b>Avenue Common Stock</b>	<b>Equivalent Price per Avenue Share</b>
January 27, 2016	\$ 50.09	\$ 13.20	\$ 20.03
May 4, 2016	\$ 47.15	\$ 18.76	\$ 18.97

**Pinnacle**

The following table sets forth, for the periods indicated, the high and low sales prices of Pinnacle common stock and cash dividends paid per share of Pinnacle common stock for the periods indicated.

	<b>High</b>	<b>Low</b>	<b>Cash Dividends Paid Per Share</b>
<b>2016</b>			
First Quarter	\$ 52.82	\$ 43.32	\$ 0.14
Second Quarter (through May 4, 2016)	52.54	46.56	\$ 0.14
<b>2015</b>			
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
<b>2014</b>			
First Quarter	\$ 39.10	\$ 30.68	\$ 0.08
Second Quarter	39.85	32.77	0.08
Third Quarter	40.10	34.73	0.08
Fourth Quarter	40.30	33.93	0.08

As of [ ], 2016, the last practicable date prior to the printing of this document, there were [ ] shares of Pinnacle common stock issued and outstanding and approximately [ ] shareholders of record.

The principal source of Pinnacle's cash flow, including cash flow to pay interest to holders of its subordinated debentures and interest on its \$75.0 million line of credit (\$20 million of which had been borrowed as of May 4, 2016), and any dividends payable to common shareholders, are dividends that Pinnacle Bank pays to Pinnacle as its sole shareholder. The ability of Pinnacle Bank to pay dividends to Pinnacle, as well as

**Table of Contents**

Pinnacle's ability to pay dividends to its common shareholders, will continue to be subject to and limited by the results of operations of Pinnacle Bank and by certain legal and regulatory restrictions. Accordingly, there can be no assurance that Pinnacle will continue to pay dividends to its common shareholders in the future. See **SUPERVISION AND REGULATION Payment of Dividends** in Pinnacle's Annual Report on Form 10-K, and the Risk Factor entitled **Our ability to declare and pay dividends is limited** in Pinnacle's Annual Report on Form 10-K which is incorporated by reference into this proxy statement/prospectus, for additional information about limitations on Pinnacle's and Pinnacle Bank's ability to declare and pay dividends. See **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 94.

**Avenue**

Avenue common stock has traded on the Nasdaq Global Select Market since February 10, 2015. Prior to that time there was no established public trading market for its stock. The following table sets forth, for the periods indicated, the high and low sales prices of Avenue common stock and cash dividends paid per share of Avenue common stock for the periods indicated.

	<b>High</b>	<b>Low</b>	<b>Cash Dividends Paid Per Share</b>
<b>2016</b>			
First Quarter	\$ 21.52	\$ 12.12	\$ 0.00
Second Quarter (through May 4, 2016)	20.54	18.53	0.00
<b>2015</b>			
First Quarter	\$ 13.38	\$ 11.50	\$ 0.00
Second Quarter	13.44	11.48	0.00
Third Quarter	13.47	12.05	0.00
Fourth Quarter	15.00	12.73	0.00

As of the record date of the special meeting, there were 10,366,000 shares of Avenue common stock issued and outstanding, which were held by approximately 153 shareholders of record.

Avenue has not paid any cash dividends on its common stock since inception. The ability of Avenue Bank to pay dividends to Avenue, as well as Avenue's ability to pay dividends to its common shareholders, is also subject to and limited by certain legal and regulatory restrictions.

**Table of Contents**

**RISK FACTORS RELATING TO THE MERGER**

*In addition to the other information contained or incorporated by reference into this proxy statement/prospectus, including without limitation, Pinnacle's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, you should carefully consider the following risk factors in deciding whether to vote to approve the merger agreement.*

***Because the market price of Pinnacle common stock will fluctuate, Avenue common shareholders cannot be sure of the exact value of shares of Pinnacle common stock they will receive.***

Upon completion of the merger, each outstanding share of Avenue common stock will be converted into the merger consideration consisting of shares of Pinnacle common stock and cash as provided in the merger agreement. While the number of shares of Pinnacle common stock that holders of Avenue common stock will receive as part of the merger consideration, for each share of Avenue common stock is fixed, the value of these shares of Pinnacle common stock will fluctuate depending on the price per share of Pinnacle common stock at the time the shares of Pinnacle common stock are actually received by Avenue shareholders. The closing price of Pinnacle common stock on the date that the holder of Avenue common stock actually receives the shares of such Pinnacle common stock after consummation of the merger may vary from the closing price of Pinnacle common stock on the date that Avenue and Pinnacle announced the merger, on the date that this proxy statement/prospectus is being mailed to Avenue common shareholders, and on the date of the special meeting of Avenue common shareholders. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in Pinnacle's business, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of Pinnacle. Accordingly, at the time of the special meeting of Avenue common shareholders, because of the above timing differences, Avenue common shareholders will not be able to calculate the exact value of Pinnacle common stock they will receive upon consummation of the merger.

***Pinnacle may not be able to successfully integrate Avenue or to realize the anticipated benefits of the merger.***

Pinnacle can provide no assurance that the merger will be consummated. In the event that the merger is consummated, a successful integration of Avenue's operations with Pinnacle's operations will depend substantially on Pinnacle's ability to consolidate operations, corporate cultures, systems and procedures and to eliminate redundancies and costs. Pinnacle may not be able to combine its operations with the operations of Avenue 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 Pinnacle's successful integration of Avenue.

Further, Pinnacle entered into the merger agreement with the expectation that the merger 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, cost savings and operating efficiencies.



## **Table of Contents**

Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether Pinnacle integrates Avenue in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in a reduction in the price of Pinnacle's common stock as well as in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy that could materially and adversely affect Pinnacle's business, financial condition and operating results. Finally, any cost savings that are realized may be offset by losses in revenues or other charges to earnings.

***Avenue common shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.***

After consummation of the merger, Avenue common shareholders will own a significantly smaller percentage of Pinnacle than they currently own of Avenue. Following the completion of the merger, Avenue common shareholders will own approximately 8% of the combined companies on a fully-diluted basis, assuming none of Avenue's stock options issued as of the date hereof that are unexercised are exercised prior to the effective time of the merger. Additionally, former Avenue directors, following the consummation of the merger, initially will hold four seats on Pinnacle's board of directors. Consequently, Avenue shareholders likely will be able to exercise less influence over the management policies of Pinnacle than they currently exercise over the management and policies of Avenue.

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

Pinnacle expects to incur significant costs associated with combining the operations Avenue with its operations. Pinnacle has begun collecting information in order to formulate detailed integration plans to deliver anticipated cost savings. Additional unanticipated costs may be incurred in the integration of Pinnacle's business with Avenue's business. Although Pinnacle expects 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, Pinnacle will incur substantial expenses, such as legal, accounting and financial advisory fees, in pursuing the merger which will adversely impact its earnings until after the acquisition has been completed. Completion of the merger is conditioned upon the receipt of all material governmental authorizations, consents, orders and approvals, including approval by federal banking regulators of the proposed merger of Avenue Bank and Pinnacle Bank. Pinnacle and Avenue intend to pursue all required approvals in accordance with the merger agreement.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.***

Before the transactions contemplated in the merger agreement may be completed, prior approval of our applications and notices filed with the FDIC and TDFI must be obtained. These governmental agencies may impose conditions on the completion of the merger or the proposed bank merger or require changes to the terms of the merger agreement. Although Pinnacle and Avenue do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the transactions contemplated in the merger agreement or imposing additional costs on or limiting Avenue's revenues, any of which might have a material adverse effect on Pinnacle following the merger. There can be no assurance as to whether the regulatory approvals will be received, the timing of those approvals, or whether any conditions will be imposed. See THE MERGER AGREEMENT Conditions to the Completion of the Merger beginning on page 62 for a discussion of the conditions to the completion of the merger and PROPOSAL #1: THE PROPOSED MERGER Regulatory Approval beginning on page 58 for a description of the regulatory approvals that

must be received in connection with the merger.

