

Pinnacle Financial Partners, Inc. (NASDAQ: PNFP) subsidiary, Pinnacle Bank, has acquired an additional equity interest position in Bankers Healthcare Group, Inc. (Private)

Deal Value: \$114 million

Sandler O'Neill served as financial advisor to Pinnacle Financial Partners, Inc. and Pinnacle Bank in connection with the transaction. This transaction represents Sandler O'Neill's 79th financial services transaction since January 1, 2015.¹

This transaction represents Sandler O'Neill's 7th specialty finance transaction since January 1, 2014.¹

Pinnacle Financial Partners, Inc. (Nasdaq/NGS: PNFP) announced today that it and its subsidiary, Pinnacle Bank, have entered into an agreement to acquire an additional 19 percent interest in Bankers Healthcare Group ("BHG"), a privately held company, for \$114 million payable with a mix of cash and 912,000 shares of Pinnacle common stock. The amount of cash consideration will equal the difference between the total purchase price and the value of the stock consideration on the closing date, which is expected to occur in late February or early March.

Upon completion of this investment, Pinnacle's total interest in BHG will be 49 percent. The firm acquired a 30 percent interest in BHG in February 2015, which contributed an estimated \$0.26 to Pinnacle's fully diluted earnings per share in 2015.

BHG is a leading provider of financing solutions for healthcare professionals throughout the United States. BHG's loan originations are sourced through a variety of distribution channels and primarily sold through an online auction process to a network of approximately 400 community banks. BHG's total revenues for the year ended Dec. 31, 2015 approximated \$144.8 million with a pretax income of approximately \$77.7 million.

"Our investment in BHG has exceeded our expectations over the past 11 months and we expect their growth trajectory to remain strong," said M. Terry Turner, Pinnacle's president and chief executive officer. "We look forward to building on the solid partnership that we have established and continuing to offer financial services through their national distribution channel. This additional investment will allow us to further increase and diversify our fee income."

BHG's other three founders and executive officers will retain a 51 percent beneficial ownership interest in BHG and have contractually agreed to remain with the firm for an extended period of time.

"Our partnership with Pinnacle has better positioned us to continue our rapid growth and profitability," said Al Crawford, BHG's chief executive officer and one of its three founders. "We expect that this additional investment will open up new opportunities for both firms."

Pinnacle expects that the investment will be approximately 2 percent accretive to the firm's estimated fully diluted earnings per share in 2016 and 4 percent accretive to the estimated fully diluted earnings per share in 2017. Pinnacle expects to fund the investment through a combination of cash and bank level subordinated indebtedness.

⁽¹⁾ Source: SNL Financial. Excludes terminated transactions and self-advisory roles

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