U. S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002

Commission File Number 33-67528

PINNACLE FINANCIAL CORPORATION
(Exact name of small business issuer as specified in its charter)

Georgia	**58-1538862**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
884 Elbert Street, **P.O. Box 430, Elberton, Georgia**	**30635-0430**
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: **(706) 283-2854**

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes **X** No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of April 30, 2002 there were 767,200 shares of common stock outstanding.

PINNACLE FINANCIAL CORPORATION

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PINNACLE FINANCIAL CORPORATION

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PINNACLE FINANCIAL CORPORATION & SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2002 AND DECEMBER 31, 2001
(Unaudited)

	March 31, 2002	**December 31, 2001**
Assets		
Cash and due from banks	$10,781,426	$9,620,074
Federal funds sold	0	0
Securities available for sale	97,475,650	102,567,536
Loans, net of allowance for loan losses of $2,247,400 and $2,033,245, respectively	183,411,771	177,245,992
Premises and equipment	7,619,751	7,766,269
Accrued interest receivable	2,244,639	2,227,295
Other assets	11,568,464	11,777,441
Total assets	$313,101,701	$311,204,607
Liabilities		
Deposits:		
Noninterest-bearing	$ 48,945,732	$45,488,608
Interest-bearing	197,158,189	194,272,089
Total deposits	246,103,921	239,760,697
Borrowings	16,408,988	20,397,893
Accrued interest and other liabilities	4,054,738	4,874,089
Total liabilities	266,567,647	265,032,679
Shareholders' equity		
Common stock, $10 par value; 5,000,000 shares authorized, 768,000 shares issued and outstanding	7,680,000	7,680,000
Capital surplus	7,280,000	7,280,000
Retained earnings	30,507,534	29,869,390
Accumulated other comprehensive income	1,066,520	1,342,538
Total shareholders' equity	46,534,054	46,171,928
Total liabilities and shareholders' equity	$313,101,701	$311,204,607

The accompanying notes are an integral part of these financial statements.

PINNACLE FINANCIAL CORPORATION & SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(Unaudited)

	YTD March 31, 2002	YTD March 31, 2001
Interest income		
Loans, including fees	$3,459,406	$4,099,577
Securities available for sale	1,365,467	1,344,878
Federal funds sold and other	5,405	8,991
Total interest income	4,830,278	5,513,446
Interest expense		
Deposits	1,538,502	2,169,155
Borrowings	175,602	161,255
Total interest expense	1,714,104	2,330,410
Net interest income	3,116,174	3,183,036
Provision for loan losses	80,000	150,000
Net interest income after provision for loan losses	3,036,174	3,033,036
Other income		
Service charges on deposit accounts	468,256	336,845
Other service charges and fees	230,005	184,635
Net realized gains on sales of securities	12,007	3,842
Other income	159,424	56,021
Total other income	869,692	581,343
Other expenses		
Salaries and employee benefits	1,260,465	1,171,519
Occupancy expense	334,407	325,545
Net realized losses on sales of securities	0	0
Other expenses	695,350	560,548
Total other expenses	2,290,222	2,057,612
Income before income taxes	1,615,644	1,556,767
Income tax expense	401,500	505,000
Net income	$ 1,214,144	$1,051,767
Net income per share of common stock	$1.58	$1.37
Average shares outstanding	768,000	768,000

The accompanying notes are an integral part of these financial statements.

PINNACLE FINANCIAL CORPORATION & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(Unaudited)

	March 31, 2002	March 31, 2001
Cash flow from operating activities		
Net income	$1,214,144	$ 1,051,767
Adjustments to reconcile net income to net		
cash provided by operating activities:		
Depreciation and amortization	168,600	170,700
Provision for loan losses	80,000	150,000
Net realized (gains)losses on securities	(12,007)	(3,842)
Net change in accrued interest and other assets	191,633	599,994
Net change in accrued expenses and other liabilities	(819,351)	458,033
Total adjustments	(391,125)	(1,374,885)
Net cash provided by operating activities	823,019	2,426,652
Cash flows from investing activities		
Available for Sale Securities:		
Sales	1,499,000	645,960
Maturities, prepayments, and calls	6,419,352	5,713,589
Purchases	(3,090,477)	(15,074,399)
Net change in loans	(6,245,779)	3,015,832
Purchases of premises and equipment	(22,082)	(74,401)
Net cash used by investing activities	(1,439,986)	(5,773,419)
Cash flows from financing activities		
Net change in deposits	6,343,224	11,975,594
Repayment of borrowings	(11,488,905)	(4,500,000)
Proceeds from borrowings	7,500,000	2,000,000
Cash dividends paid	(576,000)	(460,800)
Net cash provided by financing activities	1,778,319	9,014,794
Net change in cash and cash equivalents	1,161,352	5,668,027
Cash and cash equivalents at January 1	9,620,074	12,519,980
Cash and cash equivalents at March 31	$10,781,426	$18,188,007
Interest paid	$2,231,367	$2,072,785
Income taxes paid	$5,000	$173,296