**Table of Contents**

*The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire Avenue.*

Until the consummation of the merger, with some exceptions, Avenue is prohibited from soliciting, initiating, encouraging, or participating in any discussion of, or otherwise considering, any inquiries or proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person or entity other than Pinnacle. In addition, Avenue has agreed to pay a termination fee of \$8.0 million to Pinnacle if:

Pinnacle terminates the merger agreement because Avenue's board of directors (1) did not recommend that Avenue's shareholders approve the merger agreement, (2) after making such a recommendation, withdraws, modifies or amends its recommendation in a manner adverse to Pinnacle, or (3) fails to call a shareholder meeting to approve the merger agreement;

Pinnacle terminates the merger agreement because Avenue's board of directors has authorized, recommended or publicly announced its intention to authorize or recommend any acquisition proposal with any person other than Pinnacle;

the merger agreement is terminated by Pinnacle because the merger has not been completed by September 30, 2016, and at the time of termination Pinnacle could have terminated the merger agreement because of any of the reasons stated in the two immediately preceding bullet points;

the merger agreement is terminated by either party because the required shareholder vote of Avenue was not obtained at Avenue's special shareholders' meeting and a bona fide acquisition proposal with respect to Avenue was publicly announced or otherwise communicated to the board of directors or members of senior management of Avenue before the special meeting (which we refer to as a public proposal) that has not been withdrawn, and within nine months after termination of the merger agreement, Avenue enters into any definitive agreement with respect to, or consummates, any acquisition proposal (whether or not the same as the public proposal);

the merger agreement is terminated by either party because the merger has not been completed by September 30, 2016, or by Pinnacle because of a material breach by Avenue of a representation, warranty, covenant or agreement that causes a condition to the merger to not be satisfied and a public proposal with respect to Avenue was made and not withdrawn before the merger agreement was terminated and within nine months after the termination of the merger agreement Avenue enters into any definitive agreement with respect to, or consummates, any acquisition proposal (whether or not the same as the public proposal); or

Avenue terminates the merger agreement for the purpose of entering into a definitive agreement with respect to a superior proposal; provided that Avenue has complied with its obligations to call a meeting of its common shareholders to approve the merger agreement and has complied with its obligations under the merger agreement when presented with a superior proposal, including giving Pinnacle the opportunity to match such superior proposal.

***Failure to complete the merger could cause Pinnacle's stock price to decline.***

If the merger is not completed for any reason, Pinnacle's stock price may decline because costs related to the merger, such as legal, accounting and financial advisory fees, must be paid even if such merger is not completed. In addition, if the merger is not completed, Pinnacle's stock price may decline to the extent that the current market price reflects a market assumption that the merger will be completed.

***Certain executive officers and directors of Avenue have interests in the merger different from, or in addition to, the interests of Avenue shareholders.***

Certain of Avenue's existing directors and executive officers have interests in the merger that are different from, or in addition to, the interests of Avenue's common shareholders generally. For example, certain Avenue executive officers have agreements that provide for significant payments following the consummation of the merger as the merger will be considered a change in control for purposes of these agreements. The Avenue board

**Table of Contents**

of directors was aware of these conflicts of interests when it approved the merger agreement. See PROPOSAL #1: THE PROPOSED MERGER Interests of Avenue Executive Officers and Directors in the merger beginning on page 54.

***The fairness opinion delivered to the Avenue board of directors by Avenue's financial advisor prior to execution of the merger agreement will not reflect any changes in circumstances after the date of the opinion.***

The fairness opinion of KBW was delivered to Avenue's board of directors on January 28, 2016. Changes in the operations and prospects of Pinnacle or Avenue, general market and economic conditions and other factors which may be beyond the control of Pinnacle and Avenue may have altered the value of Pinnacle or Avenue or the sale prices of shares of Pinnacle common stock and Avenue common stock as of the date of this proxy statement/prospectus, or may alter such values and sale prices by the time the merger is completed. KBW's opinion, dated January 28, 2016, does not speak as of any date other than the date of the opinion.

***A portion of the merger consideration received by the Avenue shareholders will generally be taxable.***

An Avenue common shareholder generally will not recognize any gain or loss on the conversion of shares of Avenue common stock into shares of Pinnacle common stock. However, an Avenue common shareholder generally will be taxed upon receipt of the cash portion of the merger consideration in exchange for shares of Avenue common stock or for any cash received in lieu of any fractional share of Pinnacle common stock or in connection with the cancellation of any outstanding options to purchase Avenue common stock. See PROPOSAL #1: THE PROPOSED MERGER Material United States Federal Income Tax Consequences beginning on page 51.

***Avenue and Pinnacle are subject to business uncertainties and contractual restrictions while the merger is pending, which could adversely affect each party's business and operations.***

In connection with the pendency of the merger, it is possible that some customers and other persons with whom Avenue Bank and/or Pinnacle Bank has a business relationship may delay or defer certain business decisions or might seek to terminate, change or renegotiate their relationships with Avenue Bank and/or Pinnacle Bank, as the case may be, as a result of the merger, which could negatively affect Avenue's, and/or Pinnacle's respective revenues, earnings and cash flows, as well as the market price of Pinnacle's common stock, regardless of whether the merger is completed.

Under the terms of the merger agreement, Avenue is subject to certain restrictions on its business prior to completing the merger, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. Such limitations could negatively affect Avenue's businesses and operations prior to the completion of the merger.

**Table of Contents**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus including the Appendices hereto contains forward-looking statements about Pinnacle and Avenue and the combined company following the merger. Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (which we refer to as the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act), are statements that represent our judgment concerning the future and are subject to risks and uncertainties that could cause our actual operating results and financial position to differ materially from the forward-looking statements. Such forward-looking statements can generally be identified by the use of forward-looking terminology such as expect, anticipate, goal, intend, plan, believe, should, seek estimate and similar expressions are intended to identify forward-looking statements, but other statements not based on historical information may also be considered forward-looking. You should note that the discussion of Pinnacle's and Avenue's reasons for the merger contain many forward-looking statements that describe beliefs, assumptions and estimates of the management of each of Avenue and Pinnacle and public sources as of the indicated dates and those forward-looking expectations may have changed as of the date of this proxy statement/prospectus. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements.

The ability to predict results or the actual effects of the combined companies' plans and strategies is inherently uncertain. Some of the factors that may cause actual results to differ materially from those contemplated by the forward-looking statements, include, but are not limited to, those identified in the section of this proxy statement/prospectus titled RISK FACTORS RELATING TO THE MERGER beginning on page 21 of this proxy statement/prospectus and the following:

difficulties in obtaining required shareholder and regulatory approvals for the merger and related transactions;

the risk that the cost savings and any revenue synergies from the proposed merger may not be realized or take longer than anticipated to be realized;

the risk of successful integration of the Avenue business with the business of Pinnacle;

a materially adverse change in the financial condition of Pinnacle or Avenue;

loan losses that exceed the level of allowance for loan losses of the combined companies;

lower than expected revenue following the merger;

Pinnacle's ability to manage the combined companies' growth;

the risks inherent or associated with a merger or acquisition, like the merger;

general economic conditions, either nationally, in Tennessee or in the Nashville MSA that are less favorable than expected resulting in, among other things, a deterioration of the quality of the combined companies' loan portfolio and the demand for its products and services;

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;

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

reputational risk and the reaction of the parties' customers to the merger;

the failure of the closing conditions for the merger to be satisfied;

the dilution caused by the issuance of additional shares of Pinnacle common stock in connection with the merger;

**Table of Contents**

increased competition with other financial institutions;

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

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

the additional expenses and lost revenue opportunities resulting from Pinnacle's total assets exceeding \$10.0 billion following consummation of the merger;

inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies and required capital maintenance levels or regulatory agencies in connection with those agencies' approval of the merger; and

changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers, including regulatory or legislative developments arising out of current unsettled conditions in the economy, including implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Additional factors are discussed in the reports filed with the SEC by each of Pinnacle and Avenue. See **WHERE YOU CAN FIND MORE INFORMATION** on page 94.

The above list is not intended to be exhaustive and there may be other factors that would preclude us from realizing the predictions made in the forward-looking statements. Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Pinnacle shareholders and Avenue shareholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference herein.

All subsequent written or oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Pinnacle or Avenue or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Pinnacle and Avenue undertake no obligation to update such forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.



**Table of Contents**

**SPECIAL MEETING**

**General**

This proxy statement/prospectus is being furnished to Avenue shareholders in connection with the solicitation of proxies by the board of directors of Avenue for use at the Avenue special meeting to be held on June 21, 2016 at 10:30 a.m., local time, at the Frist Center Auditorium, 919 Broadway, Nashville, Tennessee 37203, and at any postponement or adjournment of the Avenue special meeting. This document, along with an enclosed proxy card for use at the Avenue special meeting, are being sent to Avenue's shareholders on or about [ ], 2016.

