

PINNACLE FINANCIAL PARTNERS INC

Form S-3/A

August 06, 2004

As filed with the Securities and Exchange Commission on August 6, 2004

Registration No. 333-117627

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

Form S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pinnacle Financial Partners, Inc.

(Exact name of registrant as specified in its charter)

Tennessee

*(State or other jurisdiction
of incorporation or organization)*

62-1812853

*(I.R.S. employer
identification number)*

The Commerce Center

**211 Commerce Street, Suite 300
Nashville, Tennessee 37201
(615) 744-3700**

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

Harold R. Carpenter

**Pinnacle Financial Partners, Inc.
The Commerce Center
211 Commerce Street, Suite 300
Nashville, Tennessee 37201
(615) 744-3700**

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

Copies to:

**Bob F. Thompson
Bass, Berry & Sims PLC
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-0002
(615) 742-6200**

**Katherine M. Koops
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, N.E. 16th Floor
Atlanta, Georgia 30303
(404) 572-6600**

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after the effective date of this Registration Statement.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, 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, please 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(c) 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 delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

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 that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell the securities covered by this prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated August 6, 2004

PRELIMINARY PROSPECTUS

850,000 Shares

Pinnacle Financial Partners, Inc.

Common Stock

Pinnacle Financial Partners is offering 850,000 shares of its common stock. The shares are quoted on the Nasdaq Stock Market's National Market System under the symbol PNF.P. On August 5, 2004, the last reported sale price of the shares as reported on the Nasdaq Stock Market's National Market System was \$21.50 per share.

You should consider the risks which have been described in Risk Factors beginning on page 7 before buying shares of our common stock.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters may purchase up to an additional 127,500 shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The securities are not savings accounts, deposits or obligations of any bank, and are not insured by the FDIC or any other governmental agency.

The underwriters expect to deliver the shares to purchasers against payment in _____, on or about _____, 2004.

RAYMOND JAMES

The date of this prospectus is _____, 2004.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in, or incorporated by reference into, this prospectus. Because it is a summary, it may not contain all of the information that is important to you or that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the risk factors appearing elsewhere in this prospectus and review the documents incorporated by reference, including our financial statements and related notes, to understand this offering fully. All share and per share data set forth in this prospectus has been adjusted to reflect our two-for-one common stock split paid on May 10, 2004.

Unless the context indicates otherwise, all references in this prospectus to we, us and our refer to Pinnacle Financial Partners, Inc. and its subsidiaries on a consolidated basis.

Pinnacle Financial and Pinnacle National

Pinnacle Financial Partners, Inc., headquartered in Nashville, Tennessee, is the holding company for Pinnacle National Bank. Pinnacle National operates as a community bank emphasizing personalized banking relationships with small to medium-sized businesses and affluent households located within the Nashville Metropolitan Statistical Area, or Nashville MSA.

At June 30, 2004, we had total assets of \$586.3 million, net loans of \$350.8 million, deposits of \$467.3 million and shareholders' equity of \$35.1 million. For the six months ended June 30, 2004, our total revenues, the sum of net interest income and noninterest income, were \$11.1 million, our net income was \$2.2 million, and our diluted earnings per share were \$0.27.

History. In February 2000, our founders identified an opportunity for a locally-owned financial institution to serve the Nashville area with a high level of service and financial advice that they believed would be unique in the market. At that time, we believed this opportunity was primarily created by the consolidation of dominant, locally-owned financial institutions into larger regional and super-regional banks, in particular, the acquisition of First American Corporation, a \$20 billion holding company headquartered in Nashville, by AmSouth Bancorporation in 1999. Our founding management team—M. Terry Turner, president and chief executive officer; Robert A. McCabe, Jr., chairman; and Hugh M. Queener, chief administrative officer—were senior members of First American's management team. Drawing on their experience in the Nashville banking and business community, our founding management team put together a well-respected and diversified board of directors and have successfully recruited, and are continuing to recruit, a significant number of experienced banking and investment professionals to take advantage of the opportunity that the Nashville market affords. For a more detailed description of our management team and board of directors, please see **Management** beginning on page 14.

Market Area. Nashville is a large, fast-growing metropolitan market. It is the capital of Tennessee and, according to the U.S. Census Bureau, was one of the fastest growing metropolitan statistical areas in the United States during the 1990s, ranking 18th among the 100 largest in terms of population growth. We believe the impressive growth of the Nashville area is a primary factor in the expansion of the deposit base for the Nashville MSA. According to the Federal Deposit Insurance Corporation, bank and thrift deposits in the Nashville MSA grew from approximately \$13.0 billion in June 1995 to more than \$20.2 billion in June 2003, representing a 55.4% increase.