The accompanying notes are an integral part of these financial statements.

PINNACLE FINANCIAL CORPORATION AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(1) Basis of Presentation

The consolidated financial statements include the accounts of Pinnacle Financial Corporation (the Company) and its wholly-owned commercial bank subsidiary, Pinnacle Bank. All significant intercompany accounts have been eliminated in consolidation.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary for fair statements of the consolidated financial position and the results of operations of the Company for the interim periods. The results of operations for the three-month period ended March 31, 2002 are not necessarily indicative of the results which may be expected for the entire year.

(2) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash and due from banks and federal funds sold, all of which mature within ninety days.

(3) Income Taxes

Deferred income taxes assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

(4) Accounting for Impaired Loans

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Impairment is measured on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Loans having carrying values of $2,177,000 as of March 31, 2002 have been recognized as impaired. The total allowance for loan losses related to these impaired loans is $454,000.

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Basis of Presentation

Management's Discussion and Analysis of Pinnacle Financial Corporation (hereinafter "Pinnacle" or the "Company") provides information regarding Pinnacle's financial condition as of March 31, 2002 and its results of operations for the three months ended March 31, 2002 in comparison to the three months ended March 31, 2001. The financial condition and operating results of Pinnacle are primarily determined by its wholly-owned subsidiary bank, Pinnacle Bank (hereinafter the "Bank").

For a comprehensive presentation of Pinnacle's financial condition and results of operations, the following analysis should be viewed along with other information contained in this report, including the unaudited financial statements and accompanying disclosures.

Forward-Looking Statements

This discussion contains forward-looking statements under the Private Securities Litigation Reform Act of 1995 that involve risk and uncertainties. Although Pinnacle believes that the assumptions underlying the forward-looking statements contained in the discussion are reasonable, any of the assumptions could be inaccurate, and therefore, no assurance can be made that any of the forward-looking statements in this discussion will be accurate. Factors that could cause actual results to differ from results discussed in forward-looking statements include, but are not limited to: economic conditions (both generally and in the markets where the Company operates); competition from other providers of financial services offered by the Bank; government regulations and legislation; changes in interest rates; material unforseen changes in the financial stability and liquidity of the Bank's credit customers, all of which are difficult to predict and which may be beyond the control of the Company. Pinnacle undertakes no obligation to revise forward-looking statements to reflect events or changes after the date of this discussion or to reflect the occurrence of unanticipated events.

Liquidity And Capital Resources

The objective of liquidity management is to maintain cash flows adequate to meet immediate and ongoing needs of credit demand, deposit withdrawal, maturing liabilities and corporate operating expenses. Pinnacle uses a combination of asset-based and liability-based monitoring and sources of funds to manage its liquidity. The asset-based liquidity monitoring is based on the expected liquidity provided by the assets, primarily loans and securities, of the Bank. At March 31, 2002, 13.7% of the investment securities portfolio had maturity dates within the next year and an additional 40.1% matures within the next five years. In addition, a substantial portion of the mortgage-backed securities portfolio, which amounted to approximately $31.6 million at March 31, 2002, provides regular payments of principal and interest. Management regularly reviews information provided by an outside service estimating the expected investment portfolio cash flows in various interest rate environments. This information provides a better estimate of the liquidity to be generated from the investment portfolio than stated maturities since many instruments have call or prepayment options inherent in the securities. In addition, all investment securities are classified as available for sale and may be sold in the event of a liquidity shortfall.