**Purpose and Record Date**

The special meeting is being held for the following purposes:

To consider and vote on a proposal to approve the Agreement and Plan of Merger by and between Pinnacle and Avenue, dated as of January 28, 2016, pursuant to which Avenue will merge with and into Pinnacle, with Pinnacle surviving the merger; and

To consider and vote on a proposal to postpone or adjourn the Avenue special meeting to a later date or dates, if necessary, to allow for additional time to solicit proxies in the event there are insufficient votes present at the Avenue special meeting in person or by proxy, and entitled to vote, to approve the merger agreement.

A copy of the merger agreement is attached as Appendix A to this proxy statement/prospectus.

Avenue shareholders who hold their shares as of the close of business on April 22, 2016 are entitled to notice of and to vote at the Avenue special meeting. On the record date, 10,366,000 shares of Avenue common stock, and no shares of Avenue preferred stock, were outstanding and entitled to vote at the special meeting.

**Vote Required**

The following votes will be required to approve the proposals:

The approval of the merger agreement (Proposal 1) requires the affirmative vote of the holders of a majority of the outstanding shares of Avenue common stock entitled to vote at the Avenue special meeting.

The proposal to postpone or adjourn the Avenue special meeting to a later date or dates, if necessary, to solicit additional proxies (Proposal 2) requires the affirmative vote of a majority of the shares of Avenue common stock that are present at the Avenue special meeting, in person or by proxy, and entitled to vote.

**Voting**

Each outstanding share of Avenue common stock held of record as of the close of business on the record date is entitled to cast one vote on each matter properly brought before the special meeting. A quorum of Avenue

shareholders is necessary to convene the meeting. The presence in person or by proxy at the meeting of holders of a majority of the outstanding shares of Avenue common stock entitled to vote at the meeting will constitute a quorum.

You may vote your shares in person by attending the Avenue special meeting, or by mailing us your completed proxy if you are unable or do not wish to attend.

We encourage you to vote by mailing the proxy card even if you plan to attend the Avenue special meeting. If you are a shareholder of record as of April 22, 2016, you may vote your shares in person at the Avenue special

## Table of Contents

meeting. If your shares are held by a broker or other nominee, you must obtain a proxy from the broker or nominee giving you the right to vote the shares at the Avenue special meeting.

All proxies properly submitted in time to be counted at the Avenue special meeting will be voted in accordance with the instructions contained in the proxy. If you submit a proxy without voting instructions, the proxies named in the proxy will vote on your behalf for each matter described above in accordance with the recommendations of the Avenue board of directors on all the proposals as set forth in this proxy statement/prospectus and on any other matters in accordance with their judgment.

If you have shares held by a broker or other nominee, you may instruct the broker or other nominee to vote your shares by following the instructions the broker or other nominee provides to you. Proxies solicited by this proxy statement/prospectus may be exercised only at the Avenue special meeting and any adjournment or postponement thereof and will not be used for any other meeting.

Any common shareholder of record present in person or by proxy at the Avenue special meeting who abstains from voting will be counted for purposes of determining whether a quorum exists. **Because approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Avenue capital stock entitled to vote at the Avenue special meeting, abstentions and broker non-votes (described below) will have the same effect as votes AGAINST the merger agreement.** Accordingly, Avenue's board of directors urges Avenue's shareholders to complete, date, and sign the accompanying proxy card and return it promptly in the enclosed, postage-paid envelope.

A broker non-vote occurs when a broker submits a proxy that does not indicate a vote on a proposal because the broker has not received instructions from the beneficial owners on how to vote on such proposal and the broker does not have discretionary authority to vote in the absence of instructions. To avoid a broker non-vote of your shares on the merger agreement and adjournment, you must provide voting instructions to your broker or other nominee.

### **Voting by Avenue's Executive Officers and Directors**

As of the record date, the directors and executive officers of Avenue beneficially owned 2,211,050 shares of Avenue common stock, excluding shares subject to Avenue options currently exercisable but not exercised and shares owned by Patriot Financial Partners, a significant shareholder of Avenue that has a designee on Avenue's board of directors, or approximately 21.2% of the outstanding shares of Avenue capital stock. In connection with the execution of the merger agreement, all of the directors and executive officers of Avenue executed a voting agreement pursuant to which they agreed, among other things, to vote their shares of Avenue common stock for the approval of the merger agreement.

### **Revocability of Proxies**

Submitting a proxy on the enclosed proxy card does not preclude an Avenue shareholder from voting in person at the Avenue special meeting. An Avenue shareholder may revoke a proxy at any time prior to the vote at the Avenue special meeting by:

delivering to Barbara J. Zipperian, Avenue's chief financial officer, at Avenue's corporate office at 111 Tenth Avenue South, Suite 400, Nashville, TN 37203, on or before the date of the Avenue special meeting, a later-dated and signed proxy card or a written revocation of the proxy;

delivering to Avenue at the Avenue special meeting prior to the taking of the vote a later dated and signed proxy card or a written revocation;

attending the Avenue special meeting and voting in person; or

if you have instructed a broker to vote your shares, following the directions received from your broker to change these instructions.

## **Table of Contents**

Revoking a proxy will not affect a vote once it has been taken. Attendance at the Avenue special meeting will not, in itself, constitute a revocation of a proxy. You must vote in person at the Avenue special meeting if you wish to change a vote that you have previously made by submitting a signed proxy.

## **Solicitation of Proxies**

The proxy solicitation of Avenue's shareholders is being made by Avenue on behalf of Avenue's board of directors and will be paid for by Avenue. In addition to solicitation by mail, directors, officers, and employees of Avenue may solicit proxies for the Avenue special meeting from Avenue's shareholders personally or by telephone, the Internet or other electronic means. However, Avenue's directors, officers and employees will not be paid any special or extra compensation for soliciting such proxies.

No person is authorized to give any information or to make any representation not contained in this proxy statement/prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by Pinnacle, Pinnacle Bank, Avenue, Avenue Bank or any other person.

## **Dissenters' Rights**

Holders of outstanding shares of Avenue common stock are not entitled to dissent from the vote on the merger agreement and are not entitled to exercise any appraisal rights under the TBCA in connection with the merger.

## **Recommendation by Avenue's Board of Directors**

The board of directors of Avenue unanimously voted in favor of the merger agreement and the merger. Avenue's board of directors believes that the merger agreement, the Avenue merger and the transactions contemplated thereby are in the best interests of Avenue and its shareholders, and recommends that Avenue's shareholders vote:

FOR the approval and adoption of the merger agreement and the merger; and

FOR any proposal of the Avenue board of directors to postpone or adjourn the Avenue special meeting to a later date or dates, if necessary.

Avenue shareholders should note that some of Avenue's directors have certain interests in, and may derive benefits as a result of, the Avenue merger that are in addition to their interests as shareholders of Avenue. See PROPOSAL #1: THE PROPOSED AVENUE MERGER - Interests of Avenue Executive Officers and Directors in the Avenue Merger.

**Table of Contents**

**PROPOSAL #1: THE PROPOSED MERGER**

**General**

Avenue's board of directors is using this document to solicit proxies from the holders of Avenue common stock for use at the special meeting. At the special meeting, holders of Avenue common stock will be asked to vote upon, among other things, the approval of the merger agreement.

The merger will not be completed unless, among other things, holders of Avenue's common stock approve the merger agreement by the requisite vote.

This section of this proxy statement/prospectus describes certain aspects of the merger, including the background of the merger and the parties' reasons for the merger.

**Transaction Structure**

Pinnacle's board of directors and Avenue's board of directors each has approved the merger agreement, which provides for the merger of Avenue with and into Pinnacle and the Pinnacle board of directors also has approved the issuance by Pinnacle of shares of Pinnacle common stock to holders of Avenue's common stock in connection with the merger. Pinnacle will be the surviving corporation subsequent to the merger. Subject to satisfaction of the closing conditions set out in the merger agreement, the parties expect to complete the merger late in the second quarter or early in the third quarter of 2016. Each share of Pinnacle common stock issued and outstanding at the effective time of the merger will remain issued and outstanding as one share of common stock of Pinnacle, and each share of Avenue common stock issued and outstanding at the effective time of the merger will be converted into 0.36 shares of Pinnacle common stock and a cash payment equal to \$2.00, with fractional shares being paid in cash as described below. See **THE MERGER AGREEMENT MERGER CONSIDERATION** on page 60.

Pinnacle's charter and bylaws will be the charter and bylaws of the combined company after the completion of the merger. At the effective time of the merger, Pinnacle's boards of directors will be expanded to accommodate the addition of four Avenue directors, who the parties currently anticipate will be Ronald L. Samuels, Marty Dickens, David Ingram and Joe Galante.

Avenue Bank will simultaneously merge with and into Pinnacle Bank upon the consummation of the merger. The bank merger is subject to and contingent upon the effectiveness of the merger.