In addition to these growth dynamics, we believe three major trends in the Nashville MSA further strengthen our strategic market position as a locally-managed community bank:

Customers generally perceive that service levels at banks are declining. We believe this is largely attributable to integration issues resulting from continued consolidation in the bank and brokerage industries. Additionally, small business owners want both a reliable point of contact that is knowledgeable about their business and the financial products and services that are important to the success of their business.

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Client usage of more sophisticated financial products continues to grow, causing traditional banks to lose market share to other types of financial services companies, such as mutual fund companies and securities brokerage firms.

There is significant growth in the demand for convenient access to financial services, particularly through ATMs, telephone banking and Internet banking.

Market Philosophy and Business Strategies. We believe that our primary market segments, which are small to medium-sized businesses with annual sales from \$1 million to \$25 million and affluent households with investable assets over \$250,000, are more likely to be attracted to our increased focus on customer service and our comprehensive financial product offerings. To attract business from these market segments, we seek to hire only seasoned professionals, from both the banking and brokerage industries, and to strategically design our banking, investment and insurance products to meet the expected needs of our targeted market segments. Accordingly, our marketing philosophy is centered on delivering exceptional service and effective financial advice through highly-trained personnel who understand and care about the comprehensive financial needs and objectives of our clients.

To carry out our marketing philosophy, our specific business strategies have been and will continue to be:

hiring and retaining highly experienced and qualified banking and financial professionals with successful track records and established books of business within our target markets;

providing individualized attention backed by consistent, local decision-making authority;

leveraging our directors and officers' diverse personal and business contacts, community involvement and professional expertise;

establishing a distribution strategy designed to prudently expand our physical and virtual market presence, thereby providing convenient banking access for our clients 24 hours a day; and

using advanced technology and strategic alliances, including those established through Pinnacle National's brokerage division, Pinnacle Asset Management, to provide a broad array of sophisticated and convenient banking, investment and insurance products and services.

We believe that our business strategies allow us to effectively distinguish ourselves from other financial institutions operating within the Nashville MSA and to successfully attract and retain business relationships with small to medium-sized businesses and affluent households.

Growth Strategies. To date, we have experienced rapid growth compared to the banking industry in general and even relative to the typical de novo bank. Based on FDIC information as of December 31, 2003, Pinnacle National was the fastest growing of the 178 commercial banks chartered in the United States during 2000, in terms of total assets. As of June 30, 2004, we had grown the assets of Pinnacle National to \$586.3 million. In addition to the rapid growth in bank assets, as of June 30, 2004, Pinnacle Asset Management's licensed financial advisors were responsible for accumulating approximately \$344 million in brokerage assets.

We believe our growth is a result of the successful execution of our business strategies. Our goal is to continue this rapid growth trend. To accomplish this objective, we plan to continue focusing on the following growth strategies:

Capturing Market Share from Large, Non-Local Competitors. According to FDIC deposit information, the collective market share of deposits in the Nashville MSA of AmSouth (subsequent to its acquisition of First American), Bank of America Corporation and SunTrust Banks, Inc. declined from 59.6% to 52.0% from June 30, 1999 to June 30, 2003. With large, non-local financial institutions holding approximately 76% of the deposit base in the Nashville MSA and approximately 90% in Davidson County as of June 30, 2003, we anticipate that we can continue to attract customers who prefer local decision-making and interaction with financial professionals who can provide personalized and knowledgeable service.

Targeting Attractive Trade Areas in Our Market for Internal Expansion. Currently we have five branch offices in large, vibrant trade areas within the Nashville MSA. We plan to open two additional locations in 2004 in the West End Avenue area of Davidson County and in Franklin in Williamson County, and thereafter selectively expand into other trade areas. According to FDIC data for June 30, 2003, the total deposits in areas surrounding our current locations, together with our soon-to-be completed West End Avenue location, represent approximately 67% of the total deposits in the entire Nashville MSA. Based on the profiles of our primary market segments, we have targeted and plan to continue to target those trade areas with attractive population densities and population growth characteristics.