Other sources of liquidity include payments on commercial and installment loans and repayment of maturing single payment loans. Management acknowledges that many of the sources of asset-based liquidity can be volatile and are often difficult to predict with a high level of accuracy. For example, the loan portfolio and many securities, especially mortgage-backed securities, have prepayment options that are exercisable by the borrower based on the current level of interest rates, offers received from competing lending entities, and changes in the circumstances of the borrower. Conversely, payments on fixed rate instruments will be reduced in the event of rising interest rates.

As a result of the volatility of asset-based liquidity, Pinnacle's management places a high degree of reliance on liability-based liquidity. These measures of liquidity are based on management's estimates of sources of liquidity that are readily available at a reasonable cost in the event of liquidity shortfalls or unpredicted events. The primary sources of liability-based liquidity are documented credit lines and the ability to attract additional deposits. The Bank has short term borrowing relationships with two correspondent banks that could provide up to $22.0 million on short notice. One of these relationships requires that the borrowings be repaid at least once every seven days while the second line, for $12 million, has no defined repayment period. Additionally, the Bank has established membership in the Federal Home Loan Bank of Atlanta (hereinafter the "FHLB") and has granted a blanket floating lien on its mortgage portfolio that collateralizes up to 15% of assets (approximately $47 million), subject to adequate collateral availability. Management believes these and other liability-based sources are sufficient to fund reasonably expected growth of the bank for the next several years.

Pinnacle has entered into a Purchase and Assumption Agreement with another financial institution to purchase the branch facility, loans, and deposits of a branch in Lexington, Georgia. If closed in the second quarter as expected, this transaction will result in an increase in loans of approximately $7 million and deposits of $18 million. While the overall impact on the financial results and size of the bank are expected to be immaterial, the transaction is expected to provide approximately $9 million of liquidity to be invested by Pinnacle. Management intends to continue to closely monitor and maintain appropriate levels of interest-bearing assets and liabilities in future periods so that maturities of assets are such that adequate funds are available to meet customer withdrawals and loan requests while net interest margins are maximized.

Management continues to give priority to the importance of maintaining high levels of assets with interest rate sensitivity while attempting to minimize the amount of cash and overnight investments held. Cash and cash equivalents increased during the first three months of 2002 from December 31, 2001 levels by $1.2 million while securities available for sale decreased by approximately $5.1 million during the same time period. The average balance in these investment securities increased by approximately $10.4 million in the current quarter compared to the quarter ended March 31, 2001. The average balance of federal funds sold during the first three months of 2002 and 2001 was $1.8 million and $5.4 million, respectively. The current period decreases in federal funds sold and investment securities reflects the use of current payments and maturities to repay a portion of the Bank's short term borrowings. It remains management's intention to minimize the level of federal funds sold while prudently investing excess funds as the opportunity to do so arises.

Total interest-earning assets increased by $1.1 million for the current period when compared with December 31, 2001. Average net loans for the bank increased $14.7 million (8.9%) to $179.5 million in the three months ended March 31, 2002 from the same 2001 period. This increase reflects growth in loan demand during the majority of 2001 and in 2002.

The allowance for loan losses is established by management at a level estimated to be adequate to absorb losses inherent in the loan portfolio. The allowance increased to $2.2 million from $2.0 million at March 31, 2002 and December 31, 2001, respectively. The Bank experienced loan charge-offs of $107,000 in the three months ended March 31, 2002 compared to $90,000 in the same period of 2001. Net recoveries amounted to $134,000 in 2002 compared to net charge offs of $25,000 for the three months ended March 31, 2001. The Bank experienced a significant recovery in the first quarter of 2002 on a loan charged off in the second quarter of 2001. The allowance for credit losses represents 1.2% of total loans outstanding at March 31, 2002.

Determination of the appropriate level of the allowance for loan losses is a subjective issue that requires judgement on the part of management and the Board of Directors. The December 31, 2002 10-KSB includes a detailed analysis of considerations, including the level of delinquent and rated assets, historical loss experience, concentrations, general economic conditions, and loan growth. No substantive changes or unusual items occurred during the first quarter of 2002 to result in changes in assumptions or the methodology used by management to determine the adequacy of the allowance.

The balance of Other Real Estate Owned (included in other assets) decreased by $315,000 from December 31, 2001 to March 31, 2002 as the result of foreclosing on one property and disposing of two properties this period. In addition, the Bank recorded a writedown of $150,000 on one property as a result of concerns about its market value.