In addition, upon consummation of the merger, Pinnacle will assume Avenue's obligations under its outstanding \$20.0 million subordinated notes issued in December 2014 that mature in December 2024. These notes bear interest at a rate of 6.75% per annum until January 1, 2020 and may not be repaid prior to such date. Beginning on January 1, 2020, if not redeemed on such date, these notes will bear interest at a floating rate equal to the three-month LIBOR determined on the determination date of the applicable interest period plus 4.95%.

The merger agreement provides that the parties can amend the merger agreement, to the extent legally permissible. However, after any approval of the merger agreement by the holders of Avenue's common stock, no amendment can alter the kind or amount of consideration to be provided to Avenue's common shareholders without subsequent approval by Avenue's common shareholders entitled to vote on the merger agreement.

**Background of the Merger**

As part of its ongoing consideration and evaluation of Avenue's long-term strategic plan, Avenue's board of directors and senior management regularly review and assess Avenue's business strategies and objectives, including strategic opportunities and challenges, and consider various strategic options potentially available to the institution, all with the goal of enhancing value for Avenue's shareholders. Previous strategic discussions have focused on, among other things, the business environment facing financial institutions in general and

## Table of Contents

Avenue in particular, as well as current conditions and ongoing consolidation in the financial services industry. Other possible actions considered have included organic growth along with issuance of additional capital to support such growth, business combinations involving Avenue with other financial institutions as well as a possible sale of Avenue to a larger financial institution.

For several years, Pinnacle has publicly disclosed that part of its long-range corporate strategy includes growth in the Nashville market. Since its acquisition of Mid-America Bancshares, Inc. in 2007, Pinnacle has focused on growing its Nashville and Knoxville operations through hiring experienced bankers from financial institutions and having those bankers move their client relationships to Pinnacle. With its 2015 acquisition of CapitalMark Bank & Trust in Chattanooga, Tennessee and Magna Bank in Memphis, Tennessee, Pinnacle began augmenting its organic growth with these whole bank acquisitions and established a presence in all four of Tennessee's urban markets. Management has also expressed its intention of growing Pinnacle Bank to between \$13 and \$15 billion in total assets in these four urban markets of Tennessee. The proposed merger with Avenue would (i) allow Pinnacle to advance toward its target of increasing its assets in these markets to the desired range, (ii) be accretive to earnings even after taking into account all foregone revenue and incremental expenses associated with crossing the \$10 billion total assets threshold and (iii) further penetrate the very attractive Nashville market. Pinnacle also intends to continue to execute on other long-range strategies including its strategy to hire seasoned professionals in each of its markets and to further enhance its noninterest income fee businesses.

From time to time, Pinnacle's board members and members of its senior management team have met with many representatives of various investment banking firms, including KBW and Sandler O'Neill & Partners, L.P. (who we refer to as Sandler O'Neill in this proxy statement/prospectus), regarding possible strategic acquisitions that might be attractive to Pinnacle. In September 2015, representatives of KBW attended a strategic planning session of Pinnacle's board of directors at which the KBW representatives discussed with Pinnacle's board of directors information concerning a potential merger of Avenue with and into Pinnacle along with similar information concerning potential mergers with other financial institutions.

On November 23, 2015, Pinnacle's president and chief executive officer, M. Terry Turner, sent Marty Dickens, an Avenue board member and lead director, Ronald L. Samuels, Avenue's chairman and chief executive officer, and Kent G. Cleaver, Avenue's president, by email a copy of a sector update prepared by an investment banking firm other than KBW or Sandler O'Neill that was publicly distributed in which that firm highlighted, among other things, the possible financial metrics of a merger between Avenue and Pinnacle. On December 3, 2015, Mr. Dickens informed Mr. Turner that he and Mr. Samuels had discussed the sector update and that he had asked Mr. Samuels (who, along with Mr. Cleaver, had not received Mr. Turner's November 23rd email) to contact Mr. Turner to discuss the possibility of a transaction between the companies.

In early December 2015, representatives of KBW responded to a request from Pinnacle's senior management to provide updated information concerning a potential transaction between Pinnacle and Avenue, including publicly available financial performance metrics for Avenue, illustrative financial terms of a potential business combination of Pinnacle and Avenue, pro forma market demographics for the combined companies and comparative information concerning other transactions. KBW's communications with Pinnacle concerning a potential transaction between Pinnacle and Avenue were disclosed by KBW to Avenue prior to KBW's engagement as Avenue's financial advisor.

On December 1, 2015, at a regularly scheduled meeting of the executive committee of Pinnacle's board of directors Mr. Turner briefed the members of the executive committee on his attempts to contact Messrs. Dickens, Samuels and Cleaver regarding a possible transaction between Avenue and Pinnacle.



On December 8, 2015, Mr. Samuels met with Mr. Turner to informally discuss the possible combination of the two companies. At this meeting, Mr. Turner preliminarily indicated that he believed Pinnacle may be able to offer a purchase price near the top end of the \$13.70 to \$19.18 per share range of values expressed in the aforementioned sector update. On December 9, 2015, Mr. Turner resent Mr. Samuels a copy of the sector update.

## **Table of Contents**

On December 14, 2015, Mr. Turner met with Mr. Samuels to again discuss the possible combination of Avenue and Pinnacle. At this meeting, Mr. Cleaver was in attendance with Mr. Samuels. At the meeting, Mr. Turner informed Messrs. Samuels and Cleaver that Pinnacle's senior management team was preparing internal projections and financial models of the transaction utilizing a per share purchase price of \$19.00.

Between December 14, 2015 and January 5, 2016 members of Pinnacle's senior management team internally discussed the possible acquisition of Avenue and continued to model various acquisition scenarios involving Avenue, including the impact of the potential synergies that might be able to be achieved in a merger of the two firms. During this period of time Pinnacle's chief financial officer, Harold Carpenter, and Mr. Turner held preliminary discussions with representatives of Sandler O'Neill regarding a possible business combination with Avenue, and Sandler O'Neill provided preliminary financial analysis of such a transaction. Pinnacle subsequently retained Sandler O'Neill to act as Pinnacle's financial advisor.

On December 15, 2015, Mr. Turner sent a draft of a nondisclosure agreement to Mr. Samuels, which agreement included an exclusivity provision that required Avenue to negotiate exclusively with Pinnacle for a period of time.

Mr. Samuels and Mr. Cleaver met with certain members of Avenue's board of directors and outside counsel on December 16, 2015 to apprise them of the verbal proposal from Pinnacle and to discuss how Avenue might respond. Following the discussion, the directors present determined to convene a special meeting of the full board of directors to discuss the Pinnacle proposal.

Mr. Samuels called a special meeting of the Avenue board of directors on December 17, 2015, to inform the board of directors of the discussions with Pinnacle. The Avenue board of directors considered a range of exchange values, the attractiveness of Pinnacle as a business combination partner and the discussions that had taken place between the parties. The Avenue board of directors also discussed the advisability of creating a special committee of the board of directors to consider the proposal and other strategic alternatives. As a result, the Avenue board of directors determined to form a special committee of the board of directors with the authority to engage KBW as Avenue's financial advisor. Avenue decided not to sign the nondisclosure agreement and informed Pinnacle that it was not prepared to sign that agreement at that time.

On December 30, 2015, the special committee of the board of directors of Avenue held a meeting which was also attended by outside legal counsel and representatives of KBW. KBW provided the special committee with a review of the financial terms of Pinnacle's verbal proposal, including how this proposal compared with other recent merger transactions of similarly-sized financial institutions in the market. The special committee determined to consider the information regarding Pinnacle's verbal proposal and to reconvene on January 4, 2016.

On December 30, 2015, Mr. Samuels sent Mr. Turner an email explaining that Avenue's special committee was considering the possibility of a transaction with Pinnacle but that it needed additional time to consider the transaction. Mr. Samuels explained that he would be in touch with Mr. Turner with any new information at the appropriate time. Mr. Turner replied to Mr. Samuels that he understood Mr. Samuel's position but that it was Pinnacle's preference that the discussions proceed promptly given the close proximity of the two institutions, and the likelihood that a long negotiation may jeopardize either party's ability to maintain confidentiality.

The special committee of the board of directors of Avenue held a meeting on January 4, 2016. Outside legal counsel and representatives of KBW were also in attendance in person or telephonically. At the meeting, representatives of KBW and the special committee discussed Pinnacle's verbal proposal. The special committee determined that the verbal indication of interest from Pinnacle was not considered a compelling offer and that Pinnacle would need to present a more compelling offer, in writing, with key terms discussed by the special committee. The special

committee instructed KBW to relay that position to Pinnacle.