Providing Innovative and Convenient Services. We plan to continue to provide our customers with innovative and convenient banking and investment services that we believe are necessary to retain and enhance existing relationships, as well as to attract new business relationships. In particular, we will continue to employ a customer-oriented service approach, enhanced by user-friendly technologies, to enable us to differentiate ourselves from other banking and investment institutions. For example, we have established a comprehensive on-line banking and brokerage system for commercial cash management clients and affluent households, allowing them to pay bills, originate wire transfers, obtain account information, including front and back images of checks, and perform on-line stock trades. Additionally, for our commercial clients, we also provide a deposit courier service making it convenient for businesses to establish banking relationships with Pinnacle National.

Evaluating Merger and Acquisition Opportunities. Our long-term strategy may also include strategic mergers with or acquisitions of financial institutions in the Nashville MSA or other attractive market areas. We will prudently evaluate these opportunities as they arise.

The Offering

Common stock offered by Pinnacle Financial Partners	850,000 shares
Common stock outstanding after this offering	8,254,586 shares
Net proceeds	We anticipate that our net proceeds from this offering, without the exercise of the over-allotment option, will be approximately \$.
Use of proceeds	We intend to contribute a substantial portion of the net proceeds to Pinnacle National for use as working capital to fund future internal growth with the remaining proceeds being available for other general corporate purposes of Pinnacle Financial Partners.
Risk factors	See Risk Factors beginning on page 7 and the other information included and incorporated by reference in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq National Market symbol	PNFP

The number of shares outstanding after the offering is based upon our shares outstanding as of June 30, 2004 and excludes a total of 1,039,000 shares issuable under outstanding options granted under our stock option plans at that date and 406,000 shares issuable under warrants which we issued to our organizers. Of these options and warrants, 803,376 are exercisable as of June 30, 2004, at a weighted average exercise price of \$6.55 for the options and \$10.00 for the warrants. The number of shares to be outstanding after the offering assumes that the underwriters' over-allotment option is not exercised. If the over-allotment option is exercised in full, we will issue and sell an additional 127,500 shares.

Location of Executive Offices

The address of our executive offices is The Commerce Center, 211 Commerce Street, Nashville, Tennessee 37201 and our telephone number is (615) 744-3700.

Summary Consolidated Financial Data

The following table sets forth summary historical consolidated financial data from our consolidated financial statements and should be read in conjunction with our consolidated financial statements including the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in our Annual Report on Form 10-KSB and incorporated by reference into this prospectus. Except for the data under Performance Ratios and Other Data and Asset Quality Ratios, the summary historical consolidated financial data as of December 31, 2003, 2002, 2001 and 2000 and for the years ended December 31, 2003, 2002 and 2001 and the period from February 28, 2000, (inception) to December 31, 2000 is derived from our audited consolidated financial statements and related notes, which were audited by KPMG LLP. The summary historical consolidated financial data as of and for the six months ended June 30, 2004 and June 30, 2003, is derived from unaudited consolidated financial statements for those periods. The unaudited consolidated financial statements include all adjustments, consisting only of normal recurring items, which our management considers necessary for a fair presentation of our financial position and results of operations for these periods. The financial condition and results of operations as of and for the six months ended June 30, 2004, do not purport to be indicative of the financial condition or results of operations to be expected as of or for the fiscal year ending December 31, 2004.

	Six Months Ended					
	June 30, 2004	June 30, 2003	2003	2002	2001	2000
	(Unaudited)					
	(In thousands, except per share data, ratios and percentages)					
Statement of Financial Condition Data:						
Total assets	\$ 586,313	\$ 403,229	\$ 498,421	\$ 305,279	\$ 175,439	\$ 39,042
Loans, net	350,801	252,260	293,286	207,066	134,440	12,047
Allowance for loan losses	(4,466)	(3,189)	(3,719)	(2,677)	(1,832)	(162)
Securities available-for-sale	137,892	99,968	139,944	73,980	19,886	7,116
Deposits and securities sold under agreements to repurchase	491,094	326,892	405,619	249,067	147,917	22,945
Federal Home Loan Bank advances	47,500	41,500	44,500	21,500	8,500	
Subordinated debt	10,310		10,310			
Stockholders' equity	35,125	33,627	34,336	32,404	18,291	15,771
Income Statement Data:						
Interest income	\$ 11,892	\$ 8,315	\$ 18,262	\$ 12,561	\$ 6,069	\$ 506
Interest expense	3,204	2,694	5,363	4,362	2,579	125
Net interest income	8,688	5,621	12,899	8,199	3,490	381
Provision for loan losses	802	635	1,157	938	1,670	162
Net interest income after provision for loan losses	7,886	4,986	11,742	7,261	1,820	219
Noninterest income	2,408	1,339	3,287	1,732	1,341	115
Noninterest expense	7,027	4,917	11,049	7,989	6,363	2,589
Income (loss) before income taxes	3,267	1,408	3,980	1,004	(3,202)	(2,255)
Income (benefit) tax expense	1,028	498	1,426	356	(2,065)	
Net income (loss)	\$ 2,239	\$ 910	\$ 2,555	\$ 648	\$ (1,137)	\$ (2,255)
Per Share Data:						
Earnings (loss) per share - basic	\$ 0.30	\$ 0.12	\$ 0.35	\$ 0.11	\$ (0.29)	\$ (1.40)
Weighted average shares outstanding - basic	7,391,013	7,384,106	7,384,106	6,108,942	3,963,196	1,617,616
Earnings (loss) per share - diluted	\$ 0.27	\$ 0.12	\$ 0.33	\$ 0.11	\$ (0.29)	\$ (1.40)