Significant uncertainty continues to exist as to the amount that will ultimately be collected upon the disposition of the Bank's foreclosed assets. The accrual of interest has been discontinued on loans totaling $1.2 million as of March 31, 2002 representing 0.6% of total loans compared to $931,000 at December 31, 2001. Unrecorded income on nonaccrual loans for the first quarter of 2002 was approximately $23,000.

Pinnacle continues to maintain a concentration of core deposits from an established customer base which provides a stable funding source. Deposits increased $6.3 million (2.6%) to $246.1 million at March 31, 2002 from $239.8 million at December 31, 2001, due to increases in checking and money market accounts offsetting declines in certificates of deposit. Management is not aware of any changes in pricing or product offerings that caused the growth but believes a portion of the increase continues to be attributed to consumers seeking the safety of insured deposits. Non-interest bearing deposits increased $3.4 million to $48.9 million from December 31, 2001 while interest bearing deposits increased $2.9 million for the three months ended March 31, 2002.

As indicated above, Bank management actively manages its liquidity position and has obtained several sources of both secured and unsecured borrowed funds. These sources of liability-based liquidity have allowed the bank to invest a higher percentage of its funds in loans and investment securities that earn a higher yield than overnight investments. The Bank continues to use Federal Funds borrowed, FHLB advances, and commercial sweep accounts to meet short term liquidity needs. Pinnacle averaged borrowings of $19.8 million during the first quarter of 2002. The Bank anticipates continued use of these sources of funds and other reasonably priced sources of borrowings to enhance its earnings while continuing to monitor the maturities and interest rate risk of interest-bearing assets and liabilities.

Shareholders' equity increased $300,000 to $46.5 million at March 31, 2002 from $46.2 million at December 31, 2001. Net earnings retained during the three months amounted to $638,000 while equity decreased $276,000 as a result of a decrease in net unrealized gains on securities available for sale. Dividends declared and paid increased from $.60 per share in 2001 to $.75 per share in 2002.

Pinnacle continues to maintain adequate capital ratios (see "Risk Based Capital Ratios" and "Results of Operations" below for discussion of dividend levels.) Pinnacle maintained a level of capital, as measured by its average equity to average assets ratio, of 14.8% during the first three months of 2002, compared to 15.2% for the year ended December 31, 2001.

Management is not aware of any trends, events, or uncertainties that are reasonably likely to have a material effect on the registrant's liquidity, capital resources, or results of operation except as disclosed in the Form 10-QSB. Pinnacle is not aware of any current recommendations by the regulatory authorities which, if they were implemented, would have such an effect. Loans classified for regulatory purposes as loss, doubtful, substandard, or special mention do not represent trends or uncertainties which management reasonably expects will materially impact future operational trends.

Results of Operations

Pinnacle's operating results depend primarily on the earnings of the Bank. Its earnings depend to a large degree on net interest income, the difference between the interest income received from investments (such as loans, investment securities, federal funds sold, etc.) and the interest expense paid on deposits and borrowings.

Interest income on interest bearing assets decreased by $683,000 from the same quarter in 2001 as a decrease in average tax equivalent yield from 8.6% to 7.1% offset an increase in average earning assets of approximately $20.9 million. The aggressive lowering of short term interest rates by the Federal Reserve resulted in a significant portion of the loan portfolio repricing downward while new lending and purchases of investment securities were made at lower rates than in the previous year. The decrease in interest expense of $616,000 mirrors the decline in interest income. The average cost of funds for the first quarters of 2002 and 2001 were 2.6% and 3.9%, respectively. Management believes its cost may decrease slightly in the second quarter but the current environment makes increases in both asset yields and cost of funds likely in the near future. Net interest income in the three months ended March 31, 2002 decreased $67,000, or 2.1% as compared to the same period for the previous year. The reduction in net interest income reflects the lagging nature of repricing of deposits, especially certificates of deposit. Management continues to attempt to match rate sensitive assets with rate sensitive liabilities in such a way that net interest margins remain relatively stable from the same period in the prior year.