## **Table of Contents**

On January 4, 2016, in accordance with the Avenue special committee's directives, KBW communicated to Mr. Turner that Avenue's special committee had requested that Pinnacle submit a written initial indication of Pinnacle's interest in acquiring Avenue for review by Avenue's special committee. Avenue requested that the indication of interest include various other matters such as the number of board seats that Avenue's directors would be offered on Pinnacle's board of directors, the mix of consideration being offered, and other customary items that would be of interest to Avenue's special committee. In Mr. Turner's conversation with KBW, Mr. Turner informed representatives of KBW that Pinnacle had never submitted a bid to acquire a bank that was being auctioned and did not intend to do so in this case. Following that call, at Mr. Turner's direction, representatives of Sandler O'Neill initiated discussions with representatives of KBW in order to ensure clarity in the negotiating process. Shortly thereafter, members of Pinnacle's senior management and representatives of Sandler O'Neill began to prepare an initial draft of an indication of interest.

Early on the morning of January 5, 2016, Mr. Turner informed the members of the executive committee of Pinnacle's board of directors at a regularly scheduled meeting of that committee that he was engaged in discussions with representatives of Avenue regarding a possible transaction between the companies. At that meeting Mr. Carpenter reviewed summary transaction information (including potential financial terms) regarding the possible merger with Avenue that had been made available to the committee members in advance of the meeting.

During the morning of January 5, 2016, representatives of KBW, on behalf of Avenue, had discussions with representatives of Sandler O'Neill related to the potential transaction between Avenue and Pinnacle and the initial indication of interest that had been requested of Pinnacle. Later that day, Pinnacle's senior management and representatives of Sandler O'Neill worked to finalize a draft of an indication of interest to submit to Avenue.

On January 6, 2016, Mr. Turner sent a letter expressing that after a preliminary review and setting aside stock price volatility, Pinnacle could value Avenue within a range of 0.36722 and 0.38655 shares of Pinnacle common stock for each share of Avenue common stock, which corresponded to a non-binding offer of a \$19.00 to \$20.00 per share implied valuation based on the ten-day trading average for Pinnacle's common stock as of that date of \$51.74. Mr. Turner expressed in this letter that the exchange ratio would be fixed and that 90% of the merger consideration would be payable in shares of Pinnacle's common stock with 10% of the merger consideration payable in a fixed amount of cash. This letter highlighted the significant premium this offer represented to Avenue's public offering price from its initial public offering and Avenue's then trading price.

On January 6, 2016, Avenue's special committee met to consider Pinnacle's letter of January 6, 2016 with Mr. Samuels, Mr. Cleaver and representatives of KBW also in attendance in person or telephonically. The special committee instructed KBW to inform Pinnacle that a higher valuation for Avenue's common stock would be required before the special committee would consider an offer sufficiently compelling to enter into a nondisclosure agreement containing a period of time during which Avenue would negotiate exclusively with Pinnacle.

On January 7, 2016, Mr. Turner sent a letter in response to the Avenue special committee's request supplementing his letter dated January 6, 2016. In this letter, Mr. Turner expressed that Pinnacle was prepared to improve its non-binding offer to acquire all of Avenue's common stock at a fixed exchange ratio based on the value of 0.40 shares of Pinnacle common stock, with the merger consideration to remain a mix of Pinnacle stock and cash in the same percentages as expressed in his January 6, 2016 letter.

On January 8, 2016, the special committee of the board of directors of Avenue met with outside legal counsel and representatives of KBW also attending the meeting. Representatives of KBW discussed the financial terms of Pinnacle's January 7, 2016 written proposal, including how this proposal compared with other recent merger transactions of similarly-sized financial institutions in the market. The committee members discussed the financial strength and performance of Pinnacle, the advantages a combination with Pinnacle would offer and the



**Table of Contents**

unlikely ability of other potential acquirors to pay a higher price. The special committee authorized Mr. Samuels to proceed with discussions with Pinnacle with the assistance of KBW, to proceed with the due diligence process, and to negotiate and execute a nondisclosure agreement.

On January 9, 2016, Mr. Cleaver sent Hugh Queener, Pinnacle's chief administrative officer, a revised draft of the nondisclosure agreement that Pinnacle had sent to Avenue on December 15, 2015, reflecting the comments of Avenue and its legal counsel. On January 11, 2016, representatives of Pinnacle's and Avenue's legal counsel negotiated the final terms of the nondisclosure agreement.

On January 11, 2016, Avenue and Pinnacle entered into a mutual nondisclosure and confidentiality agreement. The nondisclosure agreement signed by the parties granted Pinnacle a 30-day period during which Avenue would negotiate exclusively with Pinnacle and included customary standstill provisions. Subsequent to the execution of the nondisclosure agreement, Avenue began to provide detailed financial information to Pinnacle to aid Pinnacle's management team in its continued analysis of a potential merger of the two companies.

On January 12, 2016, Pinnacle's legal counsel distributed an initial draft of the merger agreement to Avenue's legal counsel.

Also on January 12, 2016, Avenue held a special meeting of its full board of directors to update the members on the status of the Pinnacle offer and the actions taken by the special committee.

During January 2016, the parties conducted due diligence and members of Avenue's and Pinnacle's senior management, along with their respective financial and legal advisors, engaged in discussions regarding the compatibility of the companies' systems and other potential cost savings as well as employment-related matters. Among other things, these individuals discussed executive compensation matters, including the payments Avenue's executive officers would be entitled to receive in the event Avenue was acquired and the potential tax consequences to those individuals, Pinnacle and Avenue of those payments.

On January 14, 2016, Messrs. Carpenter and Queener and Pinnacle's corporate controller, Dan Stubblefield, met in person with Messrs. Samuels and Cleaver to discuss potential cost savings that may result from the merger and other integration and due diligence matters.

Between January 14, 2016 and January 26, 2016, Pinnacle's and Avenue's representatives engaged in numerous discussions regarding the terms of Avenue's executive officers' employment arrangements and benefits, including the potential payments that the executive officers would be entitled to receive as a result of the merger, including those provided for in Avenue's supplemental executive retirement plan, or SERP.

On January 18, 2016, at Avenue's direction, KBW requested that Pinnacle and Sandler O'Neill submit Pinnacle's final offer to Avenue regarding the proposed transaction which represented Pinnacle's best offer to Avenue for a potential business combination.

At the regularly scheduled Pinnacle board of directors meeting held on January 19, 2016, Mr. Turner briefed the Pinnacle board of directors on the status of the negotiations with Avenue and the Pinnacle board of directors authorized Pinnacle's management to continue those negotiations. At this meeting, representatives of Sandler O'Neill provided the Pinnacle board of directors with a detailed preliminary presentation summarizing the key financial terms of the proposed merger as of that date.

On January 19, 2016, KBW received an email and exhibit from Sandler O'Neill in which Pinnacle proposed an exchange ratio of 0.40x and cash consideration based on a fixed \$20.00 per share, which represented an implied value of \$19.81 per share for Avenue's stock based on the trailing 20-day average of Pinnacle's stock price. Pinnacle's proposal contemplated consideration split between a mix of 90% Pinnacle common stock and 10% cash.

**Table of Contents**

On January 19, 2016, Avenue's legal advisor distributed a revised draft of the merger agreement to Pinnacle's legal counsel reflecting the terms received by KBW earlier on that day.

On January 20, 2016, Pinnacle provided drafts of change in control agreements for Messrs. Samuels, Cleaver and Andy Moats, Avenue's executive vice president, chief credit officer & bank group director, which agreements would have provided for the payment of certain payments to each of those individuals if their prospective employment with Pinnacle was terminated without cause by Pinnacle or with cause by the individual, in each case, within twelve months of a change in control of Pinnacle.

On January 22, 2016, the special committee of the board of directors of Avenue held a meeting which was also attended by outside legal counsel and representatives of KBW. At the meeting, the special committee discussed potential cost savings that might be realized by a transaction with Pinnacle as well as a review of the due diligence process, a proposed organizational chart for senior management, the potential consolidation of offices and the treatment of SERP plans currently in place with certain Avenue executives. Avenue's outside legal counsel also provided an update on the status of negotiations with respect to the draft merger agreement. Representatives of KBW also discussed the January 19, 2016 email from Sandler O'Neill proposing Pinnacle's final offer and provided a market update, noting the volatility of stock prices in the industry.