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Weighted average shares outstanding diluted	8,246,422	7,722,274	7,876,006	6,236,844	3,963,196	1,617,616
Book value per share	\$ 4.74	\$ 4.55	\$ 4.65	\$ 4.39	\$ 3.96	\$ 4.13
Common shares outstanding at end of period	7,404,586	7,384,106	7,384,106	7,384,106	4,624,106	3,820,000

	Six Months Ended					
	June 30, 2004	June 30, 2003	2003	2002	2001	2000
(Unaudited)						
(In thousands, except per share data, ratios and percentages)						
Performance Ratios and Other Data(1):						
Return on average assets(2)	0.84%	0.53%	0.66%	0.29%	(1.19)%	(4.70)%
Return on average stockholders equity(2)	12.57%	5.55%	7.70%	2.45%	(7.8)%	(7.7)%
Net interest margin(3)	3.51%	3.43%	3.49%	3.81%	3.95%	5.71%
Net interest spread(4)	3.26%	3.12%	3.23%	3.42%	3.29%	2.33%
Noninterest income to average assets(2)	0.91%	0.77%	0.85%	0.76%	1.41%	0.42%
Noninterest expense to average assets(2)	2.64%	2.84%	2.85%	3.50%	6.70%	5.92%
Efficiency ratio(5)	63.3%	70.6%	68.3%	80.4%	131.7%	402.5%
Average loan to average deposit ratio	77.4%	88.9%	85.5%	98.5%	94.9%	98.6%
Average interest-earning assets to average interest-bearing liabilities	118.2%	119.1%	117.9%	119.6%	122.7%	248.0%
Asset Quality Ratios:						
Allowance for loan losses to nonperforming assets	333.5%	291.2%	981.3%	143.4%	732.8%	N/A
Allowance for loan losses to total loans	1.26%	1.25%	1.25%	1.29%	1.36%	1.31%
Nonperforming assets to total assets	0.23%	0.27%	0.08%	0.61%	0.14%	0.00%
Nonaccrual loans to total loans	0.38%	0.43%	0.13%	0.89%	0.19%	0.00%
Net loan charge-offs to average loans(2)	0.03%	0.12%	0.05%	0.05%	0.00%	0.00%
Net charge-offs as a percentage of:						
Provision for loan losses	6.9%	19.4%	9.99%	9.91%	0.00%	0.00%
Allowance for loan losses(2)	2.46%	3.86%	3.09%	3.47%	0.00%	0.00%
Capital Ratios:						
Leverage(6)	8.4%	8.9%	9.7%	11.1%	11.6%	82.5%
Tier 1 risk-based capital	10.2%	10.6%	11.8%	12.7%	10.1%	58.8%
Total risk-based capital	11.2%	11.7%	12.8%	13.8%	11.2%	59.4%

- (1) Performance ratios and other data for the period ended December 31, 2000, are for the period from October 27, 2000, (commencement of banking operations) through December 31, 2000.
- (2) Ratios and data for the six months ended June 30, 2004, and June 30, 2003, are annualized.
- (3) Net interest margin is the result of net interest income for the period divided by average interest earning assets.
- (4) Net interest spread is the result of the difference between the interest yield earned on interest earning assets less the interest paid on interest bearing liabilities.
- (5) Efficiency ratio is the result of noninterest expense d