The provision for loan losses is the charge to operating expenses that management believes is necessary to fund the allowance for loan losses. The provision reflects management's estimate of potential loan losses and the creation of an allowance adequate to absorb losses inherent in the portfolio. Pinnacle provided $80,000 and $150,000 for loan losses in the quarters ended March 31, 2002 and 2001, respectively. The decreased provision is largely the result of two significant recoveries in late 2001 and early 2002 on previously charged off loans. In addition, the level of classified and delinquent loans has declined since March 2001.

Other income increased by $289,000 during the first quarter of 2002 as compared to 2001. This increase primarily results from increases in three areas. First, the Bank implemented a new program that reduced the manual involvement in accessing various fees, decreasing the amount of waived service changes and NSF fees. Consequently, deposit account service charges increased by $132,000. Second, increased mortgage origination volume resulted in an increase in fee income of $30,000. All of these loans were sold by the Bank immediately upon closing. Finally, the purchase of Bank Owned Life Insurance in late 2001 resulted in an increase in other income of $78,000 in the first quarter of 2002 as compared to 2001. Many of these sources of income are dependent on the level of interest rates and consumer behavior that is outside the control of the Bank. Management can not predict if these increases will be sustained.

Other expenses for Pinnacle increased by $232,000 to $2.3 million during the three months ended March 31, 2002 compared to $2.1 for the same period in 2001. The increase of $90,000 in salaries and benefits is the result of increased incentives paid to mortgage originators, a slight increase in the number of employees, and normal salary adjustments. Other expenses increased by $151,000 as a result of increased expenses and losses on the writedown and disposition of other real estate owned. Otherwise, other expenses would have slightly decreased from the first quarter of 2001.

Pinnacle’s income tax expense decreased $104,000 for the quarter compared to the same period in the previous year as a result of a decrease in the effective income tax rate from 32.5% in 2001 to 24.9% in 2002. The decrease resulted from tax-exempt income being a more significant percentage of taxable income and a decreased state income rate as a result of a limited partnership investment that substantially reduced State of Georgia taxes.

Results of operations can be measured by various ratio analyses. Two widely recognized performance indicators are return on average equity and return on average assets. Net income during the three months ended March 31, 2002 was $1.2 million and represents annualized returns of 10.5% on average shareholders’ equity and 1.6% on average assets. Comparable amounts during the same period of 2001 were $1.1 million, 9.7%, and 1.5%, respectively.

The following tables present Pinnacle's regulatory capital position at March 31, 2002:

(Rounded to the nearest thousand)

Total Risk Adjusted Assets	$223,085	
Risk Based Capital Ratios:		
TIER 1 CAPITAL		
Common stock	$7,680	3.44%
Surplus	7,280	3.26%
Retained Earnings	30,508	13.68%
Total Tier 1 capital	45,468	20.38%
Tier 1 minimum requirement	8,923	4.00%
Excess (shortfall)	$36,545	16.38%
TIER 2 CAPITAL		
Tier 1 from above	$45,468	20.38%
Allowance for loan losses, limited to 1.25% of risk weighted assets	2,247	1.01%
Total Tier 2 capital	47,715	21.39%
Tier 2 minimum requirement	17,847	8.00%
Excess (shortfall)	$29,868	13.39%
LEVERAGE RATIO		
Tier 1 capital	$45,468	14.57%
Minimum requirement	9,360	3.00%
Excess (shortfall)	$36,108	11.57%
Average total assets, net of goodwill	$312,000	

PINNACLE FINANCIAL CORPORATION

PART II

OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On March 12, 2002 Pinnacle held its annual meeting of shareholders where the following directors were elected at the meeting for one year terms:

L. Jackson McConnell	James E. Purcell **
Lint W. Eberhardt	L. Jackson McConnell, Jr.
Steve Williams	Robert H. Hardy
Robert E. Lee, III	J. Daniel McAvoy
Don C. Fortson	

693,923 shares (90% of eligible shares) were cast. The ** symbol indicates that 3,200 shares (less than 1%) voted in opposition to his election. All others received favorable votes on all ballots cast. There were no broker non-votes cast.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Pinnacle has filed no reports on Form 8-K during the quarter.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PINNACLE FINANCIAL CORPORATION

Date: May 8, 2002 By: /s/ L. Jackson McConnell
L. Jackson McConnell
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2002 By: /s/ Lint W. Eberhardt
Lint W. Eberhardt
President