On January 22, 2016, Messrs. Samuels and Cleaver met with Messrs. Turner, Carpenter, Queener and Stubblefield to again discuss certain integration and due diligence matters and to engage in further discussions regarding the potential cost savings that the merger may create. At this meeting, Messrs. Samuels and Cleaver expressed certain concerns with respect to the draft change in control agreements previously provided by Pinnacle for their consideration and recommended that these agreements be revised in the form of a three-year employment agreement for each of Messrs. Samuels, Cleaver and Moats. These agreements would include similar payments to these individuals if their employment was terminated following a change in control of Pinnacle under the same scenarios as contemplated in the change in control agreements, but would also include severance payments to the individual in the event his employment was terminated without cause by Pinnacle or for cause by the executive prior to change in control of Pinnacle. On January 24, 2016, Pinnacle's legal counsel provided drafts of these employment agreements to Avenue's legal counsel.

From January 24, 2016 to January 28, 2016, Pinnacle and Avenue and their respective financial and legal advisors finalized the terms of the merger agreement and the related ancillary agreements, including the employment agreements. Negotiations continued thru January 28, 2016, at which time the legal advisors of Pinnacle and Avenue, working with their clients, finalized the terms of the merger agreement and related ancillary agreements for presentation to the respective boards of directors.

Also between January 24, 2016 and January 28, 2016, Pinnacle and each of Messrs. Samuels, Cleaver and Moats, together with their respective legal advisors, negotiated the final terms of the employment agreements.

On January 26, 2016, the Avenue board of directors held its regular monthly meeting. Outside legal counsel to Avenue and representatives of KBW also attended the meeting. Outside legal counsel reviewed the current status of the negotiation between Avenue and Pinnacle of the merger agreement, the proposed board resolutions concerning the merger, the manner in which outstanding issues were to be addressed, the voting agreement each director would be required to sign as well as the proposed employment agreements that Pinnacle had offered to Messrs. Samuels, Cleaver and Moats, and KBW reviewed the financial aspects of the proposed merger. A special meeting of the Avenue board of directors was called for January 28, 2016 to consider whether to approve the proposed transaction and recommend it to the Avenue shareholders.



On January 28, 2016, the board of directors of Avenue met to consider the proposed transaction with Pinnacle, after receiving presentations from Avenue's outside legal advisor and KBW, and discussions with senior management. At the meeting, Avenue's legal advisor reviewed with the Avenue directors their fiduciary duty to shareholders under Tennessee law. Avenue's legal advisor also reviewed with the Avenue directors the

**Table of Contents**

terms and conditions of the merger agreement, the merger and the various agreements to be signed in connection with the merger agreement. KBW reviewed the financial aspects of the proposed merger and rendered to the Avenue board of directors an opinion, dated January 28, 2016, to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration in the proposed merger was fair, from a financial point of view, to the holders of Avenue common stock. Following a discussion among members of Avenue's board of directors, including consideration of the factors described below under Avenue's Reasons for the Merger; Recommendation of the Avenue Board of Directors, and upon recommendation of the special committee Avenue's board of directors unanimously determined that the merger agreement and the merger are advisable and in the best interests of Avenue and its shareholders and approved and adopted the merger agreement and the merger, and recommended that the merger agreement and the merger be submitted to Avenue common shareholders for approval.

At a special called meeting of the Pinnacle board of directors on January 28, 2016, the Pinnacle board of directors met with members of Pinnacle's senior management, Sandler O'Neill and Pinnacle's legal advisors. Mr. Turner and other members of Pinnacle's senior management reviewed with the Pinnacle board of directors information regarding Pinnacle, Avenue and the terms of the proposed Avenue merger. Representatives of Sandler O'Neill then reviewed with the Pinnacle board of directors a range of matters, including the structure of the merger, business and financial information regarding the two companies, valuation methodologies and analyses and other matters. Members of Pinnacle's senior management also apprised the Pinnacle board of directors of the results of its due diligence investigations of Avenue. Pinnacle's legal advisor discussed with the Pinnacle board of directors the legal standards applicable to its decisions and actions with respect to the proposed merger and reviewed the terms of the proposed merger, the merger agreement and the ancillary transaction agreements, including the proposed employment agreements with Messrs. Samuels, Cleaver and Moats.

Following these presentations, the Pinnacle board meeting continued with discussions and questions among the members of the Pinnacle board of directors, senior management, Sandler O'Neill and Pinnacle's legal advisors. Following these discussions and after taking into consideration the factors described under Pinnacle's Reasons for the Avenue Merger, the Pinnacle board of directors unanimously voted to approve the merger with Avenue and the definitive merger agreement and related ancillary agreements.

On January 28, 2016, following the conclusion of the meetings of the boards of directors of Avenue and Pinnacle occurring on the same date, Pinnacle and Avenue executed the merger agreement, Pinnacle and the directors and executive officers of Avenue executed the voting agreements related to the Avenue merger and Messrs. Samuels and Cleaver and Pinnacle and Pinnacle Bank executed the employment agreements. Mr. Moats was out of the country on January 28, 2016 and did not execute his employment agreement until April 5, 2016.

On March 21, 2016, Pinnacle learned that a member of the executive committee of Pinnacle's board of directors had purchased an aggregate of 10,179 shares of Avenue common stock in separate transactions on January 5, 2016 and January 11, 2016, in transactions that Pinnacle believes were in violation of certain of Pinnacle's policies applicable to Pinnacle's directors. This director resigned from the board of directors of each of Pinnacle and Pinnacle Bank. Following the director's resignation, Pinnacle's board of directors met on April 5, 2016 and received an oral report of Pinnacle's legal counsel and, after receiving a presentation from Sandler O'Neill related to the financial terms of the merger, approved, ratified and affirmed the merger agreement, the merger and the issuance of shares of Pinnacle's common stock in connection with the merger.

**Table of Contents**

**Avenue's Reasons for the Merger; Recommendation of the Avenue Board of Directors**

After careful consideration, Avenue's board of directors has determined that the merger is fair to and in the best interest of, the Avenue shareholders. In reaching its decision to adopt and approve the merger agreement and recommend the merger to its shareholders, Avenue's board of directors evaluated the merger and the merger agreement, in consultation with Avenue's management, as well as its legal and financial advisors, and considered a number of factors, including the following:

its familiarity with and review of information concerning Avenue's business, results of operations, financial condition, competitive position and future prospects and the expected financial impact of the merger on the combined company, including pro forma assets, earnings and deposits;

its knowledge of Pinnacle's business, operations, financial and regulatory condition, earnings and prospects;

its knowledge of the current environment in the financial services industry, including national, regional and local economic conditions, increased regulatory burdens, evolving trends in technology, increasing competition and the current financial market and regulatory conditions;

the long-term relationships that many of Avenue's directors and senior executives have with members of Pinnacle's board of directors and members of Pinnacle's senior management and the perceived cultural compatibility of the two companies;

the strength and historic performance of Pinnacle's common stock;

Avenue's board of directors' belief that a merger with Pinnacle would allow Avenue shareholders to participate in the future performance of a combined company that would have better future prospects than Avenue was likely to achieve on a stand-alone basis or through other strategic alternatives, including a combination with other potential purchasers;

the financial terms of the merger, including the fact that, based on the 20-day average closing price of Pinnacle common stock as of January 27, 2016, the implied value of the per share merger consideration represented an approximate 48% premium to the closing price of Avenue common stock as of January 27, 2016;

the opinion, dated January 28, 2016, of KBW to the Avenue board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of Avenue common stock of the merger consideration in the proposed merger, as more fully described below under "Opinion of Avenue's Financial Advisor";

the anticipated effect of the acquisition on Avenue's retained employees and the terms of severance for employees who would not be retained;

that some of Avenue's directors and executive officers have other financial interests in the Avenue merger in addition to their interests as Avenue shareholders, including financial interests that are the result of existing compensation arrangements with Avenue and/or prospective compensation arrangements with Pinnacle and the manner in which such interests would be affected by the Avenue merger;

the recommendation of the Avenue merger by the special committee of the Avenue board of directors;

the terms and conditions of the merger agreement, including the parties' respective representations, warranties, covenants and other agreements, the conditions to closing, including a provision that permits Avenue's board of directors, in the exercise of its fiduciary duties, under certain conditions, to furnish information to a third party that has submitted an unsolicited proposal to acquire Avenue and to under certain conditions terminate the merger agreement to accept a superior proposal;

the ability of Avenue to terminate the merger agreement in the event of a significant decline in the trading price of Pinnacle's common stock that exceeds by 20% or more the decline in the value of an index of comparable bank holding companies;

**Table of Contents**

the regulatory and other approvals required in connection with the merger and the likelihood that the approvals needed to complete the merger will be obtained within a reasonable time and without unacceptable conditions; and

the expected treatment of the merger as a reorganization for United States federal income tax purposes. The foregoing discussion of the factors considered by Avenue's board of directors is not intended to be exhaustive, but is believed to include all material factors considered by Avenue's board of directors. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, Avenue's board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of Avenue's board of directors may have given different weight to different factors. Avenue's board of directors conducted an overall analysis of the factors described above, and considered the factors overall to be favorable to, and to support, its determination.

**Pinnacle's Reasons for the Merger**

Pinnacle's board of directors concluded that the merger agreement is in the best interests of Pinnacle and its shareholders. In deciding to approve the merger agreement, Pinnacle's board of directors considered a number of factors, including, without limitation, the following:

the two institutions have potential cost saving opportunities Pinnacle will be utilizing Avenue's current client-facing work force to help with Pinnacle's growth while a significant number of Avenue's operations positions will be eliminated and two of Avenue's Nashville locations are expected to be consolidated with nearby Pinnacle locations and one of Pinnacle's locations is expected to be consolidated with a nearby Avenue location following the consolidation of the two banks' information technology systems;

the long-term relationships that many of Pinnacle's directors and senior executives have with members of Avenue's board of directors and members of Avenue's senior management and the perceived cultural compatibility of the two companies;

the ability to overcome the potential negative impact on Pinnacle's earnings as a result of Pinnacle's assets exceeding \$10 billion, including the limit on the amount of debit card interchange fees that Pinnacle Bank will be able to charge as a result of its being subject to the so-called Durbin Amendment under the Dodd-Frank Act, and the increased regulatory burden and cost on Pinnacle and Pinnacle Bank of having total assets in excess of \$10 billion, including becoming subject to oversight by the Consumer Financial Protection Bureau; in other words, the merger is expected to be accretive to Pinnacle's operating earnings beginning in fiscal 2016 and only modestly dilutive to Pinnacle's tangible book value even after considering any incremental costs and foregone revenue as a result of Pinnacle's total assets exceeding \$10 billion;

the merger will result in increased size, resulting in increased lending capacity;

the merger is anticipated to enhance the franchise value of Pinnacle, both in the short-run and in the long-run;

Pinnacle's management's review of the business, operations, earnings and financial condition, including capital levels and asset quality, of Avenue;

the merger brings to Pinnacle's associate team a number of outstanding, experienced bankers;

Avenue has historically had success in establishing banking relationships with individuals within the music industry, an important market in Nashville in which Pinnacle has historically not been a meaningful participant; and

the merger will qualify as a tax-deferred reorganization for Pinnacle and its new shareholders to the extent of the stock portion of the merger consideration.

## Table of Contents

In addition, in connection with its ratification and affirmation of the merger agreement described elsewhere in this proxy statement/prospectus, Pinnacle's board of directors considered the fact that a former director of Pinnacle owned 10,179 shares of Avenue common stock.

The foregoing discussion of the information and factors considered by the Pinnacle board of directors is not exhaustive, but includes the material factors considered by the Pinnacle board of directors. In view of the wide variety of factors considered by the Pinnacle board of directors in connection with its evaluation of the merger and the complexity of such matters, the Pinnacle board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Pinnacle board of directors asked questions of Pinnacle's management and Pinnacle's legal and financial advisors, and reached general consensus that the merger was in the best interests of Pinnacle and Pinnacle shareholders.

In considering the factors described above, individual members of the Pinnacle board of directors may have given different weights to different factors. It should be noted that this explanation of the Pinnacle board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS** above.

The Pinnacle board of directors determined that the merger, the merger agreement and the issuance of Pinnacle common stock in connection with the merger are in the best interests of Pinnacle and its shareholders.

### **Opinion of Avenue's Financial Advisor**

Avenue engaged Keefe, Bruyette & Woods, Inc., or KBW, to render financial advisory and investment banking services to Avenue, including an opinion to the Avenue board of directors as to the fairness, from a financial point of view, to the holders of Avenue common stock of the merger consideration to be received by such shareholders in the proposed merger of Avenue with and into Pinnacle. Avenue selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW participated in the telephonic meeting of the Avenue board of directors held on January 28, 2016, at which the Avenue board evaluated the proposed merger with Pinnacle. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered to the Avenue board of directors an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in its opinion, the merger consideration in the proposed merger was fair, from a financial point of view, to the holders of Avenue common stock. The Avenue board of directors approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Appendix B to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

**KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the Avenue board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion addressed only the fairness, from a financial point of view, of the merger consideration in the merger to the holders of Avenue common stock. It did not address the underlying**

**business decision of Avenue to engage in the merger or enter into the merger agreement or constitute a recommendation to the Avenue board of directors in connection with the merger, and it does not constitute a recommendation to any holder of Avenue common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter, nor does it constitute a**



**Table of Contents**

**recommendation regarding whether or not any such shareholder should enter into a voting, shareholders or affiliates agreement with respect to the merger or exercise any dissenters or appraisal rights that may be available to such shareholder.**

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the merger and bearing upon the financial and operating condition of Avenue and Pinnacle, including, among other things:

a draft of the merger agreement dated January 28, 2016 (the most recent draft then made available to KBW);

the audited financial statements for the three fiscal years ended December 31, 2014 of Avenue;

the unaudited quarterly financial statements and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015 of Avenue;

certain unaudited quarterly and fiscal year-end financial results for the period ended December 31, 2015 of Avenue (provided to KBW by representatives of Avenue);

the audited financial statements and Annual Reports on Form 10-K for the three fiscal years ended December 31, 2014 of Pinnacle;

the unaudited quarterly financial statements and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015 of Pinnacle;

the unaudited quarterly and fiscal year-end financial results for the period ended December 31, 2015 of Pinnacle (contained in the Current Report on Form 8-K filed by Pinnacle with the Securities and Exchange Commission on January 19, 2016);

certain regulatory filings of Avenue, Avenue Bank, Pinnacle and Pinnacle Bank, including (as applicable) the quarterly reports on Form FRY-9C and the quarterly call reports filed with respect to each quarter during the three-year period ended December 31, 2014 and the three quarters ended March 31, 2015, June 30, 2015 and September 30, 2015;

certain other interim reports and other communications of Avenue and Pinnacle to their respective shareholders; and

other financial information concerning the businesses and operations of Avenue and Pinnacle that was furnished to KBW by Avenue and Pinnacle or which KBW was otherwise directed to use for purposes of KBW's analyses.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of Avenue and Pinnacle;

the assets and liabilities of Avenue and Pinnacle;

the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial and stock market information for Avenue and Pinnacle with similar information for certain other companies the securities of which were publicly traded;

financial and operating forecasts and projections of Avenue that were prepared by, and provided to KBW and discussed with KBW by, Avenue management and that were used and relied upon by KBW at the direction of such management with the consent of the Avenue board of directors;

**Table of Contents**

publicly available consensus street estimates of Pinnacle for 2016 and 2017 (and adjustments thereto provided to KBW by Pinnacle management to give pro forma effect to Pinnacle's minority investment in Bankers Healthcare Group, LLC, or BHG, and the expected impact of the Durbin Amendment on Pinnacle) which was discussed with KBW by such management and used and relied upon by KBW based on such discussions, at the direction of Avenue management and with the consent of the Avenue board of directors; and

estimates regarding certain pro forma financial effects of the merger on Pinnacle (including, without limitation, the cost savings and related expenses expected to result or be derived from the merger) that were prepared by, and provided to and discussed with KBW by, Pinnacle management and used and relied upon by KBW based on such discussions, at the direction of Avenue management and with the consent of the Avenue board of directors.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also held discussions with senior management of Avenue and Pinnacle regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry. KBW was not requested to, and did not, assist Avenue with soliciting indications of interest from third parties other than Pinnacle regarding a potential transaction with Avenue.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or that was publicly available and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of Avenue as to the reasonableness and achievability of the financial and operating forecasts and projections of Avenue referred to above (and the assumptions and bases therefor) and KBW assumed that such forecasts and projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management and that such forecasts and projections would be realized in the amounts and in the time periods estimated by such management. KBW further relied, with the consent of Avenue, upon Pinnacle management as to the reasonableness and achievability of the publicly available consensus street estimates of Pinnacle (as adjusted as described above), as well as the estimates regarding certain pro forma financial effects of the merger on Pinnacle (and the assumptions and bases therefor, including, without limitation, the cost savings and related expenses expected to result or be derived from the merger) referred to above. KBW assumed that all such information was reasonably prepared on a basis reflecting, or in the case of the publicly available consensus street estimates of Pinnacle referred to above were consistent (as adjusted) with, the best currently available estimates and judgments of Pinnacle management and that the forecasts, projections and estimates reflected in such information would be realized in the amounts and in the time periods estimated.

It is understood that the portion of the foregoing financial information that was provided to KBW was not prepared with the expectation of public disclosure, that all of the foregoing financial information, including the publicly available consensus street estimates of Pinnacle referred to above that we were directed to use, was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with the respective managements of Avenue and Pinnacle and with the consent of the Avenue board, that such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Avenue or Pinnacle since the date of the last financial statements of

**Table of Contents**

each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with Avenue's consent, that the aggregate allowances for loan and lease losses for Avenue and Pinnacle are adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Avenue or Pinnacle, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of Avenue or Pinnacle under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed, in all respects material to its analyses:

that the merger and any related transaction (including the bank merger) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to KBW's analyses from the draft reviewed and referred to above) with no adjustments to the merger consideration;

that the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement were true and correct;

that each party to the merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

that there were no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the merger or any related transaction and that all conditions to the completion of the merger and any related transaction would be satisfied without any waivers or modifications to the merger agreement; and

that in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger and any related transaction, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of Avenue, Pinnacle, the combined entity, or the contemplated benefits of the merger, including the cost savings and related expenses expected to result or be derived from the merger.

KBW assumed, in all respects material to its analyses, that the merger would be consummated in a manner that complied with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. KBW was further advised by representatives of Avenue that Avenue relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Avenue, Pinnacle, the merger, any related transaction (including the bank merger), and the merger agreement. KBW did not provide advice

with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of the opinion, to the holders of Avenue common stock of the merger consideration to be received by such holders in the merger. KBW expressed no view or opinion as to any other terms or aspects of the merger or any term or aspect of any related transaction (including the bank merger), including without limitation, the form or structure of the merger (including the form of merger consideration or the allocation thereof between cash and stock) or any related transaction, any consequences of the merger or any related transaction to Avenue, its shareholders, creditors or otherwise, or any terms, aspects, merits or implications of any employment, consulting, voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the merger or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could

**Table of Contents**

be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

the underlying business decision of Avenue to engage in the merger or enter into the merger agreement;

the relative merits of the merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by Avenue or the Avenue board;

the fairness of the amount or nature of any compensation to any of Avenue's officers, directors or employees, or any class of such persons, relative to the compensation to the holders of Avenue common stock;

the effect of the merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of Avenue (other than the holders of Avenue common stock (solely with respect to the merger consideration, as described in KBW's opinion and not relative to the consideration to be received by holders of any other class of securities)) or holders of any class of securities of Pinnacle or any other party to any transaction contemplated by the merger agreement;

whether Pinnacle has sufficient cash, available lines of credit or other sources of funds to enable it to pay the aggregate amount of the cash consideration to the holders of Avenue common stock at the closing of the merger;

the actual value of Pinnacle common stock to be issued in the merger;

the prices, trading range or volume at which Avenue common stock or Pinnacle common stock would trade following the public announcement of the merger or the prices, trading range or volume at which Pinnacle common stock would trade following the consummation of the merger;

any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to Avenue, Pinnacle, their respective shareholders, or relating to or arising out of or as a consequence of the merger or any related transaction (including the bank merger), including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, Avenue and

Pinnacle. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Avenue board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Avenue board of directors with respect to the fairness of the merger consideration. The type and amount of consideration payable in the merger were determined through negotiation between Avenue and Pinnacle and the decision to enter into the merger agreement was solely that of the Avenue board of directors.

The following is a summary of the material financial analyses presented by KBW to the Avenue board of directors in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the Avenue board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized



**Table of Contents**

below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

For purposes of the financial analyses described below, KBW utilized an implied value of the merger consideration of \$20.03 per share of Avenue common stock, consisting of the sum of (i) the implied value of the stock consideration of 0.36 of a share of Pinnacle common stock based on the closing price of Pinnacle common stock on January 27, 2016 and (ii) the cash consideration of \$2.00. In addition to the financial analyses described below, KBW reviewed with the Avenue board of directors for informational purposes, among other things, implied transaction multiples for the proposed merger of 23.9x Avenue's estimated 2016 net income and 16.5x Avenue's estimated 2017 net income based on the implied value of the merger consideration of \$20.03 per share of Avenue common stock and financial forecasts and projections relating to Avenue provided by Avenue management.

*Avenue Selected Companies Analyses.* Using publicly available information, KBW compared the financial performance, financial condition and market performance of Avenue to 13 selected banks and thrifts which were traded on Nasdaq, the New York Stock Exchange or the New York Stock Exchange Market and headquartered in the Southeast region (defined as Alabama, Arkansas, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia) and which had total assets between \$750 million and \$2.5 billion, non-performing assets to loans plus other real estate owned (OREO) less than 2.0% and a 3-year loan growth greater than 50%.

The selected companies were as follows:

Bear State Financial, Inc.	Park Sterling Corporation
Commerce Union Bancshares, Inc.	Southern First Bancshares, Inc.
Franklin Financial Network, Inc.	Stonegate Bank
Home Bancorp, Inc.	Select Bancorp, Inc.
Investar Holding Corporation	WashingtonFirst Bankshares, Inc.
Live Oak Bancshares, Inc.	Xenith Bankshares, Inc.
National Commerce Corporation	

To perform this analysis, KBW used profitability and other financial information for, as of, or, in the case of latest 12 months (LTM) information, through, the most recent completed quarter (MRQ) available (which in the case of Avenue was the fiscal quarter ended September 30, 2015, except as noted) and market price information as of January 27, 2016. KBW also used 2016 and 2017 earnings per share (EPS) estimates taken from consensus street

estimates for Avenue and the selected companies. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in Avenue's historical financial statements as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

**Table of Contents**

KBW's analysis showed the following concerning the financial performance of Avenue and the selected companies:

	Selected Companies				
	Avenue <sup>(2)</sup>	25 <sup>th</sup> Percentile	Median	Average	75 <sup>th</sup> Percentile
MRQ Core Return on Average Assets (1)	0.76%	0.82%	0.90%	0.90%	0.93%
MRQ Core Return on Average Equity (1)	9.11%	6.87%	7.92%	8.14%	9.70%
MRQ Core Return on Average Tangible Common Equity (1)	9.72%	7.08%	8.98%	9.04%	10.79%
MRQ Net Interest Margin	3.32%	3.55%	3.84%	3.83%	4.17%
MRQ Efficiency Ratio	67.8%	69.6%	64.7%	64.7%	60.6%

(1) Core income excluded extraordinary items, non-recurring items and gains/losses on sale of securities

(2) Based on Avenue's fiscal quarter ended December 31, 2015 as provided by Avenue management

KBW's analysis also showed the following concerning the financial condition of Avenue and the selected companies:

	Selected Companies				
	Avenue	25 <sup>th</sup> Percentile	Median	Average	75 <sup>th</sup> Percentile
Tangible Common Equity / Tangible Assets (1)	7.92%	8.90%	9.65%	10.15%	10.02%
Leverage Ratio	8.41%	8.89%	9.97%	10.88%	11.47%
CET1 Ratio	9.64%	10.13%	11.02%	12.14%	12.73%
Total Capital Ratio	12.75%	11.74%	11.98%	13.78%	13.83%
Loans / Deposits (1)	89.2%	91.2%	94.2%	94.1%	98.9%
Loan Loss Reserve / Gross Loans	1.16%	0.78%	0.90%	0.93%	0.99%
Nonperforming Assets / Loans + OREO (2)	0.21%	1.57%	0.97%	1.12%	0.79%
LTM Net Charge-Offs / Average Loans	0.11%	0.10%	0.05%	0.05%	0.01%

(1) Based on Avenue's fiscal quarter ended December 31, 2015 as provided by Avenue management

(2) Asset quality ratios were adjusted to exclude loans and OREO covered by FDIC loss share agreements; nonperforming assets include nonaccrual loans, restructured loans and OREO

In addition, KBW's analysis showed the following concerning the market performance of Avenue and, to the extent publicly available, the selected companies:

	Selected Companies				
	Avenue	25 <sup>th</sup> Percentile	Median	Average	75 <sup>th</sup> Percentile
One-Year Stock Price Change (1)	20.0%	(3.0%)	6.3%	2.9%	14.5%
One-Year Total Return (1)	20.0%	(1.8%)	7.1%	3.5%	14.5%

Stock Price / Book Value per Share	143%	109%	125%	136%	146%
Stock Price / Tangible Book Value per Share	148%	124